AID EFFECTIVENESS AND THE PARIS DECLARATION:
IMPACT ON THE FINANCING AND PARTICIPATION OF CIVIL SOCIETY ORGANIZATIONS IN NICARAGUA IN THE EDUCATION AND GOVERNANCE SECTORS

An Alliance2015 report

Mauricio Gomez Lacayo and Carlos Alberto Benavente Gomez
INGES

November 2007
Acronyms

ACF Joint Financing Agreement on Budgetary Support
BSG Budgetary Support Group
CC Civil Coordinator (previously known as CCER)
CODENI Coordinator of NGOs that Work with Children and Adolescents
CONPES National Economic and Social Planning Council
COSUDE Swiss Cooperation for Development
CSO Civil Society Organization
DAC Development Assistance Committee
DANIDA Danish Cooperation Agency
EC European Commission
ENDDL National Decentralization for Local Development Strategy
ES Sector-wide Approach
EU European Union
FC Common Fund
FONG Federation of National NGOs
GA Advisory Group of Civil Society Organizations
GISN North-South Advocacy Group
GON Government of Nicaragua
H&A Harmonization and Alignment
IFI International Financing Institution
INIFOM National Institute of Municipal Government Promotion
IMF International Monetary Fund
JCLA Joint Country Learning Assessment
MDG Millennium Development Goals
MECD Ministry of Education, Culture and Sports (name during the Bolaños govt.)
MHCP Ministry of Treasury and Public Credit
MINED Ministry of Education (name during the Ortega govt.)
MINREX Ministry of Foreign Relations
NGO Nongovernmental Organization
OAP Office of Public Administration
ODA Official Development Assistance
OECD Organization for Economic Cooperation and Development
PAM Performance Assessment Matrix
PAPSE Educational Sector Budgetary Support Program
PCT Common Education Work Plan
PEF Financial Economic Program
PNA AyA National Plan of Action to Harmonize and Align International Cooperation
PND National Development Plan
PND-O Operational National Development Plan
PGR General Budget of the Republic
PROASE Structural Transformation of the Educational System Support Program
PRORURAL Sectoral Program for Sustainable Productive Rural Development
PRSP Reinforced Economic Growth and Poverty Reduction Strategy
RAAN North Atlantic Autonomous Region of Nicaragua
SETEC Technical Secretariat of the Presidency
SysODA Information System on Official Aid to Development
SysONG Information System of Nongovernmental Organizations
UNDP United Nations Development Programme
UNICEF United Nations Children's Education Fund
UTIP Territorial Research and Planning Unit
CONTENTS

Executive Summary .................................................................................................................. 5

1. Introduction ......................................................................................................................... 8

2. Harmonization and Alignment of International Cooperation and the Role of Civil Society Organizations ................................................................. 9

   2.1 Context ............................................................................................................................ 9

   2.2 Definitions ....................................................................................................................... 11
       2.2.1 Ownership .............................................................................................................. 11
       2.2.2 Alignment .............................................................................................................. 12
       2.2.3 Harmonization ...................................................................................................... 12
       2.2.4 Results-based Management .................................................................................. 12
       2.2.4 Mutual accountability .......................................................................................... 12
       2.3.1 Redefinition of the Paris Declaration Principles regarding CSOs ...................... 15

3. Nicaragua and its Harmonization and Alignment process ................................................. 18

   3.1 Mapping of the main actors in the process ..................................................................... 18
       3.1.1 Government .......................................................................................................... 18
       3.1.2 National Assembly .............................................................................................. 18
       3.1.3 Civil Society ......................................................................................................... 19
       3.1.4 Cooperation Agencies and institutions .................................................................. 21
       3.1.5 Mixed or multi-actors ......................................................................................... 22

   3.2 Chronology, main events and achievements .................................................................. 22

   3.3 Current situation ........................................................................................................... 27

   3.4 The new cooperation modalities ....................................................................................... 30
       3.4.1 The CSOs and the new cooperation modalities ..................................................... 32
       3.4.2 CSOs and the follow-up and accountability mechanisms ....................................... 35

4. Situation and Experiences of Civil Society ........................................................................ 36

   4.1 Situation ......................................................................................................................... 36

   4.2 Civil society’s experience of participation .................................................................... 41

   4.3 Civil Society’s Participation in the National H&A Process ........................................... 44

5. The sectoral cases of Education and Governance ................................................................ 46

   5.1 Education ....................................................................................................................... 46
       5.1.1 The CSOs in the Education Sector ....................................................................... 49

   5.2 Governance .................................................................................................................... 51
       5.2.1 The CSOs in the Governance sector ................................................................... 53

6. Perspectives of the Civil Society Organizations ................................................................... 55

   6.1 Civil Society-Government Relations .............................................................................. 55

   6.2 Relations among Civil Society, Government and Cooperant Community ................... 56

7. Recommendations ............................................................................................................. 57

Appendix 1: Participating Organizations in the Common Fund of Support to Civil Society for the Democratic Governance of Nicaragua ....................................................... 61

Appendix 2: People Interviewed ............................................................................................. 62

Appendix 3: Bibliography Consulted ...................................................................................... 63
**About this report and the research project**

This report is part of a research project carried out by the Alliance2015 on the Aid Effectiveness and the Paris Declaration and the implementation in the education and governance sectors in case countries with a focus on effects for funding and policy spaces for Civil Society. The full study consists of the following reports:

**A2015 Mozambique country study:** Methven, Sara (INTRAC) (March 2008): The Impact of The Paris Declaration on Civil Society in Mozambique. *An Alliance2015 report*


The research is organised and funded by the Alliance2015: [www.alliance2015.org](http://www.alliance2015.org). The research project is coordinated by Lars Koch, IBIS: lk@ibis.dk. All rights reserved by Alliance2015. Reproduction and quoting is encouraged with due reference to the source.
Executive Summary

A transformation has been observed in the paradigms of international cooperation in recent years. The Monterrey Consensus (2002), the Rome Declaration (2003) and principally the Paris Declaration (2005) have been transforming the international cooperation paradigms for receiving countries, civil society organizations, cooperating countries and international agencies, where the need to promote higher quality international aid is clearly and manifestly expressed (without forgetting the commitments regarding increased amounts).

The Paris Declaration on Aid Effectiveness has led to a new international consensus on generally accepted norms regarding how actors that interact in international cooperation must behave, moving from a focus on conditionalities to a scheme based on duly agreed to and shared commitments and their implementation and follow-up process, from a State and Nation perspective, with a high level of political representation and participation by the citizenry. The Paris Declaration establishes a more operative framework of action for this based on the selection of 12 follow-up indicators to the process.

The Participation of Civil Society Organizations (CSOs) in the Harmonization and Alignment (H&A) process is not seen as a strong element and has depended on the national space for exchange and participation regarding the process granted to the CSOs by the receiving countries. With the Paris Declaration, a very incipient stage is opening for dialogue on the issue, which is being pushed by the Development Assistance Committee of the Organization for Economic Cooperation and Development (DAC-OECD).

With the recent creation in the OECD-DAC of the Advisory Group (AG) on issues of CSO participation, the path was opened to facilitate dialogue about how to insert CSOs into the follow-up process of the Paris Declaration with respect to the III High-Level Forum on the Aid Effectiveness, to be held in Accra, Ghana, in September 2008.

Despite the progress of the national Harmonization and Alignment process in Nicaragua in the past five years, civil society’s participation in it has been limited and with little impact. The Government of Nicaragua has taken up this international agenda and adapted it to its local scheme. A national H&A process of International Cooperation got underway in 2002, through which dialogue and coordination mechanisms were developed between the Government and Cooperants (and, in an unsystematic and occasional way, with Civil Society) and new cooperation modalities and frameworks of interaction were introduced and implemented.

Working groups for sector-wide coordination, donor coordination arenas, multi-actor groups of follow-up to the national H&A process, arenas for policy discussion and Annual Public Forms to follow up on Cooperation’s coordination process have all been established.

All this shows that although only incipient and limited participation by civil society has existed regarding the H&A issue, arenas and mechanisms are established. Their permanence

---

1The Advisory Group is a multilateral group made up of 12 members, to wit: three representatives each of governments of partner developing countries, donors, CSOs of developed countries and CSOs of developing countries. It was established by the Working Group on Aid Effectiveness and is planned to continue functioning at a minimum until the Third High-Level Forum is held in Accra in mid-2008.
and reactivation is needed, as well as a review and adjustment to foster greater national
dialogue with the CSOs to achieve more tangible results regarding ODA effectiveness.

The new cooperation modalities have limited the CSOs’ access to financing. Nicaragua
is currently defined as one of the partner countries that has made the most progress toward
new cooperation modalities, among which the implementation and adaptation into the
national dynamic of Sector-wide Approaches (ES), Common Funds (FC) and Budgetary
Support stand out among the new modalities of cooperation, but the CSOs’ access to
financing through these new modalities has been limited as the funds have been channeled
directly to the General Budget of the Republic or to the lead ministries of the different
sectors. Nonetheless, there are some examples of new modalities focusing on Civil Society,
such as the Common Support Fund to Civil Society for Democratic Governance, that can be
seen as an opportunity for civil society’s insertion or inclusion into this modality.

At the same time, it must be said that there has been a general increase of external ODA
resources in Nicaragua in recent years. This growth, which has not always employed the new
modalities (common funds and budgetary support represent less than 20% of total ODA and
less than 10% of the PGR\(^2\)), could be increasing the volumes of cooperation
received/channeled by the CSOs. To the degree that there could be a reduction of ODA, it
will affect the flow of resources to the CSOs, as they have not been obtaining additional
resources as budgetary support or common funds.

From the perspective of public policy advocacy, monitoring and follow-up, the CSOs have
generally had very active participation, but it depends on transparent, true and timely
information from the public entities. If both the provision of information and the
participation arenas are limited, there is a risk that their role in advocacy, monitoring and
performance evaluation will be weakened as well.

With reference to the Educational and Governance sectors studied specifically in this
document, CSO participation can be seen in initiatives in the sector. Nonetheless,
participation in policy formulation and implementation has been limited in the new work
modalities and mechanisms derived from the H&A process.

The expansion of new schemes of participation will depend on the opening attained through
awareness-building in the different actors, on how the Paris Declaration and this new
paradigm must lead to a more horizontal and participatory reality for all actors of
cooperation, based on representative and participatory democratic governance.

Recommendations

Aid effectiveness, despite the technical way its processes and procedures are being addressed,
has a highly political dimension that must not be omitted and that largely determines the
course and success of any such initiative.

The new scheme seems to assume homogeneous local actors (governments, cooperants and
CSOs) with common agendas and interests, and representing the desires and needs of the
majorities; this could be a difficult obstacle to surmount at implementation time. The

\(^2\) SysODA, Ministerio de Relaciones Exteriores
particularities of each actor will have to be recognized and a work plan designed in accord with them.

**Ownership.** Guarantees greater CSO participation in the formulation of policies, strategies and plans through real and effective implementation of the opening in all arenas contemplated in the Law of Civic Participation.

Include CSO participation in the Sectoral and the Overall Working Groups, as well as the other arenas of the Sector-wide Approach, the Budgetary Support Group and other schemes of work where the ODA issue is taken up, the sectoral working group and sector-wide focus on education and the governance working group.

Ensure the ownership of local, municipal, departmental and regional processes by maintaining ongoing dialogue and concertation and a resource assignment that permits proper implementation of civic participation at a territorial level.

National and international CSOs must strengthen their joint advocacy role in procuring greater ownership and leadership by elected and delegated authorities of the central government and of civil society at the territorial level.

**Harmonization.** The CSOs must value the possibility of joining together to work on programmatic focuses and lower the transaction costs, as well as on harmonization efforts.

**Alignment.** The CSOs in Nicaragua must get the government to express its interest in alignment, with the formulation of a more operational National Program that insofar as possible has joint results, budget and modality. CSOs should align themselves with the policies and plans whose formulation they participated in with the government, but always keeping a distance to be able to work in advocacy and development processes.

**Shared Responsibility.** Determine the conditions that influence the CSOs’ capacity to perform this role in the framework of broad and inclusive dialogue, as well as the legitimacy and degree of representation they contribute to the debate.

Continue working to strengthen the CSO accountability processes and mechanisms as this forms part of the mutual accountability and necessary transparency this process merits.

**Results-based Management.** The CSOs in Nicaragua must participate jointly in institutionalized follow-up and evaluation of the progress in fulfilling the National H&A Plan.

Strengthen the CSOs’ participatory role in the National H&A Plan and include the CSOs’ own goals and indicators on how they can advance the Paris Declaration principles.
1. Introduction

The effectiveness of development aid is indispensable to achieving our peoples’ sustainable socioeconomic development in the shortest period and at the lowest transaction cost, allowing governments to be able to promote and head up their own development through strong institutions with strengthened capacities and participatory, transparent procedures.

Poverty reduction based on adequate social alleviation and sustained economic growth can only be achieved if governments, state institutions and civil society can establish national policies, plans and strategies with a state focus and national vision based on local reality with a highly decentralized manifestation. Only in this way can national agendas be promoted that permit common action geared to the proper channeling of public investment, guaranteeing impact in the improved living standard of the most needy.

Cooperation must facilitate this process, aligning and channeling its resources at the lowest transaction cost to the governments, state institutions and civil society organizations (CSOs), trying as far as possible to earmark its financing in the most direct way to the area of the target groups in whose names the public investment strategies, poverty reduction and international cooperation are based.

To be able to achieve the virtuous circle of development aid effectiveness, there must be representative and participatory democracy, where democratic institutionality and the participation of all social and productive actors that make up a country’s social pact are respected and promoted.

Development aid effectiveness has been part of the discourse of receiving countries, civil society organizations, donor countries and multilateral agencies for over five decades. From the perspective of the poor developing countries, there have been no great changes or transformations in cooperation’s international architecture that have had an impact on poverty reduction. On the contrary, the poverty in many countries has remained the same or worsened.

Not until the Millennium Summit in 2000, with the promulgation of the Millennium Development Goals (MDGs) as targets for the countries to reach with cooperant community support, followed by the Development Financing Summit in Monterrey in 2002, where the need to promote more and better international aid was laid out more concretely and in today’s terms.

Based on this, the First High-Level Forum on Harmonizing and Aligning International Cooperation was held in Rome in 2003. At the second one, held in Paris in 2005, the Paris Declaration on Development Aid Effectiveness was issued, so that monitoring and evaluation via its 12 indicators can be promoted to allow more effective official development aid.

It is important to be clear that before the Second High-Level Forum and the official Paris Declaration, the participation of civil society organizations was not a strong element in the process. With that declaration a very incipient stage was opened regarding dialogue on the issue that has been promoted by Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC).
With the recent creation of an Advisory Group (AG) in the OECD-DAC on issues of CSO participation, the way was opened to facilitate dialogue on how to insert CSOs into the Paris Declaration follow-up process with respect to the Third High-Level Forum on Aid Effectiveness, to be held in Accra, Ghana, in September 2008.

Although the Paris Declaration establishes fundamental principles that permit progress toward greater effectiveness, these must be contextualized at the level of the partner countries according to each one’s characteristics and dynamic. The Paris Declaration principles need to be deepened through national monitoring and follow-up mechanisms, which are the instruments that demonstrate tangible results of progress and reveal the challenges to the process at the national level. The backing of the cooperating community and full participation and ownership by civil society are imperative to make these mechanisms sustainable.

2. Harmonization and Alignment of International Cooperation and the Role of Civil Society Organizations

2.1 Context

The Monterrey Consensus (2002), the Declaration of Rome (2003) and particularly the Paris Declaration (2005) have been transforming the paradigms of international cooperation at the level of receiving countries, civil society organizations, cooperating countries and international agencies.

The Paris Declaration has brought us to a new international consensus on generally accepted norms of how actors who interact in the international cooperation industry should behave, moving from a focus on conditionalities to a scheme of duly concerted and shared commitments, and their implementation and follow-up process with a state and nation perspective that has a high level of political representation and civic participation.

The above must entail a more horizontal and dialogued relationship among all actors—government, state institutions, CSOs and members of the Cooperating Community—in order to focus appropriately on the receiving countries’ needs from a perspective of their real and concrete level of democratic maturity, institutional strength and social contract between governors and governed.

Key elements of this new horizontal relationship of all actors is transparency and shared responsibility, given that all cards must be put on the table if they are to interact and a climate of confidence must be generated to overcome the stigma that detracts us from being able to make progress toward better states of cooperation.

This transformation of paradigms has involved a whole induction, awareness-building and training process to raise consciousness levels and knowledge about what aid effectiveness

---

3The Advisory Group is a multilateral group made up of 12 members, to wit: three representatives each of governments of partner developing countries, donors, CSOs of developed countries and CSOs of developing countries. It was established by the Working Group on Aid Effectiveness and is planned to continue functioning at a minimum until the Third High-level Forum, to be held in Accra in mid-2008.
means to development in theory and how it translates in practice into what we know as harmonization and alignment of international cooperation to achieve greater effectiveness.

The induction and awareness-building process does not only imply knowing what the terminology and components of Harmonization and Alignment mean, but how they must be conjugated with the institutional and democratic political reality of both the cooperating country and the receiving country.

The topic becomes highly complex because there has historically been a culture of dispersed, duplicated cooperation with high transaction and brokering costs, at the same time as the receiving countries have not succeeded in directing and aligning the cooperation in the most appropriate way possible. This in turn is affected even more by a channeling of resources that is not consensual, articulated or coordinated among all the country’s actors.

What we find in many countries receiving cooperation, especially Nicaragua, is that the old levels of dependence, combined with how cooperation has been conducted under previous consensuses, has weakened the Government institutions and installed a paternalistic policy of welfare aid and dependence that has disarticulated the country’s own agenda. In this regard, it must be assessed whether the new Paris Consensus will bring us to a better relationship among all actors and whether Accra will permit the voice of the receiving partner country governments to be raised and allow genuine participation by their CSOs for more effective Official Development Aid (ODA).

Major efforts have been made by the Government of Nicaragua to raise awareness of what it means to promote more effective aid through the harmonization and alignment of international cooperation. But this is not only the work of governments receiving aid; there must also be an induction and awareness-building process by the cooperating countries and agencies at all levels and structures, so we can all act in unison to implement the required changes and transformations. There is awareness that there is still a long row to hoe.

The concept of civil society covers a broad gamut of organizations. In its general sense, it includes all non-commercial and non-state organizations and structures in which individuals seek to achieve shared objectives and ideals. In the development sphere, there is a tendency to think that this concept refers above all to the nongovernmental organizations that have an express mandate strictly linked to development. It can, however, also include associations of farmers, professional associations, community organizations, ecological groups, independent research institutes, universities, religious organizations, unions and nonprofit media, as well as other groups that do not work in development.

Civil society organizations also form part of the architecture of international aid, whether as donors, channels or recipients of official donor assistance, or even as defenders of the public interest. Recognizing that role and understanding how it is manifested is important to legitimize the CSOs’ participation in the dialogue on aid effectiveness.

The civil society organizations of the developed countries (or the North) that function as donors move volunteer financial contributions or services for development purposes that reach billions of dollars. According to the most recent OECD-DAC estimates, these contributions represented close to US$14.7 billion in 2005, or around 14% of all ODA.

CSOs also act as channels or recipients of official donor assistance, receiving funds from official donors to use in their own development programs or to redistribute among other CSOs. The proportion of donor funds earmarked to the CSOs varies considerably from one
donor to another. In 2004, the contributions to CSOs (channels and recipients) from the 15 main donors of DAC funds represented between 6% and 34% of their bilateral ODA, for an approximate total of US$4.6 billion, although this figure could be low.

To conclude, CSOs perform an essential function in defense of interests and supervision regarding both governments and donors. In this role, CSOs can promote the efficacy of aid even when the financing is not channeled through them and can pressure so that the financial contributions benefit the poor to the maximum.

CSOs must be duly informed about and inserted into this process to achieve the greatest benefit and to be able to mitigate any externality that participation in this new work scheme could generate, as well as to make maximum use of the advantages that could arise. The most important thing is to establish rules of the game that permit all actors to interact in the most equitable and beneficial way possible, avoiding collateral effects that could impede or affect the common goal sought, which is the effectiveness of development aid with respect to poverty reduction and economic growth.

But as in any work system, resistance to change is the main obstacle to surmount. The first thing that must be done through this induction process is to make the parties recognize that they are interacting in international cooperation, that problems of efficiency, effectiveness and impact exist and that changes and transformations must be promoted that help change this for the better.

2.2 Definitions

The Paris Declaration introduces an ambitious reform process into the ODA management, implementation, monitoring and evaluation system from an integrated perspective based on a new paradigm related to five fundamental principles among donor and recipient countries. The goal of these principles is to establish a frame of reference to move toward ODA effectiveness in promoting development.

Nonetheless, this process has so far essentially centered on dialogue and concertation among the receiving countries and international financing and cooperation agencies. So far, no opening has been granted to CSOs to enter into the discussion and debate about how they too are interacting and must contribute to ODA effectiveness as important raisers and channelers of aid.

Under the traditional scheme of the Rome and Paris Declarations, the general OECD-DAC guidelines and the authors’ own inputs are expanding the definition of the main elements of the Harmonization and Alignment of Cooperation.

2.2.1 Ownership

Ownership refers to the real and effective authorship that partner countries receiving ODA exercise on the formulation and conduction of their policies and strategies, as well as the coordination of their own development actions.

In this regard, ownership is exercised through a government leadership that permits the receiving partner countries to formulate development policies, plans and strategies as well as the capacity to implement and monitor these processes.
Ownership also involves promoting strong governments duly skilled to be able to face all the challenges of these processes. A training strategy is thus required that permits the ongoing formation of cadres and strengthening of existing ones so they can overcome the fear factor that comes from unequal dependence on external financing.

Ownership further includes implantation of the country’s own norms and procedures so they can start replacing cooperation’s procedures, which to some degree have dispersed and weakened the national institutions.

### 2.2.2 Alignment

Alignment is how external ODA resources are channeled on behalf of the national strategies, institutions and procedure of the partner countries receiving cooperation.

In this regard, alignment asks international cooperants to respect those strategies, channels and procedures for negotiating, processing, following up on and evaluating their cooperation.

### 2.2.3 Harmonization

Harmonization refers to how donors and financing agencies coordinate their activities among themselves and reduce to a minimum the transaction costs inherent to channeling aid.

This means that instead of having several units executing cooperation with different administrative mechanisms and procedures, it is reduced to several associated cooperants that delegate the cooperation among themselves, thus lowering the visibility and identity of the cooperating agency or country.

These original areas were laid out in the First High-level Rome Forum. Later, in the Second High-level Forum, the following points were added:

### 2.2.4 Results-based Management

Result-based Management is how countries and cooperants gear their activities to the fulfillment of goals and objectives, such as for example the MDGs and the goals laid out in the national economic growth and poverty reduction strategies.

This concept emerged out of the Results-based Management Forum held in Marrakech, Morocco, in 2004, following the First High-level Rome Forum, in which there was a discussion of the importance of promoting action geared to fulfilling goals and objectives agreed to by all parties involved in development.

This is where the new role of cooperation comes in, in which they moved from being guided by an outmoded consensus marked by conditionalities to a new one based on previously hammered-out commitments rooted in the viability of fulfillment by the receiving governments and countries.

### 2.2.4 Mutual accountability

Mutual accountability means that donors and developing countries are mutually responsible for progress in managing the aid better and achieving the agreed-to development outcomes.
This mutual accountability promotes transparency by the actors and a more horizontal relationship based on mutual respect. It also promotes principles such as the predictability of the resources offered in clear and stable terms, according to what was included in the cooperation agreements and projects.

These principles are not independent of each other; on the contrary they are interlinked. This makes ODA effectiveness more complex and dynamic for the partner countries given the introduction of a new paradigm of managing relations by international cooperation that seeks to achieve tangible results in a given period.

In other words, it is not that one objective is a precondition of the other, but that all occur in parallel fashion to achieve aid effectiveness, sustainable economic growth and reduction of the receiving countries’ poverty to a greater or lesser degree.

Below is the pyramid of Aid Effectiveness introduced through the Paris Declaration, which establishes as a starting point the partner country’s process with a poverty reduction strategy or national development plan, instruments based on which the donors align their resources. Ownership of the cooperation process is considered the starting point of this harmonization and alignment by international cooperation.

Harmonization also permits lower transaction costs and makes the inter-phase between Ownership and Alignment faster and more effective. Mutual accountability crosses all previously mentioned principles and its scope is measured through measurable and achievable results based on previously established and agreed-to indicators and baselines.

**Table 1- Pyramid of AID Effectiveness**

![Pyramid of AID Effectiveness](image)

Source: DAC – OECD

The principles established in this pyramid are also valid with those sought in the Third High-level Forum with respect to linking the CSOs to the Paris Declaration principles.
The Declaration establishes 12 goals and progress indicators\(^4\) that allow fulfillment of both the donor countries and partner countries to be measured over a five-year period. It will also create an implementation approach in Accra, Ghana, in September 2008 so as to observe the progress of the implementation based on the results of two follow-up surveys.\(^5\)

**Progress Indicators**

To be measured on a national scale with international supervision

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Partners have operational development strategies — Number of countries with national development strategies (including PRSP) with clear strategic priorities linked to a medium-term spending framework reflected in the annual budgets</td>
</tr>
</tbody>
</table>

**Alignment**

<table>
<thead>
<tr>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement goals to be established in September 2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Reliable national systems — Number of partner countries whose management of public finance and supply systems (a) comply with generally adopted good practices or (b) have installed a program of reforms to do so.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>The aid flows are aligned with national priorities — Percentage of aid flows that have repercussion on the national budget of the partners</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Reinforce capacities with coordinated aid — Percentage of aid to capacity-building provided through coordinated programs that are coherent with the national development strategies of the partner countries.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Utilization of the national systems — Percentage of donors and aid flows that use national supply systems and/or Public Finance management in the partner countries that (a) comply with generally adopted good practices or (b) have installed a program of reforms to do so.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Strengthen capacity avoiding parallel implementation structures — Number of specialized project execution units (PIU) per country.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>The aid is more predictable — Percentage of aid disbursements freed according to programs adopted with annual or multi-annual agreements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>De-linked aid — Percentage of de-linked bilateral aid.</td>
</tr>
</tbody>
</table>

**Harmonization**

<table>
<thead>
<tr>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement goals to be established in September 2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Utilize common dispositions or procedures — Percentage of aid supplied as program-based approaches</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Foster common analyses — Percentage of (a) field missions and/or (b) analytic work on countries, including joint assessment analyses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Results-oriented frameworks — Number of countries with solid frameworks for evaluating transparent and supervisable performance to measure progress regarding (a) national development strategies and (b) sector-wide programs.</td>
</tr>
</tbody>
</table>

**Mutual Responsibility**

<table>
<thead>
<tr>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement goals to be established in September 2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Goals by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Mutual responsibility — Number of partner countries that evaluate their mutual progress putting in practice the agreed-to commitments about aid efficacy, including those mentioned in this Declaration</td>
</tr>
</tbody>
</table>

\(^*\)These figures will be confirmed or modified between now and September 2005

See the methodological notes for a definition of program-based approaches.

Source: OECD DAC, Paris Declaration on Aid Effectiveness, Appendix III.

The 12 indicators to establish the baseline (2005) were measured in 34 partner countries in 2006. The results of this round of measurements demonstrates that over half of both the donor and partner countries that adhered to the Paris Declaration still have a long way to go before achieving the proposed goals. At the beginning of 2008 a second round of measuring

\(^4\) Appendix III of the Paris Declaration on ODA Effectiveness. OECD-CAD did the first Survey in 2005 to establish the baseline, and is doing the subsequent measurements in 2007 and 2009.

of the questionnaire will be done to present quantitative results in the Third High-level Forum.

Nonetheless, it must be recognized that although these principles and commitments are international, each country must determine its own priorities and implementation level and make the reforms needed at the national level according to its context to achieve genuine aid effectiveness. Given this, it is clear that one recipe for all is not the solution for a change toward ODA effectiveness.

It is important to mention that, according to OECD-DAC, the Paris Declaration’s objective is to promote interaction among all ODA actors. Nonetheless, a step forward will be taken in the overall interaction that the OECD seeks to promote insofar as our countries and all actors that converge on the ground establish their own agreements and consensuses regarding interrelations. In this regard, the national and territorial harmonization and follow-up processes become more important to genuinely fulfill what is enunciated in the Paris Declaration.

It is important to highlight that Nicaragua is one of the few countries that have drawn up a national H&A plan, and the only one in the world that has its own baselines done as a function of its own methodology design based on the country’s reality. It should also be underscored that the fact that this process has been conducted in a participatory manner, with the national CSOs, opens an interesting gamut of opportunities for arenas for CSOs, as well as comparative advantages regarding the positioning of the country and the region as a whole for the Third High-level Forum (September, 2008).

The recognition of CSOs in the Paris Declaration is limited to acknowledging that they can play a role in helping enrich the participatory processes under the direction of the governments or can act as alternative vehicles for the official donors to align aid around the priorities of the beneficiary countries in fragile states. Nonetheless, participation of the CSOs must be considered fundamental in the ODA effectiveness process.

In this regard, civil society’s participation in the H&A process has depended on the national arena for interchange and participation in the process provided to CSOs by the receiving countries. Civil society’s role in this process must be strengthened, and coordinated, structured arenas for exchanging values, objectives and responsibility with common and shared objectives to achieve national development must be encouraged.

2.3.1 Redefinition of the Paris Declaration Principles regarding CSOs

With respect to applying ownership, alignment, harmonization, results-based management and mutual responsibility, these principles established by the Paris Declaration can be analyzed from different perspectives when interpreted by the CSOs based on the mission and multiple relations that they may have. In other words, they are not limited to two actors as is the case between government and donors. The CSOs can interact in different ways in this regard:
There is a re-reading of what was proposed in Paris as a function of the above and of the new push for civil society’s participation in the whole issue of Aid Effectiveness and the general Harmonization and Alignment process of International Cooperation. This re-reading is concretized in a new five-dimensional approach proposed for the process.

The concepts developed below are based on work done by the Advisory Group on issues of civil society in the OECD-DAC, expanded by the authors’ own elements.

**Ownership**

From the CSO perspective, ownership can be defined as the organizations helping to strengthen the local, sectoral and national development processes, promoting consensus-based policies of benefit to the majorities and as the articulated networks they are promoting in the territories or sectors where they participate to strengthen local capacities to promote sustainable grassroots participatory processes for development.

This leads to questioning from the government perspective that if CSOs have participated in policy formulation, they could also participate in implementing these policies, providing services in the territories where they have a presence and comparative advantages, using resources from ODA and the General Budget of the Republic.

**Alignment**
In the CSO case, alignment could translate to how they support policies, plans and strategies, considering that advocacy often involves promoting lines of action where there is not necessarily agreement with the governments. This introduces a dilemma about participation and the independence that CSOs must maintain, as well as whether they must align with the implementation of government policies in their advocacy and service provision.

**Harmonization**

For CSOs harmonization means whether they are willing to join together with each other and even with donor officials to reduce transaction costs and execute their resources more effectively and efficiently and with the most impact on the neediest.

It also refers to how official cooperation is applied, whether they are willing to lose certain visibility in exchange for greater effectiveness.

Harmonization initiatives can be facilitated through adopting tools such as programmatic focus, which would allow more joint and coordinated work among the CSOs. Where possible, another example of making progress in the issue is the participation of local CSOs in the sector-wide focuses that governments promote in an open and participatory way.

**Result-based Management**

Like the governments, it is important for CSOs to be able to work in coordination to measure whether the resources that all actors are orienting to development are reducing the poverty indicators and influencing economic growth.

**Mutual Responsibility**

With respect to mutual responsibility, the most wide-ranging principle of this two-way process between government and donors seen to date must be the participation and important role that CSOs can perform in reinforcing the democratic process and national aid effectiveness, ensuring that donors meet their commitments at the local level, and that the government be accountable to the beneficiaries. This is one of the most fundamental points to be considered in the insertion of civil society into all dimensions of the H&A process.

There has been limited awareness-building and advocacy about H&A in Nicaragua in the context of the follow-up and evaluation of the Paris Declaration. Regarding the upcoming High-level Forum in Accra, Ghana, in September 2008, there are major challenges with respect to incorporating conclusions based on a matured discussion of how the Paris Declaration precepts are applied to aid effectiveness and the CSOs, given that this issue has been touched on very superficially in the High-level Forum.

As there is a risk that it would be a globalist discussion based on OECD ideas and concepts, it is fundamental to focus the dialogue on the realities of the country, its territories and the particularities of all the cooperation agents. On the other hand, this monograph must be seen as the start of an in-depth and top-level discussion of how to get to the essence and analyze the interaction of all actors on the ground to achieve the true effectiveness of development.
3. Nicaragua and its Harmonization and Alignment process

National harmonization and alignment of international cooperation began to be developed in Nicaragua in 2002, when the country started taking leadership of the country’s foreign resource-based development process. This was reinforced in 2005 through the Paris Declaration.

It is important to mention in this regard that the overall follow-up and monitoring of the Paris Declaration has been designed to generate interaction between governments/countries and cooperating agencies regarding to the agreed-upon principles. The fact that Nicaragua had initiated a process before Paris and has participated in different pilot processes of OECD-DAC puts it in the privileged position of being able to make pro-active comments about the challenges of this mechanism to promote ODA effectiveness.

It also offers great advantages for the national CSOs and those in the region to be able to make use of the lessons learned in the national process and to generate greater interaction in their participation in the process, which unquestionably requires more balanced, horizontal and inclusive actions by all actors to fulfill the objectives laid out in the Paris Declaration.

3.1 Mapping of the main actors in the process

3.1.1 Government

The main governmental actors participating in the Harmonization and Alignment process are:

- Ministry of Foreign Relations (MINREX), in its role as primary promoter and coordinator of the process.
- Ministry of Treasury and Public Credit (MHCP), in its role as rector of public finances, drafting budgets and establishing technical working groups regarding the requirements and adjustments needed to implement new cooperation modalities.
- Technical Secretariat of the Presidency (SETEC), in its role as organizational rector of central, territorial and sectoral planning.
- Central Bank of Nicaragua, in its role as member of the Technical Committee of Investments and the Technical Committee on Debt.
- Line ministries, in their role as rectors in the specific cases of those sectors where sector-wide approaches are being promoted.

3.1.2 National Assembly

In the preparatory process for the Second High-level Forum, the Government of Nicaragua, through MINREX, invited representatives of the National Assembly (AN) to become part of the Cooperation coordination scheme that existed up to then.

One National Assembly representative formed part of the Nicaraguan delegation in Second High-level Forum. Since then a place has been designated for this branch of state in the Follow-up Group to the National H&A Plan, and AN representatives also participate in some sectoral working groups such as the one on Rural Productive Development.
Despite the existence of sectoral commissions in the AN (as is the case for Education, Governance and Justice), they have not as yet interrelated with the sectoral working groups, or with the development and follow-up to the sector-wide approaches. Similarly, a correlation has not been established between these AN commissions and the sectoral councils of society established in the Law of Civic Participation.

**3.1.3 Civil Society**

The principal roles performed by the CSOs range from promoters of public consensus to administrators and implementers of programs and projects with financing from international cooperation.

With respect to local promoters of public consensus and identification of the impact of the reforms, alternatives to the national poverty reduction and development strategies have been proposed, creating networks for knowledge exchange.

They have played an outreach role in the advocacy to get the concerns of the primary and secondary interested parties heard in the policy and program decisions, especially so that the poor and marginalized populations will be taken into account.

Local training to strengthen and fortify the impact of the development programs, providing local knowledge, identifying potential risks, establishing assistance objectives and expanding the extension work, especially at the community level, and providing ideas and innovative solutions to the development problems. Outreach and training processes on what has been called “economic literacy” have been verified in which the contents of the main economic terms have been presented, together with the impacts of the reform measures, and grassroots community proposals have been identified.

Effective service provider due to their professional experience, especially in settings of scarce public sector capacity or in humanitarian crises. Implementer of social audit seeking transparency and public responsibility for the development activities, thus helping to set up an adequate setting for management.

With regard to the National H&A process of international cooperation, although the principle of the Paris Declaration seeks to generate interaction between governments/countries and cooperating agencies regarding the principles agreed to, the government opened arenas and civil society used the different forums on cooperation to present their opinions and recommendations, as they did their participation in the Follow-up Group for the National H&A Plan.

A satisfactory involvement has not been achieved in budgetary support discussions with the countries and cooperating agencies or in the sector-wide approaches and participation in the common funds (Education, FONDSALUD, PRORURAL). Partial influence has been achieved in the common fund for Education and a positive participation experience has been achieved in the one for Governance.

Civil Society’s participation in the Cooperants Working Group and its Quintet Group has been sporadic, and on the occasions in which it has been able to participate, its role has been as “listener.”
Between 2002 and 2006 civil society has participated in the Annual Cooperation Coordination Forums, arenas it has taken advantage of to influence the discussion of international cooperation’s coordination, harmonization and alignment mechanisms. With the presentation of the National Development Plan (PND) at the Second Forum, an analysis and review process was conducted at the territorial level and an alternative proposal with an endogenous development focus was drawn up, publicized and presented.

The Civil Coordinator and South North Advocacy Group as a multi-sector coalition covering important sectors in advocacy activities. Sharing the interest in designing and directing a participatory political advocacy strategy regarding official economic policies that find their major expression in the Reinforced Economic Growth and Poverty Reduction Strategy (PRSP) and the National Development Strategy, the South North Advocacy Group (GISN) was created as a multi-sector coalition involving three important sectors of Nicaraguan society for the purpose of advocating a change of focus of the economic policies contained in the definition of broad-based economic growth.

Within the GISN organized expressions of civil society from the national and territorial part of the Civil Coordinator met together with representatives of Departmental Municipal Associations (Association of Chinandega North Municipalities, Association of Municipalities of León, Association of Municipalities of the Segovias) and representatives of International Nongovernmental Organizations (Ibis Denmark, Syd Forum Sweden, Trocaire, Oxfam Great Britain).

These actors involved within the GISN linked up different levels of advocacy to achieve their objectives: international, national, municipal and territorial advocacy, for which various plans of advocacy, mobilizations, position papers and analyses were formulated.

In addition, organizations belonging to the Civil Coordinator evaluated the Poverty Reduction Strategy in 11 municipalities of the country within their participation in the National Economic and Social Planning Council (CONPES).

Within the framework of the Civic Participation System, the CONPES member organizations developed a discussion and consensus process around sectoral and territorial priorities for the 2007-2011 period as proposals and suggestions from the citizenry to strengthen Nicaragua’s democracy and development.

Other important actors from civil society are: The Civil Coordinator, Education and Human Development Forum, Coordinator of NGOs for Children and Adolescents (which is part of the Alliance for Investment in Children), National Pedagogical Movement, Nicaraguan Communal Movement, Latin American Forum on Educational Policies (FLAPE), Institute of Education of the Central American University (IDEUCA), Multi-annual Program on Democracy and Human Rights in Central America (Nicaragua), Institute of Nicaraguan Studies (IEN), CEAAIPADE and EDUQUEMOS. This group of organizations has made efforts to pull together an alliance for quality education for all, but has not been able to concretize it.

---

6 Consejo Nacional de Planificación Económica y Social, "Acción Ciudadana para el próximo quinquenio 2007-2011"
3.1.4 Cooperation Agencies and institutions

The main actors in budgetary support are 7 bilateral cooperating countries and 2 multilateral institutions as Signatories of a Joint Financing Arrangement. They are the Government of Nicaragua and the Budgetary Support Group, which is made up of the European Commission, Finland, Germany, Inter-American Development Bank, Low Countries, Norway, Sweden, Switzerland, United Kingdom and the World Bank.

The European Union has financed the Educational Sector Policy Support Program (PAPSE). The program evaluation came out positive and a second phase was approved, but the real implementation showed serious weaknesses, especially in the Caribbean Coast, where the actions were virtually nil. The Autonomous Regional Council of the RAAN denounced these anomalies.

In Sector-wide Approaches, the main donors participating in common funds are:

- **Common Education Fund**, made up of Canada, Denmark and the Kingdom of the Low Countries, through which they signed a Memorandum of Understanding for a US$81.3 million Structural Transformation Support Program to the Educational Sector (PROASE) for a five-year period (2006–2010).
- **PRORURAL Common Fund** is made up of Swiss Cooperation for Development (COSUDE), Norway, Finland and Sweden, which provide loans, and the World Bank and FIDA, which support the sector through donations and loans totaling US$51.97 million for the 2005–2009 period.
- **Common Health Fund (FONDSALUD)** is made up of Sweden, Austria, Low Countries, Finland and UNFPA for a total contribution of US$48.1 million for the 2005–2009 period.

![Common Funds Chart](image)

Author’s own preparation based on data from the Foreign Relations Ministry / SysODA.

A Cooperants Working Group has been established in Nicaragua, which is made up of the main cooperation agencies and institutions registered in the country. The United Nations System acts as Group’s Secretariat. In addition, there is the Quintet Group of the Cooperants Working Group, made up of the Group’s representative (Canada is currently in
representation—October 2007), plus Japan, European Union, Sweden and the Inter-American Development Bank. The latter seat annually rotates among the IFIs

3.1.5 Mixed or multi-actors

**H&A Follow-up Group:** A technical group to follow up on the National H&A Plan, composed of governmental representatives from MHCP, MINREX and SETEC. Representatives of the cooperant community such as UNDP, EC, Presidency Pro Tem of the EU, Presidency of the Donors’ Working Table, Low Countries and Japan also participate. Two representatives from the National Assembly and two from Civil Society also sit at this working group, the latter represented by the Civil Coordinator and CONFESP.

**Overall Working Group:** This is the arena for dialogue between the Government and the cooperating community. It began to function in 2003 as an overall donors’ working group to exchange information within the cooperant community and try to produce executive information for its members, prepare common positions for dialogue with the government, draft proposals and recommendations to push forward implementation of the National H&A Action Plan and evaluate the contributions of the cooperant community with respect to achieving the Millennium Development Goals.

**Sectorsal Coordination Working Group:** These are arenas for dialogue and negotiation between the government and the cooperant community that supports each sector. To provide greater operational capacity, some of them have created sub-working groups. They are generally chaired by the public institution in charge of heading up the sector and all other institutions that form part of it also participate. Civil society has participation in some of the working groups.

As we can observe, there are different work schemes in which multiple development actors participate. Nonetheless, spaces and the desire to participate still exist on the part of representatives of local civil society organizations. This is limited on occasions by institutional positions or those of officials of a given government who do little to facilitate these opportunities for participation. Greater awareness of the Paris Declaration objectives is thus required to achieve greater articulation and participation with a national development vision.

3.2 Chronology, main events and achievements

Between 2002 and 2006, Annual Cooperation Coordination Forums were held. These have now turned into an arena for the highest-level policy debate about coordination, harmonization and alignment of international cooperation. The major lines of action on the issue have been sketched out and agreed to in these forums, and the achievements reached and adjustments needed are being reviewed. The establishment of a coordination and dialogue system was decided on in the First Forum (2002), which made way in February 2003 for Presidential Decree 71-2003, establishing the sector-wide coordination working groups with the mandate to:

- Art. 1 – Promote an inter-institutional coordination process that allows for defining of the objectives and priorities of economic and social development at a national, territorial, sectoral and institutional level.
Art. 2 – As an initial mechanism of the Inter-Institutional Coordination Process, the state ministries that coordinate the Sector-wide Cabinets will establish coordination working groups, which can be subject to transformations over the course of their functioning, for the purpose of promoting rational and optimal use of internal and external resources; a process into which the institutions that make up the Technical Investment Committee must be incorporated.

The Second Forum (2003) was taken advantage of to review and propose adjustments to the system created, and to make the initial agreement for work in Nicaragua in promoting Sector-wide Approaches. That same year the first National Development Plan (PND) document was presented, thus providing the H&A process actors the first proposed national guidelines to jointly promote a development policy.

In October of that same year, the Consultative Group met in Managua, an occasion the government, civil society and cooperant community used by to formalize the work promoted up to that point in the form of a Declaration of Managua, in which mutual commitments were laid out about the Cooperation Coordination process underway and the Sector-wide Approach (ES) was promoted.

In recognition of its work on the issue of the aid effectiveness, Nicaragua was chosen by OECD-DAC in May 2004 as the only country in the world for the Joint Country Learning Assessment (JCLA) pilot project. This exercise was to systematize the experiences and lessons learned, the processes undertaken and the way the government, together with the cooperant community, had made progress in its H&A processes with cooperation.

The Third International Cooperation Coordination Forum was held in September 2004, where the final draft of the Operative National Development Plan (PND-O) was presented. The work of the coordination working groups and the main progress in implementing the ES was reviewed.

At the time, the National H&A process was rooted in the National Development Plan, which concretized the strategic policies and programs that would permit progress toward better and more comprehensive were. This plan is currently being reviewed and updated.

In October of that same year, the first draft of the Action Plan on Harmonization and Alignment was presented and the High-level Conference was held to present the results of the JCLA pilot project. In addition, at the government’s initiative, the first meeting of Partner Countries of OECD-DAC was held in Managua as part of the preparatory process for the Second High-Level Forum in Paris. Out of that meeting came the first joint Partner Countries pronouncement on aid effectiveness issues.

In 2005, the Second High-Level Forum was held in Paris, in which Nicaragua had presidential-level representation (it was the only country at the event attended by its head of government) and representation by the National Assembly and civil society, complemented by very distinguished participation both in the preparatory process (as a member of the coordination group) and during its development as part of the team that drafted the Declaration and as a conductor of one of the working groups.
In May 2005 the Joint Financing Agreement was signed between the government and 7 cooperating countries and 2 bilateral agencies,\(^7\) which established the normative functioning framework for Budgetary Support in Nicaragua.

In October of that same year the Fourth Cooperation Coordination Forum was held, in which the National Harmonization and Alignment Agreement was signed and its implementation and follow-up mechanisms were created. In addition the challenges involved in the process were laid out and proposals were made for adjustments to the then-existing coordination mechanisms.

In 2006, a meeting of Latin American and Caribbean Associated Countries of OECD-DAC was held in Managua as part of the follow-up to implementation of the Paris Declaration. Out of that meeting came the establishment of a regional position on the process as well as recommendations to facilitate its progress.

In that same year, the Fifth International Cooperation Coordination Forum was held, in which an analysis of the whole process, challenges for the future and recommendations to the different actors regarding the upcoming change of government were presented in an effort to ensure greater permanence of the accomplishments. The baseline done for the National H&A Plan, against which progress would be measured in the future, was also presented.

**Baseline Results of the National H&A Plan (2005 – 2007)**

<table>
<thead>
<tr>
<th>No</th>
<th>Indicators selected</th>
<th>Result (base year 2005)</th>
<th>Target 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>% of ministries and governmental entities that have incorporated the PND objectives and targets in their plans and policies.</td>
<td>2 points *</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(43% of entities: 3 p.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(27% &quot; &quot; 2 p.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(10% &quot; &quot; 1 p.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(20% &quot; &quot; 0 p.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>% of resources of the Public Investment Program (SNIP) that correspond to the regional, departmental and municipal development plan priorities.</td>
<td>Regional and departmental Plans 10.8%  Municipal Plans 21.8%</td>
<td>30% 30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>% and number of sectoral working groups and sub-working groups functioning in line with the mechanisms, procedures and norms agreed to and approved.</td>
<td>52.94% (Tables functioning: 4) (Sub-working groups functioning: 5)</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>% of governmental entities with the MPMP implemented.</td>
<td>4.76%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>Appraisal of the national information systems based on their up-to-date and available data.</td>
<td>66 %</td>
<td>100 %</td>
</tr>
<tr>
<td>6</td>
<td>Number of sectors implementing a sector-wide approach and with a comprehensive plan for strengthening and creating capacities.</td>
<td>2 sectors</td>
<td>4 Sectors</td>
</tr>
<tr>
<td>7</td>
<td>% of employees incorporated into the Administrative Career.</td>
<td>4.5%</td>
<td>-------</td>
</tr>
<tr>
<td>8</td>
<td>% of new programs and projects that correspond to national policies and plans.</td>
<td>60.8%</td>
<td>100%</td>
</tr>
<tr>
<td>9</td>
<td>% of contracted external cooperation resources that are reflected in the National Budget.</td>
<td>Initial resources: 56.4% Final resources: 92.8%</td>
<td>80%</td>
</tr>
</tbody>
</table>

---

\(^7\) Cooperants participating in Budgetary Support in Nicaragua: The European Commission, Finland, Germany, the Inter-American Development Bank, Low Countries, Norway, Sweden, Switzerland, United Kingdom and World Bank.
<table>
<thead>
<tr>
<th></th>
<th>% of the current sectoral portfolios of programs and projects that have been evaluated and adjusted to the sector-wide plans.</th>
<th>0%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>% of the cooperation agencies that have mechanisms for knowing whether the projects they execute through NGOs with resources included in the agreements signed with the government are consistent with the national policies.</td>
<td>35.71%*</td>
<td>60%</td>
</tr>
<tr>
<td>12</td>
<td>% of the cooperant community that applies a common local salary table.</td>
<td>0%</td>
<td>80%</td>
</tr>
<tr>
<td>13</td>
<td>% of aid increase in sectoral and general budgetary support, as well as in common funds administered with national procedures.</td>
<td>Base year data: C$920,719,025.19</td>
<td>50% increase</td>
</tr>
<tr>
<td>14</td>
<td>% of cooperant entities that respect the “silence of missions” agreed to with the Government.</td>
<td>98% (1 mission, World Bank)</td>
<td>75%</td>
</tr>
<tr>
<td>15</td>
<td>% of the operations financed by two or more cooperants that are governed by common platforms for reports and monitoring of disbursements.</td>
<td>55% (Reports: 60%) (Monitoring: 50%)</td>
<td>50%</td>
</tr>
<tr>
<td>16</td>
<td>% of cooperant community members that have joined common financing platforms, reports and monitoring of disbursements.</td>
<td>32.1% (Reports: 33.3%) (Monitoring: 31.0%)</td>
<td>50%</td>
</tr>
<tr>
<td>17</td>
<td>% of increase in resources disbursed through joint financing.</td>
<td>Base year resources: C$920.7 million</td>
<td>50% increase</td>
</tr>
<tr>
<td>18</td>
<td>% of members of the cooperant community that inform the government of the analyses and assessments they are going to do.</td>
<td>* Pending close of 2006</td>
<td>80%</td>
</tr>
<tr>
<td>19</td>
<td>% of reduction of the parallel units or those not integrated in the project administration.</td>
<td>Base year parallel units: 80</td>
<td>50% Reduction</td>
</tr>
<tr>
<td>20</td>
<td>% of fulfillment of progress report on the National H&amp;A Action Plan produced and publicized.</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Base year: 2006. For indicator 1 because the PND was approved in 2005. For indicator 11 because the follow-up mechanism was created in 2006

Source: Document V Foro de Coordinación de la Cooperación, Managua, October 2006.

It is important to underscore that various representatives of civil society, municipalities, mayors’ associations and other actors in local, departmental and regional development participated in the different annual events of the International Cooperation Coordination Forums, and did so very actively.

Nonetheless, because the H&A process up to the Fifth International Cooperation Coordination Forum had focused on dynamics between the government and official cooperating countries and agencies up to the end of 2006, the CSOs participated in a tangential way and only issued appraisals of how the participation arenas should be opened. This is largely because so far the CSOs have not been inserted (either locally or in an overall way) in a clearer and more linked manner with respect to all the concepts of the Paris Declaration, which thus prevents a richer and more inclusive participation of all actors in the process.

On the other hand, limits should be placed on the distortion created by the cooperating community by generating different consultation and participation processes with CSOs for their own purposes and to justify their own intervention plans and strategies when they should be negotiating and concretizing a unified country vision. In the end, what we have are processes directed by the cooperating countries that do not necessarily mesh with the national realities and processes.
In its role as a member country of the CSO Advisory Group (GA), Nicaragua was selected in 2007 as the seat of the Regional Consultation of Latin America and the Caribbean on ODA Effectiveness from the civil society perspective, which will be conducted at the end of October of this same year. The inputs and contributions to these consultations will serve as a base document for the proposal to be presented by the GA to the Steering Committee of the Third High-level Forum and to ensure that a space on this process and its linkage to the Paris Declaration will be presented at the highest level. A clear debate with perspectives of how the H&A process should be enriched to include the role of CSOs in development and as part of the architecture of aid should come out of these regional consultations.

The holding of this regional consultation in Nicaragua provides the country an opportunity to take a position and project a discussion that has already been launched at a national level, but requires backing and accompaniment by the current government.

We should not, however, lose sight of the fact that this should be an ongoing process, as was suggested regarding implementation of the Paris Declaration from a national perspective, given that to make ODA genuinely effective there should no single recipe, even though there should be a parameter of reference for relations and actions that permit common effort toward the objective.

**Milestones**

<table>
<thead>
<tr>
<th>Year</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May - October</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
<td>Reform of the functions of CONPES</td>
<td>Monterrey Conference on Development Financing*</td>
<td>First Cooperation Coordination Forum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>Culmination Point for HIPC</td>
<td>Creation of the Budgetary Support Group</td>
<td>Presentation of the Sector-wide Governance Plan</td>
<td>Joint Country Learning Assessment</td>
<td>Declaration of Intentions. Coordination between the Government of Nicaragua and the cooperants to strengthen the Education Sector</td>
<td>Presentation of the Sector-wide Plan on Civic Security</td>
<td>Presentation of the National Development Plan</td>
<td>Presentation of the Common Plan of Education Work</td>
<td>First Meeting of the Associated OECD-DAC Countries (appendices 2 and 3)</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>International Workshop on tools for aid administration. (Burkina Faso)*</td>
<td>Third Cooperation Coordination Forum</td>
<td>Presentation of the Operational National Development Plan</td>
<td>Regional Alignment and Harmonization Forum. Tegucigalpa*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

26
| January  | Signing of the Health Sector Code of Conduct (appendix 4)  
| Budgetary exercise | Implementation of the medium-term budgetary framework in the Health, Education and Transport & Infrastructure Ministries  
| February – March | Second High-level Cooperation Harmonization Forum (Paris)*  
| May | Signing of the Joint Financing Agreement for budgetary support (appendix 6)  
| June | Presentation of the Five-Year Health Plan  
| August | Signing of the PROASE Memorandum of Understanding (appendix 7)  
| September | Signing of the PROASE Memorandum of Understanding (appendix 7)  
| October | Presentation of the PROASE Memorandum of Understanding (appendix 7)  
| November | Approval of the National Action Plan for Alignment and Harmonization  
| November | Assessment of the implementation of the sector-wide approach in 10 sectors  
| November | Government guidelines for the advance of the sector-wide approach in Nicaragua  
| November | Fourth Cooperation Coordination Forum  

**2006**

| February | Training workshops for public officials on the sector-wide approach  
| March | Acceptance by the World Bank Board of Directors of PND as the Second Generation PRSP  
| April | Pilot questionnaire mission for OECD-DAC follow-up to the Paris Declaration commitments  
| May | Special Vienna Forum for Cooperation Harmonization and Alignment for Central American Integration* (appendix 8)  
| July | Presentation of the Justice Plan  
| July – August | Horizontal South-South technical cooperation on H&A issues among Guatemala, Honduras and Nicaragua*  
| August | Presentation of the Program of Support to Micro, Small and Medium Nicaraguan businesses 2006 – 2010  
| August | Implementation of the medium-term budgetary framework in all ministries  
| August | Meeting of all Latin American and Caribbean associated OECD-DAC countries Adhering to the Paris Declaration “Taking the initiative” (appendices 9 and 10)  
| September | Start of 2 diploma courses on alignment and harmonization  
| October | Regional Alignment and Harmonization Forum. “Exercising Leadership to Accelerate Changes” Bolivia*  
| October | Indicators and baseline of the National Action Plan on Alignment and Harmonization  
| October | Fifth Cooperation Coordination Forum  


### 3.3 Current situation

Documents and guidelines have been drawn up on the application of Sector-wide Approaches to concretize the national H&A process: a National Plan of Harmonization and Alignment of International Cooperation has been drafted, with its respective baseline; the progress and challenges of the process have been institutionalized; the capacities of public officials have been strengthened through training sessions on the issue; and an information system has been established to help strengthen the planning, monitoring and evaluation of the resources.

The national instrument that has governed relations between cooperation and the country regarding the Paris Declaration commitments is the National H&A Plan, which contains

27
objectives, actions and goals totally linked to the international process, and it has means of verification, deadlines and actors demarcated.

In addition, arenas for dialogue and negotiation have been concretized through an accountability process at the highest political level via the International Cooperation Coordination Forums (2002-2006), and also through the Budgetary Support Group (BSG), Overall and Sectoral Working Groups, and Follow-up Group to the National H&A Plan.

**There have been changes in the negotiating power in favor of donors, governments or CSOs.** To the degree that governments have increased their ownership and leadership in the sector, the donors have had to support the priorities established by national authorities. Nonetheless, this capacity has been limited, because although we now have common funds, or harmonized and aligned budgetary support, a large number of projects still persist that are tied to implementation units and mechanisms with norms and procedures established by cooperation, which are causing a lot of dispersion and wear.

From the viewpoint of conditionalities, on the other hand, they still persist at the level of specific projects and with the Joint Financing Agreement on Budgetary Support (ACF) follow-up and monitoring matrices. Nonetheless, the GON is now proposing simpler conditionalities more in accord with reality, which are pending presentation to the BSG.

To the degree that the GON can expand CSO participation in policy formulation and updating, as well as in implementation and monitoring of the process, it will be able to exercise a country vision that allows it to negotiate with international cooperation from a stronger position.

**The donors still establish conditions to support the sector and the GON in general,** despite a tendency in accord with the norms established by Paris and commitments they have been promoting with the cooperant community that these conditions should be simplified and turned into commitments that the countries can propose and hammer out together with all actors as simple and achievable goals.

This is the case of the ACF performance evaluation matrices, where the government is proposing to the BSG a new list of indicators that meet these requisites to simplify the process simpler and make it more possible to provide follow-up and monitoring based on realistic data that truly measure how the population’s living standards are progressing in the different sectors. Submission of this list by the GON is still pending.

The process is opening an interesting window of opportunities for CSOs and the GON to work together in formulating, reviewing and validating the indicators, which entails greater articulation and participation in monitoring and evaluation and consequently puts the country in a better negotiating position vis-à-vis the Budgetary Support Group and cooperant community.

**The donors’ oppressiveness with political conditions to support the budget is an issue for discussion.** For example, the conditions included in the ACF performance matrices to provide budgetary support are basically technical, yet fundamental precepts included in the Agreement text are a call to transparent and efficient governance and justice regarding human rights, all of which could be considered political.
Considering that the commitment to international law, prevention of conflicts, respect for human rights, democratic principles including free and fair elections, the rule of law, independence of the judicial branch, free and transparent democratic processes, accountability and the fight against corruption, solid macroeconomic policies and the commitment to poverty reduction govern the policies of the signatories and constitute the fundamental principles of this ACF.

What happens at times is that when cooperation cannot invoke lack of compliance with the macroeconomic or sectoral indicators, it begins to invoke some of the fundamental precepts of the Agreement. Although this has not resulted in a lack of aid disbursements so far, it has affected the time of the disbursements until real or apparent institutional crisis have been sorted out, as was seen in 2005, when the mid-year budgetary support resources were not disbursed until the end of 2005 or start of 2006.

It must also be highlighted, however, that the GON at certain moments (negotiations for continuation of the PRGF Program with the IMF in 2006 and the process of reforms to the Political Constitution of the Republic in 2005) has advocated compliance with the macroeconomic balance as a basic ACF principle, and invoked violation of the fundamental precepts of governance and transparent and equitable justice as arguments in its favor.

The conditionalities can be related directly to the degree of ownership by the country. It is more feasible to negotiate or renegotiated conditionalities in the form of simpler and more realistic commitments when the government shows seriousness and a pledge to promote a strengthening of the public entities with the due underpinnings of policies, strategies, plans, programs and projects that respond to representative and participatory national democratic processes.

To the degree that we can show democratic and institutional maturity and a social contract that is respected, it gives us more strength as a country to negotiate in better conditions and deal with the conditionalities emanating from international cooperation.

The importance of civil society’s participation in the ownership process should be reiterated, supporting the GON in its formulation of national policies and the territorial processes where the CSOs have a greater presence and are directly linked to the target population they attend to and represent.

A performance matrix exists as an appendix to the ACF budgetary support, but there are also sectoral matrices of the PND-O. Notwithstanding both cases, the institutionalized participation of CSOs only occurs in the context of parallel advocacy and studies they do to measure the progress and backsliding with respect to the goals and indicators.

The new results-based management modality being promoted needs a costly institutionality that does not yet exist in our countries. In moving from a scheme of conditionalities to one of commitments based on goals and indicators to be met, there is still the unresolved matter of being able to have an entity that serves as a permanent mechanism to measure the performance and ongoing participation of all actors for development.
The recent change of government in Nicaragua has meant readjustments in the functioning of the executive and in general of the whole above-described coordination mechanism. Nonetheless, the government has expressed its willingness\(^8\) to take up the national H&A processes and shown its commitment to achieve greater ODA effectiveness through better resource alignment based on its defined national priorities. It has picked up the dialogue process through the Overall Working Group, as well as through the Budgetary Support Group, and is making progress toward creating sector-wide working groups based on its new priorities.

A strict analysis in Nicaragua of implementation adjusted to the terms of the Paris Declaration with respect to improving coordination, harmonization and alignment with the budgetary systems, policies and results; reduced transaction costs, greater assignation and efficiency of public spending; and greater financing prediction leads us to the conclusion that the progress has not been what was expected. Greater efforts are required by all actors to achieve a better orientation that could lead to more effective state and public administration for effective alignment.

Although there has been progress in the dialogue, concertation and active participation in the country’s ownership and leadership, there are still limitations regarding broader inclusion of CSOs. Ownership and leadership continues to be approached from a government perspective without civil society’s participation to strengthen the vision of nation and the role of negotiation with international cooperation, recognizing that there will also be fields where there is dissidence (which must also be seen from a pro-active and progressive perspective).

### 3.4 The new cooperation modalities

Nicaragua is currently defined as one of the partner countries that has made the most progress toward new cooperation modalities, among which implementation and adaptation of the national dynamic of Sector-wide Approaches (ES), Common Funds (FC) and Budgetary Support, among others, stand out.

**Budgetary Support in Nicaragua**

**Budgetary Support occurs through donor contributions to finance the general budget of the Government of Nicaragua directly.** These contributions use the government’s systems of assignation, acquisition and accounting and are not linked to activities of specific projects.

It is considered a new cooperation modality and represents more streamlined disbursements and greater prediction in assuring external resources, alignment with the budgetary system and the priorities of the country established in the 2005-2009 National Development Plan, offering greater impact and improving the effectiveness and efficiency of cooperation. Budgetary Support is recognized as a sign of transparency and political backing of the government, reduces the administration costs of projects and is based on actions and indicators of progress and outcomes.

\(^8\) According to what was established in the Aide de Memoirs of the First Overall Working Group (between government and cooperation) held in July 2007 and verbally communicated to the authors in interviews with current government officials.
It can be observed in the Financial Economic Program of the Government of Nicaragua that the Budgetary Support Group disbursed US$142.4 million during the 2005-2006 period and the estimated average disbursements for 2007-2010 will be around US$86.2 million under this financing modality, which will total US$258.3 million for the next three years.\(^9\)

Below we present the annual figures disbursed through the budgetary support modality (loans and donations) for 2005 and 2006. It is worth noting that the total disbursement planned for 2007 has not yet been made, and the subsequent years (2008 – 2010) are projected based on offers (not including the offers and commitments of other donors). It should also be underscored that the programming of budgetary support resources depends on the holding of semi-annual meetings to review and analyze the progress and programming, respectively, apart from the bilateral consultations, negotiations and programming between donors and the government.

![Budgetary Support Modality of Donations and Loans US$ millions](image)

The Joint Financing Arrangement on General Budget Support is seen as a mechanism to help the Government of Nicaragua be more effective in implementing its development policies and strengthening its institutions. A group of donors has been working together with the government of Nicaragua for over a year on the design of an appropriate mechanism for providing additional financing to the PND in the form of budgetary support. They have now formalized the Joint Financing Arrangement on General Budget Support/Arreglo Conjunto de Financiamiento para Apoyo al Presupuesto General, 18 May 2005.

The disbursements will be subject to compliance with a series of conditionalities grouped into five Performance Evaluation Matrices, whose dialogue themes are macroeconomic stability, administration of public finances, rural productive development, social welfare and governance.

Regarding the specific dispositions for the disbursement of Budgetary Support, the general part will be committed based on the general evaluation of the Performance Assessment Matrix (PAM). The variable part will be committed based on the evaluation of the goals and specific indicators selected by each of the PAM donors and agreed to with the GON.

Another cooperation modality developed in Nicaragua in the framework of the H&A process is the Sector-wide Approach (ES), which has been a strategy for making progress in applying the national H&A process through the creation of comprehensive sectoral programs. Among the Expanded Sector-wide Approaches developed in Nicaragua are those in the Education, Health and Productive Development Sectors. Nicaragua has nationalized the creation of a Sector-wide Approach through the presentation of guidelines for it at the Fourth International Cooperation Coordination Forum. Its instrument has facilitated the sectors in intensifying and expanding the sector-wide approaches.

Nonetheless, in appraising the progress of this approach in 2006 it was concluded that despite tangible evidence that it has helped increase and improve implementation of the national and sectoral policies and strengthen ODA administration in the sectors, there are still challenges to achieving better alignment of the project portfolios, greater use of the national procedures and training of government officials.

The ES has allowed for progress with one-off instruments such as the creation of a Code of Conduct in the Productive Rural Development, Health, and Water and Sanitation sectors. In addition, under the application of the sector-wide approach, three common funds have been created that support the ES of Education, Health and Productive Rural Development. According to appraisals of the existing Common Funds for 2006, those of Health and Education employ the characteristics presented by the government in the ES guidelines.

Another challenge of the existing Sector-wide Approach it that very few donor countries support the given sector through this modality, and even some of its member countries still use conditionalities.

### 3.4.1 The CSOs and the new cooperation modalities

It must be stressed that while new cooperation modalities have emerged that define harmonization among donors, this harmonization has only eliminated the administrative burden among them and passed it to consortiums of international NGOs or multilateral cooperation agencies. Yet no additional funds have been created for CSOs, particularly national ones.\(^\text{10}\)

On the contrary, new cooperation modalities such as general budgetary support and common funds have limited access to financing for the CSOs because the funds have been channeled directly to the PGR. Although the CSOs are at times included or induced to participate in the formulation and consultation of national, sectoral and territorial policies, they are not taken into account in their implementation through budgetary funds. They are only considered when they can provide their own resources to complement those of public investment.

The CSOs are consequently justified in distrusting the H&A process and ODA effectiveness from the Paris perspective and what the OECD’s GA has been working on in this regard, because so far it is promoting the continuation of the status quo. If an in-depth discussion cannot be generated about the Paris Declaration objectives, CSO financing will not increase

---

\(^\text{10}\) According to opinions by civil society organizations offered in interviews with the consultant team.
to make them more effective in reducing poverty and generating sustainable economic growth in the territories.

A few limited examples exist of civil society’s insertion or inclusion in the implementation of new cooperation modalities.

**The Common Fund of Support to Civil Society for Democratic Governance is one example of this.** Bilateral donors\(^\text{11}\) as creators of the joint initiative and fund contributors and a consortium of four international organizations are the main actors of the Common Fund of support to civil society for the democratic governance of Nicaragua. National organizations are inscribed as competing organizations.

The bilateral donors that created the joint initiative and contribute to the fund are the Royal Embassy of Denmark, the Embassy of the Kingdom of the Low Countries, COSUDE, the United Kingdom Department of international Development (DFID), the Embassy of Norway and the Embassy of Finland.

It is an attempt to consolidate the efforts that Nicaragua is making in its democratic, institutionalization and civic participation processes and is designed to strengthen the capacities of civil society organizations and networks in their dialogue and interaction with public actors from a pro-active and constructive vision in search of sustainable solutions to the problems facing the Nicaraguan people.

<table>
<thead>
<tr>
<th>INITIAL FUND RESOURCES *</th>
<th>Contribution (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Embassy of Denmark</td>
<td>1,600,000.00</td>
</tr>
<tr>
<td>Embassy of the Kingdom of the Low Countries</td>
<td>400,000.00</td>
</tr>
<tr>
<td>Swiss Cooperation for Development (COSUDE)</td>
<td>250,000.00</td>
</tr>
<tr>
<td>United Kingdom Department for International Development (DFID)</td>
<td>1,300,000.00</td>
</tr>
<tr>
<td>Embassy of Norway</td>
<td>1,194,000.00</td>
</tr>
<tr>
<td>Embassy of Finland</td>
<td>120,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,864,000.00</strong></td>
</tr>
</tbody>
</table>

*See detail and updates to date in Appendix 1.

A **Technical Secretariat is in charge of Program Administration and technical assistance to the civil society organizations.** It is a Coordination and Follow-up Committee as a maximum entity of Program direction and is made up of a consortium of international nongovernmental cooperation organizations interested in the implementation of projects linked to this initiative made up of OXFAM Great Britain, Dutch Cooperation Service to Development (SNV), Irish Catholic Agency (TROCAIRE) and Oxfam-Novib Holland.

Its main functions are to assign resources from the Common Fund; organize invitations in open competitions to Civil society organizations and networks; evaluate proposals; institutional evaluation; sign specific agreements with the organizations or networks whose projects have been selected; support competing organizations with technical assistance during the proposal preparation, accompany the organizations in the phases of implementation,

\(^{11}\) Royal Embassy of Denmark, Embassy of the Kingdom of the Low Countries, Swiss Cooperation for Development (COSUDE), United Kingdom Department for International Development (DFID), Embassy of Norway and Embassy of Finland
monitoring, evaluation and learning, and be accountable for the use of the resources assigned and the results achieved.

**Competing organizations.** In the first invitation it received 202 proposals, from which projects totaling US$1.9 million were selected for 26 national organizations that met the parameters and availability of the Program funds. The second public invitation was issued in March 2007, where it was specified that civic participation, approaches of social equity and gender are considered crosscutting focal points. Appendix 1 presents a list of organizations selected in the first call.

Apart from this example of harmonization of cooperants to channel resources better to civil society organizations in the governance sector, there has been no participation in the implementation of common funds in education, health or rural development that is equal to the channeling of the PGR resources.

**The second component of the Program of Support to the Educational Sector (PROASE) is supported through the UNICEF – DANIDA Trust Fund,** which is designed to achieve eventual synergic effects between civil society and the state by civil society playing a more active role in concretizing and conducting the country’s education policies. The component is divided into three fields, the first of which is to help civil society learn how to better mobilize local communities and parents to take an active part in local administration of the education system; the second component of the aid is to improve students’ knowledge of prevention of early pregnancies and venereal diseases, particularly HIV/AIDS; and the third is to support activities aimed at coordination and dialogue between civil society and the public sector.

To implement the second component, a US$3 million cooperation agreement was signed on May 9, 2006, between the Royal Embassy of Denmark and UNICEF, with a four-year implementation period in close coordination with the Ministry of Education.

Consulting the cooperation information system12 on the Basic Education and Citizenry Project for all of UNICEF, an execution of US$796,000 appears for 2007. An amount of 8.7 million córdobas in UNICEF donations appears in the 2007 MINED budget, of which 46% had been executed in the January-June 2007 period, equivalent to 4.1 million córdobas.13 There is no information about assignments to civil society organizations to participate as implementers or in any other way.

There are criticisms by national NGOs that have been excluded from participation in different financing schemes due the H&A, and it now remains to be seen what steps can be taken to reverse this process.14

As an example of this they mention the case of multi-donor funds, in which they say that the CSOs have maintained their advocacy or participation role in the areas corresponding to them, but this has not translated into additional financing. Multi-donor trust funds have also been created for CSOs, but these were the same funds the donors had for the same organizations before, with differences only in their administration and management.

---

14 Opinion of diverse interviewees in the information gathering process.
The general addition of ODA resources that has been generated in the country is linked to promotion of the international development agenda (Millennium Summit, Monterrey, Rome and Paris). The increase of ODA resources and their distribution, and implementation mechanisms, instruments and modalities are issues that must be discussed by all development actors in the country. It is appropriate to mention that in the opinion of the authors the Paris agenda must continue to be promoted, because if the national H&A process is reversed, cooperants and other international cooperation actors could perceive that it is not operating under the new development consensus, creating the risk of a flight of international cooperation resources.

### Disbursements of External Resources

**Modality:** Both. **Type of Source:** Both (US$ millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral</td>
<td>270.9</td>
<td>213.67</td>
<td>267.20</td>
<td>257.04</td>
<td>263.03</td>
<td>272.67</td>
<td>242.40</td>
<td>204.51</td>
<td>295.16</td>
<td>237.40</td>
<td>43.47</td>
</tr>
<tr>
<td>Multilateral</td>
<td>119.34</td>
<td>279.21</td>
<td>267.53</td>
<td>235.04</td>
<td>237.35</td>
<td>239.23</td>
<td>299.36</td>
<td>295.45</td>
<td>304.81</td>
<td>291.33</td>
<td>115.05</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>390.24</td>
<td>492.89</td>
<td>534.73</td>
<td>492.09</td>
<td>500.39</td>
<td>511.90</td>
<td>541.76</td>
<td>500.95</td>
<td>504.66</td>
<td>539.34</td>
<td>158.52</td>
</tr>
</tbody>
</table>

Source: Sysoda, October 2007

### 3.4.2 CSOs and the follow-up and accountability mechanisms

The CSOs have been able to account for the entry of cooperation funds, because MINREX developed an information system in real time called SysODA, which reflects the disbursements from cooperation reported by the cooperating community. Nonetheless, this information is limited by the capacity of the cooperating community members to provide timely information.

With respect to spending, the MHCP has the Comprehensive Financial and Administrative Management System (SIGFA), which includes the spending of budgeted resources. CSOs do not have access to this system, however, as it is only for central government institutions, and sometimes does not even have the participation of all corresponding institutions. Nor does SIGFA exist in the majority of the municipal governments so they can have information on how municipal transfers, which now comprise 7% of the PGR, are spent.

The was also the National Public Investment System (SNIP), which recorded physical implementation in this system, but it is not accessible to CSOs either.

15 [http://sysoda.cancilleria.gob.ni](http://sysoda.cancilleria.gob.ni)
This failure by the cooperating community to provide timely information led the GON to incorporate it as one of its indicators in the national H&A Action Plan, generating a scheme of incentives and disincentives to help change this behavior.

In the case of the Budgetary Support Meetings, the CSOs have not participated in either the technical discussions or the plenary meetings. They may have participated in some meetings to inform the media of the results of the process. The same has happened with the monitoring and evaluation of the PND-O goals and indicators, where the report has been done by consultants within the GON and the OSCs and the country in general have only submitted a document for study and comments, without the CSOs participating directly.

Although new cooperation modalities have been established in the name of ODA effectiveness and the Paris Declaration, civil society’s participation has been limited not only in the formulation of policies, but also in their implementation through service provision. We could argue that the arenas for receiving additional financing have been closed, because many funds have been aligned to the governments through budgetary support and common funds, but no mechanisms have been created so that CSOs can participate in implementing those funds.

Nonetheless, it is necessary to comment that in Nicaragua there has been an increase of external ODA resources in recent years. This general growth, which has not always been under new modalities (common funds and budgetary support represent less than 20% of the total ODA and less than 10% of the PGR\textsuperscript{16}), could be increasing the volumes of cooperation received/channeled by the CSOs. So if the ODA shrinks, the CSOs could be seriously affected.

From the perspective of advocacy, monitoring and follow-up, the CSOs have had very active participation, but this depends on transparent, true and timely information by the public entities. If both the provision of information and the arenas of participation are limited, there is the risk that their role in advocacy, monitoring and performance evaluation could be weakened.

4. Situation and Experiences of Civil Society

Civil society in Nicaragua has been very active and belligerent. It has advocated in favor of the citizenship-building and consolidation of a vision of nation. It has expanded with respect to extending to the territories and seeing to the needs and rights of the most marginalized citizens of a country with a high needs index.

4.1 Situation

Nicaraguan civil society is one of the most dynamic and belligerent in Latin America. There are currently 546 civil society organizations, the majority created in the nineties. Many of them are grouped into coordinating bodies (25 in total) covering the whole national geography and all aspects of the Nicaraguan situation. Forty-two percent of the CSOs are based in

\textsuperscript{16} SysODA, Ministerio de Relaciones Exteriores
Managua and 38% in the Caribbean coast (RAAN and RAAS), while 93% of the networks have some headquarters in the capital.\textsuperscript{17}

Some 25,000 people (55% women)\textsuperscript{18} work in these organizations, with a considerable internal democratic structure and coverage of over 4 million people. A sub-set of 155 of these CSOs managed some US$170 million in 2004, 80% of which came from international solidarity.\textsuperscript{19}

The most important aspect of these CSOs and their networks is their political advocacy based on citizenship-building. Their theoretical and practical studies on the economy, the national budget, tax collection and others have been used by different thematic sectors and networks for their debates and demands (health, education, small business, children, etc.). Many proposals by the Civil Coordinator have been included in electoral agendas (for example, the salary policy for teachers).

A growing field of advocacy by civil society has been that of municipal governments, with their ample possibilities for civic participation and one of the government institutions with the most initiative today.

At the same time the CSOs have made proposals and lobbied in the National Assembly regarding various laws (Restructuring of the Domestic Debt, the Water Law, Education Law, Public Information Law, reforms to the Electoral Law), some of which are already approved, others partially approved and still others shelved.

Civil society’s participation in the National Economic and Social Planning Council (CONPES) has been very intense, but many of its proposals, although assumed by the Council, have not prospered subsequently. Finally, a growing activity of the CSOs and their networks has been the constant and ever stronger dialogue with the civil society organizations of the countries of the North, with joint proposals on restructuring the debt, making the IMF conditions\textsuperscript{20} more flexible, the struggle against corruption, etc.

It is important to mention that the Civic Participation Law (Law 475, October 2003) institutionalized national, sectoral and territorial advocacy, as well as policy formulation and implementation processes that had been developing de facto in different schemes of work.

\textbf{Civil society has annually received an average of around US$150 million,} which represents approximately 20% of the national ODA.\textsuperscript{21} Of this, part is channeled directly from international cooperating countries and CSOs, while the other part originates as components of ODA programs and projects channeled through the GON and its institutions and is even included in the PGR. Because there is no adequate system to measure all the income of national and international NGOs, it is under-recorded. On the other hand, there could be duplication between figures of the ODA reflected in the PGR and those that are not.

\textsuperscript{17}“Mapeo y Caracterización de las Organizaciones de la Sociedad Civil en Nicaragua.” August 2006. Instituto de Comunicación y Desarrollo, AID, SIDA
\textsuperscript{18}7,000 remunerated people (fixed or temporary) and 18,000 volunteers. The management teams in the coordinating bodies are 63% women
\textsuperscript{19}“Mapeo y Caracterización,” op. cit.
\textsuperscript{20}World campaign of letters to IMF President Rodrigo Rato, for example.
\textsuperscript{21}Comparative analysis of SysONG and SysODA figures.
At a global level the international and national CSOs mobilized around US$14.7 million in 2005, i.e. nearly 14% of all ODA or 18% of that aid if the debt write-offs are excluded (statistics in the OECD-DAC line, 2006: Table 1). Nonetheless, it is believed that there is a sub-recording of these data.  

Although there are no official figures and these numbers could be underestimated or overvalued, having a record of information that would permit the whole universe of resources channeled through CSOs to be recorded, avoiding duplications in the registry, is fundamental.

So far the only source of official information is SysONG, an information system in real time developed in MINREX in close collaboration with the CSOs during the previous government administration. This computerized instrument is mainly focused on reflecting the resources contributed by international CSOs, but is available for use by national CSOs.

The following tables present the ODA resource disbursements for Nicaragua. Of the total ODA (US$574,119,070) corresponding to the January 1 - December 31, 2006, period as donations and loans for the Education Sub-sector and (US$63,714,730) and Governance Sub-sector (US$38,562,240).

It is important to mention that the CSOs receive part of these resources, affecting the under-recording or duplicity that could exist with the SysONG system, which still needs improvement. This will depend on the use the CSOs make of this system to include the majority of the resources channeled through this cooperation modality.

Nonetheless, the future channeling of these resources via CSOs will depend largely on the position the government adopts regarding their participation as strategic partners that have developed comparative advantages in different sectors and territories of the country.

**Table 1: Education Sub-sector**

<table>
<thead>
<tr>
<th>Total ODA and Education Sector</th>
<th>Total Social Sector and Education Sub-sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursements of total ODA (US$574,119,070) from January 1 to December 31, 2006 as Donations and Loans</td>
<td>Resource disbursements to the Social Sector (US$252,857,590) from January 1 to December 31 2006 as Donations and Loans</td>
</tr>
<tr>
<td>Total Social Sector: US$252,879,590 = 44%</td>
<td>Total Education Sub-sector: US$63,714,730 = 25%</td>
</tr>
<tr>
<td>Education Sub-sector 25%</td>
<td>Other sectors* 75%</td>
</tr>
<tr>
<td>Other Sectors* 56%</td>
<td>Social Sector 44%</td>
</tr>
<tr>
<td>*Financial, productive, infrastructure and others</td>
<td></td>
</tr>
</tbody>
</table>

---

22 The estimates by county done by the donors in their reports to the DAC are often approximate (e.g. in the case of Canada). Moreover, some countries do not declare these kinds of contributions (e.g.: France, Norway, Spain and the United States). And finally, the requirement of presenting reports applies only to “private voluntary organizations” (PVOs) and not to all CSOs.

23 [http://sysong.cancilleria.gob.ni](http://sysong.cancilleria.gob.ni)
Civil society has had some participation in the national development plans and the PRS processes, but greater awareness building needs to be promoted. Although it is said that one can identify a rich structure of networks, coordinating bodies and other kinds of linkages in which civil society organizations participate in Nicaragua, it cannot be categorically affirmed that Nicaraguan civil society is satisfactorily organized and with a strong leadership taking advantage of the available opportunities for its strengthening. There is no full and generalized consciousness among Nicaraguan civil society about the development paradigms
and the role and impact of international cooperation related to the Monterrey Summit and the Paris Declaration.

A group of national and international organizations and local government representatives created the GISN as a coordinating arena and have been doing follow-up and monitoring work as well as advocacy and lobbying on the different versions of the Poverty Reduction Strategies. Regarding the latest one (called PRSP II or PND-O) it has been pointed out that the drafting of the National Development Plan did not come out of a bottom-up deliberation and negotiation process that would allow the vision of the future that people in the communities and territories have prior to writing any draft, what policy actions to prioritize to approximate the vision of the future they want and what would stimulate their development as people and the development of their community, municipality and department.

Nor has it been a product of a broad sectoral consultation among unions and professional guilds, associations and networks of organizations specializing in specific areas of economic development and of public policies.

**In the proposing and negotiating of Development Plans, neither a discussion in nor approval by the National Assembly has been considered.** The different plans that have been drawn up (National Development Strategy, Reinforced Economic Growth and Poverty Reduction Plan and Operational National Development Plan) have served to meet the requisites within the negotiations to opt for funds from the International Monetary Fund’s poverty reduction and growth facility (PRGF) window.

On the other hand, the government that took office in January 2007 has not yet articulated the commitments of the Paris Declaration in a real way in its documents and actions, despite having initiated the dialogue through the Overall Working Group and the Annual Budgetary Support Meeting in July. The previous government, as a signatory of the Paris Declaration, left the Operational National Development Plan, but after a negotiation process with the International Monetary Fund, the new government recently published a Financial Economic Program document (PEF) 2007 - 2010 in which it notes that “the preparation of the PEF has a content and scope relatively different than the National Development Plan,” because it considers the PEF a “short- and medium-term financial program” while the PND is a “long-term strategy.” For that reason it should not be expected that the PEF will replace the PND but rather that the two will complement each other.

The document makes no mention of the Paris Declaration although there is talk of harmonization and alignment by referring to the fact that the PEF stresses the country’s financial capacity to confront the costs of economic infrastructure and basic services in the amounts necessary to achieve the MDGs. It can only be achieved if the international community again supports the social policies backing the PEF and in a decided manner. It is expected that the external cooperants will make progress in the harmonization and alignment efforts with the government’s objectives and priorities.

It again touches on the issue by referring to the disbursements of the Budgetary Support Group, mentioning that it is accompanied by a dialogue process and conditions, technical assistance and capacity-building, and efforts at harmonization and alignment of the countries that provide it.
It is noted that the PEF takes account of the strategic elements of the PND approved in 2006, and that the review has begun, adding changes that underscore the productive rather than charity refocus in the poverty reduction spending, gratuity in the provision of public health and education services, structural revision of public investment to develop infrastructure that helps increase competitiveness and realignment of external cooperation with the national priorities.

4.2 Civil society’s experience of participation

The CSOs’ experiences of relations with the state have taken multiple forms, which have been grouped into five modalities in accord with the aims and radius of action: a) Substitutive and/or complementary relations; b) relations of pro-active advocacy; c) citizens’ control and oversight; d) direct collaboration and e) a relationship of relative indifference.

In this framework, the national organizations assume different roles. On the one side, some become providers of services that the state doesn’t provide; others became conveyor belts for civic interests and critical voices regarding state policies and programs, at the same time monitoring and alerting the citizenry about irregularities, abuses and others.

A document on civil society and poverty reduction states that in Nicaragua, as in many countries of Latin America, the national organizations and their articulations have had a high point starting with the implementation of the structural adjustment policies, in the framework of which some civil society actors have had a preponderant role.

Experiences of the Civil Coordinator. The experiences of the Civil Coordinator for the Emergency and Reconstruction (CCER, later called Civil Coordinator, or CC) that emerged in 1998 in the wake of Hurricane Mitch as a multi-sectoral space made up of networks, associations, unions, professional guilds and federations, and also making room for the participation of individuals. One of the first experiences was the participatory process of drafting the proposal for Nicaragua’s Reconstruction and Transformation “Converting tragedy into opportunity,” which lays out suggestions about how to promote development with justice and equity in Nicaragua.

One of the most novel coordination experiences was the participation in the civic mobilization against corruption and the pact developed during 2005, which concretized into four marches with broad civic participation. Other marches have also been organized in the wake of the Consultative Group, the protest over the IMF conditionalities and to call the new government’s attention to the proposal of the “Nicaragua we want” drafted in 2006.

Research has been conducted on economic and social topics mainly related to the Poverty Reduction Strategies, the National Development Plan, proposals and bills, among others. The experience of parallel discussion and of the drafting of a comprehensive counterproposal that is collected in the two versions of “The Nicaraguan We Want,” published by the Civil Coordinator in 2001 and 2006, has been valuable and useful.

One failed experience was related to a demand and an effort to promote a broad and inclusive national dialogue that would give an arena to civil society organizations and not only to the

24Ana Quiroz Víquez. La sociedad civil organizada en Nicaragua, composición y experiencia en la reducción de la pobreza. Kepa, Finland. 2006
traditional actors (the political parties and government). Despite having attained consensual agreements with the participation of political parties, the government and civil society organizations, the dialogue did not concretize for various reasons.

In May 2005, based on the naming of key posts (magistrates and officials) in the state institutions, a political crisis appeared in which the main political forces in the National Assembly promoted a reform to the Constitution that removed faculties from the President of the Republic, frustrating the government’s expectations to be able to push through the appointment of these magistrates and officials via consensus.

Lawsuits were also filed for violation of the Electoral Law by some public officials and a series of demands by the population referring to the bus fares, employee salaries in the public health and education sector that aggravated the country’s situation.

One group of civil society entities proposed to the government to hold a broad, inclusive, dialogue with the participation of the social entities to discuss the fundamental aspects and get past the crisis. The main parties in the National Assembly felt obliged to come out against that proposal, as they have a different social agenda than the nongovernmental organizations, alleging that a dialogue with such numerous participation would not be practical.

But later, through intermediation by the OAS and Cardinal Obando y Bravo, President Bolaños signed an agreement with Daniel Ortega in which a Framework Law was issued that postponed putting the constitutional reforms into effect until January 2007.

**Experiences of other networks and organizations.** Women have had experience in organization and mobilization around diverse issues and in recent years have taken a more visible position on overall issues and problems such as democracy, governance, access to justice, impunity, development and public policies from a position autonomous of churches, political parties or economic interests. The Coordinator of Organizations that Work with Children and Adolescents (CODENI), the Network of Women against Violence, the National Commission of Struggle against AIDS from Civil Society and the Nicaraguan Youth Council have demonstrated experiences of mutual coordinating and cooperating and even of unity in some moments in their advocacy work and relationship to the state.

There are also the experiences of the Network for Democracy and Local Power in aspects of decentralization and local governance, and the Federation of NGOs of Nicaragua (FONG), playing an active role in defense of NGO interests.

**Establishment of alliances and coordination of national organizations with networks and organizations of the North.** One of the most important experiences has been the establishment of alliances and coordinations of national organizations with networks and organizations of the North around specific campaigns or themes such as Nicaragua’s progress in the HIPC initiative (entry, decision point and culmination point) and the discussions in the Consultative Groups of 1998, 1999, 2000 and 2004. This relationship has had various modalities: NGOs of the North seeking information to pressure the headquarter countries regarding their government’s position on some situation identified in Nicaragua; transmission of that information to organizations in Nicaragua so they can question the government; or official cooperation itself requiring coherence as well as denunciation or questioning.
regarding the IFIs. A fluid exchange of information and positions was observed in both
directions, in the complementarity of roles and spheres of action, as well as mutual respect.

Similarly, there have been the experiences around the discussions of the Free Trade
Agreement between the United States and Central America (CAFTA) and negotiations over
the Agreement of Association with the European Union where some campaigns have been
linked to specific issues such as the impact of the free trade agreement on generic medicines,
etc. and the negotiation mandate in the respective regions.

It is worth mentioning the experience of a slightly different alliance between organizations of
the South and NGOs of the North in what has been called the South-North Advocacy Group
(GISN) as an alliance of civil society organizations, local governments and international
NGOs to construct and direct a political advocacy process in a participatory manner with the
participation of 17 Nicaraguan organizations, 11 local governments and municipal
associations and 9 NGOs of the North. Advocacy and education activities were carried out as
an Economic Literacy process and a study of a local budget from a gender perspective. It has
also facilitated communication and interchange with some experiences in Zambia, Ghana and
Bolivia, among others.

**Experience in the National Economic and Social Planning Council.** The experience in the
National Economic and Social Planning Council stands out with respect to civic participation.
Among other functions, CONPES prepares recommendations to be presented to the National
Assembly on social and economic bills and those of national interest that are requested by the
President of the Republic. Dynamics of consensus have been developed among the different
actors of Nicaraguan society, including civil society, for the purpose of favoring the
participatory dynamic.

Also distinguished was the process of creating the National Concertation and Civic
Participation System as well as the formulation of a book\textsuperscript{25} that gathers the proposals of civil
society expressed by nearly 2,000 leaders representing diverse sectors of civil society.

**Experiences in the local sphere:** With the institutionalization of the Municipal and
Departmental Development Councils (in the framework of Law 475 of Civic Participation)
and their articulation with the Sectoral Councils and CONPES at the national level, a web of
participation with a vision of development was formalized that allowed for public-public and
public-private concertation to establish economic development priorities and combat poverty
in the different segments of the country. Although this scheme was launched during the
2002-2006 government administration, it is still pending strengthening and consolidation.

Planning proposals from a grassroots perspective were hammered out and prioritized at the
level of the Departmental Development Committees and structures called Territorial
Investment and Planning Units (UTIPs) were created to channel the proposals to central
planning and allocate financing via the PGR through their inclusion in the PIP. This initiative
was financed by a consortium of cooperants in what is known as the PASE Program
(National System of Coordination for the Participatory Implementation, Monitoring and
Evaluation of the PRSP and PND). The great challenge of this initiative was the capacity to
satisfy local expectations, which was palliated through financing to programs and projects

\textsuperscript{25} CONPES. Acción Ciudadana para el próximo quinquenio 2007-2011. Proposals and suggestions from the
citizenry to strengthen the democracy and development of Nicaragua.
and channeled by the Secretariat of Economic Relations and Cooperation of MINREX to different programs and projects.

These territorial processes were also developed from a more regional perspective. An example of this was the Achuapa Agreements, which had major support from CSOs in the territories, mainly the Institute of Research and Social Initiative (INGES), which collaborated directly with the Mayors’ Associations, government entities in the territories and local leaders and residents to push forward and promote the development agenda of a poor, highly depressed region forgotten by the traditional development actors.

Other examples of the regional development process promoted during recent years were the regional development strategies of the South and North Atlantic Autonomous Regions (RAAS and RAAN, respectively), which included participation of all the regional actors of civil society and the productive sector under the sponsorship and leadership of the elected autonomous authorities. The progress was presented in the Consultative Group of Managua.

These territorial and regional development processes are currently halted due to the change of policy by the new government administration, which has proposed a change in the governmental schemes and civic participation under the introduction of the Cabinet and Councils of Citizens’ Power. In addition a Development Council of the Caribbean Coast has been created that is currently formulating a development strategy for the autonomous regions. Although this new scheme of work has suffered legal reforms by the National Assembly, the government is still continuing to promote it. It remains to be seen over time how this new scheme will work on behalf of civic participation, poverty reduction and the promotion of sustainable economic growth in the country’s territories and regions.

Other areas. There are some areas in which the CSOs have been able to develop important experiences and achievements. One of them is the education and sensitization of society and public opinion about issues that were previously very little known, absent or novel and specific situations in the public agenda such as the Public Debt or the General Budget of the Republic.

One area in which recent achievements have been recorded is that of advocacy in the formulation of laws. Promoter Groups have been created to seek passage of laws such as that of Civic Participation, Municipal Transfers and the Municipal Budget Regime, as well as advocate reforms to existing laws, such as the recent discussions about the criminalization of certain sexual behaviors in the Penal Code.

One Promoter Group formulated and presented a bill on Access to Information that was approved in the National Assembly. Nonetheless, diverse obstacles have gotten in the way of regulating the law.

4.3 Civil Society’s Participation in the National H&A Process

In Nicaragua’s case, we can mention the exchange process that civil society has provided in the national H&A process to strengthen both the government’s role in it and civil society’s role in the national and territorial development efforts.

It enjoys the experience of participation by both national and international organizations in the International Cooperation Coordination Forums, the setting up of Sector-wide
Coordination Working Groups, the establishment of general functional frameworks for the sector-wide approach in at least two social areas and one productive one, strengthening of the traditional forms of cooperation and the promotion of new financial cooperation initiatives such as Budgetary Support and Common Funds (Anti-corruption, Education, PRORURAL, HIV-AIDS and Governance).

Some common funds, such as the one for education and for sexual and reproductive rights and the one against corruption, are helping to promote and strengthen dialogue among civil society organizations and between them and the state, and are also supporting civil society organizations as social auditors in implementation of the existing legislation and their contribution to public policy formulation.

In the Fifth Cooperation Coordination Forum in October 2006, civil society provided an appraisal of the national H&A process perspectives in the past five years and its participation in this process, laying out civil society’s critical vision and presenting clear proposals to the government on the issue. From this analysis, it was concluded that although the country has made substantial progress in the H&A process, challenges still remain to be dealt with, among them:

- Strengthening the capacities of the CSOs
- Concretizing the positioning and role of the CSOs in the whole national H&A process.
- Making the participatory mechanisms with civil society effective through representation in the sectoral working groups and the overall working group.
- Concretizing an arena of open dialogue among the government, civil society and the cooperant community.

Despite the arenas provided, civil society’s participation has been limited to certain areas with limited influence for change in the national H&A process. In this regard it is important to take back up the recommendations made by civil society in the Fourth Cooperation Coordination Forum to ensure a more effective process with common objectives.

“It is necessary to recognize the nature and identity of the different actors that participate in the process of harmonizing and aligning cooperation; up to now, the process has centered on Official Development Aid and on ordering official cooperation, but there still needs to be progress in the coordination and identity process among the different ministries to promote their plans and strategies; even their own methodology to establish a budgetary framework requires greater analysis in its practical application in the majority of public institutions.”

“We believe that a greater correlation must be established between the budgetary support group and follow-up to the Harmonization and Alignment process that will allow the handling of more information and socialization of the achievements and difficulties along the way.

“From this perspective, we feel we are being invited to harmonize, but are not to participate or be directly involved in the effective mechanism that a systematic negotiation and dialogue process could be.”

---

26 Words of Georgina Muñoz during the inaugural session of the Fifth Cooperation Coordination Forum, Managua, October 2006.
With respect to what is expressed, it can be noted that while only incipient and limited participation by civil society has existed in the H&A issue, the arenas and mechanisms are established. It is necessary to ensure their continuance and reactivation, as well as a review and adjustment to foster greater national dialogue with the CSOs to achieve more tangible results regarding ODA effectiveness.

5. The sectoral cases of Education and Governance

5.1 Education

It has been through the Education Working Group that, starting in 2003, conditions were created for implementation of a Sector-wide Approach for the sector that clearly defines educational policies, the financial gaps, collaboration agreements and coordination among the cooperants and the Government through a Common Work Plan that establishes goals to be reached in the framework of the sector policies. Progress has also been made on a “Policy Document for Basic and Mid-level Education” and the “Declaration on Coordination between the Government of Nicaragua and the Cooperants for Strengthening of the Education Sector” in the context of the education working group. These documents have strengthened the relationship between the government and the cooperant community for the sector.

Fulfillment of the Basic and Mid-level Education Policy is articulated through the Common Work Plan\(^{27}\) (PCT) 2004-2006, which facilitates follow-up to and monitoring of compliance with the lines of action for each education policy and has been used as the base instrument for implementing programs and projects of the Ministry of Education.

Through the Sector-Wide Approach to Education, the sector has combined resources to support the education needs through new cooperation modalities such as the creation of the Common Fund for the Education Sector with the drafting of the Support Program to the Educational Sector in Nicaragua (PROASE) for the 2005–2009 period in the amount of US$12 million from Canada and US$30 million from Denmark. These funds directly support both the educational policies related to educational transformation and increased coverage and education in the Caribbean Coast of Nicaragua.

<table>
<thead>
<tr>
<th>Program of Support for the Education Sector (PROASE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2005-2010</strong></td>
</tr>
<tr>
<td><strong>US$000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pending disbursement</th>
<th>Denmark</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disbursed</strong></td>
<td>Kingdom of the Low Countries</td>
</tr>
<tr>
<td><strong>Total contracted</strong></td>
<td>Canada</td>
</tr>
</tbody>
</table>

Cumulative Disbursements to November 2007

---

\(^{27}\) The three policies that the Common Work Plan establish: 1) Educational transformation: relevance and quality; 2) Expansion of the supply and incentive to the demand, access, adaptability and equity; and 3) Improvement of governance: participation, results, accountability and efficiency.
The sector has also been benefited by resources through other cooperation modalities such as sector-wide budgetary support and general budgetary support. The latter has no direct effect on the sector but does have conditions through the indicators established in the Social Matrix of the Budgetary Support ACF, which are linked to school desertion.

For example, the European Commission (EC) supports the Budgetary Support Program to the Education Sector (PAPSE) for over US$40 million for a four-year period, but these resources move through general budgetary support. This means that they are liquid, freely available and fungible, which implies that they go directly to the budget to finance the domestic and foreign debts, constitutional percentages, subsidies and budgetary rigidities.

This EC cooperation modality to Nicaragua caused some inconveniences at the outset because it was originally promoted as sectoral budgetary support, earmarked to the education sector, but as the EC was a signatory of the ACF it was clearly agreed that it was general budgetary support according to the definition hammered out of fungible liquid resources through the PGR. Thus, at the start of the process following the signing of the PAPSE agreement with the EC, MINED requested that the MHCP disburse the majority of resources to the sector, which is how they were reported, but the subsequent year it began to be seen that the resources were part of the same budget to the sector and only a few additional resources than those already budgeted were received.

It can be argued that as this cooperation modality is relatively new, the actors are still being trained to make the best use of it and the recent change of government administration has accentuated the learning curve to be able to make more effective and efficient use of this new collaboration scheme.

The sector-wide education approach has allowed a definition of policies, strategies and plans, concretizing greater alignment of the cooperants to the policies, plans and goals established.
by the sector. Although these have been predominantly government-cooperant community arenas, there should be a move toward greater civil society participation in the coordination of external resources for the education sector to avoid duplication and dispersion of the resources and efforts.

The positive aspect of this Sector-wide Approach is that it allows MINED to have resources to finance categories not included in other programs and projects and not part of the current spending budgetary allocations. Regrettably, the good execution of these resources depends on the planning, implementation and follow-up capacity of the lead institution. This has led to low execution levels of the Common Fund. In 2007, for example, only a little more than 30% of the resources had been executed as of August.

The possible consequences of this high under-execution of funds and how it could be improved needs to be analyzed. One consequence could be that the donors decide to reduce the funds in the future, because they have a determined period for their use and unused funds can only be reprogrammed for the next budgetary cycle, but will still be subject to the implementation capacity.

One way to mitigate this situation is to consider the possibility that MINED could sign a Memorandum of Understanding with different CSOs that have comparative advantages in different areas of service provision in the territories of the country so they could support the implementation of the resources based on the sector’s policies and strategies.

A large number of civil society organizations in Nicaragua work in the education sector and manage high resource flows for the sector. It is thus important to achieve articulation through arenas of joint dialogue so as to work more effectively in investing the resources for this sector.

### Summary of Strengths and Weaknesses of the Education ES

<table>
<thead>
<tr>
<th>Main strengths</th>
<th>Main weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Active and high-level executive leadership</td>
<td>• Scant knowledge of the sector-wide approach by MECD directors and technicians.</td>
</tr>
<tr>
<td>• Policy and PCT largely geared to results; PCT financed and linked to an estimated budget. Undergoing improvement. It will be important for the Multi-annual Public Spending Plan currently being drawn up to be consistent with the PCT.</td>
<td>• Linkage between budgeting and operational planning.</td>
</tr>
<tr>
<td>• Good institutional direction mechanisms.</td>
<td>• Definition of indicators.</td>
</tr>
<tr>
<td>• Many cooperants interested in participating in the sector-wide approach.</td>
<td>• Systematization of follow-up to the physical and financial execution.</td>
</tr>
<tr>
<td></td>
<td>• The sector-wide approach has increased and complicated the institution’s work and created financing shortages that are out of MECD’s control.</td>
</tr>
<tr>
<td></td>
<td>• Multiple and poorly coordinated development initiatives of the sector-wide approach, requiring a great effort by MECD.</td>
</tr>
<tr>
<td></td>
<td>• The cooperants do not harmonize with each other.</td>
</tr>
</tbody>
</table>
• The cooperants have many requirements for reports and presentation deadlines, but are not harmonized among each other and often do not comply with their own commitments to submit reports on time.

Source: Situación de los Enfoques Sectoriales en Nicaragua, MINREX 2006

5.1.1 The CSOs in the Education Sector

Social participation in education has been distinguished for approximately 28 years, and a development of capacities has been observed, accumulating a potential both to get their educational demands enforced and to survive in periods of rupture.

The National Literacy Crusade became a privileged space for participation. In addition, the government set education as a fundamental area and the framework established by the creation of a new Constitution of the Republic involved a deployment and participation of multiple civil society organizations; they have maintained their influence in education issues since that time.

The first actions of the new government elected in 1990s were to change the educational system, sector policies, contents and textbooks; although it included the participation of civil society, this did not happen. Different nongovernmental organizations were instead founded that geared their work to the sectors displaced by the new government program.

With the drafting of the Reinforced Economic Growth and Poverty Reduction strategy (PRSP) participation increased through the government’s call for the participation of civil society in the National Economic and Social Planning Council (CONPES).

The government promoted social participation processes in education for the drafting of the National Education Plan 2001-2015, which involved not only the central government but also local governments and key sectors and actors that participated in the national Education Council.

Moreover, with the approval and reform of the General Education Law (Law 582), civil society deployed to achieve quality education for all and the preparation of a National Agenda in which they participated with support from international NGOs such as Ibis Denmark and Aid in Action.

This process has culminated in the creation of the Alliance for Education, whose members are the Education and Human Development Forum (FEDH), the National Pedagogical Movement (MPN), the Coordinator of NGOs that work for Youth and Adolescents (CODENI), the Nicaraguan Communal Movement (MCN), the Education Institute of the Central American University (IDEUCA), the Adult Education Council of Latin America (CEAAL), the Civil Coordinator (CC) and the Institute of Nicaraguan Studies (IEN). They have had a belligerent participation in the processes of formulating, implementing and following up on education sector policies.

The fact that the new education minister came out of the Education and Human Development Forum should be underscored as a principal element related to the government-civil society relationship.
Despite these arenas for dialogue between the government and civil society, the need to expand the latter’s participation and dialogue in the Education Working Group has been pointed out on various occasions. A first get-together for dialogue between the Ministry of Education and the CSOs related to the external resources earmarked for this sector has only recently occurred.

It opened the space to move toward the creation of an Advocacy Map of the National and International Nongovernmental Organizations that support the education sector, to thus be able to improve the efficiency and effectiveness rates of schools in the rural and urban departments and municipalities, ultimately achieving better use of both the international cooperation resources and the national resources invested in the sector.

This mapping is an advance in improving and strengthening the dialogue among the government, civil society and cooperation in the educational sector, thus maximizing the resources for a sector that has multiple needs. The participation of CSOs in the Sector-wide Education Approach as well as in joint cooperation modalities provides opportunities for generating good sectoral practices in the framework of the Paris Declaration principles.

The Financial Economic Program (PEF) presented by the new government states that the strategic elements of the PND approved in 2006 will be taken into account. For that reason a review has been initiated, adding changes, among which providing free public education services stands out.

In its social policy the current government has presented that it will provide goods and services in health, education, water, sanitation, food security and sovereignty, social protection, housing, formation and training to the poorest sector of the population. To this end, it will implement a policy of free public education, eliminating the charges to the population, and will expand school coverage and reduce illiteracy. Nonetheless, the budgetary allocations are similar to those of previous years.

The education Alliance is a challenge that has been posed because at least in the Expanded Sector-wide Approach scheme it does not exist. The international NGOs that form part of the sectoral working group have demanded that all cooperation funds to MINED be recorded and presented. Civil society has been involved and has suggested specific requirements and issues such as curricular transformation and the review of the judicial framework.

The Law of Educational Participation mandates the creation of a National Education Council and states that INATEC should be incorporated into it, but it is observed that no such national body yet exists. The central issue put forward in the working groups and sub-working groups is how to move the agenda.

The experience in a national forum was a wasted opportunity because while the desire existed to get the process off the ground, it was affected by ideological positions. It was proposed that education has to start from a vision of nation with a comprehensive focus and a genuine understanding of what education means in Nicaragua. The political debate of substantive issues on education was not observed in the working group since it centered on a financial focus and the NGOs were given a role as consultants and project implementers.

---

28 Gathering held on August 31, 2007 in the Ministry of Education, with the participation of national civil society organizations and international NGOs that support the educational sector.
With respect to the experience of the Sector-wide Approach, the Paris agenda was not made known. The Working Group was made up of two types of actors: large and small of both international and national NGOs, and it was observed that the ability to speak is directly proportionate to the funds they contribute. Although the investment proposal in education is a problem of all participants, civil society has not been given space to take a position, because it is promoted from afar and has become an elite issue.

The government of Nicaragua is proposing a contradiction. With the creation of 7 commissions, it implies strong leadership so that participation will be effective. The policies proposed are good, but technical capacity is needed to make them operational. In this regard, many doubts are observed regarding ownership. With respect to the relationship to international NGOs, MINED has centralized all training processes because the proposals must be authorized with the minister’s signature.

The major cooperants have shown concern to ensure that the funds are executed with quality and efficiency. It has been stated that for harmonization to exist there must be an agreement about the vision of education and a resolution of the gaps in the international NGOs’ budgetary execution.

Another obstacle that was presented is the welfare-based focus and the fact that the discourse does not match reality, which is considered an historical lag. The proposal is to create a working group of International NGOs that do dialogue work like national NGOs so that it be valued not only from the financial perspective but also from the quality point of view.30

It is important to stress that there has been CSO participation in education sector initiatives, but participation in formulating and implementing policies in the new modalities and work mechanisms derived from the H&A processes has been limited. The expansion into new participation schemes will depend on the opening that is achieved through sensitizing the different actors on how the Paris Declaration and this new paradigm must lead to a more horizontal and participatory reality for all cooperation actors based on representative and participatory democratic governance.

### 5.2 Governance

In the context of improving public administration and making it more efficient, and strong national recognition of the mainstreaming of the governance and decentralization issues, there has been progress in formulating a decentralization policy and strategy that articulates social and economic development and poverty reduction better.

The decentralization policy and strategy was concretized by linking up through the decentralization and state reform sub-working group,31 getting the local development-oriented National Decentralization Policy made official through Presidential Decree no. 45-2006,32 as well as getting the National Decentralization Strategy for Local Development

---

32 Published in July 2006
(ENDDL), which clearly defined the lines of action for implementation of the policy, made official at the end of that same year.  

Both the policy and the ENDDL were constructed through a broad participatory process of consultations. At different dialogue levels—public-public and public-private—arenas were encouraged by the sub-working group on Decentralization to ensure a participatory construction from formulation to officialization of these instruments so they would be the result of a national consensus.

The Civil Society organizations, the Nicaraguan Network for Democracy and Local Development and FUNDEMOS are the main actors that, together with the Association of Municipalities of Nicaragua, have actively participated in the consultation and drafting process, as well as in the public debate, helping to promote approval of the ENDDL policy and publication.

Despite recognition this process is receiving by some of the actors involved, the CSOs consider the process to have been formalistic because their participation had no impact on the changes suggested. The ENDDL also did not take up fundamental elements that are framed in the context of greater participation by civil society in the decentralization process.

It must be reflected that the ENDDL establishes the drafting of a Social Control Promotion Policy and a reform to the Civic Participation Law to progress toward better CSO representation in the consultation processes, ensure a gender approach and participation by indigenous peoples, promote better monitoring, move toward better accountability, strengthen the functioning of the development planning arenas and incorporate the residents’ associations into them.  

The challenge of putting the initiated decentralization process into practice in Nicaragua is to make both the policy and the ENDDL operational through the formulation of a National Decentralization Program for Local Development with concrete results and an assigned budget that permits movement toward a development as it is conceived in both instruments. The concretization of a National Program would be a move toward a harmonization and alignment instrument in which multiple actors enter at different levels.

Given the change of government, the current ENDDL is under review and it is expected that a new version will be presented, focused more on specific actions to be developed and with greater emphasis on civic participation that would be articulated through the National Program. In is necessary to observe closely that fulfillment of these policies by the current government is conditioned on cooperation instruments between the government of Nicaragua and the cooperant community as in the Poverty Reduction Support Credit and in the Performance Evaluation Indicators Matrices of the Budgetary Support ACF, whose goal is to “adjust the basic competencies and attributions of the different territorial levels of public administration,” referring to the decentralization policy.

33 Made official in December 2006
34 Central, regional and municipal governments, Association of Municipalities of Nicaragua and departmental associations, private institutions, National Assembly, civil society organizations and international cooperation institutions and agencies, among others.
35 Estrategia Nacional de Descentralización y Desarrollo Local. 8.1.6 – Simplificación e integración de las instancias para consulta de políticas públicas. Pg. 75
36 Specifically in the PAM of Governance.
The Government of Reconciliation and National Unity has established focal points for the poverty reduction and millennium goals by defining the priorities for the generation of wealth and the struggle against poverty. The Financial Economic Program of the government of Nicaragua stresses that the PEF has a content and scope that is relatively different from the National Development Plan (PND) even though they are closely related. The PEF is a short- and medium-term financing program, while the PND is a long-term strategy. The government has decided to review previous policies, so it is thought that the cooperation matrices in place as well as the performance evaluation will remain in effect.

The ENDDL is currently facing a crossroads. This topic was previously managed in SETEC’s Public Administration Office (OAP), because it could be worked, coordinated and articulated better at the presidential level, given that it is quite crosscutting. Nonetheless, the OAP has now passed to INIFOM and is working on a review of the ENDDL. There are thus expectations of seeing a decision made about its implementation that is based on the policies of the new government administration and the role INIFOM could play in this regard.

### Summary of Strengths and Weaknesses of the Decentralization ES

<table>
<thead>
<tr>
<th>Positive aspects</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehension of the ES is underway</td>
<td>There is still no underpinning to the ES strategy. The relations between a strategy and the conditions promoting it and sustaining it in time are still to be defined.</td>
</tr>
<tr>
<td>An institutional transition and preparation of a strategy are underway</td>
<td>Strategic coordination in the sector is insufficient</td>
</tr>
<tr>
<td>Regulatory framework being reviewed</td>
<td>There is no well-defined and developed system of objective and outcome indicators, or systematic follow-up</td>
</tr>
<tr>
<td>Increasing ownership</td>
<td>Consultation and participation systems are incipient, especially at the central level</td>
</tr>
<tr>
<td>Cooperation’s commitment is being maintained</td>
<td>Complexity and lack of definition of the sector. Dimension of the process, times, possible institutional resistance</td>
</tr>
<tr>
<td>The sub-working group’s work is being taken back up</td>
<td>The coordination with cooperation has lacked leadership and continuity</td>
</tr>
<tr>
<td></td>
<td>Except for the fund of transfers to the municipalities there are no formalized harmonization and alignment agreements</td>
</tr>
</tbody>
</table>

Source: Situación de los Enfoques Sectoriales en Nicaragua, MINREX 2006.

5.2.1 **The CSOs in the Governance sector**

In the implementation of the policy and ENDDL, civil society organizations have a great opportunity to articulate the efforts of the different sectors, facilitate the monitoring and follow-up of the process and demonstrate their capacity as organizations that know the population’s needs. Because they know local processes they can exercise leadership in the different areas of the decentralization process, achieving greater influence in local development.

---

One experience considered successful for civil society in the Governance issue relates to the Common Fund of support to Civil Society for Democratic Governance in Nicaragua where technical and financial resources are made available to CSOs to support the development of their capacities to improve their contribution to strengthening Nicaragua’s democratic governance. Two invitations have been issued where proposals have been presented to strengthen civil society’s own capacities. It is believed that getting this fund operating has opened an arena for dialogue among the public institutions, civil society and the international community with an eye to improving the coordination of efforts on issues related to cooperation for democratic governance. Twenty-six organizations were benefited in the first call and 52 in the second.

Another area linked to the issue of governance that has resulted in achievements and important experiences has been civic follow-up and control actions on different public policies such as the Governance Observatory developed by the Center for Communication Research, the Budgetary Transparency Index developed by CISAS, research on access to justice for women from the Network of Women against Violence, follow-up to the human rights situation in the country developed by CENIDH, the Education Observatory promoted by members of the Education Forum, the national Social Audits developed by the CCER and the monitoring of public policies in municipalities by the Network for Democracy and Local Power together with the Civil Coordinator and local organizations, among others.

As the new government indicated that it would review the previous policies, a version more focused on the description of the actions is expected, with greater emphasis on the issue of civic participation. On the national debate on the decentralization issue, the government has transferred it to INIFOM, which is not considered a good sign given that the AMUNIC-NETWORK-ASSEMBLY-INIFOM working group has also been disarticulated.

SETEC and the Ministry of the Treasury and Public Credit created a coordination arena called the Inter-institutional Executive Committee and established an Inter-institutional Technical Committee. An expanded Inter-institutional Technical Committee has also been created as an arena for consultation on the process, where issues are discussed regarding the decentralization process that includes municipal associations and civil society. The Network for Democracy and Local Development has presented various documents, among them “The decentralization we want,” as a political issue and one of state reform, considering changes in municipal governments and the central government. The new government has not yet confirmed whether this structure will continue.

The challenge of the decentralization process initiated in Nicaragua is in making it operational. The National Decentralization and Local Development Strategy (in which the CSOs feel they have not participated or been consulted sufficiently, but do recognize its pertinence and utility) deserves to be concretized in a National Program, which could be seen as a harmonization and alignment instrument for the coordination and complementarity of the multiple actors at different levels.

Nonetheless, there is already a wealth of work and accumulated experiences by the CSOs in the area of governance that could feed the process.

38 Observations of the focal group, October 18, 2007.
6. Perspectives of the Civil Society Organizations

6.1 Civil Society-Government Relations

Civil Society in Nicaragua has succeeded in concretizing adequate arenas through a legal framework provided by the Civic Participation Law (Law 475). With the current government administration, however, new arenas of participation by civil society are opening up through what are called Councils of Citizens’ Power.

Nonetheless, all that had been viewed as a positive experience with respect to civic participation seems to have been rolled back in the wake of the Presidential Decrees of May 1 (Nos. 29-2007 and 32-2007) as well as in the actions by the Deputy Secretary of CONPES in the President’s name.

In its document on National Priorities of the Government of Reconciliation and National Unity, the government of Nicaragua establishes the citizenship-building, direct democracy and direct participation through the creation of the Councils of Citizens’ Power, entities that permit progress toward direct participation for public policy formulation and decision-making.

Civil society actors that belonged to CONPES believe that the fundamental principle of civic participation mentioned by both the Political Constitution and Law 475 on Civic Participation, which is on “equal conditions” in citizens’ participation in public affairs and state administration (Art. 50 of the Constitution and Art. 4, No. 4 of Law 475), has been damaged.

They mention as a negative experience the fact that all non-party representatives of civil society or those with a different party identification than the one currently recognized by the President have been eliminated from the CONPES Board of Directors, so that the Board will now be made up exclusively of council members identified with the governing party.

The CONPES membership being contemplated is made up of 72% sympathizers of the governing party and only 28% of all others. All the following sectors of organized civil society at the municipal level will be excluded from the CONPES plenary: representatives of the Municipal Development Council and municipal representatives of other civil society organizations (such as the Communal Movement, JCOP, unions of different political currents), while at the departmental level, in addition to representatives already belonging to the Departmental Development Council plenary, only representatives of the Councils of Citizens’ Power will be invited and no other civil society organization will be.

With respect to governance, the government’s opening in its civil society relations, the Technical Secretariat of the Presidency and the Ministry of the Treasury and Public Credit created different formulation, coordination and consultation arenas, such as the Inter-institutional Executive Committee, the Inter-institutional Technical Committee and the expanded Inter-institutional Technical Committee. The latter committee includes representatives of the regional and municipal governments, Municipal Affairs Commission,

municipal associations and civil society. The new government has not confirmed whether this structure will continue.

6.2 Relations among Civil Society, Government and Cooperant Community

The Civil Society Organizations see the Paris Declaration as an opportunity. With respect to the Paris Declaration’s future effects on civil society organizations, the participation and role of the NGOs and civil society in that declaration is not explicitly stated and perhaps to a certain point it is excessively assumed that the partner countries will define the role that civil society and NGOs will play in this process. Not only has the role of the NGOs and civil society not been formalized in the Paris Declaration, no guidelines have been established regarding their participation, rights and duties.

Nonetheless, the organizations have expressed their intention to participate in the sectoral working groups and have reiterated the importance of continuing to implement the processes and initiatives promoted by OECD-DAC to support the strengthening of the National Harmonization and Alignment Agendas. 40

To a certain extent, civil society’s representativity and its capacity to identify and give a name to its own problems is limited by a dependent relationship between civil society and international cooperation. The joint sectoral funds that have been opened by the Paris Declaration could be an opportunity to strengthen the alliances with international NGOs that would open the way for achieving benefits regarding financing, participation and influence.

The associative life of Nicaraguan society increased exponentially starting in 1990 with the emergence of a different type and scope of civil society organizations. They began to implement actions in different fields of development and to consolidate their role as interlocutors with the government and international cooperation entities as legitimate representatives of the more vulnerable populations.

Soon after, in the wake of the implementation of the structural adjustment programs and in response to the serious social, economic and political problems Nicaraguan society as a whole was suffering, they incorporated as one of their main areas of work the tasks of political advocacy, opening spaces for dialogue, concertation, understanding, intervention in public policy design and the expression of their critical opinions regarding the state bodies. At the same time, the effectiveness of international cooperation increased, so they have been working through the support of international organizations in a process of bilateral relations.

This brought them to what is known today as a National Participation System, which has its most full-blown expression in Law 475, the Law of Civic Participation, promulgated in December 2003, and in Decree No. 8-2004 of February 2004, which regulates it.

There are no indices of how representative organizations are in Nicaragua because the majority of them are not registered; it is understood simply according to their active presence, which they obtain mainly through funds from cooperation to implement their programs and projects. Hence the common funds open new opportunities.

Civil society has stated its need for technical cooperation and resources for institutional strengthening, the development of more full-blown programs and the training of their cadres, as well as the opening of greater spaces for dialogue to make possible their participation in the different phases of the projects, from their design to the evaluation of their impact.

The benefits of the Paris Declaration for civil society organizations could be bolstered through an ample and frank dialogue with the national cooperation actors about the modalities and trends of cooperation, including the Broad Sector-wide Approach, Budgetary Support and the opportunities that CSO participation provides in following up on the Performance Evaluation Matrix, the National H&A Action Plan and the Paris Declaration.

The whole scheme of civic participation and inter-relations of CSOs with the diverse national and international actors is currently being reviewed. This process, which is expected to end its definitional work soon, must lay the groundwork for a fluid and effective communication among all actors, recognizing the roles and responsibilities of each of the interlocutors.

With respect to the aid effectiveness agenda, there seems to be quite generalized recognition of the opportunities of the new proposed scheme. Nonetheless the governmental nature (both receiving and donor governments) of the process that has predominated so far is recognized, as is the need to open arenas for CSOs and adjust some aspects in accord with the role, needs and commitments of this new actor. To achieve this it is vital to have more fluid information and dialogue dynamics among all actors, as well as transparent agenda management and increased mutual accountability by all actors.

7. Recommendations

Based on this analysis, a couple of general recommendations as well as specific recommendations framed within the five fundamental principles of the Paris Declaration and its linkage to the CSOs are presented below.

General

The process of making aid effective, despite being addressed technically in processes and procedures, has a highly political dimension that must not be omitted and that largely determines the course and success of any such initiative. No progress can be made with H&A issues as long as there is no political decision by all actors to make the process their own, assuming the commitments necessary and making the required changes.

The new scheme of interaction requires greater political dialogue. In this regard, it is necessary to review and strengthen the role of CSOs in these arenas of dialogue. This actor cannot be isolated from this initial coordination dynamic as it is sensed that this space is where genuine work of social inspectorship and the incorporation of international cooperation’s new rules of the game could be ensured.

The new aid effectiveness agenda assumes having strong partner countries with clear leadership capacity, transparency and widespread representation of the national interests. The scheme seems to presuppose homogenous local actors (governments, cooperants and CSOs) with common agendas and interests that represent those needs and desires of the majorities. This is rarely the case and the model’s possible limits in this regard must be
analyzed, the particularities of each actor recognized, and a work plan outlined accordingly, assuming ahead of time that there will be differentiated rates of progress by each actor.

The aid effectiveness process has had a state-centered focus up to now, involving a two-way dialogue (government and donors). It remains to be seen how the follow-up of the Paris Declaration will lead to the inclusion of the lost link, which are the CSOs. If it stays as it is, there is a risk that the CSOs will stop receiving ODA resources, as has been seen to date. This necessarily requires a clear repositioning and an openness by governors and donors to real and effective participation of CSOs in the ODA effectiveness process.

Ownership

Greater CSO participation in the formulation of policies, strategies and plans must be ensured so as to have a more inclusive and broader country position. This must be done through the real and effective implementation of the opening in all arenas contemplated in the Civic Participation Law. In addition, CSO participation must be included in the Sectoral Working Groups and the Overall Working Group as well as in the other arenas of sector-wide focus, the Budgetary Support Group and other work schemes where the issue of ODA is addressed.

CSOs must also guarantee ownership of the local, municipal, departmental and regional processes so that a genuine public-private concertation with a vision of development and a strong decentralized approach can be achieved. This must be attained by maintaining an ongoing dialogue and concertation process via the assigning of resources that permits proper implementation of civic participation at the territorial level.

In the education and governance sectors, CSO participation must be strengthened in the sectoral working group and sector-wide approach on education and working group on governance, especially the sectoral working group on decentralization, in the context of formulating the ENDDL.

The CSOs can also strengthen their role in advocacy to foster local governance and bolster the decentralization processes that result in greater ownership and leadership by elected authorities, central government delegates and civil society at the local level.

Harmonization

The CSOs must value the possibility of joining together to work on programmatic approaches and lower transaction costs. To this end, there must be a vision of solidarity that accepts reduced visibility in exchange for greater effectiveness by the sectors. This must also be valued for expanded sector-wide approaches, where CSOs can also participate by co-helping and complementing the public resources.

The international CSOs must grant greater value to the harmonization efforts because they sometimes even have more resources than the countries, cooperation agencies and international institutions themselves, especially when they are receiving resources earmarked for alleviating poverty and generating economic development in the different sectors. The CSOs of the North are more reticent to harmonize among themselves as they work more in advocacy processes and the development of initiatives that have a local impact.
In the education and governance sectors, it is fundamental to value participation in the sectoral working group on education and this sector’s expanded sector-wide approach, as is also true for the governance working group, especially the one on decentralization.

**Alignment**

Insofar as possible, the CSOs in Nicaragua must seek to align themselves with the policies and plans they have helped formulate with national authorities, always leaving room to work in advocacy and development processes in areas where they have differences with the national policies, plans and strategies.

Alignment in different processes could entail a qualitative leap in the financing relationships, moving from advocacy and consultation on policy formulation to implementation of them through service provision with resources coming from harmonized and aligned cooperation mechanisms (budgetary support and common funds).

**Shared Responsibility**

The basic principle of mutual responsibility by the parties is a primordial point of the whole H&A process. The CSOs in Nicaragua have an important role in consolidating the democratic process, ensuring that both donors and governments are accountable to the beneficiaries to whom the aid is directed.

In the framework of a broad and inclusive dialogue process, it is necessary to determine the conditions that influence the CSOs’ capacity to perform that role, as well as the legitimacy and representativity that contribute to the debate.

It is also necessary to continue working to strengthen the CSOs’ accountability processes and mechanisms (upward to the donors that provide them resources and to the public regulators on whom they depend; downward to the beneficiaries and clients who use their services; externally to their allies and program and project partners; and internally to their own personnel), as this forms part of mutual accountability and the necessary transparency this process merits.

**Results-based Management**

The CSOs in Nicaragua must participate jointly in an institutionalized follow-up and evaluation process regarding progress in fulfilling the MDGs and the PRSP II goals and objectives, so that all commit themselves to help reduce the poverty and contribute to the sustainable economic development process in the country.

This must be achieved not only through periodic meetings of CSO members, but also through the research and advocacy work they are developing that is linked to monitoring and evaluating these processes.

The participatory role of CSOs in the National H&A Plan must also be strengthened, to ensure fulfillment of the goals and objectives they have outlined, as well as to include the CSOs’ own goals and indicators of how they can advance the Paris Declaration principles.
### Appendix 1: Participating Organizations in the Common Fund of Support to Civil Society for the Democratic Governance of Nicaragua

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount (In US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fundación Hagamos Democracia (Let’s Make Democracy Foundation)</td>
<td>50,000.00</td>
</tr>
<tr>
<td>2. Fundación Desafíos (Challenges Foundation)</td>
<td>135,000.00</td>
</tr>
<tr>
<td>3. Fundación Violeta Barrios de Chamorro</td>
<td>150,000.00</td>
</tr>
<tr>
<td>4. Teatro Justo Rufino Garay</td>
<td>147,102.10</td>
</tr>
<tr>
<td>5. Asociación Nochari</td>
<td>149,911.02</td>
</tr>
<tr>
<td>6. Fundación para la Autonomía y Desarrollo de la Costa Atlántica de Nicaragua (Foundation for the Autonomy and Development of the Atlantic Coast of Nicaragua)</td>
<td>35,100.00</td>
</tr>
<tr>
<td>7. Bufete Popular Boris Vega (Boris Vega Peoples’ Law Firm)</td>
<td>99,993.27</td>
</tr>
<tr>
<td>8. Asociación La Cuculmeca</td>
<td>41,306.88</td>
</tr>
<tr>
<td>9. Grupo Fundemos (Let’s Found Group)</td>
<td>147,991.00</td>
</tr>
<tr>
<td>10. Red de Organismos Civiles de Ometepe (Network of Ometepe Civil Bodies)</td>
<td>85,294.00</td>
</tr>
<tr>
<td>11. Asociación Martin Luther King</td>
<td>40,066.00</td>
</tr>
<tr>
<td>12. Asociación Justicia y Derechos Humanos (Justice and Human Rights Association)</td>
<td>49,640.00</td>
</tr>
<tr>
<td>13. Comisión para el Desarrollo Rural (Commision for Rural Development)</td>
<td>46,000.00</td>
</tr>
<tr>
<td>14. Centro de Apoyo a Programas y Proyectos (Center of Support to Programs and Projects)</td>
<td>148,806.82</td>
</tr>
<tr>
<td>15. Centro Nicaragüense de Derechos Humanos (Nicaraguan Human Rights Center)</td>
<td>138,844.45</td>
</tr>
<tr>
<td>16. Asociación de Red de Mujeres del Municipio de Condea para la formación y desarrollo integral (Red de Mujeres de Condea) (Network Association of Women of the Condea Municipality for integral formation and development)</td>
<td>48,116.18</td>
</tr>
<tr>
<td>17. Fundación para el desarrollo integral y Democrático FUNDESID (Foundation for Comprehensive and Democratic Development)</td>
<td>9,990.00</td>
</tr>
<tr>
<td>18. Consejo de Desarrollo Municipal de Jinotega (Jinotega Municipal Development Council)</td>
<td>9,779.02</td>
</tr>
<tr>
<td>19. Asociación de Pobladores de Palacaguina (Residents’ Association of Palacaguina)</td>
<td>10,000.00</td>
</tr>
<tr>
<td>20. Asociación de Municipios de Nueva Segovia (Association of Municipalities of Nueva Segovia)</td>
<td>117,988.50</td>
</tr>
<tr>
<td>22. Centro de Investigaciones y documentación de la Costa Atlántica (CIDCA –UCA ) (Center for Research and Documentation of the Atlantic Coast)</td>
<td>9,795.00</td>
</tr>
<tr>
<td>23. Centro de Información y Servicios de Asesoría en Salud (CISAS) (Center for Health Advisory Information and Services)</td>
<td>10,000.00</td>
</tr>
<tr>
<td>24. Fundación Solidez (Solidity Foundation)</td>
<td>82,100.97</td>
</tr>
<tr>
<td>25. Fundación Omar Mercado para el Desarrollo Social (Omar Mercado Foundation for Social Development)</td>
<td>5,250.00</td>
</tr>
<tr>
<td>26. Asociación OCTUPAN (Lugar de Grandes Caminos) (Place of Great Roads)</td>
<td>87,250.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,866,705.45</strong></td>
</tr>
</tbody>
</table>
Appendix 2: People Interviewed

The people interviewed for the preparation of this study on Effectiveness of Cooperation and the Paris Declaration in Nicaragua are presented below. The interviews were done in September and October 2007 in Nicaragua, and included government officials, civil society organizations, national and international NGOs and cooperation institutions/agencies accredited in the country.

**Government**

José María Bautista. Director of Cooperation and Investments of the Ministry of Education.

Marcela González. Official of the Cooperation and Investments Division of the Ministry of Education.

**Civil Society Organizations**

Cirilo Otero Escorcia. President of the Center of Environmental Policy Initiatives (CIPA). Civil society delegate in the Second Harmonization and Alignment Forum (Paris 2005).

Mario Quintana. National liaison of the Civil Coordinator and member of the Forum on Education and Human Development.

**International NGOs**


**Cooperation Agencies**

Thomas Scherberck. Ambassador of the Embassy of Denmark in Nicaragua.

Jasper Andersen. Program Officer of the Embassy of Denmark

Kerry Max. Representative and Head of Cooperation of the Embassy of Canada in Nicaragua.

Karla Eslaquit. Education Officer of the Canadian Cooperation Agency in Nicaragua.

Felipe Ríos Gamero. Adviser to the Embassy of Norway in Nicaragua.
Appendix 3: Bibliography Consulted


Armonización y Alineamiento de la Cooperación Internacional en Nicaragua. Presentación de Mauricio Gómez Lacayo Viceministro Secretario en el V Foro Coordinación de la Cooperación. October 2006

Arreglo conjunto de financiamiento para apoyo al presupuesto general entre el Gobierno de Nicaragua y el Grupo de Donantes. May 2005

Aspectos de armonización y alineación de la cooperación. Ministerio de Educación, Cultura y Deportes, Dirección General de Inversiones y Cooperación, División de Cooperación. 2006


Ayuda memoria revisión anual apoyo presupuestario. June 2005

Banco Interamericano de Desarrollo. Nuevo marco de financiamiento. Informe de evaluación y Recomendaciones. February 2005

Declaration of the cooperants of the general budget support group in an annual meeting held in Nicaragua from May 17 to June 1, 2005


II Foro Eurolatinoamericano- Caribeño de la Sociedad Civil. Declaración de Viena ante la IV cumbre de jefes de estado y de gobierno de la unión europea, América latina y el caribe. April 2006


Ministerio de Relaciones Exteriores. October 2006

OECD recipient aid charts.


Open Budget Initiative 2006. Se necesita más información Pública para Responsabilizar a los Gobiernos.


Otro tipo de relaciones es posible. Presentation by Vida Luz Meneses in the Preparatory Meeting for the IV summit of heads of state and of government of the European Union, Latin America and the Caribbean, April 1, 2006.


Posición de organización de sociedad civil y organizaciones internacionales sobre el proceso de armonización y alineamiento de la cooperación. October 2006.


Resultados Grupos de Trabajo. V Foro de Coordinación de la Cooperación.
Rome Declaration on Harmonization. February 2003. Meeting of multilateral and bilateral development institutions and representatives of the International Monetary Fund, other multilateral financial institutions and associated countries.


V Foro de Coordinación de la Cooperación, October 2006. Valoración de cinco años de alineamiento y armonización en Nicaragua.- Preliminary Document

World Bank World Development Indicators 2007.
Appendix 4. Focal Group

Luisa Molina. Miembro del Consejo Coordinador. Coordinadora de ONGs por la Niñez y la Adolescencia

Dharma Lila Carrasquilla. Coordinadora de Programa. Save the Children. Noruega

Mario Quintana. Enlace Nacional. Coordinadora Civil

Carlos Pacheco. Oficial de Programas. Trocaire.

Vidaluz Meneses. Promotora de Proyectos Centro Ecuménico Antonio Valdivieso-Federación de ONGs de Nicaragua.

Damaris Ruiz. Secretaria Ejecutiva. Red Nicaragüense por la Democracia y el Desarrollo Local.

Adolfo Acevedo. Investigador. Instituto de Investigación y Gestión Social

Georgina Muñoz. Enlace Nacional. Coordinadora Civil