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ASSESSMENT OF THE SECTOR-WIDE APPROACH IN THE EDUCATION SECTOR IN NICARAGUA

Elisabet Jané. March 2008

EXECUTIVE SUMMARY

The sector-wide approach to education in Nicaragua has already been under way for six years since the publication of the National Education Plan in 2001. This is an institutional rather than an actual sectoral process because it involves only the sphere of responsibility of the Ministry of Education. The Ministry of Education is to a large extent dependent on external cooperation. On average, this accounted for almost 65% of the Ministry's budget between 2003 and 2005.

During this period long-, medium- and short-term planning has progressed, there have been several medium-term budget framework exercises, and capacity-building has taken place in financial and procurements management.

Three programme instruments have been set in motion for aid delivery in the form of sectoral budget support, the common fund managed under national procedures and the EFA catalytic fund. These instruments have had a significant impact, positive or negative, on the attainment of the Ministry of Education's planning targets depending on the predictability of the instruments for the Ministry of Education and on whether national procedures were used for their management. The more successful instruments have served to consolidate the process and to help it surmount a radical change of government.

Dialogue with development cooperation agencies has been very active over these years. The influence of cooperation personnel through the programme approach has been greater in public management capacity-building than in policymaking.

According to the Ministry of Education, the main inefficiencies in aid provision have been the lack of predictability of disbursements and the use of new forms of aid which have not reduced government requirements or other transaction costs and which do not allow easy adaptation to unforeseen situations such as natural disasters.

There have been active processes of participation by civil society but its members consider that their contributions have not been sufficiently embodied in the decisions of the Ministry of Education. A further process has recently been begun and its results remain to be seen.

At the moment – one year into the new government – fresh policies are being consolidated, and dialogue and negotiation with civil society and with the cooperation community are being put to the test.

METHODOLOGY

To draw up this paper, a review was conducted of documentation illustrating events in connection with development of the sector-wide approach in education. This came in addition to a review of Nicaragua's general documentation regarding fulfilment of the conditions for use of the sector-wide approach and budget support, such as the existence of a poverty reduction strategy and macroeconomic agreements.

In conjunction with this a number of interviews were conducted, based on the questions proposed by UNESCO in the terms of reference for the case study, with persons from the Ministry of Education, the cooperation entities operating in the sector, and civil society.

MILESTONES IN DEVELOPMENT OF THE SECTOR-WIDE APPROACH TO EDUCATION IN NICARAGUA FROM 2001 TO 2007

The process of implementing the sector-wide approach in the education sector began in Nicaragua in 2001 with the approval of the National Education Plan (PNE) for 2001 – 2015 (1). This is actually an institutional rather than a sectoral process because it involves only the areas of responsibility of the Ministry of Education, which are preschool, primary, secondary, adult and special education and primary teacher training, and does not include university or technical education.

March 2002 saw the approval of the Educational Participation Law (2) and May its regulations (3). These provisions regulate the model for the management and funding of the education system.

In late 2002 the Education for All Fast Track Initiative (EFA-FTI) (4) was approved, representing the first step in harmonizing the contributions of donors, in this case around the EFA plan and with World Bank procedures.

In 2003 the Government established by Presidential Accord the sector-wide committees (5), including that for education. The committees became the forums of dialogue between the Government and the cooperation entities, serving to promote the sector-wide approach. The education committee involved all the donors operating in the sector (Canada, Denmark, France, Japan, Spain, the United States of America, the European Commission, the Inter-American Development Bank and the World Bank).

In 2004 disbursements began under the Education Sector Policy Support Programme (PAPSE) (6), which is a form of budget support from the European Commission.

In July 2004 cooperation entities and the Government signed an agreement of intention regarding coordination to strengthen the education sector (7), and in September the Ministry of Education adopted the Common Work Plan (PCT) (8) as the programme of the sector and axis for aligning international cooperation. The PCT was accepted as a sector-wide programme by all the donors operating in the sector.

In 2005 the first pilot exercise was carried out to develop the 2006-2008 medium-term budgetary framework in four sectors, including education (9).

May 2005 saw the signing of the documents setting in motion two programme instruments for aid delivery which had a major impact on the funding of the PCT, and on the outlook of the Ministry of Education officials regarding the new aid delivery instruments:

- The joint budget support agreement (10), henceforth including the PAPSE resources of the European Commission, and
- PROASE (11), which is a common fund managed under national procedures whose purpose is to finance the Annual Operative Plans (POAs) generated by the PCT.

In late 2005 a diagnostic analysis was conducted on 10 sector-wide approach experiences in the country that included education (12).

Since early 2006 the Government has been promoting training for public officials in the principles of the Paris Declaration on Aid Effectiveness, the sector-wide approach and the use of the new aid delivery instruments by means of short workshops and two editions of a diploma course in Ownership, Alignment and Harmonization.

In November 2006 the Sandinista National Liberation Front (FSLN) won the presidential elections.

Early in 2007 there was a radical change in education policies, with no more autonomy for educational establishments and the introduction of free primary and secondary schooling.

OWNERSHIP

Education policies

Education policies in Nicaragua in the 2001-2007 period fall into two quite distinct phases owing to the change of President of the Republic:

2001-2006, under Enrique Bolaños, of neoliberal affiliation, and

2007, under Daniel Ortega, aligned with what is referred to as the Latin American radical left.

2001-2006

The policies of the 2001-2006 period were materialized in the National Education Plan (PNE) for 2001-2015 and the Educational Participation Law.

The PNE – whose lines of action were: (a) increased coverage, (b) improved quality, (c) technological innovation, (d) enhancement of the status of teachers, and (e) decentralization of educational management – was the sectoral development of the Strengthened Economic Growth and Poverty Reduction Strategy (ERCERP) adopted by the Government in 2001 (13). ERCERP met the Government's intention to fulfil the criteria qualifying Nicaragua as a highly indebted poor country (HIPC) thereby eligible for foreign debt cancellation, which was achieved in January 2004. Also in 2004, the Government began drawing up a "second generation" poverty reduction strategy, arguing that ERCERP took account of the social aspects alone and that, in addition, the country needed to plan economic growth. This second poverty reduction strategy (ERP), called National Development Plan (PND), or Operative National Development Plan (PNDO) in its most recent version of late 2005, represented some changes in the strategy lines for education: (a) increased coverage, (b) improved supply and quality of education, (c) modernization of the sector, and (d) extended decentralization (14).

The Educational Participation Law officialized the autonomy process for public educational establishments that had been set in motion in the early 1990s. The most important aspects were the decentralization of management and the incorporation of mechanisms for seeking funding complementary to that provided from the General Budget of the Republic. To manage the decentralized establishments the Law set up the School Management Board (Consejo Directivo Escolar), in which parents, teachers and students/pupils participated. The Board appointed the principal of the establishment and had broad academic, management and funding powers. Since the Constitution prohibits basic and secondary school fees, the Participation Law provides that individuals and entities may sponsor or seek forms of sponsorship for the establishments, and that civil society may support the implementation of projects and programmes. The regulations of the Law recognize the existence of ordinary income (from the Ministry of Education) and extraordinary income. The latter was collected and managed by the School Management Board or by the Principal of the establishment, and could be used for maintenance and improvement or as incentives for teachers. By 2005 72% of public schools had been incorporated in the autonomy system.¹

Throughout the presidential period there was much debate about the advantages of the Educational Participation Law (fundamentally the capacity to take decisions in the study centres) and its impact on equitable access (in 2005, for example, 800,000 children were not in basic and secondary education).

The Common Work Plan (PCT), so named because it was drawn up jointly with the donors of the sector and the NGOs providing educational services, is a medium-term plan responding to the framework of national and sectoral policies and plans (ERCERP and PNE) and from it stemmed the Annual Operative Plans (POAs). The main limitation of the PCT to be considered the education programme was the fact that the General Budget of the Republic was still structured not by programme (for example, basic education, secondary education) but by item (personnel, current expenditure, investment), an aspect that started improving in 2006 with the preparation of the medium-term budget framework. The PCT included the great majority of cooperation projects, regardless of the form of aid delivery they used. There were two editions of the PCT: 2004-2006 and 2005-2008. The latter, still in force and accepted by the present Government, was drawn up to be adapted to the National Development Plan (PND). The policies underlying it are: (a) educational transformation: relevance and quality, (b) extension and diversification of supply and stimulation of demand, access and equity, and (c) improvement of governability: participation and results.

The Ministry of Education is to a large extent dependent on external cooperation. In order to conduct a diagnostic analysis of 10 sectors in 2005, an examination of the budget was carried out. The table below shows, in line with that examination, the origin of budget resources according to the different sources (treasury resources; own resources, i.e. revenue from the sale of services; budget support; other donations and external credits) and the percentage represented by them, both for the years from 2003 to 2005 and the average for that period.

	% treasury resources/ budget	Own resources	% own resources/ budget	Sectoral budget support	% budget support/ budget	Donations	External donations/ budget	Credits	% external credits/ budget	% total external resources/ budget
2003	36.88	824,000	0.07	-	-	262,169,000	21.30	513,776,000	41.75	63.05
2004	21.84	899,000	0.04	763,377,000	34.64	329,219,000	14.94	480,065,000	21.78	71.36
2005	43.02	-	-	146,267,000	8.31	138,609,000	7.87	717,442,000	40.75	56.93
Average	32.58	1,723,000	0.03	909,644,000	17.51	729,997,000	14.05	1,711,283,000	32.94	64.50

As can be seen, the average dependence on external resources was 64.5%. Salaries were covered by national and external sources while investment expenses were essentially dependent on resources from cooperation.¹

2007

One of the first measures taken by the present Government was to do away with the autonomy of educational establishments (15) and ban any form of extrabudgetary funding for them. This measure comes with the guarantee of free enrolment and free basic educational material.

The present Ministry of Education has made public its policies responding to “a process of transition from public-private education (1993-2006) to a public-public education” and comprising: (1) More education: curb and eradicate illiteracy, all boys, girls and young people into school; (2) Better education: better curriculum, better teachers, better pupils/students, better schools; (3) Another education: moralization and rescue of public schooling from the influence of the market; (4) Participatory and decentralized management of education: making education the task of all; and (5) All types of education: interconnection of all the education subsystems (16).

Implementation of the new Government’s education policies is under way. At the sector-wide committee meeting in September 2007 the Ministry introduced a preliminary version of the 2008-2011 Strategic Plan. However, approval of the plan has been delayed and made conditional on

¹ It is not possible to know the precise percentage of the resources which were budgeted for investment since all the projects are recorded as investment even though part of the expenditure is current.

publication of the National Human Development Plan, which will be the Government's planning instrument.²

Participation of civil society and cooperation bodies in policy preparation and application

Dialogue between the Government, civil society and cooperation bodies in the 2001-2007 period depended to a great extent on the position of the Minister of Education, rather than on any government. The first Minister of Education of the 2001-2006 Government found it important to align cooperation in a sector heavily dependent on external resources (some 22% of the budget in 2006) (17) and encouraged coordination even before the sector-wide committees were officially established, managing to sign an agreement of intention in 2004 with nearly all the cooperation bodies operating in the sector, in addition to the EFA-FTI.

According to the governmental, civil society and cooperation actors, civil society and education professionals had a considerable hand in preparing the PNE and the tools for its execution. Some of the cooperation entities had a major influence on defining the structure of the Common Work Plan and the indicators for its monitoring. However, the representatives of civil society consider that consultations were held but that most of the proposals were left aside.

This dialogue situation altered when there was a change of minister in the Ministry of Education and the new leader of the sector set no great store by dialogue with international cooperation entities or with civil society.

In the present period, despite the Government's reluctance to engage in dialogue with the signatories of the Paris Declaration (18), the Minister of Education has resumed dialogue and, from a clear ownership position, has set in motion operational mechanisms for progressing in the process of alignment, harmonization and accountability. It is too early to judge the results.

Although ERCERP and the PNE were adopted by the previous Government and reflected its points of view, they were marked by the considerable influence of the World Bank, the promoter of the poverty-reduction strategies and of its own methods of funding the EFA-FTI initiative at world level. Other cooperation entities were certainly influential, especially those closest to the Government's positions. What was lacking at that stage, before the official establishment of the sector-wide committees, was a collective and transparent dialogue between the Government and the group of cooperation entities operating in the sector.

The establishment by Presidential Agreement of the sector-wide education committee in 2003, the adoption of the sector-wide approach and the preparation of the Common Work Plan (PCT) for 2004-2008, subsequently modified for 2005-2008 as the sector-wide programme framework for education, meant excellent scope for the influence of cooperation bodies in national education policies and their implementation. In the first place, those entities took part in preparing both PCTs and gave their agreement to the final versions. In addition, working groups were set up on financial harmonization, decentralization and infrastructure, structural transformation of the education system, and monitoring of the PCT and indicators.

Cooperation participation in the Ministry's policies and plans also took the form of the joint missions carried out since 2006 involving all the cooperation entities operating in the sector. The joint missions are similar to a meeting of the sector-wide accountability committee, and agreements are reached in them on the aspects to be improved in the planning and execution of cooperation resources and activities. The joint missions have had a positive effect on the process of management of the Ministry of Education since they have prompted it to develop its internal processes for the monitoring of plans and the budget.

In the present period the Ministry has set up eight working commissions involving the national actors of the education sector, civil society and international cooperation bodies (19):

² According to the Ministry officials interviewed, the Strategic Plan will come into effect in mid-March 2008.

1. National Literacy Commission "From Martí to Fidel".
2. National Commission on Access to and Coverage of Basic and Secondary Education.
3. National Commission on Infrastructure for Basic and Secondary Education.
4. National Commission on Information and Communication Technologies (ICTs) in Basic and Secondary Education.
5. National Commission on Curriculum and National Curriculum Consultation for Nicaraguan Basic and Secondary Education.
6. National Strategic Planning Commission.
7. National Commission of the National System for the Initial and Lifelong Training of Human Resources of the Ministry of Education (MINED).
8. National Commission on Decentralized and Participatory Management of Basic and Secondary Education.

According to the representative of civil society interviewed, there has been more scope for participation with the new Government, although it is too early to say whether the proposals of civil society will be taken into account in the Ministry's plans. The commission of which most is expected is No. 8 on decentralized and participatory management of educational establishments. This policy, which does not appear in the Ministry's first presentations, was most probably included at the suggestion of civil society and cooperation organizations.

At the sector-wide committee meeting in September 2007 (19), the Ministry presented a preliminary version of the 2008-2011 Strategic Plan. Final approval of the Plan is made conditional on publication of the National Human Development Plan, which will be the Government's planning instrument.

Through the sector-wide committee, the working commissions and the joint civil society and international cooperation mission are trying to bring influence to bear at least in (a) the inclusion of participatory and decentralized management policy, (b) the application of a process of priority-setting within planning, and (c) the inclusion of reinforcement of statistics. When the final version of the Strategic Education Plan is made public, we shall find out how far these factors have been reflected in the Government's commitments.

Monitoring, assessment and accountability

At the end of 2005 the indicators for the sector that were to be used in monitoring the Common Work Plan (PCT) were still under review. There was a package of indicators, but there were no mechanisms and no culture for using them systematically. Consequently, during the past government period many cooperation personnel continued asking for specific reports in order to keep track of activity. Although the use of the indicators has increased, some projects still require additional indicators for their monitoring reports.

Since 2004 the Ministry has made itself accountable to international cooperation entities in the sector-wide committee, presenting its Annual Operative Plan (POA) and the results of its execution. This accountability was strengthened with the work of the PCT monitoring group and indicators. The functioning of the committee and its working groups has constantly improved and gained in substance since its establishment in 2003. In the committee's meetings there was initially no timetable or clear agenda whereas now one meeting is held with the essential aim of ascertaining the Ministry of Education's planning for the following year and the disbursement commitments of the cooperation entities and another is held for the purpose of assessing the results of both processes in the previous year. The accountability exercise was delayed in 2007,

but the POA assessment was finally presented at a sector-wide committee meeting in September 2007. Furthermore, there are several specific reports on the situation of education such as that already mentioned (15), the report on achievements in 2002-2006 (20), and the publication of the analysis of net enrolment ratios (21).

Observations on ownership

In synthesis, in both periods the Government has commanded its own policies. From 2004 onwards it had an operative medium-term planning instrument (the Common Work Plan), and at present it is in an active process of drawing up the new instruments. The Ministry of Education has formulated a strategic plan (which would be equivalent to the Common Work Plan) covering the entire presidential period but it has not yet been published, probably because the Government first wishes to make its national plan official. There have been active processes of participation by civil society and of dialogue with cooperation entities between 2001 and 2003 and at present. Between 2003 and 2007, the sector-wide committee and the working groups experienced difficulties relating to the way in which the sector-wide approach was viewed by the Minister of Education of that period. International cooperation has been influential in framing policies, having a hand in the preparation of the Common Work Plan since 2004, and now with its presence in the working commissions.

The Ministry officials consider that implementation of the sector-wide approach has not had too much influence on policymaking, but has had a positive impact on planning and management: it has assisted in adopting long-, medium- and short-term planning instruments and, through the medium-term budget framework, has succeeded in initiating the tie-up between plans and budget. Unfortunately, the medium-term budget framework preparation exercise has not been presented since 2006.

The aid disbursement conditions laid down for the various aid operations, from projects to budget support, have strengthened ownership when they have been based on the Common Work Plan (as in the case of PROASE) because they have promoted planning and accountability. When the conditions did not attach to the Common Work Plan because they require, for example, indicators which are not used by the Ministry of Education or reports whose formats or dates of presentation do not coincide with the national ones, they have fundamentally represented an increased effort on the part of the officials concerned. It seems that in no case did they have much impact on public policymaking in education.

Ownership on the part of the present Government is high. It is determined to mark its own policies, but at the same time it seems open to participation by the various actors. The main challenge lies in institutionalizing the participation entities, particularly civil society, and in establishing commitments guaranteeing that their positions will be taken into account.

International cooperation seems to be confident of the Government's ownership capacity in the education sector since, in the past year, the resources committed have increased both in the form of projects and through participation in programme instruments such as the PROASE common fund.

ALIGNMENT

Inclusion of cooperation resources in the General Budget of the Republic

It is difficult to ascertain the extrabudgetary aid that went to the education sector before 2006 because there was no official information on the matter, and there has been no access to studies analysing the sector's funding.³

The year 2005 saw the promulgation of Financial Administration and Budget Regime Law No. 550 (22), which is still in force and was applied for the first time in 2006. The Law specifically prohibits public institutions from using resources for which no provision is made in the General Budget of the Republic. It can therefore be assumed that in 2006 and 2007 all the resources for the Ministry were included in the budget regardless of the form of disbursement used: budget support, common fund or project.

Starting in 2007, a new phenomenon has appeared which may give rise to extrabudgetary funding of government institutions: the fact that cooperation resources from sales of Venezuelan oil are channelled through a public enterprise – Petronic – and are not recorded in the budget. Their use by the Government is discretionary and, so far, no information is available on actual sums or allocations.

The inclusion of cooperation contributions in the General Budget of the Republic does not automatically signify any alignment with the Government's policies and plans. In the case of some projects, the alignment is extremely general and the activities are not fully in line with those provided for in the Common Work Plan (PCT). The Ministry, at least until 2006, tended to accept credits and donations even when not entirely consonant with its priorities. In fact, both editions of the PCT were drawn up in such a way as to include all projects under way.

Alignment on national procedures

The use of national procedures for the management of aid resources really started in 2004 with the Education Sector Policy Support Programme (PAPSE) (6) and was extended in 2005 with the common fund of the Education Sector Support Programme (PROASE) (7). Preparing the PAPSE and PROASE documents represented a major effort for the Ministry officials since they had only worked with cooperation entities on the basis of projects; they still (especially in the case of PAPSE) lacked planning, monitoring and assessment instruments, including well-prepared indicators, and did not enjoy appropriate support from the central institutions responsible for finance, planning and external relations.

In the General Budget of the Republic for 2006, external resources aligned on national procedures for financial reporting, auditing and procurement (which were those disbursed through PAPSE and PROASE) represented about 10% of aid. If the debt relief assigned to education is added, the proportion of aid using national procedures would rise to roughly 24%. The EFA fund uses national procedures with the exception of procurement above certain sums. Should EFA be included, that proportion would reach almost 27% of external resources.⁴

Alignment on national procedures has differed in its impact according to the specific instrument used:

³ The Administrative and Financial Directorate of the Ministry of Education conducted a study on the funding of the sector from 2000 to 2007. The study, which is not available on the Internet, was requested of that Directorate but has not been received.

⁴ Own calculation from the General Budget of the Republic for 2006 (17).

Budget support for the Education Sector Policy Support Programme (PAPSE)

PAPSE is a form of budget support by the European Commission to achieve results in the education sector. Disbursements are established in fixed and variable tranches. Fixed tranches may be received in full or may be forfeited depending on fulfilment of set conditions. Such conditions depend on the Government (e.g. development of national plans or improvement of public finances) and only on occasion involve the sector (implementation of sectoral budget or meeting decentralization commitments). The sum disbursed in each variable tranche is determined in accordance with the degree of fulfilment of specific sector indicators. In the General Budget of the Republic the PAPSE resources are merged with those of the Treasury. Management therefore exclusively respects national procedures; there are no eligible expenses or specific reports to be prepared by the Government and monitoring is done in the Budget Support Group.⁵

PAPSE represented a considerable extra budget for the sector in 2004, the first year of execution. There were then only two fixed tranches – made conditional on very general targets – which were disbursed. About 91% of the PAPSE resources were allocated to the Ministry of Education and came in addition to those of the Treasury. In practice, on account of the lack of experience of the Ministry of Finance in budget support and because there was no medium-term budget framework, the resources were included in the budget as if for a project.

In 2005 PAPSE was already included in the public budget as genuine budget support, meaning that it was indistinguishable from the Treasury resources. In that year there were two disbursements programmed: one fixed and one variable tranche. The Ministry of Finance only increased the education budget by a sum equivalent to 30% of the resources of the fixed tranche and pledged to increase it with all the resources of the variable tranche (linked to targets directly connected with education).

One of the education targets was to increase primary enrolment in the two Atlantic Coast regions. Both regions have political autonomy in decision-making involving planning, investment or teacher recruitment. Therefore, to ensure that this target was met, negotiation between the autonomous Government and the Ministry of Education was needed in order to arrive at mutual commitments. That negotiation was not conducted or no commitments were established.

The Ministry of Education failed to meet these sector targets for the variable tranche in 2005, so that the disbursement was lower than the maximum established. The Ministry of Education was not well-informed or was unable to interpret the PAPSE characteristics. It was unaware that general budget support is distributed at the discretion of the Ministry of Finance, independently of the fact of its disbursements being results-based in the sector concerned, and was hoping to be allocated all the funds. It therefore took on some salary commitments and set in motion several calls for tenders that it was unable to follow through. This created a defunding crisis and lowered the sector-wide approach in the opinion of the education officials, who in the diagnostic analysis conducted in 2005 (12) said that, in their view, it meant more work for them but did not improve either funding or the predictability of resources.

The external mid-term review of PAPSE (23) praises the experiment and recommends a PAPSE II, but the Ministry of Education officials voice misgivings about a new operation of this kind because they do not associate it with additional funding for the sector and greater predictability of resources. For them the only reason to help formulate a new PAPSE is that it means more aid for Nicaragua, rather than any benefit for the education sector.

⁵ The Budget Support Group is made up of the nine cooperation entities using this form of funding. The government partners are the Ministry of Finance and Public Credit, the Technical Secretariat of the Presidency, and the Ministry of External Relations. The sectoral ministries do not participate.

Common fund or budget support. Education Sector Support Programme (PROASE)

The PROASE common fund (at present financed by Canada, Denmark and the Netherlands) is a source of funding for the Ministry's POA activities. The funding suppliers deposit resources in a Banco Central de Nicaragua account in the name of the Ministry, which makes quarterly disbursement requests. The volume of quarterly resources is flexible, depending on expenditure and on needs forecasting. It uses national procedures for procurement (while incorporating criteria to ensure the participation of international enterprises above specified amounts) and auditing. PROASE cannot be used to pay for the salaries or other remuneration of workers in the sector. Performance tracking and disbursement conditions are based on the Common Work Plan. Management is by means of an executive committee, presided over by the national authorities and meeting in regular session four times a year, with a set agenda.

The PROASE common fund is the form of cooperation preferred by the Ministry of Education officials, both in the administrative and financial area and in planning and substantive management. For these officials, PROASE means being able to rely on resources in addition to the budget that are predictable annually, which can be used flexibly to pay for POA activities. Furthermore, it has meant a strengthening of management in the Ministry, of planning and of management capacity, especially in the area of procurement. Following signature of the PROASE memorandum of understanding, the Ministry of Education's Administrative and Financial Directorate (which is responsible for procurement) strengthened the procurement unit through the provision of additional resources and training with a view to enhancing its capacity to execute more calls for tenders within shorter periods.

In the opinion of the Ministry of Education, examples of the successful operation of PROASE are that it: (a) enables advance disbursements to be made when the Ministry has needed to expedite POA activities and (b) allows resources from the fund to be used (subject to consultation and authorization by the donor monitoring the fund) for activities not provided for in the POA, in the event of natural disasters.

Other alignment factors

A positive experience of alignment on national procedures is the use of just one financial audit for the entire annual budget, including treasury resources and all external resources registered. This single audit, conducted in 2006 and 2007, has represented a considerable easing of the workload of the Administrative and Financial Directorate and of transaction costs. It has also increased coordination between donors and provided all stakeholders with better-quality information for expenditure assessment. Both the Ministry of Education and donors say that they are pleased with this progress.

The sector-wide approach cannot be said for sure to have helped reduce differences in access to or the quality of education. Some of the PAPSE conditions had to do with disparity reduction. In fact, failure to meet the variable-tranche conditions in 2005 was precisely because the pledged school enrolment ratios were not achieved in the two Atlantic Coast regions, among the most deprived in Nicaragua.

There are positive examples of the reallocation of resources in emergencies. With the devastation of schools in the North Atlantic Autonomous Region by Hurricane Felix in September 2007, resources of the PROASE common fund were used to rebuild and rehabilitate schools and represented the first resources that the Ministry was able to call on for the purpose.

Other observations on alignment

The Ministry of Education has not had a major role in selecting the forms of aid provision used (sectoral budget support, common funds or projects). It has been the cooperation agencies which have arrived with a specific offer without that offer being preceded by any dialogue on the

advantages and drawbacks of each form in relation to attaining education outcomes or to capacity-building within the Ministry itself. It emerged from the diagnostic analysis of 10 sector-wide approach processes and also during the implementation of training activities in 2006 that, with very few exceptions, public officials believed that the form of aid delivery was a prerogative of the cooperation entities. Also, they were unfamiliar with the general characteristics of these instruments and there had been no discussion as to how it was more appropriate for aid provision to be undertaken from the Government's perspective.

This approach both by the Government and by the cooperation agencies has been the main difficulty in unifying the form in which aid is delivered and achieving greater levels of alignment and reductions in transaction costs.

Dialogue between the Government and the cooperation entities in the sector-wide committee has never addressed the possibility of unifying the three current programme instruments (PAPSE, PROASE and the EFA-FTI catalytic fund). The objectives of the catalytic fund are currently being reviewed bilaterally by the Ministry of Education and the World Bank with a view to adapting them to the Ministry's POA.

Education is apparently not the only ministry in Nicaragua that appreciates the advantages of a common fund like PROASE managed under national procedures. In fact, the three sectors in which the change of government has least affected dialogue in the sector-wide coordination committees have been those commanding a programme instrument of this kind: Education, Health, and Rural Production (24).

HARMONIZATION

The Ministry of Education receives resources from the EFA-FTI catalytic fund, managed by the World Bank. This fund, to which various bilateral donors contribute, is independent of PAPSE and PROASE and uses World Bank procedures for procurement above a specific amount. In 2006 the execution of programmed resources was not very high, at around 56% (25), and none was recorded in the January-September 2007 liquidation report (26). According to the government and cooperation personnel interviewed, this funding source has not been adequately managed and the only disbursement condition laid down – the monitoring of a package of indicators forming part of the Common Work Plan (PCT) – has not been met. As the World Bank sees it, this low yield is due to mismanagement by the Ministry, while the Ministry officials take the view that the fund is not flexible enough, the procedures are irksome, and it does not build national capacities because it is managed in accordance with World Bank procedures.

The joint annual missions are a conjectural advance in terms of harmonization but, while the joint missions have significantly increased coordination among donors and communication with the Ministry, they have done nothing to reduce the Government's requirements because they have not substantially reduced individual missions, so that public officials continue having to spend much of their time seeing to visits of members of the various cooperation agencies.

The harmonization challenges have to do with the need for donors to act more in accordance with this principle of the Paris Declaration. The unification of government requirements remains a necessity in order to cut the amount of time officials have to spend attending to donors instead of performing their government tasks. Individual agency visits are still taking place and joint missions have not managed to become the only assessment mechanism for all donor activities.

Harmonization, in common with alignment on national plans and procedures, proves particularly difficult in the countries of Latin America because several of the main cooperation agencies in the region are reluctant to leave aside their own policies, to abandon the practice whereby it is their non-governmental enterprises or entities that manage the aid, or to use government procedures rather than their own. In this respect the African countries have an advantage (in addition to the

fact that the process has been under way there many years longer) because the resources provided by the donors most committed to the Paris Declaration (Sweden, the United Kingdom, Finland, the Netherlands, Denmark, Canada and Switzerland, principally) account for a bigger proportion of aid.

CAPACITY DEVELOPMENT

Through the sector-wide approach the officials of the Ministry of Education have improved their capacities for leadership and management of the sector, policymaking, the framing of medium-term plans and annual operative plans, the tying-in of plans with the budget, and negotiation regarding aid delivery instruments.

Stimulated by the possibility of organizing cooperation around its priorities, the Ministry drew up a long-term plan, the National Education Plan, in 2001, the first medium-term instrument in the form of the Common Work Plan in 2004, and the first medium-term budget framework exercise in 2006.

In the diagnostic analysis of implementation of the sector-wide approach conducted in 2005 (12), the officials of all the sectors examined, including education, expressed the view that training in all the aspects to do with the process of implementing the sector-wide approach was a priority need. On the basis of that diagnosis the Government, with the support of the cooperation entities and in collaboration with a national university, first organized short workshops to familiarize people with the sector-wide approach. However, once the workshops had taken place, the Government considered that more training would be needed, especially in connection with public management processes. As a result, two editions were organized with the same university of a diploma course on alignment and harmonization, lasting 100 hours, the process leading to the Paris Declaration was explained, modules were taught on planning, management of public finances, monitoring and assessment, leadership and negotiation, and development of the sector-wide approach was worked on. This training experiment was very well thought of in general by those taking part (there were criticisms of the content of some of the modules) because it not only gave a better understanding of the direction being taken by part of the cooperation community but also highlighted the need for national ownership, besides teaching about the main instruments of an effective and efficient public administration.

The chief risk for capacity development when a change of government occurs is the replacement of the officials who were trained in, understood and encouraged such capacity-building in the previous period. In the case of the Ministry of Education, despite considerable changes, some of the people remain who played a key part in the previous stage. A memory therefore remains of the old achievements and difficulties, so that work can continue along the same lines. Furthermore, the present managerial team in the Ministry believes in the advantages of planning and the participation of all actors in guiding the sector.

Technical cooperation delivery has improved in relative terms. PROASE and PAPSE command for the purpose fairly flexible funds which can be suited to the Ministry's needs. However, most of the other donors who support the sector continue to provide technical assistance outside the scope of government planning, for areas not regarded as priorities by the Ministry and at times when public officials cannot spare the necessary time for learning or receiving advice.

The officials consider that, once the strategic plan is approved, an institutional strengthening plan will need to be drawn up on which all technical cooperation should be aligned.

LESSONS LEARNT

When a sector lacks an institution with powers governing the rest of the institutions making it up, the sector-wide approach proves very difficult to apply. In the case of Nicaragua, where higher

education is independent of the Ministry of Education, what has been achieved is application of the programme approach around the Ministry's powers.

The sound exercise of ownership depends to a great extent on the capacities of the leader of the process (usually the Minister of Education) and on his or her understanding of and confidence in the principles of the Paris Declaration.

The success of the process also depends on the position of the donors supporting the sector. In Latin America many of the major cooperation entities are not particularly committed to the principles of the Paris Declaration.

The programme approach has continued after a radical political change. This continuity has probably been helped by the fact of having programme instruments for aid disbursement that were clearly of benefit to the Ministry authorities, such as advance disbursements when the Ministry needs to expedite activities or to use resources for non-programmed activities in the event of natural disasters.

Another factor making for continuity has been the continuation in key posts of people who had been active in the process and were convinced that it represented a mechanism for making aid more effective.

Dialogue with the cooperation community and the development of elements of the programme approach have strengthened the management and planning capacities of public institutions by stimulating long-, medium- and short-term planning, the linking of plans to the budget, and financial management and procurement procedures.

Cooperation agencies have had more influence on these management capacities than on the framing of education policies. These policies have varied substantially with the change of government, switching from a very decentralized model, with complementary payments by pupils' families, to a model whose level of decentralization remains to be defined, paid for exclusively from the General Budget of the Republic. This change has not altered the position of donors regarding alignment and harmonization.

The effective participation of civil society in policymaking has not been decisive either, at least not so far. In many cases there have been consultation processes, but their contributions have not been included.

Programme instruments for aid delivery, such as common funds and budget support, do much to strengthen ownership and sound management of these resources. Much needs to be known on both sides (Government and cooperation agencies) about their possible effect on the predictability of funding and on the use of resources. For an ill-designed or misunderstood instrument may hinder progress in the programme approach.

The reduction of transaction costs has not been very significant. A measure such as the single audit for the entire annual budget of the sector, on the other hand, has reduced costs and requirements of the Government. Others, however, such as joint missions have not had that effect owing to their failure to replace individual missions.

The main inefficiencies in aid provision have been the lack of predictability of disbursements and the use of new forms of aid where these have not reduced government requirements or other transaction costs and adaptation to unforeseen situations such as natural disasters has not been easy to achieve.

Persons interviewed

Name	Institution	Position
Freddy Castejón	MINED (Ministry of Education)	Administrative and Financial Director
Juan de Dios Zepeda	MINED	Director of Project Formulation and Resource Management
Edel Mary Sandy	MINED	Technician, Project Formulation and Resource Management
	World Bank	Task Manager
Johanna Zumstein	CIDA (Canada)	Regional Education Specialist, Central America
Mario Quintana	Civil Coordinating Committee	Education Officer

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