

COMMISSION OF THE EUROPEAN COMMUNITIES

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Communication from the Commission to the Council

on EEC aid to Nicaragua

1. Eight months after Somoza's fall and the assumption of power by the coalition for national reconstruction, Nicaragua's food and economic situation is still highly precarious. The civil war during the first half of 1979 left in its wake 40 000 dead and over 100 000 wounded inflicting very severe damage on economic structures. This destruction is compounded by the difficulties inherent in underdevelopment: over one million people (out of an estimated total population of 2 500 000) are suffering from malnutrition, 450 000 of them children under the age of 15; 43% of the population is illiterate.

To cope with this situation the Nicaraguan Government recently adopted an economic redressment plan for 1980, the aim being first and foremost to:

- (i) stabilize the country's mixed economic system by balancing the nationalized and private sectors: the Government seeks to consolidate the complementarity of these two sectors by introducing incentives to private investment (banking facilities, technical assistance); in 1980 the public sector will account for 20% of agricultural GDP and 25% of industrial GDP;
- (ii) put into effect an austerity policy giving priority to output for export and keeping non-priority imports under strict control;
- (iii) undertake large-scale works aimed at correcting the inadequacies caused by the negligence of the Somoza regime¹ and at the same time helping to bring down the disastrously high unemployment rate.

In addition, an extensive campaign is to get under way at the end of March to give instruction in reading to the country's 800 000 or so illiterates, most of whom live scattered in the most isolated and inaccessible areas. This highly ambitious campaign has received official backing from UNESCO, which has made an international appeal for support.

2. Having no resources of its own (its external debt is almost \$1 500 million), Nicaragua recently appealed once again for international aid to enable it to cope with its numerous difficulties.

¹For instance, the town centre of Managua, which was destroyed by the 1972 earthquake, has still not been rebuilt.

Since the revolution, aid has been provided by a number of donors, as follows:

Austria:	\$2 million
Cuba:	\$50 million
Spain:	\$14 million
United States:	\$75 million
Japan:	\$1 million
German Democratic	\$20 million
European Community:	\$56 million, of which the EEC: \$10 million.

3. In 1979 Community aid totalled 7 million EUA (approximately \$10 million), consisting of:

- (i) emergency aid (seeds, medicines): 450 000 EUA (approximately \$645 000), charged to Article 950;
- (ii) food aid: 4 million EUA (approximately \$5 760 000);
- (iii) financial aid for reconstruction (Article 930 of the General Budget of the Communities): 2 500 000 EUA (approximately \$3 500 000), utilized for funding a project involving the reconstruction and re-equipment of national facilities for the collection, storage and marketing of basic foodstuffs (see point 6 first paragraph).

The expenditure in connection with food aid corresponds to deliveries of 10 000 t cereals, 500 t powdered milk and a 2 million EUA appropriation charged to Article 9230 ("Food aid (other commodities)") allowing deliveries of 3 320 tonnes red beans and 35.2 tonnes of children's food¹. This aid was greatly appreciated by Nicaragua as the diversified products it comprised were exactly what the population really required: for instance, the EEC was the only donor to provide substantial quantities of red beans, a basic component of the Nicaraguan diet.

4. Community aid to Nicaragua should continue in 1980 especially as this country - as is borne out by recent experience - is eager for close cooperation with Europe. The Commission's proposals to the Council have had to take account of current budgetary constraints. This is one reason why the

¹In addition to this direct aid, 500 t rice, 100 t oats and 100 t powdered milk have been delivered through the intermediary of various agencies.

Commission calls on the Member States to step up their aid to Nicaragua further: for instance, quite apart from the economic and food sectors, the country's health situation is most disturbing (it is in urgent need of medicines and medical equipment as well as the reconstruction of social infrastructure) and an effort by the Member States in these spheres would be greatly appreciated.

Under the Council Decision of 28 November 1977, the Commission is prepared to assume responsibility for coordinating such contributions.

5. As regards Community aid, priority must continue to be given to food aid, as in the case of the first emergency aid in 1979, since the food situation will be extremely precarious until the harvests expected between August and November this year; given Nicaragua's considerable agricultural potential, it would seem probable that it will cease to depend on international aid in this sector - at any rate from 1981 onwards - but until then, a significant effort is needed.

Cooperation with Nicaragua on a longer term basis, independent of specific operations (such as food aid), will help the Government in the various courses of action it has decided on in order to redress the economy - hence the importance of large scale coordinated Community aid with emphasis being placed on effective and speedy reconstruction of this country.

Lastly, the Community must contribute to the campaign to end illiteracy which is currently under way in Nicaragua: maximum flexibility can be achieved by voting a food programme to back up the instruction provided in reading and utilizing the food aid counterpart funds available with this same aim.

6. Financial and technical assistance (Appropriations for the non-associated developing countries, Article 930 of the Budget)

The Community has already decided, in connection with aid for 1979, to fund a project for the reconstruction and re-equipment of national facilities for the collection, storage and marketing of basic foodstuffs. This project, totalling 2.5 million EUA, is in progress.

As regards the 1980 programme, the Commission recently presented to the Council a project whereby the services of two teams of experts, one to be attached to the Ministry of Planning and the other to the Ministry of Arable and Livestock Farming, would be made available to the Nicaraguan Government. The total cost of this project, to be phased over three years, comes to

3.4 million EUA and will be cofinanced by an EEC contribution of 2.8 million EUA and a French bilateral contribution of 0.6 million EUA. The Council may recall that a financing decision should be taken by the end of March 1980 so that the experts can arrive in situ before the end of May.

The Commission considers reinforcement of the planning departments of the Ministry of Planning and the Ministry of Arable and Livestock Farming as an effective means of assisting the Government in its short- and medium-term planning activities and of preparing projects which could be financed by international aid.

Further, in 1980, the EEC is to fund a feasibility study (costing approximately 100 000 EUA) in preparation for an oil palm project, along with a study for a priority integrated rural development project in the landlocked district of Waslala (costing approximately 200 000 EUA). These studies are to be financed from the resources available under the relevant heading in the 1979 programme. The EEC would undertake to make provision for the financing of this rural development project in the 1981 Budget.

7. Trade promotion

In connection with trade promotion, a European expert is to visit Nicaragua before the end of March 1980 in order to draw up a detailed programme with the Nicaraguan authorities. It is envisaged that technical assistance of the order of 200 000 EUA might be granted to Nicaragua for such activities.

8. Food aid

The 1980 programme, which has recently been presented to the Council¹, provides for deliveries of 1 000 t powdered milk but no cereals for Nicaragua. The proposals for this country were merely provisional and should now be supplemented in the light of the information which the Commission has received.

¹COM(80)57 final of 20 February 1980.

The anticipated shortfalls until the next harvests (August to November 1980) are as follows:

Rice	22 300 t
Red beans	20 000 t
Maize	40 000 t
Oil-producing cotton seeds	20 000 t

Substantial shortfalls also exist for products with a high protein content such as eggs and dried fish.

In view of the Community resources currently available, the following operations could be implemented, with prompt delivery, before the next harvests:

- (i) cereals: 6 000 t, consisting of 3.400 t white maize to be procured on the market of one of Nicaragua's neighbours (as this product is not available in the Community) and 1 000 t rice (2 600 t cereals) to be procured in Europe. These quantities would be charged in advance to the reserves for the 1980 programme;
- (ii) powdered milk: 1 000 t (as provided for in the proposed programme now before the Council);
- (iii) other products: an appropriation of 3.5 million EUA would cover a considerable part of the shortfalls found to exist in respect of red beans, cotton seeds, children's food, eggs and dried fish.

The funds required to implement this operation will have to be made available without delay. They might be obtained from Chapter 92 under the "provisional twelfths" system currently applied; however, when the 1980 Budget is being prepared, this heading will have to be credited with the amounts needed to fund the operation.

Lastly, bearing in mind Nicaragua's very great financial constraints, all these operations should be funded to cover the "port of delivery" stage.

Deliveries of these quantities total 5.3 million EUA, i.e. approximately \$7.5 million, at world prices.

9. Campaign to end illiteracy

For the purpose of teaching the country's 800 000 illiterates to read, Nicaragua plans to send 180 000 "reading instructors" to rural areas, for five months, from April to August 1980. The total cost of this campaign will be \$30 million (\$20 million for the instructors' salaries, purchase of teaching aids and expenses connected with transport, medicines and medical facilities; \$10 million for foodstuffs).

It is hoped that the EEC will contribute 3.5 million EUA.

In view of current budget resources and the need to find the required funds without delay (this campaign is to start at the end of March), the Community might participate as described below:

A. Back-up food programme

The campaign to end illiteracy will be accompanied by an extensive food effort, thus accentuating the structural shortage referred to above.

Provision must therefore be made for a back-up food programme, to be put into effect as soon as possible.

A \$1 million programme, representing 10% of the total food cost, would allow deliveries of 1 000 t rice (equivalent to 2 600 t cereals), to be charged to the reserves for the 1980 programme and procured on the Community market provided that the resources available on that market allow this to be done reasonably promptly, along with 600 t red beans, since these two foodstuffs are the basic components of the Nicaraguan diet.

B. Additional financing

Food aid deliveries since September 1979 have produced substantial counterpart funds from the sale of these products on local markets. The remaining unspent balance might, with the Government's agreement, be utilized in the first instance to fund the campaign to end illiteracy. Approximately \$1 700 000 might be allocated in this connection for the purchase of teaching aids and instructors' salaries¹. Certain projects which it had been intended to part-finance from these counterpart funds might instead be financed from the appropriations earmarked for the non-associated developing countries (Article 930) after technical appraisal by the Commission departments and presentation to the Council. One case in point is the project to develop the landlocked district of Waslala; funds of approximately 200 000 EUA should be released in 1980 for the preparation of this project (see page 4, para. 6 in fine).

Thus Community contributions to the campaign to end illiteracy both directly and indirectly (via the food aid counterpart funds) would total approximately \$2 700 000. In the light of budgetary and procedural constraints, additional recourse to counterpart funds is the most suitable solution, being the speediest.

10. Altogether (see Annexes 1 and 2), Community aid to Nicaragua will come to 9.5 million EUA in 1980, i.e., approximately \$13.3 million.

¹ For instance, the Commission has received a request from Costa Rica to finance the salaries of 200 teachers there, for a total cost of approximately \$400 000.

11. In conclusion, it is proposed that the Council take the following decisions on aid to Nicaragua:

1. "Emergency food aid of 6 000 t cereals is granted to Nicaragua, in the form of 3 400 t white maize, to be procured on the market of one of Nicaragua's neighbours with sufficient resources to allow this to be done reasonably promptly, and 1 000 t rice, to be procured on the Community market. This aid is to be charged to the general reserve for the 1980 programme.
2. Food aid in the form of 1 000 t powdered milk is also allocated, under the 1980 programme.
3. Emergency food aid in other products, for a total of 3.5 million EUA, is allocated to Nicaragua for supplies of foodstuffs not covered by the Community food aid programmes, such as red beans, cotton or sunflower seeds, oil, children's food, etc. Such aid shall be charged to Article 923 of the Budget; the budgetary authority will therefore have to credit 3.5 million EUA to this Article, preferably in connection with the preparation of the 1980 Budget.
4. Exceptional food aid of 2 600 t cereals and 600 t red beans is allocated to Nicaragua to back up this country's campaign to end illiteracy.

The 2 600 t cereals (or 1 000 t rice) shall be charged to the general reserves for the 1980 programme and be procured on the Community market, provided that available resources on that market allow this to be done reasonably promptly.

An appropriation of 400 000 EUA to finance the purchase of approximately 600 t red beans shall be charged to Article 923 "food aid in other products"; this appropriation will have to be entered by the budgetary authority under the above Article, preferably in connection with the preparation of the 1980 Budget. Altogether 3.9 million EUA will have to be credited to Article 923.

5. The above food aid shall, in all cases, be financed by the Community up to the "port of delivery" stage or "delivered to destination" in the case of land transport.

6. The Commission of the European Communities is instructed to take the measures needed for immediate execution of this emergency aid plan."

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ANNEXES

1. EEC aid to Nicaragua in 1979
2. EEC aid to Nicaragua in 1980
3. Extract from the telex sent from Managua on
5 October 1979 by the Embassies of the Member States
to the Permanent Representatives Committee
4. UNESCO appeal in connection with the campaign to
end illiteracy in Nicaragua

ANNEX 1

AID 1979

	Value	
	EUA	\$
A. Donations in kind		
- <u>Article 950 (emergency aid)</u>		
Seeds	250.000	360.000
Medicines	200.000	285.000
Total 950	<u>450.000</u>	<u>645.000</u>
- Chapter 92 (food aid)		
• <u>Indirect aid:</u>		
500 t rice, 100 t oats, 100 t powdered milk	360.000	525.000
• <u>Direct aid:</u>		
- foodstuffs procured in Europe		
5 000 t cereals (900 t wheat, 1 345 t rice) 500 t powdered milk	930.000	1.350.000
- cereals procured in Central America		
5 000 t cereals (1 364 t flour, 1 130 t rice)	710.000	1.025.000
- 2 million EUA for the purchase of other commodities (Article 923) (3 320 t red beans, 35.2 t children's food)	2.000.000	2.860.000
Total CH 92	<u>4.000.000</u>	<u>5.760.000</u>
B. <u>Cash donations</u> (Chapter 930)		
Financial aid for the reconstruction and re-equipment of national facilities for the collection, storage and marketing of basic foodstuffs	2.500.000	3.500.000
GRAND TOTAL	<u>6.950.000</u>	<u>9.905.000</u>

ANNEX 2

AID 1980

	Value	
	EUA	\$
A. <u>Donations in kind</u>		
- <u>Chapter 92 (food aid)</u>		
. <u>Indirect aid:</u>		
300 t powdered milk	200.000	280.000
. <u>Direct aid:</u>		
1 000 t powdered milk	654.000	910.000
6 000 t cereals	835.000	1.170.000
Other commodities (red beans, children's food, oil, etc.)	3.500.000	4.900.000
Transport	200.000	280.000
Sub-total food aid Normal programme	<u>5.389.000</u>	<u>7.540.000</u>
. <u>Food programme to back up the campaign to end illiteracy</u>		
2 600 t cereals (1 000 t rice)	270.000	380.000
600 t red beans	400.000	560.000
Sub-total back-up programme	<u>670.000</u>	<u>940.000</u>
Total CH 92	<u>6.259.000</u>	<u>8.760.000</u>
B. <u>Cash donations: Chapter 930</u>		
Technical assistance project: 2 800 000 EUA		
Oil palm study: 100 000 EUA		
Waslala study: 200 000 EUA	3.100.000	4.300.000
. Trade promotion	200.000	280.000
Total budget appropriations	<u>9.559.000</u>	<u>13.340.000</u>
C. <u>Utilization of food aid counterpart funds</u>		
Financing of the campaign to end illiteracy	1.200.000	1.700.000
GRAND TOTAL	<u>10.759.000</u>	<u>15.040.000</u>

ANNEX 3

EXTRACT FROM THE TELEX SENT FROM MANAGUA ON 5 OCTOBER 1979
BY THE EMBASSIES OF THE MEMBER STATES TO THE PERMANENT
REPRESENTATIVES COMMITTEE

SUGGESTIONS FOR 1980

1. So far international aid has made it possible to avert imminent famine in Nicaragua.

However, the food shortage persists, aggravated by insufficient financial resources to procure direct supplies.

2. Despite the tempered optimism professed by certain members of the Government, 1980 can be expected to bring:

a major food shortage during the first half of the year, recovery during the second part.

3. Nicaragua's needs are not limited to the food sector. The process of economic reconstruction (industry, trade, agriculture, housing, communications, health and education) require substantial funds, which are totally lacking (the country's external debt is equivalent to \$1 500 million, 40% of which is already due for repayment).
4. European aid is of particular significance: it is gratefully received and very favourably viewed, thus constituting a possible counterbalance to the mass support being given by Cuba. Germany is another large donor, on a lesser scale.
5. To retain its impact, European aid should be stepped up in 1980.

Food aid should gradually be replaced by assistance at the very base of the construction process.

6. The Community contribution could take the following forms:
- A. Specific food aid: though powdered milk is no longer a priority need, a rice shortage (68% of requirements) is now predicted;
 - B. Increased financial aid: priority should be given to the agricultural sector and social infrastructure such as health and education.
7. Bilateral aid should concentrate on the following aims, in descending order of priority:
- A. Alleviation of external indebtedness (part-deferment and conversion into long-term loans);
 - B. Arrangements for new sources of financing (donations, subsidized loans) for projects to redress the economy (infrastructure, exploitation of natural resources, purchase of commodities) and promotion of small and medium-sized industrial firms;
 - C. Direct aid for the construction of low-cost housing, hospitals, schools, public buildings (the destruction caused by the war has been compounded by the absence of any organized public reconstruction since the 1972 earthquake);
 - D. Technical assistance: donations of equipment and assignment of specialized experts (priority to be given to agriculture and education) and assistance with management training (scholarships programme).
8. Both at Community and bilateral level, all such aid requires a substantial financial commitment in order to make a political impact. As regards bilateral aid, joint or concerted action would strengthen the position of both the Member States and the Community.



NATIONAL LITERACY CAMPAIGN OF NICARAGUA "HEROES AND MARTYRS OF THE LIBERATION OF NICARAGUA"

Appeal by
Mr. Amadou-Mahtar M'Bow
Director-General of Unesco

Few nations, in the course of their recent history, have endured so much physical and psychological suffering, or been so gravely afflicted materially, as the people of Nicaragua. Besides the great poverty of most of its inhabitants, there have been the disasters caused by the earthquake in 1972 and the destruction suffered during the liberation struggle. The treasures of the country have been pillaged; its resources destroyed, its towns and villages severely damaged and its infrastructures dislocated. But it is the toll taken among its people which is heaviest: 35,000 dead, 100,000 injured - most of them adolescents and 40,000 orphaned, out of a total population of 2,200,000.

At its 108th session, the Executive Board of Unesco expressed "its total solidarity with the people and Government of Nicaragua in their arduous task of national reconstruction, and its determination to co-operate in that task within the fields of competence of Unesco", and requested me to take the necessary steps to achieve those ends.

I visited Nicaragua from 16 to 19 December 1979, and was able to judge for myself the extent of the work that had to be done to rebuild the country.

What is required is to mobilize all the country's manpower, to reorganize and expand its educational, cultural and scientific institutions and to redeploy its means of production, in line with a coherent, overall programme. The country's new authorities have committed themselves to achieving these goals, and in order to do so have drawn up a national reconstruction plan which deserves both our sympathy and our support.

A key objective in this plan is the achievement of general literacy throughout the country, because illiteracy is a major obstacle to conscious participation by all citizens in the task of national revival and because such participation is the first prerequisite to enable the people of Nicaragua to follow their own path of development, with due regard for their cultural identity and in keeping with their own aspirations.

At the present time, 35.2 per cent of children between the ages of 7 and 12 have no opportunity of undergoing primary education and 50.2 per cent of the population aged 10 and over - some 850,000 people - are illiterate, the rural areas being the worst affected in this respect.

The campaign for the eradication of illiteracy has therefore been planned to serve as the lever for an education and social advancement movement which is to be extended to all categories of the population. Far from being confined to the younger generation, it is to cater for all illiterates, without any restriction or discrimination.

Beginning on 24 March 1980, the campaign will enlist the services of 200,000 literacy teachers who will devote themselves to teaching 850,000 illiterates. For six months, they will live together and share the same living conditions. This is a stirring experiment, the aims of which go beyond the sphere of education alone, seeking to bring about a profound change in the relations between the various social strata in the country.

The scope of this campaign, and the spirit informing it, both reflect the determination to reconcile all the country's citizens by bringing them together in a great effort of national solidarity. It should enable them all, individually, to develop their full potential while helping to improve the well-being of all and, in particular, should assist the young, who had to break off their studies in order to take part in the national struggle, in finding their place again, without delay, in working life.

Nicaragua will not, however, be able to achieve these objectives unless it receives moral and material support from the world community. At a time when the country is only just beginning to lift itself out of its ruins, this support should make it easier for it to rely on its own efforts in the future. The total financial contribution which it hopes, today, to receive from international solidarity amounts to 20 million dollars.

Contributions in kind will also be welcome, particularly school supplies and equipment - paper, pencils, exercise books, blackboards, audio-visual aids, radios - as well as motor vehicles, camping equipment, clothing, blankets, oil-lamps, powdered or tinned foodstuffs, etc.

Moreover, since illiteracy cannot be overcome unless it is, so to speak, cut off at the very source, a large number of new schools will have to be opened for children reaching school age. There will therefore be scope for international solidarity to be shown firstly, by providing Nicaragua with the means to build these schools and, secondly, by assisting in training and refresher programmes for those who are called upon to teach in them.

Nicaragua has made heavy sacrifices for its liberation - which is also, in some measure, the liberation of each one of us - and it is embarking on an experiment of the greatest interest from the ethical and educational points of view which may be useful to many other peoples besides its own. We are therefore in duty bound to meet its expectations.

On behalf of the United Nations Educational, Scientific and Cultural Organization, and with the unanimous support of its Executive Board, I accordingly invite all governments, National Commissions for Unesco, public and private institutions in all Member States, and international foundations and organizations, both governmental and non-governmental, to give proof of their active solidarity with liberated Nicaragua.

I invite the Churches of various denominations, trade union organizations and professional associations, women's organizations and youth movements, to make available to the Nicaraguan authorities financial and material resources that will enable them to achieve the objectives they have in view.

I make this appeal to all those who have responsibilities in the field of education: to public services and private programmes concerned with education and literacy work, to universities, to teachers' associations, and the research centres, in the hope that they will offer the Nicaraguan Government all the technical assistance within their power in this undertaking.

Lastly, I appeal to all those who enjoy the benefits of education, to the adults, the children and the young people who are today receiving education and realize how much it is enriching them. I am confident that they will be able to organize themselves, to collect resources, on however modest a scale, and to arrange for them to be sent to those in Nicaragua who are endeavouring to take their future in hand.

A. M. A. Bow

Amadou-Mahtar M'Bow
Paris, 25 January 1980