Phase-out strategy for Swedish support to

Nicaragua

June 2008 - December 2011







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Summary

Swedish development cooperation with Nicaragua is to be phased out over the period 2008–2011. Sweden will continue to be an active development partner for Nicaragua during the entire phase-out period.

The overall objective for Sweden's development cooperation with Nicaragua over the period 2008–2011 is to create better living conditions for women, men, girls and boys living in poverty by improving democratic governance, strengthening rights with regard to security, justice and health, and providing sustainable opportunities for people to earn a livelihood in rural areas.

Swedish development cooperation will be concentrated on three sectors: democratic governance and human rights, rural development and health. The choice of sectors for Swedish cooperation has primarily been made on the basis of needs in Nicaragua, the national poverty reduction strategy and Swedish comparative advantages. In all sectors where Sweden will be active, cooperation with civil society will play an important role. Support will also be given to research during the strategy period.

The phase-out of Swedish development cooperation will be implemented, as far as possible, in such a way that the sustainability of results already achieved and the sustainability of institutions and organisations receiving Swedish support can be ensured. The issue of sustainability will also be dealt with by working for increased funding from existing donors and/or by inviting new donors to participate. Sweden will also assist institutions by providing Swedish support for their work on developing plans for financial sustainability. As part of promoting sustainable results Sweden, together with other donors, will continue to work towards harmonisation, adaptation and ownership in accordance with the Paris Declaration.

Introduction

The phase-out strategy for Sweden's development cooperation with Nicaragua 2008–2011 is presented below.

To help create the conditions for poor people to improve their living conditions is the overall objective of Swedish development cooperation, which also governs Swedish development cooperation with Nicaragua. Sweden has had cooperation with Nicaragua since the end of the 1970s, and in recent years cooperation has been concentrated on the sectors of democratic governance, rural development and health. Analyses that have been conducted show that improvements in these sectors will continue to be highly relevant if poverty is to be reduced in Nicaragua and that Sweden also has comparative advantages in these sectors. During the phase-out period, Sweden will therefore continue to concentrate its cooperation on the above sectors, to work to ensure the sustainability of the results achieved and to document the 30 years of cooperation.

Part 1 of the strategy describes the objectives and focus of cooperation and Part 2 presents the background, focusing on a performance assessment of the cooperation areas currently receiving Swedish support, and conclusions to be used as a basis for the approaching strategy period.

Part 1. Objectives and focus of cooperation

1.1 Objectives and priorities for support during the phase-out period and phase-out process

Swedish development cooperation is based on Nicaragua's own poverty reduction strategy, the Plan Nacional de Desarrollo (PND). The national plan is supplemented by sector strategies and plans. The national objective for poverty reduction under the PND is to reduce the proportion of people living in poverty by improving living conditions and expanding basic social services and the legal system, and including everyone in economic development¹.

The overall objective for Sweden's development cooperation with Nicaragua is to create better living conditions for women, men, girls and boys living in poverty by improving democratic governance,

¹ Performance Assessment Matrix, Budget support group, based on the PND, revised November 2007.

strengthening rights with regard to security, justice and health, and providing sustainable rural livelihoods.

In this way, cooperation will help achieve the objective for Swedish development cooperation indicated in Sweden's policy for global development (PGD) – to create the conditions for poor women and men to improve their living conditions. It will also help achieve the PGD objective of contributing to equitable and sustainable global development. Cooperation will be based on the two PGD perspectives: Poor people's perspectives on development and the rights perspective.

The overall process objective for the strategy period is to implement a phase-out of development cooperation that as far as possible ensures the sustainability of the results achieved and the sustainability of institutions receiving Swedish support, among other activities by continuing to contribute to the implementation of the international agenda for aid effectiveness.

The overall issues to be discussed in the dialogue² are to regularly stress the principles of the two perspectives³: non-discrimination, participation, accountability and transparency, which also cover democracy, human rights, gender equality and decentralisation.

The particular vulnerability of the Atlantic coast will be prioritised in the dialogue since it is the region in the country with the largest proportion of the population living in poverty. During the course of the phase-out it will be particularly important to continually identify key areas that Sweden is to work with so as to achieve the best possible sustainability of the results. The dialogue with other donors will be significant. It will primarily focus on how other donors could contribute to taking over Sweden's role in the dialogue with the government on particularly sensitive political issues such as sexual and reproductive health and rights (SRHR) and gender equality. The dialogue with both state and civil organisations is to include the issue of the measures necessary to ensure sustainability, both with regard to results and to institutions/organisations. Sustainability is linked both to adequate institutional capacity and to financial and political commitments, primarily on the part of central government. The expected effect of the dialogue is that the conditions will have been created for sustainable results, and for the sustainability of institutions and organisations supported by Sweden.

² Detailed planning of the dialogue will be undertaken in a special communication plan.

The perspective of the poor and the rights perspective.

Thematic priorities and perspectives

The two thematic priorities, democracy and human rights and gender equality and the role of women in development, form the basis of the entire development cooperation programme. Environmental aspects and the sustainable use of natural resources are integrated into support for productive rural development and are also reflected in other sectors. This also includes adjustment to, and alleviating the impact of climate change. Poor people's perspectives on development and the rights perspective have previously been integrated into the development programme in Nicaragua and will continue to permeate this work.

1.2 Focus and scope

Swedish development cooperation with Nicaragua will concentrate on three sectors: democratic governance and human rights, rural development, and health. Within these sectors organisations in civil society are important cooperation partners. In addition to this, support will be given to research. There are plans to reduce the resources and number of initiatives according to tables 1 and 2 below.

Table 1. Indicative volume for development cooperation with Nicaragua (excluding research).

Year	2008	2009	2010	2011
Approximate number contributions	22	12	8	1
SEK million	180	150	<i>7</i> 0	

Table 2. Indicative volume for research cooperation with Nicaragua.

Year	2008	2009	2010	2011
SEK million	40	40	30	10

To be able to implement a responsible phase-out, 2008 and 2009 will be devoted to consolidation, systematisation and negotiation with cooperation partners and other donors. The activities within projects and programmes will be completed by 31 December 2010 at the latest, with reporting and documentation concluded by 30 June 2011. Exceptions are the support to research, which will continue until 30 June 2011, and the support to the national police authority, which will continue until December 2011. Most of the special phase-out activities – such as seminars and other events – will be implemented in the second half of 2009 and the first half of 2010. At the end of 2010 and during the first half of 2011, all final reports and audit reports are to be received and the performance assessment compiled.

1.2.1 Democratic governance and human rights

A state with a weak rule of law together with the lack of personal security are serious obstacles to poverty reduction in Nicaragua. During the period, cooperation on democratic governance and human rights will continue to concentrate on the sub-areas of *justice and security*, where access to good quality public services in the legal sector will be in focus. All initiatives will include strengthening institutions and developing human resources at central and local levels, with gender-related violence as a prioritised area.

National sector objective⁴: A fair, efficient and effective justice system that contributes to strengthened rule of law and legal security, reduced corruption and violence and to an investment-friendly environment and to poverty reduction.

Objective of Swedish support to the cooperation area: Improved public safety and greater legal security, particularly for women, adolescents, and children living in poverty.

Process objectives: Institutional capacity for continued reform efforts in the sector and the establishment of a common mechanism for donor support.

Issues to be discussed in the dialogue: Sweden will pursue issues relating to greater political independence for the justice system, a strengthened state governed by the rule of law and improved access to, and quality of, public services for the target groups.

Forms of cooperation

Swedish cooperation includes institutional support to the national police authority and project support to the prosecutor's office and to the programme for rural judicial facilitators⁵. The complexity and institutional weaknesses of this sector mean that the conditions for sector programme support are still lacking. It has been possible, however, to improve coordination in the sector by developing joint national sector plans. Sweden will continue to focus on increased democratisation and depoliticisation of the justice system through dialogue and targeted cooperation with the institutions that show an ability and commitment to strengthen human rights and the rule of law.

⁴ Plan Justicia 2008--2010.

⁵ Facilitadores Judiciales Rurales.

Phase-out and scope

During the phase-out it is of key importance that the results achieved are consolidated and that their sustainability is secured. This must be achieved through strong national ownership, well-defined public programmes and coordination between agencies. Sweden has been the leading donor to the police authority and during the phase-out period, efforts will be made to secure the involvement of other donors such as the European Commission and to increase aid effectiveness in the sector. Some limited supplementary initiatives are planned for capacity development and technical support.

1.2.2 Rural development

The proportion of people living in poverty is largest in rural areas. The lack of access to production resources is a major obstacle to increasing the productivity and diversification of production for poor farmers. Cooperation in rural development during the period will continue to concentrate on the sub-area of *productive rural development*. Swedish support to this area includes strengthening knowledge, increasing financial capital, improving access to production resources and markets, increasing gender equality and ensuring the sustainable use of natural resources.

National sector objective⁶: An inclusive economic development, the promotion of a good business climate and support to small enterprises and small-scale producers.

Objective for Swedish support to the cooperation area: Increased incomes for smaller and medium-sized producers living in poverty and their families through market-based, sustainable rural production, with a gender equality perspective and with account taken of ethnic groups.

Process objective: Increased aid effectiveness. Experience and lessons learned from initiatives with Swedish funding are to be integrated into the sector.

Issues to be discussed in the dialogue: Sweden is to pursue the issue of developed sector policies that favour market-based, sustainable rural production, through participation, non-discrimination in implementation and improved gender equality, with particular focus on the Atlantic coast.

⁶ Plan Nacional de Desarrollo Rural Productivo, PRORURAL, 2005-2009.

Forms of cooperation

Within this area, Sweden is funding a bilateral agricultural programme and a sector programme support. The national cooperation partner is the Ministry of Agriculture in both cases. The bilateral programme will be incorporated into the sector programme during the strategy period. Special Swedish commitments in the sector programme are capacity development, control and follow-up. Other specific issues, such as environment, forestry and climate change, will be dealt with by other donors/actors in the sector.

Phase-out and scope

Supplementary support to the sector programme is planned in order to make it easier for agencies in the agricultural sector to integrate the lessons learned from the bilateral programme and to enable the transfer of financial and other resources. Limited initiatives in capacity development may also be possible so as to facilitate the phase-out. Sweden will also work towards a greater commitment from existing or new donors so as to promote sustainability.

1.2.3 Health

Poverty in Nicaragua is characterised by poor health conditions. Sweden's support to the health sector will be focused on greater access to, and the improved quality of, health and medical care for the most marginalised women, men, girls and boys, and on maternal and child mortality and sexual and reproductive health and rights (SRHR)⁷.

National sector objective⁸: To ensure equal, universal rights and access to basic health services, in order to increase the quality of life and life expectancy of Nicaragua's population.

Objective of the cooperation area: Improved health for women and men, girls and boys living in poverty with the emphasis on maternal mortality, child mortality, malnutrition and SRHR.

Process objective: To integrate Sweden's contributions into the national plan for the health sector and other national structures. Increased aid effectiveness and strengthened national capacity so as to achieve permanent results.

⁷ Including HIV/AIDS.

⁸ National health plan 2004–2015.

Issues to be discussed in the dialogue: Improved opportunities for people to exercise their rights in issues related to sexual and reproductive health will be key issues for Sweden to pursue. The issue of harmonisation among donors to achieve results for the most vulnerable section of the population living in poverty and especially those on the Atlantic coast will also remain a priority.

Forms of cooperation

Sweden is one of seven cooperation partners in a joint fund for sector programme support and one of about 15 in the health sector. Until June 2008, Sweden will be leading and coordinating donors in the joint fund and also in the entire donor group in the health sector. A programme for training midwives is also being funded. Supplementary support, cofinanced with the Netherlands, will be given to UNICEF for health, education, water and sanitation, in order to improve the health of the target groups.

Phase-out and scope

The phase-out of Sweden's support in the health sector will be noticeable since Sweden has a prominent role. It is therefore important to continue to work with capacity development in the sector, to promote complementarity between donors and to work towards increasing the commitment of existing or new donors. The training programme for midwives will be integrated as part of the sector programme support.

1.2.4 Territorial focus

Development cooperation will combine sector programme support in health and rural development with a territorial focus on the Atlantic coast, which is the region in the country with the largest proportion of the population living in poverty. In this region Sweden has long experience of cooperation and is also implementing a programme focused on strengthening institutional capacity. The most important instrument for the geographical focus, however, is to be dialogue.

1.2.5 Civil society

During the phase-out period, Sweden's support to civil society in Nicaragua will continue to be an important complement to bilateral initiatives in the three prioritised sectors.

Political and social exclusion is a serious obstacle to poverty reduction. Civil society plays an important role with regard to promoting broad participation in political processes and greater accountability in public institutions at central and local levels. Of particular importance is civil society's work on drawing attention to politically sensitive issues such as gender equality and SRHR.

Support will be channelled via Swedish NGOs and via two joint donor funds for democratic governance, and gender equality and sexual and reproductive rights. Sweden has a high profile both in the field of democratic governance and in SRHR. Both areas are strategically important and both funds are relatively new and need support.

1.2.6 Research cooperation

Objectives: Strengthened national knowledge systems and increased capacity to analyse poverty structures and to provide a resource base for drawing up and implementing development strategies. Increased scientific knowledge and direct solutions to reduce poverty and improve the living conditions of women, men, girls and boys.

During the phase-out period, support to research cooperation will be governed by the principles 1) that ongoing research activities in health, technology, agriculture and environment will be completed, and 2) that strategies and activities for long-term sustainability will be promoted.

1.3 Implementation of support and phase-out

1.3.1 Cooperation with other donors - aid effectiveness

To promote sustainable results, Sweden, together with other donors, will continue to work towards harmonisation, alignment and ownership in accordance with the Paris Declaration. This work will take place in the sectors and in the national system for coordination between the government and donors. It will include support to UN organisations'

⁹ The system of *mesas* (tables) where cooperation partners in different sectors discuss and exchange information. These are coordinated by *Mesa Global*, a joint dialogue forum for all cooperation partners.

efforts to increase alignment to the sector priorities and to the national development plan. Coordination with the European Commission and the other Member States is increasing, as are discussions on the possible division of labour. Together with other bilateral donors, Sweden will also continue to work on further involving multilateral organisations such as the World Bank and the Inter-American Development Bank in the implementation of the Paris Declaration for increased aid effectiveness.

1.3.2 Risk management

Thanks to contacts at a high political level and with local development actors, Sweden is in a good position to achieve results in the work of fighting corruption and promoting greater transparency. This should be used in the dialogue. The fact that the Nicaraguan government does not give high priority to anti-corruption measures is a complicating factor for Swedish efforts, but at the same time, it makes these efforts even more essential. To deal with the greater risks of corruption and politicisation during the phase-out, control and follow-up of contributions will be further strengthened. The possibility of social auditing and early warning systems, taking account of the role that civil society organisations can play in this context, will be used.

Sector programme support with its principles of mutual accountability is in itself one way of dealing with these risks. The established national system for coordination should be used for an extended active dialogue on prioritised issues for Sweden and other donors. It will be important to work with different forms of cooperation, actors and levels in each sector.

1.3.3 Capacity, human resources and division of roles

To a significant extent, Sweden will continue to be an active development partner during the phase-out period, focusing on results and participation in coordination and dialogue. To ensure a responsible phase-out, a Swedish presence is required until the middle of 2011, with sufficient financial and human resources to implement and monitor the programme and special activities.

The private sector has an important role to play in the work of promoting sustainable development. Economic growth and increased

trade are therefore important for reducing poverty. Initiatives that strengthen and create opportunities for the business sector in Nicaragua and that lead to increased trade with the country can contribute to this development. This strategy therefore allows short-term cooperation during the phase-out period so as, for example, to join the Swedish Trade Council in part-financing a study that looks into the possibilities of strengthening the local business sector and providing greater opportunities for trade with Nicaragua.

1.4 Follow-up and documentation

To ensure that the cooperation is concluded with dignity, a priority task during the phase-out will be to document the 30 years of Swedish development cooperation with Nicaragua. A joint event in Sweden to highlight the results of Swedish development cooperation with Nicaragua and Honduras is therefore planned for 2010. Various events will also be planned in Nicaragua to exchange experience with partners and other donors. These activities will be organised in more detail in the communications plan that will be developed in connection with the phase-out of Swedish development cooperation with Nicaragua.

A results assessment will be conducted, which will include all Swedish development cooperation in relation to the objectives set during the previous strategy period and during the phase-out, i.e. from January 2001 until December 2010.

In addition, Sweden will continuously make evaluations of the results and needs of the prioritised sectors and assess the focus and planning of the government and other donors and actors.

Part 2. Background

2.1 Summary analysis of each cooperation area currently receiving support 10

Because the strategy governing development cooperation with Nicaragua over the period 2001–2007 was primarily regional in approach, it gives no clear objectives for each cooperation area at country level. The overall objective for development cooperation has been to raise the living standards of the poor, which requires both

 $^{^{10}}$ Performance assessment and analysis of the most important cooperation areas with Nicaragua, 2001–2005, and Sida Country Report 2007.

consolidated democracy, economic growth and more social equality. The objectives of economic and social equality and democratic governance were regarded as being of particular relevance in Central America and the Caribbean. These objectives therefore formed the point of departure for development cooperation in Nicaragua in the previous strategy period.

Democratic governance

In recent years, there have been considerable improvements with regard to the justice services. New models that have been supported by Sweden, such as rural judicial facilitators and community police, have increased access to, and the quality of, services in remote, poor areas. In places where these models have been applied, they have led to a reduction in violence at local level, and to 70 per cent of reported cases being solved, compared with 48 per cent in other areas. The expansion in the number of special police stations for women and children and in the services of the prosecutor's office, has led to a considerable increase in the numbers of reported cases of gender-related violence. General awareness of human rights and violence against women has increased thanks to improvements in the justice services and ongoing work carried out by organisations in civil society. Sweden's support to the national police service, which includes technical support from the Swedish National Police Board, has been of strategic importance for institutional development of the police. The national police is now respected and regarded by the majority of the general public as a wellfunctioning and professional agency.

The implementation of the reform programme in the public sector (PSTAC)¹¹ has been relatively slow; but progress has been made with regard to the development of financial control systems and the implementation of administrative reforms. Sweden has part-financed an anti-corruption fund, the development of a national anti-corruption strategy and a national report on corruption in Nicaragua. This work is not being prioritised by the present government.

Rural development

Swedish support in this sector began with FondeAgro, a bilateral market-based agricultural programme aimed at poor farmers in northern Nicaragua. FondeAgro has led to considerable increases in income for

¹¹ Public Sector Technical Assistance Credit, bilateral part-financing by Sweden, the Netherlands, Denmark and the DFID to supplement credit from the World Bank, will expire in 2009.

the target group, particularly for women. Before the programme began in 2001, 73 per cent of the target group were living below the poverty line of less than USD 1 per capita and day. By 2006, this figure had declined to 47 per cent. The results have been positive in the areas of micro-finance, agricultural advice, agro-business and homestead economy. The agricultural programme is regarded as strategic, and an important result of this contribution is the manifest interest from the Ministry of Agriculture in incorporating positive experiences from FondeAgro into the sector programme. Sweden has recently joined the common fund for the PRORURAL sector programme. According to the reports of the Ministry of Agriculture, the sector programme support has led to coordinated planning and follow-up in a sector with several institutions, the introduction of budget planning extending over several years, and strengthened institutional capacity development.

Health

In the health sector, the positive experience from the PROSILAIS programme, funded by Sweden, has formed the basis for the development of the national health plan 2004–2015 and the Ministry of Health's new model for decentralised, integrated health and medical care and institutional development. Planning capacity and coordination with the finance ministry in Nicaragua have been improved as a concrete result of Sweden's support to public financial management in the ministry. At the sector level, maternal mortality is tending to decline and the birth rate has declined from 3.3 to 2.7 children per woman over the period 2001–2005. Sweden is providing support to the country's first midwife training programme from which 118 new midwives have graduated, with technical support from the Karolinska Institute.

Civil society

Swedish support to civil society in Nicaragua has included direct support from the Embassy. Civil society has achieved concrete results with regard to influencing legislation and changing attitudes as well as to building up mechanisms for participation and accountability at the municipal level. According to Nicaraguan cooperation organisations, Swedish cooperation has been appreciated for its solidarity and courage.

¹² The national health plan covers vulnerable groups such as people with various disabilities. Finland has particular responsibility for cooperation in this area.

Research cooperation

Support to the development of the national analysis and research capacity in Nicaragua has produced results in terms of the number of graduations of highly qualified researchers and the creation of effective structures for research administration at the four state universities. This has resulted in the establishment of new research centres and local Masters programmes. There is a growing interest among public institutions and civil society organisations in cooperating with researchers at universities, and researchers are increasingly participating as experts in various contexts.

General budget support

Sweden has given general budget support to Nicaragua for implementation of the national poverty reduction strategy for the period 2002–2006. The budget support group has been regarded as one of the more important tools in the dialogue with the government. During 2007 Sweden conducted an assessment of whether to continue providing general budget support but in view of the poor results, the Swedish Government decided not to continue with this type of support.

2.2 Conclusions of the phase-out strategy

In the poverty analysis for Nicaragua, the need for professional, independent institutions, productive rural development, and health and medical care for women, men, girls and boys living in vulnerable circumstances is emphasised. Sweden has comparative advantages in these areas and the results analysis shows that considerable progress has been made. For this reason, Swedish development cooperation with Nicaragua has been focused on the three sectors of democratic governance/human rights, rural development and health¹³. Despite increasing risks and the need for risk management, the general conclusion is that work in these three sectors is feasible and should also be prioritised during the phase-out period. Sweden enjoys a high level of credibility and has good experience of working both with local actors and national structures in these sectors. They are also relatively well organised. It has been possible to provide sector budget support/sector programme support in two of these sectors. When it comes to general

¹³ Although education is regarded as being of key importance with regard to reducing poverty, Sweden has chosen to prioritise cooperation in other sectors since there are other donors who are committed to education, such as the European Commission.

budget support, the conclusion is that it is not appropriate during the phase-out period.

Another conclusion is that relations to civil society should be strengthened. Many organisations represent people who live in poverty and they have an important role to play in fighting poverty and in the dialogue with the government and civil society at all levels and in all sectors. In addition, gender equality and the role of women in development, SRHR and gender-related violence remain vital issues for all development. In view of how sensitive some of these issues are, particularly with regard to SRHR, it is important that the national development actors are given international and regional support.

Coordination between the different programmes should be further developed to increase the synergy effects. As far as possible, Sweden should direct its efforts towards the needs of the Atlantic coast and work for a territorial focus in the sectors where Sweden will continue to be active.



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