

5240106
PROJECT APPRAISAL REPORT (PAR)

07319

PD-ABR 333

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|--|--|---|--|---|--|---|--|
| 1. PROJECT NO. 524-11-998-106 | | 2. PAR FOR PERIOD: April 1974 To Sept. 1975 | | 3. COUNTRY NICARAGUA | | 4. PAR SERIAL NO. 75-676-1 | |
| 5. PROJECT TITLE Program Development Implementation | | | | | | | |
| 6. PROJECT DURATION: Began FY <u>74</u> Ends FY <u>77</u> | | 7. DATE LATEST PROP 1/15/74 | | 8. DATE LATEST PIP N/A | | 9. DATE PRIOR PAR N/A | |
| 10. U.S. FUNDING | | a. Cumulative Obligation Thru Prior FY: \$ 1,034,000 | | b. Current FY Estimated Budget: \$ 420,000 | | c. Estimated Budget to completion After Current FY: \$ 531,000 | |
| 11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency) | | | | | | | |
| a. NAME | | | | b. CONTRACT, PASA OR VOL. AG. NO. | | | |
| Vice Ministry of Urban Planning | | | | | | | |
| Technician | | | | | | | |

10/14/75

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

| A. ACTION (X) | | | B. LIST OF ACTIONS | C. PROPOSED ACTION COMPLETION DATE |
|---------------|--------|------|---|------------------------------------|
| USAID | AID 'W | HOST | | |
| X | | X | 1. More intensive on the job training of selected VMUP staff in management and technical functions. Advisor now on board will do the training | 6/30/76 |
| | | X | 2. Strengthen coordination between the planning/programming operation and executing agencies. | 12/31/76 |
| | | X | 3. Strengthen capacity of executing agencies to design and im plement deconcentration projects. | 11/30/77 |
| | | X | 4. Strengthen capability of executing public agencies to maintain adequately public facilities constructed through reconstruction program. | 12/31/77 |

D. REPLANNING REQUIRES

REVISED OR NEW: PROP PIP PRO AG PIO/T PIO/C PIO/P

E. DATE OF MISSION REVIEW: **9/19/75**

PROJECT MANAGER, TYPED NAME, SIGNED INITIALS AND DATE
Aaron L. Benjamin/HUD 9/22/75
Jimmy O. Philpott/DVP 9/22/75

MISSION DIRECTOR, TYPED NAME, SIGNED INITIALS AND DATE
Director has reviewed + approved
MARIA GUA 3745
9/26/75

Project Evaluation Overview

The following overview of project accomplishments and changes from the original project plan is extracted largely from an early draft of revision two of the Non-Capital Project Paper for the project. It represents a synthesis of the USAID's views on project activities to date and the views of three independent consultants (William Mann, LA/DR; Dr. John W. Dyckman, University of California; and Dr. Lawrence D. Mann, Harvard University) who in June, 1975, evaluated the urban planning assistance provided under the project. The reports of the three evaluators are attached after the overview.

Summary

Progress resulting directly and indirectly from the technical assistance provided under this project during its first sixteen months of implementation includes: (1) the formulation of a reconstruction strategy approved by the President of Nicaragua and completion of the Immediate Action Plan for Reconstruction which was submitted to the USAID on May 23, 1975 in satisfaction of a condition precedent to disbursement of Loan 524-W-029. This plan establishes the priorities and time schedules for the work to be accomplished during the life of the loan project; (2) Work is also nearing completion on restructuring the strict emergency building code established shortly after the earthquake; (3) The VMUP has expanded its staff from less than twenty professionals twenty months ago to some 115 Nicaraguan professionals and has drawn on the technical assistance provided by AID, the UNDP and the OAS to train and prepare them for the demanding tasks ahead; (4) Initial efforts to improve the management and administrative capacity of Managua's municipal government are underway. While emphasis has been placed on improving revenue collections to finance the Ministry's greatly expanded level of operations, the Minister of the National District has accepted the contractor's recommendation for a complete reorganization of the Ministry; (5) Work is now nearing completion under an AID-financed contract to improve the cash budgeting and payment procedures of the Ministry of Finance to permit the GON to more promptly meet its obligations to the large number of contractors required to carry-out reconstruction programs; (6) The GON has accepted the recommendations of an AID-financed PASA advisor to establish a new employment service within the Ministry of Labor to enable it to project reconstruction manpower requirements and to plan training and development programs to assure that adequately prepared workers are available.

Discussion

As was noted in the Method of Operation section of the original PROP (page 36), responsibility for implementing the project was to rest with the GON. This philosophy has been followed and GON implement-

ing agencies have negotiated all contracts and have handled all phases of contract administration. While the USAID originally believed that such an arrangement might lead to a closer relationship between the GON agencies and their foreign technical advisors, the decision to place full contract responsibility in the hands of the GON was based primarily upon the fact that the USAID had only limited management resources and would be unable to provide the logistic support required for such a large number of foreign technical advisors. Thus, the contractors under this project were to be completely independent of USAID support. Our experience with project implementation indicates that, while this decision was taken on the basis of a management imperative, it yielded, in practice, important dividends in the form of increased impact from the services of the foreign technical advisors. The foreign advisors have, in virtually all cases, adapted themselves to the situation in the recipient agency and have become a part of a technical assistance team responsive to the needs of the recipient without any complications arising from a secondary allegiance to the USAID or Embassy. Such problems that have arisen in the execution of their contract have been worked out between the advisors and their employing agencies without recourse to AID's intervention. This has avoided much of the friction and misunderstanding that can arise between contractor personnel, USAID, and the recipient host country entity when all three are involved in contract administration. We believe that this arrangement has led to more harmonious relationships between advisors and counterparts and has contributed significantly to increasing contractor effectiveness.

The foregoing is not to say that the benefits derived from this method of operation are without certain costs. For example, it is clear that the choice of host country contracting over direct AID contracting resulted in initial delays in project implementation. This was due, in part, to the need to develop contract formats that would be mutually acceptable and satisfy the requirements of both required to locate suitable candidates for advisory positions (see additional discussion below on recruiting problems) and instruct GON project managers on prudent contract negotiation practices. All this did, of course, take considerable USAID staff time initially just to move project implementation forward at the admittedly less than optimum rate achieved. However, GON personnel have learned rapidly and each successive contract has required less USAID staff time than the last. We have now reached the point where little more than review and approval of each contract action is required. Our conclusion, then, is that the additional staff time and effort required initially by our decision to utilize host country contracting mechanisms was fully justified and that it has resulted in overall savings in operating costs to the USAID while yielding more effective project implementation.

While much of the delay in initial implementation of the project can be ascribed to the time required to develop and institutionalize

improved contracting procedures (see page 5 of the attached report by William Mann LA/DR), other factors also contributed to the delay. In fact, the schedule shown in the original Project Input Table (page 30 through 33 of the original PROP) was out of date at the time we received AID/W's final project approval in mid-March, more than six weeks after the PROP was reviewed in Washington, since the schedule had been based on PROP approval by the end of January. However, perhaps the most serious delay from the standpoint of AID provided inputs resulted from the very long time required to locate the key principal advisor to the Vice Minister of Urban Planning. Since this was the most important foreign advisor position, considerable care was taken in developing the terms of reference for his contract and in establishing the criteria for his selection. Then, from among the many applicants for the position, some seven were selected for personal interview by the Vice Minister, over a period of several months. The individual finally selected -- a recognized authority in urban and regional planning in U.S. academic circles, and with extensive field experience in Latin America -- has proven well worth the delay in the selection process.

One potential problem initially was the insistence of the Vice Minister of Urban Planning that the Vice Ministry's advisors should be contracted on an individual personal services contractor basis rather than contracting with a single firm or group of firms to provide all the assistance to be financed with AID funds. He felt strongly that individual advisors would be more responsive to the needs of the GON without a home office supervisor to worry about. The Vice Minister wanted, at all costs, to avoid being handed the "formula solutions" that contractor home offices are so fond of prescribing. He felt, and we have to agree, that a few delays because of recruitment and selection of contractors on an individual basis would be acceptable if improved results could be obtained.

Another major problem that confronted the GON and USAID in obtaining the services of foreign advisors on a timely basis was the difficulty in locating fully qualified professionals in the United States who could also speak the Spanish language. Because delays of one to four months were being encountered in obtaining critically needed foreign expertise in the early months of project implementation, the USAID sought and obtained a limited waiver for the Assistant Administrator for Latin America of the source of origin requirement for six of the positions allocated to the Vice Ministry of Urban Planning. The waiver permitted us to obtain the services of advisors whose country of residence was one of the other Latin American countries.

Other significant delays have occurred in the recruitment of experts to be provided by the other international agencies participating in the project. Particular difficulty has been experienced by the UNDP in obtaining the services of qualified advisors. To date, the UNDP has been able to provide seven of the nine long-term advisors originally programmed and two of those only after signifi-

cant delay in recruitment. They are still recruiting for the important positions of Traffic and Transportation Advisor and Infrastructure Planner.

While the OAS was able, initially, to respond more quickly than either AID or the UNDP, their capability to provide continuing long-term technical advisors has been somewhat less than expected originally. We have been advised that this difficulty is due to budget shortfall within the OAS departments in Washington and does not indicate any downgrading of the importance of the assistance originally programmed in achieving the objectives of the project. The OAS has provided five of the seven advisors originally planned and is still recruiting for a construction materials testing advisor.

Other changes in project design and method of implementation are worth noting. Pages 36 and 37 of the original PROP indicated that the technical assistance to be provided to GON entities other than the Vice Ministry of Urban Planning would be managed by the Office of Coordination and Implementation of the Ministry of Finance, the GON entity responsible for administration and implementation of AID loan financed reconstruction assistance. However, after careful review with USAID Capital Development Office personnel subsequent to PROP approval, it was decided that the additional burden involved in managing a grant-financed technical assistance package that would be governed by a different set of regulations and requirements than were applicable to loan financed projects might prove too great a burden on the Office of Implementation at that time. After considering the alternative of utilizing AID direct contracting procedures, the USAID approached the Nicaraguan Central Bank (universally recognized as the strongest, most efficient agency in the Nicaraguan public sector) to determine its interest in performing this function. After some negotiation, a project agreement was signed with both the Bank and the GON's National Emergency Committee for the implementation of the technical assistance to be provided to GON entities other than the Vice Ministry of Urban Planning. A supervisory committee, composed of representatives from the National Emergency Committee, the Central Bank and the USAID, was established to monitor project implementation and the Central Bank assigned a full-time professional employee together with a secretary to manage the day-to-day operation of the project. While it was originally intended that the supervisory committee meet formally on a regular basis, it has not been possible to do this in practice. The National Emergency Committee representative to the committee is the Secretary of the Presidency --the senior Nicaraguan Cabinet Minister and Chairman of the National Planning Council-- with whom it is frequently difficult to arrange meetings due to his very heavy schedule and the fact that he is on instant call to the President. Fortunately, this part of the project has not yet become so complex that it cannot be effectively monitored on a more informal basis. Consequently, the USAID Project Manager maintains very close working relationships with the Central Bank Project Manager, which permits project implementation problems

to be treated immediately. Those requiring resolution by the project committee are discussed with the Secretary of the Presidency by telephone and resolved quickly. Our experience to date with this method of operation has been generally good although we would expect to modify it somewhat with the more complex assistance to GON implementing agencies programmed under this project for FY 1976 and FY 1977. We will request the GON to name an alternate representative to the project committee who will be more readily accessible and able to devote additional time to the task and insist that the joint project committee function on a more formal basis.

In the initial Project Paper, funds were approved to finance salary supplements (topping-off) for architects and engineers to permit the GON to employ a sufficient number of qualified professional employees in these two important fields. It was hoped that such a device would enable the GON to pay competitive salaries and attract professionals from neighboring countries and the U.S. to fill existing position vacancies and additional requirements for the development of reconstruction projects for which not enough fully qualified Nicaraguan architects and engineers were available. However, the PROP approval message indicated that it was AID/W's desire that any such financing be only temporary and not extend beyond the initial project funding period. After careful review, the USAID decided that the initiation of such an activity for a period of only some 12 months with no possibility of additional financing thereafter would probably create more difficulties than it would resolve. Consequently, it was decided not to undertake any program of topping-off for Nicaraguan Government professional salaries.

Assistance to the Ministry of Finance in improving financial operations has been provided through a contract with a U.S. consulting firm. The USAID's original estimate for the level of effort required (six months) was revised upward during the process of jointly developing with the Ministry of Finance a scope of work for the contract. A total of twelve man-months was required at a cost of \$73,038 under a contract with Sanderson and Porter, Inc. of New York.

Management assistance was provided to the Ministry of the National District under a \$48,790 contract with the firm of Peat, Marwick, Mitchell & Co. The assistance included an assessment of the overall organization structure of the Ministry of the National District together with concentrated assistance to improve the Ministry's revenue collection procedures in order to increase the National District's revenues and thus enable it to be better able to afford some of the additional costs related to reconstructing the city of Managua. This assistance has resulted in what appear to be excellent recommendations for the complete reorganization of the Ministry of the National District together with new operating procedures and manuals for the management of collections in the Ministry's revenue producing departments.

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While considerable difficulty has been experienced in locating a fully qualified public works administration advisor, the USAID and the GON are now in the process of selecting and contracting with a qualified expert in public works management to provide the assistance originally programmed for the Ministry of Public Works.

Assistance to the Ministry of Labor in the field of manpower planning for reconstruction had originally been programmed at six-man months. However, a subsequent in-depth analysis performed for the Mission by an expert from the U.S. Department of Labor indicated that the task was more complex than originally anticipated and would require somewhat more assistance than had been programmed. The U.S. Department of Labor recommendations suggested the need for the establishment of a new major entity within the Ministry of Labor to carry out the functions indicated. The GON accepted the recommendations as provided and has made available budget resources to accomplish the reorganization required. In view of the strong GON interest in revitalizing a traditionally weak Labor Ministry so that it might play a more effective role in the process of reconstruction, and their appointment of a dynamic, capable young Labor Minister in December 1974 to accomplish this task, the USAID decided to cooperate with the GON in this endeavor to the fullest extent possible. Consequently, funds were allocated to finance the initial year of a resident PASA advisor together with two short-term specialists for four-man months and financing for short-term training in Puerto Rico for six officials of the Ministry who would return to assume key positions in the reorganized Ministry.

Assistance programmed for the Ministry of Economy in public transportation was postponed to make funds available for the additional assistance to be provided to the Ministry of Labor. The assistance originally programmed for JNAPS was deleted on the basis of information provided that the GON was obtaining similar assistance from the UNDP and through a direct contract with a U.S. firm utilizing its own resources.

EVALUATION OF PROGRAM DEVELOPMENT
AND IMPLEMENTATION PROJECT NO.

524-11-998-106

by: William Mann
June 6, 1975

I. Introduction

One of the supports being provided by AID to the reconstruction of Managua to grant technical assistance aimed at enabling the Government of Nicaragua to meet planning, programming, budgeting, design and implementation requirements. Under this technical assistance, extended in cooperation with the United Nations Development Program (UNDP) and the Organization of American States (OAS), AID has delivered to the Vice Ministry for Urban Planning (VMUP) the consultants listed on the attached table. This same table includes consultants delivered by the UNDP and OAS.

The evaluation exercise reported herein was conducted by:

John W. Dyckman
Irvine Professor of Urban and Regional Planning
University of Southern California

Lawrence D. Mann
Chairman
Department of City and Regional Planning
Harvard University

William Mann
Chief
Urban/Industrial Division
AID/LA/DR

The assignment of this team was to evaluate (a) the program of grant technical assistance, and (b) the Immediate Action and Reconstruction Plan produced as one product of this technical assistance.

In the course of this evaluation stated goals and purposes were reassessed, performance was measured against stated goals, purposes and output targets and determinations were made as to future requirements of this technical assistance program. In addition, observations and recommendations on a number of key aspects of the planning/implementation process are included.

The comments which follow are keyed to the governing Non-Capital Project Paper (PROP).

II. Statement of Project Goal

A. Goal:

"To permit redesigned reconstruction of the city of Managua without major postponement or diversion of resources from critical development programs, particularly those aimed at the rural areas".

The Goal remains valid. Progress has been made toward that goal in the form of broad - brush urban redesign.

Progress is also evident in reconstruction - mainly private sector following the adopted concept of dispersion and deconcentration, which concept has been furthered by the extension of roads and utilities to peripheral areas.

There is no evidence yet that critical development programs have suffered as a result of design and reconstruction work. However, as planning is only just reaching the stage of providing the lead-in guidance for the major reconstruction, it is too soon to take meaningful reading of the impact of Managua reconstruction upon other development programs.

B. Measures of Goal Achievement

1. "Reconstruction proceeding according to GON developed master plans with the major residential, commercial and industrial zones located outside the previous downtown area of Managua."

This measure is valid but clarification is needed on the type planning being applied. The process being used is one of continuous planning which provides an immediate action-type plan linked to the determination of longer range master plans. See the appended memorandum of Prof. Lawrence Mann for a full description of this process.

Reconstruction is proceeding as described above and, so far, all construction is located outside the previous downtown core area of Managua. This pattern is expected to be maintained over the immediate future, reconstruction in the previous city core being initiated in a year or so with the construction of some public or institutional facilities, see also comments in Dr. Dyckman's report.

2. "Programs in health, education, manpower, agriculture, and other non-reconstruction development areas continue to receive increased planning attention, personnel and financial inputs."

This measure remains valid.

The sectors and activities cited have continued to receive increased planning attention, personnel and financial inputs. We recommend that this measure be stated in such quantifiable terms as the level of planning effort in man-hours, staff strength by skills

categories, and allocation of the national budget by percentages.

C. Means of Verification

1. "Physical inspection of reconstruction patterns and progress".

This means remains valid. It was applied under the evaluation reported herein.

2. "Review of GON plans and related documents."

While valid, this measure is unspecific. The plans and documents to be used should be specified (e.g., Immediate Action Plans, Master Plans, Sub-center plans, project plans, building permits, land sales records, national budgets, etc.)

D. Assumptions About Goal Achievement

1. "Nicaragua experiences continued economic recovery sufficient to finance or to attract foreign financing for the public and private sector investments needed for reconstruction and development."

This assumption holds valid and the condition seems to be as assumed.

2. "That the present government is sincere in its expressed desire to undertake a massive program of reconstruction that will not only recreate its capital city but improve the quality of life of its citizens and to provide an environment less susceptible to destruction by seismic disturbances."

This assumption holds valid as an essential condition.

Verifiable indications of the Government's attitude toward improving the quality of life and strengthening security against seismic risks are in its strict application of the new seismic code and its attention to other areas, including rural development.

3. "That the GON will continue to mobilize domestic resources for the reconstruction and that adequate foreign resources will continue to be made available."

This assumption holds valid.

Domestic resources amounting to \$1,171,400 have already been contributed to this project. Available foreign resources other than those from AID are undetermined but indications are that additional resources can be expected when the GON beneficially absorbs a substantial proportion of those already available.

III. Statement of Project Purpose

A. Project Purpose

"Improve the GON's capacity to plan, program design and implement major programs for the reconstruction of Managua and for the continued economic and social development of Nicaragua."

The purpose is still valid as stated.

Already, through this project, an institution has been created with a planning capability which did not formerly exist in Nicaragua. This institution (VMUP), has demonstrated considerable programming as well as planning capability. The design and implementation phases have not yet been initiated.

B. End of Project Status

As end of the project is a year off, evaluation in these terms is not possible at this interim stage. However, it can be stated that eight of the items remain valid, as measurements. Comments related to items 1 through 8 appear in another part of this report. Item 9 is outside our present concern.

Of significance here is the fact that the anti-seismic building standards (item 3) have been developed and are being strictly applied.

C. Means of Verification

Item 8 is outside of the scope of this evaluation. The remaining Stated Means of Verification hold valid. They are already being applied by the Mission in all on-going activities.

D. Assumptions for Achieving Purpose

1. "That staff expansion goes forward rapidly."

This assumption is valid. Furthermore, it has materialized. VMUP staff has increased from 7 professionals to 115 professionals and total staff strength now stands at about 700.

Assumption 2, on the ability of VMUP to sustain zoning and construction control decisions and assumption 3, which deals with effective coordination, are valid but remain to be tested in performance.

4. "That qualified foreign technicians can be obtained in sufficient number of 9 timely basis."

This remains valid as an assumption.

The performance of AID in identifying and selecting suitable consultants and effecting their timely arrival at post has been generally good. In the main, delays which have occurred with engaging AID financed technicians were caused by VMUP procedures which have since been improved. Selection of consultants satisfactory to VMUP has been greatly enhanced by provisions for candidates to visit Managua and be interviewed by VMUP prior to actual selection.

See the accompanying report by Dr. John Dyckman for further observations on this aspect.

IV. Statement of Project Outputs

A. Outputs

All eight of outputs falling within this evaluation (no. 8 is outside its scope) remain valid.

Items 1 and 2 need to be revised in order to reflect the planning process being actually applied (see IIB1. above and comments in Prof. Mann's memorandum). The immediate action plan has been completed some six months later, but in more extensive form, than originally projected.

It is too soon to evaluate performance on items 3 through 7 and item 9.

B. Output Indicators/Means of Verification

Although qualitative factors are of predominant importance, we would suggest that several of these outputs indicators be recast in quantifiable terms and that time-phasing be stipulated for other so that progress toward objectives can be better gauged. Baseline data are available where necessary and progress data can be routinely collected.

1. Time-phasing can be established for the principal steps in the master planning process (see Prof. Mann's memorandum).

2. The immediate action plans have been completed but time-phasing should now be established for the subsequent land appraisal and acquisition, design, working drawings, contract documents, contract award and construction monitoring activities. In addition, quantitative measures, such as costs, and square measure or linear measure or volume of physical facilities planned and built can be applied.

5. Improved management procedures may be reflected in such outputs as number of plans received, number of building permits issued, number of plans produced for satellite towns, and number of project designs produced.

6. Increased capacity of all agencies to identify, design and implement reconstruction and development projects may be reflected in the rate at which these actions are satisfactorily completed and the value of projects involved.

7. "More rapid" design, review and approval of public works projects may be expressed through a periodic quarterly comparison of the number and value of projects handled.

9. "Improved" utilities may be reflected in increases in households served, hours of service and volume of product produced. "Improve" health services can be measured by hospital beds per unit of population, number of patients treated, reduction in mortality, etc. "Improved" transportation may be expressed in passenger - mile or trip time.

V. Conclusion

Our determination through retrospective analysis are that the project setting is essentially unchanged and that no basic change in project design is called for. However, we make a number of suggestions intended to help improve performance monitoring, reporting, evaluation and project operations.

Though operations are behind schedule, evidently because of miscalculations in the magnitude and difficulty of tasks, this project has produced significant institution-building results and has launched an innovative planning process, both of which may serve as models for consideration world-wide. A disciplining force greatly responsible for accomplishments was the requirement under the AID Reconstruction Loan for an immediate action plan. In some respects the tasks immediately ahead - land appraisal and acquisition, project design, bid documents preparation, contract award and administration, project construction - represent even more difficult terrain than that covered so far. Therefore, serious setbacks can only be avoided through increased effort and improved operations. In this connection, early action should be taken to obtain funding for key specialists needed to accomplish these tasks but not covered by existing funding.

Capital project packages to a total value of about \$256 million have been identified according to priorities by VMUP. The push now must be toward selecting and designing projects for early implementation.

Our final suggestion is that an interim evaluation of implementation be conducted in approximately six months or not later than February, 1976. By that time tasks mentioned above should be well enough underway to permit meaningful scrutiny and determinations as to how well implementation measures have been conceived and applied.

Report of Evaluation
Visit, Managua, June 1-7, 1975

John W. Dyckman
Consultant

This report addresses two major performance areas:

- a) the Technical Assistance Program, and b) the AID Loan program.

1. The technical assistance program has succeeded in substantially revising and improving the procedures of Reconstruction planning. In particular, the inputs of the Asesores have played a major role in the integration of the disparate efforts of groups working in the Vice-Ministry for Urban Planning. These asesores have in some cases provided the needed bridging of the differing conceptions of the functions and form of the "Plan" entertained by various staff members.

Most importantly, they have played a major role in producing the important "PRAI" (Programa de Reconstrucción y Acción Inmediata) document. This document provides a first effort at effectively converting general planning perspectives into specific programs and program actions. In the past, the lack of such program specification and guidance has been a serious weakness in the Reconstruction planning effort. With the submittal of the PRAI report on May 20, 1975, and with the general development of PERT and CRITICAL PATH program methods in the Vice-Ministry, these deficiencies have been redressed. In addition, the PRAI is an organizing device which serves to place the various efforts of the planning teams in the Vice-Ministry in relation to each other, and in direct relation to proposed actions.

This improvement, though marked, is not so great as to remove all confusions and inefficiencies in the planning. Major problems remain in the coordination of planning efforts with the implementation and operational activities of action agencies charged with the provision of public services, and in some instances, with the necessary resources of the private sector. An there are some scheduling difficulties in the use of personnel within the Vice-Ministry, as well as some personnel weaknesses. Inevitably, the teams are at different levels of competence and productivity, and this impedes the smooth flow of the programmed effort. But over all, the technical assistance effort has produced clear and measurable results in the Vice-Ministry.

Among the achievements of the Vice-Ministry staff in which the Asesores have played a contributing part are: the aforementioned production of PRAI, which has symbolic as well as organizing value; the development of computer mapping and of a central data base, in which the consultant services played an important part; house to house surveys of building condition and the production of a data

series on condition of units; study of demand for land in the central area; economic and investment studies; community renewal planning in the San Judas area; and the development of the concepts of integrated subcenters. The Asesores have contributed directly and indirectly; they have headed teams on specific assignments, and have helped to produce the regular output of the office on the one hand, and on the other they have served in the valuable role of training instructors and technical counselors. Their presence and experience has helped to build the confidence of the Nicaraguan staff.

In at least one case, there was serious difficulty in locating the consultant provided by Technical Assistance in an appropriate place in the Vice-Ministry staff. This consultant is an able man, but for reasons of professional differences or personality incompatibilities he has been operating essentially without portfolio. Even in this case, the person in question has made real contributions, and has worked diligently in the role of general factotum for the senior Asesor.

In my opinion, the team assembled is a good one. The principal area of improvement in the use of the Asesores would be in the deployment of the senior Asesor, who is technically counterpart to the Vice-Minister. This person has not been functioning as an advisor to or deputy for the Vice-Minister. Rather, he operates more as the head of a team or group. Since this person is competent and experienced, and is willing to take responsibility, it would be useful to all parties to upgrade his duties, and to bring him into closer relationship to the Vice-Minister. As the Vice-Minister has no deputy or delegated staff leader, he should in any case delegate some of his duties to a second-in-command. If for reasons of personality or of history it proves unfeasible to use the Asesor in this capacity, a Nicaraguan deputy should be chosen.

The division of labor with the other assistance agencies has produced at least one serious problem. An infrastructure engineer is needed almost immediately, and though the U.N. will presumably provide such a person, their delay in doing so will prove costly to the program if it continues. Certain other skills are needed by the staff as it moves into its implementation stage. An expert in materials testing is needed, either through a staff addition or through a consulting arrangement. At present this function is not being exercised and the testing equipment on hand is not utilized. An expert in statistical sampling and survey and an urban land economist are among other skills mentioned not now on hand. Finally, the implementation stage will profit greatly from the addition of a person skilled in expediting large-scale undertakings in the urban development field. Such persons - with experience in urban redevelopment or in other urban land development programs-- can be found in the U.S. and could make a major contribution to the reconstruction work.

2. If the technical assistance staff inputs are to be used effectively in the reconstruction effort, some shifts in deployment will need to be made. As the emphasis of the work gradually is transferred to operational agencies, technical assistance should move in accord with it. These shifts can be realized without major disruption of the important contributions now being made by the Asesores. Since the Distrito Nacional, for example, will play a major role in providing services needed in the reconstruction, it would be useful to integrate more closely the activities of the programming group within the Vice-Ministry with the on-going activities of the District. Since the Vice-Ministry is actually a unit of the District, this should not be difficult in principle. In practice it may require encouragement from AID, for reasons of the relatively vague nature of the organizational lines between District and Vice-Ministry and because of the discrepancies in qualifications and culture of the respective staffs. It seems unwise, therefore, to physically transfer any of the units of the Vice-Ministry to the offices of the District, where they would be removed from the supporting relations which have been developed in recent times. Rather, it is proposed that certain units, notably the programming section, develop closer ties with the District staff. If necessary, "counterparts" should be found or placed in the District staff.

The present "teams" or "sections" of the Vice-Ministry staff should not be viewed as permanent divisions of labor. As the tasks change and the planning work develops, new alignments may be advisable. Thus, it would be reasonable to suppose that a "Downtown Study Team" might be formed in the Vice-Ministry. Such a team need not entail new personnel, but might be formed from the reassignment of present staff members. (As an example, this might be the kind of task which could exploit the experience of the presently "floating" or "displaced" Asesor.)

Finally, as noted above, the senior Asesor should be given clear coordinative responsibilities. He should be deputized more freely by the Vice-Minister to act in a more clearly managerial capacity. To this point, he has not functioned in this way, either for lack of personal assertiveness, or because of the indisposition of the Vice-Minister to use him in these capacities.

3. The role of the O.C.I. unit of the Minister of Hacienda will be a crucial one in the period ahead. This unit will prepare the pre-contract programming, and this task will grow rapidly in the course of stepped-up reconstruction. There is reason for doubt about its present capacity to handle this load. Since O.C.I. is in a different Ministry, there is no question of alleviating the load by shifting assignments or lines of reporting. But because the staff of the Vice-Ministry and that O.C.I. must work closely together (and presently do so) it is possible that the programming section of the Vice-Ministry will be able to gear its output even more closely to the needs of the O.C.I. unit. If it can "tailor" inputs to the ongoing needs of O.C.I.,

The programming unit can materially expedite the transition from plans to actions.

In the course of this transition, the contacts between the Vice-Ministry and the private developers who will eventually be the main development actors will intensify. In this case, the problem is not that of transferring resources to the action group, or even of providing specific services for that group. Rather, it is one of communication. Steps should be taken to regularize the communication of planning determinations and planning arguments to the major development groups in the private sector. Over time, the Vice-Ministry staff and the eventual developers will inevitably be brought into close contact. This eventuality should be anticipated to some extent, and early meetings should be scheduled by the Vice-Ministry with developer interests. The purpose of these meetings would be to "advertise" the plans of the Vice-Ministry to its putative clients, to inform this group of the expectations and purposes of the Vice-Ministry, and to solicit developer reactions and comments. While presentations to the broader public are necessary, smaller showings to the development actors will serve a useful purpose.

4. Eventually, the loan program is intended to be converted into actions to create real living environments. If this is to be done smoothly, a number of realities should be anticipated. Among them are the following:

a. Improved Appraisals. In order to protect its investment in land, to secure the maximum benefit for this investment, and to safeguard the process against abuses, it will be necessary to obtain land appraisals which accurately reflect land values. The very processes of shifting key locations, of redevelopment, and of infrastructure investments change the relative values of parcels. For these reasons, it seems inappropriate, however administratively convenient, to rely on past cadastral evaluations for setting appraisals in land acquisition. The Geographic Institute will render an important service in its present undertaking to clarify property lines, but this finding alone will not be sufficient for setting values. There is also reason to believe that past experiences in Nicaragua with expropriation, in which courts appointed separate appraisers in each case without benefit of general guidelines, has led to unreasonably high appraisals. For these reasons AID should take the initiative in helping the GON to develop appraisal guidelines, with the help of the most experienced and reputable appraisers. These guidelines should be publicized -both as a form of notice to the property owners and as a point of reference for the use of the courts. If the government is not willing to constitute a blue-ribbon Board of Appraisers from which the courts may draw individual appraisers to evaluate properties, at least the publication of guidelines would be a valuable service and a reasonable exercise of AID's right to protect its funds.

b. Early taking. The exigencies of time will require that the government avoid excessive delays in gaining control of properties for development. As the proposed law amending expropriation procedures to provide for immediate taking of property, with an amount equal to the cadastral value of the property placed in bank escrow against the eventual award, has not been favorably received by the GON, other formulae should be sought which might be an acceptable compromise. Thus, for example, an amount up to some maximum could be turned over to the property owner at the time of the taking, with a fund deposited against the eventual award. In any event, project plans must await precise project property line definitions, and such definition cannot be made until the property is actually acquired. The prospect of delay threatens to jeopardize the ability of the government to meet the loan expiration deadline. Thus AID has an interest to push some type of rapid taking if it is to see the funds actually expended.

c. Excess acquisition. Either by ordinary market buying or by expropriation, the GON has a lively interest in acquiring some land in excess of that anticipated to be used directly or immediately in its public projects. Not only will such land be needed to "wholesale" to developers in certain instances, but it will also be valuable for the exercise of land "trades" -as in the case of compensation of downtown property owners for land taken in reorganization of lot lines and in street widenings- and in securing for the public the benefits of certain public improvements.

d. Improvements tax. Because public improvements create land values which may lead to windfall profits for certain land owners, and because of the need of the GON for resources for public improvements and services, it is reasonable that a benefits tax be imposed on the increase of land values resulting from public improvements, such as infrastructure extension. It is probably not feasible to attempt to recover all this increase (as the British experience with the Compensation and Betterment Act of 1947 has shown), but it is reasonable to seek to recover some of this betterment. (Say, 10-15%). By setting the tax -a one time tax- relatively low, the Government can avoid the hardship that might be imposed by an inaccurate assessment of the amount of the benefit --that is, it can give itself a margin of safety. While this proposal appears to have been rejected in recent discussions, it may be worthwhile to reopen the question as part of the general loan discussions- with the argument that it permits the loan to have a certain multiplier effect.

e. Land packaging. The creation of a land reserve, as proposed above, could lead to an effective staging of development in which various "packages" of land with all site improvements would be marketed to developers. This would permit the developers to realize certain scale economies and scheduling economies in their work, and would facilitate the implementation of the "integrated community development

plans" now being prepared by the planning groups in the Vice-Ministry. The packages could be broken into parts of varying sizes depending upon demand, upon the pace of redevelopment, and upon the ability of government to finance and actually build the infrastructure.

MEMORANDUM

June 6, 1975

FROM : Lawrence D. Mann
TO : USAID/NICARAGUA
SUBJECT: Evaluation of Managua Reconstruction Planning, June 1975

This memorandum summarizes observations during a brief visit for evaluation ending this date. It is based on a series of interviews and meetings, as well as the examination of numerous relevant documents.

Background

The reporting here forms part of an evaluation mission. It should be read jointly with parallel memos by John W. Dyckman and William Mann of USAID/Washington.

Subjects of concentrated attention here will be on the Program for Immediate Action (PRAI) and the training function of technical assistance.

My comments here should also be read in the context of three earlier reports I have prepared for INCAE on the planning process for reconstruction of Managua.

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The Immediate Action Program (PRAI)

One main task of this visit has been the examination and evaluation of the ambitious document, "Programa de Reconstrucción de Acción Inmediata", dated 20 May 1975 and known under the name "PRAI". This document was technically to comply with the requirements of Loan Agreement 524-W-029, but it went beyond these requirements. It is in a number of ways a really significant planning document, including several innovations and representing a huge professional effort by the advisors to and staff of the Vice Ministry of Urban Planning.

The Program covers the period 1975-78. An initial chapter reviews the nature of the pre-earthquake Managua, the effects of the quake itself, and initial emergency responses to the event. The following chapter provides the clearest statement to date of the Government's approach to replanning the metropolis. This general approach is broken down into rather specific strategies for land use, housing, community facilities, utilities, streets and transport, industry and commerce, open space, and general environmental quality. This third chapter concludes with a good section on development controls.

A fourth chapter provides an approach to an implementation plan for urban development during the period. This chapter begins with a governmental structure for implementation that includes a Top Level Reconstruction Planning Directorate, the Vice Ministry of Urban Planning, the Ministry of the National District at large, the Office of Coordination and Implementation (CCI) of the Finance Ministry, and the executing agencies. Proposed institutional interrelations are outlined. Procedures for implementing the "PRAI" are outlined for financing, land acquisition, development of coordinated planning areas (API), project implementation, and the coordination of project execution. Technical support for planning, development, and implementation is discussed in terms of the INCAE contribution and other special studies.

A separate fifth chapter discusses the special development fund for small business. (While this matter is part of the loan agreement, it is not central to the present consultancy.)

The final chapter discusses an evaluation system. This proposal is presented in terms of three phases. The first foresees the evaluation of project advance and improvement of the urban planning system itself. The second phase is to look at the achievement of physical goals. And the final phase is to provide an overall evaluation of the program's effectiveness.

The "PRAI" is in general quite well documented. Besides numerous charts and tables, there are a number of appendices.

It should be noted that the "PRAI" was adopted as official policy of the Nicaraguan Government. It attained such approval, we are informed, only after a rather thorough going-over after leaving the Vice Ministry. That is Minister/Aloaldo Luis Valle Olivera reviewed and changed the document in important ways and other Ministers and the President himself have reviewed the document seriously.

Our general evaluation is that the "PRAI" is quite a successful document both for its specific purposes and as the germ of a method of middle-range planning. It is certainly subject to correction of certain minor errors at various places in the text, charts, and graphs. Moreover, there are certain aspects of the implementation part (Chapter 4), and in evaluation (Chapter 6) that will necessarily be modified with the accumulation of practical experience. We believe this is particularly likely in matters of inter-institutional relationships. It is simply not possible to know how all this is going to work until the flood of projects begins to move through the proposed system.

This observation is particularly important in the likely relations between the Vice Ministry of Urban Planning and the parent Ministry of the National District. Precisely which of the proposed functions will remain best located in the Vice Ministry of Urban Planning and which will be administratively located in other parts of the Ministry of the National District are matters that cannot be entirely foreseen. Certainly these arrangements will work themselves out over time, and there is no sound reason to believe that anything I might say now would have a positive effect on the outcome. This same comment should be applied to relations with OCI, with the five agencies of the Government and with private planning, engineering, design, land development and construction firms.

Relation to More Extensive Action Planning Process

Perhaps the most fundamental question that needs to be posed is the extent to which the PRAI is indeed the appropriate microcosm for the needed longer range action planning process. To respond well to this query, we shall need to restate the essential framework for such a process. It must also be recognized that we shall need to look beyond the PRAI to the broader work program under way in the Vice Ministry of Urban Planning.

The basic action planning framework, as I have sketched it elsewhere^{1/} begins with an initial phase of very general goal specification. Then begins a series of project identification and generation phases involving discussions with agencies, private interests, local groups, etc., alternating with technical documentation of potential

^{1/} "Action Planning for Urban Structure" paper presented at the Inter-American Planning Society (SIAP), September, 1974. See also my report "Planning for Housing/Urban Development Sector in Panama", USAID, 1974.

projects for programming purposes.

These projects are to be worked into a program for investment, parallel to standard capital budgeting, but much more informal on modern programming methods.

The program-of-projects is then to be tested against inter-agency, private interest and community group discussions. Following modifications from these discussions, it is tested against long-range plans for environmental design implications. New modifications will result from this analysis and further discussions following it.

Then, the carefully evaluated and modified program is implemented on an annual and multi-year basis. Immediately, the feedbacks from implementation begin to show the needs for new projects and the lack of justification for ones already approved.

This begins the continuous process of planning-implementation-planning. I have called "action planning."

As mentioned above, the PRAI is quite consistent with such an "action planning" framework. However, there are some notable short-falls to date.

a. The private sector projects are not yet included. (The same applies to projects to be solicited from community interests, but this may not be feasible in these circumstances).

b. Meaningful consultations are taking place only at the technical and high administrative levels. Consultation processes are not yet "open" enough to work well.

c. The "packaging" aspects are not yet fully informed by programming methods, though this may well work itself out in time.

d. The long range planning is not far enough advanced to provide the necessary heuristic.

e. The attitude of the ongoing process is not yet widespread in the staff. (Note low participation of staff in the PRAI, with advisors having to take more initiative than would have been preferable.)

Professional Training Program

The critical mass of technical expertise in the fields of urban planning and programming are a resource that should not be neglected for its potential impact on the long-run supply of professional talent in Nicaragua. It has been recognized all along that the body of advisors has the potential of performing this valuable training function. An earlier report by Rafael Corrada, for INCAE, suggested some tentative directions for organizing the advisors for this effort. No important

steps in this direction have been taken during the past year, though of course a great deal of on-the-job, informal training is taking place on a daily basis.

I am recommending that an important proportion of principal advisor Hinojosa's time during the next three months be devoted to developing a draft training program, to make full use of advisors and other professionals in the office for training in the various aspects of urban planning and programming that are expected to be most needed in Nicaragua during coming years. Advisor Hinojosa, it should be noted, is one of the leading educators in this professional field in the United States. His proposals on this matter should be taken very seriously and should be supported rigorously by USAID/Nicaragua.

Given my great confidence in the resident advisors abilities and judgment on these matters, my own specific recommendations on this matter can be quite brief.

I believe that the appropriate paradigm should be the "action planning" approach described elsewhere in this memo, and in related documents cited there. The main implications of that approach which is simply my own version of the best of the current state of the art, are the following:

1. All urban planners should begin with a solid educational base in one of the following:

- a. Architecture (the traditional professional base in Nicaragua)
- b. Civil engineering
- c. Law
- d. Geography, economics or other empirical social science.

2. The emphasis of the training should be on programming as opposed to the traditional stress on preparing long-range, end-state plans. The sense of ongoing process should be the foundation, and the relation of public planning and implementation to broader socio-political and economic processes should be deeply impressed on all trainees.

3. Urban planners should be trained to appreciate the importance of participation of others in public planning processes, not out of any moral imperative (though such moral questions are quite legitimate) but out of the necessity of information and support that can be obtained only through this participation; only a fraction of the necessary participation can be subsumed under the category of inter-agency communication and consultation. The importance of working out the involvement of private firms, quasi-public entities, and community and user groups should be made quite central. And there should be an apprecia-

tion of the need to develop such involvement to a meaningful degree at a very early stage of planning processes.

4. Urban planners should be trained in the ways of generating, processing, and analysis of critical data related to projects and their evaluation. The evaluation framework should be that of cost-effectiveness, generally, with application of formal cost-benefit analysis where possible and appropriate.

5. Urban planners should be taught to "package" sequenced and prioritized arrays of spatially and functionally related projects into programs of different scales. (The sub-centros will provide the appropriate upper-range scale in the Managua context.) Central to this kind of synthesis will be the techniques of the PERT and CPM family, and all planners should fully grasp this framework at least conceptually.

6. Urban planners should be trained to appreciate the importance of long-range urban design and environmental plans as an heuristic device to test the full long-term implications of combinations of major programs of projects. This understanding will be difficult for trainers since those with traditional architectural education will find it a much too limited role and non-architects may not be easy to convince that this function is necessary at all. Nevertheless, it is a very important part of any urban planning curriculum.

7. The close link between planning and implementation phases must be made very clear to urban planners. All trainees should be fully exposed to the complexities of implementing projects and programs-of-projects. Relatedly, planners should be trained to elicit information from implementation situations as feedback to further planning.

Conclusions

There is still room for improvement in the above areas and in related matters. However, if the effort can avoid the landmine of a major scandal, I am optimistic that it is now "taking off."