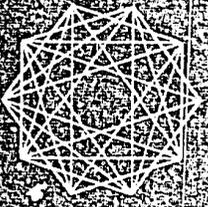


PM 1981-923-3772



PADCO

PLANNING AND DEVELOPMENT COLLABORATIVE INTERNATIONAL, INC.

**NICARAGUA**

**MUNICIPAL GOVERNMENT ASSESSMENT**

**FINAL REPORT**

**JUNE 1992**

PROVIDES GOVERNMENTS AND OTHER DEVELOPING COUNTRIES WITH SERVICES AND MANAGEMENT TRAINING TO IMPROVE LOCAL GOVERNMENT FOR URBAN, RURAL AND REGIONAL DEVELOPMENT

**NICARAGUA  
MUNICIPAL GOVERNMENT ASSESSMENT**

**FINAL REPORT**

**Prepared for  
United States Agency for International Development/Nicaragua  
(USAID/NICARAGUA)  
Managua, Nicaragua**

**Prepared by  
Planning and Development Collaborative (PADCO, Inc.)  
1012 N Street, NW  
Washington, DC 20001**

**IC No. PDC-1008-1008-1-0069-00**

**D.O. 22**

**June 1992**

# TABLE OF CONTENTS

## PREFACE

## INTRODUCTION

## PART I: BASIC RECOMMENDATIONS

<b>I. THE CONTEXT FOR ACTION IN THE MUNICIPAL SECTOR</b> .....	<b>2</b>
<b>A. RATIONALE FOR AID's INVOLVEMENT</b> .....	<b>3</b>
1. Basic Premise .....	3
2. GON and Donor Institution Initiatives .....	3
3. The Opportunities for AID/Nicaragua .....	4
<b>B. PRIORITY ISSUES TO BE ADDRESSED</b> .....	<b>4</b>
1. Decentralization Strategies .....	4
2. Municipal Finance .....	6
3. Capital Investment Mechanisms .....	9
4. Community Representation and Participation .....	10
5. Municipal Support Institutions .....	14
<b>II. RECOMMENDATIONS FOR FOLLOWUP ACTION</b> .....	<b>16</b>
<b>A. RECOMMENDED APPROACHES</b> .....	<b>16</b>
1. The Selective Targeting of AID/Nicaragua Interventions .....	16
2. Organization and Management of the Process .....	17
3. The Need for a Strategic Policy Framework .....	17
<b>B. PROPOSED STRATEGIC POLICY AND PROGRAM         DEVELOPMENT</b> .....	<b>18</b>
1. Municipal Typologies/Targets .....	18
2. Municipal Finance .....	19
3. Technical Assistance and Training .....	19
4. Local Governance and Community Participation .....	19
<b>C. SUPPORT FOR THE FORMATION OF MUNICIPAL         ASSOCIATIONS</b> .....	<b>20</b>

## Table of Contents, continued

### PART II: BASIC ANALYSIS

I.	URBAN AND ECONOMIC COUNTRY PROFILE .....	21
II.	DEMOCRATIC AND PARTICIPATORY SYSTEMS AND PROCESSES .....	30
A.	DECENTRALIZATION AND MUNICIPAL GOVERNMENT .....	30
1.	The Evolution of Municipal Government Mandates .....	30
2.	Current Municipal Mandates and Functions .....	31
3.	Local Government Structure .....	33
4.	The Broader Institutional Environment of Local Governments .....	36
B.	MUNICIPAL AND COMMUNITY EMPOWERMENT .....	45
1.	Municipal Associations .....	46
2.	The Community Participation at the Municipal Level .....	47
3.	Training and Technical Assistance Needs .....	70
III.	MUNICIPAL FINANCE IN NICARAGUA .....	94
A.	AVAILABILITY OF INFORMATION .....	94
B.	MUNICIPAL REVENUES .....	94
1.	Recurrent Revenues .....	94
2.	Capital Revenues .....	96
C.	MUNICIPAL EXPENDITURES .....	97
D.	THE SPECIAL CASE OF MANAGUA .....	98
E.	INTERGOVERNMENTAL FINANCE .....	99
F.	RECENT DEVELOPMENTS .....	100

### PART III: ANNEXES

ANNEX I:	Conclusiones del Seminario Sobre la Decentralización y el Desarrollo Municipal en Nicaragua
ANNEX II:	Bibliography
ANNEX III:	People Interviewed

## **PREFACE**

This report, "Nicaragua Municipal Government Assessment," was prepared by PADCO under contract to USAID/Nicaragua.

The report is based on field work in Nicaragua carried out between October 1991 and February 1992, and the text reflects conditions as of that time. The survey process consisted primarily of review of prior studies and analyses, plus interviews with national and local government officials and other relevant informants.

The PADCO Assessment Team included the following specialists:

<b>Joseph E. Arington</b>	<b>Home Office Principal-in-Charge</b>
<b>Miguel A. Cordova</b>	<b>Team Leader</b>
<b>David Grossman</b>	<b>Municipal Finance</b>
<b>Francisco Echegaray</b>	<b>Municipal Mandates/Institutional Structure</b>
<b>Luisa Amanúa Pérez</b>	<b>Community Participation/Empowerment</b>
<b>Robert Kehew</b>	<b>Training and Technical Assistance</b>

We would like to express our appreciation to the many officials of USAID and the national and local government in Nicaragua who provided time and advice as well as access to the information required to produce this report.

# NICARAGUAN MUNICIPAL GOVERNMENT ASSESSMENT

## INTRODUCTION

One of the basic political objectives of the current government in Nicaragua is the consolidation of a democratic system based on wide social citizen participation. A fundamental proposition of the new government is the democratic reform of the state's legal structure by developing those institutions required for it to function democratically. Municipalities are among the institutions considered essential for the support of a democratic system. These organizations work under democratically elected leadership with direct responsibility to the local citizens that vote for them.

During the previous government, virtually all political power was centralized in the hands of the National Government. This left the municipal administration in a financial situation of great weakness which, in turn, diminished the influence of local government in the political structure of the country.

However, a new Municipal Law was introduced in 1988 which delineates the areas of action for the Nicaraguan municipality. In 1990, another law created the Instituto Nicaragüense de Fomento Municipal (INIFOM), the support institution for local government. The current government has instituted some measures to rescue the municipality from the power vacuum into which it had fallen. They constitute a manifestation of political will to develop the municipality in the context of a new process of decentralization.

The objective of this report is to present: 1) recommendations and strategies for possible further involvement of the AID/Nicaragua in the municipal sector; and, 2) the results of an analysis of key areas of the municipal sector for purposes of gaining a clear understanding of the municipal system as a whole.

This report is organized in three Parts. *PART I, Basic Recommendations*, provides recommendations to the Mission for possible interventions in the municipal sector. It highlights the rationale for AID's involvement, identifies priority issues to be addressed, and proposes followup actions. These are based on the analysis of key areas of the municipal sector carried out by the PADCO team and presented in *PART II, Areas of Analysis*. Finally, *PART III, Annexes*, presents the conclusions reached in the Seminars held with municipal and central government officials to discuss the results of the analysis. It also includes a bibliography of documents consulted as well as a list of persons/institutions interviewed.

## **PART I: BASIC RECOMMENDATIONS**

This section of the report provides recommendations to AID/Nicaragua on possible interventions in the municipal sector. They are based on the results of the municipal sector assessment carried out by PADCO (see *Part Two: Areas of Analysis*) and on the conclusions reached in the Seminar on Municipal Development held in Montelimar the January 28-29, 1992 (see Annex D), as part of the third phase of the study. The recommendations reflect the concerns of Nicaraguans related to the municipal sector; and, hopefully, should help USAID/Nicaragua to identify opportunities for support of municipal development. The main elements that could constitute a possible agenda to fulfill this goal are presented in the following sections.

### **I. THE CONTEXT FOR ACTION IN THE MUNICIPAL SECTOR**

#### **A. RATIONALE FOR AID'S INVOLVEMENT**

##### **1. BASIC PREMISE**

Central and local government officials and international organizations interviewed during the study recognized the importance of decentralization and municipal development in consolidating democracy in Nicaragua. A basic premise underlying this recognition is that municipalities, as permanent institutions with elected representatives, are closest to the people and can be more responsive to local needs while increasing citizen participation in the local development process.

##### **2. GON AND DONOR INSTITUTION INITIATIVES**

It is imperative to design and implement a sound strategy for municipal development in the country. This need has been raised over and over again by central government and local elected officials and international organizations that were interviewed. The timing for tackling this problem cannot be better. In fact, the municipal law is relatively new and is a useful legal tool to support the design of a national strategy for municipal development. INIFOM, the government institution recently created to support municipal development, is trying to understand and define its role. The central government talks about decentralization and deconcentration, sometimes without clarity on those terms, and some Ministers (Education and Health) are trying to encourage and put in place decentralization policies. There is an experiment underway on delegated administration of water supply that may lead to the staged transfer of INAA's functions to the municipalities.

Development of the municipal sector would be an important and relevant way to consolidate and strengthen democracy in Nicaragua. The field is open to new ideas and approaches and has not yet acquired vices that can be found in other Central American countries. Nevertheless, the capacity of the central government, the elected officials, and INIFOM is insufficient to launch a serious analysis on the matter and would require technical assistance to do so. Multilateral and other bilateral development agencies are providing some piecemeal assistance in the sector,

**Previous Page Blank**

without any coherent plan of action. It is safe to say that there are pieces of the puzzle spread around. Someone has to pick them up. This opens a clear opportunity to the Mission.

### **3. The Opportunities for AID/Nicaragua**

The present situation presents AID/N with a unique *opportunity* to strengthen democracy in Nicaragua by increasing citizen participation in local democratic processes and improving the capacity of municipal governments to respond to the needs of their constituents.

This could be accomplished by *assisting* GON to set the essential policy and institutional base which would be required at the national and local levels to strengthen the capacities of municipal governments on a sustainable long-term basis.

The following section identifies and discusses the priority policy and institutional issues to be addressed in the municipal sector.

## **B. PRIORITY ISSUES TO BE ADDRESSED**

### **1. DECENTRALIZATION STRATEGIES**

#### **Issue**

**The lack of a coherent set of policies and strategies to guide the progressive transfer of authority, responsibilities and resources to local governments.**

#### **Discussion**

##### **a. Decentralization**

Decentralization is understood as the transfer of specific authority and responsibility to organizations that do not belong to the central government administration and which are not subordinated to it. Effective decentralization requires not only the transfer of responsibilities but also the resources required to carry out associated functions effectively. The clear functional definition of the respective central and municipal government responsibilities requires the identification of: 1) solely held or independent functions; 2) shared functions; and, 3) delegated functions.

##### **b. Municipal Autonomy**

In order to carry out responsibilities efficiently, a municipal government must have a clearly defined level of autonomy with respect to other levels of government, most particularly the executive power of government. The concept of municipal autonomy refers basically to the form and nature of the central-municipal government relationship and implies the distribution of power to govern, emanating from the population, in different environments and levels. The state recognizes those areas in which powers should not be implemented through central institutions but rather through municipal governments that possess the mandate and capacity for self government within determined limits.

Autonomy does not refer to a delegation of functions nor an administrative deconcentration of powers. Rather, it incorporates the definition of specific political jurisdiction of authority related to the geographical area within which the municipal government exercises its power. At least three key aspects need to be examined, as follows:

- 1) *Political autonomy*, refers to the right of a municipality to establish local development objectives and to select and implement strategies, policies, plans and programs required to achieve those objectives.
- 2) *Administrative autonomy*, refers to the right of a municipality to define and implement an internal organization and management structure to meet its assigned responsibilities.
- 3) *Financial autonomy*, refers to the freedom of a municipality to set, collect, administer and use local fees and taxes of exclusive municipal jurisdiction.

Hence, decentralization and autonomy are concepts contrary to the concept of subordination.

Decentralization and autonomy are basic concepts to constitute a process to open a new understanding of the Nicaraguan municipalities. These are desirable goals to achieve, especially after decades of strong centralization policies and administration. A new scheme that empowers municipal autonomy is certainly a positive step forward.

Although many central government officials have expressed interest in promoting decentralization, thus far there are few deeds that support that expressed intention. This is not a calculated attitude of central government. The simple truth is that, thus far, no one has seriously analyzed the matter in a systematic way.

A first conclusion is that in Nicaragua there is no decentralization and there is no autonomy, regardless of the legal mandate and regardless of several functions recently acquired by the municipalities. The central government exercises the right to approve or disapprove decisions reached by municipalities, like the budget and the tax plan two crucial instruments for municipal management.

In government circles, decentralization is sometimes confused with privatization, and is understood only regarding changes in central government. It is necessary to correct this distortion.

A decentralization policy should enable municipal governments to be the agents of their own integral development, which is different from just providing a limited number of services. The latter is important for local governments but does not exhaust its mandate.

A decentralization process requires a strategy which incorporates political as well as technical, administrative, and financial elements. Since the central government would transfer powers to municipalities it is imperative that political will exists on the part of the central government to do so. This process can rely on the existing municipal law and its regulation. Both provide the flexibility and sufficient municipal mandates to support the strategy.

Transfer of functions in a decentralization strategy should be done gradually. Perhaps as a first step, by delegating administration of new services that would eventually be transferred completely to municipalities. Also, the size and technical capacity of each municipal government must be considered in determining which specific responsibilities should be transferred and to what extent.

A uniform transfer would be a mistake and could defeat the purpose of decentralization. In any event, decentralization should be supported by integral training and technical assistance programs suited to each case.

### **AID's Interest**

The formulation of a decentralization strategy, as discussed above, would provide the essential basis for the Mission to selectively support GON policy on the matter and to institute a development agenda.

## **2. MUNICIPAL FINANCE**

### **Issue**

The extreme scarcity of revenue available to municipal governments to support the recurrent budget and development investment.

### **Discussion**

There is an urgent need to take policy and administrative measures to improve municipal finance. There are a number of problems that constrain the financial capacity of local governments. Some can be solved by upgrading municipal management, but others require national policy decisions and legislative changes.

#### **a. Resource Mobilization**

Improved resource mobilization is essential. Three areas are of particular concern: 1) tax collection; 2) cost recovery; and 3) access to credit.

### **Tax collection**

The present widespread evasion and late payment of local taxes is a serious problem for municipalities. This results in revenue shortfalls and saps the capacity and credibility of local officials. While much should be done to improve the structure of local tax systems so as to improve collection capability, there is also ample scope for immediate efforts to improve revenue collection under existing authority. Postponing efforts to strengthen tax collection until municipal service quality improves—the excuse offered by some local officials—is an unwise and unrealistic approach.

Nicaraguan municipalities are privileged with three taxes recognized by specialists as the best taxes a municipality can have, namely, real property taxes, sales taxes, and taxes on motor vehicles. However, in order to maximize the potential of this favorable tax base, it is imperative to improve the collection of these taxes.

- The real property tax, recently transferred partially to municipalities, is the single resource relied on most commonly by local governments throughout the world. But to be an effective

local resource in Nicaragua, three critical features need to be put in place: 1) an adequate cadastral base of maps and property records; 2) an effective system for assessing property values; and 3) the local government must have discretionary authority to vary the tax rate—at least sufficiently to keep pace with inflation. Significant efforts are required to strengthen the property tax system.

- The vehicle tax, also recently transferred to municipalities, is levied on the value or on the ownership of a motor vehicle and is a potentially productive and efficient tax for local government. It is generally progressive because vehicle owners are generally wealthier than other citizens and—especially if linked to national systems of vehicle registration—is inexpensive and easy to collect. This is a tax that would be most productive for the country's major cities where motor vehicle use generates the greatest demands on streets and services. The management of this tax needs to be upgraded by providing assistance to municipalities that do not have experience on the administration of this new tax.
- The sales tax, either in its direct form or as a value-added levy, is another appropriate and effective local tax, especially in situations where it can be linked as a local surcharge on the rate of a nationally-collected sales tax. This tax is a common mainstay of cities in the United States and elsewhere in the industrialized world.

### **Cost Recovery**

The same serious shortfalls in revenue collection characterize many service delivery systems for which full cost recovery should be achieved. This is especially important for services such as water, drainage, and lighting where the failure to collect legitimate charges seriously hampers efforts to delivery of adequate services. Such failure also limits the possibility of extending services benefit to low-income residents because of revenue shortfalls.

### **Access to Credit**

Expanding the ability of municipal governments to borrow so as to finance long-term capital infrastructure investments would be of major benefit, especially for the country's larger cities. Efforts to expand credit availability must, however, be based on realistic interest rates sufficient to repay the loans after inflation and on sound lending policies that assure repayment of principal through insistence on collateral and other standard practices. For the near future, credit for municipal governments is likely to come only through public or parastatal institutions, but a long-range goal should be strengthening municipal management to the point where the private sector is willing to provide credit as well.

An enormous body of knowledge and experience in municipal government already exists in Central America. Both at the national and local levels (especially in the larger cities), there are people who have information that ought to be shared with their peers in other localities and countries. Expanding the opportunities for such interchange in Nicaragua offers a cost-effective approach to upgrading governmental capacity and competence.

## **b. Financial Autonomy**

Financial autonomy refers to the freedom of a municipality to set, collect, administer and use local fees and taxes of exclusive municipal jurisdiction.

At present, municipalities in Nicaragua are subject to the requirement of annual approval of their revenue-raising authority by the executive branch, through the Ministry of Finance. This takes the form of requiring approval of a detailed plan or schedule of local taxes and service charges, called the "plan de arbitrios". An important step toward effective home rule would be adoption of a Municipal Tax Code or other legislation making permanent the revenue-raising authority of local governments in a form that at least allows them reasonable flexibility to increase (or decrease) rates. Without this, municipal authorities are subject to continual second-guessing by national authorities and much of the potential for decentralization is destroyed.

Another significant obstacle to municipal financial autonomy is the oversight role played by central government, even though in many cases the central role is justified by the fear—unfortunately, on occasion well-founded—that local authorities will behave irresponsibly without close supervision in addition to the control of the national Comptroller's Office. The goal should be to limit the intervention of central government to such actions as: providing training and technical assistance, including written guidelines on effective local administration; establishing standards for accounting and other financial controls; and carrying out post-review of the financial actions taken by local governments. Pre-audit, pre-approval of local budgets, such as is now done, is a serious handicap to effective decentralization.

## **c. Financial Management**

The key financial management systems—especially budgeting and accounting—of local governments need to be improved. The serious flaws that now exist in many localities offer too ready an excuse for central officials already skeptical of the potential benefits of decentralization. In addition, it is essential to increase the number and improve the quality of financial management personnel in local government.

## **d. Intergovernmental Transfers**

Municipalities in Nicaragua receive insignificant transfers from central government. This seems good as it makes—theoretically—municipalities more autonomous. However, in practice, due to low revenue levels in local governments, this theoretical autonomy is destroyed by the fact that municipal governments must depend on the central government, its ministries and autonomous agencies for the national local capital investment.

The mechanisms required to introduce National Revenue-Sharing should be studied. Even with improvements in local revenue-raising capacity, such as those recommended above, there will still be a critical need for national governments to share their more ample resources with municipalities. This is especially the case for the many poor rural and quasi-rural localities. One important feature to consider is whether a percentage share of all central revenue is the most appropriate basis for such a system and, if so, what percentage level is likely to prove affordable for central

governments over the long run. The experience of Guatemala with its revenue-sharing system is one from which Nicaragua can learn. The effectiveness of distribution formulas and the impact of intergovernmental transfers on local revenue generation in Guatemala are among the areas which should be reviewed.

Economic development is a vital goal for Nicaragua. If substantial national resources are to be committed to revenue-sharing with local governments, it would be appropriate to use such programs to direct resources where they will have the greatest impact on productivity and economic development. Distribution formulas that give equal weight to all municipalities—whatever their population or growth potential—are not consistent with this standard. The provision of incentives for local revenue generation within the distribution formula is also a critical consideration.

Another feature of intergovernmental revenue-sharing that needs careful review is whether there are constraints or limits that are unnecessary or inefficient. In Guatemala's program, for example, the prohibitions on using funds for the engineering and legal staffs essential to sound contracting, or for even minimal use to maintain or operate newly-built capital facilities, could well be eased. The new program in Honduras, or the modest program that now exists in El Salvador, both of which allow use of a modest portion of the funds for recurrent budget functions, appear sound in this regard.

### **3. CAPITAL INVESTMENT MECHANISMS**

#### **Issue**

**The lack of mechanisms for the allocation of investment capital in municipalities to meet the critical need for basic services and infrastructure.**

#### **Discussion**

Throughout the regions visited, all elected officials, without exception, reported an enormous need to build basic infrastructure, that is, water supply, sewerage, power, sanitary facilities. This is a shopping list that all organized citizen groups present to the local governments. The need for basic infrastructure is the most visible feature and is a well-known fact that does not need to be documented here. Nevertheless, capital investment needs are more complex and take different forms in different localities. It is imperative, together with legislative and policy reform, to assist local governments with capital investment funds to facilitate their long-term sustainable development.

There are no institutions in Nicaragua set up to channel financial assistance to municipalities, other than INIFOM (that administers a small fund for municipal small projects) and FISE (that is a transitory emergency institution). Both provide non-reimbursable grant money to municipalities, and each has specific mandates and objectives.

The failed experience of municipal banks in Honduras and elsewhere suggests that it would be ill advised to set up a municipal financial institution in Nicaragua. It does not appear suitable either to use INIFOM as a financial institution, partly because it was not created for that purpose,

and partly because it could eventually become a centralized and powerful institution like IFAM in Costa Rica. This would break the fragile equilibrium that exists today between INIFOM, an autonomous central government institution, and the local governments. It is not clear either that INIFOM could easily or reasonably develop a financial capacity of that sort. So the down-sides for INIFOM are many.

It thus seems necessary to set up a special fund and devise an allocation mechanism to channel capital investment funds to municipalities. The central government might be the logical institution to participate in this effort and administer such a fund. Alternately, a fund managed by a national federation of municipalities or through a private-public sector mechanism might be considered. These institutional alternatives will require further study as will the design of those mechanisms which are appropriate to both large and small municipalities.

The larger municipalities might have a mechanism that would allow direct channeling of funds. This would require a study to identify the municipalities with capacity to absorb funds directly. Control mechanisms should be set up to monitor the disbursements and uses of the funds.

It is unlikely that smaller municipalities will have the technical capacity to absorb direct funds on their own, and a different mechanism would be required. In this case, INIFOM could have a supporting role, building from its experience with the administration of the fund for small projects. This would require strengthening INIFOM to carry out this expanded role.

In both cases, the community should participate in the formulation, approval, and implementation of the projects to be developed with the fund. Flexible participative mechanisms could be set up for this purpose, building on the rich experience in this regard as discussed in Part Two of this report.

#### **4. COMMUNITY REPRESENTATION AND PARTICIPATION**

##### **Issue**

**Inadequate mechanisms to ensure the democratic legitimacy and representativeness of municipal government and the quality of citizen representation and participation in local governance and development activities.**

##### **Discussion**

Three aspects are of particular concern in evaluating and improving the quality of citizen representation in the municipal government and its participation in the development of the municipality: a) municipal government legitimacy and representation; b) democratic and participatory systems of governance; and c) citizen organization and leverage, as follows:

**a. Municipal Government Legitimacy, Representation and Structure**

Local electoral processes should ensure and provide for the broadest possible legitimacy and representation of the municipal government in order to guaranty its credibility and the continued support of the citizenry in the exercise of its mandates.

Several characteristics of the electoral process in Nicaragua limit the full achievement of that purpose. Municipal elections in Nicaragua are held simultaneously with Presidential and legislative elections and the term of office of the municipal government is the same as that of the President and national legislature. Candidates for the municipal council are proposed by the recognized political parties in the form of "party slates" and the participation of civic groups and other organizations not affiliated with political parties is precluded. Finally, only the municipal council is elected by direct vote. The party voting ballot receiving the greatest number of votes obtains 50 percent of the council seats and the rest are distributed proportionally to the percentage of votes received by political party. The council then elects a Mayor from among their members.

The municipal government structure in Nicaragua can be termed—"Weak Mayor and Strong Council." The municipal government not only elects the Mayor but has the power to remove him. By the end of 1991, almost forty Mayors had been (or were in the process of being) removed by city councils. No formal criteria for evaluating a Mayor's performance exists to provide the basis for such actions. The lack of clarity in the definition of the respective administrative and deliberative functions of the Mayor and the council further complicates the effectiveness and potential of municipal governments. The law permits the Mayor to employ city council members to carry out staff functions. This practice is very prevalent in the country since it provides the Mayor with an additional tool to leverage council support and ensure his survival.

A number of actions could be taken over time to strengthen the legitimacy and representation of municipal governments in the electoral process. Municipal elections should be separated from national elections and based on local platforms and programs proposed by candidates and the electoral process should permit the potential participation of individuals and organizations not affiliated with political parties. Eventually, party "slates" should be abolished and improvements made to achieve the principle of proportionality of council membership according to the results of the popular vote. Finally, policies and regulations are required that clearly delineate and distinguish the respective administrative and deliberative functions of the Mayor and council as well as to provide formal criteria for the Mayor's removal by the council.

**b. Democratic and Participatory Systems of Governance**

The Municipal Law establishes that the participation of the population is a right of the people and an obligation of the local governments. The creation of Popular Community Councils as consultive bodies is mandated by law. The implementation of at least two Town Meetings (Cabildos Abiertos) annually is also required related to the approval of the municipal budget and the evaluation of its implementation. Complementary organizations can also be created "in order to strengtnen the community participation, to improve the supply of services to the population and to increase the efficiency of municipal activities." However, this potential

is restricted by the ignorance of most citizens and even of municipal council members about national laws and regulations related to municipalities.

The shortcomings in technical capacity of municipalities not only constrain effective and efficient municipal governance but also inhibit community participation in local development initiatives. It is necessary to provide municipal officials and staff with the tools required to enlist the collaboration of citizens and community groups in local development activities. This effort would help municipalities to satisfy specific community participation mandates.

In order to maximize their potential, municipal governments must have: 1) the capability and mechanisms to promote and incorporate community participation in the assessment, planning, decision-making and evaluation of development activities; and 2) policies, systems and procedures that ensure accountability to the community in all aspects of local development administration and finance.

Participation at the local level occurs from two sides; namely, the community—including citizen organizations and the private sector broadly understood—and the local government. Both sides must know what role to play in order to collaborate efficiently with each other. Both sides must be trained to achieve systematic participation on local government management. However, the training needs of all the actors involved will be different. Therefore, different type of programs must be designed, tailored to the needs of each concerned group.

The effectiveness of "cabildos" as a mechanism to achieve citizen participation in the local decision-making process varies considerably from place to place. In Managua, the mandated cabildos are highly charged partisan political exercises subject to substantial manipulations by all sides. Such political divisions are much less severe outside of Managua. Sandinista and UNO supporters, be they Mayors or citizens, interact much more freely and more commonly in coordination with each other than in Managua. This is true in informal collaboration as well as in more formal assemblies (asambleas) and obligatory cabildos, where the citizens interact with the Mayor, auxiliary Mayor (known as the Delegado Comarcal, Delegado de Alcalde or Gestor Municipal) and/or the governing board (Junta Directiva) of individual neighborhoods or districts. In addition to limitations on participation posed by political divisions as well as the inexperience of the new government, there also exist limitations with regard to knowledge and experience in both the public and private sectors. The public sector could benefit from more training in the role of the private sector and in participatory techniques. The private sector could benefit from a better understanding of the laws guiding the communities and of the responsibilities of the public sector. Both could benefit from training in conflict resolution and negotiation. Particularly useful would be opportunities for product-oriented "encuentros" and "collaborative projects" between groups from the Sandinista and non-Sandinista sectors of the population.

In Nicaragua, citizens organizations and the broad private sector, are not well prepared to collaborate jointly and do not have a clear notion of the role that each one of them can play in a concerted effort. They must be empowered to be able to undertake the challenge of local development.

## **(1) Community Empowerment**

Although a variety of community organizations exist in Nicaragua, the political polarization in the country sometimes distorts their effective participation. In some cases, such as the municipality of León, the Mayor does not promote the organization and participation of specific groups but facilitates it when a group appears spontaneously. This is perhaps an intelligent way to avoid involving the local government in political favoritism. In other cases, as in San Isidro, the Mayor has tried to support municipal government activities by mobilizing existing community organizations; at the same time, trying to be careful not to have a political or ideological link to them.

Not infrequently, political polarization in the country inhibits the participation of citizens in local development activities—since they fear reprisals by other groups if they enlist their efforts in community participation. Some persons believe that community organizations are synonymous with political affiliation and therefore shy away from them.

It is important to point out that the presence of women is more visible than that of men. The promotion of women organizations and training programs for women could be a way to jump-start citizen participation.

## **(2) Private Sector Empowerment**

NGOs and local businesses generally do not collaborate with municipal governments and do not participate in municipal development activities. The reason for this is that NGOs, local businesses, and local governments still do not realize that they can collaborate without becoming subservient institutions.

This is caused by political differences, misconceptions, and the way they perceive the roles that each one of them could play in a joint development effort. On the other hand, citizen organizations have not been provided systematic training or technical assistance. In addition, the lack of local government technical capability suggests that there is an urgent need to establish training and technical assistance programs for citizen organizations, NGOs, and local government personnel. These would be targeted to develop constructive participatory mechanisms to promote and facilitate collaboration in the solution of shared problems in spite of political differences.

Any such endeavor should: 1) take full advantage of the experience on participation that such organizations have; 2) make good use of the institutional memory extant in the Municipal Councils (since these are comprised of former and new municipal authorities); 3) benefit from the experience and the technical capability of the NGOs (since many of their officials have a good knowledge of the national reality); and 4) enlist local businesses in local initiatives and projects. Articulating these three types of institutions in a concerted effort would provide substantial benefits for local development and democracy.

## 5. MUNICIPAL SUPPORT INSTITUTIONS

### Issue

**Inadequate institutional capacity to support the decentralization and municipal development process.**

### Discussion

#### a. Municipal Associations

There are no municipal associations in Nicaragua. There are a few associations of mayors, but these do not represent the municipal governments. Rather, they are groupings of individuals that get together mainly due to political affinity. Most of the elected officials that participated in the Seminar on Decentralization and Municipal Development in January in Montelimar came to understand for the first time that a municipal association is a grouping of local governments, not of individual mayors. Most of them declared also that they would definitely support the creation of municipal associations instead of associations of individual mayors.

Both national and regional associations should be considered. National municipal associations can represent municipalities providing leverage to municipal governments in negotiations with other institutions. They can be important agents to support the process of decentralization and incorporation of municipalities in the economic and social development process of the nation. Regional municipal associations can facilitate and focus participation and cooperation between municipalities related to joint investments, mutual assistance, and the joint provision of services.

For municipal associations to be legitimate, they should adhere to the principles of voluntary association, fair and equal representation, and independence from central government.

Municipal associations can promote and facilitate the design and implementation of policies and strategies for technical assistance and training to municipalities. They can also be an agent to mobilize credit and resources for municipalities and to facilitate procurement at better prices.

Any negotiation of interest to municipalities with the central government would also have more likelihood to succeed when undertaken by a municipal association, given its greater political leverage.

In Nicaragua, there is confusion and misrepresentation of the concept of municipal associations. INIFOM itself does not understand well the concept and some officials even perceive municipal associations as a parallel and redundant institution that would threaten INIFOM's work. In this regard, there is, however, an effort underway among the municipalities of Region III that are trying to create a municipal association. This would exclude Managua given its size. This initiative is being supported by the Regional Delegate of INIFOM for Region III, who is one of the few officials in the institution that understands the concept. At any rate, a municipal support institution, like INIFOM, can play a complementary role but could not possibly play the municipal association roles just described.

There is significant recent positive experience with municipal associations in Central America. Four countries have them, Costa Rica, Guatemala, Honduras, and El Salvador. A regional federation, FEMICA, was recently created with the support of USAID. Nicaragua could benefit from all this experience.

Elected officials would like to create municipal associations but do not know how to start. They would require assistance to do so. INIFOM should support this effort but is not quite clear on the concept and not quite enthusiastic about it. Clearly there is a need to enlist external assistance to provide leadership and support for this effort.

### **b. The Role of INIFOM**

INIFOM is the only national government institution directly responsible for supporting the municipal sector. There are two features in INIFOM that make this institution suitable to play a leading role in the design of a global strategy for municipal development. First, its board of directors provides good representation for the executive branch of the central government and a majority of its members are Mayors that represent a broad scope of municipalities, small and large. Second, a healthy working atmosphere exists among INIFOM officials and among the mayors of the board irrespective of their political affiliations.

In the absence of municipal associations, the mayors on the board of directors of INIFOM could form a caucus to guarantee that the municipal interests are well represented. As such, they could target the creation of municipal associations as a first task. The caucus of mayors would also have the responsibility of ensuring that the citizens are consulted and that their opinion is present in the discussions.

With its current technical capacity and human resources, INIFOM—or any other institution for that matter—could not undertake this task. The institution should be strengthened to a minimal acceptable level and receive external assistance as well. This should cover the technical directions of central INIFOM and the regional delegations. Emphasis should be placed on the decentralized administration of INIFOM's support at the regional level.

Other than the supporting and coordinating roles to design a municipal development strategy, the areas that INIFOM will cover in that strategy should be identified. Some appear clear, like training and technical assistance, which are functions that INIFOM already possesses. This would imply strengthening the training and technical assistance capacity of INIFOM as an integral part of the process of implementing preferred strategies and policies.

### **c. Legislative Reform**

Decentralization strategies and policies for municipal development should be supported by implementing legislation and regulations. Since those strategies and policies will need to be determined, it is difficult to predict at this time the scope and nature of changes that will be required.

It can be anticipated, however, that the requirements might include revisions to:

- 1) laws creating national ministries and decentralized institutions like INAA, especially related to the decentralization of specific responsibilities and functions and municipal finance.
- 2) national electoral laws and regulations for the purpose of strengthening the legitimacy and representation of municipal governments through democratic processes.
- 3) municipal law and regulations in order to clarify and distinguish between the Mayor's administrative role and functions and the municipal council's deliberative functions.

In addition, it can be anticipated that the modification of other existing laws and the design and promulgation of new legislation will be required to implement reform.

## **II. RECOMMENDATIONS FOR FOLLOWUP ACTION**

The previous section suggested a rationale for AID/Nicaragua's involvement in the municipal sector and identified priority issues which need to be addressed. This section recommends followup actions which should be taken with GON to determine the potential nature, scope, and feasibility of possible Mission interventions in the sector.

### **A. RECOMMENDED APPROACHES**

#### **1. THE SELECTIVE TARGETING OF AID/NICARAGUA INTERVENTIONS**

Section IA.3 suggests that AID/Nicaragua has an opportunity to consolidate and strengthen democracy by increasing citizen participation in the local development process and improving the capacity of municipal governments to respond to the needs of these constituents. The provision of assistance to achieve sustainable impacts at the national and local levels will be a difficult and demanding undertaking and require a clarity of purposes and strategies.

In this regard, AID/Nicaragua should emphasize a "bottom-up" approach which targets intensive support at the municipal level, rather than concentrating on changing the national public sector institutional infrastructure. Changes at the national level should be pursued on a selective basis as needed to strengthen the transfer of decision-making and resources to local governments.<sup>1</sup> Program/project development should be focussed on three main areas as follows:

- a. The establishment of mutually reinforcing national and local policy and institutional development agendas related to: 1) municipal management and finance; 2) urban land, infrastructure, and service provision; and 3) local governance and community participation.

---

<sup>1</sup>The rationale for this approach is straightforward. Avoid spending extensive amounts of time and money to strengthen central government institutions as prerequisite to the strengthening of municipal capacity. AID should leverage changes in national policies that they provide selective assistance to municipalities to strengthen related capacity and performance. Key national institutions would be strengthened selectively, as an integral part of that process.

- b: The strategic selection and programming of municipal interventions through 1) the provision of intensive technical assistance to cities/regions of strategic economic developmental potential; and 2) broad training coverage in selected aspects of municipal development.
- c. The strengthening of municipal support institutions, including municipal associations and INIFOM (in the area of TA and training).

## **2. ORGANIZATION AND MANAGEMENT OF THE PROCESS**

A major recommendation of the Seminar on Decentralization and Municipal Development, held in Montelimar on January 28 and 29, was to form an interinstitutional committee at the national level to design a global strategy for decentralization and municipal development. It was further recommended that INIFOM provide technical support to this committee, and that the local governments—with broad participation—should be the main actors in that process. The seminar proposed that the committee should produce a statement within six months after its constitution. The formation of the committee would provide AID and GON with a valuable counterpart for "steering" the followup actions recommended here, especially given the need for a GON Strategic Policy Framework to guide any AID initiatives (see 3. below).

## **3. THE NEED FOR A STRATEGIC POLICY FRAMEWORK**

The fact that GON has not yet established a coherent set of strategies and policies to guide the decentralization and municipal development process in Nicaragua presents a dilemma. Without at least a minimum GON policy framework to guide action in the sector, it seems likely that the impact of any USAID/N intervention would be limited. This reality suggests the need to assist GON to formulate such a strategic framework as an essential and integral part of any followup program/project design activities.

The framework would not need to be comprehensive but, rather, selective with respect to those areas considered critical to the decentralization and municipal development process. These include:

- Municipal Typologies/Targets
- Municipal Finance
- Technical Assistance and Training
- Local Governance and Community Participation

The GON should develop a set of strategic policies to provide the essential basis for GON planning, programming, and decision-making in each of these areas. This approach will also permit the Mission to target and leverage its assistance on those key policy and institutional changes that are required at the national and local levels to strengthen the capacities of municipalities on a sustainable basis longer-term.

## **B. PROPOSED STRATEGIC POLICY AND PROGRAM DEVELOPMENT**

### **1. MUNICIPAL TYPOLOGIES/TARGETS**

The heterogeneity of municipalities (i.e., size, population, and rural/rural-urban/urban character, etc.) makes common policy-making, planning and programming difficult. Yet municipal mandates are the same for all. An improved typology of municipalities by key characteristics needs to be developed to permit the formulation of realistic policies and programs related to municipal authority and responsibilities as well as to guide the progressive transfer of service functions and resources.

In addition, the continuing scarcity of GON resources (capital and technical) to support decentralization and municipal development over the medium-term will require the careful selection and prioritization of municipal targets under any new initiatives. This should be anticipated by the identification of:

- Regions and urban centers of strategic economic development potential for both agriculture and industry;
- Municipalities that demonstrate the greatest development potential and which offer structural conditions that would permit some degree of permanence in the technical, administrative and financial organization and systems over the longer-term.

The above assessments will set the base for policy formulation in this and other areas as well as a more detailed assessment of the capacities and needs of specific municipalities (or types of municipalities) for purposes of program development.

### **2. MUNICIPAL FINANCE**

Several interrelated areas need to be investigated/assessed and policies and strategies formulated to guide followup actions. These are:

#### ***Resource Mobilization***

investigation and recommendations to improve the effectiveness and efficiency of the land, vehicle, and sales taxes as primary sources of municipal revenue.

#### ***Municipal Tax Code***

preparation and approval of the Code.

#### ***Intergovernmental Transfers***

evaluation of the potential nature, scope and feasibility of national revenue sharing, preliminary design.

#### ***Capital Investment Mechanisms***

prefeasibility investigation and preliminary design of system.

### **3. TECHNICAL ASSISTANCE AND TRAINING**

As mentioned previously, the results of municipal typology/targeting work will provide the basis for detailed survey investigation of technical assistance and training needs, by municipal type or target group. This will permit the selective targeting and design of such initiatives. Simultaneously, the institutional capacity of INIFOM to provide such services needs to be reviewed and decisions taken to put, at least, a minimal acceptable capacity in place. If this can be done, priority AID program/project technical assistance and training activities can be structured in a manner which will strengthen INIFOM's capacity to respond to future needs.

### **4. LOCAL GOVERNANCE AND COMMUNITY PARTICIPATION**

Local governance and community participation can be initially tackled by providing the support required to develop understanding and consensus among local governments, NGOs and the private sector, and community organizations for local development. To be successful, a decentralization and municipal development strategy must enjoy the approval of all parties involved, that is, local and central governments and, more importantly, the population. This, in practical terms, means that there should be agreement among the executive branch, local governments, community organizations, and the private sector including NGOs and local businesses.

In Nicaragua, local government, citizen organizations, and the broad private sector are not well prepared to collaborate with each other and do not have a clear notion of the role that each can play in a concerted effort. Education needs to be provided first, on matters related to their own objectives within the context of local development, and second, on matters that can help them understand the role they can and must play in that effort.

The following steps can be taken immediately to tackle this situation:

- Set up training seminars separately for municipalities, NGOs, local businesses, citizens groups, and INIFOM to clarify the role that each can play in a collaborative effort for local development;
- After separate training seminars have been conducted, set up a joint seminar with representatives of the above groups, to produce a base document describing how to go about setting up flexible participative schemes to allow functional collaboration in local development activities. This document should be distributed to all municipalities, NGOs, citizens groups, and the executive branch of government for comments.

The objective of the document is to provide guidelines and background material so that in each municipality the community can adopt the collaborative and participative modality that best reflects its needs and social fabric. It is important to point out that, given the diversity and rich variety of participative modalities that exist in the country, it would be a mistake to create a standard model to be used in every municipality. The ultimate goal of this exercise is to set the essential basis required to stimulate and support systematic participation at local level. The provision of systematic training and technical assistance targeted to provide the skills and capacities required to promote, organize and manage community participation will be important.

### **C. SUPPORT FOR THE FORMATION OF MUNICIPAL ASSOCIATIONS**

The development of strong representative municipal associations is considered essential to the decentralization and municipal development process in Nicaragua. At the national level, municipal associations can enhance municipal representation and participation at the national level while providing the means for resource coordination. At the regional or sub-regional levels, they can facilitate mutual self-help, coordination and the most efficient and effective use of scarce development resources. They can also be instrumental in the design of effective technical assistance and training policies and strategies.

Given the widespread confusion on this matter among elected officials and government officials, as was apparent in the Seminar in Montelimar, immediate steps should be taken to start systematically educating municipal actors on municipal associations. This is in line with the recommendations of the Seminar on Decentralization and Municipal Development held in Montelimar January 28-29, 1992. The following steps should be undertaken immediately:

#### ***Seminar***

A seminar for INIFOM and its Board of Directors should be organized immediately, as this institution should be key in supporting the formation of municipal associations. Consequently, the institution and its normative body need to be knowledgeable on the matter, which is not the case currently.

#### ***Creation of a Steering Committee***

This should be formed with broad representation of municipalities in order to ensure that no single group, whether institutional or political, dominates, so that discussions can be frank and democratic.

The objectives of the steering committee would be to:

- Design a base document on municipal associations to be disseminated and discussed among all municipalities of Nicaragua. This should define specific ways and means to create municipal associations.
- Write the job description for the formation of a new committee in the Board of Directors of INIFOM on municipal associations.
- Participate in the discussions of the National Interinstitutional Committee to design a decentralization and municipal development strategy, until representatives of municipal associations can be formally integrated into the committee.

Resources available to support this effort include the recently formed Federation of Central American Municipal Associations, FEMICA, which could play a key role in assisting Nicaragua on the matter. An action plan should be designed and implemented quickly to launch this effort.

## **PART II: BASIC ANALYSIS**

### **I. URBAN AND ECONOMIC COUNTRY PROFILE**

The political fabric of Nicaragua has changed radically since the elections of February 1990. For the first time in decades, direct democratic elections took place to choose the President, the Congress, and local officials from 143 municipalities.

As it took power in 1990, the new government, composed of a coalition of 14 political parties, had to confront a difficult economic situation characterized by hyperinflation, zero monetary reserves, a fiscal deficit, and a greatly deteriorated economy with the lowest social and economic development indicators in Central America.

Nicaraguan economic activity in 1990 continued to decline for the seventh year in a row with a 4.4 percent drop in GDP amid the resurgence of macroeconomic disequilibria and inflationary pressures. Since the adjustment efforts of the previous administration were abandoned in the months preceding the change of government, the measures adopted by the new government beginning in May 1990 had more effect on the initiation of economic reforms than on stabilization, chiefly because of the persistence of the public sector deficit, which resulted in continued hyperinflation.

The main concerns of the new government were inflation control and the establishment of a basis for sustained economic growth, for which purposes it proposed to correct the distortions in relative prices and to promote the efficient operation of markets.

The government has prepared a stabilization and structural adjustment program to cope with the problems encountered in 1990. In this context, it adopted a series of measures in March 1991 designed to curb inflation and to correct the overvaluation of the national currency.

With a view to creating a stable social and labor climate favorable to the adoption of economic restructuring measures, a national consensus agreement was concluded in October 1990 among the government, the country's workers, and most of the employers' organizations. This document set forth several elements of an economic policy acceptable to all parties, as well as a commitment to rely on dialogue and negotiation to resolve any differences.

In the social sphere, the government approved the law creating the Social Emergency Investment Fund (FISE), designed to protect the most vulnerable sectors of society. The fund would be temporary, operating while the economy is being reactivated.

These measures would be supplemented by the continuation and deepening of structural reforms, some of which were initiated in 1990 and which include liberalization of foreign trade, deregulation of the economy, tax reform, privatization of state-owned enterprises, reform of the financial system, and continuation of social programs.

One of the basic political objectives of the new government is the consolidation of a democratic system based on broad citizen participation. A fundamental proposition of the new government is the need for democratic reform of the legal structure of the State and the development of those institutions required to make it function democratically.

Among the institutions considered essential for the support of a democratic system are the municipalities. Municipal governments work under democratically elected leadership and are directly responsible to the local citizens.

Nicaragua is subdivided into nine regions which contain 17 departments and 143 municipalities. The national territory covers 116,000 square kilometers and has an estimated total national population of 3,500,000. Most of that population is concentrated on the Pacific coast and the capital city, Managua.

Municipalities that are less than 20,000 population account for 66 percent of the total number of municipalities. Table L1 shows the size distribution of municipalities by region, while Table L2 shows the distribution of municipalities by department.

The government of Nicaragua classifies municipalities according to the following characteristics: governmental status, population, infrastructure, and territorial size. Eighty-four percent of all municipalities fall into categories "C" and "D"—those with the most limited resources and with less than 30,000 population. Category "C" and "D" municipalities contain about 43 percent of Nicaragua's population. Table L3 shows the population of the 18 largest municipalities: categories "A" and "B", excluding Managua, which is a category by itself. Table L4 shows the number of municipalities by category.

The major cities, ports, industries, and agroexport farms of Nicaragua are concentrated in the western portion of the country, from the central mountains to the Pacific coastal plains. Managua, the country's administrative and political hub and primate city,<sup>1</sup> has about one million inhabitants (Norsworthy, 1990), p.4). The capital region contains about one-fourth of the country's population and produces more than 40% of its value added (Conroy, p.65, citing data from 1985). It is the primary destination for migrants from all regions of the country. The service sector absorbs three fourths of Managua's labor force, and manufacturing about 15 percent. The country's newly reopened free trade zone is in Managua. The agriculture in the immediate hinterland is considered the most technologically advanced in the country (Conroy, p.65).

---

<sup>1</sup>A primate city system is one in which the secondary cities are smaller than would be predicted by the lognormal rule. This rule holds that the second largest city is half the size of the largest, the third largest is one-third the size of the largest, and so on. A flat or unhierarchical system is one which the secondary cities are larger than expected according to the lognormal rule (Chase-Dunn 1985, p.18).

**TABLE I.1  
MUNICIPAL SIZE DISTRIBUTION BY REGION**

Region	Municipal Size by Population/Municipalities											
	Less than 10,000 Pop.		Pop. 10,001-20,000		Pop. 20,001-50,000		Pop. 50,001-100,000		More than 100,000 Pop.		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
I	13	24	7	17.5	5	n/a	1	11	--	--	26	18
II	8	14	5	12.5	7	19	1	11	2	67	23	16
III	3	5	1	2.5	1	3	1	11	1	33	7	5
IV	13	24	9	22.5	6	17	3	33	--	--	31	22
V	5	9	5	12.5	4	11	--	--	--	--	14	10
VI	2	4	9	22.5	7	19	2	22	--	--	20	14
North Atlantic	2	4	2	5.0	3	8	--	--	--	--	7	5
South Atlantic	4	7	1	2.5	3	8	1	11	--	--	9	6
R San Juan	5	9	1	2.5	--	--	--	--	--	--	6	4
<b>Total</b>	<b>55</b>	<b>38</b>	<b>40</b>	<b>28</b>	<b>36</b>	<b>25</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>143</b>	<b>100</b>

SOURCE: INIFOM estimate, 1992.

# Nicaragua

## Estimated Population for Key Cities

Population	
.	10.00 to 19.99
*	20.00 to 49.99
●	50.00 to 99.99
⊙	100.00 to 1500.00

Last Revision:  
Tue, Feb 25, 1992



Derived from: Fox and Huguet, 1977

<b>TABLE 1.2 MUNICIPALITIES: DISTRIBUTION BY DEPARTMENT</b>	
<b>Department</b>	<b>Number of Municipalities</b>
Nueva Segovia	11
Madriz	9
Esteli	6
Chinandega	13
León	10
Managua	7
Maysaya	9
Carazo	8
Granada	4
Rivas	10
Boaco	6
Chontales	8
Jinotega	7
Matagalpa	13
Puerto Cabezas	7
Bluefields	9
San Carlos	6
<b>Total: 17 departments</b>	<b>143 municipalities</b>

**TABLE I.3**  
**MUNICIPAL POPULATION BY CATEGORY**

Category A	Region	Population
Estelí	I	82,361
Chinandega	II	109,931
León	II	141,387
Tipitapa	III	85,186
Masaya	IV	86,506
Granada	IV	86,261
Juigalpa	V	57,639
Matagalpa	VI	135,937
Category B	Region	Population
Ocotal	I	30,000
Jalapa	I	34,119
El Viejo	II	60,430
Chichigalpa	II	40,803
Diriamba	IV	59,159
Rivas	IV	41,231
Boaco	V	44,934
El Rama	V	74,197
Jinotega	VI	105,000
Bluefields	Atl.Sur	35,000

SOURCE: INIFOM, 1991.

**TABLE I.4**  
**NUMBER OF MUNICIPALITIES BY CATEGORY**

Category	No. of Municipalities	Percent of National Population
Capital	1	21.7
A	8	19.9
B	14	15.7
C	38	22.0
D	81	20.7
<b>Total</b>	<b>142</b>	<b>100.0</b>

SOURCE: INIFOM, 1991.

Managua is connected to the important secondary cities of León and Chinandega on the Pacific coastal plains by the country's major highway. Another road, the old Pan American, connects Managua to the northern highland cities of Estelí and Matagalpa. A good road, serving much commuter traffic, connects Masaya and Granada to Managua.

While Managua continues to grow rapidly, the country has four large secondary cities: León, Chinandega, Granada, and Masaya. The last three entered the 50,000 to 100,000 size category during the 1980s. The number of smaller secondary cities (20,000 to 50,000 range) doubled during the 1970s from four to eight, but remained constant during the 1980s (see Tables I.5 and I.6).

Only 25 miles apart, León and Chinandega make up the largest and fastest growing urban area outside of Managua. They are the principal cities for the northwest Pacific coastal region, one of the richest agricultural areas of Nicaragua, with much of the country's large-scale, technified, export-oriented agriculture. The largest sugar cane processing plant in Central America is located near León. It employs more than 3,000 permanent workers and about 2,500 seasonal workers, producing about half of Nicaragua's sugar production, primarily for export. The parent company, Nicaragua's Sugar Estates, has large urban interests in banking, finance, and automobile importing and retailing (Whiteford and Hoops, p.186). Corinto is the sizeable port city serving the region.

Masaya and Granada are the major cities of the south central region, a relatively densely populated area, much of which is within commuting distance of Managua. Nearly 20% of its labor force is in manufacturing, mainly small-scale agro-processing and handicrafts (Conroy, p.63). The two cities also serve as commercial centers for the surrounding productive agricultural hinterland.

Matagalpa and Esteli are the major market towns and service centers for the northern highlands, a poor agricultural region of largely small subsistence plots. The level of underemployment in the region is one of the highest in the nation. (Source: INETER/SPP, cited in Conroy, p.64). Peasant farmers have been pushed further and further into the hinterlands to grow corn and beans as more profitable coffee and beef production has taken over the more accessible land. This region was the most affected by the civil war in the early and mid-eighties.

The Atlantic Coast region covers half of Nicaragua, but contains less than six percent of the population and produces only one percent of the national value-added (Conroy, p.65). It is populated primarily by indigenous Indian groups, such as the Miskito. Rama is one of the few towns in this isolated region that is connected by road to the Spanish-speaking western region of the country. Linked by navigable river to the Atlantic, the town shows some potential for growth in non-traditional exports. The port town of Bluefields serves only a small local hinterland; its only surface link to the west is by river to the town of Rama.

TABLE I.5 NICARAGUA: NUMBER OF CITIES BY SIZE CATEGORY, 1971-1990			
POPULATION SIZE CATEGORY	1971	1980	1990
>100,000	1	1	1
50 - 100,000	1	1	4
20 - 50,000	4	8	8
10 - 20,000	7	N.A.	N.A.

SOURCE: Fox and Huguet (1977), pp.168-169, based on Census, 1971, and projections for 1980 and 1990.  
NOTE: Figures are for urbanized areas.

TABLE I.6 NICARAGUA: POPULATION OF CITIES, 1971-1990				
URBAN CENTER	POPULATION (000)			AVERAGE ANNUAL GROWTH RATE (%)
	1971	1980	1990	1980-1990
<b>PRIMATE CITY</b>				
Managua	384.9	661.9	1,075.2	1.62
<b>SECONDARY CITIES</b>				
León	54.8	75.3	98.0	1.30
Chinandega	29.9	46.3	68.8	1.49
Granada	35.4	48.2	62.5	1.30
Masaya	30.8	42.5	55.8	1.31
Matagalpa	20.7	28.8	37.8	1.31
Corinto*	13.4	22.0	34.6	1.57
Esteli	19.8	33.4	32.7	0.98
Chichigalpa*	14.6	21.7	31.1	1.43
Bluefields	14.4	20.3	27.8	1.37
Jinotega	10.2	16.3	25.0	1.53
Jinotepe	12.5	17.2	22.6	1.31
Rivas	10.0	14.8	21.0	1.42

SOURCE: Fox and Huguet (1977), pp.168-169, based on Census, 1971, and projections for 1980 and 1990.  
NOTE: Figures are for urbanized areas.  
\* near Chinandega

## II. DEMOCRATIC AND PARTICIPATORY SYSTEMS AND PROCESSES

### A. DECENTRALIZATION AND MUNICIPAL GOVERNMENT

#### 1. THE EVOLUTION OF MUNICIPAL GOVERNMENT MANDATES

##### a. From the Cabildos to 1979

The municipalities in Nicaragua originated in the *Cabildos* of the Spanish Colony. They were established by the Spaniards to provide local governance and administration and had a high degree of autonomy. The importance of municipal autonomy in Nicaragua was evident in the cities of León and Granada. However, municipal autonomy was substantially reduced by Spain in the 18th century.

After independence and until the end of the 19th century, Nicaraguan municipalities (especially León and Granada) had an important political power since central government was weak and there was almost no political and economic integration in the country. The political power in municipalities was exercised by the local élite, especially the landowners.

The first law concerning municipalities was enacted in 1835. In 1894 and later in 1901, two comprehensive municipal laws were also promulgated.

In 1929, the municipal government of Managua was eliminated and a central government ministry was created and given the authority and responsibility for local governance and administration. In 1936, the government suppressed all municipal autonomy and the central government reserved the right to appoint the municipal authorities. Municipalities were called *Juntas Locales* (Local Directorates or Local Boards). This system prevailed until 1962 when the election of Municipal Councilmembers (two of the majority party and one of the minority) was restored. The constitutional reforms of 1966 and 1974 ratified the election of the municipal authorities. These actions were codified by the municipal laws of 1963, 1967 and 1978. The municipal governments during this period were under the Ministry of Government, which approved municipal budgets and tax plans.

The first comprehensive assessment of Nicaraguan municipalities was carried out by the Sandinista government in the early 1980s. The study concluded that: 1) the municipal government did not have a meaningful development role and that, in practice, it was only an inefficient supplier of some services; 2) no norms and procedures existed to promote and ensure the participation of citizens in local government activities; 3) the lack of any central-local government coordination with other levels of administration deprived the municipalities of effective participation in national development efforts; and, 4) municipal resources were insufficient and poorly managed and local revenues were frequently transferred or appropriated by the central government. This reduced the capacity of municipalities to exercise their responsibilities. The bad

image of municipal government was compounded by a lack of administrative and financial management capacity.

**b. The Municipal Government Since 1979 Until Enactment of the Municipal Law of 1988**

During the FSLN administration, an effort was made to reorganize and strengthen the municipal government and to reestablish its autonomy, while establishing mechanisms for the coordination of municipal activities and central government sectoral planning at the regional level. However, given a strong centralized administration, municipalities normally worked under the direction and control of the central government.

These reforms were supported by the following legislation:

- The law creating the *Juntas Municipales de Reconstrucción* (Municipal Boards for Reconstruction), of January 10, 1980 and its reform of May 10 of the same year. With this law, the *Juntas Municipales*—that had been created, *de facto*, before July 19, 1979—were legally established, and their organization, responsibilities and main functions were defined. The law stated that the *Juntas* would be elected through popular vote and would be formed by three or five Board members, with a coordinator chosen from among the members.
- The Decree of August 5, 1985, which placed the local government of Managua under the President of the Republic, who governed through an appointed mayor with rank of Minister.
- The *Secretaría de Asuntos Municipales* (SAMU)—Department of Municipal Affairs—was created in October 9, 1979. SAMU had the functions of coordinating and directing the activities of the *Juntas Municipales de Reconstrucción* throughout the country, helping to solve the most urgent problems, and providing support and technical advice.
- The Law for the Creation of Regions and Special Zones was subsequently passed and divided the country into six regions and three special zones. When this modality of regional deconcentration was introduced, the relationship between the municipalities and the government was reorganized. A Regional Department for Municipal Affairs was established in each region to promote and coordinate the activities of the municipalities in the region. This Department reported to the Regional Delegation of Government.
- In January 1985, the Ministry of the Presidency was created. A Department for Regional Affairs was established within this Ministry and then abolished by Decree of September of the same year and replaced by a Directorate for Municipal and Regional Affairs under the same Ministry.
- The Political Constitution of January 9, 1987 established the principle of municipal autonomy. The new Law of Municipalities established the municipality as a basic unit of the political-administrative division of the country.
- The division of the national territory in accordance with the Constitution—regions, departments and municipalities—was ratified by the Political-Administrative Division Law of August 1989, which divided the national territory into nine regions, seventeen departments and one hundred forty-three municipalities.

## **2. CURRENT MUNICIPAL MANDATES AND FUNCTIONS**

### **a. Constitutional Law**

The 1987 Constitution of Nicaragua specifies that, for administrative purposes, the national territory is divided into regions, departments and municipalities. The Municipality is defined as "the base unit of political and administrative division of the country". At the same time, the Constitution establishes that "municipal government and administration correspond to the municipal authorities without detriment to the central government authority".

The Constitution establishes three concepts that can be confused: municipality, city council, and municipal government. First, the Municipality is the basic unit for the political and administrative division of the country. Second, the City Council is the governing body of such a territorial unit and establishes a judicial representative in public law that emanates from the people's will. Finally, the Municipal Government is a body composed of municipal authorities and exercises governmental, normative, administrative and inspection duties.

### **b. Statutory Law**

The Municipal Law of 1988 establishes the nature, purpose, authority and duties, organization and resources of local governments as well as the participation and administrative relationships between municipalities and the central government.

In terms of municipal autonomy, the Nicaraguan Municipal Law mandates: 1) the direct elections of high public officials; 2) the right to structure and operate the municipal government according to the situation of each municipality; 3) the possession of patrimony, which can be used freely according to law; 4) the capacity to manage and dispose of resources; and 5) the exercise of authorities for the satisfaction of people's needs.

The Municipal authority and functions stated by the law may be classified as follows:

#### **In management and rendering of services, such as:**

- Public ornaments;
- Construction and maintenance of streets, sidewalks, paths, parks, bridges, neighborhood roads;
- Establishment of the accuracy of weights and measures;
- Drainage of rain water;
- Authorization and registration of iron goods, permits for local movement and livestock;
- Public lighting; and
- Birth and voter registration.

**In matters having an effect on development, such as:**

- Urban development and land use controls; and
- Complementary activities to those of other institutions related to education, health, housing, water, lighting, culture and sports.

**Environmental conservation, such as:**

- Hygiene of the population and environmental conservation; and
- Reforestation of the municipality (i.e., the creation and maintenance of tree nurseries).

**For the satisfaction of the needs of the inhabitants, such as:**

- Construction of recreation areas, town squares, markets, slaughterhouses, public lavatories and cemeteries;
- Collection, disposal and treatment of solid waste; and
- Libraries, museums, municipal bands and zoological gardens.

Table II.1 shows the actual functions and services normally provided by Nicaraguan municipalities. These vary considerably from those mandated by law. Services and basic infrastructure are provided by both municipalities and the central government. However, the majority and most important are provided by the central government, including water, waste water, energy and police. Nevertheless, at this time, services related to water, education, health care, culture and sports are in the process of being transferred to the municipalities on a pilot basis.

The incomes of the municipalities, in accordance with the law, can be from taxes, particular, financial, transferred from the Central Government and any other determined by the laws, decrees and resolutions.

The tax incomes, regulated by the Municipal Tax Plan, can come from municipal taxes, fees, special contributions, fines and from municipal participation in fiscal taxes. The tax plan, approved by the Municipal Council, must be sent to the Executive Council in order to be ratified by an Executive Decree.

### **3. LOCAL GOVERNMENT STRUCTURE**

#### **a. The Electoral Process**

Local electoral processes should ensure and provide for the broadest possible legitimacy and representation of the municipal government in order to guaranty its credibility and the continued support of the citizenry in the exercise of its mandates.

Several characteristics of the electoral process in Nicaragua limit the full achievement of that purpose. Municipal elections in Nicaragua are held simultaneously with Presidential and legislative elections and the term of office of the municipal government is the same as that of the President and national legislature. Candidates for the municipal council are proposed by the

recognized political parties in the form of "party slates" and the participation of civic groups and other organizations not affiliated with political parties is precluded. Finally, only the municipal council is elected by direct vote. The party voting ballot receiving the greatest number of votes obtains 50 percent of the council seats and the rest are distributed proportionally to the percentage of votes received by political party. The council then elects a Mayor from among their members.

### **b. The System of Local Government**

The municipal government in Nicaragua is comprised of a Council, a Mayor and a Sindico under the "Strong Council and Weak Mayor" system whereas the Mayor is appointed and removed by the City Council.

The Municipal Council is elected by the population for a mandate period of six years and its members elect the Mayor among them through a majority vote. Councils are comprised of five, ten or twenty Councilors, depending on the number of inhabitants.

The Council, in accordance with Article 25 of the Municipal Law, has the function of "establishing the fundamental policies and directives required to guide municipal management in its social, economic and political responsibilities and functions."

**The responsibilities of the Municipal Council are:**

- To elect the Mayor.
- To suspend Councilmembers.
- To remove the Mayor.
- To promote the integral development of the Municipality.
- To approve the Tax Plan and the Municipal Budget.
- To approve loans and donations.
- To promulgate local laws and approve agreements and administrative regulations.
- To promote and strengthen the popular participation.
- To watch for and control the use of the natural resources, hygiene and health, the protection of the environment and the culture.

The Mayor is the maximum executive authority of the Municipal Government and is responsible for the execution of the municipal functions, coordinating activities with the programs and actions of other institutions, monitoring and ensuring the effective implementation of such programs as well as for the integral participation of the community in municipal activities and programs.

**TABLE II.1  
MUNICIPAL MANDATES AND ACTIONS AND ACTIVITIES  
IN NICARAGUA**

<b>MUNICIPAL MANDATES</b>	
Year of Constitution	1987
Constitutional Character of Municipality	Autonomous unit Politico-administrative
Legal Mandate of Municipality	Municipal Code
Effective Year	1988
Municipal Codes Titles and Articles	73 Articles
<b>MUNICIPAL ACTIONS AND ACTIVITIES</b>	
<b>URBAN SERVICES</b>	Municipality
Urban Street Construction	
(Potable) Water Systems	Central Government with some municipal participation
Sewage/Drainage Systems	Central Government (INAA)
Garbage Collection/Disposal	Municipality
Street Cleaning	Municipality
City Lighting	Central Government (INE)
Urban Planning/Land Use Zoning	Central Government
<b>PUBLIC SERVICES</b>	Municipality
Parks and Recreation	
Cemeteries	Municipality
Slaughterhouses	Municipality with some private participation
Public Markets	Municipality
Licenses and Activities	Municipality
Transportation Terminals	Municipality
<b>SOCIAL SERVICES</b>	Municipality
School Construction	
Sports and Culture	Municipality
Health	Central Government and municipality
<b>PUBLIC SECURITY</b>	Central Government
Police	
Fire Department	Municipality

**The main responsibilities of the Mayor are:**

- To direct, preside over and represent the municipality.
- To promote the participation of the municipality within the planning process.
- To carry out and to monitor the implementation of the Council's decisions, presenting tax plans and budgets to the Council for approval.
- To report to both the Council and the people on administrative and financial performance;
- To prepare a manual of municipal functions;
- To propose to the Council the establishment of administrative departments required to strengthen popular participation and improve the provision of services.

**c. Community Participation**

The municipal government's responsibility for citizen participation is an important legal mandate, which is clearly contained in the first Article of the Law of Municipalities: "...it is organized and works through popular participation for the management and defense of its inhabitants and the nation".

The norm regulates the participation of the population and its right to information, petition and complaint before the municipal authorities, as well as its obligation to participate, contribute economically and to support the implementation of municipal activities and works of social interest. The law and supplementary regulations address participation in several ways.

**(1) Cabildos Abiertos (Town Meetings)**

Cabildos Abiertos, or Open Town Meetings, are an important form of participation. Citizens participate freely and voluntarily in order to know, to criticize constructively and to support the municipal management. The Cabildos are celebrated as initiatives of the Mayor, by agreement of the Council, and always are presided over by the Council.

Although the Cabildos can meet as many times as proposed, such meetings are required at least two times each year to review the proposed municipal budget and its performance.

**(2) Popular Municipal Councils**

The Popular Municipal Councils' function provides a mechanism for mobilizing the participation of citizens, institutions and organizations interested in specific areas of municipal activity. They have consultative duties and can formulate proposals and contribute to municipal management.

### **(3) Complementary Organizations of the Municipality**

Complementary Organizations of the Municipality function to strengthen popular participation, improve the provision of services to the population and improve the efficacy of municipal management. These complementary organizations can be the Delegate Councilors, the Mayor's Assistants, the District's Delegations and the Institutional Councils.

### **(4) Citizen Associations**

Finally, the municipal government is obliged to support the creation of Citizen Associations to support the development of the municipality as well as to facilitate the participation of sectoral, cultural, trade, athletic, professional organizations, and associations in the municipal management process. With regard to the case of the participation of inhabitants of the autonomous Atlantic Coast region in community and municipal management, the law determines that traditions and customs of the inhabitants will be respected and taken into account.

#### **d. Inter-Administrative Relationships**

In reference to the inter-administrative relationships:

- 1) Municipalities are permitted to associate voluntarily with other municipalities for the purpose of achieving mutual cooperation and assisting in the implementation of development activities.
- 2) Conflicts between different municipalities, or between them and the Central Government must be settled by the Chief Executive.
- 3) Citizens who wish to impugn a municipal act or order must do so in the same municipality through presentation of recourse and appeal before the Presidency of the Republic.

## **4. THE BROADER INSTITUTIONAL ENVIRONMENT OF LOCAL GOVERNMENTS**

### **a. Regional and Departmental Organization**

There are no intermediate levels of government between the municipality and the central government. Until 1990, regional governments existed which were presided over by a presidential delegate, with rank of Minister, who reported directly to the Presidency of the Republic. The current government eliminated the regional government. Currently, there are only two levels of government: central and municipal.

Each of the 17 departments has a different number of municipalities. The departments are only a territorial jurisdiction without an official government. Normally, the municipal government of the department's capital plays a leadership role for the department. However, this is not mandated by either the political constitution or by the municipal law. It occurs in response to particular necessities.

The leadership role of the capital cities of the departments is also a result of the regional subdivision of the country, as the Constitution points out. Because of this, the ministries and the autonomous institutions maintain regional delegations located in the departmental capital—the former regional capital. As a result, the Mayor of the departmental capital is the only visible elected authority in the region suited to convene and coordinate other officials.

The need to establish departmental governments in order to strengthen central and municipal government coordination and support is being discussed. This idea merits a better analysis and a more careful institutional evaluation. The suitability and feasibility of doing it is not clear. The convenience of restoring the regional governments should also be evaluated.

The analysis of the convenience of creating or not some institution for departmental or regional government should not be based on partisan politics but rather on a serious evaluation of costs and benefits. Such analysis will require clarity on the part of the central government, especially of the Ministry of the Presidency, about a national decentralization policy and its support requirements.

#### **b. INIFOM (National Institute for Municipal Development)**

INIFOM (National Institute for Municipal Development), an autonomous government agency, is responsible for the integral development of municipal governments as the primary expression of the state at the local level. It organizes and implements plans and activities dealing with the municipalities' role and resources (including research, training, technical assistance and promotion, etc.), within the context of national policies, strategies and plans and municipal participation. INIFOM has established regional offices or delegations which play a key role in planning and carrying out municipal support activities. The central office in Managua provides support to the regional delegations, promotes municipal affairs before the central government, and works as a counterpart for related international cooperation for municipal development.

##### **(1) Goals and Objectives**

INIFOM's objectives and goals are to:

- Upgrade the municipal local government's human, technical, material and financial capacity in order to strengthen its effectiveness as the primary organ of government at the local level.
- Reinforce municipal organization and management capabilities to expand and improve basic services quality in localities.
- Promote and manage the allocation of financial and technical resources for municipal development.
- Support the executive branch in formulating and implementing public policies to strengthen the municipal development process.

## (2) Functions

In order to achieve its objectives and goals, INIFOM exercises the following functions:

- Conducts research and studies on municipal topics.
- Advises, consults and assists municipalities to efficiently manage their responsibilities as well as to improve their organizational and management capabilities.
- Attract and channel financial, material and technical resources required for the development of municipalities.
- Set up and develop educational and training programs for municipal authorities, political leadership, and technical and administrative employees.
- Establish relations with local government to collect information, discuss, and propose development policies, strategies, plans and programs, as well as to promote cooperation and the exchange of information among municipalities.
- Build relations with municipal entities at the international level in order to mobilize and channel external cooperation for municipal development.
- Promote relations and exchanges of information among national and foreign municipalities.
- Monitor the administrative and financial performance of municipal government.
- Promote and support the execution of municipal development plans in accordance with the public interest and national investment programs.
- Document, promote and publish information on the municipal development process and its achievements; stimulate national interest in municipal matters.
- Stimulate and support citizen participation in discussing and solving municipal problems.
- Promote cooperation, assistance and communication among central, regional and local governments in order to achieve the balanced and consistent implementation of public policies related to municipalities.
- Exercise the duties and competencies delegated by the executive power of government and statutes.

## (3) Board of Directors

The Board of Directors has 40 members, 34 of which are Mayors. Recently, the Board of Directors of INIFOM formed five specialized technical committees to support the policy tasks of the institution and its dialogue with other governmental institutions. The committees are: Legal; Economic and Financial; External Cooperation; Municipal Services; and, Health.

This is a relevant initiative that allows the members of the Board of Directors to develop policy in an on-the-job context, rather than limiting their participation to general discussions at Board meetings. In addition, these committees are formed mostly by elected municipal officials who are members of the Board.

#### (4) Needs

INIFOM's efficient and productive performance depends on the consolidation and strengthening of its regional offices, since they promote and implement the institution's general policies at the regional and local level. To do this, they will need:

- Economic and material resources as demanded by the complexities and service requirements of the region and municipalities within their jurisdiction.
- To acquire the knowledge and skills required to provide technical assistance and training in areas needed by the municipalities.
- Cooperation from other institutions to implement a variety of programs to benefit municipalities.
- A set of clearly formulated regional policies with specific goals and objectives.

The level of economic and material resources to be allocated to each regional delegation should be determined by the relative regional complexity as follows:

Region	Difficulty Level	No. Municipalities	Priority
I	A	26	1
II	C	23	5
III	C	7	6
IV	B	31	4
V	A	18	3
VI	A	22	1

NOTE: A is high difficulty level.

The North and South Atlantic regions and the Rio San Juan State (Departamento) have only two employees. In these regions, it will be necessary to provide additional human resources by organizing and equipping a small delegation.

The capacity of the staff of the regional offices should be strengthened through:

- Training programs provided by the INIFOM central office;
- Training in the areas of project evaluation, administration, planning, registries, human relations, social work and general aspects on municipal organization and management, including economic, finance, law, basic services and urban development;
- Exchange of experiences among regional employees concerning analysis and problem-solving methods as well as with municipal employees from other countries.

The cooperation needed by the regional offices in order to implement programs to benefit municipalities should be achieved by: 1) charging the regional offices with the responsibility for coordinating municipal and national programs; 2) increasing the numbers of inter-agency program activities implemented by INIFOM and other national agencies; and, (3) stressing bilateral relationships among municipalities and national agencies.

The regional offices should be allowed to propose its own goals and objectives since they know better than the Central Office the problems, conditions and interests of their regions.

The consolidation of INIFOM should be based on the improvement of its regional offices by increasing its technical assistance, training and management capabilities. For such purposes, this policy should be accepted by both the INIFOM President and its Board of Directors.

### (5) **Staff and Organization of INIFOM Regional Delegation in Region IV**

The organization of the regional delegation of INIFOM in the Region IV is a useful example that can serve as a model to improve the organization of other regional offices.

#### **Staff**

Delegate  
 Technical Director  
 Project Technician  
 Municipal Services Specialist  
 Economic and Finance Director  
 Budget Analysts  
 Tax Law Specialist  
 Administrative Assistant  
 Administrative Assistant  
 Driver  
 Janitor

#### **Functions**

##### **Regional Delegate**

The regional delegate is the Executive Director of the Delegation and as such executes INIFOM central office policies and programs with the support of the regional Economic-Finance, Project and Municipal Services Divisions. His responsibilities are to:

- Officially represent the INIFOM President and Director
- Propose and implement regional programs and activities within the framework of central policies
- Propose a regional work plan
- Appoint and remove the regional office staff
- Propose the appointment of a Sub-Delegate
- Advance recommendations to improve INIFOM performance

##### **Economic and Finance Division**

The Economic and Finance Division contains a Finance Section, Tax Law Section, and an Administrative Services Section.

The **Finance Section's** responsibilities are to:

- Assist Municipal Governments to formulate their annual budgets as well as their followup evaluations
- Coordinate financial training courses with INFOM Central Office
- Provide advice on budget execution and accounting
- Compile and review municipal financial reports, providing this information in computerized formats to the Central Office
- Process, produce and forward to the Central Office all budget information sent by the municipalities
- Supervise the correct execution of municipal budgets and other accounting and control systems
- Prepare consolidated quarterly and annual income and expenditures reports for the municipalities
- Control all transfers from the Minister of Finance to the municipalities
- Request personnel reports from municipalities every three months
- Distribute formats for the presentation of monthly, tri-monthly and annual financial reports to the municipalities
- Attend Central Office meetings to present and discuss financial reports and obtain guidance
- Prepare and implement the regional delegation's accounts

The responsibilities of the **Tax Law Section** are to:

- Advise and support the execution of the municipal tax system, including:
  - inspection of tax declarations and registries
  - verification the consistency of income and budget
- Advise tax collectors on the recovery of overdue accounts which includes:
  - reviewing tax payers current account and,
  - implementing cost recovery
- Prosecute corporations and individuals
  - review statements of balances to determine tax evasion
  - request explanation to verify cancellations
- Advise on the implementation of rural registries to attract more income
- Verify tax retention for the agriculture and cattle sector, slaughterhouses, ENCAFE and sugar plantations
- Coordinate taxation seminars with the Central Office
- Respond to Municipal requests for advice through regular field visits

The **Administration Services Section** has the following functions:

- Secretary for all committees
- Prepare minutes and agreements

- Send minutes and agreements to committee members
- Monitor agreements execution
- Distribute reports and information sent by different institutions to mayors
- Convene the Committee and Inter-municipal meetings
- Forward documents to municipal offices
- Organize the different convocations and meetings of Mayors

### **Municipal Projects and Services Division**

The Municipal Projects and Services Division contains a Projects and Investment Section and a Municipal Services and Urban Development Section.

The functions of the **Projects and Investment Section** are to:

- Advise and support municipalities on the formulation of projects, information-gathering, expenditures and budgeting, construction programming-execution chronogram, finance chronogram, and finance evaluation
- Advise, supervise and control of municipal investments
- Support the production of characterization reports for municipalities

The functions of the **Municipal Services and Urban Development Sector** are to:

- Advise and support Municipalities in the preparation of reports concerning the state of public services
- Formulate municipal public services projects
- Advise, train and visit mayors, community leaders and ORUVAH technicians on the HABITAT/SILVAH project
- Review and codify the SILVAH tickets to introduce them in a computer system
- Train mayors and officials in charge of public services with appropriate technologies for the provision of public services

The **INIFOM Regional Delegation** uses the following mechanisms to communicate with the Mayors in Region IV:

- Inter-Municipal Meetings (each month with ministers)
- Inter-departmental Meetings
- Working Committees for:
  - Coffee
  - Cholera
  - Roads
  - Reforestation
  - Housing, and
  - International Cooperation

- Visits to municipalities and attendance at city council meetings

### **c. The Ministry of Governance and the Emergency Situation**

The provision of land, basic infrastructure and services and housing to the demobilized soldiers of the Contra and Ejercito Popular Sandanista is a critical problem, particularly in the north of the country in Regions I and V. Given the weak municipal capacity to respond to such needs, the GON has established a special institutional arrangement to provide direct rapid assistance in those municipalities most affected by the situation. The Ministries of the Presidency and Governance, FISE, and INIFOM are the primary participating institutions. The Ministry of the Presidency works through an Office to Support Government Coordination for Infrastructure and Services; the Ministry of Governance, through the Directorate for Assistance to the Municipalities. FISE and INIFOM provide support to these organizations. These institutions jointly agree to solve specific situations in municipalities declared high priority where a conflict has arisen. Identified problems are addressed quickly within the framework of the pacification policy. The institutional arrangement among these institutions is as follows:

The Ministry of the Presidency determines a specific priority for immediate attention in a given municipality. With the help and the coordination of the Central and Regional offices of INIFOM, the Ministry of Governance, through the Directorate for Assistance to the Municipalities, mobilizes the Construction Directorate of the Army, who assigns a team of engineers to be sent to that municipality. The Directorate for Assistance to the Municipalities, with the help of the Ministries of the Presidency and of Governance, gets the necessary resources for the operation from the technical ministries appropriate to the nature of the problem to be solved. This can involve the ministries of Health, Education or Construction. The Ministry of Governance also provides the security forces to guarantee security in the conflict area.

All these mobilized personnel and equipment are directed to the resolution of the perceived problems jointly with the municipal government. FISE financing is provided for many of these activities. Since most small municipalities do not have the capacity to meet FISE requirements, the team of Military Engineers formulates the projects; FISE calls for bids, contracts are awarded and project work activities undertaken.

As can be observed, this scheme is strictly for emergencies and works at an apparent high cost. It would be necessary to further evaluate this scheme in order to know if it is feasible to replicate in a context of normal functioning and not of emergency.

According to data provided by the Directorate for Assistance to the Municipalities of the Ministry of Governance, 13 projects were formulated in 1991 through this operation in the municipalities of Wiwilí, Quilalí, San Juan del Río Coco, La Concordia, San Rafael del Norte and Pantasma. Most of these projects were approved by FISE. A total of 20 other projects are now being generated for other municipalities.

The scheme described above works efficiently and effectively under an almost vertical command, almost militarily, it may be said. It facilitates and allows the disbursement of FISE's funds, which otherwise would remain frozen or would go to other municipalities not undergoing conflict. However, it is unclear if this scheme might be valid for normal conditions.

Even as a scheme suited for emergencies, it does suggest some useful lessons that could contribute to improve the institutional framework of the local governments of all the country, namely the following:

- An institution for the regional coordination appears clearly necessary and this may be INIFOM. Without the support of INIFOM, it would be very difficult for the central institutions to act properly and in coordination with municipal government.
- It is necessary to strengthen the municipal capability to formulate projects to get access to the funds of FISE. This role could be undertaken by INIFOM, which in some cases does already provide such assistance. However, it would be necessary to strengthen the regional offices of INIFOM, training the trainers of INIFOM who would, in turn, train trainers at local level.
- It is necessary to support and to guide the Ministry of the Presidency with the development of a clear policy for decentralization in the country, which includes the institutional, financial and services aspects.
- It is necessary to evaluate the experience of the Directorate for Assistance to the Municipalities of the Ministry of Governance in order to transfer this capacity to the municipal government and INIFOM. In the medium-term and once the emergency is over, the Ministry of Governance should cut any trace of direct control of the municipal governments.
- The additional support that FISE will get in the future will open more opportunities to assist the municipalities. As a part of these additional resources, a training component is anticipated. This component will aim to help municipalities to formulate projects so they can get access to the funds of FISE. It is necessary to decide if it is wise to assign to FISE these training tasks or not. Apparently, it would be better to channel these funds to INIFOM, to implement that component, as part of its mandated functions. The involvement of FISE in direct training and technical assistance activities with the municipalities seems unnecessary and could complicate the FISE's image in front to the municipalities. It would, perhaps, be wiser to leave FISE strictly as a financial institution and to permit INIFOM to proceed with training and technical assistance at the municipal level.

#### **d. Fondo de Inversion Social de Emergencia (FISE)**

Data was analyzed to determine if the Emergency Social Investment Fund (FISE) was succeeding in disbursing funds to the smallest municipalities of Nicaragua. To receive FISE funds, municipalities must submit formal proposals to that organization. The concern is that the smallest, perhaps most needy municipalities will not have the technical capacity to complete acceptable applications, resulting in some inequities.

The analysis shows that FISE is indeed financing at least a proportional number of projects in the smaller municipalities. For example, while only 20.7 percent of the population is estimated

to live in the smallest, category "D" municipalities.<sup>2</sup> However, as of December 3, 1991, 29.5 percent of all AID funds approved for disbursement by FISE were for projects in those municipalities (see Figure 1).<sup>3</sup> The only category of municipality receiving substantially less than its proportional share of FISE-AID funds was category "A". Although 19.9 percent of Nicaragua's population lives in category "A" municipalities, thus far those cities have received only 7.9 percent of FISE-AID funds.

FIGURE 1		
Category	Percent AID-FISE Funding	Percent of Nicaragua Population
Capital	26.8	21.7
A	7.9	19.9
B	13.8	15.7
C	22.0	22.0
D	29.5	20.7
Total	100.0	100.0

## B. MUNICIPAL AND COMMUNITY EMPOWERMENT

Practical decentralization and municipal development in Nicaragua will be a long-term process. The previous section analyzed the existing situation in terms of municipal government mandates (functions and powers) and the broad national institutional development of local governments. This section considers four additional aspects of the broader institutional and policy framework that can sustain municipal and community participation and empowerment in and through that process over the long term. These include: 1) municipal associations; 2) community participation in municipal management; 3) NGOs and community participation; and, 4) training and technical assistance needs and supply.

---

<sup>2</sup> The Government of Nicaragua recognizes four categories of municipalities, A-D with category "A" municipalities being the most important in terms of population, infrastructure and governmental role; and category "D" municipalities being the smallest. Source: INIFOM, 1991, Categorization of municipalities now being updated.

<sup>3</sup> Source: FISE and PADCO, 1991. FISE disburses funds principally from AID, the Interamerican Development Bank and the Government of Nicaragua. Each donor targets their funds to slightly different projects. Sixty-five percent (65%) of FISE funds came from AID in 1991. Only funds originating from AID were analyzed.

In cases where multiple projects were listed that involved more than one municipality, funds were assumed to be divided equally among the recipient municipalities.

## 1. MUNICIPAL ASSOCIATIONS

Municipal associations can enhance municipal representation and participation at the national level while providing the means for resource mobilization coordination and leverage at both the national and sub-national levels.

### a. Current Situation

There are no municipal associations in the country. Rather, there have been some attempts to form associations of Mayors, with little or no success. These have been, in fact, groups of Mayors drawn together mostly by political affinity, consequently they have lacked the representation of their municipal governments. This may well be the reason why these associations have not succeeded.

The Mayors of León and Matagalpa—two prominent, prestigious, and knowledgeable mayors of the country—confirm this:

The Mayor of León: "An association of Mayors was formed in the past, but the two political tendencies existing in the government gave the movement political coloring. Its municipal nature, thus, was lost. Now there is increasing consciousness that the struggle against centralism must not be involved with partisan politics".

The Mayor of Matagalpa: "The Mayors association of the Department of Matagalpa, created in July 1991, has eleven Mayors and is trying to promote the creation of similar associations in each department, to move then to create a Federation of Associations of Mayors".

These quotes illustrate the confusion and obstacles that exist in Nicaragua regarding municipal associations.

The only initiative correctly oriented to date in this regard is an effort underway among the municipalities of Region III that are trying to create a municipal association. This would exclude Managua given its size. This initiative is being supported by the Regional Delegate of INIFOM for Region III. This initiative understands the concept of municipal associations as opposed to associations of Mayors.

### b. Basic Considerations

A number of considerations should guide the creation of municipal associations in Nicaragua. The 1991 Regional Municipal Development Seminar in Honduras sponsored by USAID clarified the ideal role and responsibilities of municipal associations to be that they:

- As municipal representatives, support the process of decentralization and incorporation of municipalities in the economic and social development process of the nation.

- Adhere to the principles of voluntary association, fair and equal representation, and independence from central government in order to maintain legitimacy.<sup>4</sup>
- Design and implement policies and strategies for technical assistance and training.

In addition to the above, many seminar participants cited the need for associations to play a key role in credit and resource mobilization. This role is not only critical for the very existence and sustainability of associations themselves, but also for these associations to achieve greater economic/political leverage with central government institutions and to serve as a potential source or channel for funding of municipal government activities.

It is also important to distinguish between the objectives of national municipal associations and regional or sub-regional municipal associations. Normally, national associations would have more political objectives (i.e., national representation, advocacy and consultation) while sub-national associations would tend to emphasize joint participation, collaboration and coordination between municipalities related to common development activities (i.e., integrated/joint investments, technical assistance and service provision, etc.). The efforts underway among the municipalities of Region III mentioned previously are an example of the sub-national association.

It is of paramount importance to explain to all elected officials—not only to Mayors—that it is necessary to create municipal associations that represent the municipal governments, consequently, that will have the support of the constituents. These could be organized for a full department, a region, or other territory that makes sense for municipal purposes. They should stress political pluralism, the defense of the municipal interests intra-municipal collaboration and coordination in development planning and management as their principal goals. Clearly, this formula is more representative and stronger than an association of Mayors, who, in reality, would represent only themselves.

## 2. COMMUNITY PARTICIPATION AT THE MUNICIPAL LEVEL

Citizen participation in local development has been broadly discussed in the specialized literature. Without getting into this discussion, it is safe to say that two main schools of thought predominate as to participative schemes. One states that the benefits of development will trickle down, while the other states that bottom up schemes are more appropriate.

Many experiences show that neither of these two approaches work in a pure form; there are no data either to support a conclusion as to which scheme is better. In other words, economic growth alone will not ensure that benefits will necessarily trickle down to the population, especially to

---

<sup>4</sup>INIFOM, the Municipal Development Institute, was discussed in a previous section. The fact that it provides for majority representation of municipalities on its Board of Directors clearly enhances its potential to provide responsive and relevant assistance to municipalities. However, its character as a central government entity does limit its potential as municipal representative and advocate. The clear delineation of the respective roles and responsibilities of INIFOM and municipal associations is essential in order to maximize and coordinate their potential.

the poor. On the other hand, small projects with broad participation of the poor will not necessarily create economic growth.

In practice, participatory schemes do not work in a form that fits a given model. Rather, combinations of different forms of participation occur. It would be a mistake to try to impose a given participative model as there would be no assurance that it would actually work.

To date, there are two alternative schemes that try to compromise. One, participative planning, intends to integrate the population into the information and decision making processes, assuming leadership not of the population but of formal institutions. The other system relies on the leadership that existing grass-root organizations can provide and assumes that these have the capacity to identify needs and propose solutions. In this scheme, formal institutions—government, NGOs, or private sector—play the roles of facilitators and provide technical support.

In Nicaragua, participation at local level is not an academic exercise but, rather, a necessity somewhat forced on the population given the overwhelming basic needs that local governments—or central government, for that matter—cannot satisfy.

Those who participate, are always seeking to solve very specific and practical problems, shared by many people. It is not surprising, then, that once the problem is solved, the group that was organized to solve it, disappears. Those who deal with participation should recognize this fact as a given. Consequently, any participative activity will be inserted in a realistic framework, as opposed to becoming a theoretical exercise.

Due to the urgent and overwhelming basic needs faced by many Nicaraguans, participation sometimes becomes only a piece of paper with a list of petitions written by a group of people and delivered to the Mayor. Participation at local level in Nicaragua thus centers mostly around projects of basic infrastructure.

There is no unique participative scheme widespread in the country. Consequently, it is not possible to generalize on which type of participation scheme is being implemented. In fact, there are many ways by which the population participates in local development.

The following sections describe the different modalities that local participation adopts in Nicaragua.

The Political Constitution of 1987 established that municipal autonomy is a principle for the exercise of democracy through free and direct participation of the people in the election of local authorities (Article 177). The Law of Municipalities<sup>5</sup>, also declares that citizen participation is to be achieved, among other things, through the "creation of administrative structures and operative methods, in accordance with the reality of each municipality".

---

<sup>5</sup>La Gaceta, Number 155, of August 17 of 1988. Article 2, Number 2.

Regarding the residents' rights and obligations, related to citizen participation, Article 16 of the same Law mentions: the right to participate in municipal administration, the right to make petitions individually or collectively to local authorities, and the right to obtain prompt responses to them. Additionally, the organization of community participation is also a responsibility of the Municipal Councils, as the previously mentioned Law states:

"They are obligations of the Municipal Council: ...to create all the necessary administrative offices in the municipality's territory in order to strengthen the popular participation ..." (Article 28, Number 12).

"They are obligations of the Mayor: ...to propose to the Municipal Council the creation of administrative offices ...according with what is stated in Article 28, Number 12, of this Law." (Article 34, Number 38).

The Regulations for Organization and Functioning of the Municipalities,<sup>6</sup> states in the Articles 64, 65 and 66 that municipal governments must support the creation of citizen organizations and promote the participation of other organizations and associations in the municipal administration; that it is the Mayor's responsibility to convene the population in order to evaluate the municipal activities; that it is a Municipal Council's obligation to create Community Popular Councils as consultive bodies.

Another mechanism to promote the citizen participation is provided by the Town Meetings (or Cabildos Municipales), in which all the citizens can participate "in order to know, to criticize and to contribute to municipal administration."<sup>7</sup> These Town Meetings can be convened as many times as the Mayor decides and they can either deal with matters considered to be of public interest by the citizens, to make the adjustments to municipal administration, or to inform the citizenry about the municipal budget and its performance. Town Meetings are compulsory related to the approval of the municipal budget and the evaluation of its implementation.

Other ways in which municipalities promote citizen participation are provided by the "Complementary Organizations". According to the Regulations for Functioning and Organization of the municipalities, they can be created "in order to strengthen community participation, to improve the supply of services to the population and to increase the efficiency of municipal activities".<sup>8</sup>

Additionally, the executive branch of government, by creating the Instituto Nicaragüense de Fomento Municipal (INIFOM), has accepted the responsibility of promoting citizen participation, as Article 4.d) of Decree # 497<sup>9</sup> (Creation of INIFOM) states: "INIFOM shall develop the

---

<sup>6</sup>Decree # 498, La Gaceta, Number 44, March 2 of 1990.

<sup>7</sup>Article 68 of the Regulations for the Organization and Functioning of the Municipalities.

<sup>8</sup>*Op.Cit.* Article 74.

<sup>9</sup>La Gaceta #44 of March 2, 1990.

following functions and obligations: promotion of the environmental education as a base of popular participation in the development of municipal services and in the environmental protection" .

In summary, both the Political Constitution and the Law establish that the population of the municipalities has both the obligation and the right to participate in its corresponding local government. Therefore, Central Government and Municipal Councils are obligated to honor such rights of the citizens through promotion of citizen organizations to develop their own communities, according to their own reality.

There are no restrictions or obligations regarding the functioning or the types of citizen organizations; therefore, a wide variety of participatory schemes exist.

#### **a. Community Participation in Municipal Management in Selected Regions**

The department of León is comprised of eleven municipalities: Telica, Quesalguaque, La Paz Centro, Nagarote, Larreynaga, El Sauce, Achuapa, Santa Rosa del Peñón, El Jicaral and León, the capital of the department.

#### **The municipalities of the department of León in Region II**

During meetings with the Mayors and Councilmembers of these municipalities, it was observed that the participatory schemes in all of them were very similar except in the municipality of León, which, as explained below, has developed its own mechanisms different from the rest:

Excluding the capital of the department, León, the municipal organization to facilitate citizen participation is the following: the Mayor nominates a Delegate selected from among the inhabitants on each locality of his jurisdiction; this Delegate works as a volunteer and his/her main function is the organization of the citizens around their needs by forming permanent Committees for Community Development. The necessities or problems affecting the population are analyzed and discussed by the Committee and the Delegate, who then presents these needs to the Mayor for his consideration.

The Town Meetings are held according with what the Law states as obligatory. The citizens normally do not participate in these assemblies but are represented by their respective Committees. The information provided in the Town Meetings is then transmitted to the population by the Delegate and the Committee in a special meeting.

#### **(1) The Municipality of León**

León (in the León Department) is located on the Pacific Coast and has a population of 161,000, of which 138,000 live on the outskirts of the city, not including those that have invaded approximately 60 manzanas in the last four months. Since the last municipal elections (of 1990), the City Council has been comprised of eight FSLN City Councilmembers and two UNO City Councilmembers. According to the procedures established by law,

a new Mayor (who is also a Sandinista) was elected. The City Council then informed work committees for different areas—including health, housing and markets.

The municipality has several objectives, including: 1) to reduce the impact of social problems (i.e., unemployment, diseases, etc.); 2) increase service provision to the community; 3) improve municipal infrastructure; 4) support citizen participation in local development; and 5) promote public/private collaboration. To further support this process, there exists national government agencies including the only branch of the Nicaraguan Central Bank. In addition, other technical assistance is provided to the Municipality through INIFOM. Access to infrastructure projects has also been increased through the FISE (Fondo de Inversión Social de Emergencia) but is not significant compared to real needs. Despite the fact that many national agencies are represented locally, these are not well coordinated.

In the private sector, many NGOs are also present, including the Movimiento Comunal. In addition, there exists service clubs (such as the Lions Club) and other social organizations (such as the Pro-Development Association). Since November 9, 1991, however, due to ideological differences, none of these organizations—with the exception of the Movimiento Comunal—are working with the Mayor.

In terms of citizen participation, the municipality does comply with the legislative mandate to promote community participation by seeking manual labor of the community in project execution. However, participation does not exist in all phases of the development process. The municipality does not utilize participatory techniques to ascertain public opinion. Citizens also do not exercise their right to solicit open town meetings to deal with issues of public concern. Instead, the municipality holds only those open town meetings that are required by law: two per year, one of which is to inform citizens on the proposed budget, the other of which is to inform citizens on a *post-facto* assessment of how that budget was executed. While citizens may express their opinions during these open town meetings, the nature of the meetings is to inform not engage in joint public/private planning or decisionmaking.

Obstacles for participation are several. First, political polarization has resulted in many government sympathizers avoiding local organization in order to avoid violent actions by the armed forces. In addition, very few resources exist to support basic needs of the municipality and even less for projects supporting participation. Third, there is inadequate technical training at the level of the municipality and the citizenry on effective participatory mechanisms. Finally, the citizenry is virtually unaware of the municipal law by which the municipality must abide.

Opportunities for participation do exist, however. In the first place, the citizenry has a high level of disposition towards organized work. Secondly, both the citizens and the government recognize that participatory projects have a greater "sale value" to external donors. Third, the Mayor has significant interest in increasing community participation even when that participation is not an area of municipal competence. Finally, legislation concerning municipalities establishes, as a right and obligation, that community participation in municipal development should be promoted and supported.

## (2) The Municipality of Matagalpa in Region VI

Matagalpa is one of two departments of Region VI and is divided into 15 municipalities: San Isidro, Sébaco, Ciudad Darío, Terrabona, San Dionisio, Esquipulas, San Ramón, El Tuma-La Dalia, Rancho Grande, Muy Muy, Río Blanco, Waslala, Paiwas and Matagalpa, the capital of the department.

The municipality of Matagalpa organized its contract with the population as follows: the Mayor nominates a Delegate for each neighborhood or small town (very often a Councilmember, who is called Deputy Mayor or Neighborhood Representative). This Delegate handles the Auxiliary Mayor functions stated by the Regulations for Organization and Functioning of the municipalities, and organizes the election of a District Committee which must represent the residents. The Mayor convenes the community and the members of the Committee are elected publicly. The function of the District Committee is to detect problems of the community, and to discuss and analyze them with the Neighborhood Representative. Recommended solutions are introduced to the Mayor.

A very important activity which the District Committee develops is the promotion of direct citizen participation in execution of the project.

The Mayor convenes the citizens. All residents participate freely in the Town Meetings which are carried out according to the Law. These meetings have proved to be an effective vehicle for informing the community about the annual plan and budget process, but active citizen participation in the annual planning process is somewhat limited.

## (3) The Municipality of San Isidro of Region VI

The municipality of San Isidro is one of the smallest (192 km<sup>2</sup> in the Matagalpa Department and has a population of only 21,620. The City Council is comprised of five members, two of which are FSLN members, and three of which are UNO members. These members unanimously elected Sr. Juan Ramon Gutierrez as Mayor (who supports the national government). This Mayor tries to keep the City Council free of political ideologies and religious creeds. He even has the Sandinista Councilmembers represent him in various community activities. The Mayor and City Council maintain good relations and meet on a monthly basis.

The municipality has several undocumented objectives including to: 1) improve living conditions in the community; 2) support technical and financial cooperative with the private sector; 3) improve citizen participation in the execution of municipal development projects; 4) improve access to national public and private resources; and 5) support the socio-economic development of the municipality. It is worthwhile to note that the municipality has not considered community participation at any levels beyond project execution.

Open town meetings and small assemblies are convened by the municipality and are the forms of "consultation" that do exist. Now that there is a municipal development plan, the Mayor bases his decisions on project priorities. However, the Mayor has communicated that this situation would change as soon as a development plan was formulated, at which time the city would need

technical and financial assistance. It is unclear whether this meant that the Mayor would consult more with the citizenry once a development plan was underway. In any event, community participation was engaged as a result of that participation being an external donor or government requirement.

The obstacles for participation were several. These included a lack of technical and financial resources to develop more projects, the lack of a development plan that takes in account citizen needs and municipal possibilities, the lack of collaboration and coordination with central government agencies, and the limited citizen knowledge regarding laws affecting municipalities.

The opportunities fall into three categories. First, there does exist significant interest among the citizenry to become more directly involved in improving the municipality. Second, political polarization among citizens was not relevant to local development affairs. Third, there already exists a history of collaboration among the Mayor, NGOs and the community in local development.

#### **(4) The Municipality of Granada in Region IV**

Region IV is formed by four departments divided into 32 municipalities. The departments are: Granada, Masaya, Carazo and Rivas. The municipalities of Granada and Diriomo, in the Department of Granada, and Santa Teresa, in the Department of Carazo, were surveyed. The Mayor of Granada has neither Auxiliary Mayors nor Delegates to detect problems and needs but he personally visits neighborhoods or communities on weekends where he convenes small assemblies (Vicinity Meetings) to obtain additional information on problems or needs of the community.

Most of the Councilmembers do not have tasks designated by the Mayor. They have different political affiliation and belong to other political parties. The Mayor is uncertain of continuing in office and fears dismissal without cause.

The Town Meetings held are those obligatory by the Law. The citizens of the municipality participate freely and have been effectively engaged in the annual planning and budgeting process and the review of its achievements through this mechanism.

The technical formulation of projects for local development are made only when the financing has been assured or when INIFOM informs the mayorship about eventual support of—or negotiation with—some donor.

#### **(5) The Municipality of Diriomo in Region IV**

In Diriomo, the Mayor names one of the Councilmembers to be a Municipal Delegate at Large to represent him throughout the neighborhoods and communities of his jurisdiction. This Delegate performs the functions of the Auxiliary Mayor as defined in the Regulations for Organization and Functioning of the Municipalities. These are: organization of the population for the municipal development, collection of the residents' concerns or necessities

to send them to the Mayor for consideration. This Auxiliary Mayor of sorts happens to be better known than the Major.

The Municipal Delegate organizes each neighborhood or community for the election of a Board to represent them before the Mayor. The Board Members collaborate to organize the residents.

In the Mayor's opinion, the community participation is decreasing because the residents are apprehensive of violence that may arise. Despite the efforts to increase citizen participation in development activities, the situation does not improve, and the Mayor and his collaborators are disappointed. From the survey, it was not clear, however, whether the mayorship is in fact encouraging citizen participation.

The population freely attends the two obligatory Town Meetings held during the year. The Mayor meets monthly with the Councilmembers to evaluate progress and status of activities and development projects of the municipality.

#### **(6) The Municipality of Santa Teresa in Region IV**

In the Municipality of Santa Teresa, the Major has assigned some members of the Municipal Council to be Delegates for each neighborhood or community. The Delegate organizes the election of a Committee for the Community Improvement which he presides. This Committee organizes a subcommittee for each project in every locality working under its general coordination.

The participation of the population in the Cabildos Municipales is direct, free and considered by the community to be adequate.

#### **(7) Juntas Comunitarias de Obras y Progreso (JCOP) in Managua**

The JCOPs were organized by the municipality of Managua in accordance with the Law to promote citizen participation in the local administration.

The General Coordinator of the JCOPs is a Councilmember who also works for a salary for the municipality. She manages the Municipal Board (formed by seven voluntary members), the District Boards (seven voluntary members in each of the seven districts) and the Neighborhood Boards. The elected local leaders of each area comprise the board. The members of the District Board are elected from among and by the members of the Neighborhood Boards. The Municipal Board members are elected by the District Boards. The General Coordinator is nominated by the Mayor.

The Local Boards conduct educational activities on the importance of citizen participation in local government. At the moment, the JCOPs are not promoting community participation in project implementation because the municipal government does not want to give a political taint to the JCOPs.

The only Town Meetings held are those obligatory by Law. The Local Boards members attend these Town Meetings on behalf of their constituents. These meetings are highly charged politically—with political parties vying for control of the annual planning and budgeting process in order to serve their own partisan purposes.

The development needs detected in a locality are addressed to the Local Boards to be forwarded to the District Board. The projects are designed by the respective District Delegations. Thereupon, they are sent to the Municipal Board for ratification and financing. District Delegations have all the necessary technical resources to formulate the projects.

## **b. The NGOs and Community Participation**

Three NGOs, with relevant work that specifically targets the municipal environment, are worth describing. They are having a generalized impact on the local communities and governments and are likely to continue developing this work in the future.

### **(1) The Movimiento Comunal**

This organization was established in 1990 as result of a reorganization of the former Sandinista Defense Committees (CDS), organized by the FSLN in 1979.

Its structure is organized as follows: a National Coordinator, a National Executive Committee, 17 Departmental Coordinators and Local Promoters which are in charge of organizing the population into Interest Groups.

This organization defines itself as a social service institution that aims its actions toward satisfaction of four important necessities: health, housing, youngs' rescue, and employment contentment.

This NGO is reported to have offices all over the country and will be developing health projects (latrine installation campaigns) in several municipalities. The works are done with the direct collaboration of the community.

The National Coordinator reported that this NGO is the organization with the greatest number of volunteers. However, it does not collaborate with local government efforts in development activities but with international institutions or grassroots organizations in social projects.

### **(2) Center for the Local Development and Poverty Eradication (CEPRODEL)**

CEPRODEL is an organization formed by young professionals to give technical assistance and training on integral development projects to citizens and with no participation of the municipal governments.

The most important activity accomplished to date is a study for the Ministry of Finance about the financial capacity of small businesses. This study sought to ascertain the administrative degree and commercialization level achieved by small- and medium-firms of the René Cisneros Neighborhood, in Managua. To obtain a good knowledge of the situation, an integral study of the locality was conducted, including a population census to determine socioeconomic conditions, the identification of health, education, infrastructure, housing, needs.

Additionally, they support training of community members—especially leaders—on education, and on environmental protection and its consequences on health. They have several projects in the pipeline for which they are seeking adequate financing.

### **(3) POPOL NA**

This is an organization for integral development of the municipalities. It was founded following the elections of 1990. Its general objectives are: to promote and defend the municipal movement, and to promote municipal development, expressed through the development of the municipal culture and spirit; defense of municipal autonomy; the promotion of citizen participation in local government; support of human resources; training for development projects; training of municipal government personnel and community members; and support to municipalities to obtain sisterhood agreements with other cities in the world.

Its main activities are aimed at the promotion of a municipal development through exchange of experiences among municipalities; diffusion of information about legislation related to the municipalities; human resources training on formulation of projects and legislation interpretation; municipal administration and organization; and support for the mayorships in their search for municipal development projects.

## **c. Opportunities and Constraints**

### **(1) Elements that Facilitate Participation**

Inhabitants of the neighborhoods and communities are very willing to do organized work. Probably, this results from actions of the former government which, in general terms, obligated almost all the Nicaraguans to be organized either in favor of or against the government.

Most citizens and local governments are well aware that development of their own communities will be impossible without direct participation of the population for two important reasons: 1) the competition between projects to obtain scarce financial resources; and 2) the demand of the financial organizations and institutions to have important citizen contribution to the projects.

Independent of each Mayor's development objectives most have a personal commitment to improve and to develop the living conditions of the inhabitants of their municipalities.

The Municipal Laws and related regulations represent a positive element which establishes the right and obligation of local governments and their population to participate jointly in local government administration and development activities.

## **(2) Elements That Restrict Participation**

The political polarization in the country is expressed also at level of the community. This situation produces the fear of being the target of violence by opposing groups.

There is a pervasive belief among some persons that community organizations are synonymous of partisan politics. Many people do not want to be involved in political affairs so they prefer not to participate.

The scarcity of financial resources—both at the local and central level—prevents implementation of more projects.

Few municipalities have technical resources to formulate projects, therefore, the citizens do not receive adequate guidance in formulating their projects. The Mayor and his Delegates request the collaboration of other larger municipalities, but mostly the response is very slow.

Lack of trained persons on project formulation is another restrictive element, since it is very difficult for citizens to clarify their problems and to properly justify projects.

Insufficient municipal income due to poor tax collection is part of a vicious circle: if there is insufficient income, it is impossible to invest in social welfare projects. Because the taxpayer does not see investment of the taxes (sometimes only enough to cover the administrative expenses) the taxpayer does not pay them.

Another restrictive element is the ignorance of most citizens about national laws and regulations related to municipalities.

<b>MOVIMIENTO COMUNAL NICARAGUENSE</b>
<b>Tipo de Organización:</b> ONG Nacional
<b>Dirección:</b> Del Hospital Velez Páiz, 4 cuadras arriba, Reparto Belmonte, Managua
<b>Teléfono:</b> 52240 - 51388
<b>Enfoques Municipales:</b> - Capacitación y Organización
<p><b>Programas/Proyectos Municipales:</b></p> <p>- Organización :</p> <p>Cuenta con 282 Comité de Barrios, organizados en igual número de barrios en las diferentes regiones del país exepctuando la Costa Atlántica.</p> <p>Con estas organizaciones han realizado los siguientes proyectos :</p> <p><u>12 Albergues para niños, Con financiamiento de Comité Evangelico Pro Ayuda al Desarrollo (CEPAD).</u></p> <p><u>Mejoramiento de "Asentamientos Espontáneos", con ayuda de la ciudadanía y de la Organización Panamericana de la Salud (OPS).</u></p> <p><b>Otros Enfoques/Proyectos con Relevancia:</b></p> <p><b>Regiones:</b></p> <p>- Varias, con excepción de la Costa Atlántica.</p> <p><b>Observaciones:</b></p> <p>- La Dirección Nacional del FSLN estableción el Movimiento Comunal en 1988.</p>
<p><b>Persona Contactada:</b> Braulio Urcuyo</p> <p><b>Su Cargo:</b> Miembro del Comité Ejecutivo Nacional</p> <p><b>Fecha:</b></p>

**FUNDACION POPOL NA**

**Tipo de Organización:** ONG Nacional

**Dirección:** Plaza España 3 ½ cuadras abajo, Managua

**Teléfono:** 660605 - 666643

**Enfoques Municipales:**

- Promoción del Municipalismo
- Capacitación
- Apoyo a Municipios

**Programas/Proyectos Municipales:**

- Promoción del Municipalismo:

Realizan reuniones para intercambio de experiencia y difusión de información entre los municipios.

- Capacitación:

Realizan talleres sobre : Formulación de Proyectos, Aspectos Jurídicos, Administración y Organización Municipal.

- Apoyo a Municipios:

Ayudan en la búsqueda de proyectos para el Desarrollo Municipal.

**Otros Enfoques/Proyectos con Relevancia:**

**Regiones:** Funciona a nivel nacional

**Observaciones:**

**Persona Contactada:** Manuel Ortega Hegg

**Su Cargo:** Ejecutivo

**Fecha:** 7 de Noviembre de 1991

CENTRO DE PROMOCION DEL DESARROLLO LOCAL Y SUPERACION DE LA POBREZA (CEPRODEL)	
Tipo de Organización: ONG Nacional	
<i>Dirección:</i> Reparto Altamira D'Este, Calle Central, Managua	
<i>Teléfono:</i> 73195	
<i>Enfoques Municipales:</i>	
<ul style="list-style-type: none"> <li>- Capacitación y diálogo</li> <li>- Participación Comunitaria</li> <li>- (planeado) Planificación Local</li> </ul>	
<i>Programas/Proyectos Municipales:</i>	
<ul style="list-style-type: none"> <li>- Proyecto en un barrio de Managua, con dos componentes:               <ul style="list-style-type: none"> <li>(1) un diagnóstico de las necesidades básicas,</li> <li>(2) elaboración de proyectos.</li> </ul> </li> </ul> <p>Para realizar este proyecto solicitaron la colaboración de los habitantes del barrio a través de entrevistas y reuniones con los líderes naturales del barrio, esto lo realizaron sin coordinación alguna con la Municipalidad.</p>	
<i>Otros Enfoques/Proyectos con Relevancia:</i>	
<ul style="list-style-type: none"> <li>- Diagnóstico de necesidades para proyectos de desarrollo comunitario; consultoría para la Agencia Sueca.</li> </ul>	
<i>Regiones:</i>	
<ul style="list-style-type: none"> <li>- Varias.</li> </ul>	
<i>Observaciones:</i>	
<i>Persona Contactada:</i> Miguel González Solórzano <i>Su Cargo:</i> <i>Fecha:</i> 18 de Noviembre de 1991	

**CENTRO DE INVESTIGACIONES Y ESTUDIOS MUNICIPALES (CIEM)****Tipo de Organización:** ONG de Nicaragua**Dirección:** De la Ferretería Gallo y Villa Sur, 1 1/2  
cuadra al lago, Reparto Las Palmas, Casa No. 242,  
Managua**Teléfono:** 663091**Enfoques Municipales:**

- investigaciones socio-económicas
- (planeado) capacitación

**Programas/Proyectos Municipales:**

- Un estudio sobre la estructura de poder en tres barrios de Managua
- Asesoría al Movimiento Comunal sobre la administración y ejecución de proyectos, para un barrio de Managua

**Otros Enfoques/Proyectos con Relevancia:**

- Investigar y capacitar las pequeño- y micro-empresas
- Informar los empresarios sobre las políticas tributarias

**Regiones:**

- Managua
- (planeado) projects en León y La Paz Centro

**Observaciones:**

- Esta ONG relativamente nueva tiene vinculaciones con la facultad de UNAN.

**Persona Contactada:** Hector Mairena**Su Cargo:** Director del Centro**Fecha:** 11 de noviembre de 1991

**AUGUSTO C. SANDINO FOUNDATION**  
**FUNDACION AUGUSTO CESAR SANDINO (FACS)**

**Type of Organization:** Non-governmental

**Address:** Apartado 2458, Managua

**Telephone:** 75631 - 74773 - 75706

**Types of Municipal Efforts:**

- training
- credit

**Municipal Programs/Projects:**

- Course in the formulation and execution of projects, one week a month for six months; cost: US\$ 115. Four courses in 1991, with 30 to 35 participants in each. 60% of participants were from municipalities.
- (planned) Courses in accounting, small business administration, cooperatives
- As part of credit fund, have extended credit to a few municipalities (e.g., Santa Teresa to construct 40 houses).

**Observations:**

The Foundation began as a source of credit. Training in project development grew out of a desire to finance more successful projects.

**Person Contacted:** Edwin Zablah

**Position:** Secretario General

**Date:** 25 November 1991

**FUNDACION AUGUSTO CESAR SANDINO (FACS)****Tipo de Organización:** ONG de Nicaragua**Dirección:** De los semáforos de Telcor Villa Panamá, 1 cuadra al lago, 20 varas arriba, Managua**Teléfono:** 74773-75706-75631**Enfoques Municipales:**

- capacitación
- crédito

**Programas/Proyectos Municipales:**

- cursos de capacitación:
  - la formulación y ejecución de proyectos (aprox. 240 horas de entrenamiento por curso; aprox. 60% de los participantes son de las alcaldías)
- crédito. De US\$ 275,000 en crédito se manejó en 1991, un porcentaje pequeño era con las alcaldías. Ej: un proyecto de 40 viviendas en Santa Teresa.)

**Otros Enfoques/Proyectos con Relevancia:**

- (planeado) cursos de capacitación en: contabilidad, micro-empresas, y la formación de cooperativas

**Regiones:**

- varias, con la excepción de la Costa Atlántico

**Observaciones:**

- Su curso en la formulación de proyectos para adultos es lo que es más completo y probado en Nicaragua.
- El enfoque original de esta fundación era para dar crédito a varios beneficiarios; su involucramiento en la formulación de proyectos se resultó de su deseo a mejorar la recaudación de sus préstamos.

**Persona Contactada:** Edwin Zablah, Francisco Avendaño**Su Cargo:** Director**Fecha:** 25 de noviembre de 1991

<b>MOVIMIENTO COMUNAL NICARAGÜENSE</b>	
<b>Tipo de Organización:</b>	ONG de Nicaragua
<b>Dirección:</b>	Del Hospital Vélez Páiz, 4 cuadras arriba, Reparto Belmonte, Managua
<b>Teléfono:</b>	52240-51388
<b>Enfoques Municipales:</b>	
	- capacitación y organización
<b>Programas/Proyectos Municipales:</b>	
	- capacitación:
	- Líderes locales se entrenó en promoción comunitaria, investigación participativa, comunicación popular, y en planificación y gestión municipal. 3500 entrenado en 1991.
	- Brigidistas de salud se capacitó en salud básico. Aprox. 10,000 se entrenó en 1989-90.
<b>Otros Enfoques/Proyectos con Relevancia:</b>	
<b>Regiones:</b>	
	- Varias, con la excepción de la Costa Atlántico
<b>Observaciones:</b>	
	- La Dirección Nacional del FSLN estableció el Movimiento Comunal en 1988.
<b>Persona Contactada:</b>	Luis Amaya
<b>Fecha:</b>	2 de diciembre de 1991

**CENTRO DE PROMOCION DEL DESARROLLO LOCAL Y  
SUPERACION DE LA POBREZA (CEPRODEL)**

**Tipo de Organización:** ONG de Nicaragua

**Dirección:** Frente a la Farmacia Quinta Avenida, Calle central de Altamira, Managua

**Teléfono:** 73195

**Enfoques Municipales:**

- capacitación y diálogo
- participación comunitaria
- (planeado) planificación local

**Programas/Proyectos Municipales:**

- Capacitación en salud para tres asentamientos. Para un proyecto de desarrollo integral para la Asociación de Municipios de Rio San Juan (AMURS).
- (planeado por 1992) Asesoría en un seminario sobre democracia local y descentralización
- (propuestado) Entrenamiento para "generalistas" -- profesionales en desarrollo local con entrenamiento en una variedad de sectores
- Un proyecto de participación comunal en unos barrios de Managua, con dos componentes: (1) un diagnóstico de las necesidades básicas, a través de entrevistas y reuniones, (2) elaboración de proyectos
- Diagnósticos de necesidades para proyectos de desarrollo comunitario; consultoría para la Agencia Sueca.
- (planeado) ayuda en planificación local en Region IV

**Otros Enfoques/Proyectos con Relevancia:**

- (planeado) capacitación en el uso de crédito para vendedores populares

**Regiones:** varias

**Persona Contactada:** Miguel González Solórzano

**Fecha:** 18 de noviembre de 1991

**NICARAGUAN INSTITUTE OF MUNICIPAL ADMINISTRATION  
INSTITUTO NICARAGUENSE DE ADMINISTRACION MUNICIPAL (INAM)  
and  
GRUPO FUNDEMOS**

**Types of Organizations:** Non-Governmental

**Telephone:** 621151

**Types of Municipal Efforts:**

- training and policy dialogue
- studies

**Municipal Programs/Projects:**

- In 1990, trained "fiscal watchdogs" ("vigilantes fiscales"); in 1991, participated in policy dialogue of 100 mayors. Various topics considered but not funded for 1992.
- Published a history of the municipality in Nicaragua and municipal law in 1990(?).

**Observations:**

The two organizations, led by Deputy of the National Assembly Dr. Cairo Manuel López, are currently somewhat dormant.

**Person Contacted:** Dr. Cairo Manuel López  
**Position:** Deputy of the National Assembly  
**Date:** 22 November 1991

**"ALEXANDER VON HUMBOLDT" CENTER  
FOR TERRITORIAL DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT**

**CENTRO "ALEXANDER VON HUMBOLDT"  
PARA LA PROMOCION DE DESARROLLO DEL TERRITORIO  
Y LA GESTION DEL AMBIENTE**

**Type of Organizacion:** Non-governmental

**Direction:** De la Estatua de Montoya, 1 cuadra al sur, Managua

**Telephone:** 664927

**Types of Municipal Efforts:**

- regional and environmental planning
- determining boundary lines

**Municipal Programs/Projects:**

- Design and implementation of a geographic information system for the Atlantic Coast (about eight municipalities).
- (planned) Transferring the above systems to regional government, training officials in their use. Plans to eventually transfer data to municipalities.
- Helping jurisdictions sort out conflicting property claims.

**Regions:**

- Focus on the Atlantic Coast

**Observations:**

- Based on an analysis of the education levels of local officials, examination of the types of data now being collected, and familiarity with the use of such information systems in the United States, goals to achieve meaningful planning via transferring data to municipalities appear illusory.

**Persona Contactada:** Amado Mejía  
**Su Cargo:** Director Ejecutivo  
**Fecha:** 22 November 1991

**CENTRO "ALEXANDER VON HUMBOLDT"  
PARA LA PROMOCION DE DESARROLLO DEL TERRITORIO  
Y LA GESTION DEL AMBIENTE**

**Tipo de Organización:** ONG Nacional

**Dirección:** De la Estación de Montoya, 1 cuadra al sur, Managua

**Teléfono:** 664927

**Enfoques Municipales:**

- El diseño e implementación de un sistema de información geográfica para la Costa Atlántica Norte (Aprox. 8 municipios).
- La demarcación de varios límites políticos-administrativos para ayudar a resolver conflictos entre regiones y municipios.

**Programas/Proyectos Municipales:**

**Otros Enfoques/Proyectos con Relevancia:**

**Regiones:**

**Observaciones:**

- Para la realización de estos proyectos el Centro se apoya en las Municipalidades para conseguir la participación ciudadana.

**Persona Contactada:** Anibal Ramírez

**Su Cargo:** Ejecutivo

**Fecha:** 11 de Diciembre de 1991

### (3) In Summary

The Mayors have the general support of Auxiliary Mayors (under various names: Local Delegate, Auxiliary Mayor, Municipal Agent). They exercise the functions established in the Regulations for Organization and Functioning of the Municipalities: to promote the participation and the organization of inhabitants around local development projects.

The mechanisms used to designate the Auxiliary Mayors are two: direct nomination from the Mayor or the election of locality's members with the subsequent ratification by the Mayor.

The Delegates promote the election of local boards (also under various names: Neighborhood Committee, Vicinity Boards). Except for the municipality of Managua, the Auxiliary Mayors preside these boards.

Of all visited municipalities, the only one that reported having started a formal structure to organize a community association—and even has requested its legal status in the National Assembly—is the Municipality of Managua by creating the Juntas Comunitarias de Obras y Progreso (JCOP).

The provision of labor and few financial resources are the main expressions of citizen participation in the execution of projects.

Community participation in municipal management is always conducted within the legal framework and in accordance with the guidelines for municipal governments, but with different implementation approaches. However, political polarization in the country provokes a distortion in participation. Sometimes, as in León, the Mayors consider that promotion of participation has a political taint and, because they have decided not to promote partisan politics, they wait for spontaneous organization of the community. In other cases, as in San Isidro, the Mayor has not promoted participation, but has tried to gain support for his activities from the existent organizations, trying to be careful of not having a political or ideological link. However, most of the time, the population overcomes its political differences and works jointly to solve common problems as was illustrated above.

There is the need to establish programs of technical training and assistance for citizens organizations, the NGOs and municipal government employees in order to develop constructive mechanisms of participation wherein collaboration and the search for common well-being transcend political differences. The implementation of participatory development schemes can take advantage of the experience of the variety of organizations the community already has. The institutional memory that exists in the Municipal Councils should be fully utilized. Finally, the experience and the technical capability of the NGOs should be fully utilized since many of their officials have a good knowledge of the national reality.

Articulating these three types of institutions and the full and impartial use of their human resources would be of benefit for local development and democracy.

Municipal government needs are many. To satisfy them, access to available resources in the country, both public and private, is essential. The experience of Mayors has shown that individual actions do not help the administration, so that development of new mechanisms to unify efforts in search of technical cooperation and assistance is necessary.

It is important to point out that, in the municipal environment, the presence of women is more evident than that of the men. Therefore, promoting the organization and training of women to advance local development and citizen participation seems to be appropriate.

The very difficult economic and social situation in the country has obstructed local development. In turn, development projects must attempt to incorporate components that look for more permanent solutions. Establishing very small business to support projects, to generate employment, and to produce goods and services beyond the scope of the projects, could be a good alternative.

Finally, municipal governments do not have plans to guide the integral development of the municipality. Very often their acts are based on the demands of the population. Technical and financial cooperation to formulate medium-term plans is very important.

### **3. TRAINING AND TECHNICAL ASSISTANCE NEEDS**

In considering training and technical assistance needs, the Nicaraguan municipality can appear to be a vast desert in need of water. When confronted with 143 municipalities, 840-odd Mayors and Councilmembers, and thousands of rank-and-file employees—many possessing next-to-no formal education—one hardly knows where to begin. Precious training and technical assistance must be husbanded and provided where it will nurture the most sustainable benefits, rather than allow it to trickle away.

Focusing a municipal training and technical assistance strategy requires a market analysis of demand and current supply. Thus below we present:

- 1) a profile of the "customer"—the municipal employees,
- 2) a summary of current municipal training and technical assistance activities,
- 3) an analysis of priorities for training and technical assistance, and
- 4) recommendations for strengthening the provision of training and technical assistance.

#### **a. Educational Profile of the Municipality**

Training and technical assistance must be tailored to the educational statures of the potential participants. It further makes sense to realize that training needs for the City of León (population 140,000) are not equal to those of Muy Muy (population 12,000). We, therefore, disaggregate by municipal "category." In four categories from, "A" to "D", "A" municipalities are the largest, while "D" are the smallest. (Managua, as the national capitol, is regarded

in a class by itself.) One hundred and forty-two (142) municipalities have been classified as follows:<sup>10</sup>

Category	No. of Municipalities	Percent of National Population
Capital	1	21.7
A	8	19.9
B	14	15.7
C	38	22.0
D	81	20.7
Total	142	100.0

Eighty-four percent (84%) of municipalities fall into categories "C" and "D"—those with the most limited resources. These category "C" and "D" municipalities serve about 43% of Nicaragua's population.

Disaggregating by category of municipality, below we present the educational profiles and perspectives of: (1) Mayors and Councilmembers, (2) department directors and (3) municipal employees.

### (1) Mayors and Councilmembers

#### Profile

Analysis of 429 responses to a survey of the 889 mayors and councilmembers of Nicaragua<sup>11</sup> suggests that the typical Town Council varies between two educational extremes. At the positive extreme, we find certain town councils where three-quarters of the members have completed at least secondary school (see Figure 2). Furthermore, a good third of those members may be technicians or professionals. At the other extreme, three-quarters of certain Town Councils may never have completed more than a primary school education.

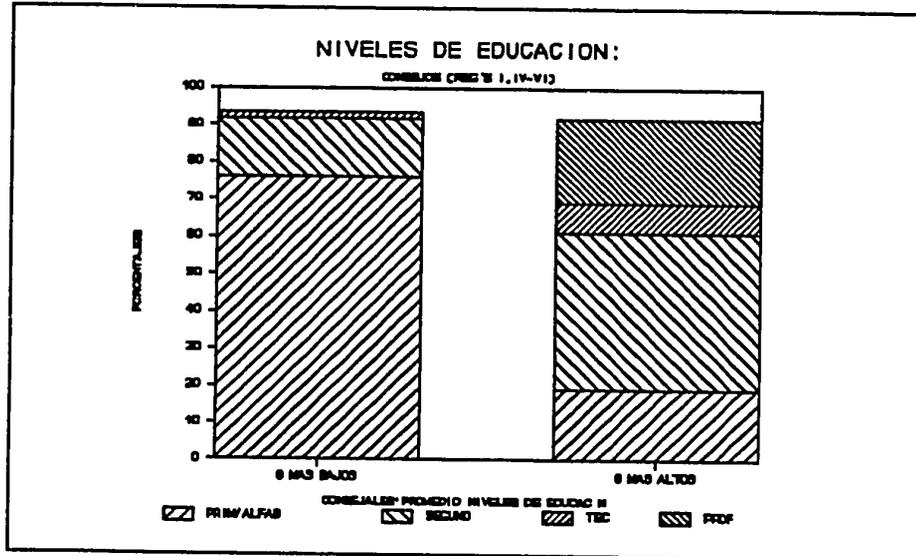
It comes as no surprise that the Town Councils that exhibit the lower educational levels represent the smaller, oftener poorer communities. All eight Town Councils depicted in Figure 2 as

<sup>10</sup>Characteristics that the Government of Nicaragua uses to classify municipalities includes: governmental status, population, infrastructure, and territorial size. Population data for Managua is from the Central American Institute of Business Administration (INCAE), 1989. Classification and population data for all other cities are from INIFOM, 1991; classification data now being updated. Data only available for 141 municipalities.

<sup>11</sup>Source: INIFOM, 1991. Because a written, mailed survey has a bias towards the literate, the survey may not capture those town councils with the lowest levels of education. As noted elsewhere, the Nicaragua mayor is a councilmember. Therefore, when we speak of councilmembers, we also include mayors. Towns with relatively high and low levels of education were identified by INIFOM, in regional analyses. The six town councils with relatively high levels of education (by region) are: Rivas and Diriomo (IV), Juigalpa and Villa Sandino (V), San Isidro and Matagalpa (VI). The eight councils with relatively low levels of education (with regions) are: Pueblo Nuevo and El Jicaro (I), La Conquista, Potosí and Cardenas (IV), San Lorenzo and Santo Domingo (V), and Terrabona (VI).

showing the lower educational extreme serve category "C" and "D" municipalities. However, it is important to note that *category "C" and "D" municipalities are not homogenous in their educational profiles*. Of the six municipalities shown in Figure 2 as having relatively high educational levels, three were from Category "C" and "D" municipalities. Like the various grades lumped together in the old one-room schoolhouses, this educational heterogeneity of the smallest municipalities can complicate the teaching task for educators.

Figure 2:<sup>12</sup>

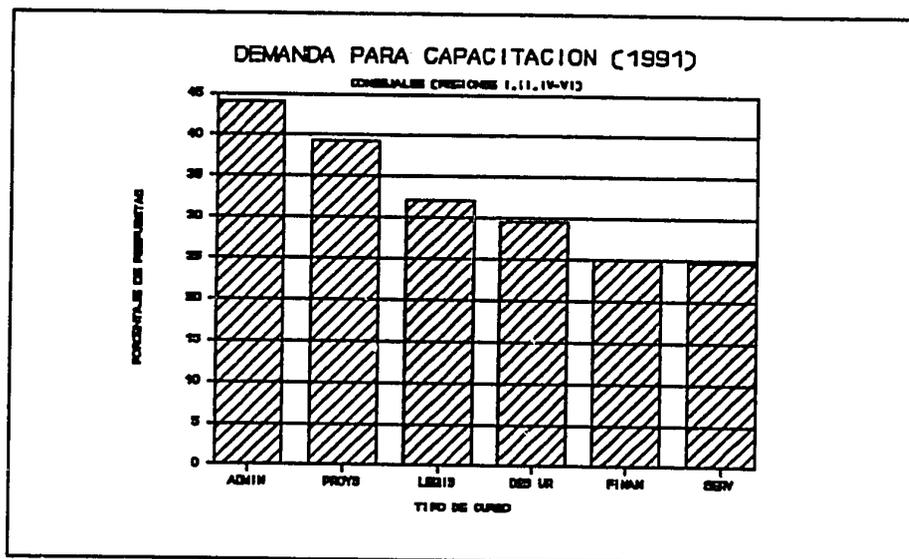


The priorities for training and technical assistance<sup>13</sup> as perceived by those who actually live with the day-to-day worries of the municipality are important inputs into a successful training strategy.

Among 429 councilmembers surveyed, demand runs highest for upgrading of skills and capacity in: 1) administration, and 2) project design and management. Other principal demands for training are shown in Figure 3.

<sup>12</sup>Source: INIFOM and PADCO, 1991. Data not available for all regions. See Endnote 2 regarding possible bias. Due to incomplete reporting, data do not sum to 100 percent.

<sup>13</sup>The 1991 survey mentioned in Footnote 11 evaluated the perceived needs for training, bearing in mind a Development Training Project under consideration by AID/Nicaragua. The determination of the best way to meet those identified needs—through training or technical assistance or some combination of both—is a matter of strategy and program/project design.

Figure 3:<sup>12</sup>

## (2) Departmental Directors

Departmental directors merit special notice in an analysis of municipal training and technical assistance needs. They are the officials who get the work crews out every morning. They are also responsible for training their subordinates. Therefore, to maximize the "spread" or ultimate impact of a training and technical assistance program, department directors command attention. Finally, in any strategy to help "professionalize" the municipality, or to begin to move towards a non-politicized municipal technician (something approaching a town manager), departmental directors deserve special attention.

Some formal training, preferably to at least a technical level, is desirable for these directors. The ability to design an efficient trash collection route, or to translate the lessons covered in a training film made in Chile to the reality of a Nicaraguan town, requires some analytic ability that often correlates with levels of formal education. Substantial technical assistance to support and reinforce the implementation of key concepts and skills learned through training is essential.

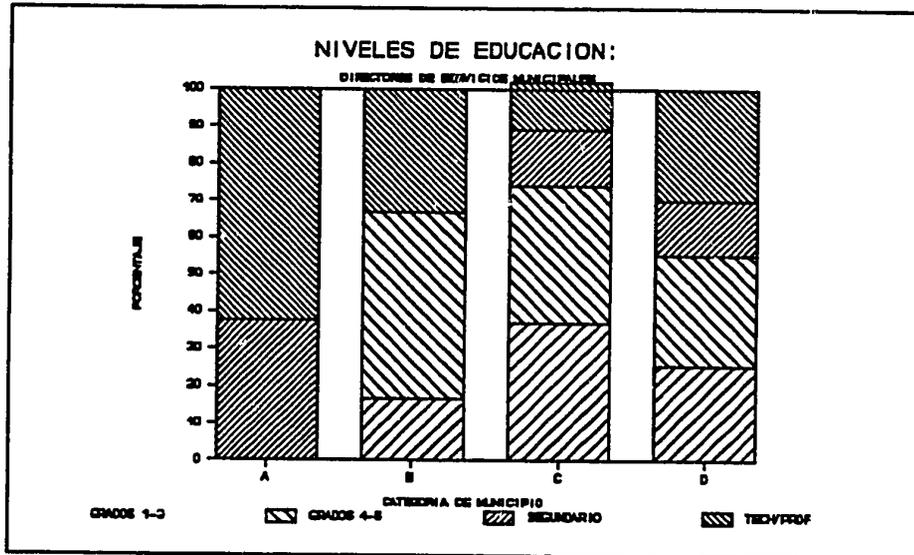
Educational data exists for 88 Directors of Municipal Services.<sup>14</sup> The formal educational levels of these directors is believed by one INIFOM educator to be typical of other municipal departments, e.g., the Finance Department.

Analysis by municipal category shows a clear-cut distinction between the educational levels achieved by Directors of Municipal Services for category "A" municipalities and those of smaller communities (see Figure 4). On the one hand, in category "A" municipalities, 100% of those

<sup>14</sup>INIFOM and PADCO, 1991; from records of seminar participants. All persons believed to perform the work of a Director of Municipal Services, regardless of formal title included.

surveyed had at least received a secondary education, and 62% were technically or professionally trained. On the other hand, in municipalities of categories "B", "C" or "D", the majority of the Directors had only completed at most six grades of education.

Figure 4:



As in Councilmembers, Directors in small communities vary widely in education levels. For example, although 25% of the Directors for level "D" municipalities have completed less than four grades of education, another 30% are technically or professionally trained (see Figure 4). Again, as for Councilmembers, this great variety can snarl the training and technical assistance process.

A final point to make about the Directors of Municipal Services is the apparent high rate of job turnover. One INIFOM trainer complains that crucial follow-up training is difficult to administer because the position seems to be a revolving door. This high turnover is in part due to low salaries.

### (3) Municipal Employees

In part to maximize "spread" of educational effort, little formal training is currently focused upon rank-and file municipal employees.

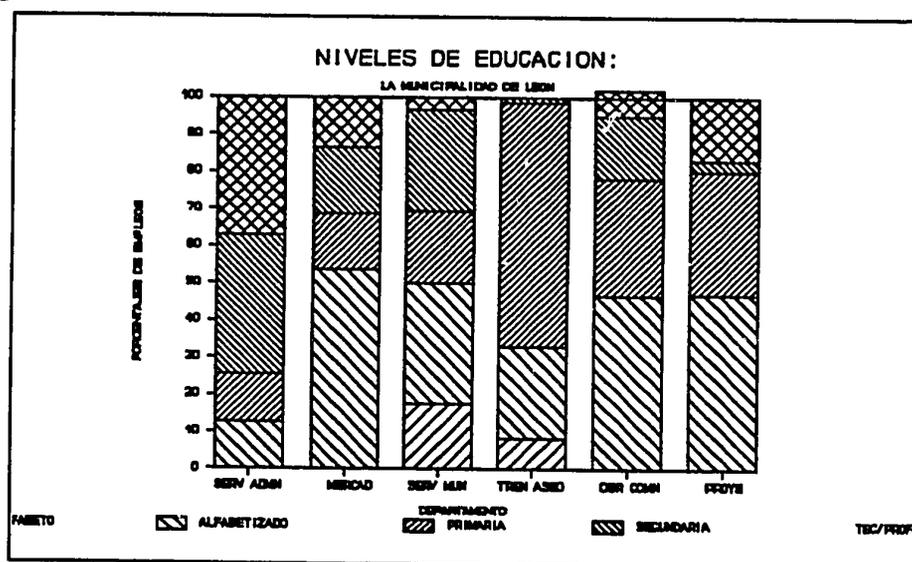
The project team collected educational data on the 468 employees of the City of León. Educational levels in this category "A", university city probably represent the high end of the spectrum for Nicaraguan municipal employees. However, a large number of workers possess hardly any formal education. About 50% of the employees in various departments (e.g., Municipal Services,

Proyectos) are illiterate or have only received basic literacy training (i.e., "alfabetizado"; see Figure 5).<sup>15</sup>

#### (4) Conclusion

Training and related technical assistance activities should be disaggregated by size of municipality whenever possible. Two small-town mayors from opposite ends of the country generally have more in common—educational levels, problems faced—than officials from a large city and a small town from the same region. Humble small-town administrators may feel reluctant to ask questions in a mixed seminar setting.

Figure 5:



#### b. Current Training and Technical Assistance Provided

We examined training and technical assistance now offered to local officials with two ends in mind: (1) to avoid duplication of efforts, and (2) to identify organizations that could potentially participate in training/technical assistance efforts.

We describe below major training and technical assistance efforts offered by: 1) the Government of Nicaragua, 2) non-governmental organizations (NGOs), 3) universities and schools, 4) multi-lateral agencies, and 5) bi-lateral agencies.

<sup>15</sup>Source: PADCO, 1991. Data includes departmental directors.

## (1) Government of Nicaragua

**INIFOM****Central**

Municipal training and technical assistance is one of the "principal functions" of the Nicaraguan Municipal Development Institute (*Instituto Nicaragüense de Fomento Municipal- INIFOM*). In the first ten months of 1991, INIFOM fulfilled this mandate by training 668 local officials through 19 events. Most participants (83%) were non-elected officials, with the rest mayors (8%) and councilmembers (9%).<sup>16</sup>

In large part, because INIFOM is a fledgling organization, training offered has not covered the full palette of possibilities. Basically half (49%) of the participants have received training in municipal finances; another quarter (24%) in municipal services. Sixty percent (60%) of municipal service courses have focused on garbage collection.

To date, this uneven course offering has not corresponded to councilmember demand. Although as described above, Councilmembers had signaled the most interest in seminars concerning administration (44%), project design (39%), legislation (32%) and urban development (30%), less than 8% of all persons trained through October 1991 received training in those subjects.

INIFOM's Training Department wishes to expand its course offerings through approval of their ambitious 1992 budget. If fully funded, in 1992 INIFOM would attempt to hold seminars (virtually all from one to five days long) in the following themes:

Focus of Seminar	No. of Seminars Proposed
■ economic/financial	196
■ land use planning	67
■ legal	47
■ organization and training	36
■ housing	35
■ municipal services	33
■ programs and projects	14
<b>Total</b>	<b>428</b>

The proposed offering would represent a 20-fold increase in one year in courses offered, which, given current staffing, appears unrealistic. The proposal is therefore best interpreted as showing

<sup>16</sup>It is important to note that the professional staff of INIFOM provide ongoing technical assistance support to the municipalities in the above areas, albeit at extremely reduced levels due primarily to the limited number of personnel available and qualified to provide such support. Since most technical assistance is provided informally on-the-job, and by both central and regional INIFOM staff, it is difficult to quantify the extent of such support. The types of technical assistance provided closely reflects the training themes discussed here.

INIFOM's relative training interests. Economic, financial and planning courses are emphasized. Project design, although a key councilperson concern, receives little attention.

### **Regional**

At least one of INIFOM's regional offices—Region IV—is now offering training seminars to municipalities. In 1991, INIFOM-Region IV has offered courses concerning: the municipal diagnostic (*la caracterización municipal*—an inventory of resources and list of principal needs); project design, taxes and municipal finances. A similar menu is planned for 1992. Participating Mayors' offices have been active in topic selection and in funding the courses.

## **(2) Non-Governmental Organizations (NGOs)**

NGOs that offer training and technical assistance of interest to municipalities are discussed below. A more complete list of NGOs that offer technical assistance and support to municipalities and community groups is presented in the summary charts in Section II.B.2.b, NGOs and Community Participation.

The Sandino Foundation, the Popular Movement and Popol Na—organizations with direct or indirect links to FSLN leadership—are all vigorously active in training, with other NGOs also involved.

### **Augusto César Sandino Foundation**

#### *Fundación Augusto César Sandino (FACS)*

The Sandino Foundation offers the most in-depth course for adults in project design in the country. The course requires one week a month for six months—about 240 hours of training. Participants pay about US\$115 for attending. During 1991, the Foundation taught four courses, with 20 to 35 participants per course. About 60% of the students were from municipal offices.

### **Popular Movement**

#### *Movimiento Comunal*

The Popular Movement, a public participation wing of the FSLN, focuses on organization and communication training. It also offers training in municipal law, and in basic public health.

### **Popol Na Foundation for Municipal Promotion and Development**

#### *Fundación Popol Na para la Promoción y el Desarrollo Municipal*

This organization, founded in 1990, has offered training to municipalities in project design, municipal legislation, administration and organization.

### **Center for Local Development and the Relief of Poverty**

#### *Centro de Promoción de Desarrollo Local y Superación de la Pobreza (CEPRODEL)*

Besides its other municipal activities, CEPRODEL has trained local leaders and administrators in health concerns and in interviewing techniques for planning purposes. In 1992, CEPRODEL will assist AECI (see below) in a seminar concerning local democracy and decentralization. CEPRODEL's eight professionals from various backgrounds are also involved in seminars for

small businesses in the use of credit. CEPRODEL is developing a proposal to train "municipal generalists," in administration of various municipal services.

### **Center for Municipal Studies**

#### ***Centro de Investigaciones y Estudios Municipales (CIEM)***

Besides conducting a small number of municipal investigations, this NGO (established in 1989) has trained small business entrepreneurs. Some of this experience (e.g., training in finances) may be transferrable to municipality needs.

### **(3) Universities/Professional Schools**

Three schools with professional programs have recently helped trained municipal officials, with expanded efforts planned.

#### **Nicaraguan Engineering University**

##### ***Universidad Nicaragüense de Ingeniería (UNI)***

In cooperation with INIFOM, this engineering school recently offered courses in environmental waste management and land use planning. Within two or three years, UNI plans to offer a new program of study: "municipal technician" training. This three year program would emphasize land use planning.

#### **Central American Institute of Business Administration**

##### ***Instituto Centroamericano de Administración de Empresas (INCAE)***

INCAE has trained municipal administrators throughout Central America as well as in Nicaragua. In 1991, INCAE (in coordination with INIFOM and international donors) offered courses in project formulation and administration, and in the decentralization of water services. Previous course offerings have included municipal finance. In 1992, INCAE plans to offer more seminars, and to publish a self-help manual on strategic administrative and planning decision-making, designed for the Nicaraguan municipality.

#### **Polytechnic University of Nicaragua**

##### ***Universidad Politecnica de Nicaragua (UPOLI)***

In 1990, UPOLI offered a multi-weekend course in Jinotega in municipal administration, which included budgeting and personnel management. A similar effort was mounted in 1985.

### **c. Priorities for Training and Technical Assistance**

Priorities for training and technical assistance emerge where the needs are great and are not adequately met. Nicaragua's current political-economic situation spotlights four different such areas of need for the municipality, as discussed below.

## (1) Prioritizing, Formulating and Administering Projects

### The Demand

New funds are currently available for municipalities to develop public works. But to obtaining funds through FISE and other sources, as well as administering projects requires technical and administrative skills. Smaller municipalities have fewer human resources on which to draw for such skills. Equity thus suggests marrying such a social investment fund to a program for training local officials in project design and administration.

### The Supply

INIFOM has provided short (one week or less) seminars in the basics of project design, using a FISE-type form. AID/FISE is currently considering expanding this type of effort. The Sandino Foundation approach provides an interesting contrast, with their six-week project management courses.

### Discussion

As the Executive Director of FISE has remarked, an AID/FISE effort could help "systematize" training in this most important discipline. However, the *form* such an effort could take is important for institutional development in Nicaragua. INIFOM is a fledgling institution, whose major role is training local administrators. An AID-Nicaragua effort *through the offices of* INIFOM would help launch this institution in providing an important service, and would help establish its credibility in the eyes of Nicaragua. An AID effort *outside of INIFOM* would undercut that institution's purpose and help to sideline it as just another do-nothing bureaucracy.

Should AID-Nicaragua choose to work through INIFOM, a further choice could involve nesting a team of trainers in INIFOM's *central or regional* offices. Strengthening INIFOM at the regional level instead of at the national level could help promote INIFOM's responsiveness and accountability to municipalities. Furthermore, thus helping INIFOM become more deconcentrated would give the organization some well-needed shielding from the day-to-day demands of various ministries which it now receives. These central government demands threaten to dilute INIFOM from its training/technical assistance mission.

Courses should stress:

- improving project *selection* by integrating economic, technical and citizen input into the decision-making process, and
- bettering project *design* through alternatives analysis and by soliciting the design input of persons potentially impacted by projects.

For reasons discussed above, as far as possible, separate seminars (including in project design) should be offered for officials from each category of municipality. Followon technical assistance support should be an integral part of such efforts.

## (2) Designing and Managing a Cadastre

### **The Demand**

Municipalities now possess the right to collect property taxes. Theoretically, such a tax could prove a promised land for local self-sufficiency. However, interviews with local officials confirms that current property record systems and self-evaluation methods do not permit the full enjoyment of this potential tax base.

A cadastre is a database that yokes property address and ownership (and/or occupancy) data together with descriptive information that can be used to estimate value. A simple property register, by contrast, may only contain address and ownership data. Correct use of a cadastre can permit better property tax collection, as well as improved land use decision-making through alternatives analysis. Various countries in Latin America and Central America have embraced cadastres.

### **The Supply**

The INIFOM-Habitat team proposes to provide technical assistance and training to the eight category "A" Nicaraguan cities. In 1992, GTZ will assign two professionals to INIFOM to help with a cadastre effort (details not yet available).

## Discussion

Because of its potential to increase local self-sufficiency and accountability, mounting a cadastre effort merits strong consideration on the part of AID-Nicaragua. In launching such a relatively complex innovation, it makes sense to start with larger cities, as INIFOM-Habitat is now proposing. However, even if the Habitat effort were undertaken in Nicaragua's eight large category "A" cities, some 10 category "B" cities with populations greater than 30,000 would still remain worth considering.<sup>17</sup>

A combination of training and technical assistance is required to mount a cadastre effort. Local officials need training in what a cadastre is, how to administer it and how to use it. Property valuation and other steps normally require outside assistance.

Project design should emphasize developing a low-tech, prototype cadastre, based on proven experiences in the region. The Mayor's office of San Marcos (pop. 20,000) is currently developing a cadastre which could prove replicable; INCAE is now preparing a case on this effort. Other countries in the region such as Guatemala have launched successful cadastre efforts. The Habitat/

17

City	Region	Population
Estelí	I	82,361
Chinandega	II	109,931
León	II	141,387
Tipitapa	III	85,186
Masaya	IV	86,506
Granada	IV	86,261
Jugalpa	V	57,639
Matagalpa	VI	135,937
The ten category "B" cities with populations greater than 30,000 are as follows:		
City	Region	Population
Ocotal	I	30,000
Jalapa	I	34,119
El Viejo	II	60,430
Chichigalpa	II	40,803
Diriamba	V	59,159
Rivas	IV	41,231
Boaco	V	44,934
El Rama	V	74,197
Jinotega	VI	105,000
Bluefields	Atl.Sur	35,000
SOURCE: INIFOM, 1991.		

INIFOM team should be approached to explore coordination possibilities, such as using their project team members to provide field support.<sup>18</sup>

Training should consist of two complementary efforts:

- 1) short, in-country seminars, directed to the mayors and administrators of targeted cities, giving an overview of the administration, uses and benefits of a cadastre; and
- 2) longer, out-of-country training (by means of AID-Nicaragua's Development Training Project funding) of director-level local officials, in the nitty gritty of cadastre operation and use. Basic applications for taxation should be emphasized, with lesser attention given to land planning uses.

### (3) Strategic Municipal Planning

#### The Demand

"Urban development" crops up consistently among mayors and councilmembers as a key training need. This unelicited response is somewhat surprising, given that the urban/regional planning discipline *per se* can hardly be said to exist in Nicaragua.

The demand for municipal planning training can be described as follows. Three strands exist in municipal development in Nicaragua that are almost never fully interwoven: 1) public participation, 2) the budget process, and 3) preparation of a "municipal diagnostic." The diagnostic is usually an inventory of municipal resources, and a laundry list of needs prepared by an engineer or a technical person. Urban/regional planning training could help communities: (1) formally interweave these divorced strands, and (2) convert and amplify the "laundry list" into a list of priorities by sector, leading to rational municipal growth. In this light, the municipal diagnostic appears as an embryonic planning tool.

Training that emphasizes *strategic* planning over traditional comprehensive planning is recommended. Comprehensive planning represents a so-called rational, land use-based approach to decision-making divorced from political realities. Comprehensive planning has been criticized in recent years as ineffective.<sup>19</sup> Strategic planning focuses first upon the organization of the municipality, much as corporate strategy concentrates first upon the business organization. Strategic planning then tries to integrate a technical perspective with organizational and political analysis. Strategic planning thus offers the hope of giving local government the tools it needs for improved decision-making.

---

<sup>18</sup>The INIFOM/Habitat study, "Proyecto: Desarrollo de Catastros Municipales en Nicaragua," (October 1991) should also serve as a reference.

<sup>19</sup>See, for example, *Strategic Perspectives on Planning Practice*, Barry Checkoway, ed. (Washington, DC, 1986) pp.11-24.

## **The Supply**

Several short seminars have been offered by INIFOM and others that seek to cover some aspect of urban planning. UNI plans something more ambitious: to create a "municipal technician," trained in aspects of urban planning. INCAE is developing a manual and seminar that will have a strategic planning focus.

## **Discussion**

AID's Development Training Project would offer one opportunity to give local administrators some formal planning experience. Such training could occur in the United States, and/or via support of UNI's forthcoming municipal technician program and INCAE's initiative. In the United States, the University of Texas' School of Architecture and Planning has developed some expertise both in Latin America and in the field of strategic planning.

Training must be carefully designed to meet participant abilities and needs. Participants may not be able to make the imaginative leaps necessary to apply new concepts to Nicaragua based on alien situations. Moreover, traditional United States zoning and subdivision courses may have little to say to Nicaraguan reality.

A pitfall exists in training local planners: creating a brain drain away from the municipalities. Giving the best and the brightest more skills could be tantamount to handing them a one-way ticket to Managua. Brain drain can be minimized by:

- focusing training efforts on administrators in the larger, category "A" and "B" cities where planning needs are the greatest and salaries are more likely to retain professionals;
- spreading relatively short (e.g., two-month) periods of training out among several administrators, rather than concentrating nine months of schooling on one planner; and
- requiring training participants to pledge to return to their respective organizations for at least a year or two of work before moving on.

As in other priority areas, the provision of integral and complementary technical assistance support to improve on-the-job performance is essential.

## **(4) Natural Resources Management and Planning**

### **The Demand**

Municipal officials could wield much more control over the natural resources found in their districts than they now exert. Such control could help preserve the patrimony of the country, and/or help ensure that the local community gets its fair share of resources sold. Local involvement in environmental decisions can also ensure that negotiated contracts are more sensitive to local conditions, and help maximize the joint benefits of such accords, such as via infrastructure improvements.

Natural resource law in Nicaragua is now a muddle of overlapping jurisdictions. On paper, the national government must at least consult with local jurisdictions on natural resource decisions. However, in a vacuum of information and training, these local voices are often lost.

## **The Supply**

No organizations have been providing systematic training in natural resource management to local officials. INCAE is currently discussing with AID-Nicaragua a series of natural resource training seminars for national officials. Such a course could conceivably be adopted to local needs.

The Humbolt Center, currently developing a geographic information system database, has aspirations of bequeathing this data to certain Atlantic Coast municipalities. The viability of this effort appears dubious. More to the point are the Humbolt Center's efforts at clarifying intergovernmental jurisdictional boundaries—a crucial first step in natural resource planning.

## **Discussion**

In environmental decision-making, a mobilized and motivated local committee possessing a little formal training can often accomplish more than one indifferent but very well trained bureaucrat. Thus, a scattershot of short seminars covering the basics of local environmental rights, organizational training and hints at negotiating strategies is suggested. Such short courses should be offered to official and non-official local leaders.

Such courses could be targeted on municipalities in environmentally sensitive areas—Rio San Juan, the North Atlantic Coast—where risks, rewards and motivation are greatest.

## **(5) International Support to Municipal Government**

### **United Nations Center for Human Settlements (HABITAT)**

#### *Centro de Naciones Unidas para los Asentamientos Humanos*

As part of its program to develop municipal diagnostics and development strategies for all of Nicaragua's municipalities, the HABITAT-INIFOM team provides technical assistance and training to local counterparts in survey techniques. Local officials are also given some training in possible uses of the completed diagnostics.

### **United Nations Childrens Fund (UNICEF)**

#### *Fondo de las Naciones Unidas para la Infancia*

UNICEF trains 30 to 40 "local health promoters" per year. This three month training course prepares participants not only to teach basic hygiene, but also to mobilize a community (in coordination with the municipality) to construct and operate potable water systems. UNICEF has also offered two week training programs to mayors' offices in Regions V and VI in supporting agricultural production and in pinpointing basic health needs.

### **United States Agency for International Development (AID)**

According to the Executive Director of the Emergency Social Investment Fund (FISE), the United States Agency for International Development-Nicaragua (AID-Nicaragua) is now exploring with FISE the concept of a technical assistance and training project. The idea would be to establish a team of engineers and project design specialists in various regions to help municipalities formulate projects. The FISE Director envisions half-day seminars to acquaint local administrators with the basics of a FISE project application.

AID-Nicaragua's forthcoming Development Training Project could provide some training to local officials and leaders.

### **Others**

Besides supporting the operations of INIFOM, certain bilateral agencies and embassies sponsor their own seminars. In 1991, the Spanish Agency of International Cooperation (AECI) offered a course in public services, and in 1992-3 plans seminars in urban planning, municipal finances, public services and pricing public services. In 1991, the German Technical Corporation (GTZ) plans to assign two professionals to INIFOM, to assist with training and with launching a cadastre effort.

Seven percent of municipal revenues are direct donations or "gifts", which mostly correspond to financial and in-kind assistance from sister international municipalities. Following are exhibits describing the different operations of international support to municipalities.

#### **d. Recommendations for Strengthening Municipal Technical Assistance and Training**

As suggested previously, the scale of technical assistance and training required is enormous, yet Nicaragua does not have the institutional capacity in place to provide systematic, timely and relevant technical assistance and training to municipalities. The absence of such institutional capacity as well as the lack of policies and strategies to guide the effective and systematic utilization of scarce resources are major constraints to the decentralization and municipal development process.

INIFOM must clearly be the key actor in efforts to remedy this situation. In order to do so, INIFOM will need to plan and implement training seminars/courses and technical assistance in a manner that ensures the effective institutionalization of the capacity to organize and manage a sustained municipal development training/technical assistance program in Nicaragua long term.

The continuing scarcity of GON resources (financial and technical) will require the careful selection and prioritization of municipal targets under any new initiative. Intensive support should be targeted on those regions/urban centers of strategic economic development potential and on those municipalities that offer structural conditions which would permit some degree of permanence in the technical, administrative and financial organization and systems over the longer-term. In such regions and municipalities, skill-based training must be directly related to the systems and procedures which are required to plan and manage local development. Technical assistance activities should be directly related to and supportive of training initiatives. Other municipalities would receive coverage as part of broader, more general training/education efforts.

The improvement of training and technical assistance will require concerted and effective action in these interrelated areas: 1) development of curriculum/training courses; 2) upgrading/development of trainers; and 3) development of institutional capacity.

### **(1) Curriculum/Training Course Development**

As a starting point, a curriculum development matrix should be prepared. The purpose is to relate subject areas for training with the hierarchy or typology of municipalities and their respective needs. The broad subject areas for training might include:

- Overall Policy Formulation and Management
- Administrative and Financial Systems and Management
- Strategic Development Planning
- Cadaster
- Community Participation
- Municipal Organization and Governance
  - Economic/Financial
  - Legal
  - Municipal Services
  - Urban Development

The respective levels of need of different types of municipalities related to these subject areas would be identified in order to provide the basis for preliminary curriculum design once municipal targets and priorities are established. Simultaneously, a review of existing training courses/materials available through other public and private sector institutions would be carried out in order to determine the feasibility of using such courses and institutions within the overall training effort.

### **(2) Upgrading/Development of Trainers**

An evaluation of public and private trainer resources should be carried out and a strategy and plan developed for the training-of-trainers. Regular annual workshops, seminars and short Training-of-Trainers (ToT) courses should be scheduled to share information, and discuss training strategies, methodologies and techniques.

Priority attention should be given to the identification of specific roles for the personnel attached to INIFOM's regional delegations as well as to other regionally-based public and private sector institutions. The purpose is to identify and develop a cadre of decentralized trainer resources over time.

### **(3) Development of Institutional Capacity**

Mobilization, development and effective utilization of national and regional institutional resources will be critical to both the short- and long-term success of INIFOM's efforts. A concerted effort to strengthen the institutional capacity of INIFOM's regional delegations to provide technical assistance and training will be essential. Funds must be budgeted for this purpose and a strategy and plan for linking national support for regional technical assistance and training efforts designed and implemented. Other regionally-based education and training institutions should be recruited to participate within their respective areas of competence.

**FUNDACION FRIEDRICH EBERT****Tipo de Organización:** ONG de Alemania**Dirección:** Apartado 2050, Managua**Teléfono:** 23150-22975**Enfoques Municipales:**

- diálogo y capacitación
- devolución de poderes

**Programas/Proyectos Municipales:**

- Seminarios y estudios sobre la Ley de Municipios (1987)
- con INIFOM:
  - cursos de capacitación y políticas de descentralización (el concepto, la devolución de poder en los sectores de agua potable, salud, educación); en coordinación con los Ministerios
  - diagnóstico y seminario sobre la descentralización de servicios de agua potable (con INCAE)
  - evaluación de una empresa municipal
- con Popol Na:
  - cursos de capacitación con las alcaldías y líderes comunales (ej: en Jurídicos Básicos)
  - investigaciones y seminarios sobre la cooperación intercomunal y intermunicipal (ej: hermanamientos)
  - la reforma de la Ley de Municipios

**Regiones:**

- Managua, Jinotega, Matagalpa

**Persona Contactada:** Dr. Günther Maihold  
**Su Cargo:** Representante Permanente  
**Fecha:** noviembre de 1991

<b>AGENCIA ESPAÑOLA DE COOPERACIÓN INTERNACIONAL (AECI)</b>
<b>Tipo de Organización:</b> Bilaterale
<b>Dirección:</b> <b>Teléfono:</b>
<b>Enfoques Municipales:</b> <ul style="list-style-type: none"><li>- diálogo y capacitación</li><li>- publicaciones</li><li>- proyectos de desarrollo</li></ul>
<b>Programas/Proyectos Municipales:</b> <ul style="list-style-type: none"><li>- seminarios y cursos de capacitación:<ul style="list-style-type: none"><li>- descentralización, servicios públicos</li><li>- (planeado) finanzas municipales, personal, gestión de costos de servicios</li></ul></li><li>- publicaciones:<ul style="list-style-type: none"><li>- la revista, "El Municipio"</li><li>- (planeado) manual de administración municipal</li></ul></li><li>- proyectos:<ul style="list-style-type: none"><li>- Estelí: mejorar la infraestructura para agua negras</li><li>- León: Plan de Urbanisimo</li></ul></li></ul>
<b>Regiones:</b> <ul style="list-style-type: none"><li>- Managua, Estelí, León</li></ul>
<b>Persona Contactada:</b> Mercedes Montserrat <b>Fecha:</b> 13 de noviembre de 1991

**EL BANCO INTERAMERICANO DE DESARROLLO (BID)**

**Tipo de Organización:** Multi-lateral

**Dirección:** Km. 4 1/2 Carretera a Masaya, Managua

**Teléfono:** 670831/33

**Enfoques Municipales:**

- fortalecimiento institucional y cooperación técnica

**Programas/Proyectos Municipales:**

- fortalecimiento institucional y cooperación técnica para el Fondo de Inversión Social de Emergencia (FISE)

**Persona Contactada:** Jaqueline Lola  
**Su Cargo:** Especialista Sectoral  
**Fecha:** 22 de noviembre de 1991

**ALMA-CARE**

**Tipo de Organización:**

**Dirección:**

**Teléfono:**

**Enfoques Municipales:**

- obras de beneficio social

**Programas/Proyectos Municipales:**

- Meto: hasta septiembre de 1992, realizar 20 obras de beneficio social en sies de los siete distritos de Managua, en coordinación con la Alcaldía de Managua

**Regiones:**

Managua

**Persona Contactada:** Edgard Quintana R.  
**Su Cargo:** Coordinador Proyecto Alma-Care, Alcaldía de Managua  
**Fecha:** 26 de noviembre de 1991

**INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS  
(INCAE)**

**Tipo de Organización:** Misión Internacional

**Dirección:** Apartado 2485, Managua

**Teléfono:** 658403/04

**Enfoques Municipales:**

- capacitación

**Programas/Proyectos Municipales:**

- En 1991, seminarios sobre la formulación de proyectos, descentralización de agua potable y descentralización.
- (planeado) seminarios sobre relaciones internacionales para alcaldes/consejales, y el desarrollo organizacional de INIFOM
- (planeado) preparación de un manual de auto-ayuda para las alcaldías, quizás con seminarios, sobre temas incluyendo el manejo de un catastro, la movilización de recursos locales, y como atraer inversionistas.

**Regiones:**

Principalmente cursos de capacitación para personas de todas las regiones, brindado cerca de Managua

**Persona Contactada:** Dr. Luis Alberto Tercero, Robert Kehew

**Su Cargo:** Investigadores

**Fecha:** 5 de diciembre de 1991

**UNITED NATIONS CHILDRENS FUND (UNICEF)**  
**FONDO DE LAS NACIONES UNIDAS PARA LA INFANCIA**

**Type of Organization:** International

**Direction:** Apartado Postal 5541, Managua

**Telephone:** 22933

**Types of Municipal Efforts:**

- training
- health
- community participation

**Municipal Programs/Proyectos:**

- Trains 30-40 "local health promoters" a year. Besides training in basic hygiene and sanitation, they are trained to help organize communities to construct and operate simple systems of potable water (with municipal involvement). Three months of training.
- Has offered two types of courses to mayors' offices: (1) supporting basic grain production, and (2) identifying basic health needs. Two week seminars.

**Regions:**

Regions V and VI for the two week seminars.

**Person Contacted:** Ing. Rafael Díaz Díaz

**Position:** Asesor Subregional

**Date:** 13 November 1991

UNITED NATIONS CENTER FOR HUMAN SETTLEMENTS (HABITAT) CENTRO DE NACIONES UNIDAS PARA LOS ASENTAMIENTOS HUMANOS	
<b>Type of Organization:</b>	International
<b>Address:</b>	INIFOM, Managua
<b>Telephone:</b>	666050-666531
<b>Types of Municipal Efforts:</b> <ul style="list-style-type: none"> <li>- community participation</li> <li>- data collection</li> <li>- technical assistance</li> <li>- training</li> </ul>	
<b>Municipal Programs/Projects:</b> <ul style="list-style-type: none"> <li>- Sistem of Local Information for Housing and Human Settlements (SILVAH). By 1993-4, by means of extensive surveys, proposes to prioritize necessities for all municipalities in Nicaragua. Municipal strategies to be developed, based on diagnostics. Local training component in survey techniques.</li> <li>- (proposed) To provide training and technical assistance to establish cadastres in Nicaragua's eight large, category "A" cities.</li> </ul>	
<b>Person Contacted:</b>	Guillermo Pérez Palacios
<b>Position:</b>	Consultor Nacional

**Type of Organization:** *Bilateral*

**Address:** (inquire at German Embassy, next to Optica Nica, Nicaragua)

**Telephone:** (inquire at German Embassy, 663917)

**Types of Municipal Efforts:**

- training
- cadastre
- management and administration

**Municipal Programs/Projects:**

- In 1992, will assign two professionals to INIFOM to help with training and to launch a cadastre effort (details not yet determined). Project should last from three to ten years.
- In selected municipalities, will assist with management, administration and regional planning.

**Person Contacted:** Karina Jahr (of German Embassy)

**Date:** 19 December 1991

### **III. MUNICIPAL FINANCE IN NICARAGUA**

#### **A. AVAILABILITY OF INFORMATION**

Because of the traumatic events that Nicaragua has experienced in the recent past—including years of conflict, accompanied by hyper-inflation and sharp changes in currency values that preceded the shift from the Sandinista regime to the present coalition government—information on patterns and trends in municipal finance is generally not available.

The principal source of data on municipal finance for this report was INIFOM, the recently-established autonomous entity whose principal function is technical assistance and policy guidance to the nation's 140 municipal governments (whose jurisdictions together cover substantially the entire country). The major exception to INIFOM's coverage is Managua. The data for Managua used in this report is from the city's 1991 budget.

#### **B. MUNICIPAL REVENUES**

A significant feature of local government finance in Nicaragua is that it relies almost completely on own-source revenue. At least in the recent past, there have been virtually no fiscal transfers to municipalities from the national budget. INIFOM estimates the current level of transfers as equal to less than 1% of local revenues. Furthermore, there are no regular programs for capital loans or grants from either national government or the publicly-owned banks.

A second significant feature of local government in Nicaragua is the broad range of taxation which municipalities are authorized to collect. These taxes include a local sales tax on goods and services and a property tax which is substantially entrusted to local governments. These taxes and other revenue sources are discussed at greater length below.

##### **1. RECURRENT REVENUES**

The most recent available data on local revenues (which in Nicaragua are equally available for recurrent and capital purposes) are shown below for local budgets of the year 1990.

The data in Table N1, on the recommendation of INIFOM staff, is shown only in percentage rather than absolute terms. Even in this form, they apparently have doubts about it: transfers from the national government and gifts (from unidentified sources) are especially suspect. The principal item of revenue, local taxes and charges, is probably dominated by the 2% sales tax described below.

Revenue	Source	Percent of Total
Tributarios	Local taxes and charges	75.7
Transferencias	National grants	5.4
Patrimoniales	Sales of land, etc.	7.0
Financieros		2.8
Donaciones	Gifts	7.8
Recuperaciones	Prior year taxes and charges	0.6
Otros	Other	0.7
<b>TOTAL</b>		<b>100.0</b>
<b>SOURCE: INIFOM</b>		

The best estimate of the actual value of the revenues of local governments is that they apparently amounted to between \$US12 and 15 million in 1990, plus another \$US10 to 12 million for Managua. This would be equivalent to about \$US4.50 per capita for the municipalities outside Managua and about \$US11 per capita for the capital city. Based on an estimated value of \$US500 million for the central government's 1990 budget, this would indicate that Nicaraguan municipalities received about 4% of total government revenue. Exclusive of Managua, local revenues accounted for only about 2% of national revenues.

Due to the unsettled conditions in Nicaragua, there continue to be many serious difficulties in anticipating revenue as a basis for municipal budgets. As one example: for 1991, the municipalities together budgeted anticipated receipt of 3.6 million cordobas de oro in aid from the central government—but the government included only 1.7 million in its own budget proposal (and it is still not clear how much will actually be paid). For another, many municipalities continued to budget "donaciones" or gifts—but failed to specify any source from which they might come.

Despite these uncertainties, there are positive features to local finance in Nicaragua. For example, the country authorizes its cities to impose a range of local taxes and charges that is unusually broad in its extent, either for Central America or in the developing world as a whole. These include customary items, such as charges for the delivery of municipal services, and "matriculas," or license fees (also called "patentes" elsewhere). But most municipal "planes de arbitrios" (tax plans that define local revenue-raising authority) also include the three potentially productive taxes described below:

#### ■ Sales Tax on Goods and Services

Every municipality can impose a tax of 2% on the gross revenue generated by the sale of most goods and services (1% on non-processed agricultural products). There are some exceptions such as the sale of tobacco and petroleum products at the wholesale level, apparently because these items are already heavily taxed at the national level, but the exemptions still leave a broad range of goods and services that is covered. The tax is not an easy one to collect in the still largely informal economy of Nicaragua in 1991 but its potential is quite great, especially

since it is linked in the law to the issuance of a permit to operate a business (for which cities may also charge).

#### ■ **Real Property Tax on Land and Structures**

Every municipality is now authorized—for 1991 only, subject to future national decision—to collect a tax of 1% on the assessed value of all land and structures within its jurisdiction. The drawbacks to this tax include not only the fact that it is temporary and new (as a local tax) but also that all cadastral records are still in the possession of national agencies: the Ministry of Finance holds the assessment records; INETER, an autonomous land planning entity, holds the cadastral maps and photographs; and the Supreme Court has possession of all property ownership records. For 1991, pending access to the cadastral records held by these national agencies, municipal governments will have to rely on owners' voluntary self-declarations of the taxable value of their properties. Nevertheless, allowing local governments access to this tax for the first time is seen by INIFOM as a major victory for local government. In the past, it was a widely-ignored national responsibility to collect both the local 1% and a higher national rate.

#### ■ **Vehicle Tax (Rodamiento)**

A tax on automobiles and other vehicles has also been made available to local governments for the first time in 1991. This tax can be levied on vehicle owners in the city where they are domiciled. Taxes of this type have proven to be a productive and progressive source of revenue whenever national governments have allowed localities to have access to them. The greatest benefit, at least initially, will be to Managua, the site of most vehicle ownership at present.

## **2. CAPITAL REVENUES**

There are no specific limitations on the use of local government revenues for capital or operating purposes. Thus, any of the taxes described above or other own-source revenues such as service charges can be used for investment purposes to the extent they are not required to meet recurrent costs of salaries and other expenses. The stringencies of local finance in recent years, however, have left little money available for investment by local government in Nicaragua.

In the absence of any specific form of municipal credit institution, local governments are allowed to approach the commercial banks—most of which are still governmentally-owned—for loans. Thus far, only in a few isolated cases has this proven to be a source of municipal credit, in large part because of the inability of municipalities to provide reliable collateral or to be able to pay the high (and fluctuating) rates of interest that would be involved.

An autonomous national development entity, FISE, utilizes USAID and other grant and loan funds to carry out capital projects to generate employment. Many FISE projects have been of benefit to local governments but FISE does not provide grants or other direct financial assistance to municipalities; instead, it contracts its projects through private sector construction firms or does the work directly with its own forces.

### C. MUNICIPAL EXPENDITURES

The national laws governing municipalities in Nicaragua allow them to deliver a broad range of services but do not specify what services, if any, they must provide to their residents. By tradition, the common core services for which localities are responsible are the following:

- Solid waste collection and disposal
- Street cleaning
- Local parks and playgrounds
- Public cemeteries
- Public markets and slaughter-houses

In addition, most municipalities assume some degree of responsibility for construction and maintenance of local streets and for storm drainage.

Water supply and delivery and the collection and disposal of waste water are the responsibility of INAA, a national entity, everywhere in Nicaragua except Region VI, a broad area in the north central part of the country centered on the city of Matagalpa. Here, an experiment has begun in municipal responsibility for the water system. Local governments throughout Nicaragua are watching this experiment with considerable interest because of their high level of dissatisfaction with INAA's services.

Police and fire services are national responsibilities, as are education and virtually all of the social service and health care systems.

Table N2 presents what is known at present about local expenditures (outside Managua). Virtually no data is available on a functional or program basis, rather than in terms of the more traditional categories of objects of expenditure.

Table N2 Expenditures by Local Government in Nicaragua, 1990 (excluding Managua)		
Category of Expenditure		Percent of Total
Personal	Personal Services	57.8
Services Mat. y Prod.	Goods and Supplies	26.9
Inversiones	Capital Investment	8.4
Transferencias Corrientes	Transfer of Recurrent Revenues	3.2
Desembolsos Financieros		3.4
Otros	Other	0.3
TOTAL		100.0
SOURCE: INIFOM		

#### D. THE SPECIAL CASE OF MANAGUA

Managua is both the national capital and by far Nicaragua's largest city, containing about one-fourth of the nation's estimated 4 million population. Until recently, Managua's finances were very different from those of other cities in Nicaragua. Under the Sandanista regime it was considered a national ministry and its budget was appropriated as part of the national budget. This has now changed and, starting in 1991, Managua is required to raise virtually all of its own revenue, relying largely on the same sales, real property and vehicle taxes available to other localities. Because Managua's approved Plan de Arbitrios in 1991 included all of these taxes, they are now considered permanent assets of the city, not requiring future submission to national entities for approval.

Managua's planned revenue budget for 1992, expressed both in cordobas de oro and dollars, is shown below (Table N3). In addition to the amounts shown in the table, Managua has budgeted

Managua estimates its actual receipts in 1991 as \$US 21 million. Of this amount, only \$US6 million (28.5 percent) was collected in the first six months of the year, suggesting that the city's "learning curve" in collecting its own revenues may be rising. In addition, the city has budgeted an increase of 19 percent (in dollars) for 1992. If it achieves this target level, it will have performed an impressive feat; however, estimates in the budget document about what the city would receive if it can improve its collection performance and reduce tax evasion suggest that it could do even better than the budgeted levels.

The city of Managua's budget provides considerable detail on the pattern of planned spending by programs or functions. Of the city's total budget of 125 million cordobas in 1992, 46 percent has been allocated to recurrent spending, another 25 percent to operation and maintenance of the capital plant and the remaining 29 percent to capital investment.

Revenue Source	Cordobas de Oro (millions)	\$US (millions)	Percent of Total
Rentas (Leases, etc.)	0.31	0.06	0.2
Imp. S/Vtas (Sales Tax)	70.37	14.07	56.3
Imp. Various (Various Taxes)	20.8	0.42	1.7
Mat. y Lic (Fees)	0.84	0.17	0.7
Ing. por Multas (Fines)	0.54	0.11	0.4
Tasas por Servicios (Service Charges)	12.36	2.57	10.3
Admon. de Cement. (Cemetery Charges)	0.56	0.11	0.4
Otros Ingresos (Other Income)	37.43	7.49	29.9
<b>TOTAL</b>	<b>125.00</b>	<b>25.00</b>	<b>100.0</b>

**SOURCE:** City of Managua Budget, 1992.

Major categories of planned recurrent spending in Managua are shown in Table N4 below:

Table N4 Budgeted Spending in Managua, 1992			
Category		Total (millions of Cordobas)	Percent of Total
Services Administrativos	Service Delivery	4.8	8.3
Recaudaciones	Revenue Collection	4.5	7.8
Various	Central Administration	5.9	10.3
Distritos	Districts	17.8	31.1
Partida No Asig.	Unassigned	8.1	14.1
Otros	All Other	16.4	28.5
TOTAL		57.5	100.0

SOURCE: City of Managua Budget, 1992

#### E. INTERGOVERNMENTAL FINANCE

There is virtually nothing today that could be described as a system of intergovernmental finance with respect to any Nicaraguan city.

INIFOM, a recently created autonomous agency, plays the major national government role in relating to local government, but it does not have funds to offer more than limited technical assistance and training. What guidance it does offer in the form of financial management manuals is clearly written and to the point, but whether local governments, most of whom are poorly staffed, are presently able to utilize this material is questionable.

There are two forms of pre-approval of municipal budgets in Nicaragua. One involves mandatory approval by the Ministry of the Presidency of the annual "Planes de Arbitrios" which authorize municipal taxes and establish their rates. This function is largely carried out for the Ministry by INIFOM. The other requirement is that each municipality must submit its budget in advance to the Ministry of Governance (Gobernacion).

The Contraloria of Nicaragua performs post-audit functions with respect to local governments. It has a small staff of auditors for this purpose.

As noted above, FISE provides some capital investments of utility to localities.

## **F. RECENT DEVELOPMENTS**

There are several significant changes in process or in prospect for Nicaragua's cities. The Ministries of Gobernacion, Finance and the Presidency all have units looking into questions of direct concern to local governments.

Discussions with the Ministry of Finance (at the level of the Vice Minister) reveal a positive attitude toward assisting local governments in developing reliance on their own resources and a somewhat less firm position on direct financial assistance. The Vice Minister confirmed that it is the national government's intention to make permanent local control over the real property and vehicle taxes and also to assist localities in developing the cadastral capacity needed to implement these decisions. In addition, the Vice Minister said the government intends to phase into local control the national 2.5 percent property tax in addition to the local 1%. He was less definite about plans for a system of financial transfers although he said they are looking at the possibility of sharing up to 2% of national revenues with localities for capital investment purposes.

Another approach is being taken by a unit in the Ministry of the Presidency, which is preparing a broad policy on decentralization. Among its plans are efforts at strengthening local administrative capacity as well as up-grading and expanding the range of services delivered at the local level.

With respect to local tax and service charge systems, a principal immediate need is to improve collection practices, a matter now being studied by the Dutch assistance agency. Major targets in this respect could well include the sales tax and the two new municipal assets, the vehicle tax and the real property tax. Most work will be required on the property tax where the cadastral system needs improvement in quality and accessibility by local government. A UN/Habitat team is looking into this, including the prospect of helping finance development of a computerized cadaster.

## **PART III: ANNEXES**

101

## ANNEX I

### CONCLUSIONES DEL SEMINARIO SOBRE LA DESCENTRALIZACION Y EL DESARROLLO MUNICIPAL EN NICARAGUA

Los participantes en el seminario sobre el tema "La Descentralización y el Desarrollo Municipal en Nicaragua" celebrado en Montelimar, Nicaragua los días 28 y 29 de enero de 1992, bajo los auspicios del Instituto Nicaragüense de Fomento Municipal—INIFOM—y la Agencia de los Estados Unidos para el Desarrollo Internacional en Nicaragua—USAID/Nicaragua—y organizada por la firma consultora PADCO (Planning and Development Collaborative International), los Alcaldes, Concejales, representantes del INIFOM y de otros organismos autónomos de Nicaragua, después de escuchar las exposiciones de señores Ministros de Estado y los resultados preliminares del análisis sobre la realidad municipal en Nicaragua, hecho por los expertos y consultores de PADCO, y debatirlos ampliamente en grupos de trabajo y sesiones plenarios:

#### CONSIDERANDO:

a) que el municipio es la base esencial para la descentralización y la consolidación de la democracia; b) que la municipalidad constituye el nivel de gobierno que se encuentra más cerca de los habitantes; c) que es la autoridad municipal la que está más estrechamente ligada a los intereses, las necesidades y la vida de los ciudadanos organizados en comunidades; d) que los objetivos del Seminario reflejan el interés de las instituciones auspiciadoras del evento, para llevar adelante un conjunto de acciones que impulsen el desarrollo municipal, pues la definición de elementos básicos para la estrategia de desarrollo municipal. La elaboración de sugerencias para el proceso de descentralización, la elaboración de propuestas de políticas y plan de acción para las instituciones que apoyan al desarrollo municipal y la elaboración de sugerencias para ajustes legales, institucionales, interinstitucionales y económicos para el desarrollo municipal y el proceso de descentralización, son elementos fundamentales en el proceso de democratización que vive Nicaragua y es patrimonio de todos los nicaragüenses;

Que es necesario impulsar acciones en términos de los 4 temas de discusión identificadas por el grupo de expertos de la firma consultora PADCO, como parte del estudio que ella viene realizando sobre el tema desde hace varios meses, por encargo de USAID/Nicaragua, que fueron presentados a los participantes en sesión plenaria y posteriormente discutidos en 4 grupos de trabajo, cuyas conclusiones se presentaron y debatieron en una sesión plenaria final;

#### CONCLUYEN:

Que es necesario revisar y redefinir el papel del Gobierno Central y el del Gobierno Municipal y analizar la descentralización entendida como la transferencia de recursos, autoridad y competencias de un nivel de gobierno a otro;

Que para la implementación de la condición anterior es necesario que se constituya un Comité Nacional Inter-institucional con la participación de representantes del Gobierno Central y el Gobierno Municipal y el apoyo técnico del INIFOM, que en un plazo no

102

mayor de 6 meses a partir de su constitución, proponga una estrategia global de descentralización y el marco jurídico en el cual ésta deberá inscribirse, incluyendo un primer análisis de las normas constitutivas de las instituciones que estarían participando del proceso descentralizador;

Que es necesario promover el conocimiento y cabal cumplimiento de la ley de Municipios ya que la misma, constituyendo un marco apropiado para la realidad del país y un instrumento útil para iniciar el proceso descentralizador, no es aprovechada en términos de los mandatos que ella asigna a los gobiernos locales;

Que es necesario completar el Reglamento de Organización y Funcionamiento Municipal, aprobado por el Decreto No. 498 de fecha 24 de febrero de 1990, en los que corresponde al funcionamiento y organización del Gobierno Municipal y a las causales y procedimientos que deben regirse para la sustitución de los alcaldes, lo que resulta necesario para dar la estabilidad que requieren los gobiernos locales;

Que es necesario aunar los esfuerzos entre los municipios mediante agrupaciones funcionales de gobiernos locales, debiendo constituirse Asociaciones de Municipalidades que, contando con el respaldo del gobierno municipal y la población del municipio, favorezcan el pluralismo político y la defensa de los intereses municipales, como objetivos aglutinados de las diferentes tendencias y distintas banderas políticas;

Que es necesario asegurar la suficiencia financiera municipal y su autonomía del gasto para lo cual debe elaborarse y aprobarse, por parte de los gobiernos municipales, un nuevo Plan de Arbitrios que responda a la realidad socio-económica y financiera de cada municipio y proponer la legislación necesaria que dé autonomía a las municipalidades para ejecutar lo aprobado por ellas, sin necesidad de ratificación del Ejecutivo;

Que el fortalecimiento de la economía municipal de las municipalidades de Nicaragua requiere de:

- Su participación en un porcentaje del Presupuesto Nacional, el que se determinará por mandato de una ley con rango constitucional y se regulará, en términos de su distribución, por el Consejo Directivo del INIFOM, en consulta con todas las municipalidades del país;
- La creación de un fondo específico para proyectos de inversión y mantenimiento de las mismas;
- Que se las dotó de los elementos jurídicos y técnicos necesarios para que pueden formular y ejecutar planes de desarrollo integral que contemplen incentivos para atraer la inversión privada, todo lo cual redundará en un incremento de la base fiscal del municipio;

Que es necesario mejorar la capacidad de las Municipalidades para organizar a la ciudadanía implementar programas educativos sobre la descentralización, las leyes relacionadas con el municipio y desarrollar e implementar el uso de técnicas de participación en cada municipio;

Que para mejorar cualitativamente la participación ciudadana se requiere que las delegaciones regionales de INIFOM dispongan de recursos técnicos y financieros suficientes y que todas las actividades de desarrollo en cada municipio las realice en base de la consulta y la coordinación con la población organizada, a través de la municipalidad;

Que es necesario montar programas de capacitación y asistencia técnica para los Grupos Ciudadanos, las ONGs y las Municipalidades, que eduquen a estos tres entes sobre cómo desarrollar mecanismos de participación constructiva en donde la colaboración y la solución de los problemas comunes se sobrepongan a las diferencias políticas;

Que para poder implementar las conclusiones anteriores es necesario el fortalecimiento administrativo, técnico y financiero del INIFOM como la única institución funcionalmente descentralizada al servicio de los gobiernos municipales de Nicaragua.

Montelimar, Nicaragua, 29 de enero de 1992.

## ANNEX II

### BIBLIOGRAPHY

- Buitrago, Dr. Edgardo; and Baquerizo Nazur, Ing. Pablo. *Simposio de Regimen Municipal*. Nicaragua, Grupo Fundemos, 199\_.
- Conroy, Michael E. *Internal Migration, War and the Regional Outreach of the Nicaraguan State: 1980-86*, in Michael E. Conroy, ed., *Nicaragua: Profiles of the Revolutionary Public Sector*. Boulder: Westview Press, 1987; pp.59-94.
- Creative Associates International, Inc. *Final Report on the First National Conference of Nicaraguan Mayors*. \_\_, submitted to the National Endowment for Democracy, 1991.
- Dirección General de Asuntos Municipales y Regionales del Ministerio de la Presidencia, y la Dirección de Investigación y Capacitación Municipal. *Manual para el Cálculo de los Costos de los Servicios Municipales*. Managua, 1989.
- Fondo de Inversión Social de Emergencia. *Fondo de Inversión Social de Emergencia—Nicaragua*. Managua, 1991.
- Hoffman, Alan; Barreto Ch., Ximena. *Multi-Sectoral Training Needs in Nicaragua*. Managua, 1991.
- Instituto Nicaragüense de Fomento Municipal. *Boletín*. (No.5) Managua, 1991.
- Instituto Nicaragüense de Fomento Municipal. *Equipamiento para el Programa de Capacitación: INIFOM*. Managua,
- Instituto Nicaragüense de Fomento Municipal. *Evaluación del Area de Capacitación*. Managua, 1991.
- Instituto Nicaragüense de Fomento Municipal. *Fortalecimiento Operacional del INIFOM*. Managua, 1991.
- Instituto Nicaragüense de Fomento Municipal. *El Municipio: Revista Municipal de Nicaragua*. (No.1) Managua, 1990.
- Instituto Nicaragüense de Fomento Municipal. *Primer Compendio de Legislación Municipal*. —.
- Instituto Nicaragüense de Fomento Municipal. *Programa de Capacitación 1992*. Managua, 1991.

## 2, Bibliography

- Instituto Nicaragüense de Fomento Municipal. *Programa de Capacitación en Planificación del Desarrollo Urbano*. Managua, 199\_\_.
- Instituto Nicaragüense de Fomento Municipal. *Proyecto: Apoyo Logístico al Instituto Nicaragüense de Fomento Municipal (INIFOM)*. Managua, 199\_\_.
- Instituto Nicaragüense de Fomento Municipal, Area Económica Financiera. *Análisis de los Presupuestos Municipales para 1991*. Managua, 1990.
- Instituto Nicaragüense de Fomento Municipal, Dirección Económica-Financiera. *Posición del INIFOM ante las Reformas de los Planes de Arbitrios (Propuesta)*. Managua, 1990.
- Instituto Nicaragüense de Fomento Municipal, Dirección Económica Financiera. *Repercusiones del Plan de Estabilización de Marzo/91 en las Finanzas Municipales*. Managua, 1991.
- Instituto Nicaragüense de Fomento Municipal (Región IV). *Organigrama Funcional 1991*. Grenada, 1991.
- Instituto Nicaragüense de Acueductos y Alcantarillados. *Convenio entre el Instituto Nicaragüense de Acueductos y Alcantarillados y los Municipios de los Departamentos de Matagalpa y Jinotega (VI Región)*. Managua, 19\_\_.
- Martínez Caldera, Mario; and Littlejohn, Coleen. *Directorio ONG de Nicaragua*. \_\_, Centro de Apoyo a Programas y Proyectos, 1990.
- Medina Sandino, Ana María. *Mauricio Ramírez y las Municipalidades de la Región II, Nicaragua*. Alajuela, Costa Rica; Instituto Centroamericano de Administración de Empresas, 1989.
- MIPRES. *Análisis Financiero Municipal 1988*. Managua, 1989.
- Movimiento Comunal. *Memoria del Primer Taller Nacional en Promoción de la Salud Comunitaria*. Managua, 1988.
- Movimiento Comunal. *Memoria del Seminario: Comunicación Popular y Movimiento Comunal*. Managua, 1989.
- Movimiento Comunal. *El Municipio en las Leyes*. Managua, 19\_\_.
- Norsworthy, Kent. *Nicaragua: A Country Guide*. Albuquerque: Inter-Hemispheric Education Resource Center, 1989.
- Popol-Na. *Popl-Na*. Managua, 19\_\_.

- Presidencia de la Republica de Nicaragua Ministerio de la Presidencia. *Programa Nacional de Desarrollo Social y Superación de la Pobreza (borrador)*. Managua, 1991.
- Programa de Desarrollo Social y Superación de la Pobreza. *Agenda para una Descentralización Economica y Social*. Managua, 1991.
- Rodriguez Gil, Lic. Adolfo. *Esquema sobre la Situación de las Finanzas Municipales*. Managua, INIFOM, 1990.
- Rodríguez Gil, Lic. Adolfo. *Manual para el Cobro del Impuesto sobre Bienes Inmuebles*. Managua, Instituto Nicaragüense de Fomento Municipal, 1991.
- Rodriguez Gil, Lic. Adolfo. *Modelo de Financiamiento Municipal*. Managua, Instituto Nicaragüense de Fomento Municipal, 1990.
- Sánchez, Dr. Noel; Reyes, Lic. Elvira; Ramírez, Guillermo; and Rodríguez, Lic. Adolfo. *Lineas para una Estrategia de Desarrollo del Sistema Municipal de Nicaragua (Propues'a)*. Managua, Instituto Nicaragüense de Fomento Municipal, 1990.
- Sistema de Información Local de Vivienda y Asentamientos Humanos. *Boleta Territorial*. Managua, 199\_.
- Solórzano, Carolina. *El Sistema Municipal de Nicaragua*. Alajuela, Costa Rica; Instituto Centroamericano de Administración de Empresas, 1989.
- Spink, Peter Kevin; Heldal, Einar; Lohman, Jens; and Sevilla, Manuel. *Informe Final de la Misión de Evaluación de las Condiciones Sociales de la Población de Nicaragua*. Managua, 1991.
- Tercero Silva, Dr. Luís Alberto. *Reseña Historica del Regimen Municipal de Nicaragua*. Montefresco, Instituto Centroamericano de Administración de Empresas, 19\_\_.
- Universidad Politecnica de Nicaragua. *Lección Inaugural 1991*. Managua, 19\_\_.
- Vicario, Luís B. *Informe de la Misión de Luís B. Vicario*. \_\_. Gobierno de Nicaragua, Programa de las Naciones Unidas para el Desarrollo, Centro de las Naciones Unidas para los Asentamientos Humanos; 1991.
- Whiteford, Scott; Terry Hoops. *Labor Organization and Participation in the Mixed Economy: The Case of Sugar Production*, in Michael Conroy, ed., *Nicaragua: Profiles of the Revolutionary Public Sector*, Boulder; Westview Press, 1987, pp.171-200.
- \_\_. *Dirección de Atención a las Municipalidades: Proyecto de Apoyo Orientado a las Municipalidades de Mayor Pobreza en Nicaragua*. Managua, 1991.
- \_\_. *La Gaceta: Diario Oficial*. (No.210). Managua, 1990.

#### 4, Bibliography

\_\_\_ . *Immediate Actions: Nicaragua: Alternative Peri-Urban Strategies*. Guatemala, Planning Session for the Regional Water and Sanitation Network for Central America, 1991.

\_\_\_ . *Municipalismo en Centro America*. \_\_\_\_ .

Constitución Política de Nicaragua, 1987.

Ley de Municipios, Ley No.40, agosto 1988.

Le de División Político-Administrativa, Ley No.59, octubre 1989.

Reglamento de Organización y Funcionamiento Municipal, Decreto No.498, marzo 1990.

Decreto de Creación del Instituto Nicaragüense de Fomento Municipal (INIFOM), Decreto No.497, marzo 1990.

Decreto Ley No.1-91, Creación de Ministerios de Estado, abril 1991.

Decreto No.10-91, Plan de Arbitrios del Municipio de Managua, febrero 1991.

Grupo FUNDEMOS, Simposio sobre el Régimen Municipal, sin fecha

Dirección de Atención a las Municipalidades, *Proyecto de Apoyo Orientado a las Municipalidades de Mayor Pobreza en Nicaragua*, noviembre 1991.

INC. E, El Sistema Municipal de Nicaragua, Alajuela, Costa Rica, enero 1989.

INIFOM, *Líneas para una Estrategía de Desarrollo del Sistema Municipal de Nicaragua (Propuesta)*, octubre 1990.

103

## ANNEX III

### LIST OF PERSONS INTERVIEWED

#### I. GOVERNMENT OF NICARAGUA

##### **Asamblea Nacional**

Cairo Manuel Lopez, Diputado

##### **Fondo de Inversión Social de Emergencia (FISE)**

Carlos Noguera P., Director

Carlos Lacayo M.

##### **Instituto Nicaragüense de Fomento Municipal (INIFOM)**

Santiago Rivas, Ministro Presidente

Ana Soledad Roman, Directora de Coordinación Regional

Flavio Valladares, Director de Relaciones Internacionales

Adolfo Rodríguez, Director Económico Financiero

Alberto Aburto, Director, Servicios Municipales

Ronald Gomez, Servicios Municipales

Fernando Mayorga, Delegado Regional de INIFOM, León

Ramiro Quiróz Carrillo, Técnico Delegación Regional INIFOM, León

Denis Pérez, Técnico Delegación Regional INIFOM, León

Ricardo Castellón, Técnico Delegación Regional INIFOM, León

Eduardo Leiva, Sub-Delegado Delegación Regional INIFOM, León

Mariana Gómez, Delegada Regional INIFOM, Granada

Delegado Regional INIFOM, Matagalpa

Milena Montano, Capacitación

Elen Orozco, Coordinación Regional

Asucena Balfodamo, Dirección Ejecutivo

Marvin Palacios, Director Desarrollo Urbano y Vivienda

Ligia Segovia, Sub-Directora Ejecutivo

Agustín Jarquín, Director Ejecutivo

##### **Instituto Nicaragüense de Fomento Municipal (INIFOM)/**

##### **Centro de Naciones Unidas para los Asentamientos Humanos (HABITAT)**

Guillermo Pérez Palacios

##### **Ministerio de la Economía y Desarrollo,**

##### **Programa Nacional de Apoyo a la Microempresa (PAMIC)**

Luis Montalvan A.

Stefan Platteau

##### **Ministerio de Educación**

Betty Sandoval

Tino Sanchez

Ninosca Arguella

1099

**Ministerio de Finanzas**

Leonel Rodríguez, Vice Ministro

**Ministerio de Gobernación**

Jorge Irias, Director, Direccion de Asuntos Municipales

Israel Martinez, Direccion de Asuntos Municipales

**Ministerio de la Presidencia**

Benjamin Lugo A.

Yader Baldizon, Secretaría Técnica

Henry Centeno, Scretario Técnica

**Ministerio de Salud**

Douglas Soza, Vice Ministro

**Direccion de Castastro Fiscal**

Andy Rosales, Director

Horacio Navas, Jefe Departamento

**Instituto Nicaragüense de Acueductos y Alcantarillados**

Roger Mendieta, Ministro-Presidente

**Banco de la Vivienda de Nicaragua**

José Antonio Alvarado, Presidente Ejecutivo

Lorena Bamora-Rivas, Dirección General Técnica

Eddie Kuehl, Asesor

**II. MUNICIPALITIES OF NICARAGUA VISITED****Region II**

Mayor of León

Telica

Posoltega

Santa Rosa del Peñon

El Jicaral

Larreynaga

Quezalguaque

La Paz Centro

Nagarote

**Region III**

Managua

Arnoldo Alemán L., Alcalde

Edgard Quintana B., Alcaldía de Managua

Roger Solórzano Marin, Alcaldís de Managua

Reynaldo Silva Solórzano, Alcaldís de Managua

**Region IV**

Mayors of Diriomo  
 Granada  
 Santa Teresa  
 Jinotepe

**Region VI**

Mayors of Matagalpa  
 San Isidro (includes several Council Members)

**III. MULTI-LATERAL AGENCIES****Banco Interamericano de Desarrollo (BID)**

Jaqueline Lola

**Fondo de las Naciones Unidas para la Infancia (UNICEF)**

Rafael Díaz Díaz

**United Nations Development Program (UNDP)**

Enzo di Taranto  
 Luis Correa

**IV. BILATERAL AGENCIES****Agencia Española de Cooperación Internacional (AECI)**

Mercé Montserrat

**Autoridad Sueca para el Desarrollo Internacional (ASDI)**

Bjorn Ahrén  
 Mary Carroll Ellsberg

**Servicio Técnico Holandés**

Jan William van der Raad

**German Embassy (for GTZ)**

Karina Jahr

**V. UNIVERSITIES / PROFESSIONAL SCHOOLS****Instituto Centroamericano de Administración de Empresas (INCAE)**

Luis Alberto Tercero Silva

**Universidad Centroamericana (UCA)**

William Lau

**Universidad Nacional Autónoma de Nicaragua (UNAN)****Universidad Nacional de Ingeniería (UNI)**

Arturo Collado Maldonado

**Universidad Politécnica de Nicaragua (UPOLI)**

Sergio Denis Garcia V.

**University of New Mexico**

Bruce J. Perlman

**VI. NON-GOVERNMENTAL ORGANIZATIONS****Centro Humboldt**

Amado Ordóñez Mejía

Anibal Ramírez

**Centro de Investigaciones y Estudios Municipales (CIEM)**

Héctor Mairena Zepeda

**CEPRODEL**

Miguel González S.

**Fundación Augusto C. Sandino**

Edwin Zablah

Francisco Avendaño

**Fundación Friedrich Ebert**

Günther Maihold

**Movimiento Comunal**

Luis Amaya

Braulio Urcuyo

**Popol-Na**

Manuel Ortega Hegg

## **VII. CIUDADANOS**

**Comité de Ciudadanos en León, Barrio William Díaz**

**Nathalia Caballero**

**Francisca Centeno**

**Juan José Carrión**

**Dina Montoya Lara**

**María López**

**Eunice González**

### **Clubes de Servicios en León**

**Agrupación "partners of the Americas", León**

**Fundación Pro desarrollo de León (Leónes, Rotarios)**

**Instituto Nicaragüense de Deportes**

**Camara de Comercio**

**Asociación de Ganaderos**

**Instituto Nicaragüense de Desarrollo**