

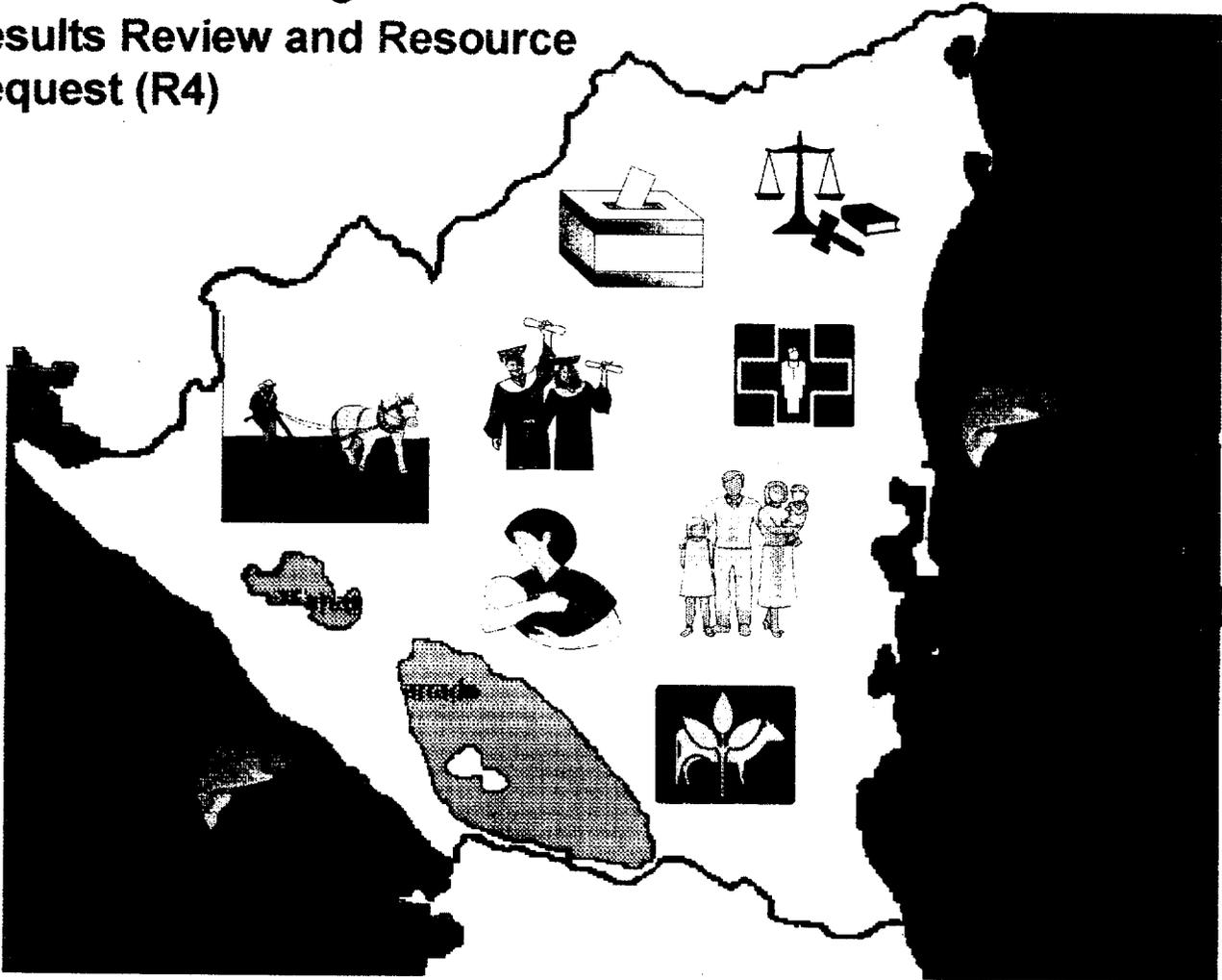
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**USAID/NICARAGUA  
RESULTS REVIEW AND RESOURCE REQUEST (R4)**

Managua, Nicaragua  
March 29, 1996

**USAID/Nicaragua  
Results Review and Resource  
Request (R4)**



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## I. EXECUTIVE SUMMARY

Nicaragua faces in 1996 a crucial test in its still fragile democratic transition - holding the second general elections since the historic 1990 elections. Success in these elections will cement the foundation of a functioning democracy that has been so painstakingly laid during the past six years. Failure to assure the unquestioned legitimacy and openness of these elections could throw the country back into political crisis, threatening the return on our \$900 million investment in the country's political stability and sustainable development. It is for this reason that the electoral process is under such close scrutiny by Nicaraguans and Americans. This is also why USAID/Nicaragua's active engagement in strengthening the elections process and providing sustained assistance levels in pursuit of our strategic objectives is so vitally important in this concluding year of President Chamorro's Government and the first years of a newly elected democratic administration.

Nicaragua has transformed itself from a country at war to a reconciled society; from authoritarian, socialist party rule to a functioning, pluralistic democracy; and from a stagnating command economy to a growing, market-oriented, export-led economy. 1995 was a year of special challenges and accomplishments. General Humberto Ortega retired in February as head of the Army, opening the door to greater civilian control of the military, as called for under the reformed Military Code of 1994. But effective protection of human rights in remote rural areas and prosecution of human rights violators from previous years remained unfulfilled hopes. The judiciary continued to lack the political will, commitment and consensus to seriously tackle the reforms needed to enable this branch of government to play its full role as guarantor of the rule of law in Nicaragua's emerging democracy. The executive and the legislature clashed over constitutional reform, which caused a serious institutional crisis for the first six months of the year, polarizing the political leadership and putting on hold the nation's business, especially key laws such as Telcor privatization and Electoral Reform. To the credit of the country's political leadership, with a lot of mediation from Cardinal Obando y Bravo and conditioning of assistance from the international community, a political compromise was reached enabling the Constitutional Reform Law to be approved. The legislature emerged strengthened and moved forward on its legislative agenda, passing Telcor and Electoral Reform laws (and a controversial property law) by year's end. USAID contributed directly to helping resolve the crisis through our policy dialogue and statements at the June Consultative group. We worked closely with the Assembly on Telcor and urged early passage of the Electoral Reform Law so we could make the most of our assistance to the Supreme Electoral Council (CSE), which we mobilized before any other donor. We also reinforced the emerging civil society, through a number of grants and events designed to enhance the legitimacy of a variety of professional associations, human rights organizations and business groups. We helped firmly establish civic education in the public school curriculum of Nicaragua and trained various groups of women, the poor and local leaders in civic action.

On the economic front, this was a year of robust performance thanks to the positive incentives resulting from sound macroeconomic policy reform. The economy achieved a 4.2% growth rate, the highest in over a decade. Export growth was 45%, with a 38% growth in non-traditional agriculture exports, stimulated in part by USAID/N's investments in the sector. The TELCOR privatization is the first privatization of a telecommunications company in Central America and sends a strong signal to private investors that Nicaragua is open for business. Though widespread poverty remains a serious challenge, the first effects of growth at the grassroots level can be seen in that the total number of individuals employed grew by 12% in 1995. Productivity, particularly agricultural productivity, has far exceeded expectations, for which USAID/N can take a measure of credit. In agriculture, this has been achieved despite continuing rural insecurity, disputed property ownership, declining availability of production credit and deteriorated rural infrastructure.

Social sector progress continues strong, reflecting USAID/N's effective investments. Maternal and childhood morbidity is declining, average immunization rates have risen from 77% in 1993 to over 80% in 1995, and there has been a dramatic increase in 1995 in the number of families using modern birth control methods. The percentage of children finishing primary school increased from 23% in 1993 to almost 27% in 1995.

USAID/N's challenge for the next two years is to assist the GON to consolidate the gains already made in democracy and economic growth, while contributing to a measurable improvement in the quality of life of the average Nicaraguan and a reduction in poverty. Clearly our highest priority for 1996 will be helping assure free and fair elections. Beyond the elections, we will focus on strengthening key democratic institutions, particularly the legislature, the new Human Rights Ombudsman's Office and the judicial system. We will also help develop competent and responsive municipal governments and an active and informed citizenry. In terms of an economic transition, USAID/N will continue its emphasis on providing technical and institutional support for increasing Nicaragua's exports, particularly non-traditionals. We will concentrate more effort on agriculture and on increasing small farmer profits, recognizing the sector's potential for generating employment and production in the economy and for addressing poverty. The Mission will work to achieve a rural transformation, developing on-farm and off-farm employment opportunities. Finally, the Mission will continue to strengthen marketing channels and institutions, build responsive financial services, and foster the sustainable use of natural resources.

In the social sector, USAID/N in close partnership with the Ministry of Health, PVO's, PAHO and other donors will continue to promote quality, decentralized maternal child health service delivery and the use of improved child survival and nutritional practices by women and small children. In the population area, we will focus more attention on increasing the access to a variety of family planning services of young, poorly educated rural women. The Mission will build on its early progress in initiating a program to prevent sexually transmitted diseases, including AIDS, which will form the basis for the Mission's new Reproductive Health initiative.

USAID/N has made significant progress in reengineering our operating systems and in reorganizing around results, which is helping us focus our portfolio and available resources on achieving the new strategy approved by the LAC Bureau last year. We have made few changes in our Strategic Objectives or key outcomes. We have, however, developed detailed results frameworks and refined our indicators and targets. We have tried hard to measure our results against these result indicators. Where data is unavailable we have drawn on information from intermediate results progress and anecdotes about how our customers are feeling the impact of our programs.

We have identified a number of issues affecting our ability to carry out our Management Contract with the Bureau over the coming years, to wit: Adequate and Timely Budget Resources, Congressional Concerns, Extra Resources for 1996 elections, Assuring PL 480 Title II resources, De-emphasizing NRM.

With our current programs and the planned transition to a reengineered portfolio by FY 1998 in support of our results frameworks, USAID/N can achieve its strategic objectives in Nicaragua. But this will require a continuing flow of resources at the \$30.9 million level and no further reductions in staffing than already planned over the period. We have accepted that the Base level of \$39.8 million for FY 97 is an unlikely scenario and are focussing our planning for that year on the Base minus 20% Scenario of \$30.9 million. We have also identified a Threshold Scenario at \$20 million which would force us to make tough choices, based on our priority weighing, to drop results from our framework and cut programs, for example in civil society, in natural resources management, and in maternal/child nutrition.

We have already substantially cut our staff. By September 1996, the Mission will have reduced its USDH staffing level from 24 in 1995 to 20 positions. Our plan calls for further reducing USDH staff to 17 by the end of FY 1997. The Mission will, therefore, have reduced USAID/N staffing levels by seven full time positions from FY 1995 to FY 1997. We are concomitantly reducing key areas of our portfolio in natural resources and the private sector to accommodate these cuts. The programmed reductions of FSN staff (primarily through attrition), operating expenses, and U.S. staff cuts will challenge our ability to implement and monitor the existing portfolio, but USAID is confident we can still effectively manage for results and achieve our Strategic Objectives thanks to our reengineering and cost saving efforts. Any reductions beyond the currently planned cuts in both staffing and operating expenses will force USAID/N to pare back several Results and associated programs in order to meet our minimum financial management and accountability responsibilities.

We see Nicaragua as a sustainable development country that is on a promising trajectory that will require at least a decade of steady aid, increasing private investment and accelerating progress before it would be self sustaining.

## **II. OVERVIEW OF STRATEGY AND RESULTS FRAMEWORK**

Last year USAID/N submitted a revised, results oriented assistance strategy which was approved by the LAC Bureau. During the past year, we have been developing detailed results frameworks with specific indicators and targets to permit measurement of results with increasing objectivity and confidence. To facilitate the review of progress in implementing our strategy we have included here a brief outline of our strategy along with the Summary Results Framework. Indicators and targets are shown at the beginning of each SO and Result discussion in Section IV. Complete Result Frameworks down to the results level, with Narratives and selected indicators, are found in Appendix I. The Mission has developed intermediate results and indicators which it will monitor at the Mission level and are not included in this report.

USAID/N's approved assistance strategy aims to help Nicaraguans consolidate the democratic and market transitions by pursuing the following three Objectives:

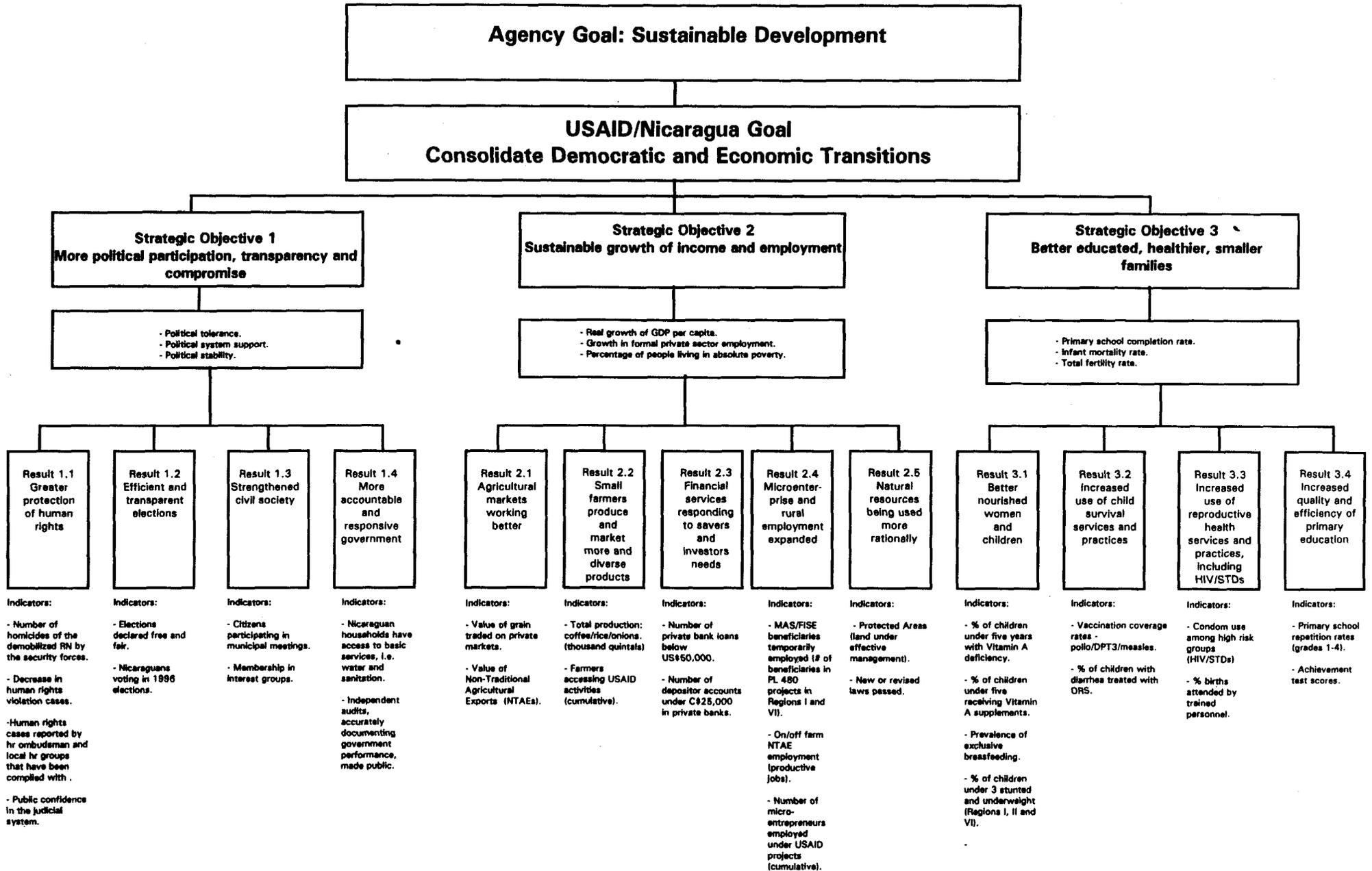
**SO 1 To Promote More Political Participation, Compromise, and Transparency.** To achieve this objective we are providing citizens with the knowledge to participate more fully in the democratic process and at the same time strengthening the ability of the national and local governments to involve citizens in decision making and to deliver improved services to them. Programmatically, we are implementing activities that seek to achieve a greater protection of human rights, efficient and transparent elections, strengthened civil society and a more accountable and responsive government.

**SO 2 To Stimulate Sustained Growth in Employment and Income.** To achieve this objective we are supporting the economic transformation to a competitive, entrepreneurial, export-oriented economy which capitalizes on its agricultural and labor intensive competitive advantages to attract private investment and spark expanded economic activity in urban and rural areas, so as to generate new jobs and open opportunities for a majority of Nicaraguans. We are focussing on small producers and their families as our customers. Programmatically, we are implementing activities designed to get agricultural markets working better, small farmers to produce and market more and diverse products, financial services responding to savers' and investors' needs, microenterprise and rural employment expanding, and natural resources being used more rationally.

**SO 3 To Foster Better Educated, Healthier, Smaller Families.** To achieve this objective we are investing in human capital development so that our customers have the minimum education and

# Summary

## Results Framework for USAID/Nicaragua



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health status to take advantage of the opportunities for greater prosperity their generation will have. Programmatically, our activities seek to achieve better nourished women and children, increased use of child survival services and practices, increased use of reproductive health services and practices, and primary education that is more efficient and of higher quality.

### **III. FACTORS AFFECTING PROGRAM PERFORMANCE**

The past year has been one of major challenges and accomplishments in consolidating the democratic and economic transitions. A number of political factors have complicated our efforts to implement our strategy, especially SO 1. While on the economic side good macroeconomic performance has facilitated our achievement of significant results under SO 2. Despite the heavy drag of widespread poverty, as evidence in poor nutrition and high incidence of illness, we have continued to make good progress under SO 3.

#### **The Constitutional Reform Crisis Disrupts Nation's Business for Six Months.**

During the first half of 1995 the clash between the National Assembly and the Executive Branch over a new constitution brought the affairs of the nation to a standstill and put the legislative agenda on hold. This created delays in key legislation including the privatization of TELCOR, the Electoral law, Human Rights Ombudsman, and the budget. As a result the GON failed to meet its ESAF performance targets and was not able to get expected balance of payments assistance disbursements from the IFI's, which put heavy pressure on the Central Bank's foreign exchange reserves. Fortunately, a political compromise was reached in June, thanks to the Cardinal's mediation and international donor pressure.

#### **Election Preparations Complicated by Late Passage of Reformed Electoral Law.**

Although the next elections, scheduled for October 20th, are still months away, several external factors have already affected the preparations for the elections and USAID's electoral assistance program. For example, the reformed electoral law was passed five months later than expected due to the constitutional crisis. As a result, the electoral law was not published until early January, considerably delaying the implementation of pre-election activities. The Electoral Law adopted a new cedula or national id voter registration system for 117 municipalities and continued the traditional ad hoc registration for 26 municipalities, in the former conflictive zones. Under the latter process, the Supreme Electoral Council will register voters on two successive weekends similar to the process followed in the 1990 general election and 1994 elections on the Atlantic Coast. Publishing the electoral calendar was also pushed back, as the law required consultations with the 35 registered Political Parties. To complicate matters further, the President of the Supreme Electoral Council (CSE) resigned on February 12 after twelve years as President of the CSE, leaving the CSE without leadership at a critical time. The delay in getting information out about the twin-track voter registration process has led to confusion, complaints and even charges of gerrymandering and disenfranchisement. It has been criticized by Nicaraguan political parties and U.S. Congressional members and staff. USAID has responded to these concerns through proactive management of its \$6 million electoral assistance program and through extensive Congressional briefings. Security problems, particularly in the ex-conflictive zones, threaten registration, political campaigning and voting. In September 1995, four CSE officials were kidnapped by renegade ex-recontra forces and on January 25, 1996, presidential candidate Arnaldo Aleman was attacked by bandits on the road north to Wiwili. The CSE estimates the election will cost \$44 million, up \$12 million as result of the twin-track registration and a second round vote called for in the Electoral Law. The CSE has mobilized significant donor assistance for the elections but is still trying to get donors to fill a gap of approximately \$7 million in funding. USAID is coordinating closely with other donors to assure that the elections objective is met.

**Protection Of Human Rights And Prosecution of Violators Remain Unfulfilled Hopes.**

Thanks to USAID support for OAS/CIAV and local Human Rights groups some progress was made in protecting human rights. While the number of new human rights violations reported has decreased, violations continue to go largely unpunished and the GON has failed to resolve the high profile human rights cases and address the Tripartite Commission recommendations, which are now under Supreme Court review. USAID supported human rights groups helped develop the legislation creating the Human Rights Ombudsman Office, which was approved by the National Assembly in December 1995. But the delay in naming a credible Ombudsman by the National Assembly and the GON's hesitancy to renew CIAV's mandate beyond June 1996 undermines progress in human rights in Nicaragua.

**Judicial System Reform Needs a Jump Start.**

The lack of political will and the absence of strong leadership by the Supreme Court have greatly impeded USAID's support for judicial reform over the last two years. Since December, however, as a result of a concerted effort by the Country Team, the GON has responded positively -- and the Mission is working to reactivate the Administration of Justice activity. The National Assembly created a mixed Commission to reform the Organic Law in this legislative session and the Attorney General's Office is working with the Mission to identify the implementation requirements of the reform agenda USAID will support with that office, i.e. establishment of public defender's office. After a meeting between the full Supreme Court and USAID in February, the Supreme Court appears to be interested in resuming part of the AOJ program.

**Controversy over Comptroller General Hinders Improved Financial Control.**

Perhaps the most significant accomplishment toward achieving transparency and accountability in government was USAID's leadership in launching a multi-donor program to reform the GON's financial management and control system. The donor community has pledged approximately \$32 million toward the establishment of an Integrated Financial Management System and a Comprehensive Audit System. But the effective implementation and leadership of this program has been delayed by Executive - Legislative disagreement over naming a new Comptroller General.

**A Breakthrough on TELCOR Privatization.**

In 1995, Nicaragua, with key assistance from USAID, passed legislation to privatize TELCOR. The TELCOR privatization was delayed by almost a year by the Assembly approval process. It will be the largest private investment to ever take place in Nicaragua, and the first telephone company privatization in Central America, with two important effects. First, the funds from the sale will be used to back the compensation bonds offered by the Government for confiscated property and this will greatly enhance the value of the bonds. Second, an international investment on this scale should give confidence to other investors that Nicaragua is a place worth considering. This was highlighted during the U.S.- Central American Trade and Investment Forum hosted by U.S. Commerce Secretary Ron Brown and Nicaraguan Minister of Economy, Pablo Pereira in Managua on 3/22/96.

**Investment Climate Still Affected by Slow Progress on Confiscated Property Cases.**

Private investment confidence, both foreign and domestic, continues to lag due to the slow progress in resolving expropriated property cases. The recent passage of a controversial property law attempts to address several property issues. It remains to be seen how this law is applied and whether it is a positive step forward or not in this area. The U.S. must see substantive progress in resolving the over 1000 outstanding U.S. citizen cases or the entire USAID program could be negatively affected by U.S. legislative restrictions.

**Robust Macroeconomic Performance Facilitates Sectoral Progress.** GDP grew by 4.2 percent, an increase over last year's growth of 3.3 percent. Formal private job creation rose at an annual rate

of 9.4 percent from mid-1993 through the end of 1995. Salaries in the formal private sector have also risen slightly in real terms. Yet, public perception is that unemployment and poverty have worsened and the benefits of this economic growth have not been widespread. Small farmers have made significant progress, although insecurity in rural areas and limited availability of production credit still hamper their production and marketing gains. Improving the financial services so they are more responsive to saver and investor needs will be a lengthy process. Financial services in Nicaragua have only partially recovered from the severe disorganization, state control, and poor financial policies of the past decade. Repayment rates for state banks and other financial institutions have been extremely low and hyperinflation during the early years of this decade has discouraged savings. In short, it will take many years for a private financial system to provide the credit resources necessary for a growing productive economy.

**New Leadership at Environmental Ministry Gives Boost to NRM.**

In 1994, MARENA's lack of vision, and inability to carry out its regulatory and management functions for protected areas limited our ability to implement our natural resources management program. However, in the last year, the new Minister reorganized and refocused MARENA and the GON took steps to manage Nicaragua's natural resources better. With USAID assistance, legislation is being drafted in the following areas: mining, fisheries, forestry, clean water, protected areas, and toxic substances. Passage and implementation of these laws will require significant political will on the part of the GON, as well as significant management capacity within MARENA. While the environmental law was just passed by the Assembly, with the national election in October, it is unlikely much legislation will be considered after the campaign officially begins in August.

**Poverty Continues to Undermine Social Progress.**

Nicaragua is a country of widespread poverty, with 50% of its population living below the poverty line and 19% below the extreme poverty line. Acute undernutrition is widespread, affecting 19-25% of the children in Regions I, II and VI and the Atlantic Coast. The lack of accessibility to food in Regions I, II and VI and poor nutritional practices are continuing to cause high rates of malnutrition in Nicaragua and undermining USAID child survival and emergency employment activities.

**University Education Budget Out of Synchrony with Educational Priorities.**

Through our efforts in providing basic inputs to the primary education system, as well as assistance to the Ministry in decentralization, there have been improvements in the quality of primary education. Unfortunately, the sustainability of those improvements is undermined by the large percentage (44%) of the Ministry of Education's budget that is devoted to higher education. This is the result of Nicaraguan law that requires that 6% of the national budget be given to the public universities, making Nicaragua's ratio of investment in higher education to primary education one of the highest in the hemisphere. The Ministry of Finance's decision to again apply the 6% to only the operating budget (which excludes donor and other external funding) touched off violent student demonstrations in December 1995. The National Assembly is currently reviewing the issue.

**IV. PROGRESS TOWARD STRATEGIC OBJECTIVES:**

**SO #1. Promote More Political Participation, Compromise and Transparency**

**A. Summary of Data:**

Strategic Objective #1: More political participation, compromise and transparency	1990	1993	1995		1997
	Baseline	Actual	Planned	Actual	Target
<u>Key Indicator:</u> Political Tolerance <u>Unit:</u> Percentage showing higher tolerance	52%			55%	60%
<u>Key Indicator:</u> Political System Support <u>Unit:</u> Percentage showing increased support for the system	59%			42%	45%
<u>Key Indicator:</u> Political Stability <u>Unit:</u> Increase in political stability over time (scale of 0-10)	0	2 (political stalemate)		4 (stabilizing)	7 (stable)

**B. Analysis of the Data:** Promoting political participation, compromise and transparency is a critical USAID objective which will require the accomplishment of four related results:

- Greater Protection of Human Rights;
- Efficient and Transparent Elections;
- Strengthened Civil Society; and
- More Accountable and Responsive Government

**Indicator refinement and measurement:** Political stability, political tolerance and systems support are new indicators, replacing last year's indicators on participation in elections, community organizations, town meetings and volunteering which has now been refined and moved to the result level (civil society). The Mission has been collecting data through public opinion polls on political tolerance and systems support since 1991 and the survey will now be conducted every 2 years by the University of Pittsburgh. However, because public opinion lags behind real change, USAID does not want to rely completely upon polling. Therefore, USAID believes that political stability should also be measured. Political stability can be measured by: free and fair elections, uncensored press, peaceful resolution of labor disputes, a functioning National Assembly and an independent and functioning judiciary. The Mission welcomes USAID/W assistance in further developing a political stability index measure. Political tolerance was selected as a key indicator because it is a critical element in a democracy. Intolerance can produce polarization and violence which can destabilize democracy. Political tolerance can be defined as the public's willingness to extend civil rights to all individuals (i.e. right to vote, right to peacefully demonstrate, right to run for office and right to peacefully demonstrate). System support measures public confidence in key democratic institutions, such as the courts, the election tribunal, the armed forces, the National Assembly and the incumbent government. The decrease in systems support between 1991 and 1995 is not surprising. In 1991 there was strong systems support after years of a closed undemocratic political system. Therefore, we believe the baseline of 59% is skewed. We expect support for the democratic system to increase gradually over the next several years.

**Greater Protection of Human Rights:**

Result 1.1: Greater protection of human rights	1991	1994	1995	1996
	Baseline	Baseline	Actual	Target
<b>Indicator:</b> Number of homicides of the demobilized RN by the security forces.	37 (1990)		13	5
<b>Indicator:</b> Decrease in human rights violation cases <sup>1</sup> <b>Unit:</b> Cases	828		583	450
<b>Indicator:</b> human rights cases reported by hr ombudsman and hr groups that have been complied with. <b>Unit:</b> Cumulative number of cases complied with		GON took action on <u>3 out of 120</u> recommendations of Tripartite Commission	GON took action on <u>14 out of 120</u> recommendations of the Tripartite Commission	<u>25 out of 120</u> recommendations of the Tripartite Commission acted upon
<b>Indicator:</b> public confidence in the judicial system <b>Unit:</b> % public confidence in system	52%		35%	1997 40%

**Indicator Refinement and Measurement:** USAID has added 3 additional indicators to measure progress in achieving the result of greater protection of human rights and the Mission dropped the judicial delay indicator as a result of the GON's unwillingness to carry out a judicial delay study. The first indicator measures the number of homicides committed by the security forces against demobilized RN, figures that are reported annually in the State Department Human Rights report. The second indicator measuring a reduction in overall human rights violations is based on data collected by a USAID grantee (ANPDH) who works primarily in the conflictive zones but whose statistics are subject to the reliability issue noted below. Once the human rights ombudsman office is functioning, USAID will use the Ombudsman data since it will be tracking human rights violations against all members of society against a common definition. The indicator measuring action taken on Tripartite Commission recommendations was reported last year and indicates very little progress in this area. Finally, it is not surprising to see a decrease since 1991 in public confidence for the judicial system given the delay, inefficiency and corruption that characterizes the judiciary.

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<sup>1</sup>A human rights violation case can involve more than one individual and more than one human rights violation. A human rights violation is defined as assassinations, illegal detentions, arbitrary detentions, tortures, death threats, abuse of authority, physical aggression and intimidation. However all human rights statistics in Nicaragua are extremely unreliable due in part to the lack of agreement on the definition of what constitutes human rights.

**Progress:** Increased political participation, compromise and transparency requires greater protection of human rights. The number of human rights violations being reported, both homicides against demobilized RN and in general has substantially decreased from 1991 to 1995. The GON has agreed to submit 19 human rights cases cited by the Tripartite Commission to the Supreme Court for review to determine if the cases were tried correctly. Other achievements include the passage of legislation in December creating a new, independent Human Rights Ombudsman Office and CIAV's progress in building a network of 43 "Peace Commissions" composed of local church and civic leaders that serve as community human rights monitors and dispute mediators. USAID supported NGOs (ANPDH and CPDH) played a key role in contributing to drafting and debate on recently approved human rights ombudsman legislation. USAID stands ready to launch a program supporting this new office once an Ombudsman is named and to assist the Ombudsman in assuming the human rights monitoring functions currently being carried out by CIAV. USAID will continue to concentrate on increasing the ability of local human rights groups to actively conduct efforts to represent human rights victims more effectively

A greater protection of human rights also requires improving the system of administering justice. As evidenced by the public's low trust in the judicial system (35%), the underlying structural problems in the judicial sector have undermined citizen confidence in the rule of law. Nicaragua's democracy can only be consolidated when the rule of law is firmly established and human rights are respected. As a result, USAID has focused initial attention on improving the basic skills of personnel directly involved with the justices system's customers and has provided assistance to the Judicial School of the Supreme Court to help train 2,411 Supreme Court staff, 198 local and district judges, 72 prosecutors, and 300 administrators. However, absent greater judicial reform efforts on the part of the Supreme Court and the GON, the impact of this training has been weakened and we have been unable to carry out major reform activities to date. As a result, USAID is currently exploring alternative mechanisms to support judicial reform efforts through multiple counterparts. USAID plans to begin working immediately with the Attorney General's office to strengthen their operations and to create a Public Defender's Office and to provide support to the National Assembly's mixed commission in its efforts to reform the Organic Law, as well as other key codes. Finally, USAID has continued its dialogue with the Supreme Court to explore areas of mutual interest in reforming the judicial system, including code reform and implementation of reform efforts. However results in this area will depend in large part upon the appointment of four new Supreme Court justices, as well as a new president in June 1996 and an increase in political will after the election.

## Efficient and Transparent Elections

Result 1.2: Efficient and transparent elections	1990	1994	1995	1996
	Baseline	Actual	Actual	Target
Indicator: Elections declared free and fair.	1st free elections	Atlantic Coast elections	None	Next election
Indicator: Nicaraguans voting in 1996 elections  Unit: % of registered Nicaraguans voting in 1996 elections	86%	74%		60%

**Indicator Refinement and Measurement:** Measuring the percentage of registered Nicaraguans that vote in the upcoming elections is a new indicator, although USAID has CSE data from 1990 and the 1994 Atlantic Coast elections. Although voter participation was high in both 1990 and 1994, USAID expects a decrease in voter turnout because opinion polls indicate apathy is growing and the voting procedures are complicated.

**Progress:** USAID is directly supporting preparations for the 1996 general elections. USAID's electoral assistance program and policy dialogue is strengthening the CSE's registration system, upgrading the CSE's voter information system, mobilizing other donors to broaden support for the electoral process and working to increase accurate, unbiased press coverage of the elections. The USAID-supported voter education campaign is designed to reach the less accessible and more poorly informed rural and lower socio-economic segments of the population to ensure they are included in the election. Special emphasis has been placed on women (51% of those eligible to vote) because of their traditional marginalization in society, and on youth (21% of those eligible to vote) because this will be their first national election. We are also focussing on the special needs of the 26 municipalities where ad hoc registration will be used.

Achieving free, fair and transparent elections requires that Nicaraguans register and vote and have a validation of that effort. Of USAID's overall electoral assistance program of \$6.8 million, \$3.5 million is going to the CSE through CAPEL. CAPEL is assisting in developing and managing the information system needed to ensure the timely and accurate registration of all eligible voters. CAPEL is helping the CSE to train election officials, and party poll watchers on all aspects of the electoral process and is supporting the CSE's nationwide public education campaign, designed to educate voters of their rights and the importance of voting. USAID has already in place agreements with 5 US NGO's to carry out international observation programs before and during the elections in order to validate free and fair elections. USAID is also working with US and local PVOs in promoting important civic education activities to expand voter education this year.

**Strengthened Civil Society:**

Result 1.3: Strengthened civil society	1994	1995		1997
	Baseline	Planned	Actual	Target
Indicator: citizens participating in municipal meetings Unit: % of citizens participating in municipal meetings	10.4%		13.3%	17%
Indicator: Citizen Membership in interest groups Unit: # of members in interest groups				

**Indicator Refinement and Measurement:** The first indicator is a refinement of last year's Action plan indicator which better tracks the participation and involvement of democracy's customers in local level decision making. Action plan indicators focusing on public confidence in political parties and interest groups and news reporting did not do as good a job in capturing direct civil society involvement at the local level. The participation in interest groups indicator is new, designed to measure citizen participation in key interest groups such as UPANIC, UNAG, UNICAFE, AMUNIC, ASOBAMP, APENN, democratic labor and other civil society groups. Increased membership not only indicates more citizen participation, but it will strengthen interest groups in order for them to play a more constructive role in consolidating democracy. USAID will develop a baseline in 1996..

**Progress:** The foundation of democracy is a strong civil society. To that end, USAID is supporting a range of activities aimed at enhancing public understanding of democracy and strengthening specific interest groups so that Nicaraguans can participate more fully in their democratic system.

A major component of our program to strengthen civil society is focused on helping develop a new generation of Nicaraguans who are committed to democracy. Under this initiative, USAID has assisted in the establishment of a secondary level civic education program involving a new curriculum, and the training of over 1000 teachers in carrying out this new curriculum. The program was developed in the best of democratic traditions by a cross-section of distinguished Nicaraguans. Students are learning important democratic values such as tolerance, human dignity and freedom, equal rights, and civic responsibility in an interactive manner that encourages participation, debate and compromise. The training in the classroom is being reinforced through the creation of school based student governments which parallel the Nicaraguan political structure. Since education correlates highly with political tolerance and participation, USAID's basic education program also contributes to strengthening civil society by increasing the number of grades that primary students complete. These same students are also being exposed to democratic values through a new USAID financed primary level civic education curriculum.

An important element in consolidating Nicaragua's democracy is the continuation of the dialogue between the military and civil society to promote civilian control over the military. This dialogue has led to the establishment during the past year of the Nicaraguan Center for Strategic Studies which in coordination with the National Democratic Institute (NDI) has carried out seminars on civil-military

relations bringing together members of the military and civil society, including members of the former Resistance, in spirited exchanges on the future role of security forces in the country.

Recognizing that special interest groups are critical to a thriving civil society, USAID is providing assistance to help them play a constructive role in Nicaragua's democratic transition. The International Republican Institute (IRI), in partnership with a local NGO, Grupo Fundemos, has stepped up its efforts this past year to strengthen political parties through training workshops that are open to representatives of all registered parties. The focus of these seminars is on party and election year ethics, platform development, campaign strategy, and fund raising so that they can better contend for power through free, fair and peaceful elections.

AIFLD carried out a labor education program for union members. The National Association of Mayors (AMUNIC) has also been receiving institutional development support in order to promote local government autonomy. USAID has also provided leadership training for local women leaders. As a result, women and indigenous groups have acquired leadership skills and learned to manage projects at the community level.

Through our program with AIFLD, Margarita Rivera, a teacher in the National Teacher's Union (NTU), participated in a week's training program with the National Teacher's Union (NTU), in democratic unionism. Following the training, she successfully ran for president of her local union chapter and is now a strong candidate for president of the NTU.

Thousands of poor rural women have also learned about democracy in their communities under a civic education program which USAID supports through the NED. Three local grassroots organizations (CIAM, Conciencia, FUNDAPADELE) have been educating women about their rights and responsibilities under a democratic system. During this election year, the groups will focus activities on the importance of voting and the electoral process.

**Good Governancé:**

Result 1.4: More accountable and responsive government	1995	1995		1996
	Baseline	Planned	Actual	
Indicator: Nicaraguan households have access to basic services, e.g. water and sanitation	1993			
Unit: % population with access to services	47%		47%	50%
Indicator: Independent audits accurately documenting government performance are made public				
Unit: Number of audits made public	0	0	0	2

**Indicator refinement and Measurement:** The above reflects refinements of last year's indicators and targets and will better track the responsiveness of government delivery of basic services to its customers and of its management of public finances.

**Progress:** Government decision making based on greater consultation, coupled with improved management of public finance, strengthened municipalities and a legislature addressing key national issues strongly supports Nicaragua's democratic consolidation.

USAID's \$4.4 million investment toward achieving transparency and accountability in management of public finance in Nicaragua has served as a catalyst in the establishment of the multi-donor program aimed at reforming GON financial management and control, which will help reduce fraud, waste and abuse and help fight corruption. As a direct result of this effort, the donor community ( IBRD, IDB, UNDP, Norwegian and Argentine governments and others) has pledged approximately \$32 million toward the establishment of an Integrated Financial Management System and a Comprehensive Audit system (IFMS/CAS). This system is in the final development stages and is already focusing GON attention on improved government effectiveness and the ability to plan, administer and control public resources.

The effectiveness of the National Assembly has been improved through USAID's legislative strengthening program. The installation of an electronic voting system has provided a rapid, transparent and verifiable vote counting process. The newly installed management information system is starting to enable the legislature to conduct basic research, track bills, retrieve existing laws, and access the Internet. Several staff trained under the program have been promoted to leadership positions within key legislative committees.

Under our legislative strengthening program, Ms. Obregon, a staff member of the National Assembly (NA) obtained a Master's Degree in Public Administration, with a concentration in legislative affairs, from Florida International University. Upon her return, she established a new budget oversight office, with a 4 person professional staff financed entirely by the NA. Now the NA leadership has an independent budget review board.

The recently launched Municipal Decentralization and Development initiative has selected the first four municipalities to strengthen to increase citizen involvement in government decision-making and improve local government capability to provide services to constituents. USAID's cross-cutting training program has provided leadership training to local leaders who are implementing donor financed programs in their communities, as well as to Ministry officials in total quality management to improve central government responsiveness to public customers. USAID's work at all levels of government aims to improve the GON's management systems, increase citizen confidence in government institutions and enhance citizen participation.

#### **C. Expected Progress in FY 1997 and FY 1998**

USAID programs are poised to achieve important results over the 1997 and 1998 period through continuation and consolidation of critical democracy strengthening initiatives in the area of human rights, in strengthening civil society and in promoting good governance.

**Elections:** With the conclusion of the 1996 elections, USAID will drop the elections result from its strategic framework and disband our elections results team. As part of our good governance result, we envisage continued modest technical assistance to update the civil registry in support of the CSE's efforts to provide the remaining cedula to the entire nation.

**Human Rights:** USAID expects to continue in its efforts to support improved human rights in Nicaragua during FY 1997 and FY 1998. After a six months extension we believe CIAV's human rights mandate will end by January 1997 and we expect to see its human rights responsibilities

transferred to the Human Rights Ombudsman Office. Assuming that the Human Rights Ombudsman is named in 1996 and depending upon the pace in developing and fully activating the new Ombudsman office, USAID's assistance will be required throughout the 1997-98 period. USAID also anticipates continuing its core support for two local human rights groups (ANPDH and CPDH) but at modest levels. If funds are available, USAID intends on supporting several local organizations dedicated to furthering women's and children's rights given the interest surrounding domestic violence issues. Under the Administration of Justice program, USAID plans to be fully implementing program activities, including assistance to the newly created Public Defender's Office, activities aimed at development, passage and implementation of new codes such as the Criminal and the Administrative codes with concomitant training of key justice sector officials. All of these efforts should directly contribute to a lower number of human rights violations and increased public support for the judicial system.

**Civil Society:** USAID will continue to assist in strengthening civil society in its programs by intensifying leadership training for community leaders, particularly women and minorities. The Nicaraguan Center for Strategic Studies and NDI will require assistance to expand their program to include training of appropriate Nicaraguan civilians in civil-military affairs. The Center for Education and Democracy and the USAID basic education initiative will work with the Ministry of Education to integrate the primary and secondary civic education curricula to assure continuity between the two levels. In support of this election year, IRI and Grupo Fundemos will tailor their training of political parties to focus on campaign ethics and strategy, and sponsor a series of regionally based debates for National Assembly candidates. USAID supported grassroots civic education activities will instruct citizens in all 143 municipalities on how to register and vote, and encourage them to do so through voter promotion campaigns that will include a number of national and local candidate debates.

**Good governance:** With continue assistance from USAID and other key donors, the GON will have established its Integrated Financial Management and Comprehensive Audit System, and worked with the legislature, local municipal governments and selective ministries to link their systems with IFMS. By the end of FY 1998, we expect to the GON to be implementing IFMS in at least two key ministries (including the Ministry of Finance) and CAS within the Comptroller General's office. USAID assistance will lead to the passage of a revised Tax Law, establish a unified tax information system and an improved tax collection and administration system. In the National Assembly, in coordination with the Inter-American Development Bank, will help to establish a legislative modernization committee, strengthen the budget analysis office, improve the ability of committee staff to develop and analyze legislation, enhance legislative oversight capabilities, and increase legislative efficiency through greater utilization of the management information system by legislators and staff. Finally, the Municipal Decentralization and Development initiative will strengthen the ability of the national mayors association to promote legislation supporting greater local autonomy, and at the municipal level, increase citizen involvement in local decision-making and their access to basic services.

Over 700 public and private leaders recently attended a "Reinventing Government" workshop co-sponsored by USAID and the IBRD. Speakers included the GON president, Minister of Finance, the U.S. Ambassador and USAID Director; and the keynote speaker was Mr. Ted Gaebler, co-author of Reinventing Government. All speakers endorsed implementation of an Integrated Financial Management and Control system as being essential to achieving the GON's goals of greater accountability and responsiveness in the context of State reform.

## SO #2. Sustainable Growth in Employment and Income

### A. Summary of Data

Strategic Objective #2: Sustainable growth in employment and income	1994	1995		1996
	Baseline	Planned	Actual	Target
Indicator: real growth of GDP per capita (% increase above pop. rate)	0.4%	1.0%	1.3%	2.0%
Indicator: growth in formal private sector employment (% increase per year)	9.4%	10.0%	9.4%	10.0%
Indicator: percentage of people living in absolute poverty	50.3%	NA	NA	50.0%

### B. Analysis of Data

**Progress:** In 1995, Nicaragua showed evidence that the growth in income and employment started in 1994 is being sustained. Data available on the two indicators first established in 1995 by USAID's FY 1997 Action Plan show that (1) real growth in GDP per capita, which was originally estimated by the GON to be 0.1% in 1994 was actually 0.4%, and this figure accelerated to 1.3% in 1995, and (2) formal private job creation rose at a 9.4% trend rate from mid-1993 through the end of 1995. Ministry of Labor surveys indicate that urban employment grew by more 13.5% in 1995 alone.

**Indicator Refinement and Measurement:** USAID also plans to measure these trends' impact on poverty by comparing the analysis of the second Living Standards Measurement Survey, planned for 1997, with the results of the first Survey of March 1993. The World Bank's Poverty Profile, based on the first Survey, found that 50.3% of the population was below the poverty line that it computed from Survey data. Since the economy's downward momentum was not arrested until after this Survey, USAID's expectation is that the poverty indicator will show only a slight improvement by early next year (1997). Now that sustained growth has been established, however, subsequent improvements should be substantial. USAID estimates that, if growth targets are met, the poverty indicator would fall to 46% by the year 2000.

### Results Needed to Achieve the Objective

The Mission's second Strategic Objective will be achieved through programs to help:

- Agricultural markets work better;
- Financial Services respond to savers and investors needs;
- Small farmers produce and market more and diverse products;
- Microenterprise and rural employment expand; and
- Natural resources being used more efficiently.

**Agricultural Markets Work Better**

Result 2.1: Agricultural markets working better	1993	1994	1995		1996
	Baseline	Actual	Planned	Actual	Target
Indicator: Value of grain traded on private markets (\$ millions per year)	NA	NA	0.5	.01	1.5
Indicator: Value of NTAEs (\$ millions) (10% increase per year)	\$30.4	\$54.2	\$59.6	\$75.1	\$82.6

**Indicator Refinement and Measurement:** The above indicators reflect refinements from last year's action plan due to the additional work carried out by the Mission in developing the results framework and better targeting how we will measure progress at the result level. Now that the private commodity market (BAGSA) has been established and is now functioning, we expect to see increased amounts of grain traded privately, further reducing the role of ENABAS, the public sector grain trading company. To capture the full export picture, we will be tracking both USAID assisted NTAE exports as well as the growth of non-traditional agricultural exports in general.

**Progress:** USAID's assistance program is helping agricultural markets to work better by strengthening market institutions, helping to lower transaction costs by improving market infrastructure and promoting clear policies, regulations and procedures encouraging investment and trade in agriculture.

1995 results have generally exceeded planned expectations. The grain market is a key indicator for strengthened private agricultural marketing. Since July 1995, when the country's first commodities exchange (BAGSA) was established with USAID assistance, it traded three commodities (grains, edible oil and fertilizer). By the end of 1995 it negotiated plans with producers to add two more commodities (rice and sorghum) valued at \$1 million. This has improved the transparency and efficiency in the trading of these commodities.

Over the past year, USAID sponsored marketing assistance has reached over 10,100 small producers of organic coffee, sesame, soybean, rice, corn, and livestock. Over 2,500 sesame and coffee producers doubled their incomes by organizing themselves to process and market their crop as a group. Total crop sales were just over \$3 million. The value of USAID-supported non-traditional exports increased by 23 per cent from \$13.5 million to an estimated \$18.5 million in 1995/1996 crop season. The total value of non-traditional agricultural exports for the country increased from \$54 million in 1994 to \$75 million in 1995 and expected value of sales by spring 1996 should exceed \$83 million including fish and shrimp, the new and exciting growth industries.

With USAID support, IESC volunteers worked with the Puerto Morazan Shrimp Cooperative, a group of 90 artisanal shrimp farming families to increase production and sales. As a result, yields have improved from a few hundred pounds of shrimp to 1,800 lbs per hectare in 1995. In 1996, group members are expected to export about 2 million pounds of shrimp. Over 420 families have benefitted and all family members are employed in the businesses.

We have helped forge new market links in the U.S. for organic coffee, soybean, sesame, and

shrimp and several other NTAE where no market existed before 1991. For example, 156 small farmers in the formerly conflictive zones produced and sold 30,000 pounds of organically grown coffee to a US company in San Francisco earning a 50% premium over traditional coffee prices. Similar programs are targeting soybean and sesame producers.

USAID carried out extensive policy dialogue at the Ministerial level to propose reforms of the tariff structure system and elimination of certain tariffs. Inside the Ministry of Economic and Development, the lead agency for making trade policy, two full time advisors are working directly with the Minister and Vice Minister to promote exports and to reduce bias against agriculture.

ENABAS, the state grain marketing board, has finally decided to privatize its facilities and USAID is poised to help this effort succeed. USAID has also assisted in the construction of a cold storage unit in the airport in order to improve export services for NTAE which should soon lead to increased NTAEs to the US and Europe.

The US Ambassador's and USAID Director's active policy dialogue and personal diplomacy helped the Finance Minister and National Assembly leadership reach agreement on the TELCOR privatization which permitted final passage of the law. USAID provided two experts to meet with the Assembly leadership to analyze and advise them on final revisions to the proposed legislation. Price Waterhouse, USAID's institutional contractor, helped the government issue the bids. The initial sale of 40% of the shares of the company will be concluded in June 1996 when the final proposals are opened publicly and the lowest bidder is awarded the shares. Three US companies are actively involved in the bidding process.

**Small Farmers Produce and Market More and Diverse Products:**

Result 2.2: Small farmers produce and market more and diverse products	1993	1994	1995		1996
	Baseline	Actual	Planned	Actual	Target
Indicator: Total production: coffee/rice/onions (thousand quintals) (5% increase each year on each commodity)	800/ 600/ 180	910/ 615/ 210	950/ 1,400/ 275	1,100/ 1,700/ 310	1300/ 1800/ 325
Indicator: farmers accessing USAID activities (cumulative)	7,000	7,500	8,500	11,000	12,000

**Progress:** USAID has worked with its development partners to help private producer organizations provide technical and financial services to small farmers; assist them adopt cost-effective technologies for increased production; and to market more.

**Results dramatically exceeded expected targets.** Production of coffee, rice and beans was chosen as a proxy and indicator of progress because these commodities are primarily grown by small

farmers, and in the case of organic coffee and onions, reflect a growing diversity of products marketed internationally. Coffee production jumped due to the technical assistance in production, block marketing and financial intermediation services provided by USAID's partners to small farmers community. The focus is on both increased production and marketing of products. Rice production grew because USAID sponsored a nation-wide program to serve and increase the productivity of small dry land rice growers. Nicaraguan's sweet onions, once the preserve of one successful large farmer, are now established as a viable small farmer agribusiness. The demand in the U.S. for this sweet onion goes undiminished.

USAID has provided direct technical and marketing assistance to over 11,000 small to medium sized farmers. Our field programs help promote the use of the small farmer monitored technical assistance program which is helping financial intermediaries consider these groups as viable customers. We are also making a concerted attempt to link production with marketing and under the CLUSA small farmer program, linkages are being developed with buyers to help in the financing of specific products for export. We have also enabled local associations to organize small entrepreneurs to acquire business skills in domestic and export production and marketing. Moreover, USAID has provided assistance on turning producer associations into providers of services for their members, including technology transfer, property titling, and marketing services.

As a result of USAID's assistance, productivity increased on over 3,150 hectares of coffee, including 1,400 hectares of small scale coffee farms. Program funded nurseries have planted over 700 hectares with new improved coffee varieties, which in three years should result in a doubling of production and increased incomes for farmers.

Productivity of basic grains increased on over 30,000 hectares, including over 400 commercial farms and 200 small farms in the Occidente. Productivity also increased by more than 10% on approximately 500 small basic grain farms in Region VI. Validation trials showed increases by more than 15% on roughly 873 small basic grain farms in Regions I, II, and VI.

In 1995 alone, 1,500 cattlemen in the 9 locally assisted associations artificially inseminated over 9,500 cows. The first 1,200 genetically improved calves have already been born.. Collectively locally assisted associations are selling agricultural inputs at a retail sales clip of over \$1 million annually which indicates rapid progress toward business sustainability.

Five P.L. 480 Title III small farmer project designs were completed during 1995 which will further increase productivity of small farm basic grain, coffee, livestock nationwide.

**Financial Services More Responsive to Savers and Investors Needs:**

Result 2.3: Financial services responding to savers and investors needs	1993	1994	1995		1996
	Baseline	Actual	Planned	Actual	Target
Indicator: Number of private bank loans below US\$50,000 (10% increase per year)	4,521	6,090	6,699	9,128	10,040
Indicator: # of depositor accounts under C\$25,000 in private banks (10% increase per year)	7,966	13,314	14,646	17,731	19,500

**Indicator refinement and measurement:** These indicators are refinements of last year's indicators and targets and will better track the growth of small savers and borrowers. Previous indicators tracked the absolute amount of loans and savings. For 1995, the target was \$250 million in loans below \$50,000, and the actual result was \$258 million.

**Progress:** The agricultural sector continues to be constrained by the lack of medium and long term credit for productive purposes. Poor credit practices and poor repayment rates have caused a major constraint to financing products. The national system of credit unions was devastated by the high inflation of the previous administration, and no longer functions effectively. Over the medium term, a larger and more dynamic group of private banks will encourage competition, lower costs for credit, and create more options for savers and bankers.

The formal banking sector, which serves medium to larger borrowers and savers has undergone a transformation in the last five years with USAID policy support and encouragement. Today there are only three state owned banks competing with eleven private banks and several financial houses. The financial condition of the state-owned financial system is unsustainable, and has shown no improvement. But recently adopted reforms, pressed by the donor community, are forcing the two public banks to prune their portfolios of bad loans, which are being turned over to a collection agency.

A full range of financial intermediary institutions is a critical step in the development process in Nicaragua -- and with USAID's assistance, improvements have occurred. A clear example of this is the emergence of the securities exchange which opened in 1994 and traded over \$ 200 million in 1995. USAID also helped design mechanisms to broaden the use of GON expropriated property compensation bonds. The result is a collaborative effort between the stock market and the GON to increase the liquidity and marketability of the bonds.

USAID's recently initiated Rural Credit union program is designed to help increase access by small savers and producers to credit union services in recognition of the non-availability of savings and lending facilities in and around market towns, Long term technical assistance will arrive within several months to start to strengthen member based credit union efforts to reach the smaller producer and saver and by the end of 1996, assistance to the first 10 credit unions will have been initiated.

## Microenterprise and Rural Employment Expanding

Result 2.4: Microenterprise and rural employment expanding	1993	1994	1995		1996
	Baseline	Actual	Planned	Actual	Target
Indicator: MAS/FISE beneficiaries temporarily employed ( # of beneficiaries in PL 480 projects in Regions I and VI)	0	33,600	60,000	73,900	88,900
Indicator: On/off farm NTAE employment (productive jobs) # of NTAE jobs ( cumulative)	5,000	6,200	8,100	9,700	10,200
Indicator: # of microentrepreneurs employed under USAID projects (cumulative)	NA	NA	7,200	7,700	23,553

**Progress:** USAID and its development partners achieved significant results in micro-enterprise and other employment opportunities by expanding the temporary employment safety net for the poor, increasing rural employment in productive jobs, and helping urban poor find jobs in microenterprise.

**Results have exceeded planned targets and** as a result of USAID assistance, last year over 7,700 new clients, 88% of them women, were provided loans under USAID-supported microenterprise programs. Over 5,600 jobs were created or strengthened. USAID expects these numbers to substantially increase over the coming year as lending rapidly accelerates. Over 1,900 productive jobs were created in 1995 tied to on farm production (land preparation, nurture and harvest) of non-traditional agricultural export products and related processing sector. These jobs are measured by the growth in manzanas dedicated to NTAE and to actual head count of the processing, handling and marketing of commodities. With the expansion of USAID's microenterprise program last year, we expect to see a 100% increase in the number of microentrepreneurs assisted in 1996.

One beneficiary is Dona Maria Mungia, a single mother of three. Maria manufactures aluminum pots and pans from scrap metal. A year ago, before she received a FAMA loan, Maria was selling \$400 a month of merchandise, paying 50-100% per month in interest rates. Today, she is selling over \$625 a month, her monthly interest rates have dropped dramatically to 4%, increasing her income and confidence.

Under our Title III local currency program, the GON's Social Investment Fund (FISE) and the Ministry of Social Action's Community Employment program reached over 68,000 poor with targeted temporary employment opportunities in the poorest areas of the country, regions I and VI. As a result of USAID local currency support, we have seen a 60% increase in the number of beneficiaries reached. USAID expects to see another 30% increase in temporary employment in the targeted areas in 1996.

**Natural Resources Being Used More Rationally**

Result 2.5: Natural resources being used more rationally	1993	1994	1995		1996
	Baseline	Actual	Planned	Actual	Target
Indicator: Protected Areas- (land under effective management) thousand of hectares	310	500	600	850	900
Indicator: New or revised Laws Passed	0	0	3	0	3

The USAID strategy is based on three intermediate results, occurring at the government, local and individual levels respectively. At the GON level, we are working with the legislature and relevant ministries to promote effective regulation and implementation of the legislation. At the local level, we are working with communities and other local groups through PVOs to ensure that local councils adopt rational resource use plans and that educational campaigns teach the immediate and long term benefits of the sustainable use of natural resources. Finally, at the individual level, we are working to ensure the understanding of the immediate and long term financial benefits to be realized from the rational use of natural resources.

**Progress:** Our comparatively young program has achieved important results. USAID provided technical assistance from EPA to help the National Assembly reach compromise on the General Environmental Law, which was recently approved. Although drafts of several other environmental laws have been prepared by the Natural Resource and Environment Ministry (MARENA), the laws have not been passed by the National Assembly due to other legislative priorities and delays.

USAID assisted in the legal establishment of protected areas representing about 18 per cent of the area proposed for classification as protected areas. Land titles for 13 natural reserve/protected areas were prepared and demarcated. All are located in the Atlantic Coast region and entail a total of 500,000 hectares. We have begun to assist in the drafting of new laws on clean water and protected areas. Efforts have started on the development of a new management plan for the Masaya Volcano National Park, the second-most visited park in Central America.

USAID-supported PVOs such as CENADE, Technoserve and World Relief have worked in communities with local PVOs to reduce the use of destructive agricultural and land use practices and, through a combination of awareness training, extension advice and introduction of more cost effective production methods, have been successful in convincing over 16,000 producers to adopt sustainable agricultural, forestry and land use practices. These programs work with poor farmers (many of

Evidence of the success of our land titling program can be seen in the case of Dona Reina and her husband, a wounded combatant of the civil war. Two years ago this couple obtained title to their 11 manzanas of land in the northern war-torn province of Jinotega. As a result of USAID's assistance and their new confidence to invest in the land, they now have a house of finished wood, several manzanas in coffee (a highly profitable crop), and a productive tree nursery containing thousands of seedlings.

them ex combatants living in and around the ex-conflictive zones ) representing an important effort at sustainable development practices with poor farmers.

As a result of USAID-supported training of over 4,000 technicians and farmers, safe pesticide use and Integrated Pesticide Management have been institutionalized within important parts of the private sector, formally adopted by major producer organizations, (UNICAFE, APENN, UPANIC, FUNDA), the national agricultural chemical manufacturers and distributors association (ANIFODA), all major NTAE and cotton producers, and the major NGOS providing extension services to small basic grains producers. A full-time Integrated Pest Management advisor financed by USAID saved the fledgling cotton industry over \$2 million by introducing new technical methods which reduced the costly need for aerial pesticide fumigation. Export producers of coffee, melons, onion and cotton use integrated pest management and sustainable production practices to assure acceptance by importing countries and to control costs. MARENA, with World Bank financing and in partnership with ANIFODA has launched an ambitious integrated pest management effort.

The Nature Conservancy (TNC) helped SUKAWALA, a local indigenous rights organization, to become the accepted representative of the Mayagna (also known as Sumo) peoples. SUKAWALA has played an increasingly important role in the development and implementation of management plans for the Bosawás reserve and indigenous lands in the buffer area. TNC helped resolved land title issues for this group on 150,000 hectares. TNC and local leaders, completed a rapid rural assessment to determine patterns of land use and the advancement of the agricultural frontier on 400,000 hectares of the 1.3 million hectares identified as the "buffer zone". TNC has also organized a corps of volunteer forest guards, begun training members of small community organizations in non-traditional uses of forest resources and in resource and protected area management techniques. In conjunction with environmental health specialists from USAID, TNC has begun to cooperate with the Moravian and Catholic parishes to involve artisanal miners in reducing mercury and cyanide poisoning.

TNC, in cooperation with the German Technical Assistance Agency (GTZ), has assisted in the establishment of a National Commission for Bosawás and a Technical Secretariat, and has assisted in delineating the reserve and defining the buffer area. TNC assisted MARENA in developing policy and accompanying regulations for MARENA Proyecto Bosawás. These activities will serve as the basis for management of the reserve and large parts of the buffer area. When this phase is completed in the next few months, more than half of the reserve will be under effective management.

A Natural Resource Management Plan for the Mosquito Cays was approved by the Inter ministerial Commission. This plan is the guiding document for the development of the coastal area. In response to indigenous community demands and complaints, we are phasing out the Caribbean Corporation effort and will be strengthening the management plan .

Two Environmental Initiatives for the Americans (EIA) activities have begun recently. Both are designed to improve the management of resources and promote more rational extraction activities in fisheries and coastal zone management and reduction of gold mining pollution impacts. Training courses for MARENA and PVO personnel in fisheries stock assessment, shrimp management and computer usage have already been completed.

MARENA undertook a major institutional re-engineering effort, redefining its Vision, Mission, Functions and structure. MARENA completed a human resources division, job description manuals, thorough inventories of goods and properties. MARENA downsized from 1,300 to 800 employees by streamlining and automating many management and financial functions. MARENA adopted national forestry and environmental action plans, developed plans to share management of fisheries

with MEDEPESCA and proposed a cooperative agreement with the national army to increase their role in NRM enforcement. ,

#### **D. Expected Progress in FY 1997 and FY 1998**

USAID sponsored programs are having a demonstrable impact on rural poverty by improving small farmer productivity, increasing options for small farmers to produce and market their products and therefore increasing income and job opportunities. During the FY 1997 and FY 1998 period, continued USAID support will translate into the following significant results:

**Agricultural markets work better:** Due to expanded technical assistance efforts, small farmers receiving marketing and technical assistance from producer associations will increase by 120% translating into significant income gains. This increase will occur due to the development and implementation of new programs for the newly privatized agricultural commissions, UNAG farmer activities and an increase in membership in all UPANIC local basic grain, livestock and coffee associations.

Three new commodities will be traded on the BAGSA exchange. By 1997, BAGSA is expected to trade at least \$1.7 million of products adding new commodities such as sorghum, rice, edible oil, soybean and peanuts. The amount of grain traded on private markets is expected to increase by 150%.

**Production and Market:** With USAID assistance, the number of farmers growing non-traditional crops for export will increase by 200 % by the end of 1998 translating into significant production and income gains. This will occur primarily by farmers producing fruits and vegetables under CLUSA 's assistance program, as well as PL 480 assistance to UNAG-associated farmers, and through continued efforts to increase and broaden the membership in APENN. This large increase also captures the growing shrimp market, fostered by IESC volunteer programs. Through continued attempts to improve the services of associations to their members, small farmer membership in producer associations is expected to increase by 200%.

**Financial Services:** During this period our assistance under the Rural credit union program will help small savers in rural credit unions generate \$780,000 in deposits and increase membership to 4,000 by the end of FY 1998. We expect to see an increase in the trading of compensation bonds on the Bolsa de Valores as well.

**Natural Resources Management:** With USAID-provided technical assistance, consensus will be reached in the National Assembly on pending laws on toxic substances, mining pollution, fisheries and forestry. At least one major activity will be underway in the BOSAWAS buffer zone to assist local cooperatives in the better storage and processing of basic grains. This effort will increase farmer incomes from sources other than exploitation of the forest reserve (slash and burn, illegal extraction). TNC will complete indigenous group titling for over 500,000 hectares within the BOSAWAS preserve; and a management plan for over 650,000 hectares. A total of 25% of lands proposed for classification as protected areas will be legally established by end of FY 1998. By then, rational management options will be developed for lobster, shrimp, reef fish and lagoon fisheries on the Caribbean coast.

By the end of FY 1997, USAID will put into place an up-dated management plan for the Masaya Volcano National Park, improved physical structures, local educational facilities in both the park and buffer zone will have been established, and increased protection in place by park guards. By FY 1998, similar management improvements will be completed in at least two other protected areas in the Pacific rim.

### SO #3: Better Educated, Healthier, Smaller Families

#### A. Summary of Data

Strategic Objective #3: Better educated, healthier, and smaller families	1993	1995		1996
	Baseline	Planned	Actual	Target
Indicator: Primary school completion rate	23%	23%	26.8%	28%
Indicator: Infant mortality rate (Deaths per thousand)	58/1000		56/1000	55/1000
Indicator: Total fertility rate	4.6	4.4	(no survey)	4.2

**B. Analysis of the Data:** Promoting Better educated, healthier, and smaller families will require the accomplishment of four related results:

- Better nourished women and children;
- Increased use of child survival services and practices;
- Increased use of reproductive health services; and
- More efficient and higher quality primary education.

Progress toward the achievement of strategic objective #3 has met or exceeded expectations in the education, health and population sectors. This progress is evinced most clearly by changes in result-level indicators.

**Indicator Refinement and Measurement:** We have maintained at the SO level the same indicators we have had for the past three years. Progress against indicators at the strategic objective level often lag behind progress at the result level by several years. Further, annual data on indicators such as the total fertility rate and contraceptive prevalence rate are not available because the cost of collecting survey data on a yearly basis would be prohibitive. Nevertheless, where data do exist, trends appear positive compared to 1993 baseline figures. In the absence of data on this indicator from the 1993 Family Health Survey, the Mission chose not to use maternal mortality as an indicator of health status because official maternal mortality statistics are so unreliable. Official MINSA statistics for 1995 reveal a maternal mortality rate of 150 per 100,000 women of fertile age. A more accurate but unofficial rate is 196/100,000. In fact, short term increases in maternal mortality rates are not unusual and are often a function of improved reporting. On the advice of the LAC Bureau, USAID has agreed to report on this indicator in the future but remains skeptical of its validity until the first survey data becomes available in late 1997.

#### Progress at the Strategic Objective Level

**Education:** The primary school completion rate has risen from 23% of first grade enrollees in 1993 to 26.8% in 1995. While it is too early to expect major changes in this indicator, and while none were projected, this slight upward trend is very encouraging this early in program implementation.

**Health:** According to official Ministry of Health Statistics, infant mortality has dropped from 58/1000 live births in 1993 to 56/1000 in 1995. This target was fully met despite continued

widespread poverty. This suggests that improvements in health services and health education are probably responsible for the change rather than improvements in overall economic status.

**Family Planning:** The total fertility rate is an important indicator of the success of our family planning program. Nevertheless, data on this important indicator are only available every five-six years. In its 1997 Action Plan, the Mission projected that fertility would decrease from 4.6 in 1993 to 4.4 in 1995. Comparative data should become available in 1998 after completing the next Family Health Survey. As a proxy for fertility we are using couple years of protection to monitor the years in between.

Official statistics regarding CYPs provided by MINSA show good progress. Moreover, public sector CYPs are undoubtedly under reported. Our private sector family planning program has performed admirably. In 1995, Profamilia provided over 139,000 couple years of protection compared to 96,000 in 1994. Profamilia's CYPs have more than doubled from the 52,000 provided when the project began in 1992. Moreover, Profamilia has begun to diversify the methods it provides, relying less on surgical contraception and more on temporary methods. The introduction of the injectable contraceptive, Depo-Provera has been a resounding success with over 1600 couples using it in just the first year. Similar acceptance by 500 couples in only six months in two MINSA health districts where it was introduced augurs well for the future.

Strategic Objective #3: Better educated, healthier, and smaller families	1992	1995		1998
	Baseline	Planned	Actual	Target
Indicator: Couple years of protection (MINSA) <sup>2</sup>	34,700	35,200	36,072	38,200
Indicator: Couple years of protection (ProFamilia)	52,000	100,000	139,000	150,000

Nevertheless, programs in Nicaragua have already reached educated and accessible users. The challenge now is to reach young, poorly educated women, women in low socioeconomic status, and women who live in the mountainous and Atlantic coastal areas. USAID will continue to expand the Profamilia clinic and community distribution post network and support other local NGOs active in family planning and reproductive health.

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<sup>2</sup> Five health districts covered by the DHS project

**Progress at the Results Level:**

**Better Nourished Women and Children:**

**A. Summary Data:**

Result 3.1 Better Nourished Women and Children	1993	1995		1996
	Baseline	Planned	Actual	Target
Indicator: % of children under five with Vitamin A deficiency	67	-	-	47
Proxy Indicator: % of children under five receiving Vitamin A supplements	0	70	>80	75
Indicator: Prevalence of exclusive breastfeeding	11.5	13.0	N/A	14.0
Indicator: % of children under 3 stunted (Regions I, II, VI)	17/ 8/ 18 <sup>3</sup>	No program	No program	Baseline to be revised
Indicator: % of children under 3 underweight (Regions I, II, VI)	23/ 23/ 26	No program	No program	Baseline to be revised

**B. Analysis of the Data:**

Improving the nutrition of women and children will improve their health and, in the case of children, their academic performance. USAID is taking important steps to improve the nutrition of women and children. The Vitamin A deficiency rate was expected to decline from 67% in 1992 to 28% in 2000. Until the next Family Health Survey, data are anecdotal; however, both MINSA and PVOs report that 80-90% of children under five are receiving mega doses of Vitamin A twice a year. To complement the MINSA data reported above, we believe the data from a series of community-based PVO programs supported by USAID are indicative of the results we are achieving.

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<sup>3</sup> Data for children under five.

VITAMIN A		
Percentage of target population receiving supplements		
	Baseline	Evaluation
Save the Child	0	90
Catholic Relief	0	N/A
World Relief, Managua	0	81
World Relief, Tipitapa	0	81
World Relief, Rio San Juan	0	81

We projected that the prevalence of exclusive breastfeeding would rise from 11.5% in 1992 to 13% in 1995. The prevalence of exclusive breastfeeding ( a difficult target to reach because this implies that mothers do not even give water) has risen by 6% in the Save the Children project and 3% in the CRS project in only 18 months. Increases in the rural areas served by World Vision reached 12%. These data, while not definitive, are very encouraging.

EXCLUSIVE BREASTFEEDING (% increase)		
	Baseline	Evaluation
Save the Children	0	6
Catholic Relief	2	5
World Relief, Managua	2	2
World Relief, Tipitapa	2	15
World Relief, Rio San Juan	12	23

This year an aggressive outreach and patient education campaign on the importance of breastfeeding and better nutrition practices was launched. Such campaigns have been found to be highly effective in discouraging mothers from feeding unsanitary formula to their infants. Even further progress can be expected when the Mission's activities with Wellstart and UNICEF are in full swing.

Baseline data regarding stunting and underweight in the northern regions of the country demonstrate the tenuous food security situation there. Recognizing that child survival interventions alone have not been successful in reducing malnutrition, USAID is actively pursuing a food security strategy which incorporates MCH feeding into PVO child survival programs. More precise baseline data for children under three will be collected in 1996 as part of the baseline research for the Title II Program and targets for 1997 set accordingly.

**Increased Use of Child Survival Services and Practices:**

**A. Summary Data**

Result 3.2 Increased use of Child Survival Services and Practices	1992	1993	1994	1995		1996
	Baseline	Baseline	Actual	Planned	Actual	Target
Indicator: Vaccination coverage rates (%)				> 80	> 81	> 80
Polio 3		94	84	> 80	96	> 80
DTP 3		78	74	> 80	85	> 80
Measles		93	73	> 80	81	> 80
Indicator: % of children with diarrhea treated with ORS	54	54	n/a	55	N/A	56

**B. Analysis of Data:** Instituting policies and programs to reduce the prevalence of communicable diseases is critical to improving family health; however, in order to make these improvements sustainable, the government must focus its efforts and subsidies on a basic package of primary health care services and encourage families to take more responsibility for their own health.

The Nicaraguan Government has moved quickly to adopt policies leading to reduced maternal and infant morbidity and mortality. In concert with USAID's Title III food aid policy conditionality, the GON has recently allocated 40% of the MINSA's budget to primary health care facilities. The GON has also given local health districts control over the program portion of their budget and allowed them to place their own orders for priority medicines and supplies, enabling local authorities to confront the most pressing health problems in their districts. They have designated a basic package of maternal child health services for universal availability at no charge and have made strides toward alternative sources of financing and cost recovery for curative services.

Progress in child survival has been excellent in the areas covered by USAID's PVO Co-Financing Program. Results of the Mission's Decentralized Health Services Program were slower. While our support to PAHO has maintained emphasis on immunization rates, other aspects of the project lagged due to high turnover in the Ministry of Health and implementation problems with the contractor. Therefore, the MINSA data above are complemented by summary impact data extracted primarily from several of the ten PVO child survival initiatives which have already been evaluated and from the PAHO immunization program.

The target for childhood immunization was to maintain vaccination coverage above 80%. Coverage rates for 1995 exceeded this target. They are as follows: third dose of polio-96%; third dose of Diphtheria/pertussis/tetanus-85%; measles-81% and tetanus toxoid for pregnant women-87%. The sustainability of the vaccination program took a major step forward this year as MINSA for the first time succeeded in allocating funds to cover 100% of the cost of vaccines and syringes for the program from its annual budget.

Internal migration and continuing limitations on availability of integrated health services make it difficult to capture all children under 1 using the routine vaccination system. This necessitates continued use of a campaign strategy to boost and maintain high coverage. Moreover, out-of-date

census data complicate the precise calculation of coverage rates. USAID will continue to work closely with MINSAs and PAHO to strengthen the routine vaccination system and update management information.

According to the targets established in the 1997 Action Plan, the percentage of children with diarrhea treated with Oral Rehydration Salts was to increase from 54% in 1992 to 55% in 1995. Baseline ORS use rates in the least accessible regions of the country where our PVO programs are active were only 25%: well below the national average reported in the Family Health Survey. Both the DHS project and USAID-financed PVOs have provided training on the control of diarrheal disease to MINSAs employees and community health workers. Impact evaluations reveal that in areas where MINSAs and PVOs work together, ORS use during diarrheal episodes has doubled.

ORAL REHYDRATION THERAPY Percentage of Children with Diarrhea Treated with ORS		
	Baseline	Evaluation
Save the Children	24	58
Catholic Relief	26	44
World Relief, Managua	N/A	35
World Relief, Tipitapa	N/A	47
World Relief, Rio San Juan	N/A	60

GON policy reform favoring integration of services must continue if USAID and MINSAs are to build on early successes in child survival between now and 1998.

**Increased use of Reproductive Health Services and Practices, including HIV/STD:**

**A. Summary of the Data:**

Result 3.3: Increased use of Reproductive Health Services and Practices, including HIV/STD	1993	1995		1996
	Baseline	Planned	Actual	Target
Indicator: Condom use among high risk groups (% now using)	2	n/a	n/a	10
Indicator: % of births attended by trained personnel	60	66	n/a	68

**B. Analysis of the Data:**

Studies indicate that the population of Nicaragua will soar from 4.1 million to 12 million by the year 2025 if the fertility rate remains at 4.6 children per woman. Consequently, family planning is an important component in Nicaragua's sustainable development.

The percentage of births attended by trained personnel (including trained lay midwives) was to

increase from 60% to 66% by 1995, while the percentage of women obtaining prenatal care in the first trimester was to increase from 37% in 1992 to 38% in 1995. Again, data from PVO evaluations show modest increases in the percentage of births attended by trained personnel in only 18 months. More significant increases were achieved by World Relief over a three year period..

%OF BIRTHS ATTENDED BY TRAINED PERSONNEL		
	Baseline	Evaluation
Save the Children	N/A	N/A
Catholic Relief	68	69
World Relief, Managua	80	93
World Relief, Tipitapa	72	89
World Relief, Rio San Juan	39	50

It is too early to measure the impact of the integrated model for MCH services which began implementation in late 1994; however, the Decentralized Health Services (DHS) project team helped to develop a census of infants and pregnant women which is enabling health units to refer women and children to services earlier. The project trained over six hundred health volunteers regarding prenatal care and over nine hundred midwives and community health workers in safe delivery.

Data on the % of women receiving prenatal care in the first trimester will not be available until 1997; however, the percentage of women receiving at least three prenatal checkups in the PVO catchment areas showed modest increases. Similar increases should result in the DHS project areas when the census methodology and the integrated model are fully implemented.

PRENATAL CARE		
Percentage of women receiving three prenatal checkups		
	Baseline	Evaluation
Save the Children	83	87
Catholic Relief	37	44
World Relief, Managua	93	94
World Relief, Tipitapa	90	91
World Relief, Rio San Juan	67	81

The Mission has made major strides to initiate a program to prevent sexually transmitted diseases, including AIDS. It is still too early to expect any impact. This year saw the gathering of baseline data and the development of a behavior change strategy which we hope to implement in 1996 and 97. Limited outreach and patient education for high risk groups is taking place with the help of AIDSCAP and local NGOs active in AIDS prevention. In 1996, the Mission will initiate a seroprevalence survey among high risk groups to establish baseline data on the prevalence of HIV infection. This data will permit the Mission to establish targets for its AIDS prevention program.

The behavior change strategy will also be launched during this year.

The increased use of reproductive health services and practices, including STD/HIV, depends upon government policies favoring integration of services so that full advantage can be taken of every MCH visit. Budget allocations for the social sector must also remain constant. In 1995, the GON allocated 43% of the national budget to the social sector. Given population growth rates, continued progress in public health will depend on maintaining or increasing the share of the budget devoted to social programs such as preventive health care.

Current baseline data on condom use refer to women only and are derived from the family health survey. During 1996, a baseline assessment of condom use among high risk groups for STDs/HIV, such as prostitutes and men who have sex with men, will be carried out with the assistance of local NGOs that work with these populations.

One trainee is 87 year old midwife, Dona Enid. She lives in the rural area of Boaco and has been delivering babies for 60 years. Before training, she didn't know that simply washing her hands would prevent infection and death among her patients. Today, she totes a new midwifery kit purchased by AID containing the basic supplies, including soap, to perform a clean, safe delivery.

**Increased Quality and Efficiency of Primary Education**

**A. Summary of the Data:**

Result 3.4: Increased Quality and Efficiency of Primary Education	1993	1995	1995	1996
	Baseline	Planned	Actual	Target
Indicator: Primary School Repetition Rates (%)				
1st Grade	40.7	40.7	26.3	24
2nd Grade	17.1	17.1	14.6	13
3rd Grade	11.3	11.0	11.8	10
4th Grade	10.9	11.0	7.5	7
Indicator: Achievement test scores	--	--	--	Baseline established

**B. Analysis of the data**

Economic development and political tolerance are closely correlated with education. In Nicaragua, low educational levels is perhaps the most important factor constraining development. Although access to schools is nearly universal, with an average distance of less than one kilometer to primary

school for all children, 10% of primary age children have never attended school and 25% are not currently enrolled. Schools are over-enrolled due to older students who either enrolled late or repeated grades, crowding out new entrants of primary school age. The issue is not physical facilities, but rather money to pay teachers to teach a second shift and thereby reach all children. The average Nicaraguan completes only 4.5 years of schooling. It takes an average of 9.9 years to graduate from the sixth grade. Studies show that improving the quality of education will lead to lower repetition rates and better achievement test scores.

Between 1993 and 1995, the Mission did not expect to change repetition rates or achievement test scores for grades 1-4. Indeed, achievement tests have just been completed for first and second grades and baseline data will become available in 1995 when they are administered nationwide. Nevertheless, given the rapid pace of curriculum reform and teacher training for first and second grades, repetition rates have shown remarkable reductions in only two years.

Repetition in the first grade has dropped from 40.7% of students in 1993 to 26.3% in 1995. Repetition in the second grade has declined from 17% to 14.6% during the same period. The effect of Ministry of Education policy reforms and USAID's BASE program has far exceeded expectations. This is attributable to excellent stewardship of project resources by USAID, high level political and managerial support from the MED and outstanding contractor performance. Key factors influencing these early results include an aggressive program of teacher training which has exposed over 5,000 primary school teachers to new pedagogical techniques. Curriculum reform is complete in grades 1 and 2. A particularly important achievement has been the virtual elimination of gender stereotypes in the curriculum and accompanying textbooks and materials. Nicaragua, unlike many of its neighbors, has achieved gender equality in school enrollment.

USAID has also provided educational materials and equipment to strengthen the primary education system including more than 9.4 million ideologically-neutral primary textbooks and accompanying curriculum and teachers' guides. In 1990, when President Chamorro came to power, elementary reading texts featured pictures of rifles and guerilla fighters. Thanks to USAID, first graders now learn to count mangos and bunny rabbits instead of grenades and sticks of dynamite.

USAID has supported the Ministry of Education's (MED) efforts to decentralize by installing a state-of-the-art management information system in the Central MED offices and four departmental offices. Through USAID and the World Bank coordination, 270 primary schools have been decentralized.

Nevertheless, continued access to and quality of schooling depends on the GON dedicating increased budgetary resources to primary education. This will be a continuing theme in USAID's policy dialogue with the Nicaraguan government.

Improving the quality and efficiency of education requires policies of decentralization, school autonomy and parental involvement in school decision-making. Toward that end USAID and the MED are engaging the private sector in stimulating parental participation in school activities through an innovative community level project to be implemented by Save the Children which spans both educational and civil society objectives.

#### **Expected Progress: 1996-1997**

##### **Strategic objective Level**

Between 1996 and 1997, with continued Mission program support, we expect to see an increase the primary school completion rate to 29% of first grade enrollees. Through our health initiatives we expect to contribute to the reduction of the infant mortality rate from 56 to 54/1000 live births

and reduce the maternal mortality rate from 196/100,000 to 180/100,000. The total fertility rate should decline to 4.1 children, representing a major impact on the development process in Nicaragua.

**Results Level:**

**Education:** By the end of calendar year 1997, USAID and the Ministry of Education expect to see repetition rates reduced to 22% in the first grade, 12% in the second grade, 8% in the third grade and 7% in the fourth grade. Achievement test scores should increase by at least 5% by 1997. By 1997, we expect to have trained most, if not all of the 12,000 elementary school teachers in active teaching methodology. The World Bank will continue to provide current textbooks as USAID phases out of this program. We will continue to train Ministry of Education staff in decentralized management in order to help more than 500 primary schools achieve autonomy from the central government. The curricula of both third and fourth grades should be reformed and complementary teachers' guides developed by the end of 1996. As these reforms are consolidated, achievement test scores will rise and repetition rates will decline very quickly.

The major challenges ahead are to incorporate parents more fully in their childrens' education. Studies in the U.S. and other countries have shown that parental involvement in school activities is directly correlated with student achievement and repetition. We will accomplish this through an innovative New Partnership Initiative which employs the U.S. PVO, Save the Children to further the MED's policy of parental participation by bringing parents, teachers and students together to plan and execute school/community projects.

**Nutrition:** USAID expects to maintain Vitamin A supplementation at 80-90% of all children under five years of age and work with the GON and the private sector to fortify sugar with vitamin A. As more mothers seek prenatal care, the percentage receiving iron supplements should also increase.

The major challenge in the nutrition sector will be to successfully integrate a pilot program of MCH feeding (under the newly established Title II targeted feeding program) into the Mission's existing PVO child survival initiatives in Regions I, II and VI. The Mission's Food Security Strategy targets all three regions where food security is most tenuous and where underweight and stunting are most prevalent. To date, the Mission has secured a commitment from BHR to finance the Title II food supplementation projects in Regions I and II. In order for the program to be fully successful, AID must finance the third project in Region VI in 1997. The research design for the innovative operations research component of this project, which is designed to measure the differential impact of food plus child survival interventions also depends on a third experimental group in Region VI. The program aims to reduce underweight and stunting by at least 10% over five years in the project areas. Meanwhile, the Mission is concentrating its efforts in boosting agricultural production and employment in these regions using PVO, Title III and bilateral agricultural projects.

**Child Survival:** In order to reduce infant mortality, it is crucial to maintain immunization rates above 80% while achieving a transition to a more sustainable routine immunization strategy, supplemented with campaigns as needed, and encouraging the MINSA to assume an increasing percentage of the recurrent costs of the program. Continued support for these programs is essential.

The most crucial advances will be in the areas of diarrheal disease control and case management of acute respiratory infections: the two major killers of children under five years of age. With our assistance firmly in place, we expect to see an increase in the percentage of children with diarrhea receiving oral rehydration salts (from 54 to 57%) and an increase in the percentage of mothers bringing children with pneumonia to the health clinics from 45% to 48%. This will be achieved by implementing the integrated model of maternal-child health care in our target districts and by

providing MINSA health care personnel with training to upgrade their clinical skills. Continued involvement of PVOs at the community level will be essential to achieve health behavior change and increase the percentage of mothers seeking preventive health services.

**Reproductive Health:** We expect to increase the contraceptive prevalence rate from 49% to 53% by the end of calendar year 1997. In order to achieve this target, we must conduct an effective information campaign about reproductive health and make services accessible, available and of high quality. We will achieve this by completing the expansion of the Profamilia clinic and community distribution post network and by providing training in counseling and quality of care to public and private sector clinicians. The implementation of the integrated model for maternal care should boost the number of couple years of protection provided by MINSA as well as increase the percentage of women receiving prenatal care in the first trimester to 42%. Training in safe delivery for nurses, physicians and midwives will ensure that the percentage of women who give birth with the help of a trained attendant increases to 70% by the end of calendar year 1997.

Finally, a program of outreach and health education regarding safe sexual practices must be instituted if the percentage of high risk clients using condoms is to increase from the current low rate of 2%. This is absolutely essential if Nicaragua is to avoid an explosive AIDS epidemic. This will require the design and implementation of a reproductive health project involving the public and private sectors in family planning and the control of sexually transmitted diseases in 1997.

## **V. STATUS OF THE MANAGEMENT CONTRACT**

### **A. Strategic Objective Changes and Refinements**

Since USAID/Managua submitted a Strategy last year which was approved by the Bureau, the Mission has neither changed nor altered any of the Strategic Objectives in the new Strategic Plan. Moreover, our results are fully consistent with the approved Strategy, and generally follow the first level of program outcomes that were agreed to at last year's Action Plan review. The Mission has generally expanded upon this list of outcomes, further identifying the key underlying results and indicators to measure progress at all levels. Hence, there are no substantive changes from last year's Action Plan submission at the Strategic Objective level.

The Mission has, however, refined and completed the Plan and has prepared Results Frameworks for each Objective. The completed Frameworks, found in Annex A contain the Intermediate Results leading to each of the Results, together with a full set of Indicators for the Intermediate Results, Results, and Strategic Objectives. The R-4 Progress Report concentrates on results level indicators.

To develop indicators for the result and interim result level, we examined our Action Plan performance indicators. Under SO #1 in the past, we had focused on behavioral and attitudinal changes related to the functioning of a democratic society. These were to be measured through various surveys on a biannual or less frequent basis. With the growth of the democracy portfolio and improvement in data collection by many of our grantees, we are providing more concrete measures of our achievements in this area. Hence, many of the indicators have changed under SO #1. Our second Strategic Objective encompasses our economic policy efforts, private sector strengthening, agricultural productivity and marketing, export promotion, microenterprise and safety net activities, as well as natural resources management. We have refined many of the results under this SO to focus more sharply on our strategic priorities and those that will more clearly result in the final impact - jobs and income. Hence, many of the indicators have been refined and new ones have been added. SO #3 combines our efforts in health, population and education. These have been longstanding USAID programs requiring few changes in the key indicators. To the extent possible, we have used Agency key objectives in this area.

### **B. Special Concerns or Issues**

USAID/Nicaragua has identified several key issues that are critical to implementation of its Strategic Plan.

#### **Adequate and Timely Resource Requirements**

The Mission has identified its minimal resource requirements over the planning period for successfully carrying out its Strategic Plan. We have developed Results Frameworks based on the assumption that we will be able to complete financing for existing projects at planned levels and that new starts will be limited to replacement or follow on activities to support our Results Frameworks, especially after FY 1997. Should adequate resources not be available, the Mission would be forced to trim back or cut out results dependent on ongoing projects, such as natural resources management, and second, if necessary, to eliminate elements of our SOs. Adequate levels must be supported by consistent and timely OYBs if the Bureau is to honor its side of the Management Contract. For example, at the end of March, the Mission does not have an approved OYB and, therefore, we cannot plan adequately to ensure continued achievement of results under these conditions.

### **Congressional Holds on FY 96 Program**

This will be a difficult year for the USAID program in Nicaragua as the national elections in this country raise issues on both sides of the aisles in our Congress, with certain staff members threatening to put on hold all our FY 96 CNs and TNs unless their concerns regarding Ad Hoc Voter registration are addressed. Their hold on our Economic Policy and Analysis Project almost resulted in a demobilization of the project, which would have curtailed important efforts to address tax issues, resolve property cases and promote exports. Despite the Agency's political concerns over these Congressional holds, we need to move aggressively to notify Congress on our entire FY 96 program while responding to their concerns, so we can move forward with our obligations for this year.

### **Threat of Aid Cut Off to GON over Property**

Section 527 of the FY 1995 Foreign Assistance Appropriations Act requires the Government of Nicaragua to show progress on resolution of U.S. citizen expropriated property claims, unless otherwise waived by the President. Last year's waiver was granted after considerable consultation with the Hill and a major push by the GON in the last months prior to the waiver to resolve cases. This year, the GON is far below its projected targets for property resolutions. Since another waiver is unlikely, the GON must resolve about 500 cases to show enough progress to meet the Congressional requirement. If insufficient progress is made and no waiver is granted, the impact of applying Section 527 to Nicaragua would be to cut off USAID assistance going directly to the national or local government (i.e. about 55% of our resources) and the US Executive Branch would be forced to vote against IBRD, IMF and IDB loan programs to Nicaragua as well. This would effectively halt many of our ongoing programs, and eliminate new activities and call into question our assistance strategy..

### **Extra FY 96 Funding for Elections**

In response to Congressional and Executive Branch concerns over electoral preparations and voter coverage under the Ad Hoc Registration system, USAID (LAC and Mission) needs to devote more resources (\$2.80 million) than in our current FY 96 OYB to initiate a special activity in the Ad Hoc Registration area (\$1 million), to support an OAS Electoral Observer Mission (\$ 600,000), and to extend the OAS/CIAV human rights mission from June to December 1996 (\$1.2 million).

### **Adequate PL 480 Title II Resources**

USAID/N and BHR have developed an innovative pairing of Title II food resources and PVO child survival activities in two of the three most nutritionally deficient regions of the country. We have been developing together an operational research design to test the hypothesis that child survival activities when complemented with targeted, supplementary food inputs shows significantly improved results in areas where children are nutritionally most at risk. Unfortunately, limited Title II resources forced at the last minute a reduction of the program from three to two areas which requires a redesign of the operations research and will limit our hypothesis testing. USAID/N is ready to make this adjustment and extend two PVO child survival grants to coincide with the five year test period, but needs to confirm BHR's commitment to the programs and to provide adequate Title II resources on a multiyear basis.

### **Natural Resources Management Program Reduction**

Given reduced financial and staff resources, we do not foresee being able to expand the current project as planned or extend our NRM efforts once the current project expires in 1998. Unless our levels continue around the \$30 million level, we will be forced to eliminate this result under

Strategic Objective 2.

### **C. Reengineering Progress**

The Mission launched its reengineering initiatives on October 1, 1995 by implementing its approved Reorganization Plan which organized the technical offices around our approved Strategic Objectives. Thus we created a new Office of Democratic Initiatives adequately staffed to handle a complex, high profile democracy portfolio. We combined our private sector and agriculture staffs under the new Office of Enterprise and Rural Development to provide more integrated support to the SO 2 portfolio. We refocused and renamed GDO as the Office of Human Investment responsible for SO 3. We combined our Program and Projects Office into the Strategic Management and Assessment Office to serve the technical offices and focus more attention on performance measurement.

Recognizing that the formal Mission structure would not be sufficient to empower the staff to achieve results, we created eight results teams responsible for achieving the 13 results linked to our SOs. The Results Teams cover:

- For SO 1, Human Rights/Justice, Good Governance, Elections
- For SO 2, Market Economy, Rural Enterprise, Natural Resources Management
- For SO 3, Maternal Child Health, Education/Training/Civil Society

The Results Teams (RTs) are made up of a cross section of interested staff and serve as the spearhead for reengineering the way we do business. We have delegated specific authorization to RT leaders to carry out the program. RTs have developed the Results Frameworks, including the indicators and targets, contained in the Appendix, with the help of Research Triangle Institute and the PRISM Project. The RTs have also participated actively in the development of the R 4, both in reviewing progress over the past year and planning actions and resource allocation for the coming years. We held a mini-retreat to review our experience with RTs to date. RT members highlighted some clear advantages to working in Results Teams, such as greater delegated authority, expedited action, complementary technical input, better focussed resources and staff energy thanks to clearer understanding of objectives. The Retreat also highlighted some disadvantages such as staff intensity, blurred roles and responsibilities, over emphasis on process rather than product, new management systems not available to support RT work and uneven participation from team members. Some tangible recommendations emerged, which we started to act on, for example establishing a Reengineering Team (TEAM) (to help facilitate introduction of new management systems) and a Strategic Objective Steering (SOS) Team (to manage aggregate results at the SO levels), clarifying roles and responsibilities, adjusting team membership and rotating leadership, and increasing the delegation of authority to RTs. We are learning as we go to work within the RTs and over time expect the formal organization to recede in importance. The transition, however, requires considerable senior management attention and significantly increased staff time, which competes directly with the heavy operational demands of our active, high profile program with a multitude of partners, stakeholders and customers.

The Mission has begun to plan the transition from a project based portfolio to a results-oriented set of activities. We will use our Results Frameworks as the templates for folding and focusing our 13 project activities into 6 results packages or programs by 1998. Our umbrella Strengthening Democratic Institutions Program offers a good model for this since it already has many of the democracy results in it and combines contractors, PVO grantees and host country institutions. We may need to establish a development support activity to combine training, pvo management, PDS studies, audits as an efficient program mechanism to support our results packages. The Table below shows how we plan to move from our current portfolio to a reengineered, more results oriented program.

<b>Transition to a Re-Engineered Portfolio</b>		
	<b>FY 1995-97 -- Current Portfolio</b>	<b>FY 1998 -- Re-Engineered Portfolio</b>
<b>SO</b>	<b>Projects</b>	<b>Results Packages</b>
<b>#1</b>	Strengthening Democratic Institutions	Strengthening Democratic Institutions
	Development Training	
	Financial Management Reform	Good Governance
	Municipal Decentralization and Development	
<b>#2:</b>	Rural Credit Unions	Small Farmer Profits
	Private Agriculture Services	
	PVO CoFinancing	
	Natural Resources Management	
	Private Sector Support	Export and Market Development
	Development Training	
	Economic Policy Analysis & Implementation	
<b>#3</b>	Decentralized Health	Child Survival/Reproductive Health
	Family Planning & Extension	
	PVO CoFinancing	
	Development Training	
	Basic Education	Education and Training

The Mission is investing significant OE resources in staff development. Senior Staff members, Result team leaders and other staff have participated in reengineering workshops and the New Management System training held recently in El Salvador. We are developing our own tailored training programs and are planning a full Mission retreat later in the year.

**VI. RESOURCE REQUIREMENTS**

**A. Program Funding Request by Strategic Objective**

Strategic Objectives	FY 1996	FY 1997	FY 1998
1. Promote Political Participation, Compromise and Transparency	6,964	7,095	7,100
2. Sustainable Growth in Employment and Income	10,980	15,925	15,000
3. Better Educated, Healthier, Smaller Families	10,536	16,815	16,750
<b>Total</b>	<b>28,480</b>	<b>39,835</b>	<b>38,850</b>

The table above is based on planning levels provided by the Bureau. The Mission believes, however that given increasing competition for a declining level of resources, actual budget levels in FY 1997 and FY 1998 are apt to be substantially lower than the planning levels provided by the Bureau. Accordingly, we have prepared scenarios at the Bureau mandated levels, but also have taken the additional step of assessing which elements of our program would be cut first, if levels were cut as low as \$20 million in FY 1997 and FY 1998. The results of our analysis clearly illustrate the cost to our strategy.

Our methodology is as follows. As shown in the following table, the Mission has prioritized Results under each Strategic Objective, assigning a priority or weight to each result. A "3" denotes the most critical results necessary to achieve the Objective, while a "1" denotes the least critical results.

<b>SO: Promote more political participation, compromise, and transparency</b>	
3	Greater protection of human rights
3	Efficient and transparent elections
2	More Accountable and responsive government
1	Strengthened civil society

<b>SO: Stimulate sustainable growth in employment and income</b>	
3	Small Farmers produce and market more and diverse products
3	Microenterprise and rural employment expanding
2	Financial services responding to savers and investors needs
2	Agricultural markets working better
1	Natural resources being used more rationally

<b>SO: Foster better educated, healthier, smaller families</b>	
3	Primary education more efficient and of higher quality
3	Increased use of child survival services and practices
1	Better nourished women and children
2	Increased use of reproductive health services including STD/HIV

In some cases, program activities clearly contribute to specific results; in other cases, programs contribute to several results. At lower funding levels, obligations for such activities would be cut to reflect the elimination of activities contributing to lower priority results. In the scenarios for FY 1997, we show funding at the project level; in the scenarios for FY 1998, however, we show funding at the Results Framework level.

**FY 1997 at Base level \$39.835 million**

At the full planning level of more than \$39.8 million, USAID would be able to fully fund its ongoing program and bolster its efforts to achieve results by expanding programs in democracy strengthening, employment and income and add investments in education, child survival and reproductive health services.

**FY 1997 at Base--20% level- \$30.9 million**

At the \$30.9 million planning level, USAID can generate the results that are called for in the Mission's approved strategy and with continued financial support at these levels, achieve our strategic objectives per the schedule set forth in our results frameworks. At these levels we would

fully fund the democracy objective but forego expansion of investments in our private sector and natural resource initiatives requiring a reduction to their planned LOP increases. We would also have to stagger obligations for our development training support and decentralized health and basic education programs.

Strategic Objectives	FY 1996	FY 1997	FY 1998
1. Promote Political Participation, Compromise and Transparency	6,250	7,095	7,000
2. Sustainable Growth in Employment and Income	8,480	10,715	11,000
3. Better Educated, Healthier, Smaller Families	10,536	13,152	12,000
<b>Total</b>	<b>25,266</b>	<b>30,962</b>	<b>30,000</b>

**Political Participation, Compromise and Transparency** Because of its high priority, the Mission would fully fund all of the program initiatives covered under this strategic objective at this level.

**Sustainable Growth in Employment and Income** The Mission would not eliminate any specific activities linked to results under this strategic objective. Given the 20% reduction from the planning level, and recent cuts in staffing mandated by the Bureau, we would forego planned increases to our private sector support and natural resource management programs.

**Better Educated, Healthier, Smaller Families** USAID would not eliminate any specific activities linked to results under this specific objective. However given the 20% reduction from the planning level, we would stagger obligations for the development training support program as well as slow down obligations for our decentralized health and basic education programs. This might require extension of these two priority programs. The integrated Title II targeted feeding and child survival program would continue in regions I and VI.

**FY 1997 at \$20 million**

The \$20 million funding level is our threshold scenario whereby USAID would be forced to make tough choices to eliminate activities that contribute directly to specific results as well as drop results from our framework. Areas that would be most affected are civil society and good governance under SO #1, small farmer productivity and natural resource management under SO #2 and nutrition related programs and reproductive health activities under SO#3.

Strategic Objectives	FY 1996	FY 1997	FY 1998
1. Promote Political Participation, Compromise and Transparency	6,250	5,000	4,000
2. Sustainable Growth in Employment and Income	8,480	6,000	7,500
3. Better Educated, Healthier, Smaller Families	10,536	10,750	10,250
Total	25,266	21,750	21,750

**Promote Political Participation, Compromise and Transparency** At the \$20M level, the Mission would eliminate activities that would contribute to the Result **Strengthened Civil Society**. Specifically, this would include activities of the SDI project that 1) promote understanding of democratic principles (this also includes activities under the BASE project); and 2) encourage special interest groups in playing constructive roles in the democratic transformation. This would effectively mean discontinuing support to a broad range of grantees like: AIFLD, IRI, NDI, NED and AFT. We would also have to considerably slow down obligations for the good governance initiative with municipalities and look at possible extension of that program.

**Sustainable Growth in Employment and Income** At the \$20M level, the Mission would eliminate activities that would contribute to the Result **Natural Resources being used more Rationally**. Specifically, this would include activities of the NRM project that 1) increase the GON capacity to regulate the use of natural resources; 2) increase community participation in natural resource management; and 3) increase the sustainable agricultural and natural resource management practices. In effect we would be forced to drop this result from our strategy. We would also have to significantly reduce obligations for and possibly extend our new Rural Credit Unions program while severely cutting back and possibly terminating early the Private Sector Support program. This would effectively cut out assistance for private sector exports and the privatization of ENABAS.

**Better Educated, Healthier, Smaller Families** At the \$20M level, the Mission would be forced to eliminate activities that contribute to the Result **Better Nourished Women and Children**. These cuts would be taken from the Decentralized Health Services program, as well as Global Field Support Services. Specifically, this would include activities that 1) improve breastfeeding practices; 2) improve the detection and counseling of women and children at nutritional risk; 3) increase intake of micro nutrients; and 4) increase food consumption in the high risk geographic areas (the Title II MCH program). At the \$20M level, the Mission would also be forced to cut back on the Result **Increased Use of Reproductive Health Services and Practices including STD/HIV**, implemented through the bilateral project, Family Planning and Extension Services, and Global Field Support Services. Specifically, this would include activities that 1) increase knowledge of and demand for reproductive health services; 2) increase access and availability of reproductive health services; 3) improve the quality of prenatal care and case management; and 4) improve the decentralization and sustainability of health services in the public and private sectors.

**FY 1998 Portfolio.** By FY 1998 the Mission will have completely restructured its portfolio to align it with the new re-engineered systems. Under each Strategic Objective we will have a maximum of two or three broad agreements that address our highest level results and under each agreement we

will have one or more of the Results from the Results Frameworks. As in the Results Frameworks, each Result will appear under a single Objective, although clearly there exists a high degree of interaction amongst Results. By FY 1998, our democracy program will contain two essential strategic thrusts- Strengthening Democratic Institutions and a good governance initiative. Under SO#2 our investments will be contained in the areas of small farmer profits and within an exports and market development framework. Under SO#3, we will focus our attention in the areas of child survival, reproductive health services and primary education. We will re-align our Results Teams to correspond to the agreements. Hence by FY 1998, we will include resources contained in prior project agreements and new programming resources under each of the strategic thrusts.

**FY 1998 at base level of \$38.8 million**

At the full planning level of more than \$38.8 million, and assuming a minimum FY 1997 budget of \$30.9 million, USAID would be able to fully fund its ongoing program and expand efforts to achieve all results under all of its strategic objectives. Given that this level represents an unlikely level of resources, we are focusing on the scenario described below.

**FY 1998 at base-30% \$28 million level**

At the \$28 million planning level, (assuming a \$30 million OYB in FY 1997), USAID will be able to continue to make significant progress in achieving the major results described in our results frameworks. With our reengineered approach to obligation through a more strategic set of agreements and the planning level of resources, we will deepen our investments in human rights protection and civil society strengthening as well as good governance. We would plan to focus greater attention on small farmer production and marketing programs with an aim to broaden the NTAE export base and positively impact on rural and urban employment. Lastly we would focus more resources on access to reproductive health services related to STD/HIV to address the growing AIDs problem and assure that financing for our primary education initiative and child survival program thrust are adequately covered. This is the level of program support needed to achieve agreed upon results.

Strategic Objectives	FY 1996	FY 1997	FY 1998
1. Promote Political Participation, Compromise and Transparency	6,250	7,095	5,625
2. Sustainable Growth in Employment and Income	8,480	10,715	10,700
3. Better Educated, Healthier, Smaller Families	10,536	13,152	11,750
<b>Total</b>	<b>25,266</b>	<b>30,962</b>	<b>28,075</b>

By the end of FY 1995, the Mission had an overall resource pipeline of \$65 million (including dollar funded projects, and program trust funds but excluding Title III host country owned local currency programs). By the end of FY 1996, we expect to see the net pipeline reduced by \$8 million to approximately \$57 million. It should be pointed out that the Mission has responsibility for monitoring Title III local currency projects which are part of our overall strategy (\$20 million of

USAID/Nicaragua  
Resource Allocation Plan by Strategic Objective  
FY 1996 -- FY 1997

		FY 96 OYB	OMB REQ	FY 97 OMB-20%	\$20M OYB	FY 98 OMB-30% \$20M OYB	
<b>More political participation, compromise and transparency</b>							
0316	Str Democratic Institutions	4,950	3,000	3,000	2,000		
0318	Development Training	0					
0330	Financial Management Ref	700	1,495	1,495	1,400		
0341	Municipal Decent & Supp	500	2,500	2,500	1,500		
	PD&S	100	100	100	100		
	Glob Field Support	0	0	0	0		
	<b>Str Democratic Institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,100</b>	<b>3,000</b>
	<b>Good Governance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,525</b>	<b>1,000</b>
	total	6,250	7,095	7,095	5,000	5,625	4,000
<b>Sustainable Growth in Employment and Income</b>							
0313	PVO CoFinancing	1,000	1,850	1,850	1,000		
0314	Natural Resources Managem	0	3,468	1,468	0		
0315	Private Ag Services	3,200	2,760	1,092	260		
0317	Priv Sector Support	1,080	1,000	855	0		
0318	Development Training	900	3,147	1,750	1,600		
0339	Econ Pol Anal & Imp	2,000	900	900	900		
0347	Rural Credit Unions	0	2,500	2,500	2,000		
	PD&S	200	200	200	200		
	Glob Field Support	100	100	100	40		
	<b>Export Development</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,700</b>	<b>2,500</b>
	<b>Small Farmers Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>
	total	8,480	15,925	10,715	6,000	10,700	7,500
<b>Better educated, healthier and smaller families</b>							
0312	Family Planning & Ext	400	3,100	2,200	2,000		
0313	PVO CoFinancing	1,150	1,300	1,100	1,000		
0318	Development Training	600	602	202	200		
0327	Decentralized Health	2,500	3,800	3,300	3,000		
0329	Basic Education	2,250	4,100	2,500	2,300		
	PD&S	100	100	100	100		
	Glob Field Support	1,786	2,063	2,000	400		
	<b>Child Survival/Rep Hlth</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,500</b>	<b>5,000</b>
	<b>Primary Education</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>	<b>3,500</b>
	total	8,786	15,065	11,402	9,000	10,000	8,500
	<b>Program Total</b>	<b>23,516</b>	<b>38,085</b>	<b>29,212</b>	<b>20,000</b>	<b>26,325</b>	<b>20,000</b>

*43a*

HCOLC activities) but are not counted in our obligated portfolio nor in our pipeline. We expect to see a steady reduction of program pipeline reaching approximately \$35 million by the end of FY 1998.

## **B. Program Management Requirements: Operating Expenses and Staffing**

### **Operating Expenses**

USAID, in line with USAID/W LAC Bureau guidance, is planning for declining operating expense and staffing resources. USAID/Nicaragua has over the past few years already achieved significant savings in our operating expenses. In 1994 the Mission received authority to purchase our office building with OE local currency trust funds. This one transaction saved the US taxpayer \$1.8 Million in lease payments to the year 2000 and will continue to generate significant savings for as long as USAID/N occupies this facility.

Our OE levels have been reduced from \$4.133 million in FY 1995 to \$3.636 million in FY 1996 (a 12 per cent decrease). FY 1997 projected needs are now \$3.254 million (10.5 per cent decrease) and \$3.059 million in FY 1998 (additional 6 per cent decrease). Thus from FY 1995 to FY 1998, USAID will have reduced its OE budget by 28.5 per cent.

Here are some examples of management efforts to reduce costs. We have aggressively renegotiated our residential lease agreements. Since September 1995 alone reduction in leasing costs has resulted in savings of \$22,000 on an annualized basis. USAID has also achieved significant savings by housing all new USDH personnel in one of two neighborhoods which has reduced the cost of residential guard services by about \$21,000 annually. This Mission is in the forefront of the Agency's reengineering process in so far as automation and these efforts have begun to generate savings of OE resources i.e. as we have moved in the direction of a paperless office, our consumption of paper from 1993 to 1995 has gone down 15%. Thanks to e-mail, since 1994 we have reduced our long distance telephone bill from \$42,000 to \$25,000 a year. These, and other, efforts to control and reduce our OE requirements will continue.

USAID/Nicaragua has also taken a very sharp scalpel to our projected future expenses. We have trimmed our projected purchases of information technology to the absolute minimum that will be necessary to implement the transition to the new management systems software. We are planning to obtain a used vehicle from a close-out Mission to obviate the requirement to purchase a replacement vehicle for our motor pool. We will be reducing our motor vehicle fleet in 1997 by one vehicle. We have also reduced our budgets for training and conferences for 1997 and 1998. USAID is also making a concerted effort to combine training in the United States with home leaves and R&R travel. All of these cost saving efforts are resulting in significant reductions to OE needs.

Table 4 illustrates what we believe to be our minimum staffing and operating expense requirements for this and subsequent years. Some savings will be generated by the reduced staff levels we project. Unfortunately, these savings are partially offset by the effects of inflation. Likewise, the savings generated by a smaller FSN staff are partially offset by the new compensation plan's requirement to provide for severance payments for voluntary/involuntary separations.

### **Staffing**

By September 30, 1996, the Mission will have reduced its authorized USDH staffing Level from 24 to 20 full time positions. Our plan calls for a further reduction in USDH staff to 17 by the end of FY 1997. The Mission therefore will have reduced USAID staffing levels by seven full-time positions from FY 1995 to FY 1997. Additional phased reductions of 14 positions in our OE funded

**FSN staff to 107 positions will bring us to a total OE funded staff of 128 by the end of FY 1998, down from an authorized level of 153 in 1995. This represents a total reduction of 29% in USDH staff and 15% in FSN staff from our authorized 1995 levels. To ease the adverse impact of these cuts on our FSN staff, we will eliminate positions that are vacant and when employees move on. In this way we will try to minimize the number of actual releases.**

**While the Mission feels that these staffing cuts, and the OE resource reductions discussed above, will adversely affect some aspects of our implementation and monitoring activities, we are confident that, even with these reduced levels, the Mission can effectively carry out the development tasks embodied in our Strategic Objectives.**

**TABLE 4  
USAID/NICARAGUA  
OE FUNDING REQUIREMENTS  
\$000**

OE/Trust Funded Levels by Major Function Code:	FY 96	FY97	FY98
U100 U.S. Direct Hire	273	231	186
U200 F.N. Direct Hire	0	0	0
U300 Contract Personnel	1,484	1,361	1,350
U400 Housing	979	905	793
U500 Office Operations	632	536	497
U600 NXP Procurement	268	221	233
<b>Total Mission Funded</b>			
OE/TF Costs 1/	3,636	3,254	3,059
Of which TF Funded	309	200	0

1/ Levels do not include FAAS/ICASS cost.

**MISSION STAFFING REQUIREMENTS**

	FY 96 (1)						FY 97 (1)						FY 98 (1)					
	USDH	USPSC	TCN	FSN	Other (2)	TOTAL	USDH	USPSC	TCN	FSN	Other (2)	TOTAL	USDH	USPSC	TCN	FSN	Other (2)	TOTAL
Total Authorized Positions	20	8	3	123	2	<b>156</b>	17	8	2	118	2	<b>147</b>	17	8	1	109	2	<b>137</b>
of which program funded	0	5	1	2	2	<b>10</b>	0	5	1	2	2	<b>10</b>	0	5	0	2	2	<b>9</b>

1) 9/30 numbers

2) Represents two PASA positions which are program funded

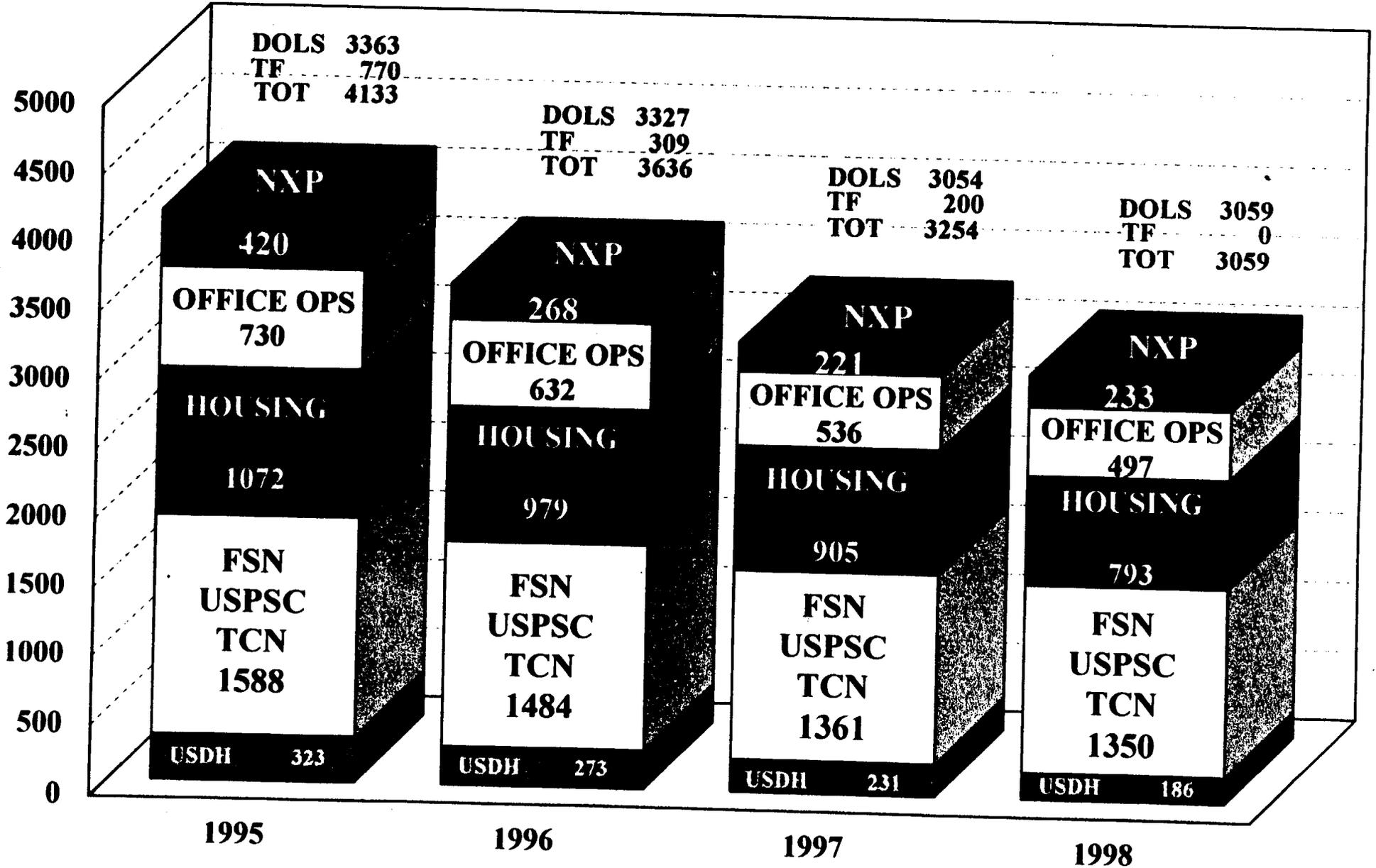
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# OPERATING EXPENSE ANALYSIS

## 1995-1998

(\$000)



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### **C. Field Support from the Global Bureau**

The Mission has used Global Bureau services primarily to achieve results under the third Strategic Objective: Better Educated, Healthier, Smaller Families. Several concerns have arisen after the first year's experience with a "contract" with the Global Bureau, primarily concerning the total cost to the Mission for the services received and the ability of the Global Bureau to provide adequate accounting information on the activities. On the other hand, we recognize the benefits to the Mission in using existing contracts. The Mission therefore will continue to obtain services through the Global Bureau when they are more advantageous to the Mission compared to similar services through direct procurement.

Estimated central support needs total \$1,478,000 in FY 1996 and \$1,674,000 in FY 1997. A description of each activity follows.

- 1) **Implementation Policy Change:** technical assistance will be provided to strengthen the elections and political process in Nicaragua in support of SO #1. Total project cost: \$250,000.
- 2) **OMNI:** this activity will assist in the development of an integrated program and strategy to reduce and eliminate major micronutrient deficiencies. Total project cost: \$250,000.
- 3) **SIS:** this project will provide technical assistance and funding to both public and private sector service providers. Total project cost: \$143,000.
- 4) **Family Planning Logistics Management:** provide technical assistance to Profamilia in Patient Flow Analysis (PFA); assist Mission in the preparation of Contraceptive Procurement Tables (CPT); and assist Profamilia in designing and implementing the 1997 Family Health Survey. Total project cost: \$560,000.
- 5) **SIS:** this activity will provide technical assistance to PROFAMILIA in expanding their MIS to regional clinics; train personnel in MIS procedures and the use of MIS as a managerial tool. Total project cost: \$140,900.
- 6) **SIS:** provide technical assistance to Si Mujer in the design and implementation of an MIS; train personnel in the use of the MIS as a managerial tool; provide technical assistance to Si Mujer in strengthening their adolescent program. Total project cost: \$103,000.
- 7) **Population Reference Bureau:** provide continuing technical assistance to Profamilia in developing a plain language educational brochure based on the principal findings of the 1992-1993 Family Health Survey. Total project cost: \$30,000.
- 8) **AIDSCAP:** provide technical assistance and funding to local NGOs to conduct behavioral change activities, including materials development, training of peer educators, and setting up projects to do regular education among CSWs and their clients, and MWM. Another activity to be funded is the provision of technical assistance, training supplies, and reagents to the Ministry of Health to strengthen their STD/HIV surveillance system. A third activity will provide training to the Ministry of Health on the syndromic management of STDs and conduct biological studies to validate treatment algorithms. Total project cost: \$650,000.
- 9) **Project name unknown:** provide technical assistance and seed money to NGOs to develop management skills and activities which will improve their sustainability base. Total project cost: \$275,000.

- 10) Project name unknown: provide technical assistance and local costs for a follow-up seroprevalence survey. Total project cost: \$125,000.
- 11) Wellstart - EPB: provide technical assistance, training, and workshops in the assessment of infant feeding practices and community-based support for lactating women and the improvement of maternal nutrition. Total project cost: \$500,000.
- 12) Wellstart - LME: provide in-country technical assistance in developing breastfeeding curriculum, training programs, and improving hospital practices that promote breastfeeding. Total project cost: \$50,000.
- 13) Environmental Health Project: provide assistance to help reduce environment-related diseases and hazards, including tropical diseases. Total project cost: \$75,000.

**Annex 3**  
**GLOBAL FIELD SUPPORT**

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority	Duration	Estimated Funding (\$000)									
				FY 1996**		FY 1997***				FY 1998***			
				Obligated by ****:		FY 1997 Base Obligated by ****:		FY 1997 Base - 20% Obligated by ****:		FY 1997 Base - 30% Obligated by ****:			
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit		
SO/1: More Political Participation, compromise and transparency	965-5451 Implementing Policy Change												
				150		100		100					
SO/3: Better Educated, Healthier and Smaller Families	936-5122.01 OMNI (Micronutrients)	medium		150		100		0					
	936-3030 SIS	low		0		76		0					
	936-3030 SIS	low		0		67		0					
	936-3038 Family Planning Logistics	high		155		405		405					
	936-3038 research/Technical assistance												
	936-3038 SIS, Operations	medium		91		50		0					
	936-3038 research/Technical assistance (Population Council)	med		67		36		0					
	936-3046 Population Reference Bureau	low		15		15		0					
	936-5972.31 AIDSCAP	high		370		280		280					
	TA and seed money to NGOs	low		180		95		0					
	HIV Seroprevalence Survey	high		0		125		0					
	936-5966.05 Wellstart - EPB	high		250		250		250					
	936-5117.01 Wellstart - LME	high		50		0		0					
	936-5994.01 Environmental Health Pr	low				75		0					

## **VII. TECHNICAL REQUIREMENTS**

This section contains those special interests areas that USAID wishes to highlight as focal areas for this R4, or special activities that AID/W or the LAC Bureau has asked that we report on.

### **A. The Impact of Gender: Women in Development**

The USAID/Nicaragua program has as a key area of emphasis throughout its portfolio providing benefits to women. USAID programs that focus on women run the full range of activities from assistance in human rights, leadership training, income generation, maternal health and education, and civic education. Our portfolio encourages their participation in a wide range of development activities, including the following:

- 1) The Strengthening Democratic Institutions project benefits women directly in several ways. USAID is providing support to Conciencia de las Mujeres, a local non-profit organization, to provide voter education information to poor rural women in the departments of Leon, Grenada, Rivas, Managua and Masaya. Their workshops focus on the importance of voting and provide information on how to register to vote on election day. FUNDAPADELE is receiving assistance from USAID to provide civic education to poor women in Leon and Chinandega. Under USAID's grant to CAPEL, we are implementing a nationwide civic and voter education campaign especially designed to reach women and traditionally marginalized groups. The campaign is using alternative forms of communication to ensure that women and the less informed rural and lower socio-economic segments of the population fully participate in the election.
- 2) The Development Training Project has as a target that 40 per cent of the participants will be women. To date about 39 per cent of the project participants (450) are women. These include teachers, municipal leaders and, health workers. As one example a group of 30 rural women leaders was trained in leadership skills in the U.S. The course developed their capacity to plan, design, and implement community projects and promote community participation.
- 3) One of the beneficiaries of USAID activities to increase agricultural exports (particularly NTAEs) are the women that provide much of the labor for the non-traditional crops and for processing of the products prior to export.
- 4) Ninety per cent of the micro-enterprise program under the PVO Co-Financing project is focussed on women's groups, already benefitting 7,700 micro-entrepreneurs. These programs provide small loans to borrowers, generally starting under \$100 to enhance their productivity and ability to invest in their enterprise.
- 5) The teachers trained, both in-country and in the U.S., under the BASE project are predominantly women. As one example, 28 of a group of 30 teachers recently trained for eleven months in the United States were women. In contrast to other Central American countries, however, Nicaragua seems to have overcome cultural barriers to girls education -- which is an exceptionally encouraging sign for the future. Nicaraguan girls are less likely to repeat grades or drop out of school. Girls constitute 52 per cent of the total enrollment at the secondary level, and they have higher graduation rates than boys at both the primary and secondary levels.
- 6) The new PL 480 Title II program will be an innovative MCH feeding program integrated with the Child Survival activities funded through the PVO CoFinancing project. This same project is funding 8 child survival activities focusing on improving primary health education and services to 80,000 women directly.

7) The Decentralized Health Project's major targeted beneficiaries are women and young children. One of the project's objective is to improve the quality of health education for mothers, enabling them to recognize health problems requiring professional attention and teaching them to deal effectively with health problems (such as dehydration) that can be managed at home.

8) Young women that become pregnant and women that become pregnant before having recovered fully from a previous pregnancy are at high risk; a significant number of maternal deaths occur in these two groups. The Family Planning and Extension project therefore leads directly to improved health of women by giving them the means to defer their initial pregnancy and to increase the inter-birth spacing.

## **B. New Partnership Initiative**

USAID/ Nicaragua is supporting a number of cross-cutting activities to strengthen civil society. These efforts are directed at building linkages between governments and public interest groups at the national and local levels.

Through our legislative strengthening program, we are working to establish formal mechanisms that provide for greater input by the public to legislative decisions. At the same time, we are encouraging civil society organizations that we support to become more actively involved in promoting their agendas before the National Assembly and other branches of government. A tangible outcome of these efforts was the recent establishment of the national Human Rights Ombudsman Office following extensive involvement in the drafting of the enabling legislation by several USAID supported local human rights organizations.

At the local level, a key component of our new Municipal Decentralization and Development Project (MDD) is to increase citizen involvement in government decision-making through greater use of town meetings, public hearings, and other such mechanisms by municipalities. To stimulate public participation in civic affairs, the project provides each assisted municipality with up to \$150,000 for capital improvements. These projects must be designed by local citizens to help ensure they respond to priority needs of the community. Complementing this work are other local based activities in the areas of civic education and school management, for example, that encourage individual responsibility, leadership, and community service to further strengthen democracy at the local level.

In order for civil society to become a permanent element of the Nicaraguan democratic system, efforts must be made early on in the project cycle to strengthen NGOs so that they have ample time to develop into sustainable entities. To that end, we are assisting local NGOs through three different mechanisms. First, several U.S. PVOs through which we channel funds to local NGOs, also provide their local partners with critical technical assistance and training in strategic planning, resource mobilization, constituency building, and organizational management. Second, we have broadened the scope of our Development Training Project which has been providing organizational development training to a number of key central ministries to include similar training for the civil society groups we support such as those involved in civic education, political party strengthening, and human rights. Finally, USAID/N plans to actively participate in the new LAC regional initiative, "Outreach Project to Civil Society Organizations" that is being implemented through Partners for the Americas. We have targeted several local NGOs to receive assistance from the five Latin American lead organizations that have been selected to serve as mentors under the program. Collectively, these institutional development activities are as important as any program activity we support in the civil society area.

### **C. Environmental Requirements (22 CFR)**

Part I. There are no issues apparent in implementing requirements (IEEs and EAs) under 22 CFR 216. The Mission Environmental Officer will be part of the review process for each new activity to determine whether an IEE or EA is required. If required, he will prepare the necessary assessment for the Bureau Environmental Officer's review.

Part II. The following activities planned for FY 1996 and FY 1997 will probably require Initial Environmental Examinations or Environmental Assessments:

#### **Strategic Objective 1 (DI Office)**

Administration of Justice Amendment- This is a revised component of the Strengthening of Democratic Initiatives project, which will require an IEE because activities have changed since the original Grant Amendment.

Grant to the Ombudsman's Office- This is a new grant under Strengthening of Democratic Initiatives project.

#### **Strategic Objective 2 (ERD Office)**

ENABAS Privatization- This involves privatization of 20-30 storage facilities (a few may be sold for scrap and may require an EA).

Title III Local Currency Programs- This is host country owned local currency, but some of the activities may have environmental consequences.

#### **Strategic Objective 3 (HI Office)**

Reproductive Health Project- This will be a new Results Package in 1997.

Title II PVO Proposals

Development Training Program Amendment

Save the Children Grant

PAHO Immunization project

INCAP Health Education Project

### **D. The Summit of the Americas Follow-up**

The Summit of the Americas Plan of Action cited as key initiatives; 1) invigorating community participation, 2) universal access to education, 3) equitable access to basic health services, 4) encouraging microenterprises and small businesses and the 5)partnership for biodiversity. USAID has programs that foster progress in all of these areas. In terms of community participation, USAID continues to emphasize this throughout its portfolio, with several projects having community participation as a central focus. These include the Natural Resources Management (NRM)Project, where we have worked with local communities to develop management plans to enhance their ability to better manage the natural resource base, Title III Community Employment Program, (CEP) and the Municipal Development Project.

Under the NRM Project, The Nature Conservancy (TNC)is working to strengthen an organization, SUKAWALA, composed of representatives of the Mayagna indigenous peoples through training, management and technical support. This organization is now playing a larger role in the development

and implementation of management plans for the Bosawas reserve and indigenous lands in the buffer zone area. TNC has also organized a corps of volunteer forest guards, and begun training members of small community organizations in non-traditional uses of forest resources and in resource and protected area management techniques. Under the NRM, USAID is working in the Bosawas and Cayos Miskitos continue with community organizations, farmers and fisherman to increase environmental awareness and adoption of safe, sustainable production methods.

Under Title III, the Mission is continuing to support the Community Employment Program (CEP) which uses a participatory rural appraisal method to determine which infrastructure projects to undertake in municipalities. The CEP has succeeded in forming community development councils, composed of a cross-section of the community and political parties, throughout the country, although our projects are concentrated in Regions I and IV. Members of the councils are learning how to identify and solve problems at the local levels and to serve as conduits for public opinion into municipal decision making.

The Mission's Municipal Development Project's prime goal is to stimulate public participation in government decision making through greater use of town meetings, public hearings, and other such mechanisms by municipalities. To stimulate public participation in local government decision making, the project provides each municipality funds for capital improvements. These projects must be designed by local citizens to respond to the priority needs of the community.

The second major goal of the Summit was to assist participating countries to achieve universal access to health care. Today, Nicaragua has a gross enrollment ratio of about 98%, although as our analysis of the education sector illustrated, both quality and efficiency are low. USAID's assistance will assist the Ministry of Education to reduce repetition in the first four grades of primary school, thus allowing more new entrants into the system. USAID's continued training of teachers nationwide, provision of school equipment, and fostering of a decentralized educational system has permitted higher quality and more efficient access to the primary education system.

In terms of basic health services, the Mission has described in Section IV above the expansion in access to health care, as evidenced by a higher percentage of births attended by physicians, greater use of ORS rehydration therapy and, expansion in the use of prenatal care at least in those projects assisted by USAID.

As our Results Framework indicated, under our second Strategic Objective, the Mission is focusing on expand both the productivity and marketing of small farmers, and expanding microenterprises and other off farm production. Under four grants to PVOs, we have provided microenterprise loans to 7,700 individuals and have a target population of over 49,000. We have worked with small farmers to stimulate production of both traditional and non-traditional, and small producers who export.

The final major initiative of the Summit was in developing a Partnership for Biodiversity, which USAID supports through its Natural Resources Management project and two activities funded by the Environmental Initiative for the Americas. USAID has joined with the regional program to work on protecting the Central American biological corridor as well as common coastal and marine area. Within Nicaragua, we are working with the Ministry of the Environment to better manage and protect 62 key protected areas.

#### **E. P.L. 480 Title II Requirements for FY 97/98**

The Mission's proposed P.L. 480 Title II Program is consistent with the Mission's Strategic

Objective III, Result 3.1 to promote "Better nourished women and children". The proposed five year program is fully integrated with the Mission's strategy and is designed to combat severe under-nutrition in the poorest regions of Nicaragua- Regions I, II and VI. The program calls for a five year intervention, in conjunction with the operation of Mission maternal and child health programs. The purpose of the program will be to:

- 1) to provide nutritional food supplements during the next 5 years to pregnant and lactating women and children under 3 years, who are beneficiaries of Mission child survival programs in some of the poorest areas of Regions I and II and IV and;
- 2) to conduct operations research regarding the nutritional impact and cost-effectiveness of combining child survival and targeted MCH feeding programs with a vision of maximizing the impact of scarce food resources through integration with non-food resources.

The BHR/USAID Nicaragua joint program will provide food supplements to pregnant or lactating women in households that are determined to be malnourished, as well as children between 6-36 months of age from the same households. The program will serve principally those beneficiaries of ADRA and Save the Children maternal and child health programs. The presence of these programs and historical data on the nutritional status of the children will permit an experimental design which will be able to discern the differential impact on malnutrition of adding food to pre-existing child survival programs. The research also contemplates using control groups comprised of the beneficiaries of other PVO child survival projects in communities which will not receive food aid. Contingent upon the approval in AID/W of a proposal to expand the Catholic Relief Services Child Survival Project in Region VI, the Mission also requests that food aid be added to this project in 1997 in order to cover Region VI and properly match experimental and control groups.

Success of the program will be measured against the indicator- "% of children under 3 stunted and underweight in Regions I, II and VI". The program will be closely monitored throughout to assure progress towards achievement of this objective. A baseline study of malnutrition will be undertaken before the feeding program starts, two and one-half years into the project, and approximately 5 years after the initiation of feeding.

This program entails a long-term commitment for the Mission in terms of continuing maternal and child programs with two U.S. PVOs and extending the technical assistance contract for the PVO program. Revised DAPs have been approved by the Mission and are awaiting final approval of the program and funding by AID/W. Our initial requirement for FY 1996 is approximately \$2 million. Over the five year life of the program we contemplate additional requirements of approximately: \$3 million in 1997, \$3 million in 1998, \$3 million in 1999, and \$3 million in 2000.

## **APPENDIX I: RESULTS FRAMEWORKS AND NARRATIVES**

### **SO 1: More Political Participation, Transparency and Compromise**

#### **Results Framework Narrative**

USAID will promote more political participation, transparency and compromise in Nicaragua by providing citizens with the knowledge to participate more fully in the democratic process and at the same time strengthening the ability of national and local governments to involve citizens in decision-making and deliver improved services to them. Programmatically, strategic objective one is supported by activities that seek to achieve a greater protection of human rights, efficient and transparent elections, strengthened civil society, and a more accountable and responsive government.

#### **1.1 Greater Protection of Human Rights**

This result will be achieved through USAID efforts to improve administration of justice and the defense of human rights by local organizations. The creation of an effective local human rights network, led by an independent national ombudsman, when combined with an improved administration of justice, and greater respect for human rights by security forces will result in a greater overall protection of human rights in Nicaragua.

A key constraint to achieving this result is the U.S. law prohibiting USAID from assisting the police and military. Other donors could play a key role by providing human rights training to security forces.

In support of achieving this result, USAID is assisting to:

- Reform legal codes (Organic law, penal code, administrative code)
- Strengthen the Attorney General's Office
- Create an Office of the Public Defender
- Create an effective Office of the Human Rights Ombudsman (HRO)
- Fortify the local human rights network
- Increase public awareness of human rights issues
- Monitor human rights violations

This complex framework is based upon a number of assumptions that will be critical to improving the human rights situation in Nicaragua. These include: the GON must have political will to enact and implement legal reforms; the GON must appoint HRO with sufficient credibility and respect among citizens to play an effective watchdog role; GON must provide adequate funding for the offices of the HRO, public defender, and attorney general; a planned Inter-American Development Bank financed AOJ project begins in 1996; and other donors provide training to increase respect of human rights by the military and police.

#### **1.2 Efficient and Transparent Elections**

USAID activities in support of achieving efficient and transparent elections are focused on strengthening the Supreme Electoral Council (CSE) and providing support to international organizations to observe the electoral process. The critical hypothesis of the election framework is that improving the administrative capacity of the CSE will help ensure that elections are free, fair and transparent and observers are critical to verify this result.

In support of achieving this result, USAID is providing:

- Training elections poll workers and party officials
- Strengthen the voter registration system
- Inform voters about the importance of voting and election procedures
- Improve the administration and reporting of election day voting
- Supporting electoral observation groups

Carrying out a national election is a major administrative undertaking requiring significant financial resources. This is especially true in a country such as Nicaragua which has had only two previous elections verified by international observers as free and fair, and remains dependent on donor support to administer a election. The 1996 Nicaraguan elections are further complicated by the consolidation of national and local elections this year. (In the future, local and national elections will be held in different years). Critical assumptions for achieving efficient and transparent elections are that adequate funds are provided by donors and the GON for the electoral process, security concerns will be addressed, and that appropriate measures are taken by the GON to ensure campaign and election day activities are peaceful.

### 1.3 Strengthened Civil Society

Civil Society will be strengthened through a number of activities aimed at educating citizens about democracy, encouraging citizen participation, and strengthening key interest groups so that they can play a more constructive role in consolidating democracy. The critical hypothesis underpinning this framework is that as the general educational level and exposure to civic education increases, participation, demand-making, system support and tolerance will increase.

In support of achieving this result, USAID is assisting to:

- Educate Nicaraguans about their responsibilities and rights within a democracy through school and community based civic education programs
- Increase educational attainment in Nicaragua through an improved primary education system
- Strengthen political parties, labor unions, and the national association of municipalities through training programs focused on enhancing their role within a democratic political structure
- Promote greater civilian control of the military through continued dialogue between key military and civilian authorities and exposure to successful civil-military models in Latin America.

Since 1990, the GON has promoted a policy of decentralization to gradually increase local autonomy supporting expansion of pluralism and the delivery of public services. In this regard, Nicaragua is far ahead of many of its Central American neighbors. A critical assumption in strengthening civil society is that there is a continuation of policies favoring decentralization and citizen involvement in government decision-making.

### 1.4 More Accountable and Responsive Government

USAID will achieve this result through a series of activities focused on strengthening municipal governments and key institutions at the national level, such as the National Assembly, Ministry of Finance and Comptroller General. The critical hypothesis is that increased levels of citizen involvement in government decision-making, improved management of public finance, and a strengthened municipal sector and legislative branch will result in a more accountable and responsive government.

In support of achieving this result, USAID will assist to:

- Improve the ability of the National Assembly to impact fiscal policy, draft legislation, and oversee the activities of other government branches
- Create an integrated financial management system to ensure fair, objective, and reliable review of government spending
- Provide opportunities at the municipal and national level for citizens to become more involved in government decision-making
- Enhance the capacity of municipalities to generate local revenues and deliver basic services to constituents

Convincing government agencies to adopt new internal rules, policies and procedures to improve their efficiency and effectiveness is always challenging. At the same time, the scope of this effort to make government more accountable and responsive is extremely broad, requiring a coordinated effort among all donors working toward that end. Thus, the critical assumptions underlying this framework depend on a willingness among officials at all levels of government to accept reform, continuation of donor support for complementary programs, and a commitment by the national and local governments to assume the recurrent costs of maintaining project improvements.

# Strategic Objective and Results Framework

**Strategic Objective 1**  
**More political participation, transparency and compromise**

**Key Indicators:**

1. Political stability.  
 Baseline: 1990: 0  
 Target:  
 1993: 2  
 1995: 4  
 1997: 7
2. Political tolerance.  
 Baseline: 1990: 52%  
 Target:  
 1995: 55%  
 1997: 60%
3. Political system support.  
 Baseline: 1990: 59%  
 Target:  
 1995: 42%  
 1996: 45%

**Result 1.1**  
**Greater protection of human rights**

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**Indicators:**

1. Number of homicides of the demobilized RN by the security forces.  
 Baseline: 1990: 37  
 Target:  
 1995: 13  
 1996: 5
2. Decrease in human rights violation cases.  
 Baseline: 1991: 828  
 Target:  
 1995: 583  
 1996: 450
3. Human rights cases reported by hr ombudsman and local hr groups that have been complied with.  
 Baseline: 1994: GON took out of 120 recommendations of the Trip. Comm.  
 Target:  
 1995: GON took action on 14 out of 120 recs. of Trip. Comm.  
 1996: 25 out of 120 recs of Trip. Comm.
4. Public confidence in the judicial system.  
 Baseline: 1991: 52%  
 Target:  
 1995: 35%  
 1997: 40%

**Result 1.2**  
**Efficient and transparent elections**

**Indicators:**

1. Elections declared free and fair.  
 Baseline: 1990: 1st. free elections.  
 Target:  
 1994: Atlantic Coast elections  
 1996: Next elections (1st, possible 2nd round).
2. Nicaraguans voting in 1996 elections.  
 Baseline: 86%  
 Target:  
 1994: 74% (Atlantic Coast)  
 1996: 60%

**Result 1.3**  
**Strengthened civil society**

**Indicators:**

1. Citizens participating in municipal meetings.  
 Baseline: 1994: 10.4%  
 Target:  
 1995: 13.3%  
 1997: 17%
2. Membership in interest groups.  
 Baseline: TBD 1996

**Result 1.4**  
**More accountable and responsive government**

**Indicators:**

1. Nicaraguan households have access to basic services, i.e. water and sanitation.  
 Baseline: 47%  
 Target:  
 1995: 50%  
 1996: 50%  
 1997:
2. Independent audits, accurately documenting government performance, made public.  
 Baseline: 0  
 Target:  
 1995: 0  
 1996: 2  
 1997: 6  
 1998: 12

## **SO 2: Sustainable Growth in Employment and Income**

### **Results Framework Narrative**

USAID will stimulate sustained growth in employment and income by supporting the economic transformation to a competitive, entrepreneurial, export-oriented economy that capitalizes on its agricultural and labor-intensive competitive advantages to attract private investment and spark expanded economic activity in urban and rural areas so as to generate new jobs and open opportunities for a majority of Nicaraguans. We are focussing on small producers and their families as our customers. Programmatically, we are implementing activities designed to get agricultural markets working better, small farmers to produce and market more and diverse products, financial services responding to savers and investors needs, micro enterprise and rural employment expanding, and natural resources being used more rationally.

#### **1) Agricultural Markets Working Better -**

Our hypothesis is that markets will work better if the linkages between producers and buyers are improved, infrastructure investments are made, and access to affordable credit and technology is increased. Critical assumptions are that the Government will continue to maintain its monetary and fiscal policies, that privatizations of critical state-owned institutions will continue, and that other donor efforts to boost agricultural production will continue.

Improvements to market institutions typically focus on the organizations themselves. Delivery of services to members is typically weak, which leads to a loss of credibility and member support. USAID efforts are focussing on the quality of the services delivered in our efforts. We will measure the quality of the services provided by the increased number of farmers who are able to access marketing services, and by the variety and volume of products traded on the private agricultural commodities exchange.

Under the PAS and the PSS projects, and the PL-480 Title III program, the Mission supports:

- The development and opening of a private agricultural commodities exchange to facilitate open trading of commodities.
- The establishment of a nationwide market information service.
- Improvements in the delivery systems of local associations to organize farmers, and to assist in the collection, storage, processing, and marketing of all major commodities.

Domestic, regional, and international markets cannot be effectively accessed if farm to market roads are in poor shape, if farmers are unable to have accurate price information, and if cold storage and other critical infrastructure is not in place. USAID is encouraging the privatization of ports, the grain storage facilities, and telecommunications.

#### **2.2 - Small farmers produce and market more and diverse products**

The *critical hypothesis* is that with improved technical, financial, and marketing services, farmers will be more productive. Critical assumptions are that land tenure issues will continue to improve, and that farmer organizations will become more effective, through the efforts of USAID and other donors.

Nicaragua's agricultural production technology is the least advanced in Central America. For

producers to exploit marketing opportunities, they must have access to improved production technologies. Under the PAS and PSS projects, and the PL 480 Title III program, the Mission is providing technical assistance and productivity enhancing assistance to a broad range of agricultural producers. In order to make a positive impact nationwide, USAID targets small farmers, who produce most of the basic grains, livestock, and coffee in the country.

The Mission is also promoting the diversification of agriculture by promoting non-traditional and specialty crops. We have strengthened the national and local producer associations to better serve farmers, to make them more business oriented and more profitable.

### 2.3 - Financial services responding to savers and investors needs.

The hypothesis is that these services will be made more responsive if the private financial institutions continue to expand, new financial institutions grow and move into areas traditionally served by state-owned institutions, and more options are available to producers.

On a policy level, critical assumptions include the continued shrinkage of the state-owned banks and other donor assistance. The continued growth of the private commercial banks, the growth of the branch network beyond Managua, and competition will encourage improved coverage of the agricultural sector. The growth in other institutions, such as the agricultural commodities exchange and bonded warehouses, will give producers other financing options. Mission efforts to strengthen the legal system will also encourage lenders to increase their exposure in the agricultural sector as their probability of repayment is increased. A new Mission activity to revitalize the country's credit union system will also directly reach producers and savers in areas previously without access to these services.

### 2.4 - Microenterprise and rural employment expanded

The PL 480 Title III program is a critical effort in alleviating poverty and providing food security in the country's poorest areas. The creation of temporary jobs continues to be a priority for the Mission and other donors to increase growth in rural Nicaragua.

Most rural Nicaraguans earn a substantial amount of their income from non-farm sources, from a broad range of economic activities. Efforts to encourage non-traditional exports have created seasonal jobs for many thousands of people. The Mission is providing small loans to microentrepreneurs in secondary cities in the poorer regions of the country, through our PVO partners.

### 2.5 - Natural resources being used more rationally.

Nicaragua has a significant natural resource base, much less exploited than its neighbors. Rational and sustainable use of the resources is critical to the country's development. Draft laws pertaining to several important environmental and resource subjects are now being considered in the National Assembly.

Progress towards increasing GON capacity to regulate natural resources is dependent on several interrelated actions. Continued policy dialogue and the passage of environmental legislation are critical. The effective enforcement of these and existing environmental laws, including sanctions for violators, is also necessary. Simultaneously, the process of institutional change, development, and capacity building in key institutions must continue. Finally, USAID efforts are only a component of overall donor efforts in the environment. Other donor activities underway or planned must continue.

**Activities:**

1) **Agricultural Markets-** Under the Private Agricultural Services Project, and the Private Sector Support Project the Mission is strengthening farmer's associations ( APENN, UPANIC, ASOCAFEMAT, UNAG)to provide more marketing, technical and credit services to enable producers to market more. Under the PSS Project, we have assisted in the start up of an agricultural commodities exchange, BAGSA, to facilitate the open trading of basic grains and other agricultural commodities. Under P.L. 480 conditionality and assistance, USAID is fostering the establishment of an nationwide market information service, designed to provide daily price and quality information to local farmers in rural areas.

2) **Small Farmers Produce and Market More-** Under the PAS program and the PSS program, the USAID has targeted its projects towards small farmers, the majority of the producers in this country.

Through PSS, we are providing technical assistance to APENN, the Association of Non-Traditional Producers, cattle associations, coffee associations, and basic grain producers to assist in increased production and diversification of production. With CLUSA, we are promoting the production of "organic" coffee,vegetables and specialty crops. Under a program with IESC, we are bringing in short-term experts to work with diversification of coffee products, expansion of shrimp farms and, increase in rice production.

3) **Financial Services-** USAID is about to initiate a program to expand membership and mobilize savings in rural credit unions. Under the PSS program, we are working with to assure the acceptability of bonds on the securities exchange and to foster increased private ownership through the Bolsa de Valores.

4) **Microenterprise and Rural Employment Expanded-** Through P.L. 480 Title III, we are supporting temporary employment programs under the Ministry of Social Action for Regions I and IV, the two poorest in the country. Four PVOs, Accion International, FINCA, Opportunity International, the Catholic Relief Services and are providing loans to over microentrepreneurs in urban centers in 3 regions.

5) **Natural Resource Management-** USAID's Natural Resource Management project works with the MARENA and local groups to increase the rational use and management of key protected areas in Nicaragua, to strengthen the Ministry's ability to regulate the protected areas and, provide the policy and legislative framework for improved natural resource management.

# Strategic Objective and Results Framework

## Strategic Objective 2 Sustainable growth of income and employment

**Key Indicators:**

1. Real growth of GDP per capita (% increase above population rate).

Baseline: 1994: 0.4%

Target:

1995: 1.3%

1996: 2.0%

1997: 2.6%

1998: 3.0%

1999: 3.5%

2. Growth in formal private sector employment (% increase per year).

Baseline: 1994: 9.4%

Target:

1995: 9.4%

1996-1999: 10%

3. Percentage of people living in absolute poverty

Baseline: 1994: 50.3%

Target:

1996: 50%

1998: 48%

Development Partners: Development Associates, The Nature Conservancy (TCN), Tropical Research and Development (TR&D), National Cooperative Business Association (NCBA), Nicaraguan Association of Producers and Exporters on Non-traditional Products (APENN), Nicaraguan Union of Agricultural Producers (UPANIC), National Union of Farmers and Cattle Owners (UNAG), Cooperative League of United States of America (CLUSA), International Executive Corp. (IESC), Academy for Educational Development (AED), and Developing Economies Group (DEG).

Critical Assumption:

GON implements stable monetary and fiscal policies.

### Result 2.1 Agricultural markets working better

**Indicators:**

1. Value of grain traded on private markets (\$ million).

1995: 0.01

1996: 1.5

1997: 1.7

1998: 2.0

1999: 2.5

2000: 3.0

2. Value of Non-Traditional Agricultural Exports (NTAE)/Total value (\$ million).

1993-1994: \$30.4-\$54.2

1995: 75.1 - 10%

1996: 82.8 - 10%

1997: 90.8 - 10%

1998: 98.0 - 8%

1999: 106.8 - 8%

2000: 114.0 - 8%

### Result 2.2 Small farmers produce and market more and diverse products

**Indicators:**

1. Total Production: coffee/rice/onions

	Coffee	Rice (dry)	Onions
Baseline			
1993:	800	600	180
Targets:			
1994	910	615	210
1995	1,100	1,700	310
1996	1,300	1,800	325
1997	1,400	2,000	310
1998	1,500	2,100	320
1999	2,600	2,200	350
2000	2,700	2,300	375

Baseline

1993: 800 600 180

Targets:

1994 910 615 210

1995 1,100 1,700 310

1996 1,300 1,800 325

1997 1,400 2,000 310

1998 1,500 2,100 320

1999 2,600 2,200 350

2000 2,700 2,300 375

2. Farmers accessing USAID activities (cumulative)

Baseline: 1993: 7,000

Target:

1994: 7,500

1995: 11,000

1996: 12,000

1997: 13,500

### Result 2.3 Financial services responding to savers and investors needs

**Indicators:**

1. Number of private bank loans below US\$50,000.

1993: 4,521

1994: 6,090

1995: 9,128

1996: 10,040

1997: 11,044

1998: 12,149

1999: 13,364

2. Number of depositor accounts under C\$25,000 in private banks.

1993: 7,966

1994: 13,314

1995: 17,731

1996: 19,500

1997: 20,800

1998: 22,660

1999: 25,000

### Result 2.4 Microenterprise and rural employment expanded

**Indicator:**

1. MAS/RISE beneficiaries temporarily employed (# of beneficiaries in PL 480 projects in Regions I and VII).

1994: 33,600

1995: 73,900

1996: 88,900

1997: 88,900

1998: 50,000

2. Increased on/off-farm employment (productive jobs)

1993: 5,000

1994: 6,200

1995: 9,700

1996: 10,200

1997: 10,800

1998: 11,900

1999: 13,100

2000: 14,000

3. Number of microenterpreneurs employed under USAID projects.

1995: 7,200

1996: 23,653

1997: 43,933

1998: 50,000

### Result 2.5 Natural resources being used more rationally

**Indicators:**

1. Protected Areas (lands under effective management)

Baseline: 1993: 310,000

1994: 500,000

1995: 850,000

1996: 900,000

1997: 1.1 million

1998: 1.2 million

1999: 1.2 million

2000: 1.2 million

2. New and/or revised laws passed.

1994: 1 law

1995: 3 laws

1996: 3 laws

1997: 4 laws

1998: 2 laws

### **SO 3: Better Educated, Healthier, Smaller Families**

Description: USAID is fostering better educated, healthier and smaller families through programs directed at assuring:

- (1) Better Nourished Women and Children
- (2) Increased Use of Child Survival Services and Practices
- (3) Increased Use of Reproductive Health Services and Practices, including STD/HIV; and
- (4) Primary Education More Efficient and of Higher Quality

Activities: The activities supporting each of the four results to achieve SO 3 are:

#### **(1) Better Nourished Women and Children:**

USAID's \$10 million Title II program concentrates in three of the poorest regions of Nicaragua: Regions I, II and VI and will provide supplemental feeding to children less than 3 years and pregnant and lactating women. Global field support from OMNI and Wellstart will also significantly contribute to improving the nutrition of women and children. Opportunities for Micronutrient Interventions (OMNI) provides technical assistance to the Ministry of Health/Office of Nutrition as well as the Ministry of Social Action in areas such as the development of a five year National Nutrition Plan and Micronutrient Plan, IEC campaigns and technical assistance to promote the increased consumption of vitamin-rich foods through dietary diversification, food fortification and supplementation. Wellstart provides training and technical support to strengthen the institutional capacity of the Ministry of Health to promote and train health care workers in the benefits of prolonged breastfeeding, both for the health of the infant as well as the mother.

(2) Child Survival: Under USAID's Decentralized Health Services (DHS) project the Ministry of Health is focusing on preventive maternal health and child survival services - including immunizations, as well as financial management reform. USAID's Title III food aid conditionality has contributed to child survival by requiring the GON to allocate 40% of the MINSA's budget to primary health care facilities. Under the Development Training Program (DTP), health care professionals at all levels have received training. Global field support through Wellstart-breastfeeding promotion and OMNI have also significantly contributed to improving child survival. Using PD&S funds, INCAP/PAHO implements a diarrheal disease/cholera training program and assists the Ministry of Social Action to implement activities under the National Nutrition Plan. Finally, USAID PVO Co-Financing project implements not only child survival projects but also interventions which will impact positively on the health and well-being of children through the improvement of the status of the family, in general. This includes microenterprise development and employment generation.

(3) Reproductive Health Services: Under USAID's DHS project, Management Sciences for Health (MSH) supports the Ministry of Health in training all levels of health care workers in safe delivery, family planning and reproductive health in general. Profamilia clinics have increased access to modern family planning services and USAID plans to continue to finance the expansion of the Profamilia clinics and community distribution post network. Under the PVO Co-Financing project, Development Associates is supporting the following NGOs active in family planning and reproductive health through the promotion of exclusive breastfeeding and the education of mothers in the benefits of child spacing. Global support services are also being utilized to promote and train the Ministry of Health personnel and Profamilia in all methods of family planning available at this time.

(4) Basic Education: Teacher training has been provided through the DTP an BASE projects which have worked in a synchronized fashion to train teacher trainers and primary school teachers in

active teaching methodologies. The BASE project has also better equipped Nicaragua's primary schools by providing educational materials, desks and chairs. Curriculum and Teacher's guides were distributed nationwide under BASE and the Ministry of Education's (MED) decentralization efforts are supported through the training of MED personnel and the strengthening of MED departmental offices. ERHTS project consultants have contributed to improving Nicaragua's basic education by developing a social marketing strategy in educational decentralization and policy reform and training MED communications staff in its use.

**Annex 1**  
**ALL RESOURCES TABLE**  
**USAID/NICARAGUA**  
**(\$000)**

Funding Category	FY 1996*	FY 1997		FY 1998	
		Base**	Base - 20%	Base - 10%	Base -30%
<b>Development Assistance/ SEED/FSA/ESF/IDA ***</b>	26,730	38,085	29,212	37,100	26,325
<b>Economic Growth</b>	10,980	9,957	8,215	15,000	10,700
Of which: Field Support ****					
<b>Population/Health</b>	8,786	15,065	11,402	15,000	10,000
Of which: Field Support ****					
<b>Environment</b>	0	5,968	2,500	0	0
Of which: Field Support ****					
<b>Democracy</b>	6,964	7,095	7,095	7,100	5,625
Of which: Field Support ****					
<b>PL480:</b>					
<b>Title II</b>	1,750	1,750	1,750	1,750	1,750
<b>Title III</b>	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>28,480</b>	<b>39,835</b>	<b>30,962</b>	<b>38,850</b>	<b>28,075</b>

\* The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

\*\* Base is defined as operating bureau allocations based on the FY 1997 OMB request level. These allocations shall be ACSI code driven.

\*\*\* FYI: SEED = Support for Eastern European Democracy FSA = Freedom Support Act (NIS countries); IDA = International Disaster Assistance; HC = Housing Guaranty; MSEED = Micro and Small Enterprise Development, ECA = Enhanced Credit Authority

\*\*\*\* Refers to all Field Support - both Global-obligated and Mission-obligated.

**Annex 2**  
**\* Funding Scenarios by Objective\***

(000)

OBJECTIVE	FY 1997			FY 1998	
	FY 1996**	Base***	Base - 20%	Base -10%	Base - 30%
<b>Strategic Objective #1: More political participation, compromise and transparency</b>					
Development Assistance/SEED/FSA****	6,250	7,095	7,095	7,100	5,625
Economic Support Funds	714	0	0	0	0
PL480: Title II	0	0	0	0	0
Title III	0	0	0	0	0
<b>Strategic Objective #2: Sustainable Growth in Employment and Income</b>					
Development Assistance/SEED/FSA****	8,480	15,925	10,715	15,000	10,700
Economic Support Funds	2,500	0	0	0	0
PL480: Title II	0	0	0	0	0
Title III	0	0	0	0	0
<b>Strategic Objective #3: Better educated, healthier and smaller families</b>					
Development Assistance/SEED/FSA****	8,786	15,065	11,402	15,000	10,000
Economic Support Funds	0	0	0	0	0
PL480: Title II	1,750	1,750	1,750	1,750	1,750
Title III	0	0	0	0	0
<b>Total</b>					
Development Assistance/SEED/FSA****	23,516	38,085	29,212	37,100	26,325
Economic Support Funds	3,214	0	0	0	0
PL480: Title II	1,750	1,750	1,750	1,750	1,750
Title III	0	0	0	0	0

\* Use all funding spigots, including DA, SEED, PSA, ESF, PL480, IDA, HC, MSRD, and RCA.

\*\* The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which a

\*\*\* Base is defined as operating bureau allocations based on the FY 1997 OMB request level.

\*\*\*\* Please disaggregate by funding category.

Strategic Objective #1: More political participation, transparency and compromise

<b>Indicator: Political tolerance</b>			
<b>Unit: Percentage showing higher tolerance</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: University of Pittsburgh biannual surveys</b>	<b>Baseline</b>	1990	52%
		1995	55%
		1996	
<b>Comments:</b>		1997	60%
		1998	
	<b>Target</b>	1999	65%
		2000	

<b>Indicator: Political system support</b>			
<b>Unit: Percentage showing increased support for the system</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: University of Pittsburgh biannual surveys</b>	<b>Baseline</b>	1990	59%
		1995	42%
		1996	
<b>Comments:</b>		1997	45%
		1998	
	<b>Target</b>	1999	48%
		2000	

<b>Indicator: Political stability</b>			
<b>Unit: Increase in political stability over time (scale of 0-10)</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: US Mission developed index</b>	<b>Baseline</b>	1990	0
		1993	2
		1995	4
<b>Comments:</b> 2 - political stalemate 4 - stabilizing 7 - stable		1997	7
		1998	
	<b>Target</b>	1999	8
		2000	

\* Indicator included in last year's Action Plan.

<b>Result 1.1: Greater protection of human rights</b>				
<b>Indicator 1: Number of homicides of the demobilized RN by the security forces</b>				
<b>Unit:</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> USG human rights report	<b>Baseline</b>	1990		37
		1995		13
		1996	5	
<b>Comments:</b>		1997	4	
	<b>Target</b>	1998	3	
		1999		
		2000		

<b>Indicator 2: Decrease in human rights violation cases</b>				
<b>Unit:</b> Number of human rights violations		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> ANPDH in 1991-96, human rights ombudsman from 1997 on	<b>Baseline</b>	1991		828
		1995		583
		1996	450	
<b>Comments:</b>		1997	400	
	<b>Target</b>	1998	350	
		1999		
		2000		

<b>Indicator 3: Human rights cases reported by human rights ombudsman and local human rights groups that have been complied with*</b>				
<b>Unit:</b> Cumulative number of cases complied with		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Tripartite Commission	<b>Baseline</b>	1994		GON took action on 3 out of 120 recommendations of the Trip. Comm.
		1995		GON took action on 14 out of 120 recs. of the Trip. Comm.
		1996	25 out of 120 recs. of Trip. Comm.	
<b>Comments:</b>	<b>Target</b>	1997	35 complied	
		1998		
		1999		
		2000		

\* Indicator included in last year's Action Plan.

<b>Indicator 4: Public confidence in the judicial system</b>			
<b>Unit: % public confidence in the system</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> University of Pittsburgh biannual survey	<b>Baseline</b>	1991	52%
		1995	35%
		1996	
<b>Comments:</b>		1997	40%
		1998	
	<b>Target</b>	1999	45%
		2000	

<b>Result 1.2: Efficient and transparent elections</b>			
<b>Indicator 1: Next elections*</b>			
<b>Unit:</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> International observation	<b>Baseline</b>	1990	1st. free elections
		1994	Atlantic Coast elections
		1995	None
<b>Comments:</b>	<b>Target</b>	1996	Free, fair election
		1997	
		1998	
		1999	

<b>Indicator 2: Nicaraguans voting in 1996 elections*</b>			
<b>Unit: % of registered Nicaraguans voting in 1996 elections</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Supreme Electoral Council	<b>Baseline</b>	1990	86%
		1994	74%
	<b>Target</b>	1996	60%
<b>Comments:</b>		1997	
		1998	
		1999	
		2000	

\* Indicator included in last year's Action Plan.

<b>Result 1.3: Strengthened civil society</b>			
<b>Indicator 1: Citizens participating in municipal meetings*</b>			
<b>Unit: % of citizens participating in municipal meetings</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
	<b>Baseline</b>	1994	10.4%
<b>Source: University of Pittsburgh biannual survey</b>		1995	13.3%
		1997	17%
<b>Comments:</b>		1998	
	<b>Target</b>	1999	20%
		2000	

<b>Indicator 2: Citizen membership in interest groups*</b>			
<b>Unit: # of members in interest groups</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
	<b>Baseline</b>	1995	
<b>Source: Mission</b>		1996	
<b>Comments:</b>		1997	
		1998	
		1999	
		2000	

<b>Result 1.4: More accountable and responsive government</b>			
<b>Indicator 1: Nicaraguan households have access to basic services, e.g., water and sanitation</b>			
<b>Unit: % population with access to services</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Municipal Decentralization &amp; Development Project</b>	<b>Baseline</b>	1993	47%
		1996	50%
		1997	55%
<b>Comments:</b>	<b>Target</b>	1998	60%
		1999	
		2000	

<b>Indicator 2: Independent audits accurately documenting government performance are made public*</b>			
<b>Unit: Number of audits made public</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Comptroller General's office</b>	<b>Baseline</b>	1995	0
		1996	2
<b>Comments:</b>		1997	6
		1998	12
	<b>Target</b>	1999	20

\* Indicator included in last year's Action Plan.

Strategic Objective #2: Sustainable growth of income and employment

Indicator 1: Real growth of GDP per capita (% increase above population rate)*			
Unit: Percentage annual growth	Year	Planned	Actual
Source: Central Bank	Baseline	1994	0.4%
		1995	1.0%
Comments:		1996	2.0%
		1997	2.5%
		1998	3.0%
	Target	1999	3.5%

Indicator 2: Growth in formal private sector employment (% increase per year)*			
Unit: Percentage annual growth	Year	Planned	Actual
Source: Ministry of Labor	Baseline	1994	9.4%
		1995	10%
		1996	10%
		1997	10%
Comments:		1998	10%
	Target	1999	10%

Indicator 3: Percentage of people living in absolute poverty*			
Unit: Percentage of population below poverty line	Year	Planned	Actual
Source: Living Standards Measurement Surveys	Baseline	1994	50.3%
Comments: First survey performed in 1993. Next scheduled 1997.		1995	N/A
		1996	50%
		1997	
	Target	1998	46%

\*Indicator included in last year's Action Plan.

<b>Result 2.1.: Agricultural markets working better</b>					
<b>Indicator 1: Value of grain traded on private markets*</b>					
<b>Unit: \$ millions per year</b>		<b>Year</b>	<b>Planned</b>		<b>Actual</b>
<b>Source: BAGSA</b>	<b>Baseline</b>	1994	N/A		N/A
		1995	0.5		0.01
		1996	1.5		
<b>Comments:</b>		1997	1.7		
		1998	2.0		
		1999	2.5		
	<b>Target</b>	2000	3.0		

<b>Indicator 2: Value of Non-Traditional Agricultural Exports (NTAE)/Total value (\$ millions)*</b>					
<b>Unit: Percentage annual growth</b>		<b>Year</b>	<b>Planned</b>		<b>Actual</b>
<b>Source: Performance-based. Progress reports by APENN, CLUSA, IESC, MEDE, Central Bank</b>	<b>Baseline</b>	1993			\$30.4
		1994			\$54.2
		1995	59.6 - 10%		\$75.1
		1996	82.6 - 10%		
<b>Comments: Nicaragua was left behind in the export boom of the 1980's and is robustly catching up in this highly competitive industry.</b>		1997	90.8 - 10%		
		1998	98.0 - 8%		
		1999	105.8 - 8%		
	<b>Target</b>	2000	114.0 - 8%		

<b>Result 2.2: Small farmers produce and market more and diverse products</b>						
<b>Indicator 1: Total production: coffee/rice/onions*</b>						
<b>Unit: 000 quintals (qq or cwt)</b>		<b>Year</b>	<b>Planned</b>			<b>Actual</b>
			<b>Coffee</b>	<b>Rice</b>	<b>Onions</b>	
<b>Source: Ministry of Agriculture, APENN, ANAR.</b>	<b>Baseline</b>	1993				800/600/180
		1994				910/615/210
		1995	950	1.400	275	1.1/1.7/310
		1996	1.300	1.800	325	
<b>Comments:</b>		1997	1.400	2.000	310	
		1998	1.500	2.100	320	
		1999	2.600	2.200	350	
	<b>Target</b>	2000	2.700	2.300	375	

\*Indicator included in last year's Action Plan.

<b>Indicator 2: Farmers accessing USAID activities (cumulative)*</b>				
<b>Unit:</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: USAID projects</b>	<b>Baseline</b>	1993		7,000
		1994		7,500
		1995	8,500	11,000
	<b>Target</b>	1996	12,000	
<b>Comments:</b>		1997	13,500	

<b>Result 2.3: Financial services responding to savers and investors needs</b>				
<b>Indicator 1: Number of private bank loans below US\$50,000*</b>				
<b>Unit: Number of loans</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Superintendency of Banks Quarterly Report</b>	<b>Baseline</b>	1993		4,521
		1994		6,090
		1995	6,699	9,128
		1996	10,040	
<b>Comments: Will increase as private banks take a greater market above and make more agricultural loans.</b>		1997	11,044	
		1998	12,149	
	<b>Target</b>	1999	13,364	

<b>Indicator 2: Number of depositor accounts under C\$25,000 in private banks (10% increase per year)*</b>				
<b>Unit: Number of deposits</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Superintendency of Banks Quarterly Report</b>	<b>Baseline</b>	1993		7,966
		1994		13,314
		1995	14,646	17,731
		1996	19,500	
<b>Comments: An increased and wider base of depositors is important to greater growth of private banks.</b>		1997	20,600	
		1998	22,660	
	<b>Target</b>	1999	26,000	

\*Indicator included in last year's Action Plan.

**Result 2.4: Microenterprise and rural employment expanding**

**Indicator 1: MAS/FISE beneficiaries temporarily employed (# of beneficiaries in PL 480 projects in Regions I and VI)\***

Unit: # of people		Year	Planned	Actual
<b>Source:</b> PL 480 Title III Secretariat	<b>Baseline</b>	1993		0
		1994		33,600
		1995	60,000	73,900
		1996	88,900	
<b>Comments:</b>		1997	98,900	
	<b>Target</b>	1998	50,000	

**Indicator 2: On/off farm NTAE employment (productive jobs)\***

Unit: # of NTAE jobs		Year	Planned	Actual
<b>Source:</b> APENN, CLUSA, PRIDER, UNAG and other Program Progress Report	<b>Baseline</b>	1993		5,000
		1994		6,200
		1995	8,100	9,700
		1996	10,200	
<b>Comments:</b> Calculations were made by calculating payroll information and #s of area under NTAE production and agri-business head count.		1997	10,800	
		1998	11,600	
		1999	13,100	
	<b>Target</b>	2000	14,000	

**Indicator 3: Number of microentrepreneurs employed under USAID projects**

Unit: # of people		Year	Planned	Actual
<b>Source:</b> USAID program data	<b>Baseline</b>	1994		N/A
		1995	7,200	7,700
		1996	23,553	
<b>Comments:</b>		1997	43,933	
		1998	48,892	
	<b>Target</b>	1999	49,892	

\*Indicator included in last year's Action Plan.

# Strategic Objective and Results Framework

## Critical Hypothesis:

- If nutritional status improves, maternal and infant mortality will decline.
- If mothers adopt reproductive health and child survival practices, maternal and infant mortality will decline.
- If mothers use child survival and reproductive health services, maternal and infant mortality will decline.
- If high risk groups practice safe sex, the rate of increase of HIV infection will slow.

### Strategic Objective 3

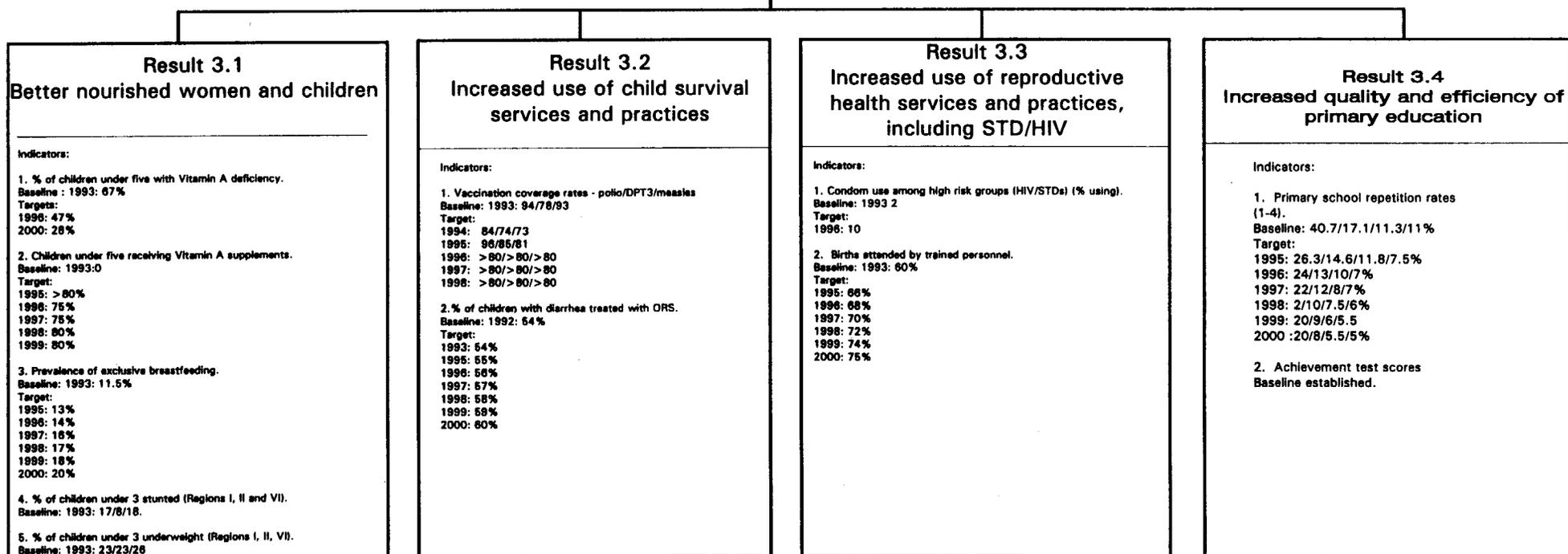
#### Better Educated, healthier, smaller families

**Key Indicators:**

1. Primary school completion rate.  
Baseline: 1993: 23.5%  
Target:  
1995: 26.8% 1999: 35%  
1996: 28% 2000: 40%  
1997: 30%  
1998: 31%
2. Infant mortality rate.  
Baseline: 1993: 58  
Target:  
1995: 56 1999: 51  
1996: 55 2000: 50  
1997: 54  
1998: 53
3. Total fertility rate.  
Baseline: 1993: 4.6  
Target:  
1995: 4.4 1999: 3.9  
1996: 4.2 2000: 3.8  
1997: 4.1  
1998: 4.0

## Critical Assumptions:

1. Budget allocations for social sector remain constant.
2. Age of marriage/union remains constant or increases.
3. Access to primary schools remains 75% or above.



<b>Result 2.5: Natural resources being used more rationally</b>				
<b>Indicator 1: Protected Areas (land under effective management)*</b>				
<b>Unit: 1000 Hectares</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MARENA, NRM</b>	<b>Baseline</b>	1993	310	
		1994		500
		1995	600	850
		1996	900	
<b>Comments: These lands are measured in the Miskito Cays, Bosawas, Volcan Masaya Protected Areas. This is 1.2 million hectares of land in these 3 protected areas.</b>		1997	1.1 million	
		1998	1.2 million	
		1999	1.2 million	
	<b>Target</b>	2000	1.2 million	

<b>Indicator 2: New or revised laws passed*</b>				
<b>Unit: Number of laws passed by Assembly and signed by President</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MARENA and NRM Progress Reports</b>	<b>Baseline</b>	1993	0	0
		1994	1 law	0
		1995	3 laws	0
		1996	3 laws	
<b>Comments: See Results section for discussion</b>		1997	4 laws	
	<b>Target</b>	1998	2 laws	

\*Indicator included in last year's Action Plan.

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Strategic Objective #3: Better educated, healthier, smaller families

Indicator 1: Primary school completion rate*				
Unit: % of children who complete sixth grade.		Year	Planned	Actual
Source: Ministry of Education (MED)	Baseline	1993	21%	23.5%
		1995	23%	26.8%
		1996	28%	
Comments: % of 1st grade entrants who complete 6th grade.		1997	30%	
		1998	31%	
		1999	35%	
	Target	2000	40%	

Indicator 2: Infant Mortality Rate (IMR)*				
Unit: Deaths per thousand		Year	Planned	Actual
Source: Family Health Survey (FHS)	Baseline	1993		58
		1995		56
		1996	55	
Comments:		1997	54	
		1998	53	
		1999	51	
	Target	2000	50	

Indicator 3: Total Fertility Rate (TFR)*				
Unit: Average number of children born to a woman over her life-time.		Year	Planned	Actual
Source: Family Health Survey (FHS).	Baseline	1993		4.6
		1995	4.4	
		1996	4.2	
Comments: Data available every five years.		1997	4.1	
		1998	4.0	
		1999	3.9	
	Target	2000	3.8	

\*Indicator included in last year's Action Plan.

<b>Indicator 4: Couple years of protection (CYP)</b>				
<b>Unit:</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MINSA</b>	<b>Baseline</b>	1992		34,700
		1995	35,200	36,072
		1996		
<b>Comments: In five Health Districts covered by USAID's DHS project</b>		1997		
	<b>Target</b>	1998	38,200	
		1999		
		2000		

<b>Indicator 5: Couple years of protection (CYP)</b>				
<b>Unit:</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Profamilia</b>	<b>Baseline</b>	1992		52,000
		1995	100,000	139,000
		1996		
<b>Comments:</b>		1997		
	<b>Target</b>	1998	150,000	
		1999		
		2000		

<b>Result 3.1: Better nourished women and children</b>				
<b>Indicator 1: Children under 5 years with Vitamin A deficiency*</b>				
<b>Unit: % of children under 5 years with Vitamin A deficiency</b>				
		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: National Nutrition Survey</b>	<b>Baseline</b>	1993		67%
		1996	47%	
		1997		
<b>Comments:</b>		1998		
		1999		
	<b>Target</b>	2000	28%	

\*Indicator included in last year's Action Plan.

Indicator 2: % of children under five receiving Vitamin A supplements*				
Unit: % of children under five receiving Vitamin A supplements				
		Year	Planned	Actual
Source: Pan American Health Organization, MINSA data	Baseline	1993		0
		1995	70%	>80%
		1996	75%	
Comments:		1997	75%	
		1998	80%	
	Target	1999	80%	

Indicator 3: Prevalence of exclusive breastfeeding*				
Unit: % women breastfeeding exclusively				
		Year	Planned	Actual
Source: Family Health Survey	Baseline	1993		11.5%
		1995	13%	N/A *
		1996	14%	
Comments:		1997	16%	
		1998	17%	
		1999	18%	
	Target	2000	20%	

Indicator 4: % of children under 3 stunted (Regions I, II and VI)				
Unit: % of children <3 yrs. stunted				
		Year	Planned	Actual
Source: Family Health Survey and Title II operations research	Baseline	1993		17/8/18
		1996	TBD	
		1997	TBD	
Comments: Baseline data for children <5 (to be revised)		1998	TBD	
		1999		
		2000		

\*Indicator included in last year's Action Plan.

<b>Indicator 5: % of children under 3 underweight (Regions I, II and VI)</b>			
<b>Unit: % of children &lt;3 yrs. underweight</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Family Health Survey and Title II operations research	<b>Baseline</b>	1993	23/23/26
		1996	TBD
		1997	TBD
<b>Comments:</b> Baseline data for children <5 (to be revised)		1998	TBD
		1999	
		2000	

<b>Result 3.2: Increased use of child survival services and practices</b>			
<b>Indicator 1: Vaccination coverage rates - polio3/DTP3/measles*</b>			
<b>Unit: % target population immunized.</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> MINSA/PAHO statistics.	<b>Baseline</b>	1993	94/78/93
		1994	84/74/73
		1995	>80/>80/>80
<b>Comments:</b> MINSA/PAHO data considered high due to double counting.	<b>Target</b>	1996	>80/>80/>80
		1997	>80/>80/>80
		1998	>80/>80/>80
		1999	

<b>Indicator 2: % of children with diarrhea treated with ORS*</b>				
<b>Unit: % of children &lt;5 yrs. w/diarrhea treated w/ORS</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> Family Health Survey	<b>Baseline</b>	1992	54%	
		1993	54%	
		1995	55%	N/A
		1996	56%	
<b>Comments:</b>		1997	57%	
		1998	58%	
		1999	59%	
	<b>Target</b>	2000	60%	

\*Indicator included in last year's Action Plan.

<b>Result 3.3: Increased use of reproductive health services and practices, including HIV/STD</b>			
<b>Indicator 1: Condom use among high risk groups (HIV/STDs)*</b>			
<b>Unit: % condom use among high risk groups</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Baseline data will be collected in 1996	<b>Baseline</b>	1993	2
		1995	N/A
		1996	10
<b>Comments:</b>		1997	
		1998	
		1999	
		2000	

<b>Indicator 2: % of births attended by trained personnel*</b>			
<b>Unit: % births attended by trained personnel</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Family Health Survey	<b>Baseline</b>	1993	60%
		1995	66%
		1996	68%
<b>Comments:</b> Next survey 1997-1998.		1997	70%
		1998	72%
		1999	74%
	<b>Target</b>	2000	75%

<b>Result 3.4: Increased quality and efficiency of primary education</b>			
<b>Indicator 1: Primary school repetition rates (grades 1-4)*</b>			
<b>Unit: % of students repeating each grade</b>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Baseline from RTI repetition study and Ministry of Education	<b>Baseline</b>	1993	40.7/17.1/11.3/11/%
		1995	40.7/17.1/11/11/%
		1996	24/13/10/7%
<b>Comments:</b>		1997	22/12/8/7%
		1998	21/10/7.5/6%
		1999	20/9/6/5.5%
	<b>Target</b>	2000	20/8/5.5/5%

\*Indicator included in last year's Action Plan.

Indicator 2: Achievement test scores*				
Unit: % test scores increase		Year	Planned	Actual
Source: Ministry of Education	Baseline	1995		
		1996	Baseline established	
Comments: Test developed in 1995, data not available until 1996 school year end.		1997		
		1998		
		1999		
		2000		

\*Indicator included in last year's Action Plan.

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To: LASP@bans00034.usaid.gov  
Cc:  
Bcc:  
From: The Cable Room <cablern@uxns0003.usaid.gov>  
Subject: [A]STRATEGY AND FY 96-97 ACTION PLAN FOR NICARAGUA  
Date: Thursday, July 6, 1995 at 8:19:59 am EDT  
Attach:  
Certify: N  
Forwarded by:

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/tell./.95/07/06/00373m

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ORIGIN AID-00

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ACTION OFFICE(S): !LASP  
INFO OFFICE(S): AALA LACE LADP GC GCLA PPAR MB MBPA LRSD  
RDPO AAG PPDC GAPS GEG GDG GEIR HEAL FMAD  
PPCD LPHN STN GPP LEHR ED OPE OPB  
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INFO LOG-00 AGRE-00 ARA-01 TEDE-00 /001R

DRAFTED BY: AID/ LACI SPM:JMEADOWCROFT:JM  
APPROVED BY: AID/AA/LAC:MLSCHNEIDER  
AID/DAA/LAC: EZALLMAN AID/LAC/SPM: JWEBER  
AID/LAC/CEN:KELLIS (DRAFT) AID/LAC/DPB:DCHIRIBOGA (DRAFT)  
AID/GO/LAC: SALLEN (DRAFT) AID/LAC/SPM: ERUPPRECHT (DRAFT)  
ARA/CEN: GMAYBARDUK (INFO) ARA/ECP : BMUSKOVITZ (INFO)  
AID/PPC/PC:VCUSUMANO (DRAFT) AID/M/B:BGREENE (DRAFT)  
AID/LAC/RSD: SEPSTEIN (DRAFT) AID/LAC/RSD:DEVANS (DRAFT)  
AID/LAC/RSD: CDABBS (DRAFT) AID/G/PDSP:TMAHONEY (DRFT)  
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FM SECSTATE WASHDC  
TO AMEMBASSY MANAGUA

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AID ADM

E.O. 12356: N/A  
TAGS:  
SUBJECT: STRATEGY AND FY 96-97 ACTION PLAN FOR NICARAGUA

1. SUMMARY. DURING THE PROGRAM WEEK FOR NICARAGUA, MAY 22-26, 1995, A SERIES OF FORMAL MEETINGS CONSIDERED THE NEW STRATEGY, DEVELOPMENT OBJECTIVES, PROGRAM PERFORMANCE, PROPOSED NEW ACTIVITIES, RESOURCE REQUIREMENTS, AND A  
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BROAD RANGE OF PROGRAM ISSUES. SPECIAL ISSUES WERE REVIEWED IN INFORMAL MEETINGS AMONG MISSION REPRESENTATIVES AND STAFF OF SEVERAL AID/W OFFICES. THE DEVELOPMENT ASSISTANCE EXECUTIVE COMMITTEE (DAEC) REVIEW OF THE NICARAGUA 2000 STRATEGY AND FY 96-97 ACTION PLAN (AP) FOR NICARAGUA WAS HELD MAY 25. THIS CABLE OUTLINES MAJOR ELEMENTS OF THE DISCUSSION AT THE DAEC, DESCRIBES ADDITIONAL ACTIONS REQUESTED, AND RECORDS AGREEMENTS REACHED. IN BRIEF, THE STRATEGY AND AP WERE APPROVED, AS WELL AS TWO OF THE THREE NEW ACTIVITY DESCRIPTIONS (NADS); THE THIRD WAS DEFERRED UNTIL NEXT YEAR. END SUMMARY.

2. THE DAEC REVIEW OF THE NICARAGUA STRATEGY AND FY 96-97 AP WAS CHAIRED BY AA/LAC MARK SCHNEIDER. AMONG THOSE ATTENDING WERE DAA/LAC ERIC ZALLMAN AND REPRESENTATIVES OF VARIOUS LAC, G, M, AND PPC OFFICES. MISSION REPRESENTATIVES WERE MISSION DIRECTOR GEORGE CARNER, CHIEF OF THE MISSION OFFICE OF AGRICULTURE AND RURAL DEVELOPMENT BRIAN RUDERT AND MISSION DEMOCRACY OFFICER TODD ANANI.

3. THE MISSION DIRECTOR PROVIDED A BRIEF OVERVIEW OF THE STRATEGY AND ACTION PLAN IN HIS REMARKS, AS COMPREHENSIVE PRESENTATIONS OF THESE HAD BEEN MADE TO THE AID ADMINISTRATOR, THE AA/LAC, AND THE BUREAU IN GENERAL AT

EARLIER SESSIONS DURING PROGRAM WEEK. THE MISSION DIRECTOR NOTED THAT TWO KEY CHALLENGES REMAIN: THE ELECTIONS IN 1996 AS A MAJOR TEST OF THE DEMOCRATIC TRANSITION; AND CONTINUING THE POSITIVE TRENDS IN ECONOMIC GROWTH. THIS ECONOMIC GROWTH HAS BEEN FUELED BY INCREASED EXPORTS AND IS ALSO EVIDENCED BY THE HARNESSING OF INFLATION AND OPENING OF MARKETS; HOWEVER WIDESPREAD POVERTY AND

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UNEMPLOYMENT REMAIN AND THE CHALLENGE IS TO MEET PEOPLE'S EXPECTATIONS OF THE BENEFITS OF A MARKET ECONOMY AND DEMOCRATIC GOVERNMENT. THIS IS PARTICULARLY TRUE FOR THE 50 PERCENT OF THE POPULATION UNDER AGE 18. USAID STRATEGY FOCUSSES ON CONSOLIDATING THE TWIN TRANSITIONS TO DEMOCRACY AND MARKET ECONOMY.

4. THE AA/LAC NOTED HIS FAVORABLE IMPRESSION OF THE NICARAGUA 2000 STRATEGY STATEMENT AND THAT IT WAS QUOTE A VERY WELL THOUGHT OUT, WELL-CRAFTED, AND WELL-PRESENTED STATEMENT OF WHERE WE SHOULD BE GOING, ENDQUOTE. HE ALSO NOTED THAT USAID ADMINISTRATOR ATWOOD WAS ALSO PLEASED WITH THE PRESENTATION AND FELT THE STRATEGY WAS WELL DONE. THE STRATEGY AND THE ACTION PLAN WERE APPROVED BY THE DAEC.

5. DEMOCRATIC REFORMS AND THE CONSTITUTIONAL CRISIS. WHILE THE GOVERNMENT OF NICARAGUA (GON) IS MAKING SIGNIFICANT PROGRESS TOWARD DEMOCRATIZATION, PROBLEMS REMAIN, THE MOST SIGNIFICANT BEING THE RECENT CONSTITUTIONAL CRISIS, WHICH WAS RESOLVED ON JUNE 16. THE CRISIS CAUSED DIFFICULTIES FOR DONORS AND HELD UP REFORMS SUCH AS THE PRIVATIZATION OF TELCOR.

6. SETTLEMENT OF PROPERTY CLAIMS. A CONCERN RELATED BOTH TO THE CONSTITUTIONAL CRISIS AND TO THE RESOLUTION OF PROPERTY CLAIMS IS THE PRIVATIZATION OF TELCOR, WHICH HAS BEEN HELD UP BY THE CRISIS. THE MINISTER OF FINANCE HAS NOW ISSUED A DECREE ON THE USE OF THE PROCEEDS FROM PRIVATIZATION OF TELCOR. THE AA/LAC INQUIRED ABOUT THE STATUS OF THE 14 REMAINING PROPERTIES OCCUPIED BY ENTITIES

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OF THE GON. THE MISSION DIRECTOR NOTED THAT TWO SUCH PROPERTY CASES HAVE BEEN SETTLED. THE AA/LAC OFFERED HIS ASSISTANCE IN RESOLVING CONSTRAINTS THAT MIGHT INVOLVE OTHER DONORS.

7. PROGRESS IN ECONOMIC POLICY REFORMS. THE AA/LAC ASKED ABOUT THE TIME PERIOD FOR THE INCREASE IN PRIMARY HEALTH CARE FUNDING FROM 23 TO 40 PERCENT OF THE HEALTH BUDGET;

THE MISSION DIRECTOR EXPLAINED THAT THE EARLIER FIGURE IS FROM THE 1980'S AND THAT WHILE THE CURRENT OVERALL SOCIAL BUDGET IS LESS, THE 40 PERCENT REPRESENTS A REAL COMMITMENT TO SPENDING ON HEALTH. THE MISSION DIRECTOR NOTED THAT THE ESAF CONTAINS MONITORING OF FISCAL TARGETS AND REVENUES AND THAT THE IMF IS PROVIDING ASSISTANCE TO IMPROVE THE COLLECTION OF REVENUES. REVENUES HAVE ALSO INCREASED DUE TO THE INCREASE IN COFFEE RECEIPTS-AND TO NEW SOURCES SUCH AS USER FEES. THE AA/LAC ALSO ASKED WHAT WAS BEING DONE ABOUT AN INCOME TAX AND TO ENFORCE PAYMENT OF TAXES; THE MISSION DIRECTOR NOTED THAT A TAX ENFORCEMENT UNIT EXISTS AND THAT MORE PEOPLE ARE NOW PAYING TAXES. THE AA/LAC NOTED THAT WE NEED TO CONTINUE TO LOOK AT THIS AREA AND THAT A STRATEGY TO IMPROVE TAX COLLECTION WAS NEEDED.

8. TITLE II AND III PROGRAMS. THE AA/LAC ASKED FOR FURTHER INFORMATION ON THE CASE TO BE MADE FOR TITLE III FUNDING FOR NICARAGUA. THE MISSION DIRECTOR NOTED THAT IF USAID GETS THE DOLS 50 MILLION RESTORED FROM THE RESCISSION, IT IS LIKELY TO GO TO OTHER LAC COUNTRIES RATHER THAN NICARAGUA, BUT THAT A STRONG CASE CAN BE MADE FOR

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NICARAGUA. THE AA/LAC REQUESTED THAT THE CASE FOR  
NICARAGUA BE PRESENTED, INCLUDING BOTH INDICATORS NEEDED  
BY PPC AND BHR, AND OTHER ELEMENTS THE MISSION DEEMS  
RELEVANT TO ANY DECISION. AT A SIDE MEETING ON MAY 24  
BETWEEN THE MISSION AND BHR, THREE PROPOSALS FOR TITLE II  
PROGRAMS WERE DISCUSSED BUT WILL NOT BE FORMALLY REVIEWED  
UNTIL JULY.

9. INCORPORATION OF GENDER. AA/LAC SCHNEIDER NOTED THAT  
HAVING A POINT PERSON ON GENDER FOR EACH SO TEAM IS A GOOD  
IDEA AND OUGHT TO BE DONE BY EVERY MISSION. THE LAC/WID  
ADVISOR NOTED THAT THIS CAN BE COORDINATED BY THE MISSION  
-WID OFFICER. THE WID ADVISOR ALSO PROVIDED WRITTEN  
SUGGESTIONS TO THE MISSION ON GENDER IN THE STRATEGY AND  
INDICATORS. THE MISSION DIRECTOR INDICATED THAT GENDER  
WOULD BE FULLY INCORPORATED INTO THE STRATEGY.

10. PERFORMANCE INFORMATION AND REPORTING. THE AA/LAC ALSO  
NOTED THAT THE MISSION NEEDS TO IMPROVE ITS CDIE RATING ON  
PERFORMANCE INFORMATION. THE MISSION DIRECTOR AGREED AND  
SAID THE MISSION WOULD SUBMIT ADDITIONAL PERFORMANCE  
INFORMATION WHICH IS AVAILABLE FROM THE FY 95-96 AP. THE  
AA/LAC PRAISED THE PERFORMANCE HIGHLIGHTS INCLUDED IN THIS  
YEAR'S AP, BUT REQUESTED THAT THE INFORMATION ON CIAV AND  
HUMAN RIGHTS GROUPS' ACCOMPLISHMENTS INCLUDE MORE CONCRETE  
RESULTS.

IN SIDE MEETINGS INFORMATION ON INDICATORS WAS PROVIDED TO  
MISSION REPRESENTATIVES.

HEALTH. LAC/RSD/PHN AND THE MISSION AGREED TO CHANGE THE  
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WORDING OF PO 3 TO QUOTE BETTER NOURISHED WOMEN AND  
CHILDREN UNQUOTE, AND AGREED TO INCLUDE MATERNAL MORTALITY  
AS AN SO INDICATOR. THE MISSION ALSO AGREED TO CONSIDER  
INDICATORS TO REFLECT THE EMPHASIS ON ADOLESCENTS AND  
REPRODUCTIVE HEALTH AND TO EXPLORE DATA SOURCES THAT COULD  
BE REPORTED IN NON-SURVEY YEARS; LAC/RSD/PHN SENT A  
SEPARATE E-MAIL WITH SPECIFIC INFORMATION ON INDICATORS.

NUTRITION. LAC/RSD ADVISED THE MISSION TO CORRECT  
REFERENCES TO WASTING AND ACUTE MALNUTRITION IN THE  
STRATEGY 2000 ANALYSIS AND THE AP (MAP ON PAGE 22, AND  
SECOND PARAGRAPH ON PAGE 23). THE TERMS WASTING AND ACUTE  
MALNUTRITION SHOULD BE REPLACED WITH THE TERM  
UNDERNUTRITION. WEIGHT FOR AGE, CITED BY THE MISSION, IS A  
COMPOSITE MEASURE OF MALNUTRITION, USUALLY REFERRED TO AS  
UNDERNUTRITION. WASTING REFERS TO A WEIGHT FOR HEIGHT  
MEASURE AND IS AN INDICATOR OF ACUTE MALNUTRITION.  
CHILDREN WHO ARE SEVERELY WASTED ARE AT HIGH RISK OF  
DYING. BUT IN NICARAGUA, THE MAIN NUTRITIONAL PROBLEM IS  
CHRONIC MALNUTRITION, OR SHORT HEIGHT FOR AGE, AND THE  
MISSION MAY WANT TO USE THIS INDICATOR. THE DIFFERENCE  
BETWEEN ACUTE AND CHRONIC MALNUTRITION IS IMPORTANT AND  
THESE REQUIRE DIFFERENT RESPONSES.

11. HUMAN RIGHTS. THIS DABC ISSUE INVOLVED THE IMPACT OF  
HUMAN RIGHTS CONCERNS ON MISSION PROGRAMS. THE MISSION  
DIRECTOR POINTED OUT THAT DELAYS IN CASES PERPETUATE THE  
PERCEPTION OF IMPUNITY, BUT THAT THE SUCCESS IN  
STRENGTHENING HUMAN RIGHTS ORGANIZATIONS AND ESTABLISHING  
THE HUMAN RIGHTS OMBUDSMAN OFFICE WILL BUILD PUBLIC  
CONFIDENCE. THERE IS A NEED TO DO MORE TO  
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INTERNATIONALIZE SUPPORT FOR HUMAN RIGHTS, AND THE AA/LAC  
AGREED THAT IT WOULD BE WORTHWHILE FOR THE DONORS TO GET  
TOGETHER TO PUT PRESSURE ON THE CON TO FURTHER ADDRESS  
HUMAN RIGHTS CONCERNS. THE AA/LAC ALSO SUGGESTED THAT  
INTERAMERICAN HUMAN RIGHTS SEMINARS WOULD BE A GOOD WAY TO  
ADDRESS PARTISAN DIVISIONS IN THE HUMAN RIGHTS COMMUNITY  
AND THE LAC/DHR REPRESENTATIVE NOTED THAT SOME FUNDS ARE  
AVAILABLE FOR THIS. LAC/CEN AND AA/LAC AGREED THAT THE CG  
WOULD ALSO BE A GOOD FORUM TO PRESS HUMAN RIGHTS CONCERNS.

THE MISSION DIRECTOR POINTED OUT THAT THE TRIPARTITE COMMISSION REPORT WAS VERY HARD HITTING; THIS HAS BEEN PRESENTED TO THE GON AND THE MILITARY, BUT THERE ARE NO RESULTS YET. THE AA/LAC NOTED IT WOULD HELP TO KNOW IF THE TRIPARTITE COMMISSION HAD ANY THING TO SAY ABOUT THE U.S.

CONGRESS RECOMMENDATION THAT ASSISTANCE TO THE GON BE TERMINATED IF THE TRIPARTITE COMMISSION RECOMMENDATIONS WERE NOT IMPLEMENTED. THE MISSION DIRECTOR POINTED OUT THAT THE INVESTIGATION OF THE LA NARANOSA KILLINGS WAS SIGNIFICANT IN THAT A CIVIL COURT WAS ABLE TO CARRY OUT ITS PROCEEDINGS ON EVENTS INVOLVING THE MILITARY. STATE ARA/CEN AGREED THAT IT WAS IMPORTANT THAT THE PRECEDENT WAS SET FOR CIVILIAN CONTROL OF THE MILITARY.

12. EDUCATION POLICY THE MINISTER OF EDUCATION INDICATED THE REQUIREMENT THAT SIX PERCENT OF THE NATIONAL BUDGET GO TO UNIVERSITIES, THE AA/LAC ASKED WHAT COULD BE DONE TO MOVE FORWARD POLICY DIALOGUE ON EDUCATION FINANCE TO REALLOCATE RESOURCES TO PRIMARY EDUCATION AND TO INVOLVE THE UNIVERSITY IN ASSISTING PRIMARY EDUCATION.  
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LAC/RSD/EHR REPRESENTATIVES POINTED OUT THE NECESSITY OF POLICY DIALOGUE TO BUILD A LOCAL CONSTITUENCY FOR CHANGE AND THE MISSION DIRECTOR POINTED OUT THAT IN RECENT DISCUSSIONS, THE UNIVERSITY STAFF AND THE MINISTER OF EDUCATION INDICATED THEIR UNDERSTANDING OF THE NEED TO RAISE THE EDUCATION LEVEL OF THE POPULACE IN GENERAL TO INCREASE EMPLOYMENT; THE MINISTER OF EDUCATION AND THE CABINET ARE ON BOARD SUPPORTING THE NEED FOR INCREASED PRIMARY EDUCATION. THE MISSION DIRECTOR POINTED OUT THE NEED TO DISCUSS EDUCATION REFORM AS A WHOLE, AND FOR USAID ALONG WITH OTHER DONORS SUCH AS THE WORLD BANK AND INTERAMERICAN DEVELOPMENT BANK TO CONTINUE TO PRESSURE THE GON; AND THE AA/LAC OFFERED HIS ASSISTANCE IN DISCUSSIONS WITH THE EXECUTIVE LEVEL OF THESE OTHER DONORS AND ALSO SUGGESTED THAT THE CG NIGHTPRESS TO RESOLVE THESE EDUCATION FINANCE ISSUES.

13. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NADS WERE REVIEWED BY THE DAEC:

PROJECT NUMBER	PROJECT NAME	LOP AMOUNT (DOLS 000)	RECOMMENDED ACTION
FY 96			
524-0347	RURAL CREDIT UNIONS	2000 (INCREASE) 5000 LOP	APPROVAL DELEGATE

STATE INDICATED SOME CONCERN AT EARLIER LIMITED SUCCESS OF CREDIT UNIONS IN NICARAGUA. THE MISSION DIRECTOR POINTED  
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OUT THAT THESE EFFORTS OCCURRED NEAR THE TIME THE USAID PROGRAM WAS CLOSED IN THE LATE 1970'S, AND THAT NOW OTHER DONORS INCLUDING IDB WERE MAKING COMMITMENTS TO GET CREDIT AVAILABLE TO FARMERS. THE AA/LAC POINTED OUT THAT THE INTENT IS TO CREATE MECHANISMS THAT WILL GET CREDIT DOWN TO SMALL FARMERS, AND THE MISSION DIRECTOR NOTED THAT SMALL ENTREPRENEURS AND A DIVERSIFIED SET OF BORROWERS WILL ALSO BENEFIT FROM THE CREDIT UNIONS' MOBILIZATION OF LOCAL FUNDS.

FY 96

524-0314	NATURAL RESOURCES MANAGEMENT	5000 (AMEND) 16000 LOP	APPROVAL DELEGATE
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CONCERN WAS EXPRESSED ABOUT THE PREVIOUS STATUS OF THE NATURAL RESOURCES MANAGEMENT (NRM) PROJECT. THE MISSION DIRECTOR POINTED OUT THAT IT HAS NOW ACHIEVED A "B" RATING UNDER THE NEW LEADERSHIP OF THE PRIVATE SECTOR ORIENTED NRM MINISTER, AND THAT THE MISSION HAS EFFECTIVE

INVOLVEMENT WITH THIS PROJECT BOTH AT THE LEVEL OF THE ENVIRONMENT OFFICER AND FROM THE DIRECTOR'S OFFICE. THE NRM PROJECT HAS ENLARGED THE NUMBER OF PARTNERS TO INCLUDE U.S. PVOS AND LOCAL NGOS AND PEACE CORPS AND HAS MODEL INVOLVEMENT WITH COMMUNITIES IN NRM EFFORTS; IT ALSO HAS MADE SIGNIFICANT PROGRESS IN GETTING NEW ENVIRONMENTAL LEGISLATION PASSED, AND IN INSTITUTIONAL STRENGTHENING. THE AA/LAC ACKNOWLEDGED THIS PROGRESS AT THE SAME TIME HE ENCOURAGED THE ACHIEVEMENT OF AN "A" LEVEL BY THE PROJECT.

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FY 97 REPRODUCTIVE 12000 LOP DEFER  
HEALTH

THE AA/LAC RECOMMENDED THAT A DECISION ON AN FY 97 PROJECT BE DEFERRED, AND THE MISSION DIRECTOR AGREED. PRIOR TO THE

DAEC A SIDE MEETING WAS HELD BETWEEN GLOBAL AND LAC BUREAU TECHNICAL STAFF AND MISSION TECHNICAL OFFICERS TO DEAL WITH THEIR CONCERNS ON THIS MAD. AID/W PHN STAFF COMMENDED THE MISSION FOR THEIR PLANS TO INTEGRATE HIV/STD SERVICES INTO EXISTING SERVICES. G/PHN ADVISED THE MISSION THAT HIV TESTING KITS COULD BE OBTAINED FOR AN INITIAL ASSESSMENT, BUT WAS CONCERNED ABOUT THE RECURRENT COSTS INVOLVED IN CONTINUING PROCUREMENT OF THE KITS. THE MISSION AGREED TO SEEK APPROPRIATE WAIVERS AND EXPLORE A PHASE OUT PLAN FOR COMMODITIES AND RECURRENT COSTS, DURING PROJECT DESIGN. THE MISSION ALSO AGREED TO SUBMIT A REQUEST TO G FOR TECHNICAL ASSISTANCE IN THE NEAR FUTURE FOR PROJECT DESIGN, WITH THE UNDERSTANDING THAT ASSISTANCE FROM G MIGHT NOT BE POSSIBLE. IF G STAFF ARE NOT AVAILABLE, THEY WILL PROVIDE A LIST OF CONSULTANTS WHO COULD BE CONTRACTED BY THE MISSION.

14. FINALLY, THE AA/LAC NOTED THAT THE SECTION OF THE AP ON WORKFORCE AND MANAGEMENT WAS VERY WELL DONE. THE MISSION DIRECTOR NOTED THAT THIS WAS A RESPONSE TO THE AIDIW REQUEST FOR VARIOUS BUDGET SCENARIOS AND THE ILLUSTRATIONS OF REDUCTIONS REPRESENT THE MISSION SHARE IF SUCH CUTS ARE NECESSARY, BUT THEY ARE NOT NECESSARILY VOLUNTEERING FOR SUCH REDUCTIONS. ALSO, A DISCREPANCY WAS NOTED IN THE LEVELS OF PSCS AUTHORIZED FOR THE MISSION.

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THE MISSION DIRECTOR SUBSEQUENTLY CLARIFIED THAT THE USPSC -LEVELS REFER ONLY TO THE THREE OE FUNDED USPSCS AND THE OTHER AUTHORIZED SIX USPSCS ARE PROGRAM FUNDED AND DO NOT APPEAR IN THE OE TABLE.  
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