

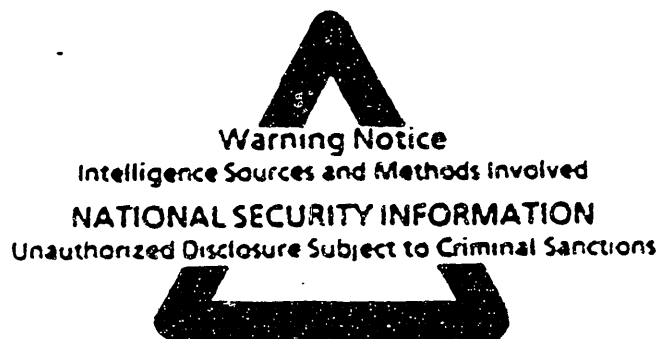
To Name and Address		Date
Robert McFarlane		
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REMARKS.		
cc: Oliver North (#2 and 3) Jim Radzinski (#4)		

NSC/ICS CONTROL NO 402007

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MEMORANDUM

SYSTEM IV
NSC/ISC-402007

NATIONAL SECURITY COUNCIL

April 11, 1985

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ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds which have been made available since USG funding expired in May 1984. From July 1984 through February 1985, the FDN received \$1M per month for a total of \$8M. From February 22 to April 9, 1985, an additional \$16.5M has been received for a grand total of \$24.5M. Of this, \$17,145,594 has been expended for arms, munitions, combat operations, and support activities:

- most expenditures have been for purchases of arms, ammunition, and other ordnance items;
- the \$2.5M indicated for upkeep of base camps on the Honduran and Costa Rican borders includes costs of approximately \$350K per month (an expense which will increase as the number of recruits continues to grow) and \$50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters;
- the funding has allowed the growth of the resistance from 9,500 personnel in June 1984 to over 16,000 today--all with arms;
- when the May 1985 sealift arrives (\$5M has already been deposited for this delivery), an additional 6,000 fighters can be equipped and fielded after a 3 week training period;
- the relocation of base camps along the Honduran border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack (cost for this relocation have not yet been fully quantified);
- the acquisition of two small transport aircraft at the cost of \$186K is prudent given the increased patrolling activity by the EPS along the Honduran border, thus complicating trail-borne resupply for columns operating deep inside Nicaragua.

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Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type operations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year.

Future Operations

Plans call for remaining resources (\$7,354,000) to be used as follows:

- increasing the force to a total of 25,000 by mid-Summer;
- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;
- a major ground operation against the mines complex in the vicinity of Siuna, Bonanza, and La Rosita (Nicaragua)--the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and
- the opening of a southern front along the Costa Rican-Nicaraguan border which will distract EPS units currently committed to the northern front.

It is apparent that the \$7M remaining will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The \$14M which the USG may be able to provide will help to defray base camp, training, and support expenses but will not significantly affect combat operations until early Autumn due to lead-time requirements. Efforts should, therefore, be made to seek additional funds from the current donors (\$15-20M) which will allow the force to grow to 30-35,000. If a commitment for these funds is made between now and June 1985, supplies could be ordered in July, allowing the force to reach these levels by the end of October 1985.

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RECOMMENDATION

That the current donors be approached to provide \$15-20M additional between now and June 1, 1985.

Approve _____

Disapprove _____

Attachment

Tab A - Summary Analysis of FDN Expenditures

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