

Institution Building and the Practice of
Municipal Development in Nicaragua

Trip Report

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Fernando Kusnetzoff

Department of City and Regional Planning

University of California, Berkeley

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A. Introduction

Our current project in Nicaragua will conclude in September. This paper is the third and next-to-last Trip Report, covering developments from April through mid-June. It concentrates on two subjects: the new structure of the Secretariat of Municipal Affairs (SAMU) and the progress of field work in different municipalities.

During my trip I had an opportunity to conduct interviews in several municipalities, an activity which was essential for evaluating both local problems and SAMU's methods for dealing with them. What I said tentatively in my previous report with regard to the progress and potential difficulties of municipal development I can now assert with more assurance. SAMU is firmly committed to its process of municipal development, which is unfolding in a very dynamic national context. I expect that by this September the whole process--an important piece of any decentralization policy--will have matured to a satisfactory level. My expectation stems partly from observing the dedication of local government authorities and SAMU personnel, a significant factor, considering the scarcity of resources available to local institutions in Nicaragua.

B. The New Structure of the Secretariat of Municipal Affairs (SAMU)

As a result of several previous evaluations and changes in organization and personnel, the executives of SAMU decided to

prepare an organizational handbook that reflects its structure and functions since May 18, 1981. A more elaborate document will presumably be prepared later, once this new structure is tested. The preliminary handbook begins by providing an updated definition of SAMU in the following terms, which should be considered a milestone for Latin American conceptions of managing decentralization.

General Objectives of the Secretariat of Municipal Affairs:

To coordinate, manage and strengthen the Municipal Juntas of Reconstruction throughout the national territory, in order to secure and activate the establishment of the [government's] policy of administrative decentralization and, by this means, to facilitate the task of improving the economy's structure and insuring a balanced and efficient development of sectors and regions. (My translation of Section III.)

A new organic structure is then laid out, an improvement over the one I briefly described in my April Trip Report (pp. 9-11).

INCAE and UCB advisers played a significant role in analyzing this new structure, which consists of:

1. Executive Directorate (Dirección Superior)
 - 1.1 Secretary-Minister
 - 1.2 Secretary-Vice-Minister
2. Administrative Division
 - 2.1 Personnel Office
 - 2.2 Transportation and Supplies Office
 - 2.3 Accounting Office
 - 2.4 Budget Office
3. Legal Division
4. Office of Programming and Control
5. Dirección of Municipal Development Planning

- 5.1 Department of Municipal Studies
- 5.2 Department of Information and Documentation

6. Dirección of Projects

- 6.1 Department of Formulation and Analysis
- 6.2 Department of Monitoring and Evaluation

7. Dirección of Organization and Management

8. Committee of Coordination and Planning

(Some terms may not correspond exactly with English usage, but I preferred to keep them as close to the original as possible. In any case, the brief comments that follow will clarify the basic functions of the new structure's various components.)

This new structure benefits from the addition of a substantial number of new functionaries coming from the Ministry of Social Welfare. It has been designed according to the diverse functions of SAMU. On the one hand, a group of divisions are charged with supporting both SAMU and the Municipal Juntas of Reconstruction in the areas of human resources, transportation, accounting and financing, and law. On the other hand, two direcciones are responsible for preparing plans, policies, and projects as well as for monitoring the implementation of projects after they are approved by the Committee of Coordination and Planning, which consists of all the chiefs of the various divisions and direcciones. A third dirección, the Dirección of Organization and Management, has the especially difficult task of strengthening the administrative capacity and representativeness of the Municipal Juntas of Reconstruction. The work of these divisions and direcciones is coordinated by the Executive Directorate, which is assisted by a special Office of Programming and

Control.

Some elements of this new structure suggest a duplication of functions or overlapping responsibilities. It is too soon to evaluate such possibilities. For now, let us turn to a more detailed analysis of SAMU's three direcciones, where the bases for a creative institution may have been established.

Dirección of Municipal Development Planning

This is a new branch of SAMU, although previously a Planning and Advising Division was functioning. In this new dirección rests the possibility of solidly formulating municipal policies and development plans based on sound research and elaboration. The Dirección has two departments, the first of which, the Department of Municipal Studies, has been assigned a vast task in terms of producing studies and diagnostics of a physical, social, and economic nature at the municipal level. Equally important, the Department will represent SAMU within the government in those instances where it needs to coordinate policy definition and planning for regional and municipal, physical and/or socio-economic development. Additionally, the Department will oversee the choice of appropriate locations for municipal projects promoted by both SAMU and other institutions. Clearly, we have here the embryo of an important unit, since it is charged with supplying SAMU with the technical knowledge necessary for well-studied implementation of municipal development policies that will have been designed with the Department's participation.

The Dirección of Municipal Development Planning also includes a Department of Information and Documentation, whose main function is to provide both the Dirección and other units of SAMU with a centralized, organized and systematic flow of information, which has to be partially gathered from other institutions and partially elaborated by the Department. Its proper functioning will require the support of qualified personnel and sufficient resources to obtain and organize the required information efficiently. I have spoken with the Dirección's staff, a team of young well-prepared professionals including architects with a planning background. It seems to me that if the Dirección is allowed to develop its preliminary plans for the near future, a complex and important level of activity will be generated and will demand full administrative and technical support.

Dirección of Projects

This dirección assumes certain other tasks of the former Dirección de Planificación de Proyectos y Asesoría, most importantly, the architectural and engineering projects. The Dirección of Projects currently consists of two units. The first, the Department of Formulation and Analysis, is responsible for designing specific projects to carry out the plans and programs of municipal development, as well as for recommending action on projects originated by other institutions. Since municipal development projects include those of an infrastructural, service and productive nature, the Department is also required to draw up blueprints, technical specifications and budget estimates for

approved projects. The Department must conduct meetings and seminars for the Municipal Juntas of Reconstruction when they are involved in different stages of specific projects. Moreover, the Department is responsible for detecting the project needs of the Municipalidades and channeling that information to the Dirección of Municipal Development Planning. Finally, it is in charge of coordinating activities within governmental units when municipal investment projects are concerned. This Department, then, appears to be a very important unit of SAMU, which for a substantial period will be in charge of producing specific projects of varied character for the Municipal Juntas of Reconstruction, especially the less organized or smaller ones. It will also be directly involved in the coming projects financed by the World Bank.

The Dirección's second unit, the Department of Monitoring and Evaluation, is an excellent idea. It will allow this project-oriented dirección to supervise the implementation of approved projects. The Department is responsible for keeping the Budget Office and the Office of Programming and Control informed regarding the work's progress. It is expected to contribute an evaluative function by obtaining information on the physical, social, and economic impact of the projects once they are received by the municipal authorities and functioning.

The Dirección of Projects will have to carefully coordinate its activities with the previous Planning Dirección to adjust the latter's more general plans and programs to the capacity of pro-

ject design and implementation apt to be present within the Dirección of Projects and/or other institutions. The Dirección of Projects is working with some of the previous personnel and will surely need additional resources to adjust to the expanding demand for municipal development projects.

Dirección of Organization and Management

While the two direcciones just described have fairly specific tasks, namely formulating policies and plans for the first one, and designing and supporting municipal projects for the second, the Dirección of Organization and Management has a different, more open-ended objective--to strengthen the political, administrative and organizational ability of the local government, the Municipal Juntas of Reconstruction, in order to speed and guarantee the administrative decentralization promoted by the government. To achieve this purpose, the Dirección has been functionally organized in three different areas: a) administrative design; b) political-organizational issues; and c) training. Geographically, the Dirección has a zonal structure by which the country is divided into five specific zones to allow a better use of the dirección's human resources. The Dirección will specifically be in charge of 1) developing or reinforcing the ability of Municipal Juntas of Reconstruction to perform their many functions; 2) designing mechanisms that will perfect the ability of the Municipal Juntas of Reconstruction to establish clear relationships with the local mass organizations on terms favorable to their maximum participation; and 3) organizing

and promoting means to coordinate the Juntas with central government institutions as well as with department-level institutions such as the Intermunicipal Juntas and the Program Committees of Regional Coordination.

Overall Evaluation of SAMU's New Structure

On the whole, I think SAMU now has an organizational structure better suited for its expanding functions. On the one hand, policy and planning studies and formulation are more clearly divided from project design and implementation. On the other hand, SAMU now has a well structured dirección which can help the Juntas improve their internal functioning and their interactions with the population and other local and national institutions. All three direcciones are, of course, supported and coordinated by the administrative and executive branches of SAMU previously mentioned.

The design and approval of a sound structure does not mean by itself that everything will march smoothly and that an effective municipal development effort will follow. A lot will be conditioned by the political support, the material resources and the quality and dedication of the people involved. This is certainly an issue that will require the test of experience. Nevertheless, I believe there are grounds to be confident of the wisdom of this new structure, based on the fact that it is the product of the concerted contribution of many members of SAMU who have been involved in the institution during its year-and-a-half life and who have a rich practice on municipal activities which

have been full of findings, rewards, and certainly, problems. Let us now turn to this aspect of municipal practice which we have gained through the field-work component of our Project.

C. Case Studies of Municipal Development

In our April Trip Report, the need for field work was presented as an urgent task for the Project, in order to enable it to contribute recommendations for municipal development based on observations of municipal-system performance in different municipios. An agreement with SAMU's authorities selected six departamentos for analysis. The basic idea was to cover the cabecera departamental (the main municipio) and one or two other smaller municipios. The Project designed a simple methodology: We would explore a list of the more important topics, which we assumed would offer indications regarding the operation of the municipios. Field-research-activity reports would have the following elements: a) introduction; b) socioeconomic and infrastructural context; c) conceptual framework; d) history of the Municipal Junta of Reconstruction; e) local administration and finances; f) municipal development projects; g) linkages with SAMU; h) interinstitutional relationships; and i) general conclusions. By the middle of June, three departments--Masaya, Boaco, and Esteli--had been studied, all under the direct responsibility of the Berkeley team. (I had the opportunity of joining Charles Downs for the Esteli case, to be summarized later). At that time the INCAE team's ability to complete the rest was unclear because of their concentration on the internal organization and training

needs of SAMU. Nevertheless, I think Downs' studies, which covered the above-mentioned departments in close collaboration with SAMU's personnel and involved numberless meetings with local representatives of both the cabecera and rural municipios, represent an important contribution to the characterization and evaluation of the municipal process in Nicaragua. After our work in Esteli, we came to some preliminary and general observations that were offered by Downs to SAMU's executives as an immediate contribution, as well as a way to define the next field-work activities.

The Case of Estelí

We went to Estelí, which is the main municipio of the five that compose the Departamento of Esteli and is situated by the Inter American Highway about one hundred miles north of Managua, with two members of the SAMU's Dirección of Organization and Management. We interviewed the coordinators of three municipios, Estelí, Pueblo Nuevo and San Juan de Limay, as well as members of the local CDSs (Sandinista Defense Committees) and governmental officers from departmental offices in Estelí. A detailed report was prepared for SAMU after four days in the field. Here, I will recapitulate what I believe to be the more significant issues:

a) Differences between "cabeceras departamentales" and rural "municipios"

From previous reports we knew that the level of resources, organization, etc., between the cabeceras and the rest of the

municipios comprising a departamento were substantially different for historical, demographic and economic reasons. Yet, one has to go directly to the field to understand how backward the rural municipios are in comparison with the cabeceras and, therefore, how difficult it is to implement, even to conceive, local development plans for these rural municipios where most of the Nicaraguans live. The specific case of the Department of Estelí is somewhat unusual. The city of the cabecera was a relatively important one and was therefore one of the first to receive considerable help both from the government and from outside donors in response to heavy war damage of the city called triple-martir (triple-martyr) in memory of the three successive insurrectional fights against the Somoza's National Guard. This may explain partially the great differences we perceived between Estelí and the other two municipios of Pueblo Nuevo and San Juan de Limay. Nonetheless, I think that, with some differences, this is the general case.

This situation poses a problem not only for the SAMU's municipal development strategy, but for the more general regional-development plans of the government. In a traditional Latin American situation, where market forces are insufficiently balanced by a public-sector policy supporting rural communities, the expected future would be one of increasing dominance for the cabecera and consequent stagnation or even decomposition of the rural economy of the other municipios. Given Nicaragua's present conditions, the option of a more equalitarian approach is being taken by the Government in many areas, such as education,

agrarian reform, etc. Here, it is interesting to note the support of the Estelí JMR for the initiatives of some Government organs such as the Regional Delegation from MIPLAN (Ministry of Planning), and more directly, for the functioning of the Inter-municipal, the monthly meetings of the coordinators of the five municipios in the Department. Notwithstanding such support, what seems clear is the need to differentiate between the levels of municipal development in various departments and, therefore, to have the flexibility to avoid mechanic approaches to diverse municipios in every and all the areas of municipal development, including management, finances, forms of participation, etc. SAMU thoroughly understands and is especially concerned with this situation.

b) A network of community organizations rather than a closed or hierarchical body.

The Estelí experience, both in the case of the cabecera as well as in Pueblo Nuevo and San Juan de Limay, shows the emergence, as a consequence of the dramatic changes brought by the end of the previous regime, of a new state which puts an emphasis on forms of local or popular participation. This new emphasis is expressed at the municipal level through the operation of several structures, besides the traditional one, the municipalidad, which in itself has been transformed into the Municipal Junta of Reconstruction.

This process of change offers new possibilities for a more integrated and participatory style of local development that

permits the people to contribute to and correct the specific programs and projects of the municipal body. In the case of the cabecera of Estelí, we witnessed a good level of interaction between the Junta and some government agencies, as was previously mentioned. It seems that most of the reconstruction effort, which includes both rural and urban areas, has been accomplished with a positive degree of cooperation, and the Junta members have been able to develop good relationships with the personnel of the many governmental bodies acting in Estelí. Certainly, many problem areas still need additional action, especially in the urban sector of Estelí--areas such as sewage, running water, pavement and other infrastructural needs, as well as housing and transportation. The fact that most of the investment for such needs will have to come from outside sources helps explain why the Junta places such importance on keeping up good contacts. But this situation also reveals the potential problem of creating a degree of dependence on governmental institutions that will require a pattern of vertical links and efficiency and exclude adequate study and consultation with the population as a whole.

In Estelí, the JMR has resorted to several measures to avoid such bureaucratic dependency. It has regular meetings with the Municipal Consultative Council (once a month) and, probably more important, maintains a good relationship with the Departmental Executive Committee of the CDS, which is the best bridge with organized popular bases. Depending on the issues, other organizations are contacted by the JMR in its efforts to involve local forces in its current programs.

The situation in the other two municipios, Pueblo Nuevo and San Juan de Limay, looks somewhat different. In both cases the JMR faces a municipio that is mostly rural, with the main town having maybe less than two thousand inhabitants and the rural areas a population of eight or ten thousand. The effect of this demographic difference is reflected in the predominance of issues originated in the rural areas, like the need for better secondary roads. Unfortunately, such issues appear remote from the JMR's direct sphere of decision and therefore weaken it. Moreover, constraints on the municipal budget practically reduce to a minimum the implementation of specific projects for the urban areas. Under such conditions, the functioning of the JMR in these small towns is rather precarious, and this situation in turn discourages interaction with other local organizations, which are similarly weak. These problems have been detected in the Intermunicipalidades meetings, and in the Estelí JMR within the Department. A concerted effort by all sectors involved will be necessary to activate these rural municipios' programs and projects and make them coherent with the general goals of the reconstruction policies. Much needs to be done in terms of collecting information and coordinating the projects of different government organs. This is a very demanding task for the JMRs and should be an important area of SAMU's concern.

c) The need for a Departmental perspective.

both of the preceding issues point out the need to consider what constitutes the best level of government for administering

municipal development. A joint approach by SAMU and MIPLAN may show the advantages of operating on the departmental level, where many governmental institutions are identifying and preparing most of the national-regional programming. This could be the most rational way to maximize benefits for the different municipios. The conventional regional approach is still basically centralized, merely using regional or departmental levels as sub-units to implement programs. After discussing these issues with some members of Estelí public bodies, I believe the government has the option to extend the range of decision-making and implementation controls to a genuine departmental structure in such a way that local forces will consider themselves active participants in programs and projects from their inception. Certainly, this is a particularly difficult option compared with the more traditional vertical schemes. But the exceptional level of mobilization of local organizations (especially in the cabecera) and the increasing presence of SAMU and other pro-decentralization institutions at the national level, permits one to expect a considerable expansion of the JMRs' role as a catalyst for both national and local efforts, with the department serving as the territorial unit.

d.) A continuing effort to prepare qualified personnel.

The particular histories of the three municipios of Estelí reflect what I believe to be more or less a common situation in most other municipios in the country, especially where the main episodes of the revolution were more intense. The new government

aced a virtual breakdown of the municipal system, which has gradually been reestablished. This process has involved delegating municipal responsibilities to many individuals with little or no preparation or training. All in all, I think that in the municipios studied, these deficiencies have been greatly compensated for by the exceptional dedication of most members of the JMRs as well as of other local organizations. Of course, problems abound, as I have already been mentioned. Nonetheless, to avoid the potential risks of bureaucratization or irresponsibility, the increasing importance of local development will require balancing a rapid professionalization of municipal personnel with the maintenance of their popular origin and support. Again, SAMU appears to be in a strategic position to contribute to and monitor the preparation of a generation of competent and locally motivated municipal personnel. This will require a clear vision of existing conditions, a consistent effort to provide material support for the JMRs' infrastructure, and a level of salaries commensurate with the functions attached to such personnel. Looking at the Estelí municipios as an example, I suspect that until higher revenues are collected by the municipios from its own resources (which depends in part on the quality of the municipal personnel) SAMU will be asked to supplement such expenditures. For the short term, generous popular support for municipal initiatives will persist. This is the best way to assume, clarify, and legitimize the municipal development efforts.

D. The Project's Next Stage

In order to formulate a set of conclusions and recommendations by September, our project will have to advance in several areas. First, our field-work has revealed a need for more accurate studies on some specific municipal issues. We expect to do this by concentrating on one or two departments. Our project will probably select Masaya, where previous contacts and good organization recommend positive involvement. Working jointly with SAMU personnel, we will take a closer look at the functioning of some JMRs to observe their administrative procedures and their interactions with governmental officers as well as with local organizations. Second, INCAE will offer additional training seminars in the areas of management and project evaluation. Third, we hope some progress will occur in the design of municipal development policies as SAMU expands its functions. Finally, we will begin organizing the September Seminar by identifying the participants and preparing materials for their consideration. In addition to the general topics prepared for the Seminar, the University of California, Berkeley team plans to present some comparative case studies, which should make the ensuing discussion fruitful.

E. Future Possibilities for Berkeley Project Involvement

Although I think assessing the Nicaragua project's prospects beyond the September Seminar is premature at this point, I believe that its experience so far and the complex nature of actions and problems described in this and previous trip reports

have revealed an unusually interesting process of managing decentralization, the Berkeley Project's central focus. I feel some potential exists for additional Project involvement in four areas that require both supporting SAMU functions as well as empirically and theoretically studying the process of decentralization. These areas are: a) formulation of municipal development policies, drawing on the experiences of this year; b) collaboration with SAMU's Dirección of Municipal Development Planning, to support its new and expanding planning responsibilities; c) involvement in projects design, implementation and evaluation on specific aspects of municipal infrastructure, services and productive activities overseen by SAMU's recently reorganized Dirección of Projects; and d) collaboration with SAMU's Dirección of Organization and Management in strengthening the JMRs. A period of activity from October of this year until the middle of 1982 would probably allow us sufficient time to make substantial progress in all or some of these areas. Based on our experiences to date, I believe that more extended periods in situ by Project Associates should be part of any new period of action research and advice in Nicaragua.

F. Acknowledgements

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ties of this project. All of them have in many ways provided incentives for my own involvement.

