

Mid-Term Evaluation of the EFA Fast Track Initiative

Country Case Study: Nicaragua

**Muriel Visser-Valfrey, Elisabet Jané,
Dan Wilde and Marina Escobar**

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Summary information for Nicaragua

- Currency = Córdoba (NIO)
- Exchange Rate USD 1 = NIO 20.3369 (1 July 2009)
- Fiscal Year = 1 July – 30 June
- School year = February – November
- Structure of education system:
3 years pre-primary + 6 years primary + 5 years secondary
- Population: 5,700,000 (INEC 2008)
- Population growth rate: 1.8% p.a.

Acknowledgements

The evaluation team would like to express its gratitude to the Ministry of Education in Nicaragua, whose staff at all levels gave generously of their time. They would also like to thank all those persons interviewed who provided valuable input to the study.

Findings and opinions in this report are those of the evaluation team and should not be ascribed to any of the agencies that sponsored the study.

Preface

The Fast Track Initiative (FTI) is linked both to the Education for All (EFA) goals and to the Millennium Development Goals (MDGs). The FTI was launched in 2002, and has now been running for half its expected lifetime. The FTI partnership has recognised the need to evaluate whether it is achieving the goals it has set itself. The evaluation will provide an opportunity for reform and change if necessary.

As stated in the Terms of Reference:

The main purpose of the evaluation is to assess the effectiveness of FTI to date in accelerating progress towards achievement of EFA goals in participating countries, with particular attention to country movement towards universal primary completion (UPC). The evaluation will also assess FTI's contributions to improving aid effectiveness at both the country and global levels.

The evaluation will draw lessons learned from the FTI's strengths and weaknesses and make a series of recommendations to further improve future partnership programming and effectiveness. Most importantly it is hoped that, as a result of this evaluation, progress towards expanding and enhancing educational opportunities will be strengthened.

The evaluation is independent but is jointly supported by a consortium of donors. The evaluation is taking place between November 2008 and December 2009. The Evaluation Oversight Committee (EOC) is made up of representatives from the donor community, partner countries and civil society. It is coordinated by Joe DeStefano (email: jdestefano@futureofschooling.org).

The evaluation team is a consortium of three companies Cambridge Education, Mokoro and Oxford Policy Management (OPM).

The evaluation includes nine country case studies, in Cambodia, Kenya, Burkina Faso, Ghana, Mozambique, Nicaragua, Nigeria, Pakistan, Yemen.

For enquiries related to the evaluation please contact Anthea Sims Williams, the research coordinator, at asimswilliams@mokoro.co.uk.

For regular updates about the evaluation and the most recent outputs please refer to the evaluation website at: www.camb-ed.com/fasttrackinitiative.

CE disclaimer to be added to final edition

EXECUTIVE SUMMARY

Introduction

S1 This is one of nine country studies being carried out as part of the mid-term evaluation of the Education for All (EFA) Fast Track Initiative (FTI). The FTI was launched in 2002 by a partnership of donors and recipient countries to “accelerate progress towards the core EFA goal of universal primary school completion (UPC), for boys and girls alike, by 2015”. The FTI has now been running for half its expected lifetime. The FTI partnership has commissioned an independent evaluation to see whether it is achieving the goals it has set itself.

S2 The evaluation is taking place between November 2008 and December 2009. A Preliminary Report was made available for the FTI Partnership Meetings in Copenhagen in April 2009, and the full draft report will be submitted in October 2009. A full explanation of the evaluation, its methodology and its timetable is provided in the *Evaluation Framework*, available from the study website at www.camb-ed.com/fasttrackinitiative.

Sector Context

S3 The recent history of the education sector in Nicaragua has covered two governments and distinct policies: between 2002 and 2006 and under the previous government, the 2001 National Education Plan (PNE) and the 2005-2008 Common Work Plan (PCT) were the main policy documents. From 2007 onwards (with the entry of the new government) a new plan and strategies are being developed.

S4 The 2001 PNE emphasized increasing access, improving quality, promoting technological innovation, strengthening the teaching workforce, and decentralising educational management. A key priority in the PNE was the expansion of school autonomy - initiated as a pilot experience in the 1990s - which promoted decentralized decision making and management through school councils and direct grants to schools. By 2006 almost all schools in the country had become autonomous. In 2004 the PNE was replaced by the PCT and for the first time brought together the basic and secondary education plans and budgets of all key stakeholders in one planning framework.

S5 In 2007, with the change of Government, the school autonomy process was abolished and free basic education declared. The Government of Nicaragua (GoN) is currently developing an Education Sector Plan and an Institutional Development Plan. The main focus at present is on eliminating illiteracy, improving the quality of education, strengthening participatory and decentralised educational management, and promoting an integrated and systems approach to education.

Progress towards EFA

S6 Overall the period has seen as strong focus on primary education but achievements have not been uniform. Pre-primary education has seen impressive gains, with net enrolment increasing between 2001 and 2008 from 28.8% to 55.2%, in 2008. In adult literacy, important progress has also been made, mainly attributable to the literacy drive of the Government which came to power in 2007. In the last two years adult illiteracy is claimed to have decreased from 22.2% in 2007 to 4% in 2009. In primary education, enrolment progress has been more modest, a mere 4.2% increase in net enrolments since 2001, reaching 87.2% in 2008. Regarding learning outcomes the available evidence comparing 2002 and 2006 shows that performance has not improved significantly, and underscores some of the important challenges of the system. A number of key EFA 2015 targets look set

to be missed, in particular those relating to primary completion, equitable access and quality education.

The FTI in Nicaragua

S7 Nicaragua was among the first 18 countries invited to join the FTI partnership, in mid 2002. To qualify for endorsement the country was asked to prepare a separate FTI Plan. This plan focussed on two sub-programs of the PNE: the 'Schooling Improvement Program' and the 'Student Scholarship Program', both of which aimed at ensuring good quality primary education and completion. The FTI proposal itself was prepared by the Ministry of Education (MoE) over a relatively short three months period in the second half of 2002, with substantial technical assistance from the World Bank. It was presented to local stakeholders in mid November 2002 and identified a financing gap of USD 106m for four years.

S8 The endorsement itself congratulated the GoN on a well-structured proposal based on a solid analytic foundation and the incorporation of the objective of education quality improvement. It also highlighted areas which would need further attention, including: teacher preparation and motivation; institutional capacity; targeting of school scholarships; and the limited budgetary capacity of the GoN to respond to the expected increased demand.

S9 An immediate outcome of the endorsement was the agreement by country stakeholders to form "a permanent roundtable of education donors". A few months later the GoN instituted sector roundtables across government by Presidential Decree, officially starting a process of Sector Wide Approaches (SWAp) in key sectors.

S10 Nicaragua was formally endorsed just two weeks after the country consultation process at the FTI meeting in Brussels on the 27th of November 2002. The expectation that endorsement would lead to an immediate increase in funding was not met. In subsequent correspondence between the MoE and the FTI Secretariat the latter committed to allocating initial funding from the FTI donor trust fund (the precursor to the Catalytic Fund) as soon as this became available, to working with existing donors to scale up support, and to identifying new donors for the sector.

S11 A first allocation to Nicaragua for USD 7m for 2004 was decided upon at the inaugural meeting of the FTI Catalytic Fund Strategy Committee in Oslo on 22 November 2003, one year after the endorsement. A further indicative allocation of USD 7m was made for 2004, but with the understanding that these resources would be contingent upon performance. A third USD 7m commitment was made to Nicaragua in 2005, later increased to USD10m in 2006. The Government of Nicaragua was officially notified of the availability of these USD 10m in February 2009. The World Bank has been the management agency for Nicaragua over the full evaluation period and the funds were disbursed through a traditional project modality.

FTI and the Education Sector

S12 This country study examines progress in six interrelated areas in education – highlighted in bold below - and seeks to establish what role FTI played in each of these. This section summarizes the main findings for Nicaragua.

S13 **Education Policy and Planning:** Overall the study found that FTI has not influenced policy. Key policies were in place when the FTI proposal was developed, and subsequent policy changes have mainly been decided at the political level. FTI has, however, made a contribution to improving planning within the sector. This influence has mainly taken place through the establishment of the Education Sector Roundtable – which was a direct outcome of the endorsement process and assisted in the SWAp start-up and subsequent preparation of the PCT and of Annual Work Plans (POA). The process of annual planning and reviews with the donors has become well institutionalized and survived the changes in leadership in the sector and in the country.

S14 Education Financing: The available data show that during the endorsement period and immediately afterwards (2002 – 2004) there was no increase in the allocation of public resources to either the MoE or to primary education. Rather, MoE spending, as a proportion of public revenue and GDP, increased only very marginally and primary education spending decreased in relation to public revenue. Financing of primary education, however, increased from 2005 onwards and accelerated in 2007 and 2008. However, this took place after the catalytic effect of FTI had waned and is mainly due to the political priorities of the new government. The evaluation concludes that the FTI Catalytic Fund (CF) has been no more than an additional modest source of funding for the MoE and has not influenced education financing. It was also noted that while CF allocations have been used for priority programmes of the MoE, they were not employed on the activities for which they were first designated. In addition, the procedures for disbursement and management have not been modified now that more aligned mechanisms of financing – including a donor pooled fund established in 2005 – are in place. Finally, this study found no evidence that the financial inputs through the CF have improved the predictability of external financing or contributed to increasing it. Rather, the predictability of FTI funding has become increasingly elusive with disbursement delays becoming successively longer.

S15 Data, Monitoring and Evaluation: Overall, the case study finds that the areas where progress which has taken place in improving both data and monitoring and evaluation since 2002 in the sector are principally linked to the SWAp process, and not specifically attributable to FTI. There has been no systematic and regular analysis of the indicators of the Indicative Framework (IF) after these were collected for the initial FTI proposal. This represents a lost opportunity to measure progress against a common framework, weakens MoE accountability and capacity to make global analyses of the education situation, and also points to structural weaknesses of the SWAp. Education Program Development Fund (EPDF) funding, which could have been used to strengthen capacity in data, monitoring and evaluation was not accessed by Nicaragua for this purpose. However, given that the majority of those interviewed consider FTI to have had a catalytic effect on the start-up of the SWAp, it can be deduced that - albeit indirectly - FTI has played a part in the improvement of data management, monitoring and evaluation which has come out of the Joint Annual Review (JAR) processes.

S16 Capacity: The FTI briefly provided an opportunity for a debate on capacity development during the endorsement process but these issues did not receive adequate follow up. In addition, the FTI has contributed through the Capacity Development (CD) guidelines which are currently being used in the development of an overall sector CD strategy. However, capacity development initiatives continue to be fragmented over numerous projects and there is no clear shared vision on how to move forward. In addition, the selection of the WB grant modality as the aid delivery instrument for FTI-CF allocations has also meant that possible indirect effects on capacity building - through the use of the national financial systems and procedures - have not been achieved. The evaluation finds that with the exception of the two FTI inputs listed above, the most effective advances in CD have been delivered through the SWAp process. The joint working arrangements and reviews that the SWAp process entails have permitted the officials of the MoE to improve their capacities for leadership and management of the sector. The FTI contributed to these advances in that it was one of the factors that led to the establishment of the Sector Roundtable and to the launching of the SWAp.

S17 Aid Effectiveness: The FTI has contributed directly, although not exclusively, to improvements in aid effectiveness in education in Nicaragua. The coordination, dialogue, evaluation and Official Development Assistance (ODA) delivery instruments that have been developed as part of the SWAp process - although not perfect - have shown progress. Available evidence indicates that the joint working arrangements that were established under the SWAp have increased the effectiveness of aid by: a) consolidating sector ownership on

the part of MoE officials; b) aligning ODA to government designed sector plans; and c) harmonising donor efforts – including common funding instruments; and d) reducing transaction costs and increasing mutual accountability through Joint Annual Reviews (JARs). FTIs main role in this context has been in kicking off the process of harmonisation of national level sector dialogue through the establishment of the Education Sector Roundtable, and through its contribution to increasing alignment with country policies and priorities. The FTI did not subsequently adapt itself to the changing context or grasp emerging opportunities to further contribute to aid effectiveness.

S18 Cross-Cutting Issues: Equity has been a prominent cross cutting issue for Nicaragua and this is reflected in the Education Plans for the period covered by this evaluation. As a result of the FTI endorsement process, stakeholders identified the need for better coordination and established working groups to deal with specific cross-cutting issues. In this manner, FTI has had an influence on planning processes. However, there is no clear evidence that this included monitoring processes and capacity development on cross-cutting issues. The current changes in policy and strategies – with a much stronger focus on equity and which impact on cross-cutting issues - are the product of political commitments and cannot be attributed to FTI.

Overall Conclusions

S19 Relevance: FTI was clearly relevant to the needs and priorities of Nicaragua in early 2000s. The focus on UPC, on basic education, on enhancing sector capacity and on galvanising more and better harmonised and aligned support to basic education, were all highly relevant to the needs of the sector and to the importance which Nicaragua attached to SWAp processes and improved harmonisation and alignment. FTI was also particularly relevant because it provided further legitimacy and a ‘sense of purpose’ to the EFA agenda which Nicaragua had committed to. However, the fact that FTI required a separate proposal represented a missed opportunity for the sector to examine the priority programmes identified for FTI support in the context of the sector as a whole, and to address some of the overarching issues that were critical to making progress on the important equity and capacity gaps in the sector. The initial catalytic effect with the establishment of the Sector Roundtable as a result of the endorsement process waned quickly and key areas where FTI sought to have an influence – such as the critical area of CD - were left untouched.

S20 Accelerating progress on EFA: Evidence of progress towards EFA is mixed. In the area of primary education, where the vast majority of education resources were expended (including those of the CF), there has been disappointingly little improvement over the period that FTI is active in Nicaragua. Although FTI contributed to improving planning and to a limited extent data and monitoring and evaluation processes, these mechanisms have not functioned effectively in addressing issues which arose as a result of the school autonomy process, and many of the key challenges which the sector faced in 2002 still exist today. Overall therefore, FTI has had little impact on accelerating progress on EFA.

S21 Resource mobilisation and aid effectiveness: Over the evaluation period there has been a noticeable growth in funding in primary education, although overall the budget for the education sector has not increased. This reflects funding provided by other donors through budget support mechanisms and in the more recent period, is the result of a strong government focus on expanding coverage and quality at all levels of education and a growing government budget. There is little direct evidence that this growth in funding is attributable to FTI. However, it is likely that FTI played a modest indirect role through its contribution to the establishment of the Sector Roundtable, which allowed stakeholders to come together and resulted in strengthened planning and improved aid effectiveness, including the establishment of pooled funding mechanisms through which an important part of the money targeted at basic education was channelled.

Recommendations and Reflections

S22 The findings in this study suggest that the main catalytic effect of the FTI endorsement in Nicaragua has been on planning processes and on aid effectiveness. Through the SWAp process FTI has contributed indirectly to the modest gains in data, monitoring and evaluation.

This case study highlights a number of key issues, including:

- The need for further reflection around what the catalytic effect of FTI can realistically be beyond the endorsement process.
- The absence of any real incentive or requirement for FTI donor partners to take responsibility for FTI at country level.
- The importance of ensuring that FTI aligns with modalities and procedures as these evolve in the sector.
- The implications of the choice of FTI CF management agent for the visibility and ownership of FTI.
- The centrality of capacity development issues for the possible FTI effect beyond the endorsement process – i.e. the plan may be credible but in the absence of capacity to implement it, progress will be constrained.
- The need for careful monitoring of policy and strategies which address equity issues needs much more serious consideration and attention, as these are one of the key factors in Nicaragua failing to meet UPC.

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Abbreviations and Acronyms

AECID MECE	School principal and teacher training project of the Spanish Agency for International Development Cooperation
ALBA	Bolivarian Alternative for the Americas
AOP	Annual Operating Plan
CD	Capacity Development
CE	Cambridge Education
CENIDH	Nicaraguan Human Rights Center
CETT	Excellence in Teacher Training Center
CF	Catalytic Fund
CIASE	Research and Socio Educational Action Center
CoC	Code of Conduct
CSO	Civil Society Organisation
CUT	Single Treasury Account (Conta Unico del Estado)
CWP	Common Work Programme
DAC	Development Assistance Committee
Danida	Danish International Development Agency
EC	European Commission
EFA	Education for All
EOC	Evaluation Oversight Committee
EPDF	Education Program Development Fund
ERCERP	Reinforced Economic Growth and Poverty Reduction Strategy
ERRP	Poverty Reduction Strategy Plan
FEDH	Education and Human Development Forum
FONSALUD	Donor Common Fund for the Health Sector
FOSED - EU	Education Project of European Union
FSLN	Sandinista Front of National Liberation
FTI	Fast Track Initiative
GBS	General Budget Support
GDP	Gross Domestic Product
GoN	Government of Nicaragua
H&A	Harmonisation and Alignment
HIPC	Highly Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HQ	Head Quarters
IADB	Inter American Development Bank
IF	Indicative Framework
IMF	International Monetary Fund
INATEC	National Technological Institute
INEC	National Institute of Statistics and Censuses of Nicaragua
IPADE	Education Projects Development and Democracy Institute
IT	Information Technology
JAR	Joint Annual Review
JICA	Japanese International Cooperation Agency

LLECE	Latin American Laboratory for the Evaluation of the Quality of Education
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MECD	Ministry of Education, Culture and Sports
MHCP	Ministry of Finance and Public Credit
MINREX	Ministry of Foreign Affairs
MIS	Management Information System
MoE	Ministry of Education
MTEF	Medium Term Expenditure Framework
NGOs	Non-Governmental Organisations
NIO	Nicaraguan Córdoba
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Developments'
OPM	Oxford Policy Management
PAD	Project Appraisal Document
PAF	Performance Assessment Framework
PAPSE	Support Programme to the Education Sector Budget
PASEN	Nicaragua Education Project
PCT	Joint Work Plan
PDI	Institutional Development Plan
PMF	Public Financial Management
PMU	Project Management Unit
PND	National Development Plan
PNE	National Education Plan
POA	Annual Work Plan /Operational Work Plan
PRGF	Poverty Reduction and Growth Facility
PROASE	Donor Common Fund for the Education Sector
PROMETAM	Teacher training in Mathematics Project
PRORURAL-FC	Donor Common Fund for the Rural Sector
PRRAC	Regional Programme for Reconstruction in Central America
PRSP	Poverty Reduction Strategy Plan
RAAN	Autonomous Region of Nicaragua's Northern Atlantic Coast
RAAS	Region of Nicaragua's Southern Atlantic Coast
RPS	Social Protection Network
SEAR	Autonomous Regions Education System
SERCE	Second Regional Comparative and Explicative Study
SGPRS	Strengthened Growth and Poverty Reduction Strategy
SIGFA	Integrated Financial Information and Audit System
SWAp	Sector Wide Approach
SysODA	Information System of Official Development Assistance
TA	Technical Assistance
TEPCES	Evaluation, Programming and Educative Qualification Meetings
TOR	Terms of Reference
UK	United Kingdom

UNDP	United Nations Development Programme
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
Unicef	United Nations Children's Fund
UPC	Universal Primary Completion
US	United States
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank
WFP	World Food Program

PART A: APPROACH

1 Introduction

The Fast Track Initiative¹

1.1 The Education for All – Fast Track Initiative (EFA-FTI) is an evolving partnership of developing and donor countries and agencies. Its main objective is “*accelerating progress towards the core EFA goal of universal primary school completion (UPC), for boys and girls alike, by 2015.*”² It was established in 2002 by 22 bilateral donors, development Banks and international agencies, prompted by the 2000 Dakar World Forum on Education, which yielded both the current EFA goals and a commitment to increased financial support for basic education.³ Also, as an outgrowth of the 2002 Monterrey Consensus, FTI was designed as a compact that “*explicitly links increased donor support for primary education to recipient countries’ improvements in policy performance and accountability for results.*”⁴

1.2 According to its *Framework* document (2004), the FTI’s major contributions to accelerated UPC would be by supporting:

- Sound sector policies in education
- More efficient aid for primary education
- Sustained increases in aid for primary education
- Adequate and sustainable domestic financing for education
- Increased accountability for sector results

1.3 Through such contributions to country progress on EFA goals, the FTI aspired to help countries close four gaps: financial, policy, capacity and data.⁵

1.4 The 2004 *FTI Framework* set out the following guiding principles:

- **Country-ownership:** the FTI is a country-driven process, with the primary locus of activity and decision-making at the country level;
- **Benchmarking:** the FTI encourages the use of indicative benchmarks (the FTI Indicative Framework), locally adapted, to stimulate and enlighten debate over policies, to facilitate reporting of progress on both policies and performance, and to enhance mutual learning among countries on what works to improve primary education outcomes;
- **Support linked to performance:** The FTI is intended to provide more sustained, predictable and flexible support to countries that have demonstrated commitment to the goal of UPC, adopted policies in full consideration of a locally adapted FTI Indicative Framework, and have a need for, and the capacity to use effectively, incremental external resources;
- **Lower transaction costs:** The FTI encourages donor actions to provide resources to developing countries in a manner which minimises transaction costs for recipient countries (and for the agencies themselves);
- **Transparency:** The FTI encourages the open sharing of information on the policies and practices of participating countries and donors alike.

¹ This description draws on the Terms of Reference for the evaluation (see *Evaluation Framework, Annex A*).

² Education for All – Fast Track Initiative (2004), *Accelerating progress towards quality universal primary education: framework*, p. 3.

³ The Dakar Forum communiqué stated that “No countries seriously committed to Education for All will be thwarted in their achievement of this goal by lack of resources.”

⁴ EFA-FTI *Framework*, p.3.

⁵ See www.education-fast-track.org, “About FTI.”

1.5 In line with these principles, support for participating countries is based on the endorsement of a national education sector plan (over 30 countries have now been endorsed). Endorsement is intended to facilitate coordinated support from donors engaged in the education sector. There are also two FTI-specific instruments which can provide support at country level:

- The **Catalytic Fund** (CF), set up to provide grant financing for eligible countries. The Fund had disbursed USD 396 million to 20 countries as of November 2008.
- The **Education Program Development Fund** (EPDF) set up to provide eligible countries access to grant financing for capacity building (e.g., analytic work for planning and budgeting or training) and to support cross-country learning experiences. The EPDF had disbursed USD 28.8 million (of USD 58.5 million committed) to over 60 countries as of December 2008.

The World Bank is the trustee for both these funds, and also hosts the FTI Secretariat in Washington DC.

1.6 The FTI's management arrangements and operating procedures have evolved considerably, and are still being refined. (The timeline at Annex B of this report includes a summary of the main changes in FTI, as well as its involvement with Nicaragua.)

Purpose and Outputs of the Evaluation

1.7 The FTI partnership has commissioned an independent mid-term evaluation. This takes place at the mid-point between the FTI's establishment and the MDG target date of 2015. It is therefore designed both to assess progress so far and to offer guidance for the FTI's future work. According to the Terms of Reference (TOR):

The main purpose of the evaluation is to assess the effectiveness of FTI to date in accelerating progress towards achievement of EFA goals in participating countries, with particular attention to country movement towards universal primary completion (UPC). The evaluation will also assess FTI's contributions to improving aid effectiveness at both the country and global levels. The evaluation will assess the Initiative's added value, identify lessons learned from its strengths and weaknesses, and formulate recommendations for improved partnership programming and effectiveness. (TOR, ¶12)

1.8 The evaluation is being managed by an independent Evaluation Oversight Committee (EOC), and the evaluation process is meant to take account of the viewpoints of all stakeholders and encourage their involvement in debating the issues it raises. The main outputs are:

Evaluation Framework (final version dated January 2009)	This describes the agreed methodology and the detailed work programme of the evaluation.
Preliminary Report (Made available for the Partnership Meetings in Copenhagen, April 2009)	Initial findings from the global desk analysis (Stage 1 of the evaluation), proposals for further work during Stage 2, and to promote discussion of emerging issues amongst stakeholders.
Country Studies (in-country research for the pilot studies in January–February; for the additional studies in May–June 2009)	Two pilot studies during Stage 1; a further seven country studies during Stage 2. Separate country reports will be published, to feed into the full report.
Draft Full Report (October 2009)	The main substantive report, circulated in draft form to allow extensive review and comment.
Final Full Report	December 2009.

Evaluation Methodology

1.9 The biggest challenge in evaluating the FTI is to disentangle the activities and effects of FTI itself from those that would have occurred anyway. The approach adopted is *contribution analysis*. This involves a thorough review of the context and of overall results in the education sector, linked to a good understanding of what the FTI's inputs and activities were, and of the effects that they were intended to have. Available qualitative and quantitative evidence is then used to assess what contribution (positive or negative) FTI may have made to the overall results observed.

The Role of Country Studies

1.10 The work programme for the evaluation envisages nine full country case studies. According to the TOR:

Case studies are expected to be used in this evaluation as a means of developing greater insight into country-level processes, accomplishments, and problems, all in the context of each country, thus making a contribution to the lessons-learned part of the evaluation. (TOR ¶21)

1.11 The selected countries represent a range of country contexts and a range of different experiences with FTI.⁶ Each country study is a contribution to the overall evaluation. It is not a full evaluation of the education sector, nor is it linked the FTI's processes for country endorsement and allocation of funding. However, the case studies are being conducted in close collaboration with the country stakeholders in FTI, and it is expected that these reports will be of value to the countries concerned.

1.12 The country studies will take account of the different perspectives of different stakeholders and consider the different streams of effects (education policy and planning, education finance, capacity, data and M&E, aid effectiveness) which FTI is intended to have. They will aim to establish outcomes ("results on the ground") and to assess whether and how FTI inputs may have contributed to those results. (See Annex A for more details on the methodology and the approach to country studies.)

The Study Process for Nicaragua

1.13 The country case studies are based on substantial preliminary research, followed by a country visit, then the drafting of a country case study report. At various stages of the preparation of the report work stream leaders for the evaluation interacted with the country team to provide comments and suggestions on both the preparation and the emerging products of the country study.

1.14 The visit took place to Nicaragua between 2 and 13th June 2009. The Country Study team consisted of Dr. Muriel Visser-Valfrey (Country Study Team Leader), Dr. Elisabet Jané, Mr. Dan Wilde, and Dr. Marina Escobar.

1.15 The team met a range of stakeholders from the government, donor, NGO and civil society communities. The team also visited a public primary school in Managua. The team's programme, including a list of persons met, is at Annex C. A Country Visit Note summarised the team's preliminary findings and was circulated to in-country stakeholders on the 25th of June 2009. Comments received on this country visit note have been taken into account in the drafting of the present report.

⁶ See the *Evaluation Framework* (Annex H) for a full explanation of the choice of country cases.

Outline of this Report

1.16 In keeping with the evaluation methodology (¶1.9 above), this report first reviews Nicaragua's overall progress towards EFA objectives (Part B), then systematically considers the parts played by the FTI (Part C). Conclusions and recommendations are in Part D.

1.17 Part C is structured according to the five workstreams within the overall evaluation: policy and planning, finance, data and M&E, capacity development and aid effectiveness. Each subsection addresses the context, inputs and activities of the FTI, and the relevance, effectiveness, efficiency and sustainability (where possible) within these workstream areas. There is also a chapter on cross-cutting issues.

1.18 This country case study aims to generate discussion and debate amongst four principal audiences:

- all stakeholders in Nicaragua with an interest in the education sector;
- the FTI evaluation team as they draw together findings and recommendations for the mid-term evaluation's final report;
- the EOC, who will quality-check the report on behalf of the FTI's Board of Directors (Steering Committee);
- any other interested parties.

1.19 The present version of the report is a draft. Comments are welcome and will be taken into account in the final version. All comments should be sent to mvisser@learndev.org

PART B: EDUCATION FOR ALL IN NICARAGUA

2 Nicaragua Background

Nicaragua in brief

2.1 Situated in Central America, between 11 and 14 degrees north, Nicaragua covers 130,000 km² and is bordered to the north by Honduras and to the south by Costa Rica. Other natural borders are the Caribbean Sea to the east and the Pacific Ocean to the west. The country is divided into two territories: the West, covering 46% of the land mass and inhabited by 94% of the population, all of whom are Spanish speaking; and the East, accounting for 54% of the land mass and the remaining 6% of the inhabitants, who are of various ethnicities and languages (Creole, Miskito, Mayagna, Rama) and face significant disadvantages, including many relating to education.

2.2 The population in 2008 was estimated at around 5,700,000 (as per the last census in 2005) with approximately 40% of Nicaraguans living in rural areas. More than 50% of the population is poor, with 25% extremely poor (these figures increase significantly in rural areas). Nicaragua's ranking in the Human Development Index (HDI) was 116 (out of 174) in 2000 and 110 (out of 177) in 2007. The population growth rate is currently 1.82% per year with a clear decline in fertility (28 in 2000 and 24 in 2008), a migration rate that, although it has decreased since 2000, was 1.13 per 1000 inhabitants in 2008. 16.3% of children are not in school (with rural areas worse off still). The average number of years a child spends in school is 6.9 in urban areas and 3.1 in rural areas – the lowest figures in Latin America after Haiti and Guatemala – and aggravated by the high levels of inequality between economic classes and territories.⁷

2.3 Nicaragua's Gross Domestic Product (GDP) has increased slowly (see Table E1 in Annex E) in relation to the Latin American average. The GDP per capita increased from USD 793 in 2001 to USD 1123 in 2008. The distribution of GDP is one of the least equal in Latin America, with a Gini index in 2007 of 0.579.⁸

2.4 Nicaragua has not put in place a fiscal reform process to contribute to an increase in internal revenue. The subsidies and exemptions in place considerably reduce the income levels that can be achieved under current legislature. However, revenue has increased from 18.7% of GDP in 2001 to 25.8% in 2008.

2.5 Production still depends mainly on agriculture, with coffee the most valuable crop. Most industry is based on the processing of agricultural and livestock produce.⁹

Institutional framework

2.6 Nicaragua suffered a dynastic dictatorship from 1936 until the triumph of the Sandinista Revolution in 1979. The Sandinista Front of National Liberation (FSLN) maintained power until 1990. During this period the country had a socialist orientated economy (although private enterprise was never entirely eliminated) and was forced to wage a debilitating war against the United States (US)- financed opposition that destroyed the national economy. The low performance levels of the government also contributed to the economic disaster. From 1990 to 2006 there were three elected governments, all of a neoliberal vein. In 2007 the FSLN won the elections and now holds the executive seat of power.

⁷ Data from the Nicaraguan Institute of Statistics and Census, the UNDP Development Reports and fortnightly 'Coordinadora Civil' reports.

⁸ María Rosa Renzi. 'EL Observador Económico'. Available at: <http://www.elobservadoreconomico.com/imprimir/70>

⁹ Central Bank of Nicaragua

2.7 The neoliberal governments in place before 2007 achieved a discrete increase in the GDP but inequality also increased (according to United Nations Development Programme (UNDP) Human Development Reports). The current government has eliminated direct payments for access to primary and secondary education and for health services at public centres and has introduced poverty reduction programmes (known as “Zero Hunger” and “Zero Profiteering”).

2.8 The independence of the executive, legislative, judicial and electoral powers is a challenge in Nicaragua as appointments are made on the basis of pacts between the two main political parties. This has been the case since at least 1998. In the short term, there does not seem to be the prospect of improvement with regard to independence of these institutions. Policies are exclusively of the Government rather than of the State, with uncertain prospects of continuity when there is political change.

2.9 The country is organised around the central government, which includes departments, autonomous regions (2) and 153 municipalities. The autonomous regions have decision making power over educational (and other social sector) programmes, the applications of which are accompanied by the Ministry of Education (MoE), and a regional education system. The municipalities do not have specific competencies in education but contribute occasionally by making land available for the construction of schools, or by contributing to the financing of schools..

National strategies

2.10 In 2001, in the framework of the application for Highly Indebted Poor Country (HIPC) status, Nicaragua launched a Reinforced Economic Growth and Poverty Reduction Strategy (ERCERP) 2002-2005.¹⁰ The ERCERP was not accepted by much of civil society¹¹ and did not achieve the expected results. It had also been launched at the end of a presidential term, which affected its application.

2.11 A National Development Plan (PND) was drafted at the beginning of the next government’s term. It was presented as a strengthened ERCERP and approved in 2005, when only a year and a half of the presidential term remained. As with the ERCERP, it envisaged poverty reduction as a result of economic growth and an increase in health and education spending - which in practice was less than that expected, according to civil society evaluations. During the period from 2002 – 2006 sector and institutional planning was strengthened substantially, especially in health, education and rural productive sectors, within the frameworks of the respective Sector Wide Approaches (SWAp).

2.12 The current government is in the process of approving the National Plan for Human Development 2008 – 2012. This plan is built on a radical critique of the previous development model and has a more marked social focus.

Quality of public financial management (PFM)

2.13 Nicaragua has also been governed since 2005 by ‘Law 550 on Finance Administration and the Budget Regime’ which provides a solid legal framework for budgeting, requiring that all resources spent by public institutions are included in the budget. The law also requires strengthening of internal controls, guaranteeing public access to information on the budget and its execution, and establishing the budgetary calendar and drafting of a Medium Term Expenditure Framework (MTEF) on a three year rolling cycle. It strengthens the Single Treasury Account (CUT) and the Integrated Financial Information and

¹⁰ Estrategia Reforzada de Crecimiento Económico y Reducción de la Pobreza. Disponible en: <http://www.cisas.org.ni/prsp/PDF/ERCERP.pdf>

¹¹ See various criticisms at: <http://www.cisas.org.ni>

Audit System (SIGFA) and obliges all government institutions to adopt the accounting systems of the Ministry of Finance and Public Credit (MHCP).

2.14 The government began work on an MTEF in 2005. Annual improvements have been made, but the current MTEF does not yet provide a solid framework for the financing of national policies.

The budgeting and budget execution cycle

2.15 The budgeting cycle starts with communication of the budget ceilings from the MHCP to government institutions at the end of June each year. At the beginning of August the Ministries and other institutions that receive state budget allocations must send their budgets to the MHCP, which then sends a consolidated budget to the National Assembly in September for approval. This is approved in December if no problems arise. The consolidation of the budget by the MHCP, as well as changes introduced by the National Assembly, create problems for institutions, which receive back modified budgets without having been party to these modifications. The MHCP makes budget allocations based on expenditure history and indications from the President's Office. These indications depend on political orientation more than data analysis. In the same manner, changes in the make of the General Assembly are largely due to party political pacts and interests

2.16 Budget execution rates are high and have improved between 2000 and 2007. In the case of the education sector, budget execution has been high and low execution rates have been related to Official Development Assistance (ODA). These low execution rates are due to disbursement delays, government difficulties in complying with donor agency procedures and inability to meet conditionality clauses relating to disbursements.

Main issues and reform processes

2.17 In the General Budget Support (GBS) evaluation carried out in 2005,¹² it was observed that there were weaknesses relating to auditing, the predictability of finance and medium term planning and budgeting. Separation of the planning and finance functions was an obstacle to ensuring that resources were allocated to priorities. This obstacle has not been totally resolved with government institutions, many of which continue to carry out each annual process separately.

2.18 During the period from 2002 – 2006 an important exercise in strengthening PFM was carried out, especially through expansion of SIGFA to all government institutions that access the system through the governmental intranet. The objective is to register, control, monitor and evaluate budget execution. However, the system does not include all decentralised institutions or municipalities.

2.19 Fiscal reform is still pending in Nicaragua. Exemptions granted for various reasons and fiscal evasion are still important issues in relation to the scarcity of resources for public policy implementation. At the end of 2006 the MHCP prepared a proposal for a Fiscal Responsibility Law, but this has not yet reached the National Assembly. The International Monetary Fund (IMF) is currently proposing a reduction in exemptions in non-productive sectors and the proposal is under negotiation.

2.20 'Law 323 on State Contracting' requires the fulfilment of certain reliability criteria for all procurement. The complaint of public institutions is that these procedures are too rigid and that ceilings for each type of bid are too low. One of the criticisms of the current

¹² Available at: <http://www.oecd.org/dataoecd/25/5/36562964.pdf>

administration is that it too frequently applies the “emergency situation or public calamity” or the “emergency, security or other public interest reasons” criteria that permit purchases without applying the procedures stated in the Law, on occasion without the previous authorisation of the Treasury Inspector’s Office of the Republic (*Contraloría General de la República*).

Aid relationships

Volume of ODA¹³

2.21 ODA has been an important source of financing for Nicaragua. The funding received in relation to the population is amongst the highest of any ODA recipient countries. The ratio of loan credits to grants is almost 1:1.

Table 2.1 ODA Received by Nicaragua between 1997-2005 by aid modality (in USDm). Cooperation dollars (USD) per capita (not including debt relief)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Grants	273 (61 %)	241 (48 %)	283 (51 %)	296 (60 %)	297 (59 %)	311 (60 %)	283 (52 %)	307 (51 %)	289 (53 %)
Loans	177 (39 %)	252 (52 %)	271 (49 %)	196 (40 %)	203 (41 %)	198 (40 %)	258 (48 %)	295 (49 %)	252 (47 %)
Total	450	493	555	492	500	510	541	602	541
Population (in 1000s)	4.674	4.803	4.936	5.072	5.205	5.341	5.482	5.626	5.142.
USD per capita	96	102	132	123	96	95	99	107	101

Source: SysODA. Secretaría de Relaciones Económicas y Cooperación. Ministerio de Relaciones Exteriores

2.22 The information system reporting ODA (sysODA) did not register all of the resources that reached the municipalities as part of these were channelled through non-governmental intermediaries that had no obligation to inform sysODA.

2.23 Information on development cooperation has not been available to the public since 2007. New development partners have also been incorporated since this date, such as Venezuela, whose resources are not registered in the budget. In June 2009, within the framework of negotiations with the IMF, the Central Bank of Nicaragua produced a report explaining that Venezuelan aid had increased from USD 185 million to USD 457 million between 2008 and 2009.

2.24 General budget support represented 15% of all aid in 2005. There were initially nine development partners using this method: the European Commission (EC), Finland, Germany, the World Bank (WB), the Netherlands, Norway, Sweden, Switzerland and the United Kingdom (UK). Due to varying disagreements with the policies of the current government (especially its penalisation of therapeutic abortion, the opacity of Venezuelan cooperation and the lack of transparency in the 2008 municipal elections), Finland and Sweden withdrew and the European Commission have frozen disbursements since December 2008.

¹³ The source of data is the SysODA, except in the case of Venezuelan aid, for which it is the Central Bank of Nicaragua.

2.25 Common funds represent approximately 7% of aid. The number of donors that participate in common funds has increased and includes Austria, Canada, Denmark, Spain, Finland, Norway, the Netherlands and the United Nations Population Fund (UNFPA).

2.26 The remaining aid is received in the form of projects with high levels of fragmentation and tied aid.

2.27 The main aid contributions for the 2002-2005 period (in millions of USD) came from the Inter American Development Bank (IADB), at 471.5, 97.6% of which were loans; the World Bank at 373.7, all loans, and the European Commission (EC) with 180.2, all as grants. The bilateral donors with the highest disbursements in the form of grants were the United States of America (USA) with 148.7, followed by Japan with 137.14 and Sweden with 137.48.

Aid coordination mechanisms¹⁴

2.28 During the period 2002 – 2006, various aid coordination mechanisms were consolidated. Cooperation coordination forums were carried out on an annual basis that continuously improved in quality and produced valuable reports for analysis of quality, alignment and harmonisation of aid.¹⁵

2.29 The Global Roundtable has existed as a policy dialogue forum since 2004. In 2005 it incorporated a technical committee that contributed to an increase in the effectiveness of the Global Roundtable meetings.

2.30 Sector roundtables for government – cooperation dialogue were created by the Government in 2003 through a Presidential Decree. The achievements of these roundtables have not been uniform. The most successful have been those that could rely on reasonably developed plans, the leadership of the Ministry in the sector, and those in which cooperation modalities were implemented that were aligned with government procedures. These modalities are common funds that are managed by the government and can be considered as sector ear-marked budget support. All of these common funds remain active. They are present in the education (PROASE), health (FONSALUD) and rural productive (PRORURASL-FC) sectors.

2.31 The National Alignment and Harmonisation Action Plan 2005 – 2008, agreed between the Government and its development partners in 2005, based on the Paris Declaration principles, was a very useful instrument for improvement in the quality of aid. Twenty results indicators were developed to monitor progress against a 2005 baseline. Unfortunately this monitoring has not taken place as the Government that took power in January 2007 chose to ignore the Action Plan.

2.32 Nicaragua has led various partner country initiatives. It was the host for the first meeting of partner countries of the Organisation for Economic Cooperation and Developments' (OECD) Development Assistance Committee (DAC) in 2004, at which a declaration and a common position document were prepared in advance of the Second High Level Forum and which contributed to the Paris Declaration. In 2006, Nicaragua again hosted a meeting of partner country signees of the Paris Declaration in preparation for the Third High Level Forum.

¹⁴ V Cooperation Coordination Forum Report. Secretaría de Relaciones Económicas y Cooperación. Ministerio de Relaciones Exteriores

¹⁵ Especialmente el V Cooperation Coordination Forum Report

2.33 According to Paris Declaration monitoring surveys, Nicaragua has improved against all of the indicators between 2005 and 2007. It is reported that 48% of aid uses national financial procedures and 45% uses national purchasing procedures. However, according to some MHCP and the Ministry of External Affairs (MINREX) civil servants for the same period, these figures are optimistic. 74% of ODA was registered on the budget.

2.34 Advances in the application of the Paris Declaration principles were frozen under the new government (during 2007) and are only now is the process being reopened. The sector roundtables with connected aligned aid modalities that use national procedures continued with their tasks despite reluctance from the government, which could indicate that the new ministries quickly appreciated the advantages of working with development partners within the framework of a SWAp.

3 Basic Education in Nicaragua

Education System

3.1 **The school system:** The education system provides three years of schooling at pre-primary level (for ages three to five), a six year primary cycle (divided into three cycles of two years) and five years of secondary schooling (which is provided through regular schools, evening classes and at a distance for mature students). In parallel to the formal primary school system and as part as the revised organisation of the system which was introduced under the current government there is the “*extraedad*” system which consists of three cycles which each cover two years. The aim of is to get those young people who have missed the opportunity to go into school – because of child labour¹⁶ or other poverty related issues – at the right age back into education. In addition the non-formal education stream also falls under the responsibility of the Ministry of Education. It caters for young people and adults and is provided by volunteer teachers in selected facilities at community level. The system also includes special education for children with special needs who are either integrated into regular schooling, or go to special schools.

3.2 Higher education and technical education are governed separately by the National Council of Universities, and does not fall under the remit of the Ministry.

3.3 **Institutions, staff and learners:** The Ministry of Education, Culture and Sports as it has been called since 1998 is responsible for pre-school, basic, and secondary education.

3.4 In 2008, 220,529 children were enrolled in public, private and community pre-school education, 944,341 were enrolled in primary level (of whom 15% in non-public institutions), and 446.868 in secondary, of whom 24% in non-public institutions. Just under half of the children (48%) are enrolled in rural areas, which more or less corresponds to the percentage of rural population in the country (CIASES, 2008). 3.360 children with special needs were enrolled in special schools. The MoE estimates that at least 700,000 children who are not enrolled in school in addition to an estimated 500,000 who have dropped out of school.

3.5 A substantial number of the country’s primary schools are incomplete schools which offer only up to fourth grade and are taught by one teacher. The country faces a serious deficit in classrooms, with a large percentage being of very poor quality. The Central American Governance Institute estimates indicate that of all countries in the region, Nicaragua spends the least on education – an average of 42 dollars per pupil per year (compared with 63 dollars in El Salvador, 81 dollars in Honduras, and 240 dollars in Costa Rica). These findings need to be placed in the context of the fact that Nicaragua is also the country with the lowest per capita income and with the lowest teacher salaries.

3.6 In 2006 the teaching force comprised a total of 48,431 teachers. Approximately 27 % of whom are teachers who have no training. The percentage of untrained teachers has increased over the past years, reflecting a focus on growing recruitment and difficulties in ensuring that teacher training keeps pace with this development.

¹⁶ Estimates indicate that approximately 15% of all children between 5 and 14 years of age are involved in child labor (Unicef at http://www.unicef.org/spanish/infobycountry/nicaragua_statistics.html accessed 21/07/09).

3.7 **Private and subsidised education:** Private education has played a relatively minor role in the country. In 2008, 10% of the primary schools were privately operated (down from 13% in 2000 – see Annex D), and around 5 % were subsidised by the state but managed by the community.¹⁷ All remaining schools are public schools, managed and funded by the state.

3.8 **At decentralised level,** the education system is managed through regional and district offices. Since 2002, the establishment of school boards has been mandatory, involving teachers, parents, students, community leaders and administrative personnel.

3.9 **Civil society:** There are six teacher unions. Affiliation to a teachers union is not compulsory. A large number of Non-Governmental Organisations (NGOs) work in the education sector, and there are a number of NGO networks around education. However coordination of the actions of NGOs with those of the government could do with improvement.

The National Education Strategy

3.10 **The recent history of the education sector in Nicaragua in terms of strategy has covered two governments and distinct policies:** between 2002 and 2006 and under the previous government, the National Education Plan (PNE) (approved in 2001) and the Common Work Plan for the Sector (2005-2008) were the main policy documents. From 2007 onwards (with the entry of the new government) a new plan and strategies are being developed. This section provides a brief overview of these processes and of the key events which have characterised the policy landscape in the country.

3.11 **Pre-2001.** In the late 1990s a change of minister and the broadening of the scope of the Ministry to include culture and sports provided fertile ground for the preparation of the country's first education policy which was to reflect a vision of education as a responsibility of all. This coincided with the global movement reaffirming the importance of Education for All and of the goals which had been set in Jomtien in 1990. In 2000, with the support of UNESCO, an EFA plan was prepared entitled "*Informe Nacional de Evaluación - Educación para Todos, EFA 2000. Nicaragua*". This included an analysis of indicators for the period 1990-1998 and would form the basis for the drafting of the first education sector plan.

3.12 **The first National Education Plan.** Between 1998 and late 2000, the Ministry embarked on a process of educational planning. This included a series of consultations with major stakeholder groups (over 3000 persons participated in this process), as well as work done by a Technical Committee which brought together representatives of the three education subsystems. The final product was the drafting of a PNE for Nicaragua, published in December 2000, covering the period from 2001-2015.

3.13 The PNE reinforced the right of all children in the country to basic education, as mandated by the constitution. The document identified demand and supply side constraints to achieving EFA and emphasised as priorities increasing access, improving quality, promoting technological innovation, strengthening the teaching workforce, and promoting the decentralisation of educational management.

3.14 **School autonomy.** The Plan put forward the promotion of school autonomy (with decentralisation of funding and decisions making, and participation by parents, churches and other stakeholders) as a successful pilot experience (launched in the 1990s) to be expanded to all schools. In 2002, 36% of schools in Nicaragua were autonomous, by 2006 all but a small percentage of schools had become autonomous.

¹⁷ These schools are not the same as the autonomous schools.

3.15 **Other strategies.** Among the strategies that were key to EFA and Universal Primary Completion (UPC) in the PNE were (in addition to the aforementioned school autonomy) academic and administrative decentralisation, grants to schools, scholarships, developing model schools, expanding pre-school coverage, and curricular reform. The strategy of automatic promotion in first and second grade which had been put in place in the 1990s was reversed.

3.16 HIV and AIDS were not mentioned in the plan, the country's 0.2% adult prevalence rate being seen as putting it comfortably among countries that have little to worry about in this domain, although there are factors which potentially put Nicaragua at risk (poverty, migration, gender violence). Poverty and related issues of exclusion and equity were given an important focus as cross-cutting issues, and strategies to address these issues were included. Gender was mentioned but explicitly considered a non-issue, given the parity in male and female primary enrolments. Parity of achievements of pupils was not specifically considered in the Plan even though the achievement of male pupils has systematically lagged behind that of girls.

3.17 **The Education Participation Law (2002).** This law made the policy of school autonomy official. The objectives of school autonomy were: (i) to increase community participation in school management; (ii) increase local efficiency in resource use; and (iii) increase local accountability. The policy of school autonomy consisted of giving school councils (composed of parents—with majority vote, teachers, and the school principal) autonomous control over public education finances (including teacher salaries) and school management. This policy was supported by a process of academic and administrative decentralisation in the education sector.

3.18 **The development of a Joint Work Plan reflecting priorities of the Government and the work of all stakeholders.** Late 2004 saw the development – in collaboration with bilateral/multilateral organisations and civil society of a Joint Work Plan for the 2005-2008 (MECD, 2004). This *Plan Común de Trabajo* (PCT) continued many of the policies that had been put in place through the PNE but provided a sharper and more strategic perspective, reflecting analytical work and reflection that had taken place since the PNE was developed in 2001, including work that had been done to assess with more precision the financing gap in the education sector.

3.19 The overall vision of the PCT was to “*educate citizens through a quality, integral, equitable and permanent educational process which is in line with the priorities laid down in the Constitution of Nicaragua*” (Ministerio de Educación, Cultura y Deportes, 2005, p.6).

3.20 The PCT was an innovation also because for the first time brought together in an operational manner the actions of all stakeholders. The PCT reaffirmed the priorities of the government with respect to educational transformation, strengthening demand and supply and improving governance. It outlined the priorities of the sector for this period and became the framework for the SWAp. Importantly it also included for the first time targets and performance indicators across the sector thus allowing for “*an evaluation of institutional capacity, functions and commitments of the sector*”.

3.21 **In 2006 a National Education Law was adopted** which outlined the main features of the education system. A key element of this law related to the financing of education. The law establishes that funding to non-higher education would increase yearly, taking into account the effect of inflation. The law also established that the salary of teachers would be increased based on an annual discussion and negotiation which will be based on fiscal progress. The National Education Law established a ceiling for teacher-pupil ratios (20 at pre-school level, and 35 at primary and secondary level).

3.22 **An extensive process of policy reformulation** started in January 2007 and was still on-going at the time of this study. The FSLN government declared education should be free in all public institutions and by Ministerial Agreement dated 11 January 2007 immediately reversed all regulations, norms and ministerial agreements which had been issued prior to the Law on Educational Participation and which concerned the model of School Autonomy in Public Education Institutions. This resulted in the abolishment of all forms of payment in public institutions, making education entirely free. While the school councils have continued to exist, they do not have any control over school finances under the new system. All purchases for schools are managed centrally and distributed in kind to the schools.

3.23 The vision of the current government consists of a new overall and integrated model of basic and secondary education which divides the system into two sub-systems: one concerned with Regular Basic and Secondary Education (including pre-school, regular primary education and day-time secondary) and a sub-system of Non-Regular Basic and Secondary Education which includes community pre-schools, and formal multi-level pre-schools, primary multi-grade schools, *extra-edad* schools, secondary distance education, accelerated primary education, basic adult education, radio schools, and vocational training).

3.24 The main policies of the new government aim at: a) providing more education: eliminating illiteracy; b) providing better education: focussing on a new curriculum, better teachers, better students, and better schools; c) reforming education: promoting a school with stronger moral values; d) participatory and decentralised educational management; and e) promoting an integrated and systems approach to education.

3.25 In the context of these policies, a number of very specific initiatives have been launched or scaled up to encourage children and young people to go to school. This has included free meals for schools in poor and rural areas, scholarships, distribution of text books, and a door-to-door drive to follow up students who are at the risk of dropping out from school. The focus on adult literacy has also been strong with the main intent of influencing enrolment and retention of the children of parents who are literate (as is evidenced by research from other countries).

Progress towards EFA

3.26 **Prior to 2002 and the FTI endorsement** the country had gone through a period of some educational progress but continued to face significant challenges. Documentation from this period highlights that coverage of primary education had increased with the percentage of 7-12 year old children who were not in primary school reducing from 21.5% in 1998 to 12.1% in 2002 (FTI proposal, 2002). The proportion of children between 13-18 years of age who were not in school had also dropped significantly across all poverty groups, and in particular in rural areas. There had also been progress in reducing repetition rates, in part due to the implementation of a programme of automatic promotion between grades 1 and 3.

3.27 However, only very modest gains had been made in literacy, with the population older than 10 years who was illiterate dropping by only two percentage points between 1993 and 2001 to 18.7%. Pre-school attendance had actually decreased between 1998 and 2001 and less than 30% of the eligible age group were enrolled at this level. Also the fact that a large proportion of schools in rural areas were not complete (offering only fourth grade or less – and known as “multi-grade schools” and normally having only one teacher) posed a serious constraint on the achievement of UPC. Equity was a concern, with children in rural areas being twice as likely as those in urban areas to abandon school. Over one third of extremely poor children between 7 and 12 years of age not going to school and the probability of completion of sixth grade being various times lower for children in the poorest quintile than those in the more wealthy categories (CIASES, 2008). In addition, children in the Atlantic Coast region were less likely to go to school, and only a small percentage of

these schools offer bilingual education in a context where over half of the population of this region has a different mother tongue from Spanish. It was also clear that teacher training and retention needed important attention – the sector was facing serious problems attracting good teachers and keeping them in the work force, mainly due to low salaries

3.28 **Progress since 2002.** Statistics in Nicaragua are collected periodically, and there is no systematic annual publication of statistics by the MoE. In addition, various sources on both government and donor's side highlighted concerns about the reliability of some of the data and inconsistencies are noted over the years when comparing reports.

3.29 The current government has expressed concerns that statistics on enrolment may have been substantially inflated by the school autonomy policy which provided funding per child enrolled in schools. This reflects the situation that has also occurred in other countries where there are no checks and balances in place to ensure that this does not happen. This lack of reliability is referred to in the PASEN project supervision mission (22-26 May 2006 – still under the previous government) which mentions the perverse incentives of the formula for transfers to autonomous schools (item 32): *“(a) negative incentives for information on the number of pupils at the centre, aggravated by the rarity of control on the ground; (b) negative incentives due to decreased resources per capita for higher enrolment totals – with more pupils, less resources”*.

3.30 The MoE has produced reports analysing these issues (MoE, 2008). An indicator of the inflation in enrolments is the fact that between 2006 (when the previous government was still in power) and the next year (2007 - under the new government) enrolments actually declined at primary level although primary education had just been exonerated of all forms of payment. However, a similar trend was not seen at pre-school or secondary level where there was no incentive to inflate the figures.

3.31 The MoE has followed up this finding by an in-depth study of 118 schools to determine the reliability of the enrolment data¹⁸. This study estimated that in 2006 the real enrolment figures were 881,318 as opposed to 1,007,221 officially reported by the MoE. The study does not trace back to prior years. However, in view of this situation, the MoE has requested donor agencies not make comparative analysis of gross and net enrolment rates between 2006 and 2007, as in essence if this was done, the new government would appear to perform poorly for 2007 compared to the previous year.

3.32 In addition to the apparent existence of 120,000 phantom pupils in schools in 2006, the school autonomy process has also been criticised by the current government for not having included an effective way of monitoring what funds were being managed and generated at school level. The fact that schools were systematically requesting 'voluntary' payments for a variety of services such as registration, exams, exam papers, maintenance of schools is alleged to have had important implications in terms of enrolments, but also drop-out rates, with particular impact on students from the poorest social strata. While there appears to be no specific study around this, the figures presented below do indicate that enrolments over the period where FTI would have had the most significant impact grew only modestly, and that drop-out rates actually increased.

3.33 The issues around data make it difficult to draw precise conclusions on the progress that has been made towards EFA. The available data (summarised in Annex D) allows for some trends to emerge but should be interpreted with caution given the reservations

¹⁸ Ministerio de Educación. Veracidad de la matrícula inicial. Centros de regimen de participacion educativa 2004 - 2007

expressed above. These trends are summarised below and are presented, where relevant, with reference to the distinct policy periods (2001-2006 and 2007-2008):

Enrolments:

- Pre-school enrolments showed an upward trend over the evaluation period, from 178,880 pupils (MECD, 2006) in 2002 to 209,573 in 2006, and 214,615 in 2007 and 220,529 in 2008 (MECD, 2008) corresponding to a 23% increase over a seven year period. The net enrolment rate over the period has increased from 28.8% in 2001 to 55.2%, in 2008, an impressive result. There are no corrections in this data as there was no incentive at pre-primary for figures to be inflated.
- An increase in primary education enrolments overall. If the statistics issued by the previous government are used this would imply an increase from 866,500 in 2001 to just over one million in 2006, in other words a growth of 15%. However, using the corrected figures presented by the new government, the growth would be much more modest, representing an increase of just over 8% in eight years.
- A growth in the net enrolment rate from 83% in 2001 to 87.2% in 2008, using the original figures employed by both governments.
- A modest increase in adult literacy enrolments from 78,316 in 2002 to 99,623 in 2006, and a spectacular increase between 2007 and 2008. Thus the biggest gains in terms of literacy were made in the last two years reflecting the strong focus of the current government on literacy. This led to an increase in enrolments from 99,623 in 2006, to 119,217 in 2007 and 227,451 in 2008. As a result of the literacy drive, adult illiteracy is claimed to have gone down from 22.7% in 2002 to 22.2% in 2006 and to 7.5% in 2008. The MoE is conscious of the need to reinforce this with further programmes so that those who have gained literacy skills in this recent period do not lose them again. Very recently the government has declared the country free of illiteracy, claiming that the percentage of illiterates is now below 4%, as a result of additional efforts between 2008 and 2009. This – if the figures are correct – would put Nicaragua at a better level than the United Kingdom.
- Teachers: There has been a substantial increase in teachers between 2004 and 2008 (2004 being the first year for which the evaluation was able to find figures), from 36,901 to 39,288 in 2006 (nearly 2,400 teachers in three years) and 46,124 in 2008 (nearly 7,000 in the subsequent two years). This represents an overall increase over five years of 25%, but with the strongest increase taking place in the past two years. The number of primary school teachers from 21,967 in 2004 to 23,518 in 2006, and a somewhat stronger growth in the 2007-2008 period to a total of 26,141 teachers. This does show however, that proportionally primary education has benefitted less from the increase in teaching force than other levels (pre-primary and secondary).

Efficiency indicators:

3.34 Overall efficiency indicators show a worrying trend. Primary repetition rates have fluctuated over the years at primary level but generally increased substantially, contrary to what is desirable - from a reported 8% in 2001 to 11% in 2008. Drop-outs have followed a similar disturbing trend increasing from 6.5% in 2004 (earliest data available) to 10.4% in 2008, with slightly higher drop-out rates for girls than for boys in all years. There is substantial evidence that the drop-out and repetition rates disproportionately affect the poorest and more marginalised groups, pointing to serious issues of equity which will be further discussed in Chapter 10 under cross-cutting issues. It is possible that equity indicators will show a more positive trend in the coming period, given the various programmes such as free schooling, scholarships, school feeding, etc, previously mentioned above, that have been put place under the current policies to reduce inequity.

3.35 The proportion of first graders who reach sixth grade has gone down over the evaluation period from 45% for all students in 2004, to 43.9% in 2008. The completion rate has been systematically lower for boys than for girls over the period (in 2008, 48.1% for girls, against 40.2% for boys). The completion rate at primary level (i.e. those students who complete sixth grade) has also decreased from 41% in 2004 to 40% in 2008 again underscoring equity issues.

Learning outcomes

3.36 The country has conducted two comprehensive learning assessments in 2002 and 2006 respectively, the results of which have been published. These show that while the average results at third grade level have gone up in the core subjects of Spanish and Mathematics in third grade, this is not the case for sixth grade where students are performing more poorly in 2006 than in the base line year. It is estimated that more than 70% of children in third and sixth grade do not achieve minimum learning standards and coverage and quality of intercultural-bilingual education are limited, contributing to low performance.

Prospect of meeting EFA goals

3.37 Although there have overall been some positive trends, it should be noted, that these are nowhere near the very impressive doubling or tripling in enrolments that a select number of other FTI endorsed countries from the same period have seen (e.g. Rwanda, Burkina Faso) although such increases are not necessarily the norm. In 2008, the national office of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) expressed concern about the extent to which Nicaragua was falling behind in meeting the goal of achieving Universal Primary Education (UPE). It concluded that unless drastic changes are made Nicaragua is unlikely to reach the goal by 2015. To meet the target, UNESCO estimates that the budget for education would have to be doubled.

3.38 Overall the progress on the key EFA goals can be summarised as follows:

- Goal one (expanding and providing comprehensive pre-primary education) – very substantial progress in this area.
- Goal two (primary completion rate) – this goal is likely not to be met given the low PCR. If growth continues at the current rate then the country will need more than five years to reach the targeted 1.16 million students.
- Goal three (equitable access to appropriate learning and life-skills programmes) – this goal is unlikely to be met given the significant number of children who are still out of school and the issues of equity which were highlighted above.
- Goal four (literacy rate of population aged 15 and above) – achieved according to the latest statistics from the Government. Much of the credit for this would go to the current Government which has invested substantially in this area (as illustrated by the statistics presented above).
- Goal five (girls-boys parity index in primary education), this has already been achieved but there continues to be a problem of boys having higher drop-out rates in primary (and at higher levels).
- Goal six (improving all aspects of the quality of education) – this goal is unlikely to be met given continued issues with respect to quality reflected in poor learning outcomes, also documented above

A note on Nicaragua's autonomous regions

3.39 The Autonomous Region of Nicaragua's Northern Atlantic Coast (RAAN) and the Autonomous Region of Nicaragua's Southern Atlantic Coast (RAAS) are mostly inhabited by indigenous peoples and other ethnic communities, who generally have Spanish as their second language. Although reliable indicators for these regions are hard to come by, available estimates have consistently pointed to lower access and educational performance than other areas of the country. Factors contributing to this include issues of lack of relevance of the curriculum and the language of instruction, access to schools, and poverty.

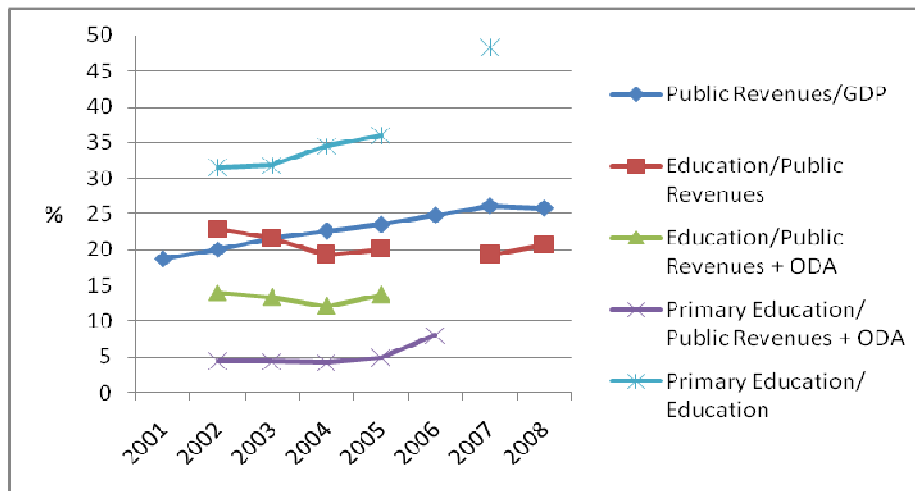
Education financing in Nicaragua

Public finances and education financing before 2002

3.40 **Public finances.** Public finances and education financing in Nicaragua between 2001 and 2002 were characterised by a minimal increase in GDP and an increase in public revenue compared to GDP of one percentage point. Aid represented approximately 12.5% of GDP in 2002 (Table E1, Annex E).

3.41 **Education spending in relation to public finances.** Spending on education (including the MoE, universities, other professional training institutions and training activities at the Labour and Family Ministries) was 4.6% of GDP in 2002, representing 23% of public revenue without ODA and 14% if ODA is included. Spending on the MoE represented approximately 2.6% of GDP in 2001 and 2002, 13% of public revenue and 8% of public revenue plus grants (Table E1, Annex E). It must be taken into account that the constitution obliges the allocation of 6% of the budget to universities, which creates enormous rigidity for allocations both to and within the sector.

3.42 **Comparison with the values suggested in the Indicative Framework.** In comparison with results in successful countries as detailed in the FTI Indicative Framework (IF), public revenue as a percentage of GDP was adequate, as was the allocation of resources to the sector if only public revenue is taken into account, although it was low if ODA is also considered. Spending on primary education was approximately 36% of the total spending on education as a whole, significantly less than the 42% – 64% in the IF (Table E1, Annex E). However there is – as will be elaborated on later in this report – no evidence that the IF was used as a reference point for comparing these indicators after the endorsement of Nicaragua in 2002.

Figure 3.1 Relationships between public revenues, ODA, education and primary education (2001-2008)

Characteristics of aid to the education sector

3.43 Importance and form of aid delivery. Budgeted external resources represented approximately 32% of the total MoE budget in 2002, but only 24% of budget execution. This is principally because of low execution of loan credits relating more to failure to meet conditionalities than lack of predictability. Better execution of grants does not necessarily mean they were more predictable, as in 2002 and in previous years the annual education budget had been increased various times (often to include grants) (Table F1 and Table F2, Annex F). Aid arrived in the form of projects that responded to agreements between the MoE and each of the donors without being linked to any of the sector or MoE policies or plans.

3.44 Principal donors and the distribution of aid between grants and loans. The main ODA provider, between 2000 – 2002, was the World Bank, through loan credits, and the second was Japan, through grants. Other donors that stand out were the United States Agency for International Development (USAID)/CATIE, the World Food Program (WFP) and the EC. The total number of cooperation agencies supporting the MoE during 2000 and 2002 oscillated between 10 and 15. The first five donors represented a high percentage of the total contributions (between 78% – 88% of the total). The percentage of loans was around 26% in 2000 and 2001 before jumping up to 54% in 2002 due to an increase of more than 100% in World Bank contributions and the incorporation of the IADB, whilst the total ODA descended (see Table G1 and Table H1). It is not known whether the MoE received resources that were not registered in the budget, although the interviews carried out would suggest that, if this was the case, such contributions were very small.

3.45 In summary, ODA represented a substantial part of the MoE budget, in the form of fragmented projects that each had its own priorities and were not (or only minimally) coordinated and with yearly changes (both in the quantities and type of ODA – credits or grants) that did not relate to identified needs.

Planning and budgeting in the education sector

3.46 The **National Education Plan 2001 – 2015** was not costed and offered no structure to facilitate costing and allocation of resources. The development matrices of the Plan did contemplate gender (facilitated access for girls), free access for the poor (a grants scheme)

and adaptation and access on the Caribbean Coast (bilingual education and grants), yet these matrices were not costed.

3.47 The **annual planning and budgeting processes** were not integrated. The Annual Work Plans (POAs) referred to activities and the budgets to inputs. This was common practice in both the education sector and others over this period, as corroborated by the stakeholders interviewed. Systematic mechanisms for monitoring and accountability did not exist. There were no mechanisms for information sharing with the different sector actors and beneficiaries.

3.48 **Public financial management** had not yet been strengthened and did not fulfil conditions to be considered trustworthy in the application of international criteria. The budget was prepared on an 'historic' basis and execution was not very high, lower than 80% until 2002, when it reached 90%.

3.49 **Decision making.** Although management and results information was available, this was not employed for decision making purposes and was not shared with sector actors and beneficiaries.

3.50 **MoE Budget execution and spending distribution.** Budget execution was 90% in 2002 and under-spending was due almost entirely to budgeted ODA (Table F1, Annex F). Capital spending represented 29% of the MoE total. Spending on personnel amounted to 94% of recurring costs, leaving little funding for other costs. It was common practice, however, for the MHCP to register ODA projects as capital spending, without separating the recurring costs. As a consequence it could be the case that there were greater resources available (Table H2).

Public finances and education financing from 2003 to 2008

3.51 **Public finances.** GDP increased more than in the previous period, especially during 2004 and 2005, without ever reaching average levels in Latin America. Public revenue in relation to GDP grew approximately one percentage point annually until 2008, when it dropped slightly. Aid increased a little in comparison to GDP in 2003 and 2004 before decreasing in 2005 to pre-2002 levels. No later information is available (Table E1, Annex E).¹⁹ These are the most reliable available figures and are consistent across reports.

3.52 **The reliability of public finances.** Public financial management strengthening commenced in 2002. In 2004 the SIGFA was evaluated by the European Commission, and was considered to be sufficiently reliable to be used as the delivery instrument for its direct budget support modality. A first MTEF exercise was carried out in 2005, in which the MoE participated. This exercise has continued on an annual basis until the present day, but did not link the budget to different programmes until 2006. From the 2008 budget and the 2008-2009 MTEF onwards there have been specific programmes for each different type and level of education, permitting the connection of goals with financial resources (Table L1). The Finance Department of the MoE has set up its own system for financial management that is being used to construct the budget from each department, however there have been difficulties achieving sufficient 'buy in', both internally from other MoE departments and from donors.

3.53 **Education spending – the MoE and primary education.** Education spending was similar to the previous period (4.6%) until 2007–2008 when it increased to 5 and 5.3% respectively. As a percentage of public revenue it was approximately 20.3% and as a

¹⁹ Since 2002, information on commitments and disbursements of cooperation aid in all sectors was accessible through an online system known as sysODA managed by MINREX. The MoE, for its part, maintained registers of ODA received. Since 2007 no information has been made public.

percentage of public revenue plus ODA MoE spending was around 3% of GDP until 2007 and 2008 when it reached 3.5%. There are no significant variations in relation to public revenue, with or without ODA, as compared to 2002. Primary education spending as a percentage of education spending and MoE spending started to increase from 2004, and in 2007 reached 48% and 72% respectively. Education sector spending as percentage of public spending has increased since 2005 (21%), especially in 2007 (23%) (Table E1).

3.54 Comparison with the values suggested in the Indicative Framework. When comparing with the IF average values for some successful countries, the public revenue compared to the GDP was adequate but education spending in relation to public revenue plus ODA grants was insufficient. The primary education share of the education budget was significantly lower, with the exception of 2007 when it reached 48% (Table E1).

3.55 Summary of the evolution of spending in education and primary education. In summary, for the period 2003 – 2007, there was no significant increase in education financing in relation to GDP and the grants received. Financing of primary education increased from 2004 onwards without reaching the levels suggested in the IF until 2007. Given that this was a period of economic growth, and that there was an increase in public revenue and in ODA, it would seem that other government and donor priorities competed successfully for resource allocations. Table J1 and Figure K1 show that MoE spending, primary education spending and ODA (expressed in USD) increase in parallel until 2005. From this point onwards, MoE and primary education spending increases more rapidly, whilst ODA decreases, which suggests an important increase in resources from the Treasury (in part relating to the European Commission's budget support funds known as PAPSE (Support Programme to the Education Sector Budget) a description of which is included below in the section on aligned aid delivery modalities), which has been absorbed by primary education spending.

Aid characteristics

3.56 Predictability. The General Directorate of Finances and Administration of the MoE considers that aid has been predictable on an annual basis in general terms. Problems with PAPSE disbursements are detailed below.

3.57 The proportion of aid in the budget. ODA represented more than 30% of the MoE budget (with a high of 36% in 2004) until 2006 when it fell to 23% and then to 21% in 2007, a year which also registered low execution levels for credits as well as grants (Table F2 and Table G1). This decrease in ODA for the MOE in 2006 and 2007 could be due to PAPSE which were merged with Treasury allocations to the MOE budget from 2006 onwards.

Aligned aid delivery modalities

3.58 European Commission Budget Support. The European Commission initiated its Support Programme to the Education Sector Budget – PAPSE – in 2004, in the form of non-earmarked budget support with fixed and variable tranches linked to sector goals. This was the first experience of budget support of this type in Nicaragua. During 2004-2005 the MHCP treated PAPSE as a MoE project and assigned approximately 90% of its resources to the MoE budget. In 2006, with better knowledge of how it could manage budget support, the MHCP only assigned 30% of the fixed tranche resources to the MoE and agreed to assign a higher percentage of the variable tranche. These commitments weren't fully understood by MoE representatives, who budgeted on the basis of the previous year's allocations. Furthermore, the MoE did not manage to achieve all of the goals linked to disbursement of the variable tranche. The result was significant sub-financing of the POA that affected many

of the activities programmed for 2006 and even put salary payments at risk. From 2006 onwards PAPSE funds were fungible with Treasury resources and are registered as one in the MoE budget. The last PAPSE disbursement of 2008 and the first of 2009 have been frozen by the European Commission due to an alleged lack of transparency around the municipal elections in November 2008. This is affecting proportion of its funds that the MoE receives from the Treasury at a time when the government is developing or continuing various new programmes in the sector.

3.59 PROASE Common Fund. Canada and Denmark established the PROASE Common Fund to finance the MoE POA in 2005. There had also been initial interest by the European Commission (which finally opted for budget support with education indicators) and the World Bank (which decided to implement a new project). These institutions were members of the executive committee of PROASE along with Canada and Denmark. The Netherlands joined in 2007, and delegated its cooperation to Canada.

3.60 According to the donor representatives interviewed, the decision of the European Commission not to participate in PROASE was due to two factors. Firstly, the delay in the creation of PROASE (planned for 2004 but not fully established until 2005) and the EC's need to disburse resources during 2004, and secondly, the Commission's policy of promoting use of budget support modalities.

3.61 Canada and Denmark considered using the EFA-FTI CF does not use national procedures for its disbursements but decided to create PROASE as the EFA-FTI CF was considered by most sector stakeholders to be a World Bank action, and the WB Task Managers did not work in a coordinated manner with the other EFA-FTI donor members (an opinion that is shared by the donor representatives interviewed that were present in-country during this period). Canada and Denmark were also keen to employ national procedures to administer funds, which was not possible with FTI-CF allocations that employ WB procedures.

3.62 PROASE was the third largest donor of funds for the 2000–2007 period, even though it only commenced disbursements in 2005, and the largest in 2007 (Table G1 and Table H2). PROASE is the MoE's preferred modality as it uses national procedures, finances the MoE POA with the restriction that it cannot be used to pay staff salaries. This preference is related to the fact that it is predictable and is ear-marked for MoE use – making it impossible for the MHCP to assign its resources to other institutions. Other donors are currently considering incorporating their aid into PROASE. The PROASE members (all EFA-FTI member donors) have discussed the possibility of channelling EFA-FTI CF allocations through PROASE. However, the Bank has indicated this is not viable as PROASE uses exclusively national procedures.

3.63 Principal providers of ODA and the evolution of aid. The number of ODA providers varies between 11 in 2002 and 20 in 2006. The largest provider of ODA was the World Bank (in loans format) until 2004; in 2005 it was the fourth largest with a donation that would appear to be an EFA-FTI CF allocation (this is also the case in 2007). The European Commission is registered as the second largest and largest ODA provider in 2004 and 2005 respectively, and from then on does not appear in MoE registers as its funding becomes fungible with Government of Nicaragua (GoN) Treasury allocations. The IADB increases its involvement in 2004 and 2005, Japan continues amongst the largest providers (1st in 2006), as does the WFP. The five largest providers continue to represent a high percentage of the total ODA (86% of budgeted funds) in 2007. ODA increased between 2001 and 2005, but has shown a decreasing tendency since 2006 which is mainly due to the fusion of PAPSE resources with those of the Treasury (Table J1 and Figure K1).

3.64 **Inclusion of ODA in the budget.** Since Law 550 on Financial Administration and the Budget Regime was added to legislation in 2006, all resources budgeted and executed by public institutions must be registered in the budget. However, the aid received from Cuba, Venezuela and some other countries has not appeared in budgets. In the case of the MoE, the representatives interviewed state this assistance has been minimal and has been mainly provided 'in kind' (school backpacks, for example).

3.65 **Information sharing amongst external partners on financing modalities for education.** The process of designing and implementing PROASE (as well as the evaluation that is currently under way) involved the principal donors who are interested in new forms of development financing, independently of whether they finally joined the common fund. Budget execution and POA results are systematically presented at the Sector Roundtable, even if the quality of the information varies. This ensures that an exchange of information and reflection on the effectiveness of the different alternatives takes place. This is further discussed in Chapter 9 on Aid Effectiveness.

3.66 **In summary,** aid continues to represent an important part of MoE financing and has improved from the government's perspective since there has been a favourable adjustment in the ratio of loan credits to grants since 2005 - a trend which has continued to the present day. ODA has decreased since 2006. This decrease can be explained by the disappearance of the registration of PAPSE funds, which had the effect of increasing the Treasury allocation in 2007. In 2008 this change in registration does not tell the whole story, as the last PAPSE disbursement was frozen. Alignment with national policies has increased with the introduction of the PCT but has been affected (at least temporarily) by the change of government and policies. Predictability has increased, principally due to PROASE, although there have been serious problems with budget support funds: initially because national actors did not fully understand the rules governing the modality and later because of the freezing of disbursements for reasons not directly related to the MoE. Fragmentation continues to be a problem as many donors continue to use project modalities with their own procedures. This is a drain on MoE directors and other representatives and weakens alignment and the strengthening of national procedures. The incorporation of further providers within PROASE is an effective formula to reduce this fragmentation, increase predictability and strengthen planning and budgeting capacity.

3.67 **External debt relief.** Nicaragua has been the beneficiary of considerable debt relief since 2004, especially in 2005. Much of these resources were allocated to the MoE and specifically to primary education. This allocation is integrated within the Treasury allocations.

Planning and budgeting

3.68 **Budgeting and transparency.** The budgeting process has improved notably since 2003, essentially due to government strengthening of public financial management which was initiated in 2003 and as a result of the MTEF exercises carried out since 2005. The application of Law 550 since 2006, which requires that all public institution resources be executed through the national budget, has probably increased transparency in spite of the aid from Venezuela and other countries that has not been registered and has employed other methods to reach public institutions, such as 'in kind' grants.

3.69 **The Common Work Plan and the 2005 and 2006 POAs.** Within the framework of the SWAp, a medium term plan for 2005 – 2008 was produced known as the Common Work Plan for the education sector. This plan included the same methodology as that presented in the 2002 EFA-FTI proposal to calculate the financial gap, but with a larger resulting figure; USD 350 million for the 2005 – 2008 period. The 2005 POA, which represented a

methodological improvement over earlier planning and linked activities to the budget, presented a financial gap for the year of USD 75 million. This gap - which is worryingly high for a yearly plan and reduces the probability that the plan will be implemented as it is unlikely that this level of resources can be mobilised in a few months - was justified on the basis that more resources were expected during the execution period. This situation was repeated in the 2006 POA when a budget deficit of USD 36 million was calculated. In neither of the two years were these gaps covered.

3.70 Identification of spending on primary education. Since 2002, the annual budget has been structured by levels and types of education, permitting good linkage with priorities. These links are clearly reflected in the percentage budget increases assigned to primary education (see Table I1) in the MTEF exercises.

3.71 Linking the budget to priorities. The links between the budget and the PCT priorities are of little effect for the entire period as the latter are budgeted with a gap that was never covered.

3.72 In summary, linkages between the budget and priorities and transparency have improved notably since 2002, although there is a tendency to plan and programme way above the resources available without this producing any substantial increase in the budget. Plans are not 'trimmed' based on the budgets which are finally allocated to them. This reduces the value of this improved linkage for the 2002 -2006 period.

3.73 Challenges for the planning – budgeting process. There is a long way still to go. In 2008 a further planning – budgeting process was initiated (the Institutional Development Plan 2008 – 2011 for the education sector). This plan will probably be completed by the end of 2009, three years after the current administration took office and two years before their governing period ends. This was also the same as the case for the previous period (2002 – 2006, the PCT ran from 2005 – 2008). If the 2011 elections return a party other than the FSLN to power it is probable that there will be further changes in policy and plans and the initiation of another period of uncertainty. It appears unlikely that this weakness can be resolved in the Nicaraguan context, yet an acceleration in the planning – budgeting processes should be attempted so that plans are ready by the end of the first year in office and can be implemented during the following four years. In other words, the cycle of planning and budgeting runs a long way behind the political cycle, which limits the possibility of medium-term plans actually being implemented at sector level.

Execution of the MoE budget and spending distribution by component

3.74 Execution of Treasury and other MoE resources was high for the entire period. That of grants and loans is lower (81% and less than 75% respectively) in 2004 and 2006 (Table I1). Capital spending was 36% in 2003 and 31% in 2004 and 2005. In 2006 this fell to 21% and in 2007 to 15% (Table J1). Spending on personnel in relation to recurrent spending was greater than 90% with the exception of 2007 when it descended to 85%. Unfortunately no figures are available for 2008 in order to evaluate whether this trend continued.

Monitoring and evaluation of budget execution

3.75 Monitoring of budget execution. The MoE has a system which provides financial, performance and results indicators that could be employed to improve allocations and judge their efficiency, but this system has not been utilised systemically. The MoE system of registration gives information on budgeting and execution by source and programme (on central and common programmes and on different levels of education) since 2002. The

sources of financing for each programme are also known (Table I1). The Finance and Administration Directorate has developed a system that permits the production and monitoring of budgets and POAs in automated online format. This system is almost ready to be rolled out by the MoE with disaggregated information at department and municipal levels. but is encountering internal resistance to implementation. The system has been developed with technical assistance from the World Bank.

3.76 Cross-cutting Issues. None of the planning instruments linked to the budget (POAs and MTEF) reflect financing for cross-cutting issues such as HIV/AIDS or indigenous groupings for whom Spanish is not the mother tongue. Education indicators are disaggregated by sex and by geographical department (although this latter disaggregation is not published on a regular basis). In 2008 a summary of education indicators by municipality was published. Education indicators are disaggregated only by sex and not by province²⁰.

3.77 Medium Term Expenditure Framework. The MoE was chosen (along with the Ministries of Health, Infrastructure and Transport) amongst the public institutions that would commence MTEF exercises in 2005. The MHCP made this selection on the basis of progress that had been made in planning processes in these institutions such as the existence of multiannual costed plans. The MTEFs of the MoE were structured by programmes that coincided with the different levels of education and the budget divisions, and employed EFA indicators. However, there have not been any monitoring and evaluation exercises that would have meant MTEF adding value to the yearly planning – budgeting process.

3.78 Participation of stakeholders in financial allocations. The participation of national stakeholders in the production of plans and budgets was a mere formality from 2004 to 2006, with the exception of parents in autonomous schools – where they participated in school councils and contributed to education financing through ‘out of pocket’ contributions for various elements of their children’s education. Development partners supporting the sector had the capacity to influence the PCT, although the limited consistency of the plan with the real financing available takes away from the effectiveness of this participation. Development partners received information and made suggestions on the budget and the POAs at the Sector Roundtable as part of the SWAp. The participation of national stakeholders has been strengthened significantly under the new government (since January 2007) especially through their involvement in the drafting of policies but also in terms of access to knowledge about budgets and POAs through the Sector Roundtable meetings.

Repercussions of the Law of School Autonomy on transparency in the execution of resources and out of pocket family spending on education

3.79 Financial aspects of school autonomy. During the period that the Law of School Autonomy was applied, funds were transferred to schools which were the executing agents. As highlighted earlier in Chapter 3 by 2006 almost all primary schools had become autonomous. However, the MoE continued to account for 21% of the staff and recurrent cost expenditures which were not transferred to the schools. From 2002 – 2006 these transfers respectively represented 43%, 40%, 48%, 51% and 55% of the MoE budget (Table L1). According to the General Directorate of Finance and Administration there was no capacity to audit the spending of autonomous schools. Some audits were carried out of the number of children enrolled, but this did not take place each year. The criteria to calculate the sums to be transferred evolved to become a per capita allocation based on enrolment.

²⁰ Ministerio de Educación. Índice educativo municipal 2007

3.80 The **supervision mission of the WB PASEN project (22-26 May 2006)** explains that the MoE (under a new minister since 2005) had decided to change the formula for calculation of transfers to autonomous schools which by then constituted the vast majority of the schools in the country. The change that took place was from an allocation based on the number of pupils enrolled (which it was unable to control) to an alternative based on staff salary payments plus a small complementary element (relating to the number of pupils enrolled) to cover running costs. There is no evidence of positive results for this initiative as the autonomous schools model was abolished in January 2007, just over a year after the allocation formula was modified. The problems detected and confirmed by the mission included the contracting of temporary staff (without social security rights). Although this represented a saving for the schools, it negatively affected the labour rights of staff and the quality of education.

3.81 **Out of pocket family payments.** As explained by the MoE representatives interviewed, autonomous schools charged enrolment fees and, on occasion, additional monthly fees. Although a system was supposed to exist that identified poor families and exonerated them from payment, and all payments were theoretically voluntary, the incentives of the system led to situations whereby families were pressured to make out of pocket payments. Schools also organised fund-raising events such as school trips and social events which required further payment for pupils to participate. These events sometimes carried credits towards certain subjects with the clear result that a pupil who did not participate (i.e. who could not pay) was then at a disadvantage. This system was initiated at secondary school level, but those schools that incorporated both levels started to progressively introduce payments at primary level and it then extended to schools that were only primary level. According to the same MoE representatives, these payments constituted access barriers for the poorest children and families and are one of the principal reasons for stagnation against some of the key education indicators during this period as was detailed above.

3.82 **Link between public spending on schools and student numbers.** Since 1995 and application of the Law on Autonomous Schools, and especially since 1998, when resources from WB projects began to be linked to the number of autonomous schools, transfers to schools have depended on the numbers of pupils enrolled, which in theory is an excellent link although there was already at the time substantial evidence from other countries and programmes around the world of the perverse incentives which such systems can create in the absence of adequate controls. However, as mentioned above, the MoE in 2007 established that there had been an over-registration of pupil enrolment in autonomous schools to the tune of 12.5% in 2006. The system now has a good census of students but spending is executed at central level, which complicates good allocation of resources to schools and students. Resource allocation and control is thus done centrally and the school councils have ceased to function under this new system.

3.83 **In summary,** there is no evidence in improvement against education indicators that indicates increased efficiency and effectiveness in public spending between 2002 and 2006. There is not sufficient information to evaluate whether there has been improvement during the current period.

PART C: THE FTI IN NICARAGUA

4 Overview of the FTI in Nicaragua

FTI Endorsement Process

2002: FTI Proposal development, assessment and endorsement

4.1 Nicaragua was among the first 18 countries invited to join the FTI Partnership in June 2002.²¹ This invitation stated that the initiative would offer i) incremental funding which could be flexibly used for recurrent expenditures as well as capital requirements; and ii) long-term pledges of support to ensure sustained and predictable funding. The two simple and transparent criteria for the support were: i) to have a full Poverty Reduction Strategy Plan (PRSP) in place before end-August 2002; and ii) the existence of a sector wide plan that is fully costed and being implemented effectively. The letter stated that work with the EFA within the FTI framework would be for an initial three year period, with the possibility of extension. The finance for the initiative was due to become available in early 2003.

4.2 In terms of fulfilling the named criteria, Nicaragua had published the first version of its PRSP (ERRP-I) in August 2000, and also adopted a revised version (ERCERP) in July 2001. The PNE for the period 2001-2015 – not yet costed - had been finalised in March 2001 and was being implemented.

4.3 Following this invitation, the Nicaraguan MoE prepared an EFA-FTI proposal on building on the PNE and including specific quantitative targets in line with the benchmarks of the IF. This proposal was developed over a relatively short three months period and was sent to the FTI Secretariat by the Minister de Franco on 3 October 2002. The two main elements included in the proposal were:

- a) the 'Schooling Improvement Program': The objective being to help all children complete a good quality primary school education by the time they are 13 years of age. The program constituted an extension and expansion of three existing, programmes under implementation by the MoE to systematically raise the conditions of learning in Nicaragua's schools, namely: i) the Model Schools Program (a long-term effort to improve the quality of primary education in Nicaragua by promoting modern teaching methodologies and community support for schools); ii) the "Fondo Sonrisa" (a fund for students, parents, and teachers to make their schools a more attractive place for students by financing extra-curricular projects that otherwise could not be carried out at the school); and iii) the SIMCEP model of school maintenance and rehabilitation (a model that engages the school councils to lead the school improvement process which had been limited to infrastructure improvements up to this point in time but had the potential to be expanded to include other aspects of school quality).
- b) the 'Student Scholarship Program': the objective being to substantially increase the number and proportion of poor children who successfully complete primary school. It constituted an expansion of the MoE Project Aprende II's bursary programme in combination with the Social Protection Network (*Red de Protección Social*—RPS).

This version of the proposal included letters of support by a substantial number of donors and Civil Society Organisations (CSOs). These letters were requested by the MoE from its partners as it was not clear what the endorsement of stakeholders meant in practice at the time.

²¹ Letter from World Bank to President Bolaños, 18th June 2002

4.4 A letter from the FTI Secretariat²² in late October 2002, in response to Minister de Franco's submission, informed Nicaragua that its proposal would need to be assessed at national level by locally based donors – as the most effective way of ensuring that implementation was fully harmonised with ongoing efforts. It was stated that this process would need to be completed by mid-November in order to report to the Meeting of Donors scheduled for 27 November 2002 in Brussels – i.e. the country had two weeks to conduct the local assessment of the proposal.

4.5 The local donor assessment of the EFA-FTI Proposal, which included 22 representatives of 15 different development partners, took place on 13th November 2002. It congratulated the GoN on a well-structured proposal based on a solid analytic foundation and the incorporation of the objective of education quality improvement. It also recognised that the MoE had put a lot of effort into producing the proposal in a short timeframe. Concerns were shared regarding: teacher preparation and motivation; institutional capacity; targeting of school scholarships; and the budgetary capacity of the Government to respond to increased demand as a result of EFA-FTI implementation. As part of the assessment, the stakeholders present agreed to form thematic working groups to help operationalise the programme and committed themselves to the formation of “a permanent roundtable of education donors”.

4.6 The FTI Secretariat completed a summary report of the assessment by 19 November 2002, in time to present the proposal and the positive assessment of the endorsement process to the Meeting of Donors in Brussels.

4.7 **The Nicaragua EFA-FTI proposal received official endorsement during the Brussels Partnership meeting in November 2002**, along with six other countries. Following the meeting, a letter²³ from the Head of the FTI Secretariat to the MoE clarified that “*the donors felt that seven countries were at the stage where a long-term commitment to meet the financing requirements for basic education could now be made*” and informed the Government that “*work is now underway to identify more precisely the commitments by individual donors to the implementation of Nicaragua's Fast-Track proposal*”.

2002 – 2003: Initial identification of funds to finance the EFA-FTI implementation

4.8 Two further letters²⁴ were sent from the FTI Secretariat to the MoE during the next six weeks, both repeated that “*work is underway by the EFA-FTI Secretariat in Washington to identify more precisely the financial contributions by individual donors*”. The letters requested slightly differing lists of “next steps” in advance of an International FTI Secretariat – Donors Meeting in March 2003 and a Development Committee Meeting in April 2003, but in essence both letters were highlighting the need for: a) preparation of operational and implementation modalities, with involvement of the local donor community in the decisions; b) decision on the disbursement modalities; and c) discussion with partners on the mobilisation of funds by the donor community.

4.9 Following the FTI Donor Meetings held in Paris in March 2003, a letter²⁵ informed the MoE of the outcomes of the latest developments. The two main items on the agenda having been: i) finalisation of a financing plan for the seven countries endorsed in Brussels; and ii) adoption of a Framework paper that would bring greater clarity to the FTI process. With regard to the first of these items, the MoE was informed that “*unfortunately, despite your strong program and your Ministry's active efforts to mobilise support, in Nicaragua's case,*

²² Letter from FTI Secretariat to MoE Minister de Franco, 29th October 2002.

²³ Letter from FTI Secretariat to MoE Minister, de Franco, 9th December 2002.

²⁴ Letters from FTI Secretariat to MoE Minister de Franco, 23rd December 2002 and 22nd January 2003.

²⁵ Letter from FTI Secretariat to MoE Minister de Franco, 8th April 2003.

significant gaps remain for all three years”. In admission that an immediate solution to the funding gap was not at hand, the following course of action was proposed:

- “Nicaragua will be a priority for some initial allocations from a flexible multi-donor trust fund which the Donors have committed to setting up at the global level in order to support the FTI, once such a fund is established.
- The FTI secretariat will continue to work with your existing donor partners who have not yet made firm commitments to your primary education program, toward the goal of assuring an adequate level of support and support that is sufficiently flexible to address your priorities.
- The FTI secretariat will work with Donor partners which have not previously been active in Nicaragua, to encourage their support for your program.”

The letter also states that “we are pleased to learn that that you have negotiated with IDA to use some unallocated funding from the APRENDE II Project to finance the start-up costs of EFA-FTI implementation.”

4.10 In reply to this development, Minister de Franco wrote²⁶ to the FTI Secretariat seeking some clarification and giving an interpretation of the EFA-FTI process experience in Nicaragua. His letter stated that:

“In conversations with local representatives of the donor community - during the many meetings we have had on EFA FTI during the past six months - it has become apparent that many of them do not have clear signals from their headquarters about their role, or the role of their existing programs, in shaping the commitments of their headquarters to our EFA strategy. Several representatives have expressed some confusion about the additional nature of EFA funds, in light of some requests received from headquarters about redirecting existing funds toward EFA. We share their concerns, particularly because the existing donor portfolio is crucial for the successful implementation of our current strategy. Also, we have found that most of the local representatives of the donor community have very little information about the progress of the EFA discussions, placing us in the difficult position of negotiating with them in an environment of incomplete information.”

4.11 The letter went on to explain some of the MoE’s recent decisions to proceed in a positive light and convince donors about commitment to EFA, and terminated with an invitation to the Head of the EFA-FTI Secretariat to “come to Nicaragua at your earliest convenience to discuss EFA directly with the local donor community and with us.” As far as the evaluation team was able to establish, such a visit to Nicaragua from the EFA-FTI Secretariat did not occur and no further correspondence responding to the concerns formulated by the Minister was found. As was underscored by a senior official of the MoE interviewed by the evaluation team this letter was sent in part to oblige donors to sit down and talk to each other – prior to that it was like ‘putting a bunch of black cats in a black bag in a dark room’.”

Funding from the FTI Catalytic Fund and the EPDF

Nicaragua funding from the FTI Catalytic Fund (2003 – 2009)

4.12 A first allocation to Nicaragua was decided upon at the inaugural meeting of the FTI Catalytic Fund Strategy Committee in Oslo on 22 November 2003. At the time, the Catalytic Fund was designed to provide transitional financial assistance to low-income countries which had completed PRSPs and whose education sector plans have been endorsed by donors through the FTI review process, but which had difficulty mobilising additional

²⁶ Letter from MoE Minister de Franco to FTI Secretariat, 9th May 2003.

external funding at the country level due to a relatively limited donor presence. Nicaragua was identified as a priority country for FTI-CF support where either no or insufficient donors were currently present to allow scaled-up implementation of the endorsed sector plan during 2004. An allocation decision of USD 7M was made for 2004. To aid predictability, the Committee agreed a further indicative allocation of USD 7M for 2005, but with the clear understanding that the availability of the 2005 resources would be contingent upon countries' implementation performance during 2004. It was also clarified the FTI Secretariat would immediately inform the countries of the Committee's decisions and work with World Bank staff, Ministries of Education and the local donor group in each country to identify the most efficient channel for transferring support from the Catalytic Fund.

4.13 By the time FTI-CF allocations were made to Nicaragua, the education SWAp had commenced in September 2003. Minister de Franco wrote a letter²⁷ to the World Bank in February 2004 requesting quick mobilisation of the first USD 3.5m tranche of the allocation due to a situation which had arisen that had obliged the Japanese government to terminate funding of the primary school supplementary Food Programme because of budget constraints. The continued implementation of the Food Programme was part of the education policy that was included in the Common Work Plan that was being drafted at the time for donor's consideration as part of the SWAp process.

4.14 In July 2004 the Director General of the Planning and Policy Department of the MoE wrote to the Head of the EFA-FTI Secretariat²⁸ to inform on advances in the SWAp. He stated that within the context of the SWAp, and as products of the work of the Sector Roundtable, general cooperation principles and coordination mechanisms had been defined, a policy document on primary and secondary education agreed, the financial needs and budgetary gap of the sector quantified and a common work plan (the PCT) drafted. Efforts had also been made to further harmonise administrative and fiduciary procedures. It was communicated that the PCT, supported by its annual updates, would take over the role of reference document for mobilisation of international cooperation and monitoring of progress towards EFA goals, replacing the original Nicaragua FTI proposal document.

4.15 The WB subsequently contacted the GoN MHCP in August 2004²⁹ to arrange the establishment of Grant Agreement TF053991 in order to disburse the USD 7m allocation "in support of the Common Work Program of the Ministry of Education". The agreement was signed and completed by 25 August 2004.

4.16 The first USD 3.5 million tranche of the allocation was disbursed on 1 October 2004 and the second on 9 May 2005. Funds were executed on activities included in the 2004 and 2005 Annual Operative Plans of the PCT. The majority of the allocation was spent on the 'School Food' programme. (68%), whilst 'Transfers to Autonomous Centers in the Educational Participation Regime' accounted for 24%. The remaining 8% funded six further components ranging from incentives to community preschool volunteers to IT hosting of the national Educational Portal. The funds were therefore not used on the programmes which had initially been identified in the EFA/FTI proposal submitted by the GoN.

4.17 The second FTI-CF allocation of USD 7 million had meanwhile been confirmed at the FTI-CF Strategy Committee meeting held in Brasilia on 12 November 2004. It was agreed that "*allocations would continue in 2005, upon receipt of a report from the concerned World Bank Task Team Leader confirming satisfactory implementation progress for the 2004 allocation.*"

²⁷ Letter from MoE Minister de Franco to the World Bank Central America Director, 10th February 2004.

²⁸ Letter from MoE DG of Prospection and Policy, Emilio Porta Pallais, to the EFA-FTI Secretariat, 20 July 2004.

²⁹ Letter from WB to the Minister of Finance, Eduardo Montiel, 12 August 2004.

4.18 The availability of this second USD 7m was communicated from the World Bank Country Director to the MoE in January 2006.³⁰ The WB subsequently contacted the MHCP in October 2006³¹ to arrange the establishment of Grant Agreement TF057311. The agreement was signed and completed by 10 November 2006.

4.19 The disbursement of the first tranche of USD 3.5 million for 2006 – 2007 programme was made on 20 December 2006 and financed the ‘Enrolment Recovery Programme’, which included textbooks, didactic and other fungible materials and teacher training.

4.20 In January 2007, the FLSN administration took power and the incoming Minister of Education immediately reversed a number of key policies of his predecessor (see Chapter 3 for more details). This affected a number of activities planned in the PCT and its Annual Operative Plan. After discussion between the MoE, the WB and the in-country donor group, the second Year 2 USD 3.5 million tranche was disbursed on 30 November 2007 and used for essential supplies to attenuate the devastating impact of Hurricane Felix on the basic education system. The evaluation team did not find evidence that the reassignment as seen as problematic by the FTI secretariat although one of the WB TTL noted that “though there were clear fiduciary risks with sending the money to the Atlantic region which has far less capacity.”

4.21 By this point in time, both the FTI CF Strategy Committee Meetings in Beijing, held on 2 December 2005, and Cairo, held on 12 November 2006 had taken place. In the first of these meetings a third allocation of USD 7m had been designated to Nicaragua to provisionally cover activities implemented during 2006. In the second, a decision was made to top up the Year 3 (2006) allocation to reach USD 10m. This decision was communicated to the WB Country Director for Nicaragua in early December 2006.³²

4.22 The evaluation established that the availability of this (increased) third allocation of USD 10M was only communicated by the World Bank to the GoN Ministry of Finance and Public Credit (MHCP) in February 2009³³ – over three years after the decision by the FTI-CF strategy committee to commit the initial USD 7m in additional funding, and over two years after the decision to top this up to USD 10m. This communication informed the GoN that the Grant Agreement TF057311 had been increased to a total of USD 17m, with a third tranche of USD 10m added. To date this third tranche has not yet been disbursed (as of 15 June 2009). The MoE informed the evaluation team that it planned to use the bulk of the funds for the printing and purchasing of text books in the context of the curriculum reform process which is being rolled out by the new Government.

4.23 Nicaragua is considering undertaking a new FTI endorsement process in order to obtain further support and funding for its Education Policy for 2011-2021, which is currently under preparation.

Nicaragua and the Education Program Development Fund (EPDF)

4.24 Nicaragua was nominally included in the ‘Rural Multigrade Regional Project’, which was jointly managed by the Regional Advisory Group (RAG) – made up of the IDB, the WB and, from 2007, the Santiago UNESCO office – with a USD 500,000 EPDF contribution commencing in 2006. It aimed to strengthen national capacity for educational rural multigrade reforms, reinforce teacher trainer capacity, initiate demonstration schools and a network of teacher circles or microcenters as a sustainable resource, and address curriculum development needs in each country. In the 2006 EPDF report annex it stated that, “*In Nicaragua we have been working closely with the Academy of Educational*

³⁰ Letter from WB to Minister of Education, Miguel Ángel García, 26 January 2006.

³¹ Letter from WB to the Minister of Finance, Mario Flores, 25 October 2006.

³² Letter from WB Acting Vice President for Human Development, Nicolas Krafft, to WB Country Director for Nicaragua, Jane Armitage, 1 December 2006.

³³ Letter from WB to the Minister of Finance, Alberto José Guevara Obregón, 25 February 2009.

Development –AED, UNICEF and other NGOs (like Plan) and decided that the work that these agencies are doing in Nicaragua is a substitute for what our consultants are doing, so we will work in a coordinated way and will not overlap in Nicaragua". This assertion is repeated in the 2007 EPDF report annex. Description of this joint work was not given in either report. The 2008 EPDF report annex gave an update on the multigrade project, stating that a final report was available and that the participating countries were Guyana, Guatemala, El Salvador, Honduras, Mexico, Panama and Peru.

4.25 MoE officials (and the majority of the donor representatives) interviewed during the country mission were not aware of the EPDF fund or of the existence of an allocation of these funds to Nicaragua.

5 FTI and Education Policy and Planning

Context

5.1 Detail on the policy context was provided in Chapter 3. This section will therefore provide a summary overview of the situation prior to FTI and will highlight the key developments since FTI endorsement in 2002.

Prior to FTI

5.2 Prior to FTI endorsement in 2002 Nicaragua had drafted the PNE in 2001 and a National Strategy in the same year. The PNE was the first comprehensive education sector policy document, covering all levels of education with the exception of higher education. It emphasised increasing access, improving quality, promoting technological innovation, strengthening the teaching workforce, and promoting the decentralisation of educational management. The PNE was firmly anchored in the global commitments to EFA and linked to the priorities outlined in the country's Development Strategy. The plan contained a vast number of strategies as well as activities, with little prioritisation among them. The plan was also not costed, and did not include a monitoring and evaluation framework. The plan lacked a clear strategy for institutional strengthening, or for addressing some of key constraints to quality – such as capacity and teacher training in the sector.

5.3 In terms of planning processes, in the nineties the sector had a substantial planning bureaucracy that did not seem to be making a significant impact in the overall functioning of the sector. Most of the data collection from the local level and budget management at the central level was done manually and little of this was used to inform decision making. Isolation between different directorates of the MoE – each of which would prepare a separate plan – also represented a substantial challenge and further complicated the planning capacity. In general, plans developed in this manner did not include the activities that were conducted through the various donor funded projects and did little to involve other stakeholders (NGOs, churches).

5.4 The development of the PNE in 2001 highlighted these weaknesses and the need to address them. At the time the FTI came to the country there was a strong Directorate for External Cooperation in the MoE which was playing a substantial role in leading MINED. Minister Silvio de Franco's administration put a stronger focus on planning. Amongst other actions this included the introduction of a school tracking system, aimed at tracking and geographically mapping all information on infrastructure, teachers, and non-salary items, in all of the schools in the country. An *Oficina de Prospección y Políticas* was created for planning activities which would play a key role in the developments during the period from 2002-2004. Overall therefore, planning was still weak although it was receiving more attention. Capacity centred in a few people and had not permeated down to other levels of the system.

General policy and planning developments since 2002

5.5 A number of developments characterised the policy and planning landscape since 2002.

In terms of policy:

5.6 *The Adoption of the Education Participation Law (2002)* –The focus on school autonomy was reinforced by the enactment of the Education Participation Law in February of 2002 which provided the legal basis for extending autonomous schools throughout the country. This was the key policy development between 2002 and 2006 when the National

Education Law was adopted. The 2002 Education Participation Law was seen as a very significant shift from a highly centralised and hierarchical system to a decentralised and much more participatory process of educational planning and implementation.

5.7 Overall the policies that were outlined in the PNE continued to be implemented with little change over the period until the new government came in 2007 and reversed the school autonomy process, embarking on a new policy and planning process which is currently on-going.

5.8 The Abolishment of the School Autonomy process (2007) –The school autonomy process is abolished in January 2007 by the new government, followed by marked change in policy from then on – with much stronger focus on quality and equity in implementation. Introduction of free primary education (2007), including free school books and uniforms for poor students and free meals for all. This also implied that from 2007 the concept of autonomous schools ceased to exist.

5.9 The Preparation of a New Education Sector Plan – An Institutional Development Plan (PDI) 2008-2011 is under development as well as new Education Strategy for 2011-2021. This plan which is based on the commitment to the MDGs and to EFA, continues many of the policies which were in place under the PNE 2001-2015. However, to date the plan is not costed and does not contain targets. The PDI is being used to develop an institutional capacity plan for the sector.

In terms of planning

5.10 For the first time, in 2001, an Oficina de Prospección y Políticas is established in the MoE taking a lead role in moving forward the planning processes of the MoE.

5.11 Sector Roundtables were established in the main social sectors by Presidential Decree in 2003, formalising the Sector Roundtable which donors had already established as a result of the FTI endorsement process in end 2002.

5.12 The Joint Work Plan, POAs and JAR – The PNE was the main reference document for policy and planning processes until the drafting in 2004 of a Plan Comun de Trabajo (Joint Work Plan or PCT) for 2005-2008 was drafted, followed by the preparation of annual POAs from 2005. The PCT and POAs brought together donor and government planning processes, including those related to the basket funding (PROASE) provided by three bilateral donors (Canada, Denmark and the Netherlands joining later) starting in 2005. It also started involving civil society in the planning processes. In essence the PCT and the POA continued the main policy lines of the PNE. In terms of planning and monitoring, an important development was the introduction of Joint Annual Reviews (JAR) from 2005 onwards, bringing together the key stakeholders to review progress and to discuss the POA for the following year. The JARs have become increasingly participatory over time.

5.13 Establishment of Municipal round tables – These roundtables are attended by various NGOs and social movements working in education, alongside MECD officials, representatives of the police and other state institutions, churches and business groups. In practice their functioning has been variable depending on specific capacity and interest in each municipality.

5.14 Activities aimed at strengthening planning through specific donor funded initiatives – Over the period of this study a number of donor funded programmes have included a focus on key planning activities:

- Funding of capacity building of school management committees at decentralized levels in the Atlantic Coast region by Danida, focusing on the development of school

plans and on indicators by which these can measure success. This programme has also involved strengthening the capacity and involvement of civil society in the development of Municipal Education Plans

- The new competency-based curriculum now used in schools since the beginning of the 2009 school year. This is an initiative which has been largely funded by the FPLN government so far with minor contributions from other donors, although FTI is expected to contribute to the implementation of this curriculum from the last tranche of USD 10m which is still to be released
- Support given through USAID/Pronicass to the planning directorate to develop its mission, vision and strategy
- The development of education municipal development plans and school development plans (also supported by the USAID/Pronicass Project)
- WB & USAID supported accountability activities through a school report-card activity
- EC supported development of a concept paper and helped to define education indicators to monitor education results

5.15 According to informants who were working with the MoE during this period the MoE introduced a score card system for assessing progress in the sector (further discussed in Chapter 8). Studies were carried out to verify the quality of information and procedures established for school supervision. It is also asserted that information was triangulated with a school mapping system in order to detect inconsistencies in enrolments. Nonetheless, the system appears to have developed deficiencies and resulted in an over-reporting of enrolments as was illustrated by the discussion in Chapter 3 and identified both through supervision missions from the WB and through a subsequent study by the MoE.

5.16 **In summary:** Overall, therefore, there have been major policy shifts in Nicaragua over the evaluation period. These can be mainly attributed to changes in the political landscape. Planning capacity has been weak over the period as a whole, but has seen some gradual improvement. During the period between 2002-2004, under the leadership of Minister de Franco, planning received a much higher profile and the country developed a number of instruments to strengthen its planning process. However, the capacity that was established at that time was limited to a select number of people within specific parts of the Ministry of Education (mostly in the Planning Department) and was lost when the leadership of the Ministry of Education changed and staff left. The current government (2007 onwards) has again focussed on strengthening planning.

FTI Inputs and Activities

5.17 At the time of FTI endorsement an education policy document had already been drafted which reflected the government's main policy choices. EFA, and especially the preparatory activities for Dakar, are credited in Nicaragua with having pushed the need for stronger planning processes in the country around education. FTI was able to build on this dynamic.

5.18 For the first round of FTI endorsed countries, separate FTI proposals were required (rather than using the existing Education Sector Plan), and this was also the case in Nicaragua. The Ministry of Education thus developed a separate Country Proposal for the FTI entitled "*Nicaragua – Education For All Fast Track Proposal – 21 November 2002*" (MoE, 2002) which drew strongly on the PNE.

5.19 As was mentioned in Chapter 4, this proposal prioritized two key strategies from the PNE as being critical namely the 'Schooling Improvement Program' and the 'Student Scholarship Program' both of which aimed at substantially increasing the number and proportion of children who successfully complete primary school.

5.20 The development of the proposal was done by a team of MoE staff – according to Minister de Franco “with significant outlays by the Government” at the time. Substantial technical support for the development of the proposal was also provided by WB experts. All of this support was concentrated over a period of roughly three months in the second half of 2002 and led up to the endorsement meeting in November 2002. A number of interviewees highlighted that the process, while of good technical quality, had not been very consultative, and that most of the other departments of the MoE, including at senior level, were either not or only marginally involved. Thus although stakeholders had been widely involved in the drafting of the PNE itself in 2001, the involvement of civil society and other stakeholders – including those internal to the MoE – was far more marginal when the FTI proposal was prepared.

5.21 FTI inputs with respect to policy and planning, can thus be summarized as having included the following:

- **Correspondence and contacts** leading up to the endorsement process, focusing on explaining and clarifying the process. A review of the documentation highlighted that some of these explanations were contradictory at first, specifically with respect to the nature of the endorsement process and the nature of the plan which had to be produced.
- **Technical input** into the development of the FTI plan by the MoE and WB experts who support the process of detailed planning and budgeting which is reflected in the plan.
- **The endorsement itself.** This, in the case of Nicaragua, consisted of the drafting of letters of support by stakeholders (attached to the country proposal) and subsequently the endorsement meeting where the plan was presented and discussed. This led to the drafting of an endorsement document, enthusiastically supporting the proposal.

The relevance of FTI's contribution to education policy and planning

5.22 The process of preparing the FTI proposal and getting it endorsed arrived at the right moment. The sector policy had just been defined and needed to be implemented, but lacked sufficient specificity in terms of how it was going to be rolled out with maximum impact on UPC. Also the fact that PNE needed substantial additional funding and coordination among donors was an issue. In addition, the launching of FTI coincided with the global agenda for greater aid effectiveness and this was considered a priority by the government of President Bolaños at the time.

5.23 According to a number of interviewees the ‘light touch’ endorsement process (the result of the fact that FTI was still figuring out how to go about things) was helpful in validating the work that had already been done by the government. The light touch also contributed to allowing an already strong leadership of the sector to take command of the process and to ensure that the whole endorsement process took place within a relatively short period of time. However, the fact that the whole process was light touch and that it did not cover the whole sector but rather two priority programmes within the PNE, also meant that the country missed the opportunity to comprehensively work on strengthening the education sector plan and addressing some of the weaknesses which were apparent. Certainly compared to other countries endorsed at the same time (for example Burkina Faso) the process was less thorough, perhaps because of differing interpretations at country level of the precise nature of the process (both on the side of the WB and on the side of the Government).

The effectiveness of FTI's contribution to education policy and planning

5.24 The PNE was a sound policy document, but with too little prioritization and clarity on specific strategies. The support of FTI was effective in helping sharpen the strategic choices in two major parts of the PNE (the two sub-modules of the FTI proposal), and making it clearer how these would be implemented. As a senior government official from that period remarked *“The FTI process did not change the big policy lines, but it helped clarify things, and ensure that options were put in black and white.”* Key partners involved in the process at the time highlighted to this study team the importance of the fact that FTI did not impose, or restrict choices, with the exception of putting the focus on basic education. Thus on the whole key partners at the time (GoN and other stakeholders) were comfortable with the emphasis adopted by the FTI proposal.

5.25 However, as noted above, the fact that FTI focussed only on these two sub-modules (as the sub-programmes were called in the proposal) – rather than on the whole plan – contributed to the fact that the coherence of the PNE and the need for prioritization and decision making on specific priority strategies across the Plan were not explicitly addressed.

5.26 The FTI endorsement process was important in pointing out a number of key areas which would need attention in the implementation of these sub-models. These were highlighted in the endorsement document by the stakeholders. Areas identified in this manner included: a) the need for an adequate focus on institutional capacity; b) greater clarity on strategies for teacher training; and c) the need for specific strategies for ensuring that the support provided would effectively target the poor.

5.27 It should be noted that the endorsement document itself, was a very brief affair. The analysis done by this study, noted that the issues identified during the endorsement were not consistently followed up once endorsement of the plan had been obtained, although studies were done over the period that followed up a number of the key issues identified. This implies that the FTI Plan was not really used in any substantive way after the endorsement process and was in fact used primarily as an exercise to get through the formalities of the endorsement process.

5.28 Although addressing equity and inclusion was an important policy priority, in practice the measures that were taken in implementing the policy aggravated existing inequity issues. At least one report says that FTI contributed to this by providing funding to misguided government policies (Campanha Latinoamericana por el Derecho a la Educacion et al., 2008), . The new government has introduced a much stronger focus on equity – backed by clear analysis of issues. This reflects its own political priorities, and cannot be attributed to FTI.

5.29 The preparation of the FTI plan also included work on the Indicative Framework (IF). Various respondents indicated that the use of the IF was compatible with what was happening in the sector. It was considered useful in establishing a benchmark but the sector already had a ‘score card’ system which covered many of the same indicators. The study team could not get access to this system and was therefore unable to verify this. According to selected respondents, this contributed to the IF not really being used once the proposal was endorsed. Progress against the main indicators in the IF was therefore only monitored inconsistently until 2007.

5.30 In summary, FTI has not been influential in the area of policy. Key policies were already in place when the FTI proposal was developed, and were not influenced in any way by the dialogue around FTI. However, the FTI proposal did contribute to further legitimizing

some of the key policy choices – including that of focusing on school autonomy – by giving these prominent attention in the proposal – although the CF which was provided to the country in 2004 as a result of the endorsement of Nicaragua was never used for the programmes identified in the proposal (see Chapters 4 and 6 for further information). In the case of school autonomy specifically, the WB made conditional increases in its grant funding to the extension of school autonomy to more schools and this was to be a major incentive for expanding this approach.³⁴ Although policy changes did take place over the evaluation period – particularly in 2007 – these changes were the result of political agendas, and cannot be attributed to FTI.

5.31 However, FTI has made a contribution to improving planning within the sector. This influence has mainly taken place through the fact that the endorsement process resulted in a commitment by partners to establish an Education Sector Roundtable and thematic groups with immediate effect. The work of the Sector Roundtable led to the drafting – just over a year later – of the PCT and POAs which were to become the key planning and monitoring instruments for the sector and which represent a qualitative improvement from a planning perspective. However, the emphasis of the Sector Roundtable has been on implementation, rather than policy review and refinement under the former government (until 2006).

5.32 The Sector Roundtable also allowed for other stakeholders (donors and civil society) to become part of planning processes. Thus to the significant extent that FTI resulted in the establishment of the Sector Roundtable, which then produced better planning instruments, the FTI has contributed to enlarging stakeholder participation in planning processes. This approach has been further and significantly broadened by the current government which focuses very strongly on consultative mechanisms of planning. A number of interviewees also underscored that the FTI endorsement process itself played a very key role in highlighting the importance of instituting a culture of systematic monitoring and assessing progress of the operational plans through the POAs, and that this continued beyond the period of the direct ‘catalytic’ influence of FTI.

Efficiency

5.33 The inputs that were provided directly by FTI through the endorsement process and subsequent work by FTI partners in sharpening the planning processes have produced some efficiency gains. The planning process in the sector has gained in coherence and inclusiveness, and has become better aligned with government procedures. FTI catalyzed the establishment of the Education Sector Roundtable (more on this in Chapter 8). The available evidence indicates that it was the establishment of the Sector Roundtable in particular that played a major role in the improved planning processes, including the development of the PCT and the POAs. FTI can therefore be credited with having played an important – but indirect role – in promoting better planning processes.

5.34 However, it is also clear that less effort has been made in strengthening policy. In these areas priorities have been defined mainly politically and FTI (and other processes) have been less influential. The process of preparing the FTI proposal and the endorsement itself were very light touch compared to the later processes which have involved much more extensive studies and discussions of options. Since few policy inputs were made, the inputs that were made were not necessarily inefficient, but were not sufficient to make an impact on UPC.

³⁴ Although the WB did not withdraw its funding to Nicaragua when the school autonomy process was abolished.

Sustainability

5.35 The new government and its rupture with previous policies have meant that key policies have been discontinued. These policies are being replaced to address some of the negative effects of the school autonomy process documented in Chapter 3, which have resulted in higher levels of illiteracy, higher number of untrained teachers, and higher repetition and drop-out rates. Nonetheless, the process of annual planning and reviews with the donors (spurred by FTI) has become well institutionalised and continues to be an important part of regular processes in the MoE. The MoE is now working towards having ONE Sector Plan (to replace the PNE and the PCT) for 2011-2021 which will guide all activities in the sector.

5.36 In the year following the FTI endorsement the government issued a Presidential Decree creating Sector Roundtables in six sectors. This has ensured sustainability of these sector roundtables, and given them further legitimacy. The sector roundtables have played an important role in the planning process since 2005, and have been continued under the current government. However, Sector Roundtables have only continued to exist in those sectors where a substantial part of ODA was aligned with national plans and procedures. This is the case for the health and rural production sectors, in addition to education. Other Sector Roundtables have ceased to function.

5.37 Leadership in the sector has been strong – starting with the leadership shown by the Government in the process leading up to endorsement and continuing under the current Government. Although it is likely that leadership of the sector will continue to be strong, the political challenge is that the next election might again change priorities significantly which would affect sustainability negatively.

5.38 Risks include policy choices continuing to be too strongly guided by political choices rather than by evidence of what works. However, the new government appears to be more focussed on using data to guide decision making.

6 FTI and the Financing of Education

Context for FTI Financing

6.1 **Public finance and education financing** includes: National and external financing of education; planning, budgeting and budget execution processes of public finances in general; aid characteristics and links between education spending and coverage in primary education; as well as results that have been described above in Chapter 3.

FTI specific inputs

The promotion of costing exercises and production of simulations for financing, achievement of goals, and strategies to reduce financial gaps

6.2 **Financial gaps.** The process of preparing the EFA-FTI Proposal in 2002 required the MoE to make significant efforts to calculate, for the first time, the financial gap that would have to be filled in order to achieve EFA and UPC objectives. This effort was coordinated with the MHCP. In 2004 this exercise was repeated in order to calculate the requirements for implementation of the PCT.

6.3 **Capacity developed within the MoE.** This effort should have led to the development and installation of capacity within the MoE to continue applying the instrument employed to calculate the financial gap for the EFA-FTI proposal and the Common Work Plan 2005 - 2008 in the future for different scenarios. However, such capacity disappeared when the professionals that had applied the instrument moved on from the MoE. According to a key donor in the sector: *“At the beginning of the EFA-FTI process and the SWAp, the Ministry had a strong Minister and good leadership, plus an excellent technical team paid by the World Bank. During the period of 2002-2006 around 50% of the high level technical staff of the GoN were consultants paid by various projects with salaries which were much higher than those normally paid by GoN – this is substantiated by a diagnosis which was undertaken in 10 sectors in 2005³⁵. The Minister changed in 2005 and much of the technical team left the MoE shortly after, taking with them the analytical studies and planning, monitoring and evaluation instruments that had been employed until that point”.*

6.4 **The value of the gap calculated for realistic planning.** According to the calculations included in the EFA-FTI Country Proposal in 2002, USD 266 million of external financing was needed for the period 2003 – 2014 (approximately 17% of the total calculated budget) to achieve EFA objectives by 2015. This figure became USD 315 million in the calculations carried out for the PCT. No simulations were carried out to calculate resource allocations for lower financing levels. This financial gap was carried through to the POAs, in such a way that plans, whilst being useful for orientation of resource allocations and the employment of indicators, were not useful to determine the goals that could be achieved with the resources available, or for measuring performance.

6.5 **The purpose of calculating the financial gap.** The opinion of the Minister of Education at the time of EFA-FTI endorsement is that *“We aimed high, knowing that we would get something in return. Also, the expectation was that other donors would complement what the FTI was giving. And – in any case – the MoE did not have a high absorptive capacity.”* In other words, the principle objective of the financial gap calculation was to attract aid. This was of more importance than producing realistic plans from a financial perspective. It is not possible to state whether this strategy, and the endorsement as such, was successful in attracting additional external resources, as ODA started to

³⁵ Gobierno de Nicaragua. IV Foro de Coordinación de la Cooperación Internacional. Diagnóstico de la Implementación del Enfoque Sectorial en 10 sectores. 2005

increase before the endorsement (Table G1). The opinions of those interviewed do not coincide on this point. With regard to national resources, there was no increase in financing of the MoE in comparison with public revenue. There was, however, an increase in primary education financing as a percentage of MoE spending and in comparison with other national financial indicators which was, until 2006, due to ODA (Table E1).

EFA-FTI CF allocations

6.6 The role and use of EFA-FTI CF allocations. The role of the CF has been more that of an external financing source, than a catalytic instrument. FTI CF resources were first made available to Nicaragua for the two priority programmes identified in the FTI proposal. These were to be managed by the World Bank and initially disbursed from a Netherlands Trust Fund (as CF had not yet been established at the time). In practice the FTI resources were used for other activities. This was – as discussed earlier in this report – the result of delays in disbursements from the FTI CF and the fact that after the FTI proposal was endorsed, the overall planning framework was reviewed leading to changing priorities and the abolishment of the PNE and the drafting of the PCT.³⁶

6.7 Participation in the endorsement process and the application of FTI-CF allocations. The EFA-FTI Proposal was prepared by the MoE and presented to donors shortly before its endorsement. The use of FTI-CF allocations, and any changes in this use, has been decided by the World Bank, generally in accordance with the priorities identified by the MoE. Donors, who support the education sector at country level and are also contributors to the FTI CF, affirm that they have not been consulted on the allocation of these resources, nor have they been invited to participate in monitoring activities. Reporting on the FTI CF has been part of the reporting produced by the MoE, but monitoring of the activities financed with the CF was done at the same time as the monitoring of the WB PASEN Project. These monitoring activities were additional to the Joint Annual Reviews of the Sector which also included the FTI.

6.8 In summary, EFA-FTI funds were not used for the activities for which they were first designated, but have in general been used for priorities identified by the MoE. These priorities have themselves changed over time. These do not correspond to those identified in the approved EFA/FTI Country Proposal. The level of participation of FTI donor members in decisions on assigning these resources has not been the same in all instances. In the case of reallocation to the school food programme there was consultation and approval, as is detailed in Sector Roundtable Aide Memoires, and also in the reallocation to attenuate the impact of Hurricane Felix. Some donors are of the opinion, however, that in the case of reducing resources for school food and reallocating to the autonomous schools policy, there was no agreement with them or with the MoE.

Relevance

6.9 Alignment of FTI-CF allocations. The objectives of activities financed by FTI-CF allocations are aligned with national strategies through the PCT. The procedures employed have been those of the World Bank, and have not, therefore, been aligned in the use and strengthening of national procedures.

³⁶ Initially to part finance transfers to autonomous schools and the school food programme. The second FTI-CF allocation was used to pay for both the textbooks, didactic and other fungible materials and teacher training relating 'Enrolment Recovery Program' and later for essential supplies to attenuate the devastating impact of Hurricane Felix on the basic education system. The third FTI-CF allocation has yet to be disbursed, although the evaluation team has been informed that the bulk of the funds will be executed for the printing and purchasing of text books for the primary curriculum reform process.

6.10 The catalytic effect of the Catalytic Fund. After an initial catalytic contribution on the part of FTI as a whole during the endorsement process, the FTI-CF has been no more than an additional modest finance source for the MoE.

Effectiveness

The importance of the FTI in increasing financing for primary education and the creation of more aligned aid delivery modalities

6.11 The influence of FTI in increasing financing for primary education. Over the endorsement period and immediately afterwards (2002 – 2004) - during which time FTI had a catalytic effect in various respects - there was no increase in the allocation of public resources to either the MoE or to primary education. Rather, MoE spending, as a proportion of public revenue and GDP, hardly increased and primary education spending decreased in relation to public revenue (Table E1). Financing of primary education increased from 2005 onwards and accelerated in 2007 and 2008 (Table J1 and Figure K1), after the catalytic effect of FTI had waned and due to the political priorities of the new government.

6.12 The influence of FTI in the application of more aligned aid delivery instruments.

The FTI has had an indirect influence on the application of instruments such as PAPSE and PROASE. On the one hand because it promoted the start-up of the SWAp process, and on the other because the rigidity of the procedures being used to deliver FTI-CF allocations led to some donors - that wished to employ more flexible and aligned delivery modalities - creating PROASE. From 2003 the European Commission, Canada and Denmark started to study the possibility of employing a common modality, aligned with national procedures for aid disbursement. The first option studied was the EFA-FTI CF. However this option used WB procedures and the donors perceived that they would have very limited influence over decision-making, which was highly controlled by the WB.

Efficiency

6.13 Influence on aid predictability. The financial inputs provided by FTI have not made a big contribution to improving predictability of external financing nor to increasing it. In practice, the delays with the first four disbursements (further discussed in Chapter 9 on aid effectiveness) made it necessary to reallocate these funds when they were received. The the FTI CF delays undermined the short term aid predictability but because they constituted only a modest portion of the overall aid budget to the sector, the implications were less severe than might have otherwise been the case. The fifth CF disbursement is still pending, although the funds were initially committed in 2005/2006. Long term predictability was affected both by the short horizon of aid commitments compared to the overall planning horizons, and by the change in government in 2007. Predictability was also affected by deficiencies/delays in the communication of information from the WB to the MoE which delayed the transmission of information that CF resources had been made available to the country.

Sustainability

6.14 The strength of budget process. The national budget process follows a process that is relatively stable. It is reasonable to assume that this will continue to be the case. It is one of the processes that has been least affected by the change of government.

6.15 Predictability of internal financing. The level of uncertainty in the national economy makes it difficult to make any predictions about increases or maintenance of levels of national financing of primary education.

6.16 Predictability of external financing. On the one hand external financing has been affected by the freezing of budget support disbursements by the EC. On the other hand, the donors that finance PROASE are negotiating a second phase and everything points to continuation of the instrument, possibly with increased resources and the incorporation of further development partners such as the EC.

6.17 The main risks to education financing come from factors outside the sector such as reductions in external aid for political reasons and the international financial crisis which is affecting exports and private funds transfers from relatives abroad. It appears, however, that the government is intent on increasing financing to the MoE, and in particular to primary education, as has been detailed in the current government programme and policy documents. This was reiterated in the meetings of the evaluation team with the current MoE Staff.

7 FTI, Data and Monitoring and Evaluation

Context before FTI

7.1 This section describes the characteristics of data and monitoring and evaluation in basic education in Nicaragua before 2002 and its evolution up to the present day. The following sections will evaluate to what degree any changes can be attributed to FTI

Monitoring and Evaluation in the education sector before 2002

7.2 **The structure for monitoring and evaluation.** There is evidence of collection of education data since the 1980s, a period during which planning processes were extended across all sectors. Monitoring and evaluation functions fell under the remit of planning departments, which themselves disappeared at the beginning of the 1990s. From this point onwards, the MoE statistics department continued collecting data and constructing indicators. In 1998, in part due to EFA stimulus, the planning department was reintroduced.

7.3 **Since the end of the 1990s, the Statistics Department has operated a seemingly robust data collection system,** that employs custom designed software, with delegated data collectors and well-established circuits and internal control mechanisms, the findings of which are discussed with data collectors. The Statistics Department carries out training for department and municipality level staff. The school census process - a principle source of data – is consolidated and systematic.

7.4 **Collection of data.** As stated in the “Educación Para Todos, EFA 2000” report, between 1991 and 2000, data were collected on special, pre-school, primary, and secondary education, plus teacher and adult training. Information generated included enrolment increase rates, global schooling rates, net and gross schooling rates, primary completion percentages, proportions of pupils that reached different primary grades, public spending by the MoE and in primary education. Some data was available disaggregated by territory and by sex. There was no consolidation of the year on year series of data and indicators. When comparing different documents that present indicators for the same period (the “Educación Para Todos, EFA 2000” report and the Common Work Plan 2005 – 2008, for example) the figures often do not coincide. Due to the automatic promotion from 1st through to 4th grade levels of primary education brought in by the MoE during the 1990-1996 government, the repetition rates recorded for this period have no validity.

7.5 **Information dissemination.** There was no systematic use or publication of the information collected from 1990 – 2000. In 2000, the “Educación Para Todos, EFA 2000” report was published. This compiled and analysed the educational and financial indicators available for the MoE from 1991 – 1998 and was distributed amongst sector development partners and stakeholders. In 2002, the Indicative Framework indicators for the same year were elaborated and shared with donors and civil society organisations.

7.6 **Use of information.** The information contained in the “Educación Para Todos, EFA 2000” report was used in a superficial way in the production of the National Education Plan 2001-2015. In general, the data collected were not used to guide decision making until 2003.. A well-established system for monitoring results indicators did not exist.

7.7 **In summary,** whilst a tradition of data collection on educational indicators did exist, this information was not analysed or employed systematically for decision-making purposes.

The evolution of monitoring and evaluation from 2002 onwards

7.8 **Collection of data.** The eight Dakar indicators have been calculated since 2002 and, at UNESCO's request, monitor pupils that enter primary education after having attended pre-school. From 2004 onwards the Indicative Framework indicators have been calculated but, according to local informants, not systematically used in the planning process which is instituted through the Sector Roundtable nor systematically reported against to the FTI Secretariat. A single M&E framework for all development partners has not been agreed, leading to a situation whereby the Statistics Department also produces data on additional indicators for various donors. In order to improve its capacity the Statistics Department has received technical assistance from UNESCO, from the World Bank through the PASEN project, and from USAID.

7.9 In 2002, a **national test of academic achievement in Mathematics and Spanish** was carried out for 3rd and 6th grade primary pupils, associated with factors such as teacher preparedness and motivation, institutional capacity, access to school installations and resources, and the socio-economic situation of pupils and their families. The information was not analysed and disseminated until 2004. In 2006, the Second National Test of Academic Achievement in Mathematics and Spanish was carried out, and Nicaragua took part for the first time in the International Evaluation of the Second Regional Comparative and Explicative Study (SERCE) that was coordinated by the Latin American Laboratory for the Evaluation of the Quality of Education (LLECE). The implications of the comparison of the two tests are discussed further in paragraph 7.25 below.

7.10 At the end of 2007 a **national school census** analysed (disaggregated by department) the following: illiteracy in over-15 year olds; years of schooling; schooling for 3 – 18 year olds; and reasons for non-schooling. Disability is mentioned as one of the many reasons for non-participation in school. However, the possible impact of HIV/AIDS on children has not been analysed.

7.11 In May 2008, a report was published presenting an '**Educational Index at Municipal Level** ("**Índice del Estado Educativo Municipal**")', including net rates for pre-school, primary and secondary enrolment, repetition, retention and graduation from primary to secondary. This index was available for each municipality which, were then classified in four bands (very good, good, regular and deficient). Strengths and weaknesses were identified for each municipality.

7.12 The Statistics Department has identified some of the factors that affect data quality. **The enrolment rate for autonomous schools, for example, seems to have been over estimated.** This study was discussed in Chapter 3, and concluded that the recorded rates for 2006 were 12.5% higher than was actually the case for autonomous schools (which were the majority of schools in 2006).

7.13 **Calculation of the net schooling rate has been a problem in Nicaragua** as, whilst the age for initiation of primary schooling is 7 years old, there are pupils that start to attend classes when they are 5 or 6. When these children then reach the normal age of primary completion they are already attending secondary school. As a consequence, the net schooling rate, which is calculated using the theoretical population base, is always lower than the real rate.

7.14 Since 2002 there has been a lack of consistency in the data presented in different reports by the Ministry of Education. One cause was the census in 2005, meaning that projections based on the 1995 census became obsolete. Yet this does not entirely explain the differences between the data produced by the Statistics Department and that published

in some documents, such as the 'State of Basic and Middle Education' ("El Estado de la Educación Básica y Media") in December 2006.

7.15 **The mechanism employed by the Statistics Department for data collection seems robust, but it is not automated.** An information system for collection of educational and financial data is being designed. This process is being led by the Financial Administration Department of the MoE but is encountering resistance in its implementation.

7.16 Some tables of data relating to the 1997 – 2007 period can be accessed through the MoE website, such as initial enrolment, repetition, final achievement, special education or teaching, but access is not straight-forward. Other statistical data accessible through the website is not up to date.

7.17 **In summary**, the MoE has regularly collected data since the late 1990s - with the shortcomings which were identified above - that can be analysed and used for decision making purposes.

Data analysis

7.18 In the 2002 "Education For All – Fast Track Initiative. Country Proposal" it is proposed that *"To evaluate progress in the implementation and effectiveness of EFA, **the MECD will use regular yearly evaluations done by external consultants.** In addition, regular monitoring will be done through existing instruments such as the Educational Map"*. There is no evidence, however, that such evaluations have taken place.

7.19 By the end of 2003, within the framework of the SWAp, the MoE started to produce relevant reports for education planning purposes, such as **'MoE in Figures. Establishments 2003'** ("**MECD en Cifras. Establecimientos 2003**"), in September 2003, that analysed each school in the country in terms of infrastructure, functional capacity, rural and urban distribution and availability of basic services, and the report on **'Budgetary Needs and the Financial Gap for Implementation of Education Policy in the Medium and Long Term (2004 – 2015)'** ("**Necesidades Presupuestarias y Brecha Financiera para la Implementación de la Política Educativa de Mediano y Largo Plazo (2004 – 2015)**"). This latter report presented methodology for a Model of Financial Needs which is applied to the period in question to provide projections and identify the gap that cannot be covered by national resources. The calculations are based on new pupils entering the education system, repetition and drop-out rates and teacher salaries, amongst other data, and uses 2003 information as the base.

7.20 In 2004, an **analysis of the national tests of academic achievement in mathematics and Spanish** that had been carried out in 2002 was conducted. Various factors relating to the achievements in each subject were identified. Results were compared according to: type of school (autonomous, non-autonomous, private with state subvention); the influence of physical surroundings; the pedagogical leadership role of the school principals; teacher and family motivation levels; the effect of access to Information Technology (IT); and aspects of territorial and ethnic equity.

7.21 The **Common Work Plan 2005 – 2008** (PCT) represents an important effort to analyse the available information and includes the evolution of net and gross schooling rates by programme (pre-school, primary and secondary), and sex for the period 1997-2004; the enrolment rate by age for primary in 2003; the reasons for non-attendance by sex for the population aged 7 – 12 years old comparing 1998 and 2001; the percentage of boys and girls that completed primary education between 1990 and 2003; the evolution of primary dropout rates by territory (at department level); the evolution of primary repetition rates at department level between 1990 and 2003; participation rates for poor sectors of society in

the education system; the percentage of untrained teachers at primary and secondary levels; the percentage of pupils with textbooks and the total education sector budget from 1997 – 2003, as a percentage of GDP and by institution, as well as the MoE budget in comparison to Government spending and its investment in infrastructure.

7.22 In 2004 **the Sector Roundtable created a working party to monitor the PCT and its indicators.** This group provided strong technical assistance in the drafting and production of the PCT and the 2005 POA. The Sector Roundtable monitored implementation of the PCT and the 2005 POA.

7.23 The 2005 – 2006 period doesn't seem to have produced any further analysis of available information until December 2006 when the outgoing Government presented a report entitled 'The State of Basic and Middle Education 2005' ("Estado de la Educación Básica y Media 2005") which analysed the evolution of enrolment by programme, net and gross schooling rates by programme, the population excluded from the education system, the drop-out and repetition rates, the financial costs of repetition, MoE financing, equity in access and spending, the teacher – pupil ratio and relationship, training levels amongst teachers and salary evolution. Some of the data presented is disaggregated by geographical department but not by sex. The data on departmental comparisons illustrate that girls and boys in the Atlantic Coast regions start their schooling at a later age and that these schools have a higher number of untrained teachers.

7.24 **The perception obtained through review of the documents** is that they were principally produced for external actors (donors and other stakeholders) with the objective of capturing more aid resources and in an attempt to present progress, rather than for use as instruments to improve policy and planning. For example, in the document "Estado de la Educación Básica y Media 2005" the tables do not present a complete overview of the data. Instead the document only contains the data which favours the main messages of the document. In addition, some of the comments on the graphs are contradictory to the information which is contained in the graphs themselves. The document states, for example, that the MoE has made substantial progress in reducing repetition rates while the graph shows that there has been a clear increase.

7.25 The new administration carried out its first situation analysis in 2007, presented in the '**Diagnostic. Basic and middle education 2002/2006**' ("**Diagnóstico. Educación básica y Media 2002/2006**") document. This report analysed the evolution of enrolment for the period, the global schooling rates comparing rural and urban areas, the net schooling rates by programme and the drop-out and repetition rates. The results showed that there were no substantial changes between 2002 and 2006. Schools in urban areas (especially those located in Managua) performed best, as did the private non-grant schools. Comparisons by levels of academic performance showed that a majority of students performed only at a basic level.

7.26 In November 2007, an **analysis was presented comparing the national tests of academic achievement in 2002 and 2006**, showing the evolution of performance in 3rd and 6th grades in Spanish and mathematics by territory: rural and urban areas; regions and departments; and type of school (public, private with subvention and private without subvention).

7.27 In the 2008 yearly report by the lead donor at the Sector Roundtable, stakeholders were informed about the monitoring exercise relating to completion of the Paris Declaration indicators in the sector that was facilitated by EFA-FTI and commissioned by the OECD DAC. The report highlights as a weakness "***the difficulty in counting on reliable, opportune, systematic information in relation to goals and statistics and on an analysis of the significance of any advance, or non-advance against principle***

indicators". In relation to technical assistance and capacity needs it highlights strengthening of the "*indicator system, implying homogeneous indicator definition and improvement in information collection and analysis*". The report does not discuss why there has been so little progress on indicators, but the most important reasons identified by the evaluation mission include: a) the weakness of the denominators of these indicators (lack of reliability of the 2005 census); and b) the lack of consistency between the data generated by the statistical services of the MoE and the data generated by other sources.

7.28 **Information dissemination.** From 2003 onwards the MoE started to present some data at Sector Roundtable meetings, as can be appreciated in the relevant Aide Memoires, yet there is no evidence of systematic presentation of the Indicative Framework indicators or others. In October 2004, the Common Work Plan (PCT) 2005 – 2008 was presented at the Sector Roundtable meeting.

7.29 Communication with the international community decreased substantially in 2005 and 2006. There is a gap in the Aide Memoires for the Sector Roundtable between October 2004 and December 2006, when development partners met under the presidency of the outgoing Minister and with the participation of his successor who was due to take possession of the role in January 2007. The gap is related to the change in Minister in 2005 and in the turnover of some of the senior MoE staff who were leading the process. For the incoming government in 2007, the education sector donors prepared a document highlighted that "*the institutionalised policies and practices of revisions and joint missions on the part of the MoE and donors, during which the sector situation is analysed with the objective of identifying progress and obstacles relating to the completion of key sector indicators, constitute the principal axis of policy monitoring and evaluation and are the essence of the dialogue between the international community and the Government of Nicaragua in the sector*".

7.30 **The access of the different stakeholders to information has varied** during the period under analysis. The Sector Roundtables have permitted analysis and discussion with civil society and donor representatives. After a period wherein the dynamic of meetings and evaluations was lost, between 2005 and mid-2007, there has been a recovery from the end of 2007 to the present day with improved agenda preparation, and presentations on POA and budget execution and indicator progress.

7.31 **Use of information.** The use of data for decision making purposes (according to the MoE and donor representatives interviewed and as per the analyses made) has varied during the 2003-2008 period, principally reflecting the priorities of the Minister leading the MoE at the time.

7.32 During the period from 2003 – 2004, there was **significant use of data** that was greater than earlier periods and **served the purpose of monitoring plans and increasing aid alignment**. In fact there are differences between the numerical values of the indicators in reports and the official statistics of the Ministry of Education, which appears to indicate that only the more optimistic indicators were being reported to cooperation partners. According to the Minister at the time, a "Balance Score Card" was employed from 2002 – 2005, about which the evaluation has not been able to gather further information and is not therefore able to report the type of indicators that were used in this system.

7.33 In 2005 – 2006 there was a substantial reduction in the production of analytical reports. Nonetheless in the minutes of the review meetings a number of important aspects related to data revision are highlighted. In a number of cases, this resulted in specific decisions to address these issues. In the Joint Evaluation Mission of 2005 donors expressed their concern regarding the trends in a number of key indicators, including the reduction in the net enrolment rate, and the slow progress in primary completion, as well as the lack of

progress in school autonomy in the Atlantic Coast region. The fact that these issues were highlighted by donors, probably impacted on decisions by the MoE, because in the 2006 Joint Evaluation Mission the results of a “plan for recuperating enrolments” are presented, indicating that 55,000 pupils from vulnerable backgrounds had been recruited back into school. On the other hand, the same aide memoire (as well as in the aide memoire of PASEN, given that the World Bank in addition to participating in the annual reviews continued to do its own bilateral missions) highlights that **important anomalies in the system of allocating finances to autonomous schools were detected**. These included incentives to over-estimate enrolment rates, to contract teachers from February to November without social security provisions, and preferences for contracting untrained teachers at lower wage levels. This information was used to change allocation criteria, which was calculated thereafter on the basis of teacher and staff numbers with a small additional allocation for running costs. This also served to improve information on teacher numbers.

7.34 The use of indicators has now been reactivated. In addition to central level, schools **information is now employed by teachers at monthly monitoring and programming meetings (TEPCES) that take place country-wide**. The perception of donor representatives who have participated in joint visits to TEPCES sessions, as well as government representatives interviewed, is that they are a valuable mechanism that has improved the quality of programming and development of educational activities.

7.35 The **Institutional Development Plan 2008-2011** (still pending approval and implementation) contains a strategy, goal and indicator matrix for each institutional objective. A monitoring and evaluation mechanism is also detailed, with a matrix including impact, result and process indicators, procedures, methodology, instruments and report structures.

7.36 Since 2008, the MoE, and the other Ministries, have been obliged to report to the President’s Secretariat (Secretaría de la Presidencia) on a weekly basis on set of result and process indicators.

7.37 **Available data was used in the drafting of the PCT 2005 – 2008 and the POA 2005**, but the subsequent change of administration – and of policies – meant that the PCT became insignificant. The approval of the Institutional Development Plan 2008-2011 is expected to represent substantial progress in the capacity of monitoring and evaluation.

7.38 **Gender related analyses have improved considerably**, as has disaggregation by territory which now permits education coverage and quality comparison by municipality. It is still to be seen whether municipal level analyses will be carried out on a regular basis. Data on disability and HIV is not being systematically collected.

7.39 Although there have been a considerable number of analytical reports, there has been a **lack of systemisation of reporting and stability in data sources** that would give more weight to the indicators presented on each occasion. Sources are not always cited in reports and the origin of the data is very rarely given (with the exception of the Statistics Department of the MoE). This lack of systemisation affects the reliability of the statistics. The proposal contained in the PDI 2008 – 2011 would address these weaknesses.

FTI Inputs and activities

7.40 The FTI has contributed to monitoring and evaluation in the education sector in Nicaragua through the introduction of the Indicative Framework indicators. The IF indicators have supported the monitoring of educational progress in the country, as they measure the main areas of progress such as enrolments, repetition and drop-outs. In order to have a complete overview, however, these indicators should be supplemented by indicators to measure quality.

7.41 The Statistics Department of the MoE has received no technical assistance from the FTI.

The relevance of FTI to M&E in education

7.42 The “Education For All – Fast Track Initiative. Country Proposal” in 2002 made little reference to monitoring and evaluation, and has consequently had little effect on the strengthening of these systems.

Effectiveness of the FTI in improving M&E

7.43 The FTI has contributed to monitoring and evaluation through the introduction of the Indicative Framework indicators, which were calculated for 2002 by the government for the purpose of the proposal. There has not been systematic and regular analysis of these indicators thereafter, although some of them are presented in partial form in almost all MoE analytical reports. This lack of production and analysis of the IF indicators represents a lost opportunity to progress against a common framework.

7.44 Progress since 2002, as well as the identification of weaknesses, is principally linked to the SWAp process. Given that the majority of those interviewed consider FTI to have had a catalytic effect on the start-up of the SWAp, it can be deduced that, although indirectly, FTI has also had a certain part to play in the improvement of education statistics. This was also affirmed by key stakeholders who have been involved with or in the sector over the relevant period.

Efficiency of resource use in M&E

7.45 The data collection system has been consolidated through use and the good practices of the government civil servants, but could improve its efficiency through the employment of more automated procedures.

7.46 A common indicator framework for monitoring and evaluation has not been agreed within the SWAp process. This weakens MoE accountability and capacity to make global analyses of the education situation, and also indicates some of structural weaknesses of the SWAp.

7.47 There is no evidence of increased resources for Monitoring and Evaluation during the period analysed.

7.48 FTI has made an indirect contribution to improving efficiency in monitoring and evaluation through its influence on the establishment of the Sector Roundtable and the establishment of the JARs. EPDF funding, which could have been used to strengthen capacity in this area and thus improve efficiency, was not accessed by Nicaragua.

Sustainability

7.49 Improvements in data collection have fundamentally been due to MoE internal resources and capacity, which strengthens their sustainability. However, there is still improvement to be made, as perceived by donors and evidenced by occasional lack of consistency between different reports.

7.50 The improvement of the system is dependent on automated mechanisms that are in the process of being rolled out within the MoE. It is likely that technical and other specific assistance will be required by the Statistics Department to adapt the system, overcome resistance and instil capacity.

8 FTI and Capacity Development

Context

Prior to 2002

8.1 Capacity development shortcomings were an issue across the education sector prior to 2002. Issues of particular relevance were:

- a) The substantial management challenges at various levels of the system
- b) Donor interventions being implemented in isolation and through parallel systems
- c) The lack of an overall vision or strategy for capacity development for the sector

8.2 The **management challenges at various levels of the system** included difficulty in the utilisation of national level data in order to guide policy and planning decision-making, the differences in resource levels for remote departments and autonomous regions, capacity constraints in terms of management at central and decentralised levels, the challenges of providing bilingual education for indigenous communities on the Atlantic Coast, and high percentages of non-formally trained teachers at both primary and secondary levels.

8.3 **Donor interventions had been implemented in isolation and through parallel systems.** Donor activity was not harmonised. The principal donor actors involved in capacity development were the World Bank, USAID, the European Union and Luxembourg. Their relevant activities for this period are summarised below:

- Since 1995, the World Bank had supported the Ministry of Education through the APRENDE I and II projects. The APRENDE II project was designed to consolidate and expand the gains of APRENDE I and contained an Institutional Strengthening and Modernisation Component designed to improve MoE management by: (i) modernising and consolidating MoE's monitoring and evaluation system, including the academic and non-academic systems; (ii) fostering the school autonomy model through financing extensive managerial training for school principals and members of the School Council; (iii) supporting the design and implementation of a supervision system; (iv) implementing a national evaluation system to assess student performance; and (v) disseminating information about the school autonomy model to make it more transparent to stakeholders.
- From 1994 onwards USAID implemented its BASE I and then BASE II projects using modern practices aimed at developing model schools. This approach included capacity building and training for teachers, school principals and administrators. A total of 170 primary schools were included in the project by 2002.
- Following the devastating effects of Hurricane Mitch on the whole Central American region in 1998, the EC established a Regional Programme for Reconstruction in Central America (PRRAC) in early 1999. One of the key elements of the programme in Nicaragua was the FOSED project that would eventually be implemented from 2002 – 2006 in the Managua and Nueva Segovia departments and the North Atlantic Autonomous Region. The specific objective of FOSED was 'to contribute to improving access to better quality education services, with adequate infrastructure and equipment, in the basic education, intercultural bilingual education, adult education and professional technical education sub-sectors'. Specific capacity development (CD) elements included improved training for professional technical educators through interaction with the National Technological Institute (INATEC) and a vocation-focussed Basic Education for Adults in intercultural bilingual communities component. The 1999-2002 period involved preparation for implementation and the

Studies and Technical Assistance Unit in Managua to provide sound diagnoses on which to base project activities.

- Luxembourg implemented two ‘normal schools’ projects (commencing in 1995) which in addition to a construction component included the objective of strengthening pedagogical and administrative materials and methods and IT modernisation for school libraries and support to pedagogic initiatives. Teacher training programmes were also financed.

8.4 In addition to donor financed activities, the General Secretary’s Office at the MoE had managed a scholarship scheme run since the mid 1990s allowing some central and decentralised staff to take study tours and longer courses abroad. Statistics training courses on collection of data at departmental and municipal levels were also carried out when resources allowed.

8.5 NGOs and CSOs also carried out in-service training on an ad-hoc decentralised basis, often in coordination with municipal level MoE technical staff. A variation on this approach continues to date, although with a higher degree of central control under the current administration.

8.6 Whilst all of the CD activities carried out by the various education sector stakeholders responded to a shared perception that this area was in need of reinforcement, the actions were not mapped or captured within a global vision. The **lack of an overall strategy for capacity development** for the sector is recognised in the National Education Plan 2001 – 2015 which signals deficiencies in the education system and highlights the lack of physical and financial capacity to attend to the school-age population. The Plan presents itself as the platform for a quantitative and qualitative change, mentioning various capacity related objectives and strategies but without prioritising amongst these. An extensive wish list of the human and technical capacity needed at all institutional levels is given,³⁷ yet no detail or costings are included as to how this capacity will be developed.

From 2002 to the present date

8.7 Communication channels between stakeholders at national level increased with the establishment of the education Sector Roundtable in early 2003. Capacity development concerns were voiced by donors in early sessions, as evidenced in the November 2002 Aide Memoire of the local donor assessment of the FTI proposal which urged that *“the country should continue on its path of improving institutional development in the education sector, increasing the proportion of public spending allocated to education, formulating clear medium- and long-term educational policies, strengthening secondary and technical education, completing the sectors legal framework, and raising the salaries and conditions of service of school teachers.”*

8.8 The Sector Roundtable of education donors formed the basis for a SWAp process that was taken forward by Minister de Franco and his staff. This eventually resulted in the drafting in 2004 of the earlier mentioned PCT which captured the activities connected to the SWAp process in one document. Although a capacity development plan as such was not developed, capacity development activities were included both in the PCT 2005-2008 and the relevant annual Operational Work Plans (POA) for 2005, 2006, 2007 and 2008, laying out results-based action plans and activities.

8.9 An example of this approach is as follows, Policy 3 of the PCT: ‘Improving governance: participation, results, accountability and efficiency’, has four lines of action, with activities detailed for each in the corresponding POAs. In the POA for 2005, line of action 3

³⁷ See page 41 of the ‘Plan Nacional de Educación 2001-2015’.

for this policy: *'Modernisation of the central structure of the MoE in line with the process of decentralisation to municipal level' included costed activities to 'elaborate TORs and contract international consultants to accompany this reengineering' and the 'contracting of all necessary support staff through public processes'.*

8.10 In addition to the CD activities financed on-budget by the GoN education budget, the principal donor projects with CD activity that have been aligned to the PCT since 2004 are as follows:

- The WB PASEN project – originally scheduled for the period 2004 to 2008, budgeted at USD 15.7m and the subject of a USD 10.4m sector investment credit – is heavily focussed on capacity development, incorporating components aimed at 'Strengthening the Ministry of Education Stewardship Capacity (USD 3.41 million)' both at central and municipal levels and strengthening of 'Program Monitoring, Evaluation, and Continuous Auditing Systems (USD 3.89 million)'. The Project Appraisal Document (PAD) in advance of PASEN's commencement clearly aligned it with the PCT. It acknowledged that the *"GoN is spearheading an effort to seek agreement from donors regarding a Common Work Program (CWP), which would establish clear performance benchmarks for the entire educational sector, rather than for isolated parts financed by separate donors"*. It stated that *"the project aims to bring together donors and lenders to help GON implement its National Education Policy, including the Education for All (EFA) goals"*.
- The USAID EXCELENCIA Programme (2005 – 2009) - the continuation of the BASE I and II programmes. This programme provides the 'model school' blueprint for the running of each of the autonomous schools within the MoE's decentralised approach. The model includes an important continuous CD element wherein auto-evaluation by teachers and school principals, assessments and inputs by EXCELENCIA facilitators, and the information collected at pupil examinations are combined in a self-improvement process for each school administration. USAID also had a regional Excellence in Teacher Training Centre (CETT) in Nicaragua, with the objective of improving teaching quality and skills for 1st – 3rd grade primary teachers. This centre worked with 329 primary schools in Nicaragua during its first phase and is currently working with 100 primary schools.
- The provision USD 8m in financing by Danida for *'Strengthening of necessary institutional and technical-pedagogical capacity for the functioning and implementation of the Autonomous Regions Education System (SEAR) in the Northern and Southern Atlantic Autonomous Regions'*.

8.11 Other donor projects with CD elements aligned with activities specified in the PCT for this period include the Spanish AECID MECE project (school principal and teacher training) and the Japanese International Cooperation Agency (JICA) PROMETAM Project (teacher training in Mathematics). However, it should be noted that the PCT does not explicitly acknowledge or take account of the fragmented contributions to CD.

8.12 The election of the FSLN government (January 2007) led to a break from previous policy and many of the priorities and strategies laid out in the PCT 2005-08. A wide-reaching participative process involved the establishment, in July 2007, of eight national commissions made up of ministry officials and representatives from teachers' unions, universities, CSOs, NGOs and in-country donors to reflect upon, diagnose and formulate proposals for different aspects of the Nicaraguan education system, namely: a) literacy; b) access and coverage; c) infrastructure; d) information and communications technologies; e) curriculum; f) strategic planning; g) the national HR training system; and h) decentralised and participative education management.

8.13 Of these eight commissions, the National Strategic Planning Commission was given the task of collecting developing and formulating an Institutional Development Plan 2008 – 2011 (PDI). A draft of this plan that has been circulated amongst stakeholders in education sector and will be the object of a review against the FTI capacity development guidelines. This activity is due to be completed during July 2009. It is being supported by Canada, Denmark and IDA – the process includes development of a complementary comprehensive CD/TA plan for the sector donor community to support.

FTI Inputs

8.14 The FTI inputs in terms of capacity development have included:

- The highlighting of capacity development deficiencies during the local donor assessment of the FTI Proposal in 2002; and,
- The use of the EFA-FTI ‘Guidelines for Capacity Development in the education sector’ as the basis of the upcoming review of the draft Institutional Development Plan (PDI) 2008-2011.

8.15 The EFA-FTI Country Proposal presented in 2002 detailed capacity development elements targeting improvement of: a) the quality of training and professional development for multi-grade teachers; and, b) its efforts to expand the scope and quality of training on the school autonomy, as relevant capacity development issues.

8.16 The joint assessment of the proposal became the first occasion for donors to sit together as a group and discuss common objectives and approaches in the sector. At its in-country assessment of the proposal (11/9/02), **the local donor group agreed and emphasised that focus on a broader structural context** was also necessary, and the **importance of continuing on the path of improving institutional development**. Two specific examples of improving teacher quality and capacity and performance in school supervision were given.

8.17 With the initiation of the education SWAp, the redundancy of the initial EFA-FTI proposal and the transformation of the format for EFA-FTI support in Nicaragua, the specific donor follow up on the institutional capacity elements identified in the donor assessment of the proposal was lost. However, from 2005 onwards the Joint Annual Reviews that are part of the SWAp have followed up on selected CD issues, such as utilisation of the Integrated Financial Information and Audit System (SIGFA) and demand for trained teachers during the 2005 and 2006 JARs.

8.18 As detailed above, as part of the current MoE administration’s developments in policy and planning, **the Institutional Development Plan (PDI) 2008-2011 is being reviewed against the EFA-FTI ‘Guidelines for Capacity Development in the education sector’**. This process was high on the agenda and was jointly discussed in both the 2007 and 2008 JARs. The comprehensive CD/Technical Assistance (TA) plan which is expected to result from this process would constitute the first time that an overall vision or strategy for capacity development for the sector has been formulated.

8.19 As detailed above in Chapter 4, Nicaragua was nominally included in the ‘Rural Multigrade Regional Project’ which was the subject of a USD 500,000 EPDF contribution commencing in 2006. However, due to the subsequent discovery that other agencies were already carrying out similar work, Nicaragua was dropped from the final list of participating countries.

8.20 MoE staff interviewed, including all those that attended the country case study team’s debriefing initial findings session, were not aware that Nicaragua had received any EPDF inputs nor, therefore, that such inputs had been used in the area of CD.

8.21 MoE staff interviewed, including all those that attended the country case study team's debriefing initial findings session, were not aware that Nicaragua had received any EPDF inputs nor, therefore, that such inputs had been used in the area of CD.

Relevance of FTI in the area of capacity development

8.22 The initial Nicaragua FTI proposal and in-country assessment process was only relevant in that it crystallised joint awareness around the wider structural capacity development needs that would have had to be dealt with in order to implement such a proposal. As detailed above, the activities proposed in this plan, and the follow up suggested by donors in terms of strengthening capacity, were neither followed-up nor implemented as such.

8.23 As detailed in Chapter 4, following the initiation of the SWAp process, the PCT is drafted outlining the priorities of the sector, with related CD activities included in the POAs. These plans are officially superimposed on the EFA-FTI country proposal, rendering the FTO proposal redundant. The influence of FTI is only attributable in that it had an initial catalytic effect in advancing the SWAp process. No specific evidence was found that the CD elements of the PCT were further influenced by FTI. With the exception of USD 206,000 that went towards primary level teacher training in 2007, no other FTI-CF allocations have been used for specific CD activities.

8.24 In spite of the improved focus on CD that the PCT and POAs constitute, a system to consolidate all of the necessary elements to piece together a comprehensive institutional CD Plan has proved elusive to date. The EFA-FTI 'Guidelines for Capacity Development in the education sector' are potentially very relevant in this respect, in that they provide a roadmap for the SWAp stakeholders to follow in order to finally remedy this shortcoming. A key donor representative interviewed stated that they believe this process will provide a "more solid" PDI and "should produce a more strategic vision on how to provide support."

Effectiveness of FTI's contribution to capacity development

8.25 This section includes detail on the effectiveness of the specific FTI inputs plus related comment on the effectiveness of donor expertise in the sector.

On development of sector capacity

8.26 The FTI briefly provided an opportunity for CD debate in Nicaragua and produced an important input for the current development of an overall sector CD strategy. No continued input to capacity development during the period since FTI endorsement is evident, however. The selection of the WB grant modality as the aid delivery instrument for FTI-CF allocations has also meant that possible indirect effects on capacity building through the use of the national financial systems and procedures have not been achieved.

8.27 With the exception of the two FTI inputs listed above, the most effective advances in CD have been delivered through the SWAp process. In addition to the specific CD issues addressed in the SWAp reference plans and documents, the joint working arrangements and reviews that the SWAp process entails have permitted the officials of the MoE to improve their capacities for leadership and management of the sector, the framing of medium-term plans and annual operative plans, the tying-in of plans with the budget, reporting exercises and negotiation regarding aid delivery instruments. The FTI can only be considered to have contributed to these advances in that it was one of many factors that led to the establishment of the Sector Roundtable and to the commencement of the SWAp.

On donor expertise and capacity development

8.28 There is recognition amongst development partners that the policies under the prior government, namely the decentralised autonomous schools model, did not contain the elements necessary to achieve the desired education results and advance meaningfully towards meeting the EFA goals. This observation may point to some deficiencies in the donor group as regards education sector technical expertise in that these problems were not identified and addressed earlier.

8.29 There was admission by donors that capacity development issues have not been given sufficient attention at roundtable sessions and in JARs. Major donors have tried to address this through selected areas of attention in specific projects which they have funded. Such CD areas include the automated Management Information System (MIS), teacher training and a focus on the inequalities in resources for the autonomous regions. There is now a clear strategy behind the review of the draft Education Institutional Development Plan 2008-2011 against the EFA-FTI Capacity Development Guide. This is being led by the Planning Department of the Ministry with support from Canada, Denmark (the in-country donors that take part in the most aligned aid delivery mechanism – PROASE) and IDA.

Efficiency of FTI's contribution to capacity development

8.30 As detailed above, FTI was not efficient in following through on the initial focus on capacity development that was sparked during the FTI in-country assessment phase.

8.31 Secondary CD effects and reduced transaction costs would have been achieved had the FTI-CF allocations been delivered through a more aligned aid delivery mechanism, such as PROASE – the preferred ODA instrument by the MoE.

8.32 The indirect effect of FTI on promoting the SWAp, and therein the PCT, led to a growing focus on CD within this process. However, a comprehensive approach to CD is not detailed in the PCT and has not, as yet, been implemented as part of the SWAp process. Stakeholders interviewed admitted that advances on issues such as the automated MIS have been disappointing and that the efficiency of the SWAp in promoting CD has, in general, been insufficient. Key donors in the sector now see this as a priority.

Sustainability

8.33 Capacity continues to be a serious constraint to further progress on the EFA goals. Considering the lack of progress in the capacity development debate at institutional level, it is not relevant to talk of sustainability as such.

8.34 It is likely, however, that the manner in which planning is now being conducted in the sector will lead to a more sustainable result. The simultaneous development of the Education Institutional Development Plan and the Sector CD/TA Plan should ensure that these plans are interlinked – with connected benefits for the sustainability of the initiative. The foreseen expansion of the PROASE common fund with a greater number of donors should also ensure that funding is available for addressing the priority CD areas which are identified.

8.35 Risks to these developments include:

- A change of government and a revision of national policies and plans to the detriment of the CD/TA plan under construction.
- The withdrawal from the education sector of key donors and/or major funding contributions and/or education specific technical staff on the donor side.

- An underestimation of the CD needs which will reduce the impact of the efforts that are being made.
- Insufficient attention to the structural issues that need to be addressed in terms of teachers and education staff working conditions and incentives, and the need for teacher training.

9 FTI and Aid Effectiveness

Context

FTI's aid effectiveness goals

9.1 The following goals set out in the FTI Framework document are directly concerned with aid effectiveness:

- *More efficient aid for primary education*, through actions of development partners to maximise coordination, complementarities and harmonisation in aid delivery and reduce transaction costs for FTI recipient countries;
- *Sustained increases in aid for primary education*, where countries demonstrate the ability to utilise it effectively.

The aid landscape in Nicaragua

9.2 **In financial terms**, ODA to the education sector increased by a third during the period 2001- 2006. Further information on education financing is provided in Chapters 3 and 6 above.

9.3 **In terms of alignment and harmonisation**. The Bolaños government that came to power in January 2002 was very conscious of the changing paradigms of international cooperation that were being voiced in Monterrey (2002) and later in Rome and Paris. The primary promoter and coordinator of the harmonisation and alignment process³⁸ in Nicaragua is MINREX. It instigated 'Annual Cooperation Coordination Forums', held from 2002 to 2006. These were the arena for the highest-level policy debate about coordination, harmonisation and alignment of international cooperation. The major lines of action were sketched out and agreed in these forums, and the achievements and adjustments needed were reviewed. The establishment of a coordination and dialogue system was decided on at the first forum in June 2002, which made way in February 2003 for Presidential Decree 71-2003, establishing the sector-wide coordination working groups.

9.4 Overall, in the education sector during the pre-2002 (and FTI) period most discussions around aid took place bilaterally between the relevant donors and the Ministry of Education. However, there was some coordination among donors around particular issues. Two examples stand out, namely the existence of a coordination group for the education response in the autonomous regions which was in place prior to FTI. This included government representatives and all those donors who had projects in these regions. The group had a joint work plan and conducted joint supervision visits and training. At a broader level, there was also a donor multi-sector group for the Atlantic Coast, aimed at coordinating support to that region from the perspective of a variety of sectors.

9.5 In early 2003 a roundtable of education sector stakeholders was formed – its first official meeting taking place slightly in advance of Decree 71-2003, on 29 January 2003. The participants included government officials from the MoE and MINREX, national project directors based in Project Management Units (PMU) within the MoE, and representatives of Embassies, donor agencies and NGOs supporting the education sector. Initial meetings

³⁸ For more information on initial H&A efforts in Nicaragua see: http://www.aidharmonization.org/ah-cla/ah-browser/index-abridged?rgn_cnt=ni&master=master

during 2003 centred on knowledge and experience sharing and the establishment of work groups to jointly diagnose the sector.

9.6 The Second Cooperation Coordination Forum in June 2003 was subtitled “A Sector-Wide Approach to Coordinating International Coordination”. This process led to the establishment in September 2003 of a Code of Conduct (CoC) between Nicaragua and its partners (including the commitment to SWAp). The SWAp process in the education sector was initiated immediately – in the same month. Early developments in 2004 included the establishment of a coordinating committee to oversee the progress of working groups with regard to their respective related objectives.

9.7 The reference document for the education SWAp process from its inception until the change of administration in 2007 was the PCT and its accompanying POAs (see chapter 5 on Policy and Planning). Development partners were encouraged to align and harmonise their activities, to the greatest extent possible, with these plans.

9.8 The SWAp process and the focus on the PCT laid the ground for the introduction of the PAPSE (budget support) and PROASE (pooled fund) aid delivery instruments (see chapter 6 on Financing). These two instruments are responsible for the majority of the increase in ODA to the education sector for the period since 2004.

9.9 The Joint Annual Review was developed as a result of the establishment of the PROASE common fund. The first JAR – which took place in 2005 - is entitled “Joint Annual Review of the Education Support Programme – PROASE”, even though the resulting document makes clear that the evaluation covers the WB PASEN project, the European Commission PAPSE instrument, the PROASE common fund between Denmark and Canada and the additional funds provided by EFA-FTI, all of which take the PCT as their reference.

9.10 The JARs have developed in duration, participation levels, complexity and relevance since 2005. Table 9.1 below details these advances and provides notes on the references to EFA-FTI in the Aide Memoires to each review.

9.11 Since the FSLN administration assumed power in January 2007, the PCT and its policies have been displaced as the reference documents for the SWAp process. These have been replaced by interim short term plans until the Education Institutional Development Plan 2008-2011 – currently under development – is finalised and becomes the reference document for the SWAp.

9.12 A further development in the area of harmonisation and alignment has been the implementation of joint audits by all SWAp partners of relevant funds administered by the MoE. Such audits were carried out in 2007 and 2008. However, this will not be the case for 2009, in part due to the need of PROASE common fund donors for a more detailed audit prior to a PROASE second phase³⁹ and also to allow time for the SWAp partners to redefine the joint audit terms of reference. It is expected that these issues will be addressed in the coming months and that joint audits will recommence in 2010.

³⁹ Audits for the previous years followed World Bank guidelines. However, upon review these were considered insufficiently in-depth by the PROASE donors for the preparation process currently under way.

Table 9.1 Advances in JARs during period 2005 - 2008

Year	Dates	Objectives of the Joint Annual Review	No. of signee entities	No. of other entities	Notes relevant to EFA-FTI
2005	21 -24 Nov 2005	i) Progress against Joint Work Plan and Annual Operational Plan (POA) 2005; and ii) Initial revision of the POA 2006	5	3	No presentation / evaluation specific to EFA-FTI took place. Informed that the FTI Secretariat would consider a new application on the basis of the 2006 Annual Operational Plan, with financing gap identified.
2006	22-25 Aug 2006	i) Progress against Joint Work Plan and Annual Operational Plan (POA) 2006; and ii) Initial revision of the POA 2007	8	9	EFA-FTI presentation planned but not carried out. Agreed that progress against EFA-FTI indicators plus others would be presented in future JARs.
2007	19-23 Nov 2007	i) Progress update for 1st Semester 2007; ii) Agree the process for joint revision of the MoE Strategic Plan (PDI) 2008-11 and the Work Plan 2008; iii) Update on the work of Education Commissions; iv) Evaluate grade of completion of the agreements made in the 2nd JAR 2006; and v) Identify basic needs of the Nicaraguan Education System through field visits to schools.	11	5	No EFA-FTI indicator progress presented. Donors comment on the necessity of a detailed description of UPC indicator progress. New MoE Strategic Plan (PDI) to be reviewed against the EFA-FTI CD guide. EFA-FTI CF funds to be used to counter effects of Hurricane Felix.
2008	31 Oct, 28 Nov, 10-12 Dec 2008	i) Review agreements made in JAR 2007; ii) Present report of the revision of the 2009 Short Term Plan; iii) Present proposal for technical evaluation of the PDI 2008-11; iv) Present a proposal for new joint M&E modalities for 2009; v) Present results of the 2007 joint audit; vi) Present a report on the TEPCE joint field visits 31 Oct and 28 Nov; and vii) Present progress against the PD principles in the education sector.	10	n/a	No EFA-FTI indicator progress presented. Commented and agreed (para. 27) that EFA-FTI CF funds should be used for capacity, TA, information systems, management etc.

FTI inputs

9.13 The FTI inputs in terms of aid effectiveness were twofold:

- The communication prior to the endorsement; and,
- The EFA-FTI endorsement process itself.

9.14 The **communication prior to the endorsement** between the MoE and EFA-FTI Secretariat set the scene for increased stakeholder involvement in national education issues. It was requested that locally based donors be involved as they were the best positioned (on the donor side) to provide relevant knowledge and judgement. The MoE duly presented the proposal to local donors and international NGOs prior to the definitive assessment and endorsement sessions and received letters of support from those that had been consulted.

9.15 **The EFA-FTI endorsement process**, and in particular the local donor assessment, provided the first opportunity for donors, NGOs and other stakeholders to jointly discuss

national level education sector issues. The Aide Memoire of the “Local Donors’ Assessment of Nicaragua’s EFA-FTI Proposal”, dated 13 November 2002, marks the first point in time that stakeholders state their intention to “*commit ourselves to constitute a permanent roundtable of education donors in Nicaragua, [...]*”.

The Relevance of FTI

9.16 The initial influence of the EFA-FTI proposal, and its in-country assessment process, can be considered relevant to aid effectiveness advances in the education sector in that it was the reference document around which sector development partners first established a joint working arrangement at national level (previous joint working relationships had always been at autonomous regional level and did not cover the sector as a whole). The FTI can thus be considered to have served as a catalyst in the emergence of common dialogue among partners.

9.17 This FTI contribution coincided with the strong country-wide aid effectiveness agenda which was driven forward by the President of the Republic and MINREX during the period 2002-2006. Interviewees consulted during this evaluation were clear in highlighting that the education sector was a pioneer in the push for harmonisation and alignment and that the experience in the sector served as an example for other sectors.

9.18 With regard to the progression from the FTI proposal in 2002 to the establishment of the Sector Roundtable at the end of 2002, to the SWAp in 2003, to the establishment of pooled funding and budget support instruments from 2004 onwards, the available evidence indicates that FTI played a role in all these steps. However, with the passing of time after FTI’s initial catalytic effect, and on the basis of the opinions voiced during stakeholder interviews, it is also clear that there was a diminishing degree of FTI direct attribution with each step.

9.19 As detailed above in Chapter 6 on Financing, the amount of ODA to the sector has increased since FTI endorsement in 2002. A link exists between FTI and this increase, but the exact attribution is difficult to assess. As some interviewees stated, there was a recognisable link between FTI and the considerable increase in donor funding to the sector. Others, that had not taken up post in Nicaragua until two or more years after FTI endorsement, did not make the link, specifying that their agencies were committed to increasing basic education funding regardless of FTI. A general awareness of the FTI compact and its implications for scaling up and mobilisation of increased funding for basic education on the part of country donors was not evident amongst the donor representatives interviewed.

9.20 The FTI-CF allocations can be considered relevant to aid effectiveness in that they are aligned to the country policies and priorities as identified in the PEN, and later in the PCT and POAs, yet they do not bring any added value in terms of utilisation of government systems and procedures as they are not disbursed through aligned pooled fund or budget support mechanisms.

FTI Influence on the effectiveness of aid

9.21 The FTI has contributed directly, although not exclusively, to the improvement of aid effectiveness in basic education in Nicaragua, principally through its role in kicking off the process of harmonisation of national level sector dialogue and increasing alignment with country policies and priorities. The dynamic has brought advances in terms of all of the Paris Declaration principles over the period 2002 to the present day. These general advances for each principle, along with further relevant FTI information, are detailed below:

9.22 **Ownership.** The launch of FTI coincided with the mandate of Mr. Silvio de Franco as Minister of Education and a period under his leadership of increasing country ownership in the sector. This period also witnessed, and was strengthened by, national level advances as the GoN took on board the Monterrey Consensus and messages emanating from the Rome HLF on Harmonisation. Development of the FTI proposal was led by MoE officials and World Bank consultants, with FTI member donors and other development partners only involved at the proposal assessment stage, and even internal departments in the MoE (other than planning) being mostly excluded from the design phase. Nonetheless, there is evidence that the SWAp process has been successfully owned by the MoE, although the strength of this ownership has varied over time – with initial strong leadership by Minister de Franco, a regression in this respect under Minister Garcia (2005-06), and a return to strong country leadership under current Minister de Castilla (2007 to date).

9.23 Joint ownership of the donor-side of the FTI by all member donors present in Nicaragua has never taken shape. As stated by one stakeholder interviewed (whose sentiments are mirrored by many others) “*you can’t talk about EFA-FTI in Nicaragua without talking about the World Bank*”. This perception has been one of the major weaknesses in fulfilling the multilateral ‘compact’ nature of the initiative and may, in part, be related to the quick ‘light-touch’ endorsement and lack of clarity amongst donors that is documented at the beginning of the process. As noted with regard to local representatives of the donor community by Minister Silvio de Franco in his letter to the FTI Secretariat on 9 May 2003: “*during the many meetings we have had on EFA FTI in the last six months – it has become apparent that many of them do not have clear signals from their headquarters about their role,...*”. This lack of initial clarity amongst local FTI-member donor representatives on the joint ownership elements of the FTI compact, that continues to date in some cases, may have meant that an opportunity to further integrate FTI within the SWAp, and thus give the process extra impetus, has so far been overlooked. It also contributed to the fact that FTI had no catalytic effect beyond the initial effect which came with the endorsement

9.24 FTI activity after the endorsement process itself has been limited to management and utilisation of FTI-CF allocations by the MoE and WB. The MoE has shown ownership of this process and has been able to influence developments in the usage of FTI-CF funds, as is evidenced by the fact that the use of the funds was adjusted based on the needs at particular moments in time.

9.25 **Alignment.** *In terms of planning*, the FTI proposal, as a complement to the PNE 2001-2015, had the potential to be used as a reference around which development partners could align ODA. Although this never occurred, a working group within the evolving SWAp process was charged with drafting the PCT. This Plan, along with its supporting POAs, successfully served as the main reference document for alignment of ODA, regardless of the modality used by individual development partners.

9.26 *In terms of alignment with national procedures*, the SWAp process and creation of the PCT clearly created an environment wherein development partners felt more confident about medium term commitments. The creation of the PROASE common fund followed an appraisal of the different modalities that could be used to scale up ODA by the relevant development partners. In choosing the most aligned option – that of a common fund using national procedures to finance activities linked to national priorities – the existence of the PCT was of key importance. The EC PAPSE budget support modality is also clearly aligned in its use of national procedures. The WB grant modality used to disburse FTI-CF allocations is also aligned to national priorities but does not use national procedures, missing out on the opportunity to add value or strengthen national capacity and increasing transaction costs for the MoE. It should be made clear that disbursement of FTI-CF allocations started before the PROASE was initiated in 2005. However, in the three years that followed, no real efforts

have been made to change the modality of disbursement. As reported by key stakeholders consulted during the evaluation, the WB has considered this too complicated, and the MoE and other FTI-member development partners acknowledge that they have not pushed hard enough for this change after encountering resistance at WB Headquarters (HQ) level when informal enquiries were made. The main stakeholders agree, however, that should Nicaragua qualify for further funding in a second FTI endorsement process, this arrangement would have to be reviewed and that allocations should be channelled through established and proven aligned financing modalities.

9.27 Harmonisation and Coordination. The FTI proposal and assessment process proved a catalyst for the definitive establishment of harmonisation and coordination mechanisms at national level in the education sector. These mechanisms have become more robust and inclusive with time and now include the consolidated Sector Roundtable with well-structured periodic meetings, the JAR process, and a joint audit initiative that is currently under revision but due to recommence as from 2010. The lead (or link) donor – “enlace” – for this entire period has been the EC. The FTI influence on these mechanisms has clearly waned since providing an initial push in 2002/2003 and as noted above there has been little ownership of FTI by donors. There is also little coordination or harmonisation between FTI member donors and the WB with regard to use of FTI-CF allocations. In practice FTI continues to be seen very much as a WB project.

9.28 Managing for results – the use of data and monitoring and evaluation in the management of the education sector has been covered above in chapter 7.

9.29 Mutual accountability. The Sector Roundtable meetings and JARs provide an opportunity to discuss sector performance and the inputs of both the GoN and of development partners. These mutual accountability mechanisms now include a wide range of stakeholders, with an increasing role for CSOs during the current administration. Although consistently improving in quality, the JARs still lack systematic methodology for monitoring of progress against indicators. Neither the FTI Indicative Framework nor any other Performance Assessment Framework (PAF) has been agreed and established. With the advent of the PDI and its review against the EFA-FTI CD guidelines there is the prospect that a PAF will developed for all stakeholders to mutually monitor sector development.

9.30 In terms of **aid predictability**, there are various shortcomings still to be overcome. The PROASE common fund is the most reliable delivery mechanism, with medium term allocations clarified in a timely manner. The EC PAPSE budget support mechanism has caused problems for the MoE in terms of predictability of sector funds, although it clearly designates donation levels in terms of fixed and variable tranches and establishes the triggers for disbursement (see the finance chapter above).

9.31 The WB management of FTI-CF allocations has had considerable failings in regard to predictability of aid, with a lack of transparency evident at various points in the process. A generalised state of uncertainty surrounds the links between FTI, FTI-CF allocations, WB projects and reporting, monitoring and disbursements relating to the various elements of the WB-managed education portfolio in Nicaragua. Various stakeholders informed the evaluation team that their understanding was that disbursement of the different tranches of FTI-CF allocations was linked to the achievement of targets relating to the WB APRENDE and PASEN projects and that this had contributed to substantial delays. This was, however, denied by WB staff interviewed, who claimed that there must be a misunderstanding. It was clarified by a WB source the FTI-CF tranches supported activities in the relevant POA, but that these had to consist of specific programmes, and that in practice this meant that a project document with a project appraisal report was required for disbursement of each tranche.

9.32 Table 9.2 below details the timeframes from allocation decision, to communication of allocation decisions to the GoN, to disbursement for each allocation that the evaluation team has been able to reconstruct.

Table 9.2 Dates of communications and disbursements relating to FTI-CF allocations to Nicaragua

	1st allocation	2nd allocation	3rd allocation (i)	3rd allocation (ii)
Originally designated for year	2004	2005	2006	
Decision date by FTI-CF Strategy Committee	22 Nov 2003	12 Nov 2004	02 Dec 2005	12 Dec 2006
Amount allocated	USD 7m	USD 7m	USD 7m	USD 3m top-up
Decision communicated to WB Country Director	?	?	05/01/2006	01/12/2006
WB Country Director communicates decision to Govt. of Nicaragua	12 Aug 2004	To MoE: 25 Jan 2006 To MoF: 17 Oct 2006	To MoE: ? To MoF: 25 Feb 2009	
Grant Code	TF053991	TF057311	TF057311	TF057311
1st disbursement date	USD 3.5m on 01 Oct 2004	USD 3.5m on 20 Dec 2006	Pending	
2nd disbursement date	USD 3.5m on 09 May 2005	USD 3.5m on 30 Nov 2007		
Grant account closed	01 Feb 2006	Pending		

9.33 In terms of implementation and disbursement, the FTI-CF allocations have suffered increasing delays. By way of brief comparison, the allocation originally decided upon in November 2003 took 18 months to disburse, the allocation originally decided upon in November 2004 took 36 months to disburse, and the allocation originally decided upon in December 2005 (and then topped up in November 2006) has still not seen any disbursement of funds 42 months later (as of 2nd June 2009).

9.34 The reasons behind these delays are multiple, with delays in subsequent disbursements obviously affected by the cumulative effect of delays in disbursement of previous allocations. Delays should also be understood within the context of the complex bureaucratic communications, competitive bidding and acquisitions processes that are jointly coordinated by the WB, the GoN and MoE relating to management of the FTI-CF allocations.

9.35 As far as communications of FTI-CF allocation is concerned: the GoN was made aware of the initial USD 7m allocation immediately; the availability of the second allocation of USD 7m was officially communicated to the GoN in January 2006 (some 13 months after the decision by the FTI Strategy Committee); and the decision to make a third allocation of USD 7m (that became USD 10m) was not officially communicated to the GoN until February 2009 (more than 3 years after the initial decision).

9.36 It is hard to find justification for these delays in communications as the various administrations that held power during the period would have benefitted from the knowledge of the allocation decisions that had been made in order to facilitate medium-term planning and better calculate funding gaps. With regard to both disbursement and communication delays, it is evident that the FTI-CF arrangements compare poorly in aid effectiveness and

predictability terms in comparison with the more fluid nature of disbursements and medium term funding pledges of the PROASE common fund.

9.37 **In summary**, the coordination, dialogue, evaluation and ODA delivery instruments that have been developed through the SWAp process over this period are by no means perfect and have shortcomings as detailed above. However, the joint working arrangements that the SWAp process entails have increased the effectiveness of aid by: a) consolidating sector ownership on the part of MoE officials; b) aligning ODA around government designed sector plans; and c) harmonising donor efforts – including the creation of common funding instruments; and d) reducing transaction costs and increasing mutual accountability through continuous development of JARs. The FTI had an initial direct, although limited, catalytic role in this process, but has not provided further positive examples to boost collective effectiveness.

FTI influence on the efficiency of aid

9.38 In terms of **aid modalities**, efficiency has improved since FTI endorsement with a reduction in the use of the project modality, the introduction of both budget support and common fund modalities, and greater alignment of ODA with government priorities and plans for all modalities.

9.39 Unfortunately these efficiency gains in aid delivery have produced only limited sector progress, due to the reasons mentioned in the Data and Monitoring and Evaluation Chapter, and to the mixed results of some of the major sector policies prioritised by the MoE for this period (eg. the decentralised autonomous schools model).

9.40 With regard to the **administration of FTI-CF allocations**, the management of these funds has not brought efficiency gains as the delivery mechanism utilised has proved conducive to delays in disbursement and has resulted in high transaction costs for the MoE. Stakeholders interviewed by the evaluation team made it clear that the wisdom of this choice of delivery mechanism has been questioned on more than one occasion by various actors in the Nicaraguan education sector (including by representatives of the MoE, the WB itself and other development partners).

Sustainability

9.41 The sector coordination, dialogue and review mechanisms are now well developed and continue to mature. The Sector Roundtable and SWAp process have now been functioning for six years and the JARs have four years experience to build on. There is buy-in on the part of all stakeholders. A test of the durability of these mechanisms came with the change of government in 2007 and scrapping of previous policies and references for the SWAp. The fact that SWAp momentum has been maintained through this period and accepted by the incoming administration is a sign of the strength and sustainability of the process.

9.42 In order to obtain benefit from further FTI-CF allocations, Nicaragua will be required to undertake the FTI endorsement process anew. Sector stakeholders perceive this as a welcome opportunity to review current arrangements surrounding the management of FTI-CF allocations and to take a more pro-active approach with regards to FTI in general now that there is better understanding of the initiative – in contrast to the circumstances surrounding initial endorsement in 2002 – and more experience of joint planning and funding arrangements.

9.43 Negotiations around a second phase of the PROASE common fund – one of the key funding elements of the SWAp, and the preferred instrument of the MoE – are currently under way. There are expectations that further donors could join the common fund

arrangements, and that this could in the future include FTI-CF allocations made under a new endorsement process. A successful expansion of the common fund to include more donors and an increasing volume of funding would provide a stable financial platform upon which to proceed with the implementation of medium and long term government policies and strategies.

9.44 Risks to the sustainability of aid effectiveness progress include any future reductions in the number of Paris Declaration-minded donors, and further interruptions in the definition of sector plans (the key references within the continuously developing SWAp process), the volatile nature of the current national political atmosphere and any successive changes of government could entail.

10 Cross-Cutting Issues

Context

10.1 The key cross-cutting issues for Nicaragua are equity and inclusion, and gender. The situation with respect to these issues is summarised in the 2007 EFA monitoring report as follows:

“In Nicaragua there are no acute problems of gender inequity in access to education. However, there is evidence of disparities in access to education in terms of the area of residence (to the detriment of rural areas) and even more so according to the socio-economic standing of families. As to retention in school, there is evidence of significant gender gaps to the detriment of males. This situation is aggravated in secondary education since more young men are forced to enter the world of work”. (Porta & Laguna, 2007, p. 9).

10.2 Nicaragua is the country of the region with the second greatest educational inequality (Porta and Laguna, 2006). As a result it has the probability of remaining in the education system is strongly influenced by income quintile and area of residence. The biggest differences with respect to equity are found in certain geographical areas, including the Autonomous Atlantic Region, Nueva Segovia and Jinotega with the lowest primary coverage and higher rates of poverty.

10.3 Various reports (Porta & Laguna, 2007; CIASES, 2008) underscore that the main reasons for non-retention among the 7-12 age group are economic problems and lack of interest – and this is illustrated by the fact that average annual cost of primary education was according to 2006 research equivalent to 22% of the extreme poverty line.

10.4 With a stable adult prevalence rate of 0.2% HIV has not been a major health or development concern. However, there are factors that put the country at risk of growing prevalence rates, among which issues related to migration, poverty, gender inequality, early sexual debut and unsafe sexual practices. This has led some donors to focus on supporting this area, even though HIV and AIDS have not been explicit policy priorities of the sector.

10.5 The PNE (2001-2015) highlighted both equity and exclusion as key issues, in particular with respect to poor children and rural areas. Gender was explicitly singled out in the PNE as not being an issue in terms of primary enrolment. There was no mention of HIV/AIDS in Plan. The PCT (2005), drafted four years later also did not mention HIV/AIDS. The version of the Institutional Development Plan which is under development and to which the evaluation team had access still does not mention HIV/AIDS.

10.6 Cross-cutting issues have also received attention across a number of specific programmes, some of which are funded by donors. This includes Danida which has financed a programme aimed at supporting civil society organisations in implementing HIV/AIDS related activities, which includes an advocacy component vis-à-vis de MoE. Danida has also supported the Atlantic Coast region with a programme which aims at addressing issues of equity and inclusion and includes a capacity building component for managers at decentralised levels (historically donors have paid attention marginalised ethnic groups because of the particular situation in Nicaragua). A programme of school counselling has been put in place which among others addresses counselling on sexual reproductive health and on HIV/ AIDS. HIV and AIDS have also been integrated in the curriculum reform which was introduced by the new government.

10.7 Up until 2007, although public education was officially free of charge, the costs related to school supplies, school uniforms and transport, as well as the practice of charging

for a number of school related costs mentioned earlier in this report (exam fees, school activities, etc) had the effect of reducing the possibility for the children of the poor to attend school, even though specific programmes existed to encourage enrolment and retention by disadvantaged pupils. Child labour – estimated at 15% for children between 4 and 15 years of age (Unicef) – also means that there is for many poor families an important opportunity cost of sending children to school.

10.8 Strategies of the current government seek to address issues of equity. These continue and expand some of the programmes that had already been in existence under the prior government (such as school feeding). Specific strategies of the current government include abolition of fee collection by schools, a massive literacy campaign, introduction of free primary schooling, the extension of school feeding to all schools in the country, distribution of school uniforms to poor children, and programmes for monitoring drop-outs and recruiting them back into either the regular education stream or into a parallel stream designed for accelerated study by older students and children with disabilities. It is too early to judge what the specific impact of these programmes has been, although there are indications of a strong impact on enrolment rates.

FTI Inputs and Activities

10.9 In terms of FTI inputs with regard to cross cutting issues, these consist of the indicators monitored in the indicative framework, in particular through gender disaggregation of statistics and the endorsement process which raised a number of concerns with respect to the strategies that were being put forward. The endorsement report specifically highlighted the importance of accompanying the key programmes aimed at addressing equity and inclusion, with a process of capacity building to implement, support and monitor progress.

10.10 The inputs of FTI on cross-cutting issues were therefore limited and concentrated essentially on the period leading up to the endorsement and on the endorsement process itself. Following endorsement some of the FTI CF has been used to support implementation of strategies aimed at promoting inclusion and equity, in particular the CF in 2004 which was used for the school feeding programme.

Relevance

10.11 The policies between 2001 and 2007 included a focus on equity and inclusion which were relevant to some of the key issues identified. Nonetheless, the situation of the country, with a PCR which has stubbornly remained at around 40%, it is clear that the majority of children still do not complete primary school and that issues of equity continue to be very relevant.

10.12 The identification – at the time of endorsement – of issues which would need to receive attention in the implementation of strategies that aimed at addressing issues of equity was also very relevant, but in practice received insufficient follow-up to produce results. This is related to the fact that the FTI, after an initial catalytic effect on planning processes did not have any direct further influence on policy or on the specific nature of its implementation in the country.

10.13 However, FTI CF support was used to address equity and inclusion concerns – both key cross cutting issues – by funding government programmes aimed at increasing enrolment and retention in schools. This was very relevant to the problems identified by the government and to the needs of the country. The FTI CF has been used to support implementation of key strategies aimed at inclusion and equity.

Effectiveness

10.14 As was highlighted earlier in this report, the PNE was developed in a participatory and consultative manner, involving over 3000 stakeholders. It is not clear whether there were specific efforts to encourage discussion on cross-cutting issues, although it is likely that issues of equity (which were central to the policy) would have been discussed.

10.15 The PNE and the FTI proposal highlighted equity and inclusion, and a number of studies were done with follow-up on how policies were being implemented. However, as far as the evaluation team was able to establish no specific capacity building took place on cross-cutting issues.

10.16 A number of strategies, outlined in the PNE, were put in place to promote equity and inclusion. The expansion of the (until then) pilot school autonomy programme to a national scale, was an important part of these strategies. Additional strategies aimed at promoting equity and inclusion included the introduction and gradual scaling-up of a school feeding programme and a scholarship programme which was to target poor children. Nonetheless the EFA report quoted earlier above notes that:

“While it is true that there are some pilot programmes to address educational inequality regarding access to education ... it is noteworthy that the recent administrations have failed to define clear policies in favour of greater educational equity nationwide, merely applying differentiated incentives according to area of residence, socio-economic standing, sex and age” (Porta & Laguna, 2007, p. 12).

10.17 As a result of the FTI process, stakeholders identified the need for better coordination and established a coordination table and specific working groups around key issues which did look in depth at some of the equity issues. As was seen in Chapter 6 in this manner FTI influenced planning processes but there is no clear evidence that this included monitoring processes and capacity development on cross cutting issues. The current changes in policy and strategies which impact on cross-cutting issues cannot be attributed to FTI either.

Efficiency

10.18 In 2004 the vast majority of funding provided by FTI was channelled at school feeding programmes which have had important benefits in terms of enrolment and retention.

10.19 However, the manner in which other government policies – in particular the key strategy of promoting school autonomy – were implemented led to growing practice of charging “voluntary” fees for key transactions in the educational process (registration, school trips, exam papers, school reports). Statistical analysis for that period show a significant negative impact on key indicators of equity and inclusion with poor children being driven away from schools (CIASES, 2008).

10.20 Thus although the bulk of FTI funds were used for programmes which potentially promoted equity and inclusion, strategies for implementation which were part of the PNE were counterproductive to achieving the objectives. This reduced the efficiency of FTI support to the sector and reduced the impact on reducing equity and inclusion.

10.21 In 2006 the last tranche of FTI funding (3.5 million) which was made available was used to address the impact of the Hurricane. Anecdotal evidence indicates that this helped ensure that children were able to stay in school. By that criterion this particular portion of the funding was efficiently translated into results.

Sustainability

10.22 Equity and inclusion has been a dominant theme in both government periods but with lack of attention to implementation. Insufficient attention to capacity constraints within the systems has reduced the impact of the strategies that have been put in place.

PART D: CONCLUSIONS AND RECOMMENDATIONS

11 Conclusions

Introduction

11.1 This chapter first gives the evaluation team's overall assessments for Nicaragua against each of the main high level questions. It then provides a summary of overall conclusions and of conclusions for each stream of analysis. In addition, Annex M provides a summary of conclusions in the form of a matrix which identifies FTI inputs and assesses the relevance, effectiveness, efficiency and sustainability of the FTI contribution.

The High Level Evaluation Questions

Is what the FTI aims to accomplish consistent with current needs and priorities of Nicaragua?

11.2 FTI aims at promoting quality plans, enhancing sector capacity for planning, monitoring and evaluation, and at galvanising more and better harmonised and aligned support to basic education. All these goals were – and continue to be – highly relevant to Nicaragua which through its PNE sought to address issues of access, equity and quality in education. In particular, at the time of FTI endorsement, the GoN was very committed to the aid harmonisation and alignment agenda and the FTI was seen as a means to do this, moving from a fragmented project landscape to more, longer term, and increasingly predictable support. In addition, an important priority for the Ministry of Education was to secure interest from more donors in supporting the implementation of the PNE and to obtain more funding. FTI was seen as an important avenue to achieving this priority goal. FTI therefore was clearly relevant to the needs and priorities of Nicaragua at the time.

11.3 FTI was also particularly relevant because the country was already moving forward on the commitments made in Dakar regarding EFA. FTI provided further legitimacy and a 'sense of purpose' to this agenda. In this context the IF was seen as a useful reference tool for planning and it was not – as was the case for some other countries – interpreted as a conditionality for accessing additional funding. In fact the broad focus of the PNE which included pre-school education and adult literacy was not called into question (as it was in some other countries) by an excessive focus on UPC as the indicator of success.

11.4 The endorsement of the country's FTI proposal had a key catalytic effect on planning and on coordination in the sector, bringing together stakeholders around a Sector Roundtable. However, the fact that FTI required a separate proposal represented a missed opportunity for the sector to examine the priority programmes identified for FTI support in the context of the sector as a whole, and to address some of the overarching issues that were critical to making progress on the important equity and capacity gaps in the sector. The choice of the FTI CF aid modality to the sector – which has stubbornly continued to be a separate project in spite of the establishment (in the interim) of a pooled fund for the sector, and the provision of budget support by one major donor, has been less than relevant for the donor alignment agenda. It has in fact contributed to greater transaction costs, reduced predictability and increasingly significant delays for the GoN.

11.5 FTI also failed to provide further impetus beyond the actual endorsement process, and as a result the initial catalytic effect waned quickly and key areas where FTI sought to have an influence were left untouched. Of particular relevance in this respect, the key area of capacity development received next to no input from FTI beyond initial support to the planning process in the context of the drafting of the FTI proposal. Provision of support to CD would have been highly relevant to the plans that were in place, but this did not occur.

To what extent is FTI accomplishing what it was designed to do, accelerating progress on EFA?

11.6 There have been improvements in planning and coordination, and progress on harmonisation and alignment. These developments are partially attributable to the catalytic effect of FTI through the establishment of the Education Table after endorsement in 2002. In these two areas FTI has thus contributed to strengthening conditions which will allow for further progress on EFA.

11.7 This report has shown that the evidence of progress towards EFA in itself is mixed. Access to and participation in pre-primary and adult education have seen an impressive growth in key indicators, including enrolments, and also retention. However, the area of primary education, where the vast majority of resources were expended (including those of the CF), has shown disappointingly little improvement over the period that FTI is active in Nicaragua, and in fact have shown rather alarming levels of regression on some key statistics. The collective planning and monitoring mechanisms have in this sense not functioned effectively in 'correcting' issues which arose as a result of the school autonomy process. As there is little evidence that FTI has contributed to the increased levels of funding for primary education (see below and also Chapter 6), it is not possible to conclude that FTI has directly contributed to the gains at pre-primary level. With respect to adult education, the gains that were made so far need to be almost exclusively attributed to the FSLN government which since 2007 has focussed strongly on this area.

Has the FTI helped mobilise domestic and international resources in support of EFA and helped donor agencies to adopt more efficient development assistance strategies based on Paris Declaration principles?

11.8 Over the evaluation period there has been a noticeable growth in funding in primary education, although overall the budget for the education sector has not increased. This reflects funding provided by other donors through budget support mechanisms and more recently period, is the result of a strong government focus on expanding coverage and quality at all levels of education and a growing government budget. There is little direct evidence that this growth in funding is attributable to FTI. However, it is likely that FTI played a modest and very indirect role through its contribution to the establishment of the Sector Roundtable. This mechanism allowed stakeholders to come together and resulted in strengthened planning and improved aid effectiveness, including the establishment of pooled funding mechanisms through which an important part of the money for basic education was channelled.

11.9 FTI CF has not itself contributed to filling the funding gap. A rational explanation for the fact that Nicaragua has consistently received comparatively low levels of funding was not found by the evaluation team.

Relevance, effectiveness, efficiency and sustainability

Education Policy and Planning

11.10 FTI did not have any particular influence on policy. Key policies were in place when the EFA/FTI country proposal was developed, and subsequent policy changes have mainly been decided at the political level. The EFA/FTI proposal was a pre-requisite from the FTI Secretariat for endorsement but was largely side-lined by the later preparation of the PCT.

11.11 FTI has made a contribution to improving planning within the sector. This influence has mainly taken place through the establishment of the Education Sector Roundtable – which was a direct outcome of the endorsement process and assisted in the SWAp start-up and subsequent preparation of the PCT and of Annual Work Plans. Capacity was built

through technical input from World Bank consultants to the Planning Department but this was subsequently lost when staff left the MoE.

11.12 The process of annual planning and reviews with the donors has become well institutionalized and survived the changes in leadership in the sector and in the country.

Financing of Education

11.13 EFA-FTI CF allocations have represented a modest increase in primary education financing in Nicaragua from 2002 to date.

11.14 Whilst allocations of budget resources from national sources have recently increased, especially those targeting primary education, this is due the change of government in 2007 and is not attributable to FTI.

11.15 The poor predictability of FTI CF allocation disbursements made it necessary to adjust the planned usage of these funds.

11.16 The method used to calculate the financial gap for the EFA-FTI Country Proposal in 2002, and again for the PCT in 2004, could have strengthened MoE capacity. However, these skills were lost when MoE consultants left their posts without having trained permanent MoE civil servants

11.17 The EFA-FTI endorsement had an indirect positive effect on the creation of the PROASE common fund, which in turn strengthened the development of the SWAp (e.g. JARs were initiated as a review of PROASE).

11.18 The main risks to education financing come from factors outside the sector, such as reductions in external aid for political reasons and the international financial crisis which is affecting exports and private funds transfers from relatives abroad.

Data and M&E

11.19 FTI has contributed to strengthening data and M&E through the introduction of the IF but has not strengthened M&E processes as it could have if it had promoted systematic analysis of the IF indicators.

11.20 The IF was analysed at some Sector Roundtables and JARs but changes in the MoE leadership (renewal of both Ministers and Government administrations) and lack of continuity amongst high level technical staff have impeded development of an effective M&E process.

Capacity Development

11.21 The FTI contribution in terms of capacity development is limited to two inputs and cannot be considered consistent over the period since assessment of the EFA-FTI country proposal.

11.22 The first of these inputs is the highlighting of capacity development deficiencies during the local donor assessment of the FTI Proposal in 2002: This is significant in that it represents the first occasion that donors sat together as a group to discuss common objectives and approaches in the sector. In assessing the proposal, the local donor group agreed and emphasised that focus on a broader structural context was necessary, and the importance of continuing on the path of improving institutional development. With the initiation of the SWAp process, the PCT was officially superimposed on the EFA-FTI country proposal and further joint CD dialogue was carried out in the context of the SWAp roundtable and Joint Annual Review mechanisms, which have struggled to maintain CD issues at the top of the agenda.

11.23 The second FTI input consists of use of the EFA-FTI ‘Guidelines for Capacity Development in the education sector’ as the basis of the upcoming review of the draft Institutional Development Plan (PDI) 2008-2011. Although this process has not yet been completed, the proposed resulting comprehensive CD/Technical Assistance (TA) plan would constitute the first time that an overall vision or strategy for capacity development for the sector has been formulated.

11.24 Nicaragua has not been the direct recipient of any EPDF inputs, nor were any of the MoE staff consulted aware of the existence of this resource.

Aid Effectiveness

11.25 FTI contributions to aid effectiveness in Nicaragua can be deemed to have decreased, from considerable to minimal (or even negative), during the period since assessment of the EFA-FTI country proposal. The assessment period itself represents the moment of maximum FTI positive input in that it identified that local donor representatives as a harmonised group were those best situated to assess the feasibility of the Nicaragua proposal. The local donor assessment then provided the first opportunity for donors, NGOs and other stakeholders to jointly discuss national level education sector issues. The Aide Memoire of the “Local Donors’ Assessment of Nicaragua’s EFA-FTI Proposal” marks the first point in time that stakeholders state their intention to “commit ourselves to constitute a permanent roundtable of education donors in Nicaragua.

11.26 The EFA-FTI assessment process coincided with the strong country-wide aid effectiveness agenda which was driven forward by the President of the Republic and MINREX and contributed to the establishment of the education sector SWAp.

11.27 In terms of the Paris Declaration principles, FTI ‘arrived’ in Nicaragua during a period of strong sector leadership and has not contributed to strengthening this leadership, which has varied as subsequent Ministers have been appointed.

11.28 The FTI CF allocations have financed activities that are aligned to MoE sector priorities but are administered through a WB grant modality that does not use national procedures, missing out on the opportunity to add value or strengthen national capacity and increasing transaction costs for the MoE.

11.29 Serious aid predictability issues surround both disbursement and communication delays relating to FTI-CF allocations. The various administrations that have held power during the period would have benefitted from clearer understanding of disbursement conditions and knowledge that allocation decisions that had been made in order to facilitate medium-term planning and better calculate funding gaps.

Cross-Cutting Issues

11.30 Equity has been a prominent cross cutting issue for Nicaragua and this is reflected in the Education Plans for the period covered by this evaluation.

11.31 As a result of the FTI endorsement process, stakeholders identified the need for better coordination and established working groups to deal with specific cross-cutting issues. In this manner, FTI has had an influence on planning processes.

11.32 However, there is no clear evidence that this included monitoring processes and capacity development on cross-cutting issues. The current changes in policy and strategies – with a much stronger focus on equity and which impact on cross-cutting issues - are the product of political commitments and cannot be attributed to FTI.

12 Recommendations and Reflections

12.1 Nicaragua was one of the first eight countries to be endorsed by FTI in 2002. This took place at a time when the details on the nature of the endorsement process, the requirements that would need to be met, and the mechanisms by which additional funds would be made available were still under development or entirely unclear. The findings of this study must be seen in the light of the phase in which Nicaragua was endorsed.

12.2 Although preliminary, these findings suggest the presence of a catalytic effect of the FTI endorsement on planning processes, and on aid effectiveness in Nicaragua. The processes which took place in the 'early' FTI phase – in particular planning efforts and the establishment of the Sectoral Table – have contributed significantly to the establishment of a SWAp in the sector. No evidence was found, however, of an impact of FTI on capacity development, on data and monitoring and evaluation, or on key cross cutting issues. In terms of outcomes, Nicaragua has over the period that the FTI was most prominent in the country (2002-2006) seen a worrying stagnation or reduction in key indicators of transition and completion at primary education level. Key indicators for other areas of the EFA agenda, in particular pre-primary and adult education have, on the other hand, shown improvement.

12.3 The development of a new sector plan is currently under way. This plan will reflect a strong focus on quality and equity. To date the GoN has shown a strong commitment not only to increase domestic resources for education, but also to strengthen policy, and monitor its implementation. A number of innovative programmes are being rolled out to ensure that these key policy goals are implemented.

12.4 In this context, the findings of this study suggest that this is fertile ground for:

- Increasing the catalytic effect of FTI in the coming period (for example, through a more robust re-endorsement process which is better oriented to national priorities and which is monitored more carefully).
- Increasing the effectiveness and alignment of financial resources using disbursement mechanisms which are more appropriate, and considering the option of using an alternative management agent if this is more convenient.
- Stronger engagement with and ownership of the FTI process by government, donors, and civil society stakeholders.

12.5 A number of factors emerged from this study as having contributed to reducing the contribution which FTI was able to make. Three of these are highlighted below:

- Beyond the strong government leadership leading up to the endorsement process, there has been a limited level of ownership of FTI at country level. In practice FTI has been just another project as a number of stakeholders consulted during this study emphasized.
- Monitoring of progress in the sector has only gradually improved over the period considered by this study, but in general monitoring is still poor and insufficiently linked to decision making on policies and strategies.
- The delays in disbursement of CF allocations - which have become longer with each successive instalment – have had serious repercussions for the planning and implementation capacity of the MoE.⁴⁰

⁴⁰ On a positive note, however, there has been flexibility on the part of the management agent (the WB) in allocating these funds to priorities of the moment when they were made available.

12.6 Finally, there are some broader issues for consideration which arise out of this case study of FTI functioning in Nicaragua:

- There is a need for reflection and thinking around what the catalytic effect of FTI is supposed to be beyond the endorsement process and what needs to be done to ensure this takes place.
- There is no real incentive or requirement for FTI donor partners to take responsibility for FTI at country level. In reality in Nicaragua the WB is the voice of FTI at country level. This contributes to FTI being seen as a WB project, and the lack of understanding of other donors of FTI processes implies that there is no real counter voice on key issues.
- Capacity development issues are key to the possible FTI effect beyond the endorsement process – i.e. the plan may be credible but in the absence of capacity to implement and monitor it, progress will be constrained. Nonetheless the issue of capacity development within the partnership is given too little attention, and this is reflected in a patchwork of solutions at country level. In this context it is somewhat incomprehensible that the EPDF has not been used even though Nicaragua has clear CD needs.
- The monitoring of policy and strategies which address equity issues needs much more serious consideration and attention, as these are one of the key factors in Nicaragua failing to meet UPC.
- The importance of ensuring that FTI aligns with modalities and procedures as these evolve in the sector.
- The implications of the choice of FTI CF management agent for the visibility and ownership of FTI.

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Annex A – A Note on Methodology

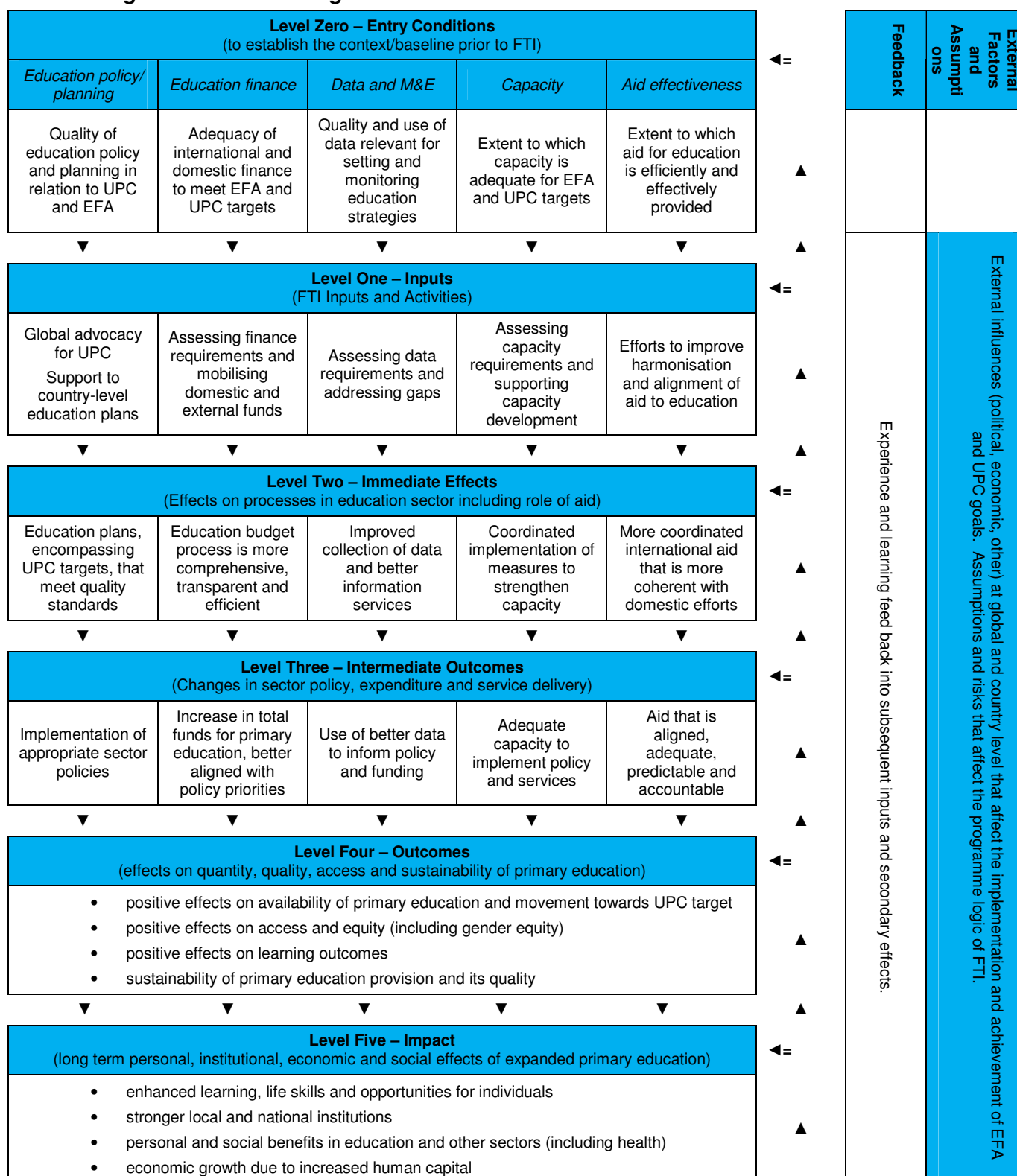
A1. The methodology for the mid-term evaluation of the Fast Track Initiative is fully described in the *Evaluation Framework* (Cambridge Education, Mokoro and OPM, January 2009), available from the study web-site at: www.camb-ed.com/fasttrackinitiative.

A2. The *Evaluation Framework* includes a detailed programme theory for FTI. This describes the hypotheses to be tested by the evaluation, and guides the evaluators on the questions to be considered, the likely sources of evidence, and the contextual factors and assumptions that need to be taken into account. The figure overleaf provides a snapshot of the programme theory; for the full details see the *Evaluation Framework (Annex E)*. The same theory is being tested at both global and country levels (the detailed framework indicates which questions and sources are most relevant to the country level).

A3. The approach to the country studies is spelt out in Chapter 4 of the *Evaluation Framework*. Interviews with country stakeholders are an important part of the research. However, each team undertakes a thorough review of available documentation prior to the visit. It aims to engage with a full range of stakeholders while minimising the transaction costs of their involvement. A country visit note, shared soon after the visit, enables interviewees and others to comment on preliminary findings, and the draft country report will also be available for discussion and comment before it is finalised.

A4. Each country study includes a summary matrix which relates overall findings and findings against each workstream to the logical framework for the evaluation. (See the matrix at Annex M of this report.)

Figure A1 Concise Logical Framework for the Mid-Term Evaluation of FTI



Source: Evaluation Framework, Figure 3A.

Annex B – Timeline of FTI Events

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
pre 1999	<p>March 1990 World Conference on Education for All, in Jomtien, Thailand adopted the World Declaration on Education for All, which stated that all have a right to education. The conference recognised the setbacks experienced in the 1980s by many South nations and made a commitment to meeting basic learning needs of every citizen.</p>	<p>Nicaragua experienced an <i>economic collapse</i> during the 1980s with <i>recovery</i> over the 1990s.</p> <p>By the late 1980s, real per capita income had fallen to one-third of its level of a decade earlier and the country had experienced hyperinflation.</p> <p>With the return of democracy in 1990, and significant donor support in the context of successive Fund programmes, the economy began to recover. The economy has also increasingly benefited from rising flows of workers' remittances and FDI.</p> <p>1998 - Hurricane Mitch caused massive devastation. Some 3,000 people are killed and hundreds of thousands are left homeless.</p>	<p>When the Sandinistas came to power in 1979, they inherited an educational system that was one of the poorest in Latin America⁴¹.</p> <p>In the late 1970s, only 65% of primary school-age children were enrolled in school, and of those who entered first grade only 22% completed the full six years of the primary school curriculum.</p> <p>By 1984 the Sandinista government had approximately doubled the proportion of GNP spent on pre-university education, the number of primary and secondary school teachers, the number of schools, and the total number of students enrolled at all levels of the education system</p> <p>IDA started supporting the government's programme in 1995 through the <i>First Basic Education project (APRENDE)</i>. The project was successful in improving pre-school and primary enrolment, but the programme suffered a setback due to destruction caused by Hurricane Mitch in 1998.</p>	

⁴¹ Under the Somozas, limited spending on education and generalised poverty constricted educational opportunities for Nicaraguans. In the late 1970s, only 65% of primary school-age children were enrolled in school, and of those who entered first grade only 22% completed the full six years of the primary school curriculum. Most rural schools offered only one or two years of schooling, and three-quarters of the rural population was illiterate. By 1984 the Sandinista government had approximately doubled the proportion of GNP spent on pre-university education, the number of primary and secondary school teachers, the number of schools, and the total number of students enrolled at all levels of the education system. A 1980 literacy campaign, using secondary school students as volunteer teachers, reduced the illiteracy rate from 50% to 23% of the total population.

One of the hallmarks of Sandinista education was the ideological orientation of the curriculum. After the 1990 election, the Chamorro government placed education in the hands of critics of Sandinista policy, who imposed more conservative values on the curriculum. A new set of textbooks was produced with support from the United States Agency for International Development (USAID), which had provided similar help during the Somoza era.

FTI Mid-Term Evaluation – Nicaragua Case Study

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
1999	Education For All (EFA) Assessment 1999-2000 , involving six regional conferences revealed that the EFA agenda had been neglected.		In 1999, 23% of the Nicaraguan population age 10 and older was illiterate; in poor rural areas, the rate was actually 51%. The national average number of years of schooling was 4.5; about one-third of children did not attend primary school at all. In 1993, the government launched a programme of school autonomy in order to increase efficiency and local accountability.	
2000	United Nations Millennium Summit in 2000 , 189 world leaders signed up to try and end poverty by 2015 when they agreed to meet the Millennium Development Goals.	1990s problems culminated in a <i>banking crisis</i> in 2000 , which resulted in a jump in public debt of 20 percentage points of GDP and a major loss of international reserves.		
2001	G8 Meeting - Genoa, Italy. July 2001 : G8 countries establish an EFA Task Force, to be led by Canada	<p>2001 November - Liberal party candidate Enrique Bolaños beats his Sandinista party counterpart, former president Daniel Ortega, in presidential election by an unexpectedly wide margin.</p> <p>Nicaragua was one of the first countries to formulate a national poverty reduction process, the <i>Strengthened Growth and Poverty Reduction Strategy</i> (SGPRS, 2001)⁴²</p> <p>2001, Nicaragua conducts its third <i>Living Standards Measurement Survey</i></p>	<p>March 2001. The 2001-2015 <i>National Education Plan</i> was published following a collaborative effort between the MECD (Ministry of Education, Culture and Sports) and more than 3,000 representatives of the education community.^{43*}</p> <p>The proportion of illiterate people continues to decline. Overall, about 18.7% of the population older than 10 years of age was illiterate in 2001, a figure 2.8 percentage points lower than in 1993. The biggest gains were found among the rural poor, who show a reduction of 6.5 percentage points since 1993.</p>	

⁴² The SGPRS was based on four pillars: i) broad-based economic growth and structural reform; ii) investment in human capital; iii) greater protection for vulnerable groups; and, iv) good governance and institutional development

⁴³ The plan's strategic guidelines are to: "increase the quality of learning; safeguard dignified conditions and give refresher courses to teachers; give emphasis to innovation, science and technology; promote a more relevant and diverse education system; increase coverage, access and equity for education; and strengthen institutional modernisation and educational management".

Annex B: Timeline of FTI Events

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2002	<p>G8 Washington, DC USA. April 2002: The Development Committee endorses the proposed EFA Action Plan and approves the Fast Track Initiative (FTI).</p> <p>Education for All (EFA) Amsterdam, Netherlands. April 2002: Developing countries and their external partners agree at a Dutch-World Bank sponsored conference on broad principles for scaling up EFA efforts; the Netherlands commits 135 million Euro to set the process in motion.</p>	<p>In early 2002, the new <i>Bolaños government implemented strong reforms</i>. The administration put in place a tax reform, streamlined expenditures, and strengthened enforcement of prudential rules for banks.</p> <p>The authorities' programme was supported through a <i>three-year PRGF (poverty Reduction and Growth Facility) arrangement</i> approved in December 2002.</p>	<p>In 2002, the <i>Law for Participation in Education</i> was approved. It fosters citizen participation in the administrative, financial, and academic affairs of the study centres.</p>	<p>June 18 2002 FTI sends invitation letter to Nicaragua (one of the first 18 countries to be invited)</p> <p>October 9, 2002, Nicaragua sends off its <i>endorsement proposal</i> (country proposal) to FTI for the first time. Key strategies are: a) a school improvement programme; and b) a school scholarship programme.</p> <p>According to its budgeting, if including demand subsidies (such as scholarships), the total financing gap to be filled by FTI is USD 17,900 in 2003, USD 25,000 in 2004, USD 32,000 in 2005, USD 31,000 in 2006, and then decreasing towards 2008.⁴⁴</p> <p>The stated preference for external financing mechanism is through an EFA Trust Fund. There is no request for budget support.</p> <p>October 29, 2002. The FTI Secretariat responds that the proposal will need to be assessed at national level by locally based donors - as the most effective way of ensuring that implementation was fully harmonised with ongoing efforts.</p> <p>November 13, 2002. The local donor assessment of the EFA-FTI Proposal takes place, including 22 representatives of 15 different development partners. As part of the assessment, the stakeholders present agree to form thematic working groups to help operationalise the programme and committed themselves to the formation of "a permanent roundtable of education donors".</p>

⁴⁴ For details see page 41 of the Nicaragua country proposal to FTI (October 9, 2002)

FTI Mid-Term Evaluation – Nicaragua Case Study

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
	<p>G8 Kananaskis, Canada. June 2002: agreement to significantly increase bilateral assistance for the achievement of EFA and to work with bilateral and multilateral agencies to ensure implementation of FTI.</p> <p>EFA Global Monitoring Report was established to monitor progress towards the six EFA goals.</p>			<p>November 21 2002, the Secretariat completes the summary report of the assessment of Nicaragua's proposal:</p> <p>The donors concluded that the proposal provides the basis for donors concessional assistance conditional on working out the details mentioned above.</p> <p><i>See Annex D for details</i></p>

Annex B: Timeline of FTI Events

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2003	<p>Rome Declaration on the harmonisation of aid, Rome, Feb 2003.</p> <p>FTI Donors Meeting - Paris, March 2003: Donors agree on modus operandi for FTI that is country driven, secure funding for the seven countries and agree on an operating framework for FTI.</p> <p>The FTI Catalytic Fund (CF) was established. It aims to provide transitional grants over a maximum of 2-3 years to enable countries lacking resources at country level but with FTI endorsed education sector plans to scale up the implementation of their plans.</p> <p>FTI Partnership Meeting Oslo Meeting, November 2003: Ministers and senior officials from the first FTI countries, Civil Society and donors meeting together for the first time. Discussion of the definition, modalities, instruments, and governance of the FTI partnership. Agreement that FTI should be opened to all low-income countries.</p>	<p>The PRGF programme began to pay quick dividends—in 2003 GDP growth recovered, inflation remained subdued, and NIR increased, facilitating macro stability and some progress on structural reform.</p> <p>February 2003. Presidential Decree 71-2003 orders establishment of sector-wide coordination working groups.</p> <p>June 2003. The Second Cooperation Coordination Forum was held - subtitled “A Sector-Wide Approach to Coordinating International Coordination”. This process led to the establishment in September 2003 of a Code of Conduct between Nicaragua and its partners (including the commitment to SWAps).</p> <p>Also, as integration to the SGPRS, a proposal for a <i>National Development Plan</i> (NDP) was presented to civil society in September 2003⁴⁵</p>	<p>In early 2003 a roundtable of education sector stakeholders was formed – its first official meeting taking place slightly in advance of Decree 71-2003, on 29 January 2003.</p> <p>September 2003 The SWAp process in the education sector was initiated.</p>	<p>April 8, 2003 FTI Secretariat sends letter to Nicaraguan government, stating that – despite efforts – there has still not been sufficient donor mobilisation for the country⁴⁶</p> <p>May 9 2003 Nicaragua’s education minister, Silvio de Franco, asks for more clarity from FTI regarding donor concerns, the nature of the questions regarding the country’s strategy, and expectations regarding the prospects of funding. In his letter he points out that writing the FTI proposal required “significant financial outlays” for the ministry. He also states that local donor representatives do not seem clear about their role or the additional nature of EFA funds.⁴⁷</p> <p>22 November 2003 <i>First meeting of Trust Fund Strategy Committee</i> decides that Nicaragua is an eligible country for 2004 support because “it only has two active bilateral donors which are increasing support, but cannot currently finance the estimated gap”. Allocation for 2004 is therefore USD 7 million, while a further USD 7 million is set as a “notional allocation” for 2005⁴⁸</p>

⁴⁵ This NDP has a long-term vision, emphasising a balance between social and productive policies to achieve faster and higher growth rates and levels of employment. Given the existing structural shortfalls, the NDP evaluated the SGPRS making it more integral, sustainable, cost-effective and maximising the impact of scarce resources, with a territorial view incorporating the economic, social, and natural potentials of every department and region in the formation of public policies.

⁴⁶ Post Paris letter, April 8 2003: “Unfortunately, despite your strong program and your Ministry’s active efforts to mobilise support, in Nicaragua’s case, significant (financial) gaps remain for all three years. The FTI secretariat raised the case of Nicaragua at the Paris meeting as requiring special attention. Although we do not have an immediate solution, we propose the following course of action:

- 1) Nicaragua will be a priority for some initial allocations from a flexible multi-donor trust fund* which the Donors have committed to setting up at the global level in order to support the FTI, once such a fund is established;
- 2) The FTI secretariat will continue to work with your existing donor partners which have not yet made firm commitments to your primary education program, toward the goal of assuring an adequate level of support and support that is sufficiently flexible to address your priorities. The FTI secretariat will work with Donor partners which have not previously been active in Nicaragua, to encourage their support for your program “

⁴⁷ See May 9 2003 letter

FTI Mid-Term Evaluation – Nicaragua Case Study

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2004	<p>Education Programme Development Fund (EPDF) was established in November 2004 as a funding window under the FTI to support low income countries improve the quality and sustainability of their education sector planning and programme development.</p> <p>FTI Partnership Meeting, Nov 2004, Brasilia, Brazil, third meeting of the FTI partnership. There was agreement on the FTI Framework document and the need for more formal Assessment Guidelines.</p>	<p>In January 2004 after a long process of structural adjustment and fiscal discipline, Nicaragua finally achieved the <i>relief</i> of more than 80% of its foreign <i>debt</i> under the <i>Highly Indebted Poor Countries initiative</i> (HIPC).⁴⁹</p> <p>2004 July - Agreement with Russia to write-off Nicaragua's multi-billion-dollar Soviet-era debt.</p> <p>Macro developments in 2004 were generally favourable. Real GDP growth accelerated to 5.1% in 2004 on the back of a strong recovery in exports, higher commodity prices, and booming remittances. Private sector credit expanded rapidly.</p> <p>September 2004 The <i>Operative National Development Plan</i> (NDP-O) 2005-2009, was presented to civil society and the international community. It provided new recommendations that were incorporated by mid 2005.</p>	<p>In 2004, As part of the SWAp process, the Ministry of Education and its development partners prepared the <i>Common Work Program</i> (CWP) for the period 2005–2008 and its 2005 <i>Annual Operating Plan</i> (AOP), reflecting the priorities for basic and secondary education, and their corresponding implementation plans under the organisational structures of the MECD.</p> <p>The European Commission initiated a Support Programme to the Education Sector Budget (PAPSE), a form of non-earmarked budget support with fixed and variable tranches linked to sector goals. This was the first experience of budget support of this type in Nicaragua.</p> <p>The WB PASEN project - scheduled for the period 2004 to 2008, budgeted at USD 15.7m and the subject of a USD 10.4m sector investment credit was established.</p>	<p>On February 10, 2004 minister Silvio de Franco sent a letter to FTI requesting a “quick mobilisation” of the first tranche of the allocation (USD 3.5 m) to be used for the country's Supplementary School Programme. The Programme was previously financed through Japanese aid, which had pulled back because of budget constraints (in Japan)⁵⁰</p> <p>On July 20, 2004, the MoE informed the EFA-FTI Secretariat on advances in the SWAp. It is made clear that the Common Work Plan (PCT), supported by its annual updates, will take over the role of the reference document for mobilisation of international cooperation and monitoring of progress towards EFA goals, replacing the original Nicaragua FTI proposal document.</p> <p>On August 12, 2004, MECD complete signing of the Nicaragua–Dutch Grant for Education for All – Fast Track Initiative Agreement, Grant Number TF053991, amounting to USD 7.0 million (Seven Million U.S. Dollars), the equivalent of NIO 115.3 million. These funds derive from the Catalytic Fund donated by several countries, and are administered by the World Bank (WB)⁵¹</p> <p>October 2004. The MECD received <i>the first USD3.5 million disbursement of the first FTI-CF allocation</i>.</p> <p>November 12, 2004. The second FTI-CF allocation decision was made at the FTI-CF Strategy Committee meeting held in Brasilia.</p>

⁴⁸ Minutes of Nov 22 2003 meeting

⁴⁹ Nicaragua PRSP November 2005

⁵⁰ See letter of Feb 10 2004 for details

⁵¹ This Program is aimed at financing priority actions contemplated in the Common Work Program (CWP) of the Ministry of Education, Culture and Sports.

Annex B: Timeline of FTI Events

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2005	<p>March 2005, Paris Declaration, was endorsed by over one hundred Ministers, Heads of Agencies and other Senior Officials who committed their countries and organisations to continue to increase efforts in the harmonisation, alignment and management aid for results with a set of monitorable actions and indicators.</p> <p>UN World Summit New York, September 2005: delegates were accused of producing a 'watered-down' outcome document which merely reiterates existing pledges.</p> <p><i>Meeting of the Catalytic Fund Strategy Committee Beijing (China) on December 2, 2005</i></p>	<p>April 2005 - Rises in fuel prices and the cost of living trigger weeks of sometimes-violent street protests.</p> <p>June 2005 - The government and an opposition alliance, which controls Congress, become embroiled in a power struggle.</p> <p>July 2005. Law 550 on 'Finance Administration and the Budget Regime' is passed, that providing a solid legal framework for budgeting, obliging inclusion within the budget of all the resources spent by public institutions.</p> <p>October 2005 - Political crisis eases as Congress agrees to delay constitutional reforms, which will weaken the powers of the president, until President Bolaños leaves office in 2007.</p>	<p>According to 2005 estimates, the total cost for the education sector is USD 1,043.3 million for the 2006-2010 period, with a gap of USD 48.5 million with respect to currently available funding</p> <p>Canada and Denmark established the PROASE Common Fund to finance the MoE POAs relating to the PCT. The initial funds allocation is USD 29 million</p> <p>A 4-year, USD 15 million USAID project managed by the American Institute for Research and overseen by the Academy for Educational Development, the "<i>Excelencia</i>" project, began in fiscal year (FY) 2005 as a complement to two predecessor projects⁵².</p>	<p>May 2005. The MECD received the <i>second USD 3.5 million disbursement of the first FTI-CF allocation</i>.</p> <p>First data on impacts of CF in Nicaragua were presented in 2005⁵³</p> <p>December 2, 2005 At the Catalytic Fund's Strategy Committee meeting in Beijing it is decided to allocate a third USD 7 million to Nicaragua.</p>

⁵² The Excelencia project is designed to improve access to quality basic education in primary schools throughout Nicaragua through the promotion of an active teaching, skills-based learning pedagogical model that encourages increased parental involvement. The project is also validating a new primary curriculum designed under the Excelencia and the Nicaraguan Social Sector Reform Support Program (PRONICASS) projects.

⁵³ The catalytic funds contributed to the implementation of priorities contained in the Common Work Program (CWP), mainly in Policy 2, with 95.7% of the total utilised going to increasing supply and stimulating demand, access, adaptability and equity; 3.9% was utilised in effecting improvement in governance: participation, results, accountability and efficiency under Policy 3; and 0.4% was utilised in educational transformation: relevance and quality under Policy 1.

The main actions financed under the EFA Project, were the following:

- Ensuring that 435,287 boys and girls were provided with school meals by distributing 48,539,190 meals in 50 towns
- Transferring funds to *Centros Autónomos en Régimen de Participación Educativa* [autonomous schools under the Education Participation System] to run their operations.
- Providing incentives to 3,300 volunteer community preschool teachers.
- Supporting the Special Education Program for the operation of schools located in the towns of Managua, San Marcos, Jinotepe, Diriamba, Granada, Matagalpa, Masaya, Chichigalpa and El Viejo.

FTI Mid-Term Evaluation – Nicaragua Case Study

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2006	<p>Committee on the Rights of the Child (41st session), Geneva, Switzerland.</p> <p>Educational Roundtable, World Bank/IMF Annual Meetings, September 2006, Singapore. The meeting focused on the progress that Finance Ministers from developing countries have made in preparing long term plans to achieve the education MDGs</p> <p><i>FTI Catalytic Fund Strategy Committee meeting</i> took place in <i>Cairo</i> on the 12th of November 2006. In this meeting the eligibility criteria regarding accessing the Fund were changed, allowing countries with a large number of in-country donors to apply.</p>	<p>2006 April - Free trade deal with the US comes into effect. Nicaragua's Congress approved the Central American Free Trade Agreement (Cafta) in October 2005.</p> <p>2006 October - President Bolaños unveils plans to build a new ship canal linking the Atlantic and Pacific Oceans.</p> <p>MPs approve a tough new bill that bans abortions, including in cases where the mother's life is at risk.</p> <p>2006 November - Ex-president Daniel Ortega is returned to power in elections.</p>	<p>A National Education Law was adopted which outlined the main features of the education system. A key element of this law related to the financing of education. The law establishes that funding to non-higher education would increase yearly, taking into account the effect of inflation.</p> <p>At the end of August 2006 The <i>Joint Annual Review</i> was held with the purpose of learning about POA 2004-2005 implementation and review MINED draft of 2007 POA.⁵⁴</p>	<p>January 5 2006 The WB country director sent a letter to Nicaraguan MoE, communicating that a new grant will be set for the 2nd allocation - initially decided upon in December 2004.</p> <p>August 2006 Study by GTZ on alignment of FTI with country programmes: <i>Aligning Global Vertical Programs with Country Planning and Implementation Frameworks, Nicaragua Country Survey</i> For details of main results</p> <p>October 2006. The WB subsequently contact the GoN Ministry of Finance and Public Credit (MHCP) to arrange the establishment of <i>Grant Agreement TF057311 to disburse the second FTI-CF allocation</i>. The agreement was signed and completed by 10 November 2006.</p> <p>November 12, 2006. At the 4th FTI Catalytic Fund Strategy Committee meeting, Cairo, the total sum for the 3rd FTI-CF allocation to Nicaragua was <i>increased to USD 10 million</i> "in light of the country's unmet financial need, good performance and absorptive capacity"⁵⁵.</p> <p>December 2006 The MECD received <i>the first USD 3.5 million disbursement of the second FTI-CF allocation</i>.</p>

⁵⁴ October 21 2008 EFA FTI Implementation Progress Report: The main findings were: MINED is having a low budget execution, the data for building new indicators based on the 2005 Population Census needs improvements to enhance accuracy for planning purposes; a strategy to increase coverage for primary schools needs to be designed to address the needs of vulnerable population; MINED needs to find out how many qualified teachers should be prepared to teach the new pupils and improve educational quality

⁵⁵ Also, during the Strategy Committee meeting (from minutes): "The CF SC requested more information on Nicaragua's education indicators, especially with regard to gender and service delivery for future years. In addition, donors requested clarifications on levels, variations and targets for several indicators, including the low share of the education budget, the continuously high level of gross intake rate over a long period of time. Furthermore, there was no clear explanation of the nature and extent of the implementation capacity constraints identified; nor a strategic plan to remove them going forward."

Annex B: Timeline of FTI Events

Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2007	<p>Committee on the Rights of the Child (45th Session).</p> <p>Keeping our Promises on Education, May 2007, Brussels, organised by the EC, the UK and the World Bank. The objective was to seek concrete proposals and commitments for action to deliver on the promise to give all the world's children a full primary education by 2015.</p> <p>In Oct 2007, the German Federal Ministry for Economic Cooperation and Development organised an international forum on "Capacity Development for Education for All: Putting Policy into Practice." Participants recommended more strategic use of the EPDF to support capacity development activities</p> <p><i>Catalytic Fund's Strategy Committee meeting, Bonn, Germany, on May 23, 2007</i></p> <p><i>Catalytic Fund's Strategy Committee meeting, Dakar, December 10 2007</i></p>		<p>The Netherlands join the PROASE common fund with an allocation of USD 39 million, and delegates its cooperation to Canada.</p> <p>February 2007 Miguel de Castilla is nominated new education minister in Nicaragua. The minister proposes a radical change with the past.</p> <p>Five days before the matriculation for the 2007 school year began the Ministry of Education published a ministerial decree <i>eliminating all monetary charges in Nicaraguan public schools</i>. This brings an end to autonomous schools policy.</p> <p>July 2007. 8 national commissions made up of ministry officials and representatives from teachers unions, universities, CSOs, NGOs and in-country donors are established to reflect upon, diagnose and formulate proposals for different aspects of the Nicaraguan education system.</p> <p>July 2007 An <i>adult education programme</i> started as part of one of the Sandinista government's most ambitious social projects: to declare this country free from illiteracy in 2009. The plan will be carried out using the Cuban literacy teaching method "Yes, I Can!", with the support of the governments of Venezuela and Cuba.⁵⁶</p>	<p>November 2007. The MECD received <i>the second USD 3.5 million disbursement of the second FTI-CF allocation</i>.</p>

⁵⁶ Nicaragua Education and Adults, July 2007

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Date	International Context	Nicaragua Context	Education Policy in Nicaragua	FTI in Nicaragua
2008	<p>September 2008, Accra summit on aid effectiveness, donor countries have agreed to end the fragmentation of aid.</p> <p>Donors agreed to donate half of aid directly to governments of low-income countries, rather than to individual projects..</p> <p>Donors have also agreed to coordinate aid better.</p> <p><i>Catalytic Fund's Strategy Committee meeting, Tokyo, April 22, 2008</i></p>	<p>2008 Jan 26, Venezuelan President Hugo Chavez and allies Nicaragua, Bolivia and Cuba, members of the Bolivarian Alternative for the Americas (ALBA), launched a <i>regional development bank</i> intended to strengthen their alliance and promote independence from US-backed lenders like the World Bank as Chavez hosted a summit with ALBA leaders.</p> <p>November 2008. Municipal elections are won by the FSLN who increase the numbers of municipalities they hold from 101 to 105 (out of 146). There are claims of fraud and confrontations in the streets.</p>	<p>The last PAPSE disbursement of 2008 and the first of 2009 have been frozen by the European Commission due to a supposed lack of transparency in the municipal elections in November 2008.</p>	<p>October 21 2008 <i>Final Nicaragua EFA FTI Implementation Progress Report</i></p> <p>“Nicaragua is still falling behind Latin America in the delivery of quality primary and secondary education services, access is also a problem for rural groups and people living in the Caribbean and marginal urban areas, secondary coverage is in critical situation. Therefore, EFA/FTI Trust Funds represent an important source of financial aid to reach the education Millennium Development Goals. However, the Ministry of Education should speed the financial allocation, budget performance and target vulnerable areas, in order to increase public spending efficiency.”</p>
2009		<p>June 2009. Within the framework of negotiations with the IMF, the Central Bank of Nicaragua produced a report explaining that Venezuelan aid had increased from USD 185 million to USD 457 million between 2008 and 2009. These resources are not included in the budget of the Republic</p>	<p>An Institutional Development Plan (PDI) for the period 2008 – 2011 is under development.</p>	<p>February 2009. The availability of the (increased) third allocation of USD 10m was communicated from the World Bank Country Director to the GoN Ministry of Finance and Public Credit (MHCP) . Grant Agreement TF057311 was increased to a total of USD 17m, with a third tranche of USD 10m added. This allocation was initially decided upon in December 2005 and then increased in December 2006.</p>

Annex C – Interview Schedule

Time & Date	Stakeholders	Venue
Wednesday, 3 June.		
08:30	Team assemble and team meeting	MoE
14:00	Meeting of introducing of team, objectives and methodology of the Evaluation Professor Miguel de Castilla MoE, Minister Mr. Dulio Salazar García MoE, Director Ms. María Elsa Guillen MoE, Director Ms. Eneyda Oviedo Plazaola MoE, Director of Curriculo Ms. Yolanda Zamora MoE, Director Mr. Hugo González Ortega MoE, Coordinator Mr. Francisco Neira Noguera MoE, Director Human Resources Mr. Noel Estrada Gutiérrez MoE, Ms. Francis Díaz Madriz MoE, Director Mr. Luis Ramón Hernández MoE, Director of Planning Ms. Edel Mary Sandy Gutierrez MoE, Coordinator Extern Cooperation Mr. Juan de Dios Zepeda MoE, Director Extern Cooperation Mr. David Otero Mendieta MoE, Evaluation Office Ms. Luz Danelia Talavera FEDH – IPN, President Ms. Diamantina López CENIDH, Member Mr. Jorge Alberto Mendoza FEDH – IPN, Director	MoE
Thursday, 4 June		
08:00	Prof. Miguel de Castilla Urbina, Minister MoE and MoE Directors.	MoE
10:00	Mr. Luis Ramón Hernandez, MoE, Director of Planning	MoE
11:00	Ms. Ivette Soza Castro, Directora de Educación Secundaria	MoE
11:00	Ms. Lorena Zamora, AMCHAM, Education officer	Mrs. Zamora office

Time & Date	Stakeholders	Venue
14:00	Ms. Amelia Tiffer, MoE, Director of School Nutrition Institutional Programme	MoE
17:00	Ms. Miriam Montenegro, World Bank, Education Officer	WB office
Friday, 5 June		
08:30	Mr. Guillermo López, MoE, Director of Basic Education Ms. Nidia Saballos Sobalvarro - Responsable Sección Multigrado, Ensino Primario Ms. Jaqueline Ramirez Alegria - Responsable de Primaria Extraedad Mr. Gustavo Madrigal Mendieta - Primaria Extraedad	MoE
09:00	Mr. José Francisco Aviles, President, Union confederation of workers of the Education.	Union office
10:00	Ms. Gertrudis Mayorga, Director of Teacher training	MoE
10:00	Mr. Silvio De Franco, Ex Minister of Education	Mr. De Franco office
11:00	Ms. Eneyda Oviedo, Director of Curriculum	MoE
13:00	Ms. Yolanda Zamora, Director of Statistics	MoE
14:00	Mr. Humberto González, Ministry of Exterior Relations (MINREX), Aid Effectiveness Consultant. Mrs. Francis Rodríguez, Director of European Cooperation	MINREX
15:00	Mr Edward Jackson, Ministry of Finance, Officer in charge of World Bank Projects	Ministry of Finance office
Monday, 8 June		
08:00	Visit to: 14 de Septiembre School Interview: Ms. Maria Esther Alguera Director Mr. Rolando Rivas Municipal Delegation of Managua	School
14.00	Mr Freddy Castellón, Director of Finance and Administrative Mr. Noel Estrada, Technician of Administrative – Finance Direction	MoE
14:00	Ms. Josefina Vigil: Research and Socio Educational Action Center (CIASE)	FEDH Office
15:00	Ms. Yadira Rocha: Coordinator of Education Projects Development and Democracy Institute (IPADE)	FEDH Office
16:00	Ms. Diamantina López, Member of Nicaraguan Human Rights Center (CENIDH) Mr. Jorge Mendoza, Director, Education and Human Development Forum (FEDH) Ms. Luz Danelia Talavera Valenzuela, President -FEDH	FEDH Office

Annex C: Interview Schedule

Time & Date	Stakeholders	Venue
Tuesday, 9 June		
08:30	Mr. Mauricio Gómez, Ex Vice Minister, Ministry of Foreign Affairs	Office
11:00	Mr. Kerry Max, Education officer. Canada Embassy	Canada Embassy office
11:00	Mr. Juan Bautista Arrien: IDEUCA - UNESCO	UCA
14:00	Ms. Makiko Janagihara. Japan International Cooperation Agency (JICA)	MoE
15:00	Ms. Alicia Slate, Education coordinator. USAID	USAID office
16:30	Ms. Florence Van Houtte European Union. Delegation of the European Commission to Nicaragua.	European Delegation
Wednesday, 10 June		
08:00	Mr. Juan de Dios Zepeda y Mrs. Edel Mary Sandy. External Cooperation of the MoE	MoE
12:00	Mr. Michael Drabble, World Bank, Washington	Audio conference WB - Managua
Thursday, 11 June		
08:00	Mr. Noel Estrada Gutiérrez, Technician of Administrative – Finance Direction	Office
08:00	Mr. Jesper Anderson, Education Advisor. Mrs. Claudia Paguaga, Education Officer Danish International Development Agency (Danida)	Danida office
15:00	Meeting of presentation of findings during the country visit Professor Miguel de Castilla MoE, Minister Ms. Yolanda Zamora MoE, Director of Statistic Mr. Hugo González Ortega MoE, Coordinator Mr. Noel Estrada Gutiérrez MoE, Mrs. Edel Mary Sandy Gutierrez MoE, Coordinator Extern Cooperation Mr. Juan de Dios Zepeda MoE, Director Extern Cooperation Mrs. Diamantina López CENIDH, Member Mrs. Flor Mercedes Godoy PINE – MINED Mrs. Yadira Rocha IPADE Mrs. Alicia Slate USA AID Mrs. Reyna López Mr. Gustavo Madrigal MoE, Regular Primary Mrs. Claudia Paguaga T. Danida, Program Officer Mrs. Elizabeth Baltodano MoE, Special Education	MoE

Time & Date	Stakeholders	Venue
	Mrs. Gertrudis Mayorga MoE, Director of Teacher Training	
Friday, 12 June		
08:00	Mr. Kristian Kirkegaard Edinger, Education Advisor, Danida Dinamarca	By phone to Denmark
09:00	Mr. Emilio Porta Sr. Education Specialist World Bank	Audio conference WB - Managua
12:00	Mr. Luis Gutierrez Former General Director of Investment and Cooperation at the MoE	Managua
	Ms. Lorreta Garden Especialist of Educación USAID, Washington	By phone to Washington
Tuesday, 16 June		
18:00	Mr. Rodrigo Alvarez Former Life Skills Curriculum Officer at MoE	Mr. Alvarez's office
Thursday, 25 de Junio		
09:00	Mr. Eduardo Ignacio Palacios Departamental Director: Managua	By phone
13:00	Ms. Gloria González Miranda Departamental Director: Chinandega	By phone
14:00	Ms. Isaura Chavarría S. Departamental Director: Matagalpa	By phone
15:00	Ms. Jessica Rocha Muller Departamental Director: Región Autónoma del Atlántico Norte	By phone
	Ms. Loretta Garden USAID Washington	By phone

Annex D – Basic Education Indicators

<i>Indicator</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>**2008</i>
Resources													
Public revenue (national) as a percentage of the GNP						18,7	20	21,6	23,5	23,5	24,8	26,1	25,8
Spending on education as a percentage of the GNP							4,6	4,7	4,4	4,7		5	5,3
Spending of the MoE as a percentage of the GNP						2,5	2,7	2,9	2,8	3,3	2,9	3,4	3,6
Donations (and ODA grants) as a percentage of the GNP (includes debt relief)						12,1	12,7	13,2	13,5	11,1			
Spending by the MoE as a percentage of public revenue						13,3	13,3	13,6	12,4	13,9	12,9	12,9	14
Spending at primary education level as a percentage of public revenue							7,2	6,9	6,7	7,2	8	9,3	
Spending by the MoE as a percentage of the spending on education							58,1	62,8	64,1	69,1		67	67,6
Spending on primary education as a percentage of the spending of the MoE	73,1	73,6	74,1			65	54,2	50,6	53,8	52,1	62,1	72	
Spending on education as a percentage of the budget													
With external aid						18	20,2	18,7	16,8	17,6		16,8	18,6
Without external aid							22,9	21,6	19,3	20,1		19,3	20,7
Spending on primary education as a percentage of the spending on education							31,5	31,8	34,5	36		48,3	
Public investment in Education						4,3	4,6	4,7	4,1	4,8	4,5	5	5,3
Donations as a percentage of the GNP									2,8	3,7	3,5	3,7	3,3

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Spending of the Education Sector as a percentage of the total budget									18,3	20,7	20	24,6	24,6
Spending of the Education Sector in the budget excluding donations (only refers to the MoE)									21,4	25,3	18,2	19,1	20
Ingresoso Públicos como porcentaje del PIB									17	17,9	17,8	19,5	19
Education budget, MoE as a percentage of the GNP									2,8	3,2	2,9	3,7	3,8
Budget of the MoE as a % of the Government Spending									12,5	13,3	13	15,2	16,9
Budget of the MoE in relation to the spending in the sector as a whole							58,1	62,8	68,4/64,1	64,4/69,1	64,6	69,4/67	68,7/67,6
Spending on primary education as a percentage of spending on education						58	31,54	31,77	37/34,51	35/47,98	44	42,1/4827	46
Teachers in the Public sector (All levels)									36901	35230	39288	43006	46124
Illiteracy rate (2008, estimates by the MoE)							22,7			22,2	22,2	20,2	7,5
Enrollments in Adult Education									89 074	91 961	99 623	119 217	227 451
Teachers in primary education									21 967	22 078	23 518	25 081	26 141
Net enrollment rates at pre-primary level	19,7	22,3	23,6	26,6	26,8	26,1	28	28,6	30,8	39,3	52,3	53,2	55,2
% of Pre-School Drop-outs	15,32	15,96	14,12						9,5	13,8	15,9	14	12,4
Girls									7,5	13,1	15,4	13,1	11,3
Boys									10,5	14,6	16,3	14,9	13,5
*** Number of classrooms built, replaced and/or repaired									629	735	582	407	833
Percentage of students enrolled in schools which are financed exclusively through private funds									13,7	13,6	10,8	10,3	10,1
Gross enrolment rates in first grade (both sexes)							113,3		142,5	147,9	168,3	166,5	152,9
Girls							111,6		138	143,2	163,1	160,8	147,8
Boys							115		146,8	152,4	173,3	172,0	157,7
Net Primary Enrollment rate	73,2	73,6	73,1	78,8	80,7	81,3	85,5	83,5	82,6	86,9	86,4	86,5	87,2
Gross primary enrollment rate	98,3	97,8	96,1	102,3	103,54	104,8	108,5	106,3	105,4	96,4	99,4	99,2	100

Annex D: Basic Education Indicators

Pupil to teacher ratio at primary level						36			36	36	33	31	29
% of Drop-Outs at Primary level	12,9	11,4	8						6,5	8,7	13,1	12,4	10,4
Girls									5,5	7,2	11,1	10,33	8,5
Boys									7,5	10,2	14,9	14,3	12,3
????	26	27	29	32	35,4	36,3	38,5	40,8	67,6	70,7	73,8	74,5	74,4
Girls	31	29	32	35,7	39,2	40,5	42,8	44,4	71,3	76,2	77,0	78,1	78,1
Boys	24	24	27	28,9	31,9	32,4	34,6	36	64,1	67,4	70,8	71,2	70,8
Percentage of Repetition in primary national education (both sexes)	20,6	17,4	7,3			8,2			10,5	9,9	9,5	9,0	11
Girls									9,2	8,6	8,2	7,6	9,4
Boys									11,8	11,1	10,8	10,2	12,6
Percentage of students who start first grade and reach 6th grade.						15,8			45,0	46,0	45,9	43,4	43,9
Girls									49	50	49,7	47,4	48,1
Boys									42	43	42,5	39,9	40,2
Propotion of Girls and Boys in primary education (% by sex)									100	100	100	100	100
Girls									48,6	48,4	48,4	48,5	48,4
Boys									51,4	51,6	51,6	51,5	51,6
Percentage of pupils who start first grade and complete sixth grade									41	41	41	40	40
Girls									45,1	45,6	45	44	45
Boys									37	37,2	37	36	36
** Resultts in Third Grade: Spanis and Mathematics (averages)													
Spanish											249,34
Mathematics											250,2 --
** Results at sixht grade level : Spanish and Mathematics (averages)													

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Spanish											243,53	*****	*****	
Mathematics											249,28 --	*****	*****	
Cost of a primary classroom (equipped) in USD								19243,11	18502,67	16,736,91	16,619,91	18 000,00		
Percentage of untrained teachers in primary education (National)								24,5	21,7	26,3	27,8	27,2		
Percentage of untrained teachers in public primary schools										24,9	26,7	26,2		
Average salary for teachers in public primary schools (USD)								1200		131,6	153,4	162	195	183
Current expenditure in inputs other than salary as a percentage of the total current expenditure in primary education								33	5,8	5,2	4,8	5,3	7,6	15
Estimated number of contact hours in primary schools								1000		1000	1000	1000	1000	1000
Net enrollment rate at secondary level								39,9	42	43,6	46	45,5		
Net enrolment rate at secondary level								60,4	63,2	64,3	67,5	66,4		
Proportion of Students by Sex in secondary education								100	100	100	100	100		
Girls								52,6	52,5	52,5	52,4	52,5		
Boys								47,4	47,5	47,5	47,6	47,5		
Index of Secondary Completion								38,7	43	43,7	45,6	45,3		
Girls								43,5	45,3	49,9	51,9	51,8		
Boys								34	37,5	37,4	39,3	38,8		
% of Drop-Outs								10,2	12,2	14	17	15,6		
Girls								7,7	12,2	10,9	13,6	12,3		
Boys								12,8	14,9	17,4	20,2	19,2		

**** 2008 is preliminary data**

* Economic Indicators, Source, PGR, Ministerio de hacienda y Crédito Público

Source: Table 1 of the financial annex financiero

Source: PCT, annexo1

Source unkown

Source 2001: EFA/FTI Country proposals 2001 2002

Source: MECD. Informe Nacional de Evaluación.Educación para todos, EFA 2000

Annex E – Financial tables (general and education sector)

Table E1 Relationship between GDP, public expenditure, education expenditure, MoE expenditure, primary education expenditure and ODA to the MoE 2001-2008 (millions of cordobas)

	2001	2002	2003	2004	2005	2006	2007	2008 (preliminary)
Real GDP growth	3	0.8	2.5	5.3	4.3	3.9	3.2	3.2
GDP	55,155.3	57,376.3	61,958.5	71,155.6	81,524.4	93,016.6	104,982.8	123,307.3
Public revenues	10,338.6	11,450.0	13,412.5	16,094.1	19,193.8	23,047.6	27,408.1	31,858.0
ODA	6,673.8	7,286.8	8,178.5	9,606.0	9,049.2			
ODA as % of GDP	12.1	12.7	13.2	13.5	11.1			
Education expenditure		2,622.0	2,896.4	3,109.9	3,857.9	N/A	5,276.7	6,580.9
MoE expenditure	1,379.4	1,524.6	1,817.9	1,993.8	2,664.0	2,980.2	3,536.5	4,451.3
Primary education expenditure	N/A	826.9	920.2	1,073.4	1,387.0	1,851.1	2,547.2	N/A
Public Revenues/GDP	18.7	20.0	21.6	22.6	23.5	24.8	26.1	25.8
Education/ GDP		4.6	4.7	4.4	4.7		5.0	5.3
MoE/GDP	2.5	2.7	2.9	2.8	3.3	2.9	3.4	3.6
Primary Education/GDP		1.4	1.5	1.5	1.7	2.0	2.4	
Education/Public Revenues		22.9	21.6	19.3	20.1		19.3	20.7
Education/Public Revenues + ODA		14.0	13.4	12.1	13.7			
MoE/ Public Revenues	13.3	13.3	13.6	12.4	13.9	12.9	12.9	14.0
MoE/ Public Revenues + ODA	8.1	8.1	8.4	7.8	9.4	12.9	12.9	14.0
Primary Education/ Public Revenues		7.2	6.9	6.7	7.2	8.0	9.3	
Primary Education/ Public Revenues + ODA		4.4	4.3	4.2	4.9	8.0		
MoE/Education		58.1	62.8	64.1	69.1		67.0	67.6
Primary Education/ Education		31.5	31.8	34.5	36.0		48.3	
Primary Education/ MoE		54.2	50.6	53.8	52.1	62.1	72.0	
Exchange rate: Nic. Cordoba/US Dollar	13.4	14.3	15.1	15.9	16.7	17.6	18.5	19.4

Source: Banco Central de Nicaragua. Anuario de Estadísticas Económicas 2001 - 2008

Source: MoE Financial and Administrative Directorate

Source: MHCP budget liquidation reports

Source: Secretariate of Economic Relations and Cooperation, MINREX. SysODA (not currently available to the public)

Annex F – Budget execution – MoE 2002-2007

Table F1 Budget and budget execution 2002 - 2007 (thousands of cordobas), **percentages according to source**

	Budget 2002-2007					Execution 2002-2007				
	Treasury	Grants	Loans	Own funds	Total	Treasury	Grants	Loans	Own funds	Total
2002	1,132,020	240,978	273,229		1,646,227	1,120,776	211,107	153,320		1,485,203
2003	1,236,764	328,108	252,169	825	1,817,865	1,229,899	306,863	237,098	814	1,774,674
2004	1,375,088	463,526	328,219	900	2,167,733	1,373,057	376,765	243,155	894	1,993,871
2005	1,792,203	661,429	158,222	708	2,612,562	1,784,533	602,963	144,198	708	2,532,402
2006	2,383,929	563,803	149,530	1,522	3,098,784	2,339,783	458,805	108,147	1,472	2,908,207
2007	2,960,112	738,092	154,187	3,000	3,855,391	1,198,307	191,956	24,876		1,415,139
Total	10,880,116	2,995,936	1,315,557	6,954	15,198,563	9,046,355	2,148,460	910,794	3,887	12,109,495

Table F2 Percentage of MoE budget and budget execution, by source 2002-2007

	% Budget 2002-2007					% Execution 2002-2007				
	Treasury	Grants	Loans	Own funds	Total	Treasury	Grants	Loans	Own funds	Total
2002	69%	15%	17%	0%	100%	75%	14%	10%	0%	100%
2003	68%	18%	14%	0%	100%	69%	17%	13%	0%	100%
2004	63%	21%	15%	0%	100%	69%	19%	12%	0%	100%
2005	69%	25%	6%	0%	100%	70%	24%	6%	0%	100%
2006	77%	18%	5%	0%	100%	80%	16%	4%	0%	100%
2007	77%	19%	4%	2%	101%	85%	14%	2%	0%	100%

Source tables F1 and F2: MoE Financial and Administrative Directorate

Annex G – ODA to the Education Sector

Table G1 ODA to the MoE 2000-2006 budget execution, 2007 budget (thousands of cordobas)

FUENTE	2000 (Ejecución)	2001 (Ejecución)	2002 (Ejecución)	2003 (Ejecución)	2004 (Ejecución)	2005 (Ejecución)	2006 (Ejecución)	2007*	2000-2007
TOTAL MECD	321,417	448,794	446,277	455,044	666,944	749,276	603,035	892,279	4,583,066
LOANS	89,851	105,591	242,326	217,142	294,301	144,593	108,184	154,187	1,356,175
World Bank(grant)	89,851	94,838	221,025	166,320	238,851	39,847	50,550	117,287	1,018,569
IADB (grant)	0	10,753	21,302	50,822	55,450	104,746	57,634	36,900	337,607
GRANTS	231,566	343,203	203,951	237,902	372,643	604,683	494,850	738,092	3,226,890
AID/CATIE	45,297	49,856	18,945	12,851	17,319	10,176	41,994	17,495	213,932
World Bank(grant)	13,722	0	0	0	26,716	77,590	8,200	90,348	216,577
IADB (grant)	0	210	0	0	1,007	1,014	318	3,354	5,903
Canada	0	0	0	0	0	0	28,739	41,307	70,046
COSUDE	0	0	0	0	0	0	501	75	576
Denmark	0	0	0	0	0	32,119	61,159	102,917	196,195
Spain	23,461	26,003	16,746	22,094	7,014	8,712	11,896	0	115,924
Private Companies	914	0	0	0	0	0	0	0	914
Finland	2,970	7,371	8,944	10,528	16,361	843	774	0	47,790
GFATM	0	0	0	0	0	7,089	6,160	4,461	17,709
France	0	0	0	0	0	8,655	17,428	44,211	70,294
Fund. Am. Nic.	0	0	0	0	9,637	12,447	3,493	0	25,577
UK	0	0	0	0	9,023	0	0	0	9,023
Netherlands	0	39,342	0	53,245	14,551	1,378	0	221,753	330,269
Japan	60,534	119,519	90,613	49,465	33,381	79,654	209,522	120,740	763,427
Luxembourg	11,341	9,886	10,029	726	593	0	0	0	32,576
Organisation of American States	0	1,199	0	0	0	0	997	0	2,196
OEI/CAM	0	0	0	0	0	0	0	5,213	5,213
OEI/MEC-Spain	0	0	0	0	0	0	0	4,619	4,619
OEI/FOAL/MEC	0	0	0	0	0	0	0	1,015	1,015
ILO	0	0	0	0	0	1,712	0	0	1,712
WFP	6,906	25,956	38,827	73,793	53,868	64,028	67,178	71,668	402,224
Save The Children	0	0	0	4,917	686	3,216	394	0	9,213
Sweden	6,550	0	0	0	0	0	0	0	6,550
Switzerland	0	0	0	0	27,028	25,536	12,444	142	65,150
Taiwan	0	8,015	0	0	0	0	0	0	8,015
UNESCO	4,953	3,495	0	0	0	0	749	0	9,198
UNICEF	8,157	4,011	2,817	1,422	4,900	6,952	12,005	8,774	49,037
European Union	46,761	48,339	17,031	8,862	150,560	263,563	10,899	0	546,013
PROASE						33,497	89,898	365,978	596,511

Source: MoE Investment and External Cooperation Directorate

Annex H – MoE expenditure by source and budget line – 2000-2007

Table H1 MoE budget execution. Five largest development partner contributions. % of the five largest development partner contributors to the total, % of grants and loans 2002 – 2006 (thousands of cordobas)

	2000		2001		2002		2003	
	Position	Amount	Position	Amount	Position	Amount	Position	Amount
1	World Bank (Loan)	89,851	World Bank (Loan)	94,838	World Bank (Loan)	221,025	World Bank (Loan)	166,320
2	Japan (Grant)	60,534	Japan (Grant)	119,519	Japan (Grant)	90,613	WFP (Grant)	73,793
3	CE (Grant)	46,761	AID/CATIE (Grant)	49,856	WFP (Grant)	38,827	Holanda (Grant)	53,245
4	AID/CATIE (Grant)	45,297	CE (Grant)	48,339	IADB (Loan)	21,302	IADB (Loan)	50,822
5	Spain (Grant)	23,461	Netherlands (Grant)	39,342	AID/CATIE (Grant)	18,945	Japan (Grant)	49,465
	TOTAL 5 largest contributions	265,904		351,894		390,712		393,645
	TOTAL Loans	89,851		105,591		242,326		217,142
	TOTAL Grants	231,566		343,203		203,951		237,902
	TOTAL	321,417		448,794		446,277		455,044
	% 5 largest/total	83		78		88		87
	% Loans/total	28		24		54		48
	% Grants/ total	72		76		46		52
	2004		2005		2006		2007 (budgeted)	
	Position	Amount	Position	Amount	Position	Amount	Position	Amount
1	World Bank (Loan)	238,851	CE (Grant)	263,563	Japan (Grant)	209,522	PROASE (Grant) *	365,978
2	CE (Grant)	150,560	IADB (Loan)	104,746	PROASE (Grant)*	89,898	Japan (Grant)	120,740
3	IADB (Loan)	50,450	Japan (Grant)	79,654	WFP (Grant)	67,178	World Bank (Loan)	117,287
4	WFP(Grant)	53,868	World Bank (Grant)**	77,590	IADB (Loan)	57,634	World Bank (Grant)**	90,348
5	Japan (Grant)	33,381	WFP (Grant)	64,028	World Bank (Loan)	50,550	WFP (Grant)	71,668
	TOTAL 5 largest contributions	527,110		589,581		474,782		766,021
	TOTAL Loans	294,301		144,593		108,184		154,187
	TOTAL Grants	372,643		604,683		494,850		739,092

Annex H – MoE Expenditure by Source and Budget Line 2002-2007

TOTAL	666,944	749,276	603,034	893,279
% 5 largest/total	79	79	79	86
% Loans/total	44	19	18	17
% Grants/ total	56	81	82	83

Source: MoE Investment and External Cooperation Directorate

* PROASE funds are calculated as the sum of the contributions of Canada, Denmark and the Netherlands

** 'World Bank grants' (as they are registered by the MoE) are believed to refer to EFA-FTI CF allocation disbursements but do not fully disbursement information supplied by the FTI Secretariat.

Table H2 MoE expenditure by type 2002-2007 (millions of cordobas)

Expenditure	2002 Budget	2002 Expenditure	2003 Budget	2003 Expenditure	2004 Budget	2004 Expenditure	2005 Budget	2005 Expenditure	2006 Budget	2006 Expenditure	2007 budget	2007 Expenditure
TOTAL	1646.22	1,485.20	1,817.86	1,774.65	2,167.72	1,993.86	2,612.55	2,532.77	3,098.78	2,908.21	3,851.79	3,539.42
% Total execution		90.2		97.6		92.0		96.9		93.9		91.9
Recurrent	1052.92	1,050.26	1137.22	1,137.09	1,382.65	1,381.44	1,757.63	1,748.72	2,367.38	2,292.49	3,203.61	3,008.19
% Recurrent execution		100		100		100		99		97		94
Personnel	990.75	989.67	1077.82	1,077.76	1,316.26	1,315.81	1,657.72	1,656.00	2,140.66	2,118.72	2581,26	2,556.97
% Personnel execution		99.9		100.0								
% Personnel/recurrent		94.2		94.8		95.2		94.7		92.4		85.0
Capital	593.30	434.94	680.64	637.56	785.07	612.42	854.92	784.05	731.40	615.72	648,18	531.23
% Capital execution		73.31		93.67		78.0		91.71		84.18		81.96
% Capital/Total		29.3		35.9		30.7		31.0		21.2		15.0

Annex I – MoE budget execution by programme

Table I1 MoE Budget as Executed by Programme, 2002-2007 (thousands of cordobas)

	2002	2004	2005	2006	2007
Structure of programmes					
Central Activities	75,328	77,870	84,270	106,677	221,925
Common Activities	40,189	68,396	69,104	87,472	
Central Projects	642	600	600	594	153,285
Common Projects	313,248	442,399	563,039	299,840	
Primary Education	826,914	1,073,378	1,386,965	1,851,135	2,547,234
Secondary Education	156,987	235,799	250,421	322,451	307,005
Technical Education	N/A	N/A	N/A	N/A	26,883
Pre-school Education	11,438	15,596	21,523	51,953	79,100
Special Education	10,221	12,121	24,621	25,934	28,142
Adult Education	32,920	49,129	108,612	110,056	104,124
Teacher Training	17,316	18,584	23,247	52,094	71,723
Total	1,485,203	1,993,871	2,532,402	2,908,207	3,539,420

Source: MoE Financial and Administrative Directorate

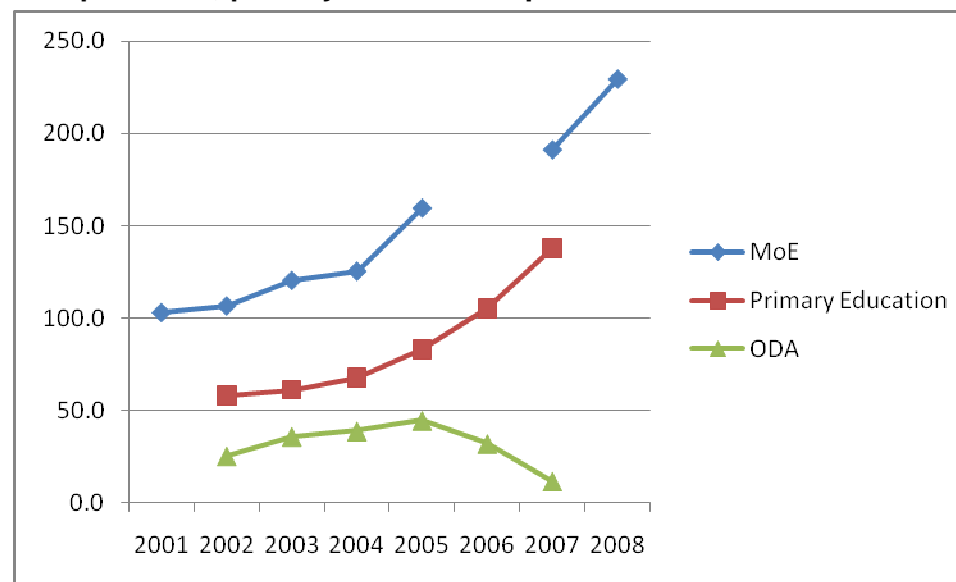
Annex J – MoE expenditure on primary education

Table J1 MoE expenditure, primary education expenditure and ODA 2001 - 2007 (Millions of USD)

	MoE	Primary education	ODA
2001	102.9		
2002	106.6	57.8	25.5
2003	120.4	60.9	36.0
2004	125.4	67.5	39.0
2005	159.5	83.1	44.7
2006		105.2	32.2
2007	191.2	137.7	11.7
2008	229.4		

Annex K – Trends in MoE expenditure, primary education expenditure and ODA

Figure K1 MoE expenditure, primary education expenditure and ODA 2001 - 2007 (Millions of USD)



Annex L – MoE budget execution 2002-2007

Table L1 MoE Budget Execution 2002-2007 (thousands of cordobas)

Table 9												
MoE Budget execution 2002-2007 (thousands of cordobas)												
	2002	%	2,003	%	2,004	%	2,005	%	2,006	%	2,007	%
Expenditure group												
Personnel services	437,974,014	29.5	501,462	28.3	544,280	27.3	511,592	20.2	617,271	21.2	1,979,539	55.7
Non-Personnel Services	105,356,234	7.1	138,254	7.8	228,055	11.4	203,883	8.1	234,819	8.1	317,333	55.7
Materials and Supplies	174,737,181	11.8	170,320	9.6	146,466	7.3	232,717	9.2	213,016	7.3	361,558	8.9
Other goods	122,139,958	8.2	239,578	13.5	128,543	6.4	304,211	12.0	255,486	8.8	880,096	10.2
Recurrent transfers	644,995,529	43.4	720,142	40.6	946,526	47.5	1,279,372	50.5	1,587,413	54.6	17,313	24.7
Capital transfers	0	0.0	4,917	0.3		0.0	628	0.0	202	0.0	376	0.5
Total	1,485,203		1,774,674		1,993,871		2,532,402		2,908,207		3,556,215	

Source: MoE Financial and Administrative Directorate

Annex M –Analytical Summary Matrix

SUMMARY - Nicaragua
Context: <i>What was the situation at level zero? What was happening in country before FTI?</i>
<p>Pre 2002:</p> <ul style="list-style-type: none"> • Support to the education sector provided through separate donor funding initiatives • No overall coordination mechanism for the education sector in place, although there were occasional coordination meetings around specific efforts such as the support to the Atlantic Coast region • GoN beginning to get involved in international efforts around aid effectiveness at national level, but not yet at sectoral level • Education Sector Plan (PNE) drafted (2001-2015) • HIV prevalence low and stable (0.2% of adult population) although spreading among some groups. Gender not an issue in enrolments, but boys perform less well, and drop-out, in higher grades. Geographical and ethnical issues in equity of access and participation to education <p>Context since 2002</p> <ul style="list-style-type: none"> • Bolonos government started substantial administrative reforms • Adopting of the Education Participation Law in 2002 (see stream 2) providing the basis for expanding the school autonomy process • Sector roundtables established in by Presidential Decree in 2003. SWAp process starts in the education sector in late 2003 • Minister de Franco keen to strengthen support and funding to the sector and actively engaging with donors. Government spending on education shows no significant increase under this government. Overall funding (ODA and government) in favour of primary education increases from 2005 onwards • Common work plan (PCT) and annual plans (POA) replace the PNE in 2005 and for the first time bring together planning and financing efforts by all partners • Significant progress on pre-primary education over the whole evaluation period, some growth in enrolments, and impressive increase in literacy efforts since 2007 • Establishment of education pooled fund by Canada and Denmark (later joined by the Netherlands) in 2004. EC starts providing budget support in 2005 with funding linked to progress against specific education sector indicators. • Change in government in 2007, immediate abolishment of school autonomy process and of the management of funds by schools. Adoption of free primary education. Increase in government expenditure on education. New Education Plan under preparation
Inputs: <i>What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?</i>
<p>FTI specific inputs:</p> <ul style="list-style-type: none"> • FTI country proposal drafted in 2002 – technical support by WB to preparing the proposal. LDG appraisal in November 2002, emphasizing the quality of the plan but calling attention to the importance of addressing issues of equity and institutional capacity. • Three FTI CF allocations (2003, 2004 and 2005/06) totalling US\$ 24M of which 14M have been disbursed so far. First tranche funding is used for the 'school food' programme (68%) transfers to autonomous centres in the Educational participation Regime (24%), IT hosting of national educational portal, incentives to pre-school volunteers. Second tranche for 'Enrolment Recovery Programme' including textbooks, didactic and other fungible materials and teacher training. Third tranche planned to be used for printing and purchase of text books as part of the curriculum reform process • Nicaragua was nominally included in the 'Rural Multigrade Regional Project', which was jointly managed by the Regional Advisory Group (RAG) – made up of the IDB, the WB and, from 2007, the Santiago UNESCO office – with a USD 500,000 EPDF contribution commencing in 2006. However, because this overlapped with work by other agencies with the MoE on multi grade teaching (AED, UNICEF and NGOs) it was decided that this funding would not be used. • Education sector roundtable established as part of the FTI endorsement effort.

Annex M – Analytical Summary Matrix

SUMMARY - Nicaragua		
Relevance - <i>Were the objectives of FTI support relevant? Was the design appropriate?</i>	Immediate effects and intermediate outcomes: <i>What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector policy, expenditure and service delivery)</i>	
	Effectiveness – <i>To what extent did FTI contribute to improving education sector policies, planning, data, budgeting, level of finance, delivery, monitoring and evaluation, and aid effectiveness?</i>	Efficiency – <i>How economically was FTI support translated into results?</i>
<p>FTI goals were highly relevant to Nicaragua. At the time of FTI endorsement, the GoN was very committed to the aid harmonisation and alignment agenda and the FTI was seen as a means to move forward this agenda and to obtain increasingly predictable support. FTI was seen as an important avenue to achieving greater support by partners for the PNE. FTI was also particularly relevant because the country was already moving forward on the commitments made in Dakar regarding EFA. FTI provided further legitimacy and a 'sense of purpose' to this agenda. In this context the IF was seen as a useful reference tool for planning and it was not – as was the case for some other countries – interpreted as a conditionality for accessing additional funding. In fact the broad focus of the PNE which included pre-school education and adult literacy was not called into question (as it was in some other countries) by an excessive focus on UPC as the indicator of success.</p>	<ul style="list-style-type: none"> • FTI contributed directly to the establishment to the education sector roundtable, catalyzed improved planning in the sector and contributed indirectly to the development of the PCT and POAs. • Dialogue in annual reviews brought out important concerns about policy implementation under the previous government, but was limited in effectiveness because of the absence of a joint agreed upon m&e framework, the lack of strategic studies, and poor quality monitoring in general in the sector. • Equity and exclusion were – and continue to be – prominent aspects in policy. The EFA agenda – and FTI as a process for giving legitimacy and resources to this – supported this focus. • The FTI has had an indirect influence on the application of instruments such as PAPSE and PROASE. • FTI briefly provided an opportunity for discussion around CD through the endorsement process but this was not followed through. The use of the EFA-FTI Capacity Development Guide for the development of the new Education Plan (the Institutional Development Plan for the Sector) contributes to a clear strategy behind the review of the draft Education Institutional Development Plan 2008-2011. • FTI proposal and assessment process proved a catalyst for the definitive establishment of harmonisation and coordination mechanisms at national level in the education sector. • Sector Roundtable meetings and JARs - mutual accountability mechanisms that now include a wide range of stakeholders, with an increasing role for CSOs during the current administration. 	<ul style="list-style-type: none"> • Indicative framework poorly understood and explained in 2002. • A parallel country proposal was required for FTI endorsement, with considerable outlays by the MoE to produce this • Substantial delays in allocation of funds and increasing delays in disbursements • Choice of project modality for FTI/CF logical in 2002 but increasingly inefficient given that more open modalities are now available. Funding has not been used for intended purposes but has been flexibly reallocated to other government priorities • The financial inputs provided by FTI have not made a big contribution to improving predictability of external financing nor to increasing it. In practice, the delays with the first four disbursements made it necessary to reallocate these funds when they were received. • The inputs that were provided directly by FTI through the endorsement process and subsequent work by FTI partners in sharpening the planning processes have resulted in real efficiency gains. The planning process in the sector has become much more coherent and inclusive, and better aligned with government procedures. • In terms of aid modalities overall efficiency has improved since FTI endorsement. However, the management of FTI-CF allocations has not brought efficiency gains as the delivery mechanism utilised has proved conducive to delays in disbursement and high transaction costs for the MoE. WB management of FTI-CF allocations has had considerable failings in regard to predictability of aid, with a lack of transparency evident at various points in the process
<p align="center"><i>Sustainability: Are the changes that took place data and M&E management likely to survive? How resilient are the benefits to risks?</i></p>		
<ul style="list-style-type: none"> • Ownership of the MoE has been strong throughout the period. The coordination mechanisms which were put in place have been sustained over time, in spite of changes of government. Planning mechanisms are in place. The national budget process follows a process that is relatively stable and it is reasonable to assume that this will continue to be the case. The level of uncertainty in the national economy makes it difficult to make any predictions about increases or maintenance of levels of national financing of primary education. • Institutional capacity continues to be a major constraint and affects implementation. 		

STREAM 1: Policy and Planning

Context: *What was the situation at level zero with respect to policy and planning? What was happening in country before FTI?*

- Prior to FTI the country had a National Education Plan and a National Strategy. The “*Plan Nacional de Educacion*” (PNE) was launched in 2002, and had a horizon covering 2001-2015. The plan covered pre-primary, primary, adult, special and secondary education, as well as teacher training.
- With respect to basic education, the PNE identified demand and supply side constraints to achieving EFA and put forward the promotion of school autonomy (with decentralisation of funding and decisions making, and participation by parents, churches and other stakeholders) as a successful pilot experience (launched in the 90s) to be expanded to all schools under this Plan.
- The plan contained a vast number of strategies, with no clear prioritisation among them, and little (presented) empirical evidence for the choices that were being made. Among the strategies that were key to EFA and UPC were (in addition to the aforementioned school autonomy) academic and administrative decentralisation, grants to schools, scholarships, developing model schools, expanding pre-school coverage, and curricular reform.
- The plan was firmly anchored in the global commitments to EFA. However, it was not costed, and did not include a monitoring and evaluation framework - although at the time there was a score card system in place for assessing progress in the sector (further discussed under Stream 3). The plan also did not include a clear strategy for institutional strengthening, or for addressing some of key constraints to quality –institutional capacity and teacher training in the sector.
- Planning in the sector was taking place through the development of *Planos Operativos Anuales* (POAs) which were expected to reflect the priorities of the PNE. The POAs did not include the activities that were conducted through the various donor funded projects. Other stakeholders (NGOs, churches, etc.) were not involved in the planning process.
- HIV/AIDS (adult prevalence 0.2%) were not mentioned in the plan. Poverty and related issues of exclusion and equity were given an important focus, and strategies to address these issues were included, although the mechanisms for ensuring that the interventions would target priority populations were not clear.
- The plan was developed as a result of a participatory process, which included consultations with key stakeholders at central and decentralised levels.

Inputs: *What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?*

Non FTI inputs into country-level education policy and planning in the period since FTI came in:

- The focus on school autonomy was reinforced by the enactment of the Education Participation Law in February of 2002 which provided the legal basis for extending this to the whole country.
- Development of the *Plan Comun de Trabajo* (Joint Work Plan) for 2005-2008 and of annual POAs bringing together donors and government planning processes, including those related to the basket funding (PROASE) provided by three bilateral donors (Canada, Denmark and the Netherlands joining later) starting in 2005
- Joint Annual reviews held from 2005 onwards, bringing together the key stakeholders to review progress and to discuss the POA for the following year.
- A number of projects were in place which - among other activities – included elements aimed at strengthening selected areas of planning (e.g. EC, WB and Danida) at central and decentralised levels.
- The school autonomy process is abolished in January 2007 by the new government, followed by marked change in policy from then on – with much stronger focus on quality and equity in implementation. Introduction of free primary education (2007), including free school books and uniforms for poor students and free meals for all.
- An Institutional Development Plan 2008-2011 is under development as well as new Education Strategy for 2011-2021.

FTI specific inputs:

- The Ministry of Education developed a separate Country Proposal for the FTI which drew strongly on and supplemented the PNE. The proposal prioritises two key strategies from the PNE as being critical for achieving EFA, namely: a) The School Improvement Program (sub-model I) aimed at ensuring that all children reach 6th grade before their 13th year, with a focus on providing funding and guidelines for school councils; and b) the Student Scholarship Program (sub-model II) targeting at removing the financial barrier for poor children and thus increasing access to and completion by poor students.
- The FTI endorsement process resulted in a decision by the donor community to establish a permanent consultation forum and thematic working groups around specific areas, including in the areas of policy. However, the emphasis has been on implementation, rather than policy review and refinement under the former government (until 2006).
- FTI established a base line through the Indicative Framework – however progress against it was inconsistently monitored until 2007.

STREAM 1: Policy and Planning		
Relevance - Were the objectives of FTI support to policy and planning relevant? Was the design appropriate?	Immediate effects and intermediate outcomes: What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector policy and planning)	
	Effectiveness – To what extent did FTI contribute to developing quality education plans encompassing UPC targets? To what extent did FTI contribute to implementation of sector policies?	Efficiency - How economically was FTI support to country level policy and planning translated into results?
<p>The process of preparing the FTI proposal and getting it endorsed arrived at the right moment. The sector policy had just been defined and needed to be implemented, but lacked sufficient specificity in terms of how it was going to be rolled out with maximum impact on UPC. Also the PNE needed substantial additional funding and coordination among donors was an issue. In addition, the launching of FTI coincided with global agendas for greater aid effectiveness and this was considered a priority by the government of the time.</p> <p>The 'light touch' endorsement process (the result of the fact that FTI was still figuring out how to go about things) was helpful in validating the work that had already been done by the government and contributed to the strong leadership which the government took of the process.</p>	<ul style="list-style-type: none"> • The PNE was sound, but with too little prioritisation and clarity on specific strategies. The development of the FTI proposal is credited with having helped sharpen these strategic choices and making it clearer how these would be implemented, but only for the two sub-programs concerned. Nonetheless, key elements (a number of which were pointed out by donors during the endorsement process) were missing, including a stronger focus on institutional capacity, strategies for teacher training, strategies for targeting of the poor). • Planning has become more coherent and better aligned. The dialogue around EFA/FTI has spurred this, and there has been increasing participation of stakeholders in policy discussions (under both governments). • Activities in the sector were only partially coherent with the official policies. Thus although addressing equity and inclusion was an important policy priority, in practice the measures that were taken aggravated existing inequity issues, and at least one report says that FTI contributed to this by providing funding to misguided government policies. The new government (2007 to date) has introduced a much stronger focus on equity – backed by clear analysis of issues. This reflects political priorities, and cannot be attributed to FTI. • Dialogue in annual reviews brought out important concerns about policy implementation under the previous government, but was limited in effectiveness because of the absence of a joint agreed upon m&e framework, the lack of strategic studies, and poor quality monitoring in general in the sector. • Equity and exclusion were – and continue to be – prominent aspects in policy. The EFA agenda – and FTI as a process for giving legitimacy and resources to this – supported this focus. 	<ul style="list-style-type: none"> • The inputs that were provided directly by FTI through the endorsement process and subsequent work by FTI partners in sharpening the planning processes have resulted in real efficiency gains. The planning process in the sector has become much more coherent and inclusive, and better aligned with government procedures. • Less effort has been made in strengthening policy development, implementation and monitoring. In these areas priorities have been defined politically and FTI (and other processes) have been less influential. Since less inputs were provided, the inputs that did take place were not necessarily inefficient, but on their own did not produce the desired impact.
Sustainability: Are the changes that took place in policy and planning interventions likely to survive? How resilient are the benefits to risks?		
<ul style="list-style-type: none"> • The new government and its rupture with previous policies have meant that key policies have been discontinued and are being replaced to address some of the serious distortions which came out of the school autonomy process and which have resulted in higher levels of illiteracy, higher number of untrained teachers, higher repetition and drop-out rates, etc. Nonetheless, the process of annual planning and reviews with the donors (spurred by FTI) has become well institutionalised and continues to be an important part of regular processes in the MoE. The MoE is now working towards having ONE Sector Plan (to replace the PNE and the PCT) for 2011-2021 which will guide all activities in the sector. • In the year following the FTI endorsement the government issued a Presidential Decree creating Sector Roundtables in six sectors. This has ensured sustainability of these tables, and given them further legitimacy. The tables have played an important role in the planning process since 2005, and have been continued under the current government. • Leadership in the sector has been strong – starting with the leadership shown by the Government in the process leading up to endorsement. This is likely to continue. <p>Risks include:</p> <ul style="list-style-type: none"> • Policy choices continuing to be too strongly guided by political choices rather than by evidence of what works (although the new government appears to be much more focussed on using data to guide decision making. 		

STREAM 2: Finance		
Context: <i>What was the situation at level zero with respect to education finance? What was happening in country before FTI?</i>		
<p>At country level:</p> <ul style="list-style-type: none"> • 2001 – 2008. Minimal increase in GDP and an increase in public revenue compared to GDP of one percentage point. Public revenues (without aid) were around 20% of GDP in 2002 and 26% in 2008. • Aid (without debt relief) represented approximately 13 % of GDP and around 100 USD per capita. • The annual planning and budgeting processes were not integrated until 2005 (first MTEF), and there are limitations to the integration that has occurred since. • Public financial management was strengthened from 2002 – 2005 and now fulfils basic international standards. • JFA for GBS was signed in 2005. <p>Education sector</p> <ul style="list-style-type: none"> • Education expenditure was around 4.6% of GDP until 2007 – 2008 when it increased to 5 and 5.3% respectively. Spending on primary education was approximately 36% of that on education as a whole before 2002. Primary education expenditure as a percentage of education expenditure and MoE expenditure started to increase from 2004, and in 2007 reached 72% . • From 2005 onwards, MoE and primary education expenditure increase, whilst ODA decreases, which suggests an important increase in resources from the Treasury (in part due to PAPSE resources - see below), which has been absorbed by primary education spending. • The European Commission initiated a Support Programme to the Education Sector Budget (PAPSE) in 2004, a form non-earmarked budget support with fixed and variable tranches linked to sector goals. • Canada and Denmark established the PROASE Common Fund to finance the MoE POA in 2005. The Netherlands joined, and delegated its cooperation to Canada, in 2007. Canada and Denmark considered using the EFA-FTI CF for its disbursements but decided to create PROASE as the EFA-FTI CF was considered by most sector stakeholders to be a World Bank action. • Since 2006, all resources budgeted and executed by public institutions must be registered in the budget. However, the aid received from Cuba, Venezuela and some other countries has not appeared in budgets • There is generally a good level of budget execution by the MoE that is coherent with the planned budget and clearly identifies primary education budgeting and expenditure. 		
Inputs: <i>What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?</i>		
<ul style="list-style-type: none"> • The process of preparing the EFA-FTI Proposal in 2002 required the MoE to make significant efforts to calculate, for the first time, the financial gap that would have to be breached in order to achieve EFA and UPC objectives. This process did not develop capacity within the MoE to repeat such exercises.. • The role of the CF has been more that of an external financing source than a catalytic instrument. • EFA-FTI funds were not employed on the activities for which they were first designated, but have in general been used for priorities identified by the MoE 		
Relevance - <i>Were the objectives of FTI support to education finance relevant? Was the design appropriate?</i>	Immediate effects and intermediate outcomes: <i>What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector policy, expenditure and service delivery)</i>	
	Effectiveness – <i>To what extent did FTI contribute to a stronger education budget process? To what extent did FTI contribute to the increase in total funds for primary education?</i>	Efficiency - <i>How economically was FTI support to country level finance for education translated into results?</i>
<ul style="list-style-type: none"> • After an initial catalytic contribution on the part of FTI as a whole during the endorsement process, the FTI-CF has been no more than an additional modest finance source for the MoE. 	<ul style="list-style-type: none"> • During the endorsement period and immediately afterwards (2002 – 2004), during which FTI had a catalytic effect in various respects, there was no increase in the allocation of public resources to either the MoE or to primary education. • The FTI has had an indirect influence on the application of instruments such as PAPSE and PROASE. 	<ul style="list-style-type: none"> • The financial inputs provided by FTI have not made a big contribution to improving predictability of external financing nor to increasing it. In practice, the delays with the first four disbursements made it necessary to reallocate these funds when they were received.
Sustainability: <i>Are the changes that took place in the education budget process and the level of finance for primary education likely to survive? How resilient are the benefits to risks?</i>		
<ul style="list-style-type: none"> • The national budget process follows a process that is relatively stable and it is reasonable to assume that this will continue to be the case. It is one of the processes that has been least affected by the change of government. • The level of uncertainty in the national economy makes it difficult to make any predictions about increases or maintenance of levels of national financing of primary education. 		

STREAM 3: Data and Monitoring & Evaluation
Context: <i>What was the situation at level zero with respect to data and M&E? What was happening in country before FTI? Was quality and use of data relevant to the context and to the monitoring needs of the education strategies?</i>
<p>Pre 2002</p> <ul style="list-style-type: none"> • Evidence of collection of education data since the 1980's. • Since the end of the 1990's, the Statistics Department has operated a seemingly robust data collection system. The Statistics Department carries out training for department and municipality level staff. The school census process - a principle source of data – is consolidated and systematic. • Dissemination: Between 1990 and 2000 information was not published. In 2000 a “Educación Para Todos, EFA 2000” document presented data for the entire previous decade. Some data was disaggregated by sex and territory. • Use of data: The information contained in the “Educación Para Todos, EFA 2000” report was used in a superficial way in the production of the National Education Plan 2001-2015. Other than in ythis instance, data was rarely used for decision-making purposes. <p>Context since 2002</p> <ul style="list-style-type: none"> • Collection of data: The eight Dakar indicators since 2002. From 2004 onwards the Indicative Framework indicators. A single M&E framework for all development partners has not been agreed. 2002 and 2006 national test of academic achievement in mathematics and Spanish. 2007 national school census. 2008 Educational Index at Municipal Level. • Analysis: 2003, Budgetary Needs and the Financial Gap for Implementation of Education Policy in the Medium and Long Term (2004 – 2015). 2004 analysis of the national tests of academic achievement in mathematics and Spanish carried out in 2002. The Common Work Plan 2005 – 2008 (PCT) represents an important effort to analyse the available information. The perception is that these documents were principally produced for external actors with the objective of capturing more aid resources. 2007, ‘Diagnostic. Basic and middle education 2002/2006’. 2007, comparison of the national tests of academic achievement in 2002 and 2006. In 2008 report, the lead donor at the Sector Roundtable highlights as a weakness “the difficulty in counting on reliable, opportune, systematic information in relation to goals and statistics and on an analysis of the significance of any advance, or non-advance against principle indicators”. • Dissemination: From 2003 onwards the MoE started to present some data at Sector Roundtable meetings, yet there is no evidence of systematic presentation of the Indicative Framework indicators or others. The Sector Roundtables have permitted analysis and discussion with civil society and donor representatives. From the end of 2007 to the present day the agenda preparation, and presentations on POA and budget execution and indicator progress have improved. • Use of data for decision-making purposes has varied during the 2003-2008 period, principally as a result of the Minister leading the MoE. 2003 – 2004 and 2007 – 2009 have been periods of greater utilisation of data. The Institutional Development Plan 2008-2011 (still pending approval and implementation) contains a strategy, goal and indicator matrix for each institutional objective. A monitoring and evaluation mechanism is also detailed, with a matrix including impact, result and process indicators, procedures, methodology, instruments and report structures. • The MoE Statistics Directorate has received support Unesco and the World Bank.
Inputs: <i>What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?</i>
<p>FTI specific inputs:</p> <p>The FTI has contributed to monitoring and evaluation in the education sector in Nicaragua through the introduction of the Indicative Framework indicators.</p>

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STREAM 3: Data and Monitoring & Evaluation		
Relevance - <i>Were the objectives of FTI support to data and M&E needs relevant? Was the design appropriate?</i>	Immediate effects and intermediate outcomes: <i>What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector policy, expenditure and service delivery)</i>	
	Effectiveness – <i>To what extent did FTI contribute to Improved collection of data and better information services? To what extent is there better use of data to inform policy and funding</i>	Efficiency –
<ul style="list-style-type: none"> EFA-FTI had scarce repercussion on the strengthening of the M&E systems. 	<ul style="list-style-type: none"> There has not been systematic and regular analysis of the IF indicators, although some of them are presented in partial form in almost all MoE analytical reports. This lack of production and analysis of the IF indicators represents a lost opportunity to progress against a common framework. Progress since 2002 is linked to the SWAp process. Given that FTI had a catalytic effect on the start-up of the SWAp, it can be deduced that, although indirectly, FTI has also had a certain part to play in the improvement of education statistics. 	<ul style="list-style-type: none"> There is no evidence of increased resources for Monitoring and Evaluation during the period analysed. FTI has not made a relevant contribution to improving efficiency in monitoring and evaluation.
Sustainability: <i>Are the changes that took place data and M&E management likely to survive? How resilient are the benefits to risks?</i>		
Improvements in data collection have fundamentally been due to MoE internal resources and capacity, which strengthens their sustainability. It is probable that technical and other specific assistance will be required by the Statistics Department to adapt the system, overcome resistance and instil capacity.		
Risks to sustainability include: inability to adapt the system to the statistics needs, a lack of comprehension on the part of beneficiaries and other resistance.		

STREAM 4: Capacity

Context: *What was the situation at level zero with respect to capacity? To what extent was the capacity adequate for EFA and UPC targets?*

The main issues in Capacity Development prior to 2002 were:

- a) The substantial management challenges at various levels of the system, such as; difficulty in and utilisation of national level data to guide policy and planning decision-making, the differences in resource levels for remote departments and autonomous regions, capacity constraints in terms of management at central and decentralised levels, the challenges of providing bilingual education for indigenous communities on the Atlantic Coast, and high percentages of empirical (non-trained) teachers at both primary and secondary levels.
- b) Donor interventions had been implemented in isolation and through parallel systems. The principal donor actors involved in capacity development were the World Bank, USAID, Japan, the European Union and Luxembourg.
- c) The lack of an overall vision or strategy for capacity development for the sector

Capacity development advances from 2002 to date:

- Education sector roundtable established in early 2003 - capacity development issues were voiced by donors in early sessions.
- Joint Work Plan 2005-2008 (PCT) which captured the activities connected to SWAp process in one document. Although a capacity development plan as such was not developed, capacity development activities were included both in the PCT 2005-2008 and the relevant annual Operational Work Plans (POA) for 2005, 2006, 2007 and 2008, laying out results-based action plans and activities.
- Many principal donor projects with CD activity have been aligned to the PCT since 2004: WB PASEN, USAID Excelencia, Danida 'Strengthening of necessary institutional and technical-pedagogical capacity in RAAN and RAAS (SEAR)' and others.
- FSLN government (Jan 2007) led to a break from previous policy and many of the priorities and strategies laid out in the PCT 2005-08. 8 national commissions established in July 2007, made up of ministry officials and representatives from teachers unions, universities, CSOs, NGOs and in-country donors to reflect upon, diagnose and formulate proposals for different aspects of the Nicaraguan education system
- National Strategic Planning Commission given the task of collecting developing and formulating an Institutional Development Plan 2008 – 2011 (PDI). A draft of this plan that has been circulated amongst stakeholders in education sector and will be the object of a review against the FTI capacity development guidelines.

Inputs: *What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?*

The FTI inputs in terms of capacity development have included:

- a) the joint donor highlighting of capacity development deficiencies during the local donor assessment of the FTI Proposal in 2002; Donors agreed and emphasised that focus on a broader structural context was also necessary, and the importance of continuing on the path of improving institutional development.
- b) the use of the EFA-FTI 'Guidelines for Capacity Development in the education sector' as the basis of the upcoming review of the draft Institutional Development Plan (PDI) 2008-2011. The comprehensive CD/TA plan which is expected to result from this process would constitute the first time that an overall vision or strategy for capacity development for the sector has been formulated.

Nicaragua has not received any EPDF inputs and these were therefore not used in the area of CD.

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STREAM 4: Capacity		
Relevance	Immediate effects and intermediate outcomes: <i>What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector policy, expenditure and service delivery)</i>	
	Effectiveness – <i>To what extent did FTI contribute to implementation of measures to strengthen capacity? To what extent was quality capacity created to implement policy and services?</i>	Efficiency - <i>How economically was FTI support to country level capacity building translated into results?</i>
<ul style="list-style-type: none"> Nicaragua FTI proposal and in-country assessment process was only relevant in that it crystallised joint awareness around the wider structural capacity development needs that would have had to be dealt with in order to implement such a proposal. PCT is elaborated setting forth the priorities of the sector, with related CD activities included in the POAs. The influence of FTI in this respect is minimal, and is only attributable in that it had an initial catalytic effect in advancing the SWAp process. A system to consolidate all of the necessary elements to piece together a comprehensive institutional CD Plan has proved elusive to date. The EFA-FTI ‘Guidelines for Capacity Development in the education sector’ are potentially very relevant in this respect, in that they provide a roadmap for the SWAp stakeholders to follow in order to finally remedy this shortcoming. 	<ul style="list-style-type: none"> FTI briefly provided an opportunity for CD debate in Nicaragua. WB grant modality as the aid delivery instrument for FTI-CF allocations has meant that possible indirect effects on <i>capacity building through the use of the national financial systems and procedures</i> have not been achieved. The FTI can only be considered to have contributed to SWAp related CD advances in that it was one of many factors that led to the establishment of the sector roundtable and to the commencement of the SWAp. The EFA-FTI Capacity Development Guide contributes to a clear strategy behind the review of the draft Education Institutional Development Plan 2008-2011. 	<ul style="list-style-type: none"> FTI was not efficient in following through on the initial focus on capacity development that was sparked during the FTI in-country assessment phase. Secondary CD effects and reduced transaction costs would have been achieved had the FTI-CF allocations been delivered through a more aligned aid delivery mechanism, such as PROASE – the preferred ODA instrument by the MoE. The indirect effect of FTI on promoting the SWAp, and therein the PCT, led to a growing focus on CD within this process. However, a comprehensive approach to CD is not detailed in the PCT and has not, as yet, been implemented as part of the SWAp process.
Sustainability: <i>Are the changes that took place in capacity likely to survive? How resilient are the benefits to risks?</i>		
<ul style="list-style-type: none"> Capacity continues to be a serious constraint to further progress on the EFA goals. Considering the lack of progress in the capacity development debate at institutional level, it is not relevant to talk of sustainability as such. The simultaneous development of the Education Institutional Development Plan and the Sector CD/TA Plan should ensure that these plans are interlinked – with connected benefits for the sustainability of the initiative. <p>Risks include:</p> <ul style="list-style-type: none"> A change of government and a revision of national policies and plans to the detriment of the CD/TA plan under construction. The withdrawal from the education sector of key donors and/or major funding contributions and/or education specific technical staff on the donor side. An underestimation of the CD needs which will reduce the impact of the efforts that are being made. 		

STREAM 5: Aid Effectiveness

Context: *What was the situation at level zero with respect to aid effectiveness? What was happening in the sector before FTI? To what extent was aid for education efficiently & effectively provided?*

The aid landscape in Nicaragua

- The Bolaños government that came to power in January 2002 was very conscious of the changing paradigms of international cooperation . It instigated ‘Annual Cooperation Coordination Forums’, held from 2002 to 2006.
- Prior to FTI, most discussions around aid in the education sector were taking place bilaterally between the relevant donors and the Ministry of Education.
- In early 2003 a roundtable of education sector stakeholders was formed
- Second Cooperation Coordination Forum in June 2003 led to the establishment in September 2003 of a Code of Conduct between Nicaragua and its partners (including the commitment to SWAp). The SWAp process in the education sector was initiated immediately - in the same month.
- SWAp process and the focus on the PCT laid the ground for the introduction of the PAPSE (budget support) and PROASE (pooled fund) aid delivery instruments
- Joint Annual Review was developed as a result of the establishment of the PROASE common fund. JARs have developed in duration, participation levels, complexity and relevance since 2005.
- Since the FSLN administration assumed power in January 2007, the PCT and its policies have been displaced as the reference documents for the SWAp process.
- Implementation of joint audits by all SWAp partners of relevant funds administered by the MoE in 2007 and 2008.

Inputs: *What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?*

FTI specific inputs

- a) communication prior to the endorsement - this set the scene for increased stakeholder involvement in national education issues.
- b) the EFA-FTI endorsement process itself – this provided the first opportunity for donors, NGOs and other stakeholders to jointly discuss national level education sector issues. Stakeholders state their intention to “commit ourselves to constitute a permanent roundtable of education donors in Nicaragua, [...]”.

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STREAM 5: Aid Effectiveness		
Relevance - Was FTI support to aid effectiveness relevant? Was the design appropriate?	Immediate effects and intermediate outcomes: What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector policy, expenditure and service delivery)	
	Effectiveness – To what extent did FTI contribute to more international aid, and to aid that is better, coordinated and more coherent with domestic efforts in the sector?	Efficiency - How efficiently was aid delivered?
<p>FTI has contributed directly, although not exclusively, to the improvement of aid effectiveness in basic education in Nicaragua, principally through its role in kicking off the process of harmonisation of national level sector dialogue and increasing alignment with country policies and priorities.</p>		
<ul style="list-style-type: none"> EFA-FTI proposal, and its in-country assessment process, can be considered relevant to aid effectiveness advances in the education sector in that it was the reference document around which sector development partners first established a joint working partners first established a joint working arrangement at national level The education sector was a pioneer in the push for harmonisation and alignment: Experience in the sector served as an example for other sectors. Diminishing degree of FTI direct attribution with each step from the FTI proposal in 2002, to the establishment of the sector roundtable at the end of 2002, to the SWAp in 2003, to the establishment of pooled funding and budget support instruments from 2004 onwards A link exists between FTI and the ODA increase in the sector, but the exact attribution is difficult to assess. 	<ul style="list-style-type: none"> Joint <u>ownership</u> of the donor-side of the FTI by all member donors present in Nicaragua has never taken shape. The FTI proposal, as a complement to the PNE 2001-2015, had the potential to be used as a reference around which development partners could <u>align</u> ODA. The WB grant modality used to disburse FTI-CF allocations is <u>aligned</u> to national priorities but not with national procedures. FTI proposal and assessment process proved a catalyst for the definitive establishment of <u>harmonisation and coordination</u> mechanisms at national level in the education sector. Sector Roundtable meetings and JARs - <u>mutual accountability</u> mechanisms that now include a wide range of stakeholders, with an increasing role for CSOs during the current administration. WB management of FTI-CF allocations has had considerable failings in regard to <u>predictability of aid</u>, with a lack of transparency evident at various points in the process. 	<ul style="list-style-type: none"> In terms of aid modalities, efficiency has improved since FTI endorsement The management of FTI-CF allocations has not brought efficiency gains as the delivery mechanism utilised has proved conducive to delays in disbursement and high transaction costs for the MoE.
<p>Sustainability: Are the changes that took place with respect to aid effectiveness likely to survive? How resilient are the benefits to risks?</p>		
<ul style="list-style-type: none"> The Sector Roundtable and SWAp process have now been functioning for six years and the JARs have 4 years experience to build on. There is buy-in on the part of all stakeholders. Sector stakeholders perceive any new FTI endorsement process as a welcome opportunity to review current arrangements surrounding the management of FTI-CF allocations and to take a more pro-active approach with regards to FTI in general Risks to the sustainability of aid effectiveness progress include a reduction in the number of Paris Declaration-minded donors, further interruptions in the definition of sector plans, and the volatile nature of the current national political atmosphere. 		

STREAM 6: Cross-Cutting Issues (HIV/AIDS, gender, equity and exclusion)

Context: *What was the situation at level zero with respect to cross-cutting issues? What was happening in country before FTI?*

- The key cross-cutting issues for Nicaragua are equity and inclusion, and gender. With a stable adult prevalence rate of 0.2% HIV has not been a major health or development concern.
- The PNE (2001-2015) highlighted both equity and exclusion as key issues, in particular with respect to poor children and rural areas. Gender was explicitly singled out in the PNE as not being an issue. Gender parity in primary education enrolments were highlighted as evidence for this. There was no mention of HIV/AIDS in Plan.
- The PNE was developed in a participatory and consultative manner, involving over 3000 stakeholders. It is not clear whether there were specific efforts to encourage discussion on cross-cutting issues.
- A number of strategies, outlined in the PNE, were put in place to promote equity and inclusion. The most important of these was the expansion of the until then pilot school autonomy programme to a national scale. School autonomy decentralised responsibility for financial and educational management. This was supported by grants to schools based on the number of teachers and pupils enrolled. Additional strategies aimed at promoting equity and inclusion included the introduction and gradual scaling up of a school feeding programme and a scholarship programme which was to target poor children.
- The PNE itself was not costed and did not include an assessment of the financial implications of these strategies. It did not include a discussion or analysis of capacity building needs.
- In terms of financing, the proposal put forward for FTI endorsement mentioned a funding gap of 180 million USD, a substantial part of which was associated with the key equity and inclusion strategies, but it did not include an analysis of the capacity needs associated with these programmes.
- Monitoring against established indicators was taking place within the sector on a periodic basis. A specific study examined these statistics against income quintiles in 2002. However, there was a poor link between data collection and analysis and decision making. Overall monitoring of progress in the sector was not been fed back consistently into policy making and revision.

Inputs: *What did FTI do? What problems did it identify and how did it address them? What non-FTI inputs and processes took place over the same period?*

FTI specific inputs:

- During the endorsement process a number of concerns were raised with respect to the strategies that were being put forward. The endorsement report specifically highlights the importance of accompanying the key programmes which aimed at addressing equity and inclusion with a process of capacity building to implement, support and monitor progress.

Non FTI inputs aimed at ensuring that relevant cross-cutting issues are understood and mainstreamed into policy, implementation and monitoring

- Danida has financed a programme aimed at supporting civil society organisations in implementing HIV/ AIDS related activities, which includes an advocacy component vis-a-vis the MoE. Danida has also supported the Atlantic Coast region with a programme which aims at addressing issues of equity and inclusion and includes a capacity building component for managers at decentralised levels.
- The WB supported PASEN Project was to strengthen capacity in the sector but has been implemented with significant delays.
- In 2006 a General Education Law was introduced which gave legal status to the school autonomy process. This was reversed by Presidential Decree a few days after the new government was elected (2007).
- A programme of school counselling has been put in place (DATE) which among others addresses counselling on sexual reproductive health and on HIV/AIDS. HIV and AIDS have also been integrated in the curriculum reform which was introduced by the new government.

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STREAM 6: Cross-Cutting Issues (HIV/AIDS, gender, equity and exclusion)		
Relevance - Were the objectives of FTI support to cross cutting issues relevant? Was the design appropriate?	Immediate effects and intermediate outcomes: What were the effects and intermediate outcomes on the sector in terms of effectiveness, and efficiency? (Immediate effects refer to processes, intermediate outcomes refer to changes in sector planning and implementation with respect to cross-cutting issues)	
	Effectiveness – To what extent did FTI contribute to improved strategies to address cross cutting issues? To what extent did FTI contribute to implementation of these strategies?	Efficiency - How economically was FTI support to cross cutting issues translated into results?
<p>The FTI support was to be used to address equity and inclusion concerns – both key cross cutting issues – by funding government programmes aimed at increasing enrolment and retention in schools. This was very relevant to the problems identified by the government and to the needs of the country. The FTI CF has been used to support implementation of key strategies aimed at inclusion and equity.</p>	<ul style="list-style-type: none"> • While PNE and the FTI proposal highlighted equity and inclusion, little monitoring was done and no specific capacity building took place on cross-cutting issues. Only in 2006 did the emerging evidence translate into measures to address the issues which were driving kids away from schools. • The new government (2007) has introduced a number of very specific programmes aimed at addressing issues of equity and inclusion, as well as at improving gender parity in higher grades (where the drop-out rates are much higher for boys). Under the current government, progress – including on cross cutting issues - is monitored through monthly analysis of key indicators. • The current strategies are more specific and better monitored and are being integrated in the new Education Plan which is under development. These strategies include abolition of fee collection by schools, a massive literacy campaign, introduction of free primary schooling, the extension of school feeding to all schools in the country, distribution of school uniforms to poor children, and programmes for monitoring drop-outs and recruiting them back into either the regular education stream or in a parallel stream designed for accelerated study by older students. • As a result of the FTI process, stakeholders identified the need for better coordination and established a coordination table and specific working groups around key issues. • However, overall FTI has had little impact on planning and monitoring processes and on capacity development on cross cutting issues. There is no evidence that the current changes in policy and strategies which impact on cross-cutting issues can be attributed to FTI. 	<ul style="list-style-type: none"> • In 2004 the vast majority of funding provided by FTI was channelled at school feeding programmes which have important benefits in terms of enrolment and retention. • However, the manner in which other government policies – in particular the key strategy of promoting school autonomy – were implemented directly led to growing practice of charging “voluntary” fees for key transactions in the educational process (registration, school trips, exam papers, school reports). Statistical analysis for the period show a significant negative impact on key indicators of equity and inclusion with poor children being driven away from schools. • Insufficient attention to building managerial and monitoring capacity for these innovative programmes contributed to the negative impact which these ultimately had. • Thus although the bulk of FTI funds were used for programmes which potentially promoted equity and inclusion, other strategies which were part of the PNE were poorly conceived and implemented, and counterproductive in achieving the objectives. This reduced the efficiency of FTI support to the sector and reduced the impact on reducing equity and inclusion. • In 2006 the last tranche of FTI funding (3.5 million) which was made available was used to address the impact of the Hurricane. Anecdotal evidence indicates that this helped ensure that children were able to stay in school. By that criteria this particular portion of the funding was efficiently translated into results.
<p>Sustainability: Are the changes that took place in the manner in which cross-cutting issues are addressed likely to survive? How resilient are the benefits to risks?</p>		
<ul style="list-style-type: none"> • There was strong leadership on equity and inclusion in both periods but with insufficient lack of attention to implementation under the previous government. However the current leadership stands out for its more detailed attention and careful monitoring of the impact of the strategies and for to its strong focus on completion as an indicator of success. <p>Risks include:</p> <ul style="list-style-type: none"> • Discontinuation of policies as a result of political changes. • Insufficient attention to capacity constraints within the systems which will reduce the impact of the strategies that have been put in place 		