

Building a Rural Development Sector-Wide Approach Programme (SWAP) in Nicaragua

By Willi Graf¹

María Antonia² talked to us about the importance of carrying out a process that contributes to funding socially inclusive and sustainable programs that raise the growth of the Agricultural Domestic Product by 6.25% per year and thus reduce rural poverty substantively, taking advantage of the productive and commercial potential of rural families throughout the country. The PRORURAL program, which started in 2006, envisages a budget of US\$80 million per year. The greatest challenges for its successful implementation at present are the weakness of rural development institutions and the difficulty of donors to find joint coherent positions and actions in this area.

Q: In SDC, you are in charge of follow-up of the Rural Sector Programme (Programa Sectorial Rural – PRORURAL), a (Sector-Wide Approach Programme) of the Nicaraguan Government. Could you tell us how this programme came to be?

¹ Interview of María Antonia Zelaya, National Programme Officer, Cooperation Office, SDC-Nicaragua, by W. Graf from the Focal Point for Rural Development of SDC-Bern

² María Antonia was trained as an economist at the National Autonomous University of Nicaragua and earned a master's degree in agricultural and rural development at the National Agronomy Institute of Paris at Grignon. She has been working for 20 years in rural development in Nicaragua and Burundi, as well as on short-term missions in Tanzania. She also worked for the Agrarian Reform Studies and Research Center of Nicaragua (Centro de Investigaciones y Estudios de la Reforma Agraria de Nicaragua – CIERA), the Ministry of Agriculture of Nicaragua (Ministerio de Agricultura de Nicaragua – MAG), and the European Commission. Since 2004, she is with the SDC Cooperation Office in Managua, where she is in charge of the environmental and rural development area.

Since 2001, the Nicaraguan Government has been drawing up a national rural development strategy focusing on farm and cattle production issues and drafting the corresponding policy. Spanish Cooperation supported this process. As a result, in 2004, among other programs, the Rural Development Programme (PRORURAL) was established. PRORURAL (www.) depends on four Nicaraguan government institutions, among which the Nicaraguan Institute of Agricultural Technology (Instituto Nicaraguense de Tecnología Agropecuaria – INTA) until then co-funded by the World Bank, the International Fund for Agricultural Development (IFAD) and SDC. In 2004, a group of donors decided to support the Nicaraguan Government with sector coordination forums for the purpose of harmonizing and enlisting international support for Nicaragua. For the rural development area, a forum of 17 Nicaraguan Government agencies was established. The donors then decided to set up their own group for the purpose of providing the Government with coordinated support. The group is facilitated at present by myself and meets every three weeks. SDC decided to terminate its support of INTA and help the rural sector by supporting PRORURAL using the mechanism of a common pool of sectoral budget support.

At the start, the process of drawing up PRORURAL was heavily supported by the World Bank, to such an extent that sometimes it was viewed more as a World Bank programme than a Nicaraguan Government programme. But suddenly, the World Bank, apparently for administrative reasons, decided not to become involved in funding a sector program but to continue to support INTA as a project.

Nevertheless, the partial withdrawal of the World Bank had a positive impact because the Nicaraguan Government took over the leadership of developing PRORURAL and managed to enlist the support of

other donors, in addition to Switzerland, and joined the common pool of international support. A code of conduct among the donors was drafted to define rules about how to operate to support rural development (hyperlink). Nevertheless, I would like to point out that this process was not at all easy. We drafted five different versions before the document was signed. To date, 12 agencies have signed it.

The consulting process for the content and structure of PRORURAL itself was not easy either. At one given time, there were 68 pages of comments from agencies about the program's document! Then the Nicaraguan Government criticized the donors, asking them to reach an agreement about their positions in the above-mentioned donor group.

Q: María Antonia, what are the pillars of PRORURAL?

The program has five components: technological innovation and forest development; financial services and rural infrastructure; rural agricultural development policies; institutional capacity building; and agricultural sanitation and food safety.

The objective is to reduce poverty and improve the income of the poor by improving the competitiveness of the farm and cattle-raising sector before free trade starts in the region. More precisely, we are talking about a 100% rise in exports over five years, a 6.25% annual increase in Agricultural Domestic Product (higher than the economy's average growth), and a reduction of export rejections to 0. It is also envisaged that 70,000 hectares of forests shall be reforested. The budget proposed for PRORURAL amounts to US\$80 million per year. Of these, US\$40 million are already allocated, US\$8 million by the General Treasury of the Nation, US\$6 million by the common support pool (Switzerland and Finland, which have signed the agreement, and Sweden, Denmark, and Norway, which are negotiating it), and US\$26 million in the form of projects, especially from the World Bank. Operations started up gradually in 2006.

Q: What is new about PRORURAL?

Rather than talking about new things, we should probably talk about specific features. But indeed bringing together four institutions (INTA, MAGFOR—Ministerio Agropecuario y Forestal, Sanitary Protection Institute, Rural Development Institute—IDR) into one single program is totally innovative. But rather than innovative it involves a different way of doing things.

Q: Could you describe these specific features in greater detail?

Well, the main one is the complementary nature of the contributions made by the institutions. For example, in joint planning efforts. Likewise, the budget is drafted over the medium and long term. The Nicaraguan Government is firm in its decision to reduce the number of project management units and to increase cooperation on the basis of new funding mechanisms. Of course, projects are no longer being accepted.

Q: Are there differences in the way of working with the customers or beneficiaries of PRORURAL?

The services of the institutions mentioned have improved and the Nicaraguan Government's investments in the rural sector have increased. A process of concentrating services to increase quality and promote decentralization has started up. In terms of territories, four institutions have come together with a common operating plan and structure.

Q: These institutions are answerable or accountable to whom?

This has not yet been decided. It may be that the MAGFOR will take up leadership in all the territories; it may be that, in each territory, a leading institution shall be decided upon. In any case, it is a national institution that is at the head.

Nevertheless, the question of institutions should be of much concern. For example, INTA has an institutionalized part that guarantees the stability of the technical staff, the other part is financed through projects and

therefore its sustainability is not guaranteed. The Rural Development Institute consists of only projects. Therefore, what institutions are we talking about? The ones that are more or less stable are the Agricultural Sanitation Department and the National Forestry Institute, because they have their own resources or funding from the Nation's Treasury.

Q: What do you believe are the major challenges for PRORURAL?

The matter of institutional capacity building is the greatest challenge. On the basis of the large amounts of fresh resources planned for PRORURAL, the Nicaraguan Government wishes to hire more staff using the scheme of consultants who are paid higher salaries than those of the permanent staff, but without any guarantee for job stability. Among the donors, there is a consensus that this is an important issue, but there is no firm commitment to get to the bottom of the matter and find solutions together.

What is certain is that the solution should be spearheaded by the Nicaraguan Government, but that is precisely the difficulty, because the Government is always tempted to look for resources to fund its staff ad hoc although there is a civil service law that should be preventing this. The issue of positions of trust is a key one (it involves staff hired by the Nicaraguan Government as staff of trust for a high-ranking official, for example, a minister). The stance of the donors regarding this matter continues to be ambivalent.

Even SDC continues to fund an advisor in the MAGFOR for historical reasons and as a result of an explicit recommendation made by an external evaluation. It should also be noted that other agencies are paying far more persons in this way!

Q: How is it expected then that staff for PRORURAL shall be hired?

Formally, staff should be hired on the basis of the scheme of the Civil Service Act. Nevertheless, no far-ranging institutional reform is expected in the institutions of PRORURAL. I personally believe that this

reform should make it possible, in the case of MAGFOR, to readjust existing human resources because there are capable people in the civil service. In the IDR, an institutional framework would have to be built but it actually exists only for projects. In the case of INTA, the topic is similar because its staff is paid by the World Bank project. In both institutions, the situation is somewhat better.

Q: Then what needs to be done to resolve the matter?

What is needed is political impact work on the topic with the new presidential and congressional candidates to support the process of institutionalization. For this purpose, in the group of donors, it would be possible to draw up a map to orient their actions during the electoral process and more importantly in the period of government transition to a new administration after the elections.

Maria Antonia, thank you very much for this interview. We wish you the best in carrying out this laborious, difficult, complex but at the same time very important process!

Note: This interview is also published in Spanish on the website of the Focal Point for Rural Development (www.sdc.ruraldevelopment.ch)