

9

Nicaragua

ACRONYMS AND ABBREVIATIONS

CONPES	Consejo Nacional de Planificación Económica y Social (National Council for Social and Economic Planning)
ERCERP	Estrategia Reforzada de Crecimiento y Reducción de la Pobreza (Strengthened Growth and Poverty Reduction Strategy)
INEC	Instituto Nacional de Estadística y Censo (National Institute of Statistics and Census)
PND	Plan Nacional de Desarrollo (National Development Plan)
SECEP	Secretaria de Coordinación y Estrategia de la Presidencia (Secretariat for Coordination and Strategy of the Presidency)
SIGFA	Sistema de Información Gerencial Financiera y Administrativa (integrated financial and administrative management system)
Sinasid	Sistema Nacional de Seguimiento a Indicadores de Desarrollo (national system to monitor development indicators)
Sinasip	Sistema Nacional de Seguimiento de Indicadores de Pobreza (national system to monitor poverty indicators)
SNIP	Sistema Nacional de Inversión Pública (national system of public investment)
UCTE	Unidad de Coordinación Técnica Estadística (unit of statistical and technical coordination)

History and Context

Nicaragua launched the *Estrategia Reforzada de Crecimiento y Reducción de la Pobreza* (Strengthened Growth and Poverty Reduction Strategy, ERCERP) in July 2001 and has since prepared two progress reports, in November 2002 and 2003. The ERCERP preparation efforts were coordinated by the *Secretaría de Coordinación y Estrategia de la Presidencia* (Secretariat for Coordination and Strategy of the Presidency, SECEP), which is in the process of updating the strategy.

In January 2002, there was a change in government, and, during 2003, the current government prepared the *Plan Nacional de Desarrollo* (National Development Plan, PND), which was presented in a preliminary version during the Consultative Group meeting in October 2003. The PND elaborates on the poverty reduction strategy (PRS); indeed, it constitutes the updated strategy (PRS-II), which was presented to the Board of the International Monetary Fund and the Board of Executive Directors of the World Bank in early 2006. The PND has been prepared through a broad consultation process at the national and regional levels; it emphasizes the strengthening of the economic growth pillar of the PRS.

Description of the Monitoring System

Origins of the system

The design of the monitoring system, the *Sistema Nacional de Seguimiento de Indicadores de Pobreza* (national system to monitor poverty indicators, Sinasip), was undertaken in late 2002 under the leadership of the SECEP. The first Sinasip proposal was never implemented. In the context of the preparation of the PND and despite the delay in the implementation of the original Sinasip plans, the SECEP presented a revised monitoring and evaluation (M&E) system proposal in December 2003: the PND M&E system, known as the *Sistema Nacional de Seguimiento a Indicadores de Desarrollo* (national system to monitor development indicators, Sinasid).

This chapter is based on a background country report by Aline Coudouel and Ferdinando Regalia (2004) and on intensive inputs by Florencia Castro-Leal. The study was undertaken in the second half of 2004 and has been partially updated to reflect conditions in the summer of 2005. Substantial changes may have occurred that are not reflected in this chapter, and readers are encouraged to seek additional information if they wish to focus on the system of this particular country.

Sinasid introduced the following proposed changes to the original Sinasip design:

- The list of indicators and actions the system was expected to track was expanded to include ERCERP and PND indicators and policy actions, the Millennium Development Goals, and the policy actions involved in the Poverty Reduction Support Credit.
- The establishment of territorial units within the departmental technical units. These decentralized structures will be charged with formulating and monitoring the implementation of public investment programs and projects at the departmental level. The proposal does not, however, specify the role of the territorial units relative to other institutions or their contribution to the system.
- The Unidad de Coordinación Técnica Estadística (unit of statistical and technical coordination, UCTE) assumes direct responsibility for quality control over the primary information provided. This mandate could cause conflict with the mandate of the Instituto Nacional de Estadística y Censo (National Institute of Statistics and Census, INEC), which, by law, is responsible for supervising the application of quality standards by all primary information providers in the national statistical system.

Sinasid is designed to coordinate interinstitutional information and data collection processes for monitoring PND indicators and ensure their overall quality; provide timely data to inform the formulation, planning, and assessment of public expenditures and the investment program in line with PND objectives; strengthen the tracking mechanisms for pro-poor public expenditures, and complement the information produced by the two existing information systems: (1) the Sistema Nacional de Inversión Pública (national system of public investment, SNIP), which tracks progress and result indicators on all the programs and projects in the national program of public investment; the public investment unit in the SECEP administers SNIP, and (2) the Sistema de Información Gerencial Financiera y Administrativa (integrated financial and administrative management system, SIGFA), which is administered by the Ministry of Finance and Public Credit and is responsible for providing the UCTE with quarterly information on disbursement by sector, subsector, program, projects, and geographical area.

The Sinasid system is a second-tier monitoring system, which means that it uses secondary data produced by the M&E systems of existing institutions and agencies, including the National Statistics Office, line

ministries, and the Central Bank. These institutions are responsible for the production and validation of primary data at the national, departmental, and municipal level.

Main institutional actors

The system comprises the SECEP, the technical statistical committee, line ministries, and other agencies providing primary data, as well as civil society organizations (CSOs).

The *Secretaria de Coordinación y Estrategia de la Presidencia* is in charge of the coordination of the system. Within the SECEP, two units play key roles: (1) the UCTE, which went into operation at the beginning of 2003 and is in charge of interinstitutional coordination activities, including information and data gathering; the monitoring, analysis, and dissemination of PND indicators; and the dissemination of results on PND implementation progress; and (2) the Unidad de Análisis de la Pobreza (poverty analysis unit), which includes four SECEP sectoral specialists (education, health, water and sanitation, and economic growth) and is in charge of the analysis of the information contained in the system, the preparation of ERCERP progress reports, and the preparation of reports relating to the implementation of the PND.

The UCTE also presides over the *technical statistical committee*. This committee is responsible for the technical coordination of data providers, including the INEC, the Central Bank, and line ministries. Its function is to address methodological issues relating to the calculation of PND indicators and to ensure consensus.

Primary institutions. Each institution providing primary data is expected to select a liaison officer from among its personnel. It is envisaged that this liaison person will be responsible for the interinstitutional coordination with the SECEP and will provide data and information to the UCTE to keep the system updated. The type and periodicity of the information to be provided to the UCTE will be set out in interinstitutional agreements on the basis of technical standards established by the technical statistical committee and the INEC methodology.

The new proposal suggests the inclusion of *departmental technical units* that are decentralized regional structures for formulating and implementing public investment plans and projects. Although the proposal envisages territorial M&E units within these technical units, it is vague regarding their exact role.

In terms of the participation of CSOs, the system relies on the *Consejo Nacional de Planificación Económica y Social* (National Council for Social and Economic Planning, CONPES), a structure created during the preparation of the ERCERP. Set up in early 1998 in the context of Hurricane Mitch, the CONPES is the primary channel of communication between the government and civil society on social and economic strategies. In March 2002, a presidential decree changed the CONPES by eliminating government representation and adding representatives of women's organizations, youth groups, autonomous regions, and the media. This was done to strengthen the independence and autonomy of the council's deliberations and recommendations. Another decree later that year reformed the selection process for the CONPES members. The CONPES has multiple roles in the system. It is a user of the system. It implements a consultation strategy on the ERCERP progress reports and the PND at the central and local levels (in coordination with the UCTE). It leads an outreach program to strengthen the capacity of CSOs in M&E activities. Finally, it compiles CSO feedback on the progress reports.

Overall Status

The implementation of Sinasid and its predecessor, Sinasip, has been relatively limited. This is due to both the complexity of the design and the fact that the proposed structure for carrying out the information flows has not yet been implemented. Despite the lack of the institutionalization of the basic flows of information, the ERCERP, the two ERCERP progress reports, and the PND (which contains a progress report for 2003 and 2004) have been prepared, albeit through ad hoc efforts. Because the system is yet to be fully implemented, it is too early to conduct an evaluation.

Key Topics

Legal framework and procedures

Sinasid has been launched. However, to achieve full implementation, it must be officially established, which could be achieved by means of a presidential decree; it also requires a work plan. In July 2001, SNIP operations were strengthened through a presidential decree establishing SNIP administrative guidelines. Full implementation of Sinasid would benefit from a similar decree establishing the roles and responsibilities of the SECEP,

line ministries, and other agencies, as well as defining Sinasid administrative guidelines. To date, no interinstitutional agreements between the SECEP and other agencies have been signed that define the roles and responsibilities of each party within Sinasid. Such agreements would enhance the flow of information.

Leadership of the system

The government of Nicaragua is committed to the full implementation of Sinasid. The system is in the early stages, however, and a work plan for full implementation has not yet been developed.

In terms of ownership by line ministries, the line ministries have repeatedly expressed their interest in the full implementation of Sinasid and in the establishment of a Web-based dissemination strategy. This commitment arises from the hope that the system will reduce the number of sectoral indicator queries that the ministries receive from various stakeholders.

Coordination

Sinasid is comprehensive and extremely ambitious. The net interinstitutional arrangements are relatively complex. Moreover, the system is dependent on the development of an Intranet network so that public sector institutions may input data and information into the system, which would require substantial investment in information technology. Slow progress has been a result of the lack of both technical investment and leadership.

Overall, the SECEP has not been able to implement the system fully. This is so despite the importance of the SECEP operations as outlined in the ERCERP, the PND, the ERCERP progress reports, and the joint staff assessments in the ERCERP progress reports, despite fairly strong progress in selected line ministries and the related information systems, and despite the availability of financial resources.

Capacity

In terms of capacity, the starting point is relatively good. Both the line ministries and the INEC have been developing their capacity, and there are no apparent bottlenecks in the implementation of Sinasid. The INEC has improved its technical capacity over the past decade through support provided by the Program for Improvement of the Surveys of Living

Conditions and is now focusing on client orientation and its ability to react swiftly to demands from data users, including public sector agencies.

A substantial amount of work has already been done on information systems at the ministerial level, together with improved coordination through SIGFA and SNIP. The Ministry of Health, for example, stands out because of its existing M&E system, which is used to support investment and resource allocation decisions. The ministry and its decentralized units, in coordination with the SECEP, are guiding programming activities, the allocation of resources, and investment planning by closely tracking PRS intermediate, output, and outcome indicators produced through administrative records at the local level and information produced by SIGFA and SNIP.

SIGFA and SNIP have been strengthened and represent the backbone of these ministerial systems in terms of financial and administrative information and physical input and output data.

Donors have been supporting the development of the capacity of departmental technical units to participate in the monitoring system. Efforts are also under way, in coordination with the donor community, to take steps to unify M&E and reporting practices.

Participation

Extensive consultations took place with civil society during the preparation of the ERCERP and the PND. The ERCERP, the ERCERP progress reports, and the PND have been presented to the CONPES. Feedback has been gathered through a series of regional workshops and over the Internet.

Under the coordination of the CONPES, a series of initiatives are currently under way at the municipal level to strengthen participatory M&E; some of these initiatives fall within the program to support the implementation of the ERCERP. Additional efforts to develop capacity in social accountability at the local, departmental, and national levels are being supported by the World Bank, the U.K. Department for International Development, and other partners, including training in budget monitoring, participatory M&E, and community feedback mechanisms through pilot user scorecards. Given the delays in the implementation of Sinasid, these initiatives have not, however, been fully integrated in the system.

In addition to the formal channel provided by the CONPES, civil society has mobilized independently to ensure its own participation. Examples of

such unofficial initiatives include the organization, by the civil coordinator for emergencies and reconstruction, of two social audits with 16,000 households in 150 communities across the country. Similarly, a network of more than 300 CSOs created a program of citizen control over public policies, 2003–6, that was implemented in 20 municipalities.

Products and dissemination

The SECEP has prepared the ERCEPR, a first ERCERP progress report in November 2002, and a second progress report in November 2003. The ERCEPR, the ERCERP progress reports, and the PND were presented to the CONPES. Feedback was gathered through a series of regional workshops, but also over the Internet. The ERCEPR, the ERCERP progress reports, and the PND are also posted on the SECEP Web site.

Finance and donor support

Overall, the system appears to be well resourced. Neither the weaknesses in the line ministry systems, which have begun to be successfully addressed, nor the shortages in the availability of resources, are delaying the implementation of a first stage of the PND M&E system. In fact, the SECEP has recently received financial support from the Inter-American Development Bank and the World Bank through the Poverty Reduction Strategy Technical Assistance Credit and the Emergency Social Investment Fund Credit to cover some of the fixed and operational costs, which are estimated at around \$1.5 million for a period of four years.

Lessons

A key lesson derived from the experience of Sinasid and its predecessor, Sinasip, is that a modular approach should be adopted for the first stage of implementation. This would build on existing systems and might be more manageable, promote consistency and ownership, and prevent duplication. Whereas the current PND M&E system proposal extends to areas already covered by other systems, it may be better for other countries attempting to build similar systems to monitor a less ambitious set of indicators, which could then be expanded during a second phase.

In addition, the proposed network of institutional coordination arrangements is complex, and network implementation has been limited.

No interinstitutional agreements have been established between the SECEP and sectoral agencies to define the type, frequency, and format of information flows. As a result, during the preparation of the first ERCERP progress report, focal points in the line ministries provided inputs and contributed to the analysis only on the basis of existing communication channels between them and sectoral specialists in the poverty analysis unit team of the SECEP. This occasionally resulted in a duplication of effort, because the focal points were required to provide similar information to the poverty analysis unit and the UCTE (both of which are units of the SECEP). In addition to the need for clear channels, this highlights the need for a clarification of the roles of the UCTE and the poverty analysis unit so as to avoid duplication.

The technical statistical committee has not been able to perform its function and has only met once so far. As a result, the INEC has had to respond to the requests of line ministries relating to methodological issues through bilateral meetings outside the committee. Moreover, the fact that the proposal charges the UCTE with responsibility for quality control could lead to tensions, since this function has already been ascribed to the INEC. These two institutions might instead coordinate inputs and recommend changes in the methodology used to calculate indicators, as well as changes in data gathering and data processing.

The two-tier design of Sinasid should emphasize the importance of the production of high-quality primary information, given that Sinasid uses existing information supplied through the systems of the INEC and the line ministries. Some ministries, including health, education, agriculture, infrastructure, and transport, are already making efforts to tackle weaknesses in the measurement of outcome and impact indicators and to strengthen analytical capacity. This could provide a strong foundation for a simplified, incremental system.

Despite extensive CSO participation and recent changes in the CONPES, particularly the withdrawal of the government, may have reduced the opportunities for direct dialogue between CSOs and the government and, as a result, reduced the influence on policy making. Overall, although the reforms signal the endorsement of the CONPES by the authorities and allow broader participation, the government uses this forum only occasionally.