



June 14, 2007

Mr. Steven M. Fondriest
CTO, USAID Nicaragua

Dear Mr. Fondriest:

On June 12, Adolfo Arguello received your letter dated June 5, 2007, that was incorrectly addressed to him as President of FUNIDES. The letter, which was immediately shared with the other members of the Board, informed Mr. Arguello, as a matter of courtesy, that USAID had entered into discussions with CCAA to terminate USAID Cooperative Agreement #524-Q-00-06-00010-00.

In this letter, you categorically state that FUNIDES, an organization established at the request of USAID, and funded through CCAA also at the request of USAID, would continue with limited funding only through June 30. Although these limitations were not defined, we were subsequently informed by CCAA that USAID would not reimburse the cost of the initiatives and publications already completed.

First and foremost, it has been widely acknowledged during our ongoing conversations with USAID and the US Embassy, that it is the U.S. government's intention to see FUNIDES succeed as a viable private sector led platform for activities to promote social and economic development in Nicaragua. Our mission has become increasingly important in the current environment. Your government's intention was clearly reiterated during our most recent meeting held at the U.S. Embassy on June 7 between the FUNIDES Board, the Honorable Ambassador Trivelli, Mr. Alex Dickie and yourself.

At that meeting, we agreed that all parties needed to work together to ensure that FUNIDES would continue to have the means to promote economic freedom, respect for the rule of law and just governance. To so abruptly terminate funding for FUNIDES is incongruent with the objectives and interests stated by both the U.S. Ambassador and the USAID Mission Director. A June 30 closure would provide scarcely two weeks of funding and would certainly ensure FUNIDES' demise. Clearly, these actions would deprive the organization from the opportunity to secure alternative funding for its continued operation.

While we strongly disagree with your decision to terminate the Cooperative Agreement, we kindly request that you allow sufficient time and funding for an orderly transition, specifically that funding continue to September 30, 2007. A proper closeout of the project should be conducted in accordance with local labor laws, respecting existing contractual obligations and the delivery of completed products. The additional 90 days would give FUNIDES a fighting chance to survive. We don't believe that it is the U.S. government's desire to trigger the failure of FUNIDES. We have all worked too hard over these past 2 ½ years since your initial request to come this far and not succeed.

Federico Sacasa
PRESIDENT, Board of Directors

Adolfo Arguello
Member, Board of Directors

Roberto Salvo
Member, Board of Directors

Frank Arana
Member, Board of Directors

Marco Mayorga
Member, Board of Directors



Cc: US Ambassador Paul Trivelli, Manuel Rosales (CCAA), Alex Dickie (USAID), Mark Silverman (USAID), Dan Runde (USAID), Braden Enroth (USAID), Luis F. Garcia (USAID), Deborah Kennedy-Iraheta (USAID), Antonio Cabrales (FUSADES)