

Trip Report

NICARAGUA

January 8, 1981 through January 17, 1981

by

Richard Harris

Project on Managing Decentralization  
Institute of International Studies  
University of California, Berkeley 94720 USA

The research reported herein was performed pursuant to Cooperative Agreement #AID/DSAN-CA-0199 between the University of California and the United States Agency for International Development. The opinions expressed herein are those of the author and should not be construed as representing the opinion or policy of the Project on Managing Decentralization, the Institute of International Studies, the University of California, or any agency of the United States Government.

**BEST AVAILABLE COPY**

CONTENTS

	<u>Page</u>
1. Purpose of Trip	1
2. Results of Trip	1
3. Observations	4
4. Appendix A: <u>UCB - INCAE Joint Project in Nicaragua: Proposed Scope of Work and Level of Effort</u>	7
5. Appendix B: Memorandum to Larry Harrison, Director, USAID, Nicaragua	15
6. Appendix C: Letter to Larry Harrison requesting cost-sharing funds for SAMU	17

Purpose of Trip:

Between January 8 and 17, 1981, I visited Nicaragua, upon the request of the Instituto Centroamericano de Administracion de Empresas (INCAE), to accomplish the following objectives:

- (1) Delimit an area of applied research in which INCAE and the UCB Decentralization Project could jointly provide assistance to the Government of Nicaragua. Previous discussions with INCAE and various agencies of the Nicaraguan Government had identified a variety of possible areas of collaboration, but these had not been clearly defined and no commitment had been sought from any of the parties concerned.
- (2) Obtain a firm commitment from the USAID Mission in Nicaragua to provide cost-sharing funds to the UCB Project which would, in essence, be used to cover all or mosts of the costs of employing INCAE staff to work with UCB personnel in a joint applied research and consulting undertaking in Nicaragua. Previous discussions with the Mission Director in Nicaragua, Larry Harrison, had indicated that the Mission would be willing to provide some cost-sharing for a joint UCB - INCAE venture.

These two objectives were achieved in the course of my visit to Nicaragua.

Results of Trip:

After arriving in Managua, I held a series of meetings with the staff of INCAE and officials of the Nicaraguan Government. On the basis of these discussions, it was agreed that the Berkeley Project and INCAE would collaborate in providing the following services to the Nicaraguan Government:

- 1.1. A diagnosis of the organization and methods of the Secretaria de Ajuntos Municipales (SAMU) relative to its supervision and development of the juntas municipales (municipal councils) under its jurisdiction.
- 1.2. An in-depth analysis of a representative sample of the municipalities in the country in order to determine their administrative and management problems as well as an appropriate strategy for municipal development to be undertaken by SAMU in association with other central government agencies.
- 1.3. The identification of the appropriate forms of organization, management systems, training, etc. relevant to strengthening the municipal governments as instruments of both rural and urban development.
- 2.1. A diagnosis of the information needs and decision-making structure of the Ministerio de Comercio Exterior (Ministry of Foreign Trade or MICE), which is responsible for purchasing and marketing Nicaragua's main agricultural exports.
- 2.2. The design of an appropriate management information system for MICE and its decentralized public corporations to improve MICE's coordination and control of the corporations, but also to facilitate decentralized decision-making at the corporation level.
- 2.3. The design and implementation of a survey on the impact of MICE's (and its decentralized corporations') activities as these affect the performance of the country's small agricultural producers.

The decision to focus on these two government agencies was determined by several factors.

First, SAMU was chosen because of the Berkeley Project's primary interest in strengthening local government and non-governmental organizations at the local level. Second, the AID Mission Director was anxious to assist MICE as well as to promote municipal development in Nicaragua. Third, INCAE had good contacts in both MICE and SAMU and was interested in developing case studies and training programs based upon the types of management and organizational problems involved in both agencies. Finally, the Berkeley Project had individuals with the appropriate skills and interests for undertaking the activities involved in each of these two agencies.

The Mission Director in Managua agreed to provide \$25,000 from Mission funds for the SAMU undertaking and to encourage the Nicaraguan Government to release the equivalent of \$25,000 in local currency from PL480 funds for the MICE activity. Based on discussions with the INCAE staff, I determined that the Decentralization would need to provide a total of nine person months of its own staff for the SAMU undertaking and two person months for the MICE activity. It was tentatively agreed that the Decentralization Project would also employ as consultants INCAE staff for an additional ten person months to work on the SAMU activity and two person months to work on the MICE effort. This was viewed by the Mission Director as a form of institutional support for INCAE and therefore to the private sector (since INCAE is seen as an important private institution in Nicaragua). Moreover, this was seen as consistent with the Berkeley Project's commitment to utilizing local expertise in its applied research activities overseas.

Appendix A indicates the staff, level of effort, and tentative budget worked out with INCAE before leaving Nicaragua. Appendix B and C reveal the details of the agreement between myself and the Mission Director, Larry Harrison. It should be noted that the MICE undertaking had already begun by the time

of my visit. It was considered in the first instance as a short-term consulting assignment of mutual interest to both the Mission and the Berkeley Project (and approved by DS/RAD, Washington).

Observations:

The political context in which the development of the Nicaraguan involvement of the UCB Decentralization Project has taken place is such that the Mission is unable to commit as much cost-sharing funds as it might have wished under other circumstances. Moreover, the delicacy of the situation has required careful negotiation with the Nicaraguan officials so as not to arouse their suspicions of our intentions. It was not possible therefore to work out a detailed scope of work with either SAMU or MICE during my visit. A general scope of work was agreed upon in each case, and a more detailed scope of work was postponed in the case of SAMU until a joint team was formed composed of the persons who would actually carry out the applied research requested by SAMU. It was agreed that this would take place as soon as the Berkeley Project sent its key participants to Nicaragua to begin work with their SAMU and INCAE counterparts. In the case of MICE, a more detailed scope of work was to be prepared by the Berkeley consultant, Robert Girling, and MICE personnel as the second stage of the consulting effort being undertaken for that agency.

Finally, it is important to stress that for the Decentralization Project, the applied research effort for SAMU has highest priority and is of most value to our Project. This does not mean, however, that the MICE activity is not of interest to us. In fact, it offers a very interesting case study of the relationship of information systems to decentralized planning and administration.

I should add that the same problem area is also present in the SAMU effort, along with many other relevant questions and problems of decentralization and municipal development.

Persons Interviewed during Trip:

1. Manuel Olave, Director, Public Management Program, INCAE
2. Silvio De Franco, Director, Rural Development Administration Program, INCAE
3. Harry Strachen, Executive Director, INCAE
4. Rogelio Ramirez, Secretario, SAMU
5. Claudia Belli, Subsecretaria, SAMU
6. Alijandro Martinez, Ministro, MICE
7. Robert Girling, Consultant, UCB Decentralization Project
8. Larry Harrison, Director, USAID, Nicaragua
9. Ken Schofield, Finance Officer, USAID, Nicaragua

APPENDIX A:

UCB - INCAE Joint Project in Nicaragua:

Proposed Scope of Work and Level of Effort

Nicaragua Project: Proposed Scope of Work and Level of Effort

I. Scope of Work

The Project on Managing Decentralization of the University of California, Berkeley will collaborate with the Instituto Centroamericano de Administración de Empresas (INCAE) in providing the following services to the Government of Nicaragua during the period February 15 to October 15, 1981:

A. 1. The diagnosis of the organization and methods of the Secretaria de Asuntos Municipales (Secretariat of Municipal Affairs or SAMU) relative to its support and control of the juntas municipales (municipal councils) under its supervision;

2. A comparative analysis of a representative sample of municipalities in the country with a view to determining the alternative strategies of municipal development which can be undertaken by the Secretariat in association with other government agencies; and

3. An analysis of the alternative forms of organization, management, staff training, mobilization of resources, popular participation, etc., relevant to strengthening the municipalities as instruments of both rural and urban development.

B. The diagnosis of the information needs and design of a management information system for the Ministerio de Comercio Exterior (Ministry of Foreign Trade or MICE) which will enable the Ministry to improve its coordination and control of the public enterprises under its direction and permit both the Ministry and these enterprises to make more rapid and effective decisions; also survey of impact on small producers of Ministry's activities.

C. Periodic reports at the termination of each major phase of the two packages of services mentioned above.

D. Workshops for high level personnel in each of the two government agencies involved, for the purpose of reviewing and evaluating the results and analysis undertaken by the Berkeley Project and INCAE.

E. Close collaboration with the personnel assigned by the Secretaria de Asuntos Municipales and the Ministerio de Comercio Exterior, who will be an integral part of the joint research teams formed by Berkeley and INCAE. It is intended that the personnel assigned to these teams will develop the capability to carry out similar activities of diagnosis, design and evaluation on their own in the future as a result of their participation and experience in these teams. Thus, an important objective will be to improve institutional capacity in the areas of organization analysis, design of alternative structures and processes, long-range planning, and the evaluation of operations and programs.

## II. Level of Effort

The Decentralization Project will provide a total of nine person months of its own staff for the project in the Secretaria de Asuntos Municipales (SAMU) and 2 person months of its staff for the project in the Ministerio de Comercio Exterior (MICE). In addition, the Decentralization Project will employ as consultants an additional ten person months of staff from INCAE for the SAMU project and two person months for the MICE project. This will represent a form of institutional support to INCAE and reflect the Berkeley Project's commitment to utilize local expertise in

providing the above-mentioned services to the Government of Nicaragua.

The following persons will constitute the staff of the two teams involved:

MICE (total four person months)

Robert Girling	(Berkeley)	. . . .	2 person months
Manuel Olave	(INCAE)	. . . .	2 person months

SAMU (total nineteen person months)

Manuel Castells, Fernando Kusnetzoff

	(Berkeley)	. . . .	2 person months
Charles Downs	(Berkeley)	. . . .	7 person months
Silvio de Franco	(INCAE)	. . . .	2 person months
Manuel Olave	(INCAE)	. . . .	1 person months
Andres Perez	(INCAE)	. . . .	7 person months

Phasing of Activities

SAMU

1. DIAGNOSIS OF SAMU (February and March)  
--February 15-24 (10 days)  
Visit of Berkeley Faculty
2. DESIGN OF MUNICIPAL SURVEY (March and April)  
--March 20-30 (10 days)  
Visit of Berkeley Faculty
3. ANALYSIS OF MUNICIPAL SURVEY RESULTS (April--June)  
--June 6-21 (15 days)  
Visit of Berkeley Faculty
4. DEVELOPMENT OF ALTERNATIVE STRATEGIES OF MUNICIPAL DEVELOPMENT  
(June--September)  
--September 1-21 (21 days)  
Visit of Berkeley Faculty

MICE

1. DIAGNOSIS OF INFORMATION NEEDS (January) Completed
2. DESIGN OF MANAGEMENT INFORMATION SYSTEM (February and March)  
--February 27-March 9 (10 days)  
Visit by Robert Girling
3. ANALYSIS OF IMPACT OF MICE POLICIES ON SMALL PRODUCERS (June--July)  
--June 15-July 30 (45 days)  
Visit by Robert Girling

SAMU: APPLIED RESEARCH BUDGETI. REMUNERATION OF PERSONNELA. Berkeley

full-time resident researcher	Charles Downs	7 mos. salary + benefits x \$2200/mo.	\$15,400
faculty consultants	Fernando Kusnetzoff Manuel Castells	60 days x \$200/day	12,000
part-time clerical assistant	to be hired locally	6 mos. x \$400	2,400

B. INCAE counterparts:

full-time researcher	Andres Perez	7 mos. salary + benefits x \$2200/mo	15,400
faculty consultants	Silvio de Franco Manuel Olave	90 days x \$200/day	18,000

C. Total personnel costs: \$63,200

II. TRAVEL COSTSA. International Airfare:

Charles Downs	2 Roundtrip tickets (San Francisco- Managua) x \$853/roundtrip	\$ 1,706
Faculty consultants	8 Roundtrip tickets (San Francisco- Managua) x \$853/roundtrip	6,824

B. Per diem:

Charles Downs	15 days x \$61	915
Berkeley Faculty	60 days x \$61	3,660

## SAMU Budget (second page)

C. <u>Local travel:</u>		
rental of car	7 mos. x \$600	\$4,200
gasoline + oil	7 mos. x \$200	1,400
per diem for 60 days field research (interviews with municipal officials in different parts of the country)	60 days x \$ 45 per diem	2,700
D. <u>Total Travel Costs</u>		\$21,405
III. <u>Housing</u>		
Charles Downs	7 mos. x \$400/mo.	2,800
IV. <u>Supplies and Miscellaneous Expenses:</u>		
A. <u>Supplies</u>		
1 portable typewriter		360
1 portable tape recorder and tapes		200
papers, pens, etc		150
B. <u>Expenses</u>		
Xerox costs		400
Telephone calls		500
Airport tax		50
Visas		100
Miscellaneous		300
C. <u>Total Supplies and Expenses</u>		\$ 2,060
V. TOTAL COSTS (less overhead)		\$89,465
VI. University of California overhead charge (19.7%)		17,624
VII. GRAND TOTAL		\$107,089

MICE CONSULTING BUDGET

I. REMUNERATION OF PERSONNEL

A. Consultants Fees:

Robert Girling	60 days x \$213	\$ 12,780
Manuel Olave	60 days x \$200	12,000

B. Total personnel costs: 24,780

II. TRAVEL COSTS

A. International Airfare

Robert Girling	2 Roundtrip tickets (San Francisco-Managua) x \$853	\$ 1,706
----------------	--	----------

B. Per diem:

Robert Girling	50 days x \$61 per diem	3,050
----------------	-------------------------	-------

C. Total travel costs: \$ 4,756

III. Supplies and Expenses:

Supplies (gross estimate)	200
Expenses (gross estimate)	300

Total supplies and expenses: \$ 500

IV. TOTAL COSTS \$ 30,036

V. OVERHEAD (19.7%) 5,917

VI. GRAND TOTAL \$ 35,953

APPENDIX B:

Memorandum to Larry Harrison, Director,  
USAID, Nicaragua

Jan. 16, 1981

TO: Larry Harrison, Director, USAID - Managua

FROM: Richard Harris, Assistant Director, UCB Decentralization Project *Richard Harris*

RE: Arrangements for Providing Technical Assistance to Government of Nicaragua

As a result of my second visit to Nicaragua and my further discussions with the staff at INCAE, members of the Nicaraguan Government, and yourself and Ken Schofield -- the following arrangements have been made preparatory to our Project undertaking technical assistance activities here in Nicaragua:

- (1) The UCB Project will collaborate with INCAE in providing technical assistance, in the form of action research, to two agencies of the Nicaragua Government: (a) the Ministry of Foreign Trade or MICE and (b) the Secretariat of Municipal Affairs or SAMU.
- (2) Funding for these two activities will total approximately \$130,000 (\$100,000 for SAMU and \$30,000 for MICE). Based on our discussions, it is anticipated that USAID Managua will provide \$25,000 in U.S. Dollars as an amendment to our contract with DS/RAD, Washington. Another \$25,000 in Cordobas is to be provided from PL 480 funds to cover the costs of the MICE activities. And the remainder will be covered by funds from our Project.
- (3) Accompanying this memo is a letter formally requesting the \$25,000 in U.S. Dollars as counterpart funds for our Project.
- (4) It has been agreed that the UCB Project will employ its INCAE counterparts as Consultants and pay them from our Project.
- (5) Both MICE and SAMU have been asked to provide letters formally requesting our services.
- (6) Robert Girling will continue to carry out the development of a management information system and allied activities for MICE.
- (7) Discussions have been undertaken with both Claudia Belli, Subsecretaria, of SAMU and Alejandro Rodriguez, head of technical assistance, in MIPLAN, concerning the SAMU proposal. All parties are in agreement that this project should go forward as soon as possible.
- (8) It is anticipated that Professors Fernando Kusnetzoff and John Walton, will be sent by Berkeley in February to spend two weeks working with their INCAE and SAMU counterparts on the first stage of the SAMU project (i.e., diagnosis of SAMU administrative problems and design of survey of municipalities)

Undoubtedly, further negotiations will have to be carried out with DS/RAD in Washington in order to finalize our involvement here, but at this point it does seem like we have accomplished everything that can be done to begin as soon as possible with the activities planned.

APPENDIX C:

Letter to Larry Harrison requesting  
cost-sharing funds for SAMU

January 16, 1981

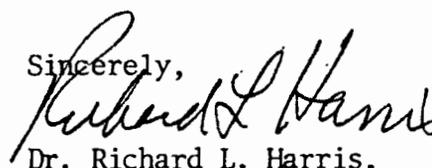
Larry Harrison, Director  
USAID  
Managua, Nicaragua

On behalf of the University of California, Berkeley Project on Managing Decentralization (which has a cooperative agreement with DS/RAD, USAID - Washington), I am hereby formally requesting the amount of twenty-five thousand dollars as counterpart funds to help cover the expenses which our Project will incur in providing technical assistance to the Secretaria de Asuntos Municipales of the Government of Nicaragua.

The amount in question will represent approximately one-fourth of the estimated one hundred thousand dollars to be expended on providing assistance, in the form of action research, to SAMU. It is our understanding that your approval of the amount requested will involve the transmittal of the funds to Washington in the form of an amendment to our contract with USAID.

I greatly appreciate your interest in our project, and hope that the amount requested can be rapidly disbursed to our project.

Sincerely,



Dr. Richard L. Harris,  
Assistant Director  
UCB Project on Managing  
Decentralization

Attachments: Proposals for Technical Assistance to MICE and SAMU