

**ANNEX 8 NICARAGUA COUNTRY CASE STUDY**

# TABLE OF CONTENTS

1	INTRODUCTION
2	CONTEXT AND SITUATION IN THE COUNTRY REGARDING THE CROSSCUTTING ISSUES
2.1	Political Situation
3	POLICY DIALOGUE: HOW DOES FINLAND EXTEND INFLUENCE AT THE NATIONAL LEVEL IN RELATION TO THE CROSSCUTTING ISSUES
3.1	Bilateral consultations
3.2	Budget Support and Sector Dialogue
3.3	Harmonization and Alignment
3.4	Key Findings – Policy Dialogue
4	MAINSTREAMING IN VARIOUS INTERVENTIONS MODALITIES
4.1	Budget Support Group
4.2	Key Findings – Budget Support
4.3	Sector Support
4.3.1	FONSALUD
4.3.2	PRORURAL
4.4	Key Findings – Sector Support
4.5	Institutionalized Programs
4.5.1	PROGESTION
4.5.2	Key Findings – PROGESTION
4.5.3	FOMEVIDAS
4.5.4	Key Findings – FOMEVIDAS
4.6	Local Cooperation Funds
4.7	Key Findings – Local Cooperation Funds
5	RESPONSABILITIES AND PROCEDURES
5.1	Division of responsibilities between the Embassy and MFA
5.2	Internal Structure for Implementing the Crosscutting issues
5.3	Planning and Management Procedures
5.4	Reporting on Crosscutting Issues
5.5	Key Findings – Responsibilities and Procedures
6	KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
6.1	General Findings
6.2	Findings in the Political Dialogue
6.3	Findings in the Intervention Modalities
6.4	Findings for Responsibilities and Procedures
6.5	Conclusions
6.6	Lessons Learnt
6.7	Recommendations
	REFERENCES
	ANNEX 1 PEOPLE INTERVIEWD

## ACRONYMS

AMUNIC	Nicaraguan Association of Municipalities
BS	Budget Support
BSWG	Budget Support Working Group
CED	Department Board of Directors
CEN	National Board of Directors
CHONTALDES	Departmental Development Council of Chontales
CODEBO	Departmental Development Council of Boaco
CONPES	National Council for Social Economic Planification
COSUDE	Swiss Agency for Development Cooperation
ENABAS	National Company for Basic Alimentary
DEL	Component for Local Economic Development (PROGESTION program)
FODINIC	Fund for Strengthening of organisations of people with disabilities
FOMEVIDAS	Rural Development Strengthening and Poverty Reduction Programme (Nicaragua)
FONSALUD	Support to Health Sector Program
FSLN	Sandinista National Liberation Front Party
GDP	Gross Domestic Product
H&A	Harmonization and Alignment
HRBA	Human Rights Based Approach / Rights Based Approach
IDB	Inter-American Development Bank
IDR	Nicaraguan Rural Development Institute
ILO	International Labour Organization
INAFOR	National Forestry Institution
INIFOM	Nicaraguan Institute for Municipal Strengthening
INIM	Nicaraguan Institute for Women
JFA	Joint Financing Arrangement
LCF	Local Cooperation Fund
MAGFOR	Ministry for Agriculture and Forestry
MTR	Mid Term Review
NGO	Non-Governmental Organization
OECD/DAC	Organization for Economic Cooperation and Development /

PAM	Development Assistance Committee
PGR	Performance Assessment Matrix
PLC	The State General Budget
PND	The Constitutionalist Liberal Party
PNDH	National Development Plan
POA	National Human Development Plan
POG	Annual Work Plan
PPA	Global Operative Plan
PRODOC	Productive food Program
PROAMBIENTE	Program Document
PROGENDER	Institutional Support to Decentralized Environmental Management Program
PROGESTION	Support to Gender Equality Program
	Municipal Management and Local Development Strengthening Programme (Nicaragua)
PRORURAL	Rural Development Sector Programme
PRSP	Poverty Reduction Strategy Paper
RAAN	North Atlantic Autonomous Region
SLA	Sustainable Livelihoods Approach
SARED	Reproductive Health, Equality and Rights Programme
SME	Small and Medium Enterprise
SPAR	Public Sector for Agriculture and Rural Development
SREC	Secretariat for Economic Relations and Cooperation

## INTRODUCTION

As part of the Evaluation of Human Rights and Equality, Democracy, Good Governance and Rule of Law in Finnish Development Cooperation, a field visit was made to three case study countries (Nepal, Nicaragua and Zambia) to assess how well the crosscutting issues have been mainstreamed at the country level and in programs, projects and other interventions. The field visits were made towards the end of May and beginning of June 2008. The Nicaraguan case study was undertaken by Ms. Ruth Santisteban and Ms. Claudia Pineda.

The main focus of the evaluation was also the focus in the case studies. Thus we essentially assessed the mainstreaming of:

- Human rights (in all of its aspects with special attention to the rights of the most vulnerable groups like children, indigenous peoples, ethnic minorities and persons with disabilities).
- Women's rights and gender equality.
- Democracy, good governance and rule of law.

We analyzed the extent to which the above crosscutting issues have been mainstreamed and integrated into the policy dialogue with the partner country and within the donor community, in direct budget support and the sector wide approach as well as programs and interventions. In addition we assessed the mechanisms and processes used and the division of responsibilities and resources available regarding mainstreaming. We studied all the relevant documentation and interviewed the Embassy staff and partner country authorities, people involved in various interventions, representatives of other donors and some NGOs. The people interviewed are included in Appendix 1. We used the analytical framework introduced in the Evaluation Report.

### **Finnish Aid Programme in Nicaragua**

In the beginning of 2004, the Government of Finland initiated new modalities of cooperation with Nicaragua in the framework of its cooperation policy. This consisted of sector-wide support, general budget support, and support to institutionalized programs in the following sectors: environment, rural development, sexual and reproductive health, and decentralization. It also directed assistance through “basket funds” together with other bilateral donors, such as the Anti-Corruption Fund, the Civil Society Support Fund, the Fund to Support Sexual and Reproductive Rights, and the Municipal Investment Fund.

The evaluation team selected three intervention modalities for evaluating the degree to which crosscutting themes have been mainstreamed, and one modality for documentary review. The first three are general budget support, the institutionalized PROGESTION and FOMEVIDAS programs, and the funding of local projects; the sector-wide approach was reviewed only based on documentary.

## 2 CONTEXT AND SITUATION IN THE COUNTRY REGARDING THE CROSSCUTTING ISSUES

### **2.1 Political situation**

Democracy as a form of government is fairly young in Nicaragua. The Somoza family's regime (1934-1979) that governed the country for 45 years managed to impose a political, economic and military hegemony that guaranteed their endurance in power. The Somoza government was defeated by a citizen upheaval in 1979 led by the Sandinista National Liberation Front (FSLN) that governed during the next ten years. The Sandinista government declared itself socialist under a mixed economy, achieving political pluralism and nonalignment, but in practice the governing principles were more restrictive: it confiscated the properties of former “somocistas” and exiles, created large public enterprises, and nationalized the banks and the mines. The opposition was repressed and the government allied itself to the socialist bloc under the guardianship of Cuba. The government's practices divided the society into Sandinistas and anti-Sandinistas, and strong policies were aimed at the so-called right-wing oligarchy, especially the business sector. At the same time the population with scarce resources received many benefits: free healthcare and education, and employment at the public sector, especially in healthcare, education and defense. During the Sandinista regime the confusion between the state and party was total, and it is recognized that only in 1999 there were free and transparent elections that signified the end of the regime.

During the Sandinista decade, the country suffered from a cruel seven year long civil war financed by the government of the United States and supported by countries in the region. The war destroyed the productive capacities and mortified and separated Nicaraguan families. The polarization of society that started with differentiated policies for poor and rich was engrained in the national identity so strongly that it has been difficult to overcome that dichotomy in the current Nicaraguan political culture.

The democratic transition and the construction of a rational and independent public sector have not been concluded. After 16 years of liberal democracy, the Nicaraguan state has advanced in the construction of a free market economy, civil rights and political pluralism. During the first years of the liberal democracy (1990-1996), following the trends of the Washington consensus, the state's institutional capacities were cut back, which is still being felt today. By downsizing the oversized state apparatus, an unemployed mass was created that impoverished the country to an extent never experienced before, evidenced today as a lack of capacities in planning, public administration and financial management in public sector service provision.

Taking into consideration the short-lived democratic experience of public institutions, it is not surprising that the country has little basis for confronting the political and social challenges it is facing. Together with a political culture based on patronage and polarization, high and medium level functionaries are substituted with every change in the government. Although the legal framework has been enhanced, the Civil Servants and Administrative Career Law approved in 2005 has not been implemented in full for budgetary reasons.

The principal political parties function as groups fighting to gain shares of power and control over the system and its institutions, rather than mediators of social demands. Representative democracy is in crisis due to the weakness of the political institutions that have become organizations serving persons instead of serving ideologies and development. The parties lack a social base, since the population with fewest options sees the *caudillos* as an opportunity to receive direct aid programs and direct assistance. New alternative parties have been created which, despite lacking a real political significance, have the ability to influence electoral results. As a consequence, their legal status was cancelled due to supposed administrative violations.

Since 1990, civil society has been strengthened through the creation of NGOs, which have been staffed by people with vast political experience. These political activists, mainly former Sandinistas, direct civil society organizations and have a very critical relationship with their former party. Moreover, their positions vis-à-vis the "right" consist of total rejection, impeding more effective communication that would give civil society more impact on the political class. It should be noted, however, that this means that there is a high degree of autonomy in relation to the governing party, but this is not very beneficial for political influence.

Since 2003, Nicaragua has had a Citizen Participation Law in force that defines institutional, territorial and sector mechanisms for government-citizen interaction. These mechanisms are interrelated in a system of participation proposed by the Bolaños Government, in which the smallest territorial units have representation at the highest levels, all joined together in the National Council for Social Economic Planification (CONPES). These legally created structures are being ignored by the current government, which has created parallel structures for participation linked to its partisan base.

During the past four governments, there have been constant negotiations amongst the traditional political class, fundamentally between the two largest parties (FSLN and PLC), who joined forces to insure their hegemony as a political oligopoly, and whose agenda usually does not include any feedback from society. The most emblematic of examples is the so-called pact, which consisted of negotiations between two *caudillos*, Arnoldo Alemán from the Constitutionalist Liberal Party (PLC) and Daniel Ortega (FSLN) to establish perpetual impunity for themselves and their allies, in the face of any accusations of corruption (the former) or rape (the latter). They also guaranteed mutual support to insure the survival of their parties through quotas of power in all of the judgeships appointed by the National Assembly, at the moments when it was controlled by these parties. In Nicaragua, the referendum has never been a tool used for transcendental national decisions, as occurs in Costa Rica or Panama.

Given the state of representative and participatory democracy, it could be argued that governance in Nicaragua is precarious, and despite the debate about development and poverty reduction that has been taking place during the past ten years, these two processes have run parallel courses. In other words, society has had its debates while governments have had theirs, without ever coming together. Under the current conditions, it is unlikely that this will take place. Social consensus or "a social contract" can only be achieved when the main political forces agree on a

course and when the development models on the table are considered antagonistic and the defenders of each one have closed positions. (reference)

The levels of poverty affecting the population are cause for concern. Since 1993, measurements using an aggregate consumption method have been made but have not varied significantly. Nicaragua has made little progress toward the millennium development goals. Between 1993 and 2005, an average of 42% of the population has survived on less than one dollar per capita per day, and 75% with less than two dollars. Accumulated changes in poverty reduction during this period are around 4.5%.

**Development cooperation in Nicaragua** has played a key role in financing national development. According to data from the Nicaraguan Foreign Ministry, an average of US\$ 549 million in assistance was received each year between 2002 and 2005, and this amount represented 20.7% of the GDP in 2005 and covered more than 50% of the budget deficit. Each year, 70-80 percent of the public investment plan is financed with external funds, 54% of which is in the form of donations and 46% in loans. (reference) Poverty indices remain high, despite the level of aid.

In contrast, in 2007 the Nicaraguan government brought new approaches to development and established new rules for the government-international donor relationship with respect to coordinating the cooperation; the topics and arenas for dialogue were greatly restricted. In the framework of the Paris Declaration, the new modalities for cooperation—more aligned with governmental priorities such as general budget support, sector-wide approaches, and institutional support whose responsibility rests more and more on public institutions themselves—were accompanied by some degree of tension. There are criticisms of previous approaches to cooperation. The tension continues while a new balance between public authority and development support is sought, above all with respect to conceptions of development. Added to the emergence of a new type of cooperation that is mixed with governmental ideology, the “traditional” role of cooperation in defining policies has definitively changed in Nicaragua

The National Human Development Plan (PNDH) of the government reviews the National Development Plan (2005-2009) prepared during the previous government. The PNDH was presented to the donor community in May 2008. According to a recent study, commissioned by the Finnish Embassy, the most important strategic changes included in the PNDH are:

- Support to production in the poorest households, and in small and medium scale businesses, with an increase in credit to these sectors;
- An end to privatization (electricity and social security sectors, for example), with an emphasis on state intervention and supervision;
- Greater promotion of human development;
- Improved access to public health and education sectors, partly through providing these services to beneficiaries at no cost, and in coordination with other line ministries. (reference)

The national programs aimed at eliminating poverty proposed by the current administration include: Food Security and Sovereignty, Zero Hunger, Free Health Care and Education. Besides, the design and/or continuation of programs such as Promipyme (Promotion of Micro, Small and Medium Enterprises) and Prorural (aimed at improving the conditions of micro- and small-scale production, and promoting the development of road infrastructure, house construction, etc.).

With respect to **democracy, good governance and the rule of law**, the situation in Nicaragua is precarious. According to civil society leaders, the change in government brought with it a closure of spaces for pluralistic dialogue. There is a danger that arenas for citizen participation are being converted into partisan expressions, which also threatens programs based on social participation.

Three of the four state powers are under the domain of the governing party, with key collaboration from the nation's second strongest party in exchange for the freedom of the former president who leads it. The only state power that reflects any evidence of plurality of political forces is the National Assembly where, nonetheless, the opposition has not been able to develop a joint negotiated agenda with the governing party.

The central government's trend toward centralizing decision-making has greatly slowed the decentralization process that had been underway for some years. The decentralization policy recently approved in 2006 has been ignored by the current government, and has not been replaced by another one after almost one and a half years of governing. The transfer of 8% of the national income to the municipalities continues, and municipal elections will be held

nationwide this year, except in three municipalities of the North Atlantic Autonomous Region (RAAN) where the electoral process was suspended. This suspension has generated consternation not only in these municipalities, but also among opposition politicians.

Another issue of concern in relation to the electoral process was the suspension of the legal status of three “anti-pact” opposition parties, with the electoral process already underway. Administrative reasons were given for this decision, which has raised concerns that the real intention was eliminating adversaries. Although they are small, these parties do reduce the possibility that the governing party will win.

Freedom of expression and a free press have been maintained, but access to public information is difficult. According to a report by the Violeta Barrios Foundation (2008), three out of ten requests for public information by journalists receive no response. In the case of electronic media, some government web pages have been kept up to date, but others have been eliminated, such as information related to development cooperation.

With respect to **human rights** in the framework of international law, Nicaragua has been a member of the Human Rights Council since 2007, and is a signatory of the recent General Assembly Declaration on the Rights of Indigenous Peoples. Since 2006, the Monitoring Unit for International Conventions (USCI) of the Nicaraguan MFA has presented 13 periodic reports related to the International Covenant on Political and Civil Rights, the International Covenant on Economic, Social and Cultural Rights, as well as the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

Nicaragua intends to adopt new international norms, relevant to the crosscutting themes, in the framework of national laws. In 2007, Nicaragua has expressed its political will to the Human Rights Council to ratify the following international instruments: the Convention on the Rights of Persons with Disabilities, the ILO’s Convention 169 that refers to the rights of indigenous peoples, and also the Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights.

The following are recent legislative reforms that are in line with international norms for human rights: the Public Information Access Law, the new Minimum Wage Law, the Reform of the Penal Code, the Paternal and Maternal Responsibility Law, and finally the Equal Rights and Opportunities Law, among others. Some have signified important progress for defending human rights. However the Penal Code Reform has also had negative consequences for the fight against corruption and the defense of women’s rights.

The current **situation of women** is not unlike the situation under previous governments. Although they are the beneficiaries of two “star” programs created by this government (soft credits and farm animals), policy and legal decisions have been made that affect women’s rights, especially the right to life and sexual and reproductive health that has been limited by the criminalization of therapeutic abortion. The penalization of therapeutic abortion is a serious setback that violates various international conventions signed by Nicaragua. Dialogue between the new administration and women’s networks is at a standstill, which means a great setback for civil society participation in the promotion of women’s rights. Another serious tendency is the domestic and intra familiar violence against women and children. One pending challenge is the implementation of the new Equal Rights and Opportunities Law, and the Paternal and Maternal Responsibility Law.

Other vulnerable groups such as **indigenous peoples** are more central to the government’s agenda and great progress is expected. Autonomous government structures for indigenous peoples have been created, such as the National Assembly’s Commission on Ethnic Affairs, Autonomous Governments and Indigenous Communities, which has concluded the process of drafting a General Law on Indigenous Peoples. However, existing inequalities require some immediate and concrete policy responses. *Unemployment rates in these communities, for instance, is 90%, which is two times the national rate, while illiteracy is 53% among this population, and the average years of schooling totals only 2.2 years for this population compared to 6.8 years nationwide.* (reference) In addition, policies against racism still need to be developed, given the fact that racist behaviors and attitudes are culturally reinforced.

**Children** have been benefited by the right to free education and health care, but there are large groups of children living in situations of abandonment who are not attended by public policies. Nicaragua has promulgated a number of laws to protect children and adolescents in compliance with the international conventions to which it has adhered. It has also created several national policies and plans to reaffirm children’s rights and protect them. Moreover, the government of Nicaragua has publicly expressed its commitment to children’s rights and welfare. An illustration of



this intended commitment is the fact that the government has elevated to the rank of presidential cabinet agencies the Ministry of the Family, the Nicaraguan Institute on Women, and the National Council for Comprehensive Care and Protection for Childhood and Adolescence. However, very often the laws protecting children have not been enforced, as illustrated by the U.S. Department of State 2006 Country Reports on Human Rights. Usually the images of the economic turmoil are of adult men, but the people who bear the largest impact of economic and political crises are children. The main problems concerning children's rights in Nicaragua are related to the discrimination of girls, indigenous children and vulnerable groups. Moreover, the culture of violence affects children's right to freedoms from violence, abuse and maltreatment. Poverty seriously reduces the rights to an adequate standard of living, health, growth, survival and development. Child labor and economic exploitation hinder children from realizing their right to education and freedom from exploitation.

**Persons with disabilities** do not benefit from any special governmental programs, although there have been increases in the disability pensions of those who were victims of the war in the 1980s, or those who were orphaned.

Since the 1990s, Nicaragua has had laws in place that protect the rights of persons with disabilities, particularly their rehabilitation. Article 14 of Law 202 created the *National Council on Preventing, Rehabilitating, and Creating Opportunities for People with Disabilities*, as the highest level structure for coordinating the efforts of the government, the disabled population, workers, businesses, and society overall in complying with this Law. The Ministry of Health was designated coordinator of the Council. The Council has received a great amount of additional resources from Finland's condoning of Nicaragua's debt. The impact on the situation of the disabled population in Nicaragua has been, nonetheless, negligible. None of the previous governments have been concerned about putting the law into practice. The National Council on Rehabilitation has not operated as it should have, nor were Departmental Rehabilitation Councils set up as mandated.

The current government has indicated a political interest in improving and increasing attention in areas such as including the topic of disabilities in the National Human Development Plan, defining the strategic plan for the National Council on Rehabilitation, and making the corresponding adjustments to the plans of key institutions in education, transportation, health, technical education, national identification documents, etc.

### **3 POLICY DIALOGUE: HOW DOES FINLAND EXTEND INFLUENCE AT THE NATIONAL LEVEL IN RELATION TO THE CROSS CUTTING ISSUES**

The Paris Declaration and new aid modalities have given rise to new challenges for the political dialogue between the Government of Nicaragua and Finnish cooperation. The previous dialogue based on agreements has evolved into a dialogue based on policies. These new forms have reduced the influence that agencies have on policies or political decisions, whether these are sector-wide or crosscutting. These also demand prior conditions that are infrequently fulfilled by participants in the dialogue. On the part of the government, this would mean having a concerted development plan and a set of policies derived from this, as well as established structures and procedures; on the part of agencies, this would require a greater reflection of political commitments in the operation of cooperation, and greater responsibility for actions within their countries.

#### **3.1 Bilateral Consultations**

A reading of the preparatory documentation and minutes from the bilateral consultations of 2002, 2004 and 2006 shows that the three consultative processes shared the following common topics: greater emphasis is generally given to the issue of governance and the fight against corruption. Democracy is mentioned, but in relation to electoral themes. The topics of rule of law or human rights are not discussed or elaborated. Finland's interest in protecting the rights of indigenous peoples is expressed in the framework of Regional Programs. The topic of gender equity and women's rights is mentioned in both 2002 and 2004, and is further elaborated in 2006. However, the topic of the rights of children, youth, and people with disabilities is completely absent from the bilateral consultations. The evaluation mission can see that despite the Finnish Development Policy of 2004, a commitment was made to a rights approach to development, but human rights as an objective of development is absent from the dialogue in 2004 and 2006. In the 2006 negotiation, it is literally recognized in the minutes that both countries *agreed on the need to renew the framework agreement as the present one does not reflect joint commitment of Finland and Nicaragua in the fight against extreme poverty*

*nor does it mention principles of cooperation such as respect for human rights, democratic principles, good governance, the rule of law and the fight against corruption. (reference)*

### **3.2 Budget support and sector dialogue**

The Joint Financing Arrangement (JFA) for general budget support (BS) was signed on May 18, 2005, by the Government of Nicaragua and nine donors (Sweden, the Netherlands, Norway, Finland, Germany, Great Britain, Switzerland, the World Bank, and the European Commission). As of 2007, Sweden had withdrawn from this mechanism, Germany suspended its participation in 2008 and Great Britain also announced its withdrawal for 2009. The Inter-American Development Bank joined the initiative in 2007.

As specified in the JFA, general budget support is based on the partners accepting and fulfilling the so-called fundamental principles, which are considered as development objectives and an integral part of the cooperation policies of the signatories. These include: i) international law and the prevention of conflicts; ii) respect for human rights; iii) democratic principles, including free and fair elections, and free and transparent democratic processes; iv) rule of law and an independent judiciary; v) accountability and the fight against corruption; vi) solid macroeconomic policies; and vii) a commitment to reducing poverty.

BS is not earmarked for a particular use; however, a monitoring mechanism consisting of a set of indicators in five sectors (public finances, macroeconomics, governance, the social sector, and the productive sector) has been defined in the form of a Performance Assessment Matrix (PAM), based on the priorities established by the government in its National Development Plan (PND). These indicators are reviewed at the two annual meetings, and commitments for the next year are defined on the basis of their degree of fulfillment. As we saw in the case of the fundamental principles, the issues of human rights – including the rights of women and indigenous peoples – and governance have been at the center of the policy dialogue between BS donors and the national government. The issue of human rights has been included in indicator of governance in the PAM. The vulnerable groups that have remained outside of the dialogue are people with disabilities and children and adolescents as a group; however, they are taken into account as policy beneficiaries in the social sector matrix.

The donors have formed the Budget Support Working Group (BSWG) to discuss common positions in relation to the BS process. The official positions of this group are made collectively, so that Finland's influence is mainly expressed within this grouping. It has made significant efforts to act in a collective manner at annual meetings that have been held jointly with the national government since June 2005. A table that outlines the BSWG's performance from 2005-2008 is included in the appendix 2.

Together with BS the sector wide approach is considered part of the new modalities for development assistance in Nicaragua. This consists of formulating a sector plan and budget that regulates the institutional plans of the public sector linked to a particular sector, and also determines the investment priorities for its own and external resources. Currently, there are three sector-wide programs fully operating: Rural Development Strengthening Programme (PRORURAL), Support to Health Sector Program (FONSALUD) and the Education Plan. Other important efforts are underway in other sectors such as Justice and SMEs. Finland participates actively in the first two programs.

Finnish cooperation's influence in these mechanisms can only be evaluated on the basis of the overall results of coordination among the donors. These results are presented in the chapters that assess the aid modalities, based on the document review and interviews with government officials and other donors participating in the political dialogue.

### **3.3 Harmonization and Alignment**

The process of harmonizing and aligning cooperation (H&A) consists of moving toward exclusively supporting policies and plans developed by the recipient nation, using national procedures for managing aid under the government's leadership. However, this implies a commitment by the parties to changing the form of cooperation. Nicaragua began efforts toward harmonizing and aligning cooperation early, so that it had made progress during the period between the Monterrey Conference (2002) and the Paris Declaration (2005). This was reflected in the organization of annual Forums for Coordinating Cooperation, where year after year the process's progress was evaluated. Besides, sector roundtables were established, the JFA for budget support was signed, three sector-wide

programs are under implementation and finally the National Plan was formulated and approved in November 2005 (Government of Nicaragua, 2006). After 2005, a medium term budgetary framework was also in place.

According to the report by the joint mission that evaluated implementation of the Paris Declaration, which visited Nicaragua in April 2006, *“The consultative mission found that Nicaragua is one of the best prepared countries that have been field tested so far to move the Paris Declaration agenda forward. Support of the government and the donors for the Paris Declaration agenda is exceptionally strong and awareness of the goals and specific commitments of the Declaration is high.”* (Reference)

### **Round Table and Consultative Group**

In 2003, the donor’s global roundtable was formed, along with sector roundtables and sub-tables. These were created through Presidential Agreement 71-2003, which set up 6 sector roundtables (health, education, production, governance, infrastructure, and macroeconomics) and 11 sub-tables (decentralization, state reform, citizen security, justice, water and sanitation, energy, infrastructure, rural development, small and medium businesses, climate for negotiation, and environment). Five of these are functioning today, based on priorities set by the current government: education, health, productivity and infrastructure, and a territorial roundtable for the Atlantic Coast.

Between 2003 and 2005, the government formulated the National Development Plan for 2005-2009. This process defined the national dialogue, as well as the dialogue with cooperation agencies. Important laws and policies related to governance were formulated, such as the decentralization policy and strategy, the participation law, the information access law, and the national anti-corruption and transparency plan.

The global roundtable is made up of ambassadors or heads of cooperation agencies and government ministers, and is accompanied by the Secretariat on Economic Relations and Cooperation (SREC). Its objective is to share relevant information, particularly that related to reviewing the PND which provides a framework for cooperation. There is a roundtable for cooperation agencies whose membership is limited exclusively to donors, where common positions related to dialogue with the government are prepared. The cooperation agency roundtable is presided by one agency and has a board comprised of five agencies, known as the “quintet”. Finland has been part of this quintet since 2006.

There has been limited activity in these arenas during the first year and a half of the current government. However, discussions about the new PNDH are expected to generate a more fluid dialogue. One group of actors that has not participated in a stable manner in this process is civil society organizations, who were observers to the process during the Bolaños Government and part of the Monitoring Committee for the “Ownership, Alignment and Harmonization National Plan”. The current government is not expected to involve civil society in this process. However Finland and other donors are holding meetings with some social organizations to explore ways for facilitating a government-civil society dialogue about transparency and governance.

Currently, the health, education, rural development, infrastructure and Atlantic Coast sector roundtables are functioning. They are doing less and their work is less predictable than during the previous government. Finland participates in the health and rural development sub-tables. Between 2003 and 2006, during the period when the decentralization sub-table and the governance roundtable were functioning, Finland was a main actor in discussions and debates with the Bolaños Government.

In the case of the consultative groups in Nicaragua, these were substituted by the so-called Cooperation Coordination Forums since 2003. The **Cooperation Coordination Forums**, held between 2002 and 2006, were spaces created for evaluating progress toward harmonizing and aligning cooperation. According to the report from the Fifth Cooperation Coordination Forum (2006), “the Forums have become a permanent mechanisms supporting dialogue.” Nonetheless, this mechanism is currently not functioning.

### 3.4 Key findings – Policy Dialogue

- It is more complicated to identify the specific Finnish contribution within the new aid modalities and therefore it is difficult to confirm if the Embassy makes use of the Finnish development policy instruments in these modalities.
- The commitment to the Paris Declaration and participation in the new aid modalities has meant more coordination between the donors and a greater demand for joint positions and actions in front of the political dialogue and negotiations with the government.
- The shared agenda between Nicaragua and the international community has a strong weight in democracy; rule of law and good governance, and in a lesser extent in human rights and gender equality. This prioritization has influence, defines and decides the content of the political dialogue. Therefore Finland has had to accommodate to this priority in the political dialogue.
- The Finnish Embassy is more prepared to participate in themes of governance than in themes of human rights. In governance, the Embassy has had a good execution highly valued by the donor colleges. However, the promotion of human rights has been and is one of the emblems of the Nordic donors as part of the like-minded group, but Finland has not prioritized these themes that are constantly invisible in the political dialogue. A dilemma the Embassy has faced is summing to the priorities of the country agenda.
- In the political dialogue exist a total absence of the themes of children and adolescents, indigenous people, ethnic minorities and persons with disabilities.

## 4 MAINSTREAMING IN VARIOUS INTERVENTION MODALITIES

### 4.1 Budget Support Group

Evaluating the degree to which Finnish cooperation has helped to mainstream crosscutting themes in new cooperation modalities (budget support and sector-wide support) is a fairly complex task, since the objectives of this modality must coincide with those of the country. If the country objectives are not clear, or if there are significant differences between the approaches of the country and the international community, the spaces for dialogue become much more important. Thus, both partners needed to prepare for establishing new “rules for the game” following the change in government in 2007.

With regards to the BS, the fundamental principles, the governance matrix, and the social sector matrix detail the efforts made in relation to the crosscutting themes being evaluated. The JFA insures that *“the issues related to non-compliance with these fundamental principles will be resolved through consultations and dialogue between the Government of Nicaragua and the donors, in the appropriate decision-making environment, at any time that any of the signatories judges necessary. Non-compliance with a fundamental principle is understood as something that goes beyond concerns that might arise from under-performance with respect to the indicators and goals outlined in the JFA/PAM.”* (Government of Nicaragua, 2005). Given the importance of the fundamental principles, non-compliance with these is cause for canceling financial disbursements, as specified in Article 8.6 of the JFA, and it is an issue pertaining to the dialogue between the Government and donors, as specified in Article 6.5 of the same agreement.

In addition, the sector matrices are the main instrument for monitoring the government’s performance and fulfillment of its commitments. The results of Finland’s influence on coordination between donors and dialogue with the government in relation to monitoring the fundamental principles and the governance and social sector matrices are presented below.

During 2003, 2004 and part of 2005, the main interest was achieving a JFA and defining the first matrix for evaluating performance. Both instruments were ready in November 2005. Finland was part of the group of donors that initiated this effort, coordinated first by the Dutch Embassy, later by the Swiss Agency for Development and

Cooperation (COSUDE), the World Bank, and currently by the EC. Both the governance matrix and the social sector matrix included issues promoted by Finland, such as transparency, decentralization, human rights, gender and health.

The first monitoring meeting was held in June 2005, and the mid year review was held in October. Given the short amount of time between signing this agreement and those two meetings, discussion focused on completing the design of the process and the instruments. Evaluating the progress of the fundamental principles was defined as one of the objectives, which was an issue on the meeting's agenda. No other mechanism for concretizing future monitoring was defined, despite the importance given to monitoring in the JFA. The governance matrices were completed, and were grouped around five main themes: justice, citizen security, citizen participation, human rights, and the fight against corruption. Decentralization was addressed in the public finance matrix, because it was understood as the need to physically neutralize municipal transfers.

At the annual and mid year meetings, progress and setbacks made in relation to the matrices are generally reviewed, the strategic themes for dialogue are selected based on the current country context, and disbursements for the next period are confirmed. Since 2005, the donor group has expressed a profound concern about the status of the fundamental principles, above all with respect to democratic principles, the rule of law, an independent judiciary, and the fight against corruption. At an internal workshop for donors in February 2006, the group confirmed that the fundamental principles are a precondition for the provision of budget support. It was decided that any evaluation of the progress of these principles should be based on joint and independent studies and information provided by reliable sources such as the United Nations or World Bank.

Progress was evaluated again at the annual meeting in May 2006. However, there were some recurring issues among the concerns raised by the international community: the independence of Nicaragua's judiciary, and the need for a more comprehensive fight against corruption. The government was reminded that the fundamental principles are a requirement prior to any disbursements, and that there are concerns about impunity, about the judiciary's lack of independence, and about lack of progress in the fight against corruption. For the first time, the Ombudsman for Human Rights took part in this meeting.

The mid year meeting for 2006 was held in late September, which was also the last meeting that took place during the administration that left office on January 9, 2007. Prior to this meeting, the decision was made to reduce the matrices, but to maintain the same themes. Once again, a major concern was the regulations for the Judicial Career Law, given their importance in the selection of public officials on the basis of merit rather than political affiliations. The impartiality of the judiciary was called into question, and the poor results in the fight against corruption were also noted.

The continued lack of progress with respect to the fundamental principles led the donor group to produce analytical "position papers" in April 2007, each of which included the definition of the principle, the methodology for its evaluation, a qualitative analysis of trends, and its current status. The position documents were prepared by the BSWG's technical groups, and a joint text related to the fundamental principles was thereby produced.

The annual meeting in July 2007 – the first with the newly elected government – dedicated part of its agenda to learning about the government's new priorities. The progress report on fulfillment of the goals from 2006 was also received. The international community reiterated its ongoing concerns about the independence and impartiality of the judiciary, and the limited results in the fight against corruption. For the first time, concerns were expressed about women's human rights, due to the penalization of therapeutic abortion. The importance of a law that would guarantee access to public information, and the pluralistic and informed participation of the citizenry, was also added to the list.

In September 2007, Finland and other donors funded the study, "General Budget Support in 2008 and Beyond: An appraisal of the current situation and challenges (A Joint Analysis of Norway, Finland, Swiss Cooperation and the Department for International Development of the UK)." This could be considered the first independent study that was developed as a group to support the donors' positions vis-à-vis the government.

The mid year meeting was held in November 2007. At this meeting, substantial changes in the matrices were made. In the governance matrix, the objectives, actions, indicators and goals were changed. The issues of justice and anti-corruption were still included, but the issues of citizen participation and decentralization were eliminated. The issue of human rights was also maintained, but the indicators related to women's access to justice in cases of domestic

violence were eliminated and were substituted by indicators regarding the coverage of productive incentives for women.

The internal workshop for donors in April 2008, prior to the annual meeting, was dedicated to reaching consensus about criteria for evaluating progress in the budget support process, in particular an understanding about the status of each fundamental principle and their expected courses, about how to formulate common messages for the process of dialogue with the Government of Nicaragua and other state authorities, and how to reach consensus about the required actions. The study carried out by Inka Mattila (2008), a Finnish consultant, has been highly valued by the donors as input for this dialogue.

During the annual meeting in May 2008, the donor community closely examined issues related to the impartiality of the judiciary, and issues related to transparency, such as the lack of transparency in the use of aid from Venezuela, delays in the audit of the 2006 and 2007 State General Budget (PGR) and the need to conduct the 2008 PGR on time, the use of direct contracting authorized by the General Comptroller of the Republic, the deterioration of transparency in the public sector, and the effects of the Protection Law.

## **4.2 Key Findings – Budget Support**

- Throughout the process, coordination among donors has improved substantially, as seen in the quality of common positions related to agreements that are being monitored. The fact that concrete evidence is available has improved the quality of political dialogue, and has helped to unify the positions of donors in relation to sensitive issues such as governance, the rule of law, and human rights.
- Political dialogue is still an essential instrument in the partnership between donors and the government, along with the harmonization of donors. Finland's contribution to this political dialogue has been highly valued by the group of donors providing budget support.
- The agenda of crosscutting issues should be incorporated into the common agenda of donors, and later be part of the dialogue between these and the national government. Monitoring these issues, both at the level of indicators and principles, should be part of this process.
- There is a difference between the approach of the government and that of some of the donors in relation to the weight given to compliance with the fundamental principles and progress toward fulfilling different indicators when negotiating disbursements. However, the fact that there is no penalty for non-compliance has essentially made the donors' demand for greater judicial impartiality and better results in the fight against corruption irrelevant.
- The BSWG is the only space for regular and sustained dialogue that has managed to transcend the change in government. This means that the modality was of great importance to the previous government, and remains important to the current government. However, if this is to remain a serious modality based on real and committed dialogue, any lack of fulfillment by the parties should have consequences that are clearly outlined in the JFA.
- The fundamental principle of human rights is related to "promoting human rights," but does not necessarily refer to "protection" or "compliance" on the part of the State. Both elements (protection and compliance) give a certain "obligatory" character to the discussion of human rights. With such an understanding, the State has the obligation to take immediate or progressive measures to solve problems related to human rights. The fundamental principles should consider both elements when measuring the Nicaraguan Government's performance in fulfilling its obligations.

## **4.3 Sector Support**

### **4.3.1 FONSALUD**

FONSALUD is the Nicaraguan Health Fund created in August of 2005 to finance the 2005-2009 Five-Year Health Plan of the Ministry of Health. The Fund's purpose is to execute the National Development Operational Plan, 2004-

2015 National Health Policy and 2004-2015 National Health Plan. This financial mechanism is administered by Ministry of Health. It is another instrument for implementing the National Alignment and Harmonization Plan in the health sector and coordinating all support provided by the signature of partners in development (the Netherlands, Sweden, Finland, Austria, WB and IDB).

The core objectives of the Five-Year Plan are: (i) to extend health services, (ii) to strengthen the health service network and (iii) to steward development, institutional strengthening and decentralization.

Cross cutting issues are part of FONSALUD according to the MoU in the following way: *“Respect for human rights, democratic principles, gender equity, the rule of law and good governance enshrined in the internal and international policies of the Governments of Nicaragua and the bilateral donor countries constitute the fundamental principles which underline the commitment of the governments of Nicaragua and the bilateral donor countries, signatories to the MOU”.* However, in the latest Terms of Reference for the Mid Term Evaluation the crosscutting issues do not have the same importance and their mainstreaming stays only as a good intention in the rhetoric. In all the revised documentation of FONSALUD, only the gender politics are mentioned as relevant to be implemented in the fund.

In the case of democracy, good governance and rule of law, the design of the FONSALUD responds entirely to the politics defined by the Ministry of Health, which is the entity that norms, administers, and executes the health politics. The policy has been designed to count with a wide communitarian participation in the primary attention, with organization and training of a movement of voluntary health promoters, midwives and massive campaigns of prevention. The Ministry’s institutional capacities have been strengthened in order to improve the quality and accessibility to the services, with an emphasis in decentralization.

An important challenge, also to the Embassy, is to widen the understanding of the importance of the social participation in the public administration, especially in the discussion and definition of the health policies. This requirement is also established in the General Health Law and in the functioning of the National Health Council with the integration of organizations of the civil society.

#### **4.3.2 PRORURAL**

PRORURAL, the Rural Development Sector Program (2005-2009) is based on the national strategy for productive rural development and on “public institutionalism” that provides service for rural development. The strategy, consulted and approved in 2003, has been modified since the change of government in 2007.

The development objective of PRORURAL is to “promote activities that produce agricultural goods and services in rural areas that are environmentally sustainable and competitive, maintaining and expanding their participation in national and international markets.” (reference) Its specific objectives refer to the sustainable use of natural resources, the capitalization of assets of rural families, technological innovation, compliance with international quality standards for foods, the expansion of basic infrastructure, strengthening of the public agricultural sector, and participatory policies and strategies. Recently, objectives were added that address access to financial services and agro-food production, and institutional strengthening and sector policies were condensed into one sole objective. Seven crosscutting objectives from the 2005 version were not included in the new version of 2007.

According to the consultant report on the assistance provided to the PRORURAL sector program by the common fund agencies, from their joint mission of October 2007, the new priorities include a refocusing of public policies to favor the poorest population, improving food security, particularly among small and medium scale rural producers, and conceiving of international cooperation as an important factor in change that should be aligned with the objectives of the government’s social program, and should reach beneficiaries directly (Fajardo and others 2007).

PRORURAL tries to strengthen the Agriculture and Rural Public Sector’s (SPAR) ability to respond to its mandates, and reduce the policy gaps between the PND and institutional sector plans and currently with the new PNDH. The PRORURAL Mid Term Review (MTR) report produced in July 2008 (draft version) recognizes the key importance that strengthening institutionally the SPAR has for implementation of PRORURAL, and that SPAR’s institutional capacity is still weak, above all in the Ministry for Agriculture and Forestry (MAGFOR), the National Forestry Institution (INAFOR) and the National Company for Basic Alimentary (ENABAS).

The public institutions that make up the SPAR have been carrying out sector coordination efforts since 2005, both at the planning and budget levels. However, recent evaluation reports indicate that despite the efforts, the two processes are not consistent. The SPAR, together with the agencies contributing to the sector, has coordination instruments that define common efforts for harmonization and alignment. These include the SPAR Plan for Harmonization and Alignment, the Code of Conduct, and the Memo of Understanding. The process of formulating and implementing PRORURAL has been highly participatory, making it one of the most politically sustainable public programs.

### **Human Rights**

The issue of human rights is absent from the PRORURAL program. A rights approach is partially absent; one element present is the criteria used for selecting beneficiaries for government programs, which are poverty and involving the community in these decisions (inclusion + participation).

### **Gender Equity**

According to the last MTR of PRORURAL, a gender approach crosscut's PRORURAL's programmatic structure. The gender approach has been incorporated into all of the components and activities of its planning, monitoring and evaluation systems. PRORURAL uses a monitoring and evaluation system called SISEVA, with indicators for outcomes and effects that measure/evaluate women's participation and empowerment. However, this is not a representative system for the entire PRORURAL program.

Strategically PRORURAL discriminates positively by delivering a Productive Bonus to women. It is a temporary measure aimed at generating changes in the power relations within nuclear families. However, the PRORURAL MTR noted that this policy's lack of an overall gender approach could actually contribute to increasing the risk of a work overload for women, and to domestic violence. The same report affirms that although women represent important human capital, they have historically been ignored by government policies. The current Productive Bonus effort is an attempt to initially provide food and food security to women and their families, and then later promote increases in productivity and women's insertion into the market to improve incomes. It is a positive step in the fight against poverty that requires sustained technical assistance. Otherwise, beneficiaries could become disinterested and drop out of the project.

In 2007, the SPAR constituted a Gender Unit with participation from those responsible for gender in each institution. In the PPA, *the gender approach is oriented toward women's ownership of the means of production, and shared family work. The main changes are reflected in possession of the means of production, in access to financial services,<sup>1</sup> in women's increased participation in economic initiatives that do not reaffirm their situation of dependency, and in the new type of relations being established with members of their family and with the communities where they live. (reference)*

## **4.4 Key Findings – Sector Support**

- In evaluating the crosscutting themes of governance and gender, the evaluation mission needs to assess the performance of a community of donors, where Finland disappears as such. It would be unfair to evaluate Finland for the performance of a collective action. We should evaluate Finland on the basis of its contribution to the collective positions of donors. The performance of the group of donors had to be evaluated in relation to the impact on public policies in health and rural development.
- In the SWAP, human rights are neither on the agenda of the government nor on the agenda of the donors.

## **4.5 Institutionalized Programs**

An institutionalized program is understood as specifically designated allocations to public institutions (implementers), which are under the administration of said institutions. In an effort to better coordinate Finnish cooperation with national priorities, this “institutionalized program” modality is a step in the gradual process of transferring the responsibilities for cooperation to the corresponding public institution. However, in their different implementation

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<sup>1</sup> Of all of the people who benefited from credit through the financial service component in 2007, 62% were women in the case of IDR and 22% in the case of FCR (ProRural Annual Report, 2007).



phases, PROGESTION and FOMEVIDAS have frequently maintained operational structures, decision-making structures, and management processes and practices that are similar to traditional projects.

This has reduced the ability to reorient the projects to new political contexts, where the conditions under which the original agreements between the Government of Nicaragua and the Government of Finland have changed. This is due to both the change in government, and changes in the approach to structuring cooperation and development, where development partners have not reached agreement about each of their roles in this new context.

The institutionalized program modality consists of providing resources to an implementing entity, based on its own plans, following the country's norms, procedures and systems in three priority sectors: health, rural development and decentralization and local development. The idea was to create the conditions for advancing toward a Sector Wide Program Approach, and harmonization with other donors. Nonetheless, in practice the programs were not a modality, but rather a hybrid of project and sector wide approaches, with technical assistance functioning as a management unit.

#### **4.5.1 PROGESTION**

The mission has evaluated the integration of crosscutting themes in the PROGESTION institutionalized program, analyzing all of the documentation (terms of reference, program design document, overall and annual plans, mid-term evaluations, and technical assistance reports). In addition, during the visit to Nicaragua, the evaluation mission visited the Nicaraguan Institute for Municipal Strengthening (INIFOM), the Municipal Association of Boaco, the Santa Lucía Municipal Government, and the INIFOM Departmental Delegation in Boaco, and has interviewed beneficiaries from the local economic development component. It also received information from personnel of PROGESTION/INIFOM. The evaluation will emphasize findings related to the program's ability to build institutional capacities for service delivery, respect for the legal framework, transparency, and accountability, the promotion of a pluralistic and inclusive dialogue, and promotion of equity.

PROGESTION is considered as part of the governance sector, with an emphasis on decentralization. The evaluation focuses more on the mainstreaming of selected themes during the program cycle, from its design phase to the implementation and monitoring phases, and less on the results of its implementation on the conditions of local governance. The program is expected to conclude at the end of 2008.

Despite the approval of a decentralization policy for local development in late 2006, the policy has not been developed into sector wide strategy or program by the new government and the sector currently lacks the corresponding norms. This makes it difficult to function as input or a first step toward a future sector wide approach.

PROGESTION is an institutionalized program in INIFOM, as the implementer of a component and administrator of the entire program. The program has a complex design that involves both public institutions (municipal governments) and civil society (municipal associations) as implementers. In the case of the associations they also function as intermediaries between INIFOM and the Municipal Governments. Responsibilities for directing complex processes were assigned to institutions with limited capacities to implement and supervise, and to a mixture of public institutions, civil society associations, and local level consensus building arenas.

The Program's development objective is to strengthen local democracy and good governance, and improve the population's living conditions. It includes four components: 1) institutional development of 16 Municipal Governments in the Boaco and Chontales Departments; 2) citizen participation and transparency in Boaco and Chontales; 3) promotion of local socio-economic development (DEL) and 4) assistance to development of national decentralization policies.

The program does not have its own implementing unit; instead, technical advisors were located in INIFOM in Boaco. Additionally the international advisor is responsible for supporting the Finnish Embassy in attending to component 4. The program has two Departmental Boards of Directors (CED), and one National Board of Directors (CEN), which will be responsible for insuring compliance with the program's general outline, monitoring progress, and approving the program's annual operational plans. All members of the CEN have equal rank in terms of program implementation, which differs from the institutional mandates of public institutions and from Finnish cooperation's role as guarantor of the good use of taxpayer's public resources. The plans of each partner are subject to approval, and veto power is given to

some members in relation to others. If the plans of a public institution, for example, are vetoed by a private institution or vice versa, this is not considered acceptable, for both legal and political reasons that include civil society autonomy.

### **Governance and the Rule of Law**

During the document review, it was discovered that other evaluations of the Program had found its content very pertinent to decentralization and local development processes in Nicaragua. The search for greater consistency in the decentralization actions carried out by different national and local institutions, both public and private, led to a complex design in which INIFOM was assigned responsibilities that went beyond directing the process, and also included administering the implementation of actions. INIFOM administers and is the technical secretary of the CEN, which is the highest level executive authority, currently presided by the Nicaraguan Association of Municipalities (AMUNIC). This is further complicated by the fact that the other territorial implementing agencies are private, as in the case of the municipal associations, or are mixed structures, as in the case of the Departmental Development Councils, or are public, as in the case of the Municipal Governments.

In relation to the program's organization and incorporation into the INIFOM structure, the mid term evaluation of 2006 finds that the original design has not been maintained and this institution has been given full responsibility for program administration. This is not consistent with the program document (PRODOC), and does not correspond to the institution's responsibilities, according to its own mandate. "The role of brokering funds to trade associations or civil society organizations, which this implies, does not correspond to INIFOM either." (reference)

The task of administering resources over which INIFOM has no decision-making power – a model that had been accepted by the previous administration in January 2007 – has been rejected by INIFOM. Nonetheless, this is specified in the agreement. INIFOM has taken advantage of its administrative role to influence the program, facilitating or retaining the disbursements programmed by different entities, which has worsened internal conflicts.

This situation has led INIFOM to ignore the CEN's resolutions. It does not view them as legitimate, since these resolutions contradict its own statutes and institutional interests, even when they are adapted to the terms of the agreement with Finnish cooperation. The CEN, therefore, is no longer a space where disagreements between partners can be resolved, and no other such arena exists, either in design or practice.

In general, those interviewed have indicated that there is currently a climate of mistrust between the partners, both amongst national partners, and also between INIFOM and Finnish cooperation. In the case of territorial delegations, the climate of trust is different. The relationship between municipal governments, municipal associations and development councils are harmonious when these mostly pertain to the same political current, as in the case of the Boaco Department. In contrast, the situation in the Chontales Department has oscillated between cooperation and conflict.

In the case of municipal governments, these have a role both as implementers and as democratically elected political authorities, whose main responsibility is the development of their municipality. In their role as implementers, they must conform to the agreements and the program's operational structure; however, in their role as public authorities, no other public entity – such as INIFOM – has authority over them. In the cases where there have been conflicts during project implementation, the municipalities have made use of their municipal autonomy. This should not occur, however, above all in relation to the administrative aspects of the agreement.

The program has achieved successful results in each component, independent of one another. It can be affirmed that each institution has improved its ability to fulfill its tasks on its own. This was viewed as a positive indication in terms of pertinence to the program by the midterm mission; however, the program design has not functioned in terms of developing interrelationships.

Another key issue for evaluating the governance component of the program is how well the international advisors and the technical team hired for the program have performed. The terms of reference textually state that one of INIFOM's functions is to have general responsibility for coordinating and implementing the PROGESTION components at the national and regional levels. Before the change of government took place, in practice international advisors tended to assume responsibilities in relation to the program coordination. However, this unclear division of responsibilities became a point of conflict with new authorities following the change of government.

In summary, the assignment of roles that go beyond institutional mandates, and the design for implementing, administering and directing the program have ended up weakening the program's effectiveness, generating a need to invest time and effort in resolving the conflicts that have been generated in place of the synergy that was expected.

### **Human Rights**

The program design does not include a rights approach in any of its components, or in any part of the program cycle. The MFA instructions for competitive bidding for the PROGESTION program mention that a Consulting Firm must have knowledge about the main strategic principles of Finnish development cooperation (including the HRBA), as one of the evaluation criteria for the adjudication of the program. However, it is not said that this prerequisite is applicable to long-term international advisers. In the program document, crosscutting themes (except for human rights and the rule of law, which are completely absent) are addressed within the chapter of relevance and compatibility with the strategic goals of Finnish cooperation. The absence of the issue of human rights is noteworthy, because the pillars of the National Development Strategy (PRSP) – upon which this program is based – include vulnerable groups, the development of human capital, and equitable access to services, among others.

The main objective and result of the Citizen Participation component of PROGESTION is guaranteeing the individual's right to democratic participation. In both design and implementation, this has been one of the program's greatest successes in terms of mainstreaming civil and political rights. But this component has not dealt the issue of democratic participation as civil and political right. From interviews and the study of documents, it is evident that developing individuals' capacities to demand civil and political rights, such as freedom of expression, organization, and voting in elections, has not been recognized as relevant. The evaluation group has not found evidence of initiatives aimed at building the capacities of duty bearers to fulfill civil and political rights. (Municipal Governments and INIFOM, Municipal Associations).

In the DEL component, the economic and social well being of the beneficiary population is not addressed in terms of economic, social or cultural rights, but rather in terms of needs. Emphasis is placed on ownership.

We found, however, progress in developing crosscutting issues in the planning documents (POG, POA for 2005 and 2006). The progress is also noticed in the annual reports which include a separate chapter in plans and reports. It is worth mentioning that there is a good analysis of gender, and of equitable access to services and their integration of women, men, youth, children, and the elderly.

The absence of a methodology for mainstreaming the human rights of vulnerable groups leads to the non incorporation in any tangible way into practice, and are simply part of the conceptual content of documents. The work with youth and child organizations, disabled persons organizations, and with the elderly has only been partially carried out during the program's implementation.

### **Gender Equity**

When PROGESTION's implementation began, an analysis of gender mainstreaming in the program's processes related to democratic governance and women's rights was carried out, at the initiative of the junior specialist and the consulting firm. This analysis was presented to advisors of the MFA's Policy Unit in Helsinki, and also to the Progestion team in Nicaragua, as part of the Consulting Firm effort to promote a human rights approach that is consistent with 2004 policies. However, this initiative was not included in the program's POG, but a positive change was in fact noted in the POAs at the beginning of 2005.

PROGESTION has systematically mainstreamed gender equity, especially in the citizen participation and Local Economic Development components (components 2 and 3). Later in 2006 the mainstream took place in the institutional development component (component 1). This was done through setting up a thematic work group at the INIFOM Delegation, which provides a space for analyzing the operational work of implementing units. INIFOM/Region V has a gender specialist working as part of the PROGESTION technical team. This thematic group developed an institutional gender strategy. In the municipal management, the same thematic group has the mandate to promote the development of municipal capacities to use gender equitable management tools. In 2007, the gender team continued to seek the inclusion of a gender approach in municipal development plans, municipal investment plans, budgets, and projects. The 20 municipalities have all used a gender approach in their plans and projects. The evaluation team is aware that a gap between what the documents affirmed with the reality may exist. The evaluation team did not have the opportunity to assess the performance of the thematic group.

We find evidence of a specific line for gender equity in the budget of the 2006 POA. There is no evidence in the results of gender equity work in the institutional development component of the 20 municipal governments in the V Region, since the documents do not indicate the number of women who have obtained political positions and are therefore taking part in decision-making as mayors, council members and local leaders.

As part of 2005 POA, PROGESTION developed a proposal to mainstream gender equity in the municipal agenda for component 2 and 3 (citizen participation and DEL). In this analysis both women and men demands were important. The different arenas/spaces where women's experiences are developed, was also part of the analysis. The reality of women's lives in the municipal territory is important for prioritizing the problems detected. This guided the plans in the municipal agenda. The 2005 POA also mentions that women should have greater awareness about their rights, and should be part of development initiatives and training programs together with men. To facilitate this, PROGESTION utilizes methodologies that allow women to participate who have only a limited amount of time available, due to their household responsibilities.

As a tool for defining the intervention strategy, the implementing entities Departmental Development Councils of Boaco and Chontales (CODEBO and CHONTALDES) conducted two studies on Citizen Participation, Good Governance Practices, Transparency and Governability with Gender Equity. PROGESTION has used this study in an instrumental manner in the baseline for the Citizen Participation component.

Finally, we may conclude that PROGESTION has analyzed the integration of gender issues at all levels: municipal management, projects, and programs. In the DEL component, there have been efforts that specifically benefit women's well being, such as the promotion of local economic initiatives. Both the review of documents by the evaluation mission and the field visit revealed that a gender approach is considered in more areas than just the Local Economic Development component. However, these other efforts have mostly been promoted in a generalized way, rather than structured by gender. Women's participation in consensus-building arenas is evident. It is also evident that women's participation as citizens has increased thanks to the Program, and that spaces have opened up in women's commissions, gender roundtables, and other areas.

#### **4.5.2 Key Findings – PROGESTION**

- Political changes affect the performance of cooperation programs. In developing countries, these changes can be critical to a program's success. Thus, these programs need to have plans in place for managing risks, which include political risks. The design of programs should consider possible changes in government, and should allow adequate time for adjusting partnerships in the framework of program implementation.
- One extenuating element in terms of risks is basing interventions on the institutional mandates of public sector partners, respecting their hierarchies, and not placing organizations of different types above the others. This can lead to conflicts between actors from the same sector or territory, and affect local governance. In other words, it can affect the capacity to find solutions to local problems.
- It is important to clearly define the different roles that municipalities play in the program. The democratically elected municipal government may follow its own political prerogatives in its territory. In contrast, it must operate according to the rules of specific agreements when it is functioning as a program implementer. In each agreement, it should be clarified when a municipal government is acting as a program implementer and when it is acting as the government.
- The executive and supervisory councils that at one time functioned as part of the "project" conception have not been able to function as spaces for resolving misunderstandings related to program implementation. New consensus-forming mechanisms need to be found, based on the new implementation agreement, in case any old disagreements persist.
- Finally, based on the MFA guidelines for democracy, it should have been anticipated that political changes generate situations of risk for cooperation programs. In the case of the PROGESTION program, advisors were not aware of such guidelines in their monitoring of this program.
- Although the institutionalized programs were designed to be a step towards a SWAP, there is no evidence of actions of the Embassy to further develop conditions for these SWAPs.

### **4.5.3 FOMEVIDAS**

The Government of Finland and the Government of Nicaragua signed a Specific Cooperation Agreement on May 14, 2004, for the Program to Strengthen Rural Development and Reduce Poverty in Boaco and Chontales (FOMEVIDAS). The agreement expired on December 31, 2007, and both governments agreed to extend the program until December 31, 2009. The funding agreement designates the Rural Development Institute (IDR) as the implementing agency for the program. The IDR prepares the operational plans and is responsible for the program's administrative, financial and technical management. FOMEVIDAS/IDR is being implemented in the Boaco and Chontales departments, through departmental delegations of the IDR. One of the central aspects of FOMEVIDAS is alignment with the IDR's strategies, structures, systems and procedures. Thus, the program's institutional framework depends, to a large extent, on the results of the IDR's own modernization process.

According to the consultancy of Technical Support of March 2008 (reference), various aspects have come together to create a favorable framework for continuing the program.

- There is compatibility and complementariness between the FOMEVIDAS strategy and the Sustainable Livelihoods Approach (SLA), on the one hand, and the policies and priorities of the Government, on the other.
- There is potential for cooperating with the Productive Food Program (PPA). The PPA is interested in expanding its methodological approach so that it is consistent with the SLA. In practice, this could mean that FOMEVIDAS would train PPA's technical staff.
- FOMEVIDAS is aligned with the PRORURAL sector program. It is not an isolated intervention with a sector-wide approach, but rather a complement to the Finnish contribution to PRORURAL through another modality, the Common Fund.
- The IDR is undergoing an institutional modernization process. This process will improve the outlook for effective and sustainable implementation of FOMEVIDAS. Moreover, the program supports – and can continue supporting – implementation of this process.
- The IDR Board has adopted FOMEVIDAS and the SLA. On various occasions, the IDR have indicated that the program and its strategy are highly consistent with the IDR's own objectives and strategy.

The objective of FOMEVIDAS is “to contribute to development and to poverty reduction in the rural zones of the Boaco and Chontales departments, through promoting and strengthening local, departmental and national organizations and institutions, thereby improving access to resources, reducing vulnerability, and supporting the livelihood strategies of the poor, both women and men.” (reference)

#### **Cross-cutting issues and the SLA approach**

The mission has evaluated the mainstreaming of crosscutting themes in FOMEVIDAS, analyzing all the documentation (terms of reference, program design document, overall and annual plans, mid term evaluations, and backstopping and technical assistance reports). Moreover, during the visit to Nicaragua the evaluation mission visited the departmental delegation of the IDR and the national offices, and has met with personnel from FOMEVIDAS/IDR and with the co-implementers. Finally, the mission visited a co-implementing community in Boaco.

The FOMEVIDAS program uses the SLA as a conceptual and methodological framework, in its formulation, design and implementation. The central idea of this approach is to strengthen capacities of poor people and attend their priorities, based on their needs. It is a comprehensive approach that considers various levels, from the micro to the macro, and the interrelationships and interaction of factors and levels. It is a holistic approach that initially focuses its actions on identifying entry points, but with a long-term view to expansion. It seeks a balance between productive, social and institutional elements. The mainstreaming of crosscutting themes in FOMEVIDAS is one of the aims of the SLA approach; therefore FOMEVIDAS (by implementing the approach) has enabled some crosscutting themes to become functionally incorporated into its work (especially gender equality and human rights of vulnerable groups). The SLA also contains some “sub-approaches” that address specifically the crosscutting issues of gender equity,

generational issues related to youth and middle-aged people, environmental issues and the improvement of watersheds.

Application of the SLA has not been sufficiently understood by some stakeholders who argued on the rigidity or lack of flexibility of the approach. However, the approach is flexible by nature, and invites innovation and adaptability because it is based on ownership of co-implementers who define the process of their own development. FOMEVIDAS/IDR has carried out during the process training on the SLA. All Municipalities have received training on the approach, as well as staff of many other local organizations. UNAG (National Union of Farmers and Cattle Farmers) is the only partner that did not need training on the SLA, but participated in training sessions organized by the programme.

The FOMEVIDAS Program explicitly addresses the following goals of Finnish policy: poverty reduction, environmental protection and promoting equality. The approach consolidates democracy at the local level through promoting participation, strategic alliances at the local level, coordination among different institutions in the rural sector, and coordination among donors who support the rural sector in Nicaragua.

### **Governability and the Rule of Law**

The FOMEVIDAS is a rural development sector program and is consequently subject to being analyzed in terms of the crosscutting themes. The evaluation will emphasize findings related to program actions that build institutional capacities for service provision, respect for the legal framework, transparency and accountability, the promotion of pluralistic and inclusive dialogue, and the promotion of equity.

According to embassy advisors and IDR officials, the FOMEVIDAS methodology (SLA) incorporates elements such as a high level of citizen participation, a demand orientation, attention to vulnerable groups, the strengthening of municipalities – which is frequently called into question – and the IDR itself, and joint implementation with civil society organizations.

IDR is undergoing a capacity building process through the institutionalization of cooperation programs. IDR's departmental delegates are now responsible for the programs in Boaco and Chontales, unlike the situation under the previous government which maintained programs as independent structures. IDR officials have positively evaluated both FOMEVIDAS's contribution and the Embassy's flexibility in this process.

The program's institutional structure is clear in its design. The IDR is the main implementer and, through contracts, co-implements direct investments in the rural communities that are selected through a mechanism that is jointly carried out with the municipalities. The integration of a very special type of actor — an autonomous government — into this co-implementation process generates some confusion regarding its role as both administrator and authority.

With the change in government in 2007, and in light of the politicization of some public policy decisions, the Embassy has some doubts right now about the plurality of access to benefits and the selection of implementers. Both the IDR and the implementers affirm that they do not show any bias in the selection process. However in the absence of an approved operations manual by the Embassy, the IDR has a great deal of discretion over the selection process. The process of rewriting the manual has still not concluded, and the Embassy has decided to halt disbursements as a result. It has indicated that the time allotted for finalizing the manual has expired and that there is evidently a concentration of investment (80% of the resources) in one co-implementer – the UNAG – and in few municipalities, all of which are politically aligned with the current government.

The program's arenas for dialogue at the national level have functioned well. However, the IDR believes that despite the decisions made in the CEN, the Embassy makes use of its veto power through halting disbursements due to reasons that are not discussed. Once again, the CEN has been deficient in helping resolve differences that have arisen between partners, especially those between the Embassy and the IDR. As a consequence, there have been delays in program implementation. There is also little transparency in the actions of partners, and a high level of mistrust, all manifested in a lack of respect for agreements.

There are two systems of institutional planning linked to the public sector that co-exists within the program – sector-wide planning and municipal planning. Neither of these has been linked at the territorial level, which means that two different logics and two different cycles are operating. As implementers, the municipal governments have problems

getting the IDR's planning methodologies to coincide with their own programming cycle for investing FOMEVIDAS funds. The institution with a mandate for organizing responsibilities at the territorial level is INIFOM. Nonetheless, it has very little presence there.

The advisors and technical team in FOMEVIDAS are clearly oriented toward the IDR, helping to build its institutional capacities in a way that goes beyond just this program. This close relationship between the IDR and the international advisors has not been fully utilized by the Embassy to help mitigate mistrust.

## **Human Rights Approach**

The methodological approach taken by FOMEVIDAS is particularly suited to address human rights: education (formal training of young people), health (water and sanitation), food (grains, fruit, vegetables, meat), participation (from the start vulnerable groups are encouraged at all stages to take to participate and take the lead in decision making), association (individual producers are encouraged to form alliances, and user groups are formed for the water systems), work (alternatives are sought, for women and men, based on participative assessments of their needs and opportunities).

FOMEVIDAS conducts a good analysis of vulnerability throughout its entire program cycle, considering the rights of women, youth, and the elderly. It does not include people with disabilities or indigenous peoples in its analysis. It does not recognize the international or national human rights framework, nor does it act in relation to the rights issues relevant to poverty.

The SLA is an approach that is "friendly" with a rights approach, and lends itself to being complemented by a rights approach. The SLA is an approach to human development based on people's needs, while a rights approach is oriented more toward strengthening the capacities of beneficiaries (right holders) to demand their rights and to strengthen the ability of institutions (duty bearers) to fulfill their obligations. The human rights approach makes use of the international human rights framework with the objective of strengthening the compliance of institutions that are supposed to guarantee rights, so that they fulfill their commitment and align national legislation and governmental and sector-wide policies and plans to this international legal framework. The rights approach guarantees the mainstreaming of all crosscutting themes at the level of impact and sustainability strategies, and in processes, strategies, plans, programs, and the project cycle. The rights approach also empowers individuals and organizations to demand their rights.

There are common elements between SLA and the rights approach. Both approaches understand poverty as a multi-dimensional concept that encompasses much more than the lack of employment or income. It is "*a human condition characterized by the sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights*".(reference) Poverty therefore takes several forms. Poverty is a result of disempowerment and exclusion. Poverty is a lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read and write. Poverty is not having a job, surviving from hand-to-mouth, and fearing for the future. Poverty is powerlessness, lack of representation and restricted freedoms of thought and association.

- Both approaches focus on the capacities of human beings.
- Both give priority to vulnerable groups, and identify the poorest members of society as co-implementers and agents of change (not as beneficiaries).
- Both analyze the structural causes and power relationships of poverty.
- Both approaches only analyze vulnerability in non-discriminatory terms.
- Both support and facilitate development processes based on the strengths of institutions and persons, identifying opportunities.
- Both approaches "empower" the poor through authentic participation, and through decision-making throughout the entire program cycle. This includes the program design, participatory planning, the diagnostic, implementation, evaluations, etc. Emphasis is placed on participatory methods.
- Both require a profound analysis of the responsible institutions, analysis of actors, partners, and strategic alliances.
- Both give attention at both the micro and macro levels.

- Both are focus on sustainability and impact on the lives of human beings. (reference)

FOMEVIDAS gives special attention to the situation of young people since, given the lack of employment possibilities in the zones where they live, they tend to migrate to urban zones where they usually join the ranks of the under-employed or unemployed. During the Rapid and Participatory Rural Diagnostics, special attention is given to the situation of women and young people—as viewed by them—in terms of their problems as well as their options for actions, based on the opportunities available. Potential partners and co-implementers working on the issues of child and youth rights are identified. Also, partners who provide occupational training to young people are identified, and other possible partners who promote youth training to work in home construction. When resources are allocated, priority is given to attention to children and youth, and recreational projects for this segment of the population.

### **Gender Equity and Women’s Rights**

Although a gender analysis is mandated in the terms of reference for project design, the project document and the overall and annual plans, this aspect is left to be developed in the detailed planning of each financed project. However, during its planning, the FOMEVIDAS program assigns an active role to rural women, given the critical role they play in the family economy. Textually, the FOMEVIDAS operational plans state that *experience has indicated that women are usually responsible for various arenas where the program is developed, such as environmental management, family health and hygiene, managing credit, and in fulfilling community commitments. Their concern for family stability and well-being leads many women to seek out alternative economic activities, and even more so when they are heads of household, which is common in the areas of program intervention. Their enterprising attitude holds great promise, which is why productive groups of women are being strengthened, such as through the provision of micro-credits accompanied by training and assistance.* (reference)

FOMEVIDAS considers a gender analysis especially relevant to the issue of intra-family distribution of income, since greater family income does not necessarily imply equitable distribution, or necessarily improvements in the health, nutrition, and education of all members of the household. In this context, the productive role played by young people and older adults in many poor peasant families needs to be analyzed.

To monitor changes in women’s situations specific topics were included in the baseline study, such as the roles of men and women, access and control, decision-making in organizations, etc., and the data obtained is broken down by gender. In allocating resources, women without land are prioritized in the projects proposed by women’s groups and in projects for women in which men actively participate. The IDR has an expert on gender issues on its staff. With support from FOMEVIDAS, the IDR will develop a gender equity strategy.

### **4.5.4 Key Findings – FOMEVIDAS**

- When a new methodology or approach is introduced, it is important to plan an inception phase where “a common understanding” of the approach is built among the partners of development. This process is long and tedious and it may take a lot of time until all the stakeholders understand the conceptual and instrumental aspects of the approach. Building a common understanding helps avoid the continuous re-examination of the appropriateness of the approach.
- Disbursements and quality: The disbursement rate is an important yardstick but cannot alone measure the success of a project. Reaching out to the poorest and supporting their livelihood is perhaps the most difficult process, particularly if methods aiming at sustainable development are used. The high level of financial flows is in the interest of national institutions. In Finland there are internal and external (OECD/DAC) pressures to reach high disbursement levels. Thus, there is great pressure to design work plans so that there is a high level of expenditure from a very early stage of project implementation, and the disbursement level has become a major criterion for the success of a project. Subsequently projects are pressured to implement, particularly in financial terms, in accordance with the annual disbursement plans. A comparison of the projects in Nicaragua shows that the level of expenditure alone will not guarantee that the overall aim of poverty reduction and reaching the poorest segments of the population is achieved. To reach such goals usually requires more tedious and time consuming processes.



- The quality of the implementation of an institutionalized program, and its sustainability, depend on the capacity of the institution that is receiving assistance. It is clear that in the case of the IDR that it is building its own vision and mission and its own institutional conception.
- The role of the Embassy and the criteria for decision-making in relation to the program should be completely transparent and understood within all spaces that the program establishes for this effect, such as the Program Coordination Council in the case of the IDR's relationship with the Embassy, but also in the Territorial Coordination Committee in relation to the IDR's relationship with the municipalities and its co-implementers.
- The municipal governments, as implementers who are subordinated to the IDR, cannot respond to the expectations of this approach without some political effects. This was true in the case of the comprehensive diagnostics, which later evolved into more of a municipal demand than a demand of the IDR.
- The decision of the IDR's Board of Directors to adopt the SLA as its main approach generated some very specific requirements in terms of developing its methodology and capacities.
- One important element that should be highlighted is the fact that the understanding of governance as a crosscutting theme among the Embassy's advisors to the rural development sector is linked to building the institutional capacities of the public sector. This is shown as deficient promoting of pluralistic dialogue, transparency, or respect for the legal framework outside of the rural sector, such as clearly understanding the role of municipal governments.

#### **4.6 Local Cooperation Funds**

According to the Embassy, the principle areas of assistance of the Local Cooperation Fund (LCF) in Nicaragua since 2007 are: 1) defense of vulnerable groups' human rights, especially children, youth, elderly persons and persons with disabilities; 2) process of reconstruction and preservation of the cultural identity of indigenous people and ethnic communities; 3) assistance to processes of local economic development, such as communitarian tourism. In previous years the emphasis was concentrated in governance and gender projects, but the now functioning basket funds for governance and sexual and reproductive rights have redirected the scope of the LCF. The application process is based on norms and follows the Ministry's guidelines: technical analysis of the proposals, approval of a selection committee, technical follow up for the projects and systematization of the experiences.

From the 14 projects in implementation in 2007, eight are concentrating in human rights for vulnerable groups, representing 57% of the funds assigned. There are two projects in cultural identity with 22% of the funds, three projects in local economic development with the assignment of 4% of the budget and one project directed to the assistance for the Poetry Festival of Granada, reaching into a 4% part of the global budget. For 2008 the Embassy has concentrated the assistance in 8 projects, giving priority to projects that can achieve greater sustainability and impact, maintaining the 3 main themes.

Although there exist an attempt to relate geographically or thematically projects financed from the LCF and the institutionalized programs, the LCF projects can not be considered to be transversal to the interventions of Finland in Nicaragua, nor have pretended to mainstream the crosscutting issues present in this study.

#### **4.7 Key findings – Local Cooperation Funds**

- The projects financed from the Local Cooperation Fund are specific interventions in human rights, gender equality, governance and democracy. The mission could not evaluate to what extent and way do these projects individually mainstream the crosscutting themes. Since this evaluation did not assess each of the projects funded from the fund, it is difficult to know the value added of good practices, methodologies and approaches used by each of the organizations when implementing their projects. What it is evident is that the LCF projects do not have in practice any synergy or cooperation with other Finnish aid modalities.
- At the level of the Embassy there does not exist a mechanism where the lessons learnt from the projects could contribute to the quality and content of the other modalities.

## 5 RESPONSIBILITIES AND PROCEDURES

### 5.1 Division of responsibilities between the Embassy and MFA

In 2006, as a sign of its good bilateral relations with Nicaragua, Finland decided to upgrade its representation to an Embassy. The MFA and the Embassy of Finland in Nicaragua have signed a contract in which the MFA decentralizes functions related to development cooperation to the Embassy. In line with the development policies from 2004 and the Paris Declaration, the Embassy has focused on implementing new cooperation modalities, promoting ownership, and strengthening the capacities of the Nicaraguans as the sole agents in its own development. These modalities include: budget support, sector-wide support, institutional support, shared funds with other donors, local cooperation funds, etc. It has been an intense and interesting effort, with many lessons learned not only with added value for Finland, but also for contributing to international cooperation efforts in general. However, these experiences have lacked a strategic national framework, as well as lessons learned, good practices and feedback mechanisms from Embassy to MFA in Helsinki.

With respect to the crosscutting issues, there is no clear division of roles and responsibilities between the MFA and the Embassy to guarantee the incorporation of crosscutting themes into strategies, plans, programming and project cycles. The crosscutting themes are described in cooperation policies, but the effort to apply the methodologies and best practices is left to the Embassy staff members, depending greatly on the grade of personal and professional interest. From the interviews, it was clear that the Embassy expected the MFA in Helsinki (ASA-33 and KEO 9) to be responsible for directing the programs' operationalization from Helsinki, through guidelines, checklists, training and backstopping. The active and direct contact with advisors from the MFA's cooperation policy department is seen as important. Moreover Embassy thinks that the MFA Quality Assurance Team is the forum for a profound analysis of proposals and the assessment of crosscutting issues.

The MFA has not systematically accompanied the Embassy in integrating issues and themes into the cooperation programming cycle. Moreover, no such accompaniment took place for the introduction of the new policies that change the approaches (2004 and in 2007). The greatest effort that was supplied from Helsinki was in the area of gender equality training, which has been extremely useful. The Human Rights Based Approach, included in the 2004 policies, is almost unknown by the team in the Embassy.

### 5.2 Internal Structure for Implementing the Crosscutting Issues

The Embassy of Finland in Nicaragua is headed by the Resident Ambassador. In addition, an adjunct diplomat is responsible for international multilateral and bilateral cooperation, and for coordinating the work of sector and thematic advisors. The team of advisors is comprised of 3 Finnish advisors and 3 Nicaraguan advisors as counterparts in the areas of rural development and the environment, democracy/governance, and health. The advisors have strategic and programmatic responsibility. In principle, it is understood that the head of international cooperation is accountable to the MFA, and is responsible for implementing cooperation policies and insuring their operationalization. It is also understood that the advisors are responsible for incorporating crosscutting issues into the cooperation strategies, work plans, programming, and the monitoring of different cooperation modalities. Apart from their strategic role, the advisors have also taken on monitoring tasks and the conceptual and operational accompaniment of the SWAp (Fonsalud and Prorural) and the institutionalized programs (PROGESTION and FOMEVIDAS).

Crosscutting issues are not dealt consistently in the job descriptions of the head of cooperation or the advisors. In some descriptions the responsibility is explicit, while in others it is not. Gender equity, the environment and human rights (from the political viewpoint) were explicitly included in the work descriptions. In practice, the health advisors have been responsible for gender equity and women's rights issues. The rural development advisors have been responsible for crosscutting environmental themes (prior to the policy of 2000 which prioritizes the environment), while the governance and democracy advisors have been responsible for the crosscutting issues of governance and the rule of law. The lack of a comprehensive conceptualization, and the lack of coordination promoting synergy among the crosscutting issues in each sector have given rise to the "sectorized" and separate treatment of crosscutting themes. Their treatment as separate issues has weakened their interdependence and comprehensiveness, and has reinforced the general idea that these issues "*need to be prioritized because there are so many.*" Opinions such as the following were encountered:

*“The most important issue for cooperation with Nicaragua is governance.”*

*“In the rural development sector, the issues that guarantee an impact on the well-being of poor people are gender equity and the environment.”*

*“In my opinion, they aren’t connected.”*

*“In my opinion, they are connected.”*

From the interviews, we find that the topics of democracy, good governance and gender were the most known by embassy staff.

The responsibility for monitoring human rights policies was explicit. In line with the mandate of guaranteeing implementation of coherent policies, the human rights of vulnerable groups—the disabled, indigenous peoples and children has not fallen under the explicit responsibility of anyone, nor in anyone’s job description. Thus, it is perceived that the issue of human rights has been limited, in the Embassy’s practice, to its political interpretation, but not necessarily as an objective of development or human rights incorporated into strategies, programs, and plans of action as part of a rights approach to development. The HRBA is not recognized as a methodology that integrates crosscutting themes. The rights approach promoted by the cooperation policy of 2004 is unknown as a framework concept by the Embassy. The MFA’s human rights advisor has not had proactive contact with the Embassy. They have only received instructions from headquarters to monitor the human rights policies of regional human rights programs.

### **5.3 Planning and Management Procedures**

The Embassy's planning is based on goals by sector, with defined objectives and results. The definition of fund distribution is also done by sector, and gender equity is the only crosscutting theme that has had a special planning line. Governance and democracy have been treated as a sector, rather than crosscutting themes, in both planning and reporting.

The new forms of cooperation have obviously been the work priorities for the entire team, leaving crosscutting themes on the backburner. Thus, they have not been systematically incorporated into strategic sector lines, general cooperation plans, personnel, programs or projects. Perhaps if a country strategy had existed immediately following the 2003 evaluation, it would have helped to define the process and the manner in which the themes could be integrated.

As of this date, the Embassy has not had a country strategy in place, but there have been concrete attempts to develop one. The strategic guidelines have been pulled together from bilateral negotiations. Within the Embassy, there is no management instrument that helps guide and monitor the work of integrating crosscutting themes in different sectors. The working guides and documents related to crosscutting issues developed by the MFA in Helsinki have not been used systematically, except the gender strategy. Many of these documents have not been translated into Spanish.

To our knowledge, there is no Embassy plan to develop human resources in relation to crosscutting issues. The advisors have received systematic training only on gender.

There is general consensus that the crosscutting issues are the most relevant for cooperation with Nicaragua. The lack of a dialogue or any conceptual or operational examination of crosscutting issues is indicative of a lack of priority, particularly in the face of work pressure and internal management needs. There has not been good coordination or inter-sectorial work within the Embassy, nor have experiences about what has been learned through programming been shared. However, such coordination with other donors active in the same sectors has, in fact, been very good.

### **5.4 Reporting on Crosscutting Issues**

There are no specific reports about crosscutting issues. Their integration is reported annually as part of the reports on Development Cooperation in the country, sent to ASA-33 in the MFA. Only the issue of gender equity was systematically included in the last report of 2007, as a separate chapter receiving the attention it deserved. The health sector's analysis clearly mainstreams gender equality and women's rights in every modality of cooperation, giving emphasis to the issues of gender governance, sexual and reproductive rights, and the criminalization of therapeutic abortion. Efforts by the health sector were also found to mainstream a disability perspective at the country level.

The biggest effort (in coordination with multilateral and bilateral donors) in mainstreaming gender equality was to be the PROGENDER program. However, after planning took place, the implementation was not feasible due to the slow progress of government policies and the lack of common methodologies. Nonetheless, the process had a positive impact on local actors, ministries, institutes and NGOs.

In the rural development sector, the intention of formulating a strategy for mainstreaming "the environment" as a theme was reported. However, this plan was not concretized due to the prioritizing of the sector in the new development policy. Issues of governance and transparency have been dealt within the sector dialogue when discussing PRORURAL, FOMEVIFAS and Proambiente.

Decentralization and support for the Municipal Management sector have been treated as part of the sectoral themes of good governance and rule of law, and not as crosscutting themes.

The human rights of vulnerable groups were only addressed in the health sector (youth in the multi-donor project with UNFPA, disabilities in FODINIC). Indigenous peoples' rights were only part of the analysis of LCF, treated as cultural issue.

### **5.5 Key findings – Responsibilities and Procedures**

- There have clearly been concrete efforts to mainstream gender equity in national sector policies, and to influence national institutions through Progenero. The program was not implemented due to structural issues within the Nicaraguan Institute for Women (INIM), the national counterpart responsible for mainstreaming gender equality issues, and due to a lack of interest on part of the government.
- There have also been clear efforts to provide special attention to women's rights, with an emphasis on sexual and reproductive health rights through SARED program and the Support to Civil Society in Reproductive Health and Gender Equality (an LCF project).
- Initial and concrete efforts to mainstream the issue of disabled people's rights have been clear and evident. The study of the Finnish Embassy called "Situation Analysis, Opportunities and Alternatives for Supporting Inclusive Policies that Attend Comprehensively to People with Disabilities in Nicaragua, April 2008." is an example of such effort. The Embassy did not receive the MFA's authorization for financing the mainstreaming of the disability issue. Attention to people with disabilities is seen as part of the health sector, but the health sector is no longer a priority under the new cooperation policy. This sector interpretation of multidisciplinary themes and human rights lacks coherency. The same could be said for the interpretation of sexual and reproductive rights, which are not just health issues, but are also related to rights.
- The strategy for LCF addresses the crosscutting issues as a priority, however in practice these are put into operation as specific development interventions. Initially such funds were allocated only for governance, but have progressively been used for women's rights and the rights of people with disabilities and indigenous peoples, and to support civil society's right to participation.
- The MFA's support has not been continuous due to changes in the personnel of ASA-33, especially the post of desk officer which has changed numerous times during recent years.
- The Embassy has concrete plans to develop a country strategy that outlines the priorities of Finnish cooperation in Nicaragua, and the general plans of how to implement the strategy in relation to different modalities, sectors, the incorporation of crosscutting themes, human resources, and funding. The Embassy's team of advisors hopes this effort will take place jointly with ASA-33 and KEO-9.
- Personnel changes at the Embassy (six people are concluding their missions) will delay the operationalization of strategic plans during the phase in which new personnel are adjusting to their posts.
- There have not been discussions with other donors about the crosscutting issues and their added value, nor has there been any coordination with other embassies undergoing similar changes in cooperation modalities (i.e. Zambia, Mozambique, and Vietnam).
- No specific human or financial resources have been designated in the work plans for addressing crosscutting issues.
- Most resources will be allocated to rural development. The health sector is not a priority.

## 6 KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 6.1 General Findings

The crosscutting themes of the Finnish development cooperation are declarative, mentioned in a general way in the development cooperation policies and in some guidelines produced by the department of development cooperation (KEO 12) on gender, good governance and democracy. Excluding the advisors in the MFA, the other policy implementers in different levels do not have the experience to operationalize the crosscutting themes. Due to the lack of experience, there is no conceptual framework and less a methodology to mainstream these in the practice, nor intention to define resources to make them effective. There seems not to be a demand from the MFA to do this either.

Due to the lack of evidence of strategies, plans and concrete actions to mainstream these themes, the evaluation has had to concentrate in the execution of interventions related to the crosscutting themes. It is evident that there exists no initial intention to mainstream these in any of the modalities. The mainstreaming becomes evident only in the implementation, as an automatic effect to the use of a methodology, or as an effect of an inductive process, revision and training of the mainstreaming strategies as a MFA initiative (as has been the case for gender). Another way is when the implementation of programs has consequences in the conditions of the crosscutting issues, although this has not been done with clear consciousness.

## **6.2 Findings in the political dialogue**

- The shared agenda between Nicaragua and the international community has a strong weight in democracy; rule of law and good governance, and in a lesser extent in human rights and gender equality. This prioritization has influence, defines and decides the content of the political dialogue. Therefore Finland has had to accommodate to this priority in the political dialogue.
- The Finnish Embassy is more prepared to participate in themes of governance than in themes of human rights. In governance, the Embassy has had a good execution highly valued by the donor colleges. However, the promotion of human rights has been and is one of the emblems of the Nordic donors as part of the like-minded group, but Finland has not prioritized these themes that are constantly invisible in the political dialogue. A dilemma the Embassy has faced is summing to the priorities of the country agenda
- In the political dialogue exists a total absence of the themes of children and adolescents, indigenous people, ethnic minorities and persons with disabilities.

## **6.3 Findings in the Intervention Modalities**

### **Institutionalized programs**

The institutionalized programs respond more to the demand to execute the program and not necessarily to strengthen and improve the institutions' capacities to integrate the crosscutting themes that could be mainstreamed to the national policies. The programs' priority is to execute instead of concentrating in creating policies. The interventions in the programs create a structure for the use of the program and not necessarily respond to the mandate and function described in the law for these institutions. These interventions make the institutions as implementers and executors of programs.

Although the institutionalized programs were designed to be a step towards a SWAP, there is no evidence of actions of the Embassy to create the conditions for these SWAPs.

### **SWAP – Fonsalud and Prorural**

In evaluating the crosscutting themes of governance and gender, the evaluation mission needs to assess the performance of a community of donors, where Finland disappears as such. It would be unfair to evaluate Finland for the performance of a collective action. We should evaluate Finland on the basis of its contribution to the collective positions of donors. The performance of the group of donors had to be evaluated in relation to the impact on public policies in health and rural development.

In the SWAP, human rights are neither on the agenda of the government nor on the agenda of the donors.

### **Local Cooperation Fund**

The projects financed from the LCF are specific interventions in human rights, gender equality, governance and democracy. The LCF projects do not have any in practice synergy or cooperation with other Finnish aid modalities.

At the level of the Embassy there does not exist a mechanism where the lessons learnt from the projects could contribute to the quality and content of the other modalities.

## **6.4 Findings for Responsibilities and Procedures**

The Finnish Embassy in Nicaragua does not have a country program. The Finnish cooperation is divided in sectors and therefore it is very difficult to mainstream crosscutting issues that give coherence and quality to the portfolio of the Embassy. As a consequence, the advisors at the Embassy are sector specialists instead of strategists of the cooperation. Their role and responsibilities respond to the sectors and not to the integrating strategies of the crosscutting themes.

The knowledge on crosscutting themes is insufficient at the Embassy. This affirmation is done respecting the knowledge each one of the advisors have on the sectors of their competence. The unawareness exists with respect to the meaning of mainstreaming, the conceptual framework of each theme, the methodologies and the way the MFA guidelines for different intervention modalities can be used.

The accompaniment of the MFA in Finland in the training on the crosscutting themes is limited to sending the different manuals and guidelines by the unit of development politics of the MFA. There does not exist a continuous accompaniment to the advisors in the Embassy. As governance and democracy are two of the prioritized themes in Nicaragua, it could be expected that the advisor from MFA would make a visit to the Embassy.

The grade of individual proactivism of the gender advisor from MFA has demonstrated what changes can be done with the crosscutting themes. With the presentation and training of the MFA gender strategy in 2005 in Nicaragua, and revising what way the different modalities are integrating gender equality, a positive change was created in all implementers that took concrete actions to mainstream gender from 2005 on. This is evident in the majority of the work plans since 2005.

## **6.5 Conclusions**

In the modalities not earmarked to Finland (Budget Support and SWAP) good governance and democracy have been enhanced.

In the earmarked modalities (institutionalized programs) there has not been previous intention to mainstream the crosscutting themes of the Finnish policy, although there were opportunities with the RBA already since the Development Policy of 2004. Only in the case of FOMEVIDAS, which has a clear methodology that integrates the crosscutting themes, there is evidence of an intention to mainstream the themes since the beginning and during the program.

The institutionalized programs of the Finnish development cooperation have caused a negative impact that was neither intentional nor foreseen in relation to the mandates of the Nicaraguan public institutions. With respect to the interventions, the institutions have converted to executors of the program funds without impact in the strengthening of their institutional mandate derived from the government. This can be seen most clearly in the Progestion program.

The Finnish cooperation in Nicaragua has demonstrated little sensibility towards the political situation and political changes in the country, although the MFA guidelines on good governance and democracy emphasize this. If the Finnish cooperation would have the crosscutting issues as a north, the cooperation in a country context can be renegotiated making a balance between the principles of the cooperation and the political situation.

A good impact has been obtained when introducing to the rural development sector the SLA. The approach has scaled up and it will be integrated to the rural development policies of the country.

There has not been a systematic coordination with other donors regarding the crosscutting issues. There exists coordination between the donors only when the modality requires so.

## **6.6 Lessons Learnt**

The existence of strategies, plans, guidelines, check lists and methodologies of mainstreaming do not guarantee that the crosscutting themes would be operationalized in the different modalities of the Finnish cooperation. If there are no clearly defined processes of continuing accompaniment that includes training, supervision and mechanisms and

spaces for reflection on crosscutting themes and mechanisms of reorientation and strengthening of the quality of the interventions.

In the Nicaraguan case, the decentralization of the cooperation include the execution of the development cooperation and the decision making power over the resources. However, the task of guaranteeing the development cooperation policies is not decentralized, being a joint task both for the MFA and the Embassy. The policies that norm the development cooperation can not be decentralized, nor its supervision.

To be able to mainstream human rights and gender, an approach and a methodology with clear conceptual frameworks is needed. Without these the mainstreaming of crosscutting themes is very difficult. It is necessary to identify friendly approaches to human rights (such as the SLA) and implement the MFA's gender strategy.

## **6.7 Recommendations**

Learn from the different strategies other donors have used, such as Denmark, GTZ, The Netherlands, EU and Austria.

The Finnish Embassies participating in development cooperation should count with strategies to mainstream the crosscutting themes that are country specific.

These strategies could count with action plans with a defined budget the way that it prioritizes one by one the systematic integration, supervision and revision of each crosscutting theme in the different intervention modalities.

Training on the conceptual framework and the methodologies of mainstreaming is necessary with the desk officers at the MFA together with the advisors at the Embassy. A manual on RBA for the mainstreaming of the human rights, gender equality, Rule of Law, good governance and democracy is urgently needed.

The trainings provided by the MFA to advisors working at the Embassies should integrate not only the gender equality but also RBA, human rights, Rule of Law, good governance and democracy.

Redefine the role of the advisors towards a more strategic role to guarantee the implementation of the directing principles of the Finnish policy.

The advisors at the Embassy need to know other experiences and lessons learnt from other development cooperation embassies, donors and multilateral agencies when they design country strategies.

The plans of the Embassy need to count with resources to address these themes.

The MFA need to guarantee stability among the personnel in their Geographic units in order to benefit from the investment created in the capacities in development cooperation related issues.

The advisors at the embassies need to relate more with the specialists in MFA/Helsinki.



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## ANNEX 1 PEOPLE INTERVIEWED

Marja Luoto	Ambassador	The Embassy of Finland
Mari Lankinen	Jefe de Cooperación	The Embassy of Finland
Tiina Huvio	Advisor, Rural Development and Environment	The Embassy of Finland
Salvador Tapia	Advisor, Rural Development and Environment	The Embassy of Finland
Maria Luisa Babini	Advisor, Governance	The Embassy of Finland
Riitta Työläjärvi	Advisor, Health and Gender	The Embassy of Finland
Rosemary Vega	Consultant, Health and Gender	The Embassy of Finland
Nadia Prado	Program Assistant	The Embassy of Finland

Melba Hernandez	Damaris	Consultant, Rural Development	The Embassy of Finland
Marc Litvine		Chief of Operations	European Commission, Nicaragua
Pedro Alonso		Chargé d'affaires, Budget Support	European Commission, Nicaragua
Ricardo Gómez		Director	GTZ
Jaime Remmerswaal		Advisor, Governance	The Royal Embassy of the Netherlands
Silvia Porras		Advisor, Gender	The Royal Embassy of the Netherlands
Patricia Gómez		Program Officer	The Royal Embassy of Denmark
Kerry Max		Director ACIDI	President of the Donors Round Table
Valdrack Jaentschke		Vice minister and Secretary for Economic and Development Cooperation	Ministry for Foreign affairs of Nicaragua
Nolvia González		Coordinator, Budget Support	MHCP, Nicaragua
Eduard Centeno		Executive President	INIFOM
Roger Gaitán		Director for Planification	INIFOM
Manuel Pinell		Director for Local Development	INIFOM
Alejandro Raudez		Director, Administrative Finance	INIFOM
Rafael Urbina		Director External Cooperation	INIFOM
Lucía Sequeira		Executive Director	AMUB
Elba María Salinas		Mayor	Municipality of Santa Lucía
Ova Ordeñana		Director for Planification and Citizen Participation	Municipality of Teustepe
José Santos Martínez		Director for Planification and Citizen Participation	Municipality of Santa Lucía
Roberto Urbina		Director for the Office of Environment	Municipality of Santa Lucía
Doña Agustina		Beneficiary of a Project supporting Pastry Shop	Municipality of Santa Lucía
Roger Barquero		Technical official	OAS
Victor Báez		Director for Planification and Local Development	Municipality of Boaco
Juana Meneses		Promotor OMAM	Municipality of Boaco
Alex Munive		Chief Technical Advisor	PROGESTION-INIFOM
Avedis Duarte		Advisor, Local Development	PROGESTION
Pío Blanco		Advisor for citizen Participation	PROGESTION
Ellieith Vilchez		Advisor for gender	PROGESTION
Juana María Buschting		Director	IDR
Germán Flores		Director for Rural SME	IDR
Leyra Bucardo		Director FOMEVIDAS	IDR
Ma. Antonieta Machado		Director for Planification	IDR
Jan Karremans		Chief Technical Advisor	FOMEVIDAS-IDR
Odell Ortega		Director Departmental of Boaco	IDR
Ronie Zamor		Advisor	FOMEVIDAS-IDR
Víctor Díaz		Contractor – UNAG	FOMEVIDAS-IDR
Gerardo Huerta		Contractor – UNAG	FOMEVIDAS-IDR

David Sandoval	Contractor – UNAG	FOMEVIDAS-IDR
El Rodeo	Beneficiary from a Community, Boaco	FOMEVIDAS-IDR