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HANS NEUMANN's Remarks to AI Board of Directors

December 12, 1967.

I. It is a great pleasure to be with you here today as it was my pleasure last week to give the welcoming address to the staff and workers of ACCION-Sao Paulo, Brazil. They are a most impressive group of men and women and reflect great credit on Joe Blatchford you and the whole ACCION movement. We are currently giving them a three week field-training course which is of great benefit to both organizations.

I want to talk with you today about ACCION en Venezuela's operations in 1967 and discuss with you our plans for 1968 and look for areas of possible support and cooperation. But first I want to extend my warmest thanks on behalf of the AeV's Board of Directors and field workers and staff for the excellent support and aid you have given us this year.

- 1) The trip to the USA for four of our best Venezuelan workers was an outstanding success. They returned with a most favorable impression of the United States because after 17 days of talks and visits to four cities, they saw many sides of the nation and its people. They returned to Venezuela highly motivated to continue AeV's work and frankly very pleased because they discovered that programs they visited with budgets 10 to 50 times as great as ACCION's were way behind in the techniques of mobilizing people to do things for themselves - and taking advantage of existing resources. I hope this trip can be an annual event - it is great morale booster for the Venezuelans.
- 2) We want to thank you also for continuing the hard work of recruiting foreign workers for us, for the

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excellent aid you have given us in preparing foundation proposals and for underwriting the first six months of our micro-industry program. I will deal with these things in more detail later.

II. I now wish to turn briefly to ACCION's operations during this past year 1967. As you know ACCION made some large cutbacks in 1966. I am glad to say that these paid off. Working hard this year to keep expenses down we have - been able to pay off all back debts, raise more money - than we ever had before (over Bs 1.700.000,00) and will start 1968 with a surplus of Bs 200.000,00. The cost of the programs for 1967 will be a little over Bs 1.400.000. This has meant working with a reduced field force. But because of the improvement of our methodology and because we kept only our best workers we were able to continue working in 20 barrios. Several of these barrios reached the stage this year where their leaders took complete control of the activities and only met with the ACCION - advisor once a month. Several other communities are rapidly approaching this point and ACCION will no longer have to have a full time worker in these areas by February of 1968. We will therefore be moving on to other barrios.

As in the past and in the future ACCION's foundations will always be community action on the barrio level. But 1967 was not just a year of stabilization but was also a year of reevaluation. This reevaluation is still going on, but certain trends for the future are now clear.

ACCION's role in Venezuela is clearly that of a significant experimental program that carries out action projects in the urban barrios with a view to influence the public and private sectors as to what should be done there.

In order to do this ACCION must increase its influence by

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expanding its training facilities to be able to give training to other groups. We have made important strides in this direction this year with the training of the two ACAO groups, a Peace Corp group and representatives of six organizations operating in Venezuela.

The goal of our barrio projects have been changed in the light of growing proof that ACCION can make a vital contribution to breaking the cycle of the vicious circle of the culture of poverty in the barrios by focusing its attention in the later stages of work on economic programs. This year we have initiated programs designed to train people for existing jobs and are starting to find ways to involve industry directly in the training programs. Another way is the creation of jobs through the development of the micro-industry program. We have been able to do this because of the aid of ACCION International and we hope for your continued support.

III.

1968 Financing and Plans.

For next year the Board decided at its meeting last Thursday that we should do everything possible to - keep our monetary reserve and operate at the level of minimum expected income - \$ 1,600,000.00 . We of course are going to do everything possible to increase that figure and I am hopeful that our new finance committee will be able to get many more donations - from Venezuelan companies.

For the 1st. six months of 1968 this means that ACCION won't expand and will continue with the same field and staff level as we have now: 75 people, 50 Venezuelan, 25 Foreign. 57 in field positions and 18 in staff, --

including secretaries and messenger.

What does this mean for the field operation and where do we need support:

1. Field:

1.1 Continue in 30 Barrios with 50 workers and supervisors.

Main emphasis will be on getting more done in the barrios. The organization has settled down now and your - new AI man, Mike Mehrer, - AeV's outgoing Operations Manager has selected and trained a most dynamic young man to get that job done.

1.2 Specialized work will continue in savings and loans co operatives, technical training centers / with more emphasis given to the direct involvement of industry in the training courses and the development of micro-industries.

2. Training and Investigations:

2.1 Training will continue its normal function of giving training to ACCION workers.

2.2 It will continue its work in the field with night courses in basic and advanced communications for barrio leaders. These are courses which end with a concrete project. For example the course now being completed in Barrio Gra^omoven will end with the construction of the second story of the School..

2.3 It will expand ACCION's influence by giving courses to other groups. One course of particular interest will be a night course for young Venezuelan executives. This was proposed by Charles Urruela, 1st. President of AeV, who along with many members of the Board feels that young Venezuelan executives are not aware either of this major problem in Venezuela, or of the great opportunities the barrios offer.

3. Venezuelanization - Nationalization

Nationalization of ACCION en Venezuela is one of our stated goals and one that we are still trying to fulfill. It is and will be a long hard process. This year we have been able to up the caliber of Venezuelan workers by attracting University students on full time basis from the fields of Sociology and Social Work. And we are doing this at 1/50th the cost of past years. - Thus we are reasonably sure that our basic field workers position can be filled by Venezuelans.

But the problem on the staff and supervisors level remains. We haven't yet found young people of requisite experience and background to take leading roles in the management of ACCION.

In this brief review of our plans for next year I have indicated several areas, where we can use all the help we can get - particularly your help:

First we need help with the Nationalization of the program. This has important implications for both organizations:

As we are now reasonably sure of filling field level positions with Venezuelans our need for general level foreign field workers will probably diminish entirely.

This means that in the future we will be requesting people with specific talents and experience to fill specific jobs. Moreover, they will be expected to train a Venezuelan counterpart to take over from them.

This request to you will be made after our next - board meeting on 18 January when we review and approve the final budget and plans for 1968.

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Another important area where you can help us is in the development of Venezuelan managers. This can be done through helping us 1) to find scholarships for special courses here in the States for those people we are trying to develop and 2) aid us now with the particular problem we have in replacing our current general manager, Michael Agar, whose term is up in August of 1968. Agar is leaving then to continue his studies. And frankly we have no one in the organization to replace him.

Within the organization we have a Venezuelan, Oswaldo Fernandez, who is very qualified to oversee the field and training operations. He is a specialist but is not interested or yet qualified in managing the whole operation.

Thus we have two choices: one, we are now searching for a Venezuelan who could fill the position of general manager. We have one or two possible candidates - but, based on prior experience we know this to be risky. We have to find a person with the rare capability of being able to understand the field work and workers and who can also handle the fund raising, promotion and overall direction of the organization. And another change like we had two years ago would be disastrous to the organization. Two, now through ACCION International we have a foreign candidate for this position. He is Moshe Shapiro of California who is currently with us in Caracas learning Spanish and familiarizing himself with our operation. He is 48 years old and with a varied background in community action in the Middle East and business in the United States. (Mention how he impressed you personally.).

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But to bring Mr. Shapiro means spending money. To come with the ACCION movement - and for him he would look at it as a major and final shift in his career and would stay with it until he was no longer useful i.e. a commitment for many years - he has to sell off his business and properties in California and be able to support his family without worry. To do this he would need \$ 13,500 a year (\$ 6000 a mth.)

We are going to continue searching for a Venezuelan, but we would like to be able to hold Mr. Shapiro in reserve. He is a man who could not only oversee the operation, but could also train Venezuelans in management. If you could help us by covering 1/3 to 1/2 of his salary for two years - it would make this possible. Mr. Shapiro will be returning to San Francisco via New York on 19 December. He will be talking to Joe here in New York. We would like your evaluation. The decision on Mr. Shapiro will be taken in February next year.- depending on the non-availability of a qualified Venezuelan and our ability to meet his salary requirements.

Now, finally, I want to turn my attention to the Micro-Industry program. You have very kindly undertaken to underwrite six months of the counseling service of Dr. Jacob Frankel of Foreign Resource Services - Mr. David Doolittle, a young dynamic businessman recruited by AI, is currently with us working hard to familiarize himself with Venezuela and ACCION and the barriers, the local laws and organizations which back the setting up of small businesses. He won't be starting our program until Frankel comes down in January.

We still hope to be able to cover these months

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from the Venezuelan Small Business Administration. They will make their decision in January. If this is not forthcoming we have made provision for this amount in our budget. We also have hopes of getting some local foundations' support. But we would like to be able to count on your support for another six months to allow us to have a complete year with Dr. Jacob Frankel and his Foreign Resource Services.

One last thing, I would like to know if you have received any word from the Foundations to whom we made a joint proposal for the Regional Training Center in Caracas.

Thank you.

ANNEX 1

Possible ACCION International Support to VENEZUELA 1968-1969

1) 1/3 Salary of DAVID DOOLITTLE	\$ 3,400 YR. X 2	\$ 6,800.00
2) 2 trips of Venezuelans to USA	\$ 2,000 YR. X 2	\$ 4,000.00
3) 1/3 Salary of MOSHE SHAPIRO	\$ 4,700 YR. X 2	\$ 9,400.00
4) 6 months of FOREIGN RESOURCES SERVICES ..	\$13,500	<u>\$ 13,500.00</u>
		<u>\$ 33,700</u>

OTHER

- 1) Foundation support for Regional Training Center
- 11) Specialized personnel for Venezuela
- 111) Scholarships for Venezuelans we want to develop