

MEMORANDUM

TO : See Distribution

FROM : LAC/DR, Thomas A. McKee *7/21/81*

SUBJECT: Trip Report on September 15 and 16 Visit to Nicaragua

I. INTRODUCTION

En route to other work in Central America, I stopped off in Nicaragua September 15 and 16 for a short review of the University of California, Berkeley (UCB) and the Instituto Centroamericano de Administracion (INCAE) project with the Government of Nicaragua's Secretaria de Asuntos Municipales (SAMU). The visit was made at the request of and financed by S&T/RAD, the office which has AID management responsibility for this project and its parent program, the four-year "Managing Decentralization" cooperative agreement with UCB.

According to the project's PIO/T, signed June 1981, UCB agreed to collaborate with INCAE to provide the following services:

- A diagnosis of SAMU's management and technical work and recommendations on improving these functions.
- A comparative study, by means of a sample of Municipal Juntas, on the process used to identify, evaluate and implement municipal projects.
- Workshops to review and evaluate work produced by this project.
- Identification of organizational, human resource and overall training needs of SAMU. The scope of work was phased and UCB agreed to provide nine-person-months of its staff time and to contract INCAE for ten-person-months of staff time. This team was to submit the following reports:
 - a. Prediagnostic case study of SAMU.
 - b. Summary of workshop conclusions.
 - c. Case studies on Municipal Management.
 - d. Design of Municipal Survey.
 - e. Training materials on technical and management systems designed for SAMU.

This work was initiated in February 1981 and is to be completed in October 1981. The cost is approximately \$107,000, of which USAID/Nicaragua provided \$25,000 and S&T/RAD the remainder.

What follows are my "quick and dirty" impressions of the work performed to date under this contract. My own experience with the UCB "Managing Decentralization" Cooperative Agreement has been as technical backstop/oversight officer for LAC/DR. My experience in the field of municipal development in Latin America has included four years as project manager for AID's municipal development program in Costa Rica, consulting trips to Guatemala, El Salvador, Bolivia, Panama and Nicaragua (three trips) over the last ten years, and a working acquaintance with municipal development programs in several other Latin American countries.

II. RESULTS ACHIEVED TO DATE

A. Operating Rapport between SAMU/UCB/INCAE

UCB has succeeded in establishing a good working rapport with SAMU, which is a considerable accomplishment given the politically charged climate in Nicaragua. SAMU reported that in spite of some misunderstandings it was generally pleased with the work of UCB. SAMU especially appreciated UCB's flexibility and willingness to adjust to SAMU's needs. INCAE has also developed good working contacts with SAMU and was hopeful of additional training work with them. UCB and INCAE relationships have deteriorated since initiation of the contract and INCAE reported that it wasn't interested in similar follow-on work with UCB but might be interested in specific seminars or training activities.

B. Conclusions/Recommendations Produced

Although there is a notable absence of coherent documentation now available on the subject, it was clear from my conversations that in carrying on its technical assistance with SAMU and by holding the seminars/workshops, the UCB/INCAE team had succeeded in getting SAMU and some members of the GON to focus on decentralization issues/options. The final seminar was given high marks by the participants as stirring up interest on the subject.

C. Technical and Administrative Support to SAMU

The UCB and INCAE full-time staff people ended up spending considerable amounts of time helping SAMU to reorganize itself. They helped revise SAMU administrative structure to deal with a sudden influx of new employees. This appeared to be the principal short-term output and one that was appreciated by SAMU as evidenced by their request for more of the same.

III. PROBLEMS

A. UCB Recommendations on Decentralization

Right now there isn't any coherent presentation of UCB's conclusions and recommendations regarding decentralization, SAMU and the municipalities (at least there wasn't any available to me in Nicaragua). These will be developed in the UCB final report and I want to reserve my substantive comments until reading the final report. However, in discussing the various options under consideration, for example upgrading department offices or strengthening secondary cities' roles in the municipal movement,

I recommend that presentation of such options should include as all-inclusive a discussion of the pros and cons as possible. Cost and viability factors should be particularly stressed, along with likely impact on municipal governments. My experience in Nicaragua convinces me that the current municipal revenue base is only adequate to sustain the municipalities as political entities. If the GON wants the municipalities to play a developmental role in their local areas, it will have to enact legislation to significantly increase local government revenue.

B. Project Scope of Work

AID, and in this case specifically S&T/RAD, is required by its management practices to define for each activity it funds a project design, i.e., purpose, outputs and inputs that are expected to be achieved. When, as happened in this project, there is a major change in project design--in this case the decision not to do the comparative studies of the municipalities and not to produce the case studies on problems of Municipal Management--it is good management practice to obtain concurrence from all principal parties and, if necessary, redesign the project. In this case, UCB/INCAE at the request of SAMU altered the scope of work to cut out the case studies and in-depth research on problems of municipal management in favor of providing SAMU additional technical and administrative support services. It is clear that UCB project management should have consulted with S&T/RAD before agreeing to such a change. As things now stand, SAMU will, as mentioned above, have received technical assistance but little of the research laid out in the original scope of work will be produced.

C. General Management/Administrative and Other Concerns

People I talked with and my own observations showed problems in these areas:

- Delays by UCB in submitting project reports as requested by S&T/RAD.
- Confusion about who was in charge of the project for UCB.
- Ill-defined individual scopes of work for short and long-term personnel working on the project.
- Failure of UCB due to visa problems to provide in a timely fashion the services of Manuel Castells, the legal/financial advisor, or someone able to address this area of concern during the operational stage of the project.
- Methodology for the aborted municipal problems case studies. The two draft UCB case studies that I read were generally long on descriptive material and short on analysis. Material/information on administrative and financial problems of the municipalities was insufficient.

IV. FUTURE WORK

UCB is now preparing their final report. When the question of continuing this activity was raised during my trip, the principal organizations involved gave the following responses:

SAMU - Claudia Belli of SAMU clearly stated that they would like to have additional UCB technical assistance to SAMU of the same kind provided by Downs and Peres, i.e., internal assistance to SAMU management. While not actually declining assistance for research on municipal problems, she made it clear that it wasn't a high priority for them.

UCB - The team members were as yet undecided on what form additional assistance might take and wanted to complete the final report before making recommendations. Mr. Kusnetzoff wants to do a longitudinal study of SAMU's progress over the next year or two.

INCAE - INCAE wasn't interested in renewing the existing contract with UCB but might participate with them on special seminars or training exercises.

USAID/NICARAGUA - USAID/Nicaragua would like to keep its options open regarding future assistance to SAMU but is severely constrained by current restrictions on U.S. assistance to GON public sector institutions.

Distribution:

USAID/Nicaragua, Jerry Wein
" " Ken Schofield
UCB, Richard Harris
" F. Kusnetzoff
" M. Castells
" Charles Downs
" Ken Phillips
INCAE, H. Strachnan
" M. Lindenberg
" John Ickys
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S&T/RAD, Norm Nicholson
" " Monteze Snyder
" " Duncan Miller
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Attachment 2

Criteria	<u>Mission</u>							
	Ghana	Kenya	Tanzania	Lesotho	Liberia	Manila	Egypt	Costa Rica
A. Timeliness	better or same	better	better	good	good	better	better	same
B. Cost		better	same or better	incomplete data	good	better	better	better
C. Administrative cost		better	better	incomplete data	good	moderate	better	unknown
D. Familiarity with language and culture		better	better	incomplete data	good	better	better	same
E. Technical quality	outstanding	superior	same	excellent	good	better	better	same
F. Long term effect on mission activities		better		incomplete data	good	same	better	unknown
G. Immediate effect on mission activities		better	better	good - excellent	good	same	better	worse
H. Beneficial effects on host country agencies		better	same	good - excellent	good	same	better	worse
I. Beneficial effects on host country		better	same	incomplete data	good	same	better	worse

Those missions queried but not responding include: Uganda, Sudan, Somalia, Thailand, and Nicaragua. (See McKee report attached)