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ABSTRACT

Nicaragua's 4.14 million people earn on average 340 dollars per capita per year. In the Latin American and Caribbean Region, Nicaragua is second only to Haiti in poverty. Studies show that the country is only 64 percent food-secure. The mortality rate of children under five is 68 per thousand. The agricultural sector is characterized by low productivity and high production costs. Illiteracy has risen to 36 percent. Daily caloric intake is 365 calories per capita under the 2,070-calorie minimum requirement for Central America. Only 47 percent of the active population is in the labour force. Ten years of war and trade restrictions up to 1990 have steadily reduced the gross national product (GNP). The country is prone to earthquakes, and is periodically afflicted by floods, hurricanes and drought.

The new government, which took office in early 1997, faces enormous development challenges, although the previous government of Ms. Chamorro was able to achieve peace and set the country on the road to economic rehabilitation. The United Nations Country Strategy Note (CSN) for the period 1998-2002 is under preparation.

WFP has invested 130 million dollars since 1979 in 13 emergency operations and 13 development projects. Two million people, almost half of the population, have benefited from WFP aid. Forty thousand war-displaced persons have been settled; 42 percent of WFP aid has gone to expectant and nursing mothers, children, and other vulnerable groups. The productive (dairy and agriculture) projects have reached 700,000 beneficiaries.

WFP is proposing to focus its future activities on reducing extreme poverty and promoting renewed agricultural production. Key elements of the strategy are appropriate targeting, community participation, gender and benefit analysis on all WFP-funded activities, and an increased role for local NGOs. The Government has prioritized WFP assistance for human development in aid to pre-school, day-care and primary schoolchildren; and in productive development activities.

An indicative amount of 42.4 million dollars has been identified by WFP as total food aid needs for 1998-2002. Of this amount, core commitments available under ongoing projects amount to 18.4 million dollars. Additional resources totalling 24 million dollars (but this may have to be adjusted depending on the availability of WFP funds and in the light of priorities in allocating resources among low-income, food-deficit countries), would be required for the five-year period. The United Nations Country Strategy Note (CSN) and the WFP Country Programme will define with more precision the sectors and areas of concentration and the implementation modalities for each specific activity.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for consideration to the Executive Board.

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

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INTRODUCTION

1. Nicaragua is the second poorest country in Latin America and the Caribbean. More than a decade of military conflict, coupled with economic and trade sanctions, has led to a steady decrease in the GNP. An increase of 3.2 percent was registered in 1994. The data for 1995-97 are not yet available from the International Bank for Reconstruction and Development (IBRD). An increase of seven percent is projected for 1998, mainly as a result of developing the export farming sector. Nevertheless, the per capita income for 1995 was only 66 percent of that registered for 1980.
2. Besides leading to increased poverty, the civil conflict caused thousands of deaths and massive population displacement, especially in rural areas where thousands of hectares of productive land were abandoned. Most of the population is still suffering from the effects of the war and the economic crisis, with more than 70 percent experiencing severe economic hardship in 1996.

FOOD INSECURITY AND THE HUNGRY POOR

Poverty and levels of food insecurity

3. Poverty is a structural problem in Nicaragua. According to FAO data, it is among the 14 foremost countries in the world with problems relating to food insecurity. In 1993, it was estimated that out of a total population of 4.1 million, more than 70 percent lived in poverty (three million inhabitants). Almost 50 percent of the population lives in rural areas, (29 percent is the average for Latin America) and 80 percent of these live in poverty, mainly in the northern region (Nueva Segovia, Madriz, Estelí, Matagalpa and Jinotega).
4. The country is highly dependent on imports. Thirty percent of food consumed is imported, with the exception of maize, beans and sugar. Increases in production have had a favourable impact on overall food availability, although they were not sufficient to cover demand, given the population growth. The production of basic grains in 1995 increased by an average of 26 percent, and the figure was even higher for maize, which reached production levels similar to those of 1989. However, available supplies are not sufficient to cover a minimum daily requirement of 2,070 calories per capita, and there is an average deficit of 365 calories per capita per day, i.e., only about 82 percent of the requirement is met.
5. A direct relationship can be observed between poverty and agriculture. Almost two thirds of the rural poor are involved in agricultural activities, with more than 80 percent of the men in rural areas deriving their income from traditional farming. Women's activities, however, are more varied, although women are mainly involved in the service sector. Traditionally, basic grains (mainly maize and beans) are produced by poor small farmers. Recent studies show that there are over 400,000 small holdings and, of these, almost 60 percent are under five *manzanas* (3.5 hectares). They are dedicated mainly to the production of food, on poor-quality land, with little or no technology, and have hardly any contact with or access to credit sources or marketing outlets.
6. The youngest are the most affected by poverty, in both urban and rural areas. As poverty becomes more and more extreme, a greater proportion of the young is affected. There are



no significant gender differences in poverty levels, although households headed by women are recognized to be at greater risk. Approximately 28 percent of rural households are headed by women; this figure rises to 37 percent in urban areas. Poor homes spend around 80 percent of their income on food and household items, with more than 50 percent spent on basic grains.

7. The deterioration of health, educational and nutritional indicators in the country is directly related to the unequal distribution of resources, inadequate access to basic services, (mainly drinking-water and sanitation facilities), and the effects of the economic crisis. Gender gaps in health and nutritional status are evident: 32 percent of girls under three are malnourished, while the rate for boys under three is 13 percent. Malnutrition among girls between five and six years of age is 42 percent, compared to 33 percent for boys in the same age group.
8. The population growth of three percent, the fertility rate of 4.9 children per woman during child-bearing years and the birth rate of 39 per thousand inhabitants are among the highest in the region. Fertility and birth rates are highest for women in rural areas who have little or no formal schooling. The rate of maternal mortality is 150 for every 100,000 live births (the fourth highest in Latin America), and the infant mortality rate is 58 per thousand. Main causes of infant mortality are diarrhoea and acute respiratory-related illnesses.

Food assistance needs at the national level

9. Food transfers play a vital role to sustain those households affected by extreme poverty, i.e., rural families which depend on subsistence farming and the unemployed or underemployed. Out of the total number of economically active women, 47.3 percent are underemployed, compared to 38.6 percent for men; 75.4 percent of women work in the informal sector while the proportion of men is 53.6 percent. As only 47 percent of the active population is part of the formal labour force, there has been significant under-utilization of the work force (unemployment and underemployment) since 1988, when the first stabilization and adjustment plan was implemented. A figure of 22 percent unemployment was estimated for 1993, with 60 percent of employed workers earning less than the average national income.
10. Fifty-three percent of those employed in the formal sector have an income that is insufficient to cover the cost of a basic diet. In December 1995, it was estimated that the average salary of workers at the national level (180 dollars)¹ covered only 70 percent of the cost of basic food needs.
11. Thus, even the majority of salaried employees and workers in the formal sector have serious difficulties in securing a minimum food basket for their families. The food deficit situation is more alarming for households in extreme poverty, which number 50 percent of the total population according to a 1993 estimate. Food-for-work schemes attract the unemployed or underemployed as such schemes tide them over periods with low or no income, represent almost the sole opportunity to sustain a family during critical food-deficit periods and generate community assets. Furthermore, because of price fluctuations and supply conditions, in many rural and isolated areas food commodities are preferred to cash payments.

¹ All monetary values are expressed in United States dollars, unless otherwise stated. One United States dollar equalled 362 córdobas in December 1996.



12. Households headed by women are among the poorest, mainly because of the low salaries offered to women and because of their low level of schooling. It is estimated that 32 percent of adult women are illiterate, compared to 29 percent for men. Many women find they have to leave their children alone or accept lower-paid jobs which allow them to look after their children. Under these conditions targeting food aid to women ensures that women and their children have a direct increased dietary benefit.
13. Thirty percent of children under six suffer from malnutrition, resulting indirectly from the poverty faced by their families, and directly from food deficiency. Vitamin A deficiency is found in 70 percent of children; 30 percent are anaemic, and even higher levels of malnutrition are found in rural areas. Malnutrition affects more than one third of women during child-bearing years; 34 percent are anaemic. The nationwide average for school attendance is 4.5 years, and 36 percent of Nicaraguans are illiterate. In rural areas, most children arrive at school without having had an adequate breakfast. Thus, food interventions in support of pre-primary and primary schoolchildren alleviate the short-term hunger of these children and provide them with the energy intake to maintain their concentration during school hours.
14. Based on these considerations, the potential food aid beneficiaries in Nicaragua are mainly those households settled in rural areas with little or no productive infrastructure and very limited access to health or education services. Unemployed during a number of months in the year, they have annual incomes below 300 dollars. While the men search outside their villages for employment the distribution of roles burdens rural women: in addition to their food production tasks, they raise and care for children who often suffer from malnutrition. Food distributed directly to women heads of household and unemployed fathers staying in the village guarantees a higher impact on community stability, health, nutrition and education than any other resource.

Vulnerability of the country to natural disasters

15. Nicaragua is highly vulnerable to natural disasters. It is located in the area of tropical Caribbean hurricanes as well as in an earthquake and latent volcanic activity zone. Its critical economic situation renders it incapable of preventing or responding quickly to natural disasters. Nearly 75 percent of the population do not have adequate housing or access to basic services, and construction standards are not observed. The country has a civil defence system for emergencies but has neither resources for putting this into operation nor an adequate institutional and legal framework for mitigating emergencies. Over the past 24 years, natural disasters have caused losses estimated at more than four billion dollars and have affected in particular rural areas, subsistence farmers and peri-urban dwellers.

GOVERNMENT PRIORITIES AND POLICIES ADDRESSING POVERTY AND FOOD INSECURITY

General strategy, development, and food security policies, programmes and projects

16. The development strategies and macro policies of the Government aim at achieving economic adjustment and stabilization, promoting private sector activities and establishing exports as the main basis for economic growth. Policies for the agriculture and food sectors



have been formulated independently from other macroeconomic policies. There has been little coordination between responsible entities, and policies have arisen mainly in response to specific situations.

17. Up to now, there has been no national development strategy specifically designed to fight poverty. In spite of this, actions have been taken to reincorporate poor, displaced populations back into the national economy. The main attempt to reactivate production has been within the framework of the Social Agenda put forward by the Ministry of Social Action in 1993 under the name of "Reactivación Solidaria" (Reactivation for the Common Cause). More recently, measures have been taken to reactivate production by creating or reorganizing programmes and institutions. The Sustainable Development Strategy for the year 2000 was drawn up in 1995 after consulting with different sectors of society. The newly instated government has assumed responsibility for its implementation. Policies to eliminate discrimination of women, and increase their access to employment, productive resources and social benefits, have also been formulated. In this regard, the Nicaragua Institute for Women (INIM), in coordination with line Ministries, places special emphasis on programmes aimed at young women who are heads of family in poor areas.
18. The country's economic recovery relies heavily on reactivating the farming sector which affects the entire economy, since it contributes more than 30 percent of the GNP, accounts for 60 percent of exports and employs more than one third of the active working population. Agriculture and livestock activities have contributed to the spurt in growth that has taken place over the past two years. But emphasis on macro policies has often meant that specific policies aimed at promoting renewed food production have not been fully prioritized. Thus, the increases in food production levels have come about mainly as a result of redistributing land to thousands of war-displaced persons, thereby increasing areas dedicated to production.
19. The agricultural sector is characterized by low productivity and high unit costs. Small farmers either have insufficient access to technological innovation or lack the necessary resources for applying improved techniques. The Nicaragua Institute for Farming Technology (INTA), created in 1992, is responsible for the organization of technology generation and transfer for the benefit of small and medium farmers. The main challenge faced by INTA is ensuring that technological development is in line with the reality of small farmers and that the sustainability of technology transfer can be guaranteed through the generation of demand. Efforts are made to link the application of technology in small holdings to credit.
20. Access to markets and credit is difficult for small producers of basic grains. Trade policies promote the opening up of markets; interregional trade has been liberalized, although local producers of basic grains are relatively protected through the application of price bands. The State no longer controls the trading of basic grains, but it still controls most of the infrastructure. The vacuum left by the National Food Supply Company (ENABAS) has not as yet been fully taken over by private traders who are hampered by funding problems and the fact that farming production is geographically scattered. Although new trading mechanisms, such as the Farming Stock Exchange and basic grain storage facilities, have been set up, small farmers do not as yet have access to them so that their impact on prices and trade will only be felt in the medium term.
21. Restrictive credit policies have affected mostly small producers and, in particular, producers of basic grains. From 1985 to 1988, the National Development Bank (BANADES) financed more than 300,000 *manzanas* (210,000 hectares) of basic grains. After 1993, this was reduced to 125,000 *manzanas* (87,500 hectares). In spite of the



widespread use of non-conventional credit schemes, the efforts by non-governmental institutions and the Microenterprise Support Programme (PAMIC), intermediary local institutions still have operational problems. Twenty-two percent of women have access to rural credit, compared to 77 percent of men. There is no policy for reinforcing these mechanisms. Links have not been established with the formal banking system.

Programmes and projects

22. The Government has focused its efforts on two main areas: a) after 1990 in support of the peace process, and reincorporating the population affected by war, and displaced persons; and b) after 1993, in support of income-generating activities and production to benefit in particular the population affected by adjustment measures.
23. Over the last five years, emergency and social reinsertion programmes have helped more than 600,000 people and have resulted in investments of around 300 million dollars. After the emergency phase, programmes were implemented and institutions were created with the aim of reducing poverty. One of the most relevant is the National Rural Development Programme (PNDR), an autonomous institution set up to coordinate and integrate activities aimed at rural development. PNDR has 18 subprogrammes and projects and a total funding of 260 million dollars for the next three years. Another is PAMIC, which current helps more than 50 intermediary financing organizations with a total of approximately six million dollars.
24. Fifteen projects aimed at improving food security and increasing the incomes and living standards of peasant families are under way in the rural sector. Total funding for these projects will amount to 200 million dollars over the next three years, mainly from bilateral sources. Three more projects funded by WFP for a total of 35 million dollars address poverty and food insecurity, as do other small initiatives with direct food aid supported by NGOs.
25. Between 1990 and 1994, external funds in the form of loans and donations were received for a total of 1,828 million dollars. Approximately 200 million dollars was spent on consumer goods (mainly food commodities). Main food aid donors were USAID (67 million dollars), WFP (20 million dollars) and the European Union (16.6 million dollars). Recently, food aid has diminished (in 1990, all food imported was donated, while in 1995 food aid represented only 15 percent of all food imports) and an ever-increasing percentage is destined for direct food aid, focusing on very poor sectors of the population or for cases of emergency. Programme food aid is mainly directed towards monetization; generated funds are used to finance specific projects previously agreed upon with the donor body. In 1994, 188 food-related projects were carried out for a total of 26 million dollars. Nearly 50 percent of the resources was allocated to the implementation of projects relating to economic infrastructure and 14 percent to the social sector.

ASSESSMENT OF WFP'S PERFORMANCE TO DATE

WFP aid to Nicaragua

26. WFP assistance in Nicaragua should be evaluated within the specific context of the country during various periods. Activities began in 1971 and fell into three distinct phases: a) emergency (up to the mid-eighties) with short-term, direct aid projects; b) from emergency to development (up to the end of the eighties), when greater emphasis was



placed on increasing food production and productivity; and c) focus on development as from 1990, with emphasis on efficiency and more concern for the sustainability of project activities.

27. Since 1979 WFP has invested an amount of 130 million dollars, with a total of 2.7 million beneficiaries (13 emergency operations at a cost of 24 million dollars and 13 development projects). Three projects are currently under way, with a total value of 36 million dollars. Total WFP contributions amount to 133,000 tons. Approximately 40 percent of received commodities has been monetized to generate funds for purchasing local food items and establishing revolving funds. The balance was utilized as direct food distribution to beneficiaries.

Emergency operations

28. Up until 1991, 13 operations assisting more than two million people had been carried out at a cost of 24 million dollars. A total of 40,000 tons of food at a cost of 16 million dollars (70 percent of the total emergency amount received) was delivered as direct food aid. More than one million people affected by natural disasters and in a state of economic hardship benefited from 55 percent of the total (13 million dollars) delivered through food-for-work programmes. Twenty percent of the beneficiaries were children under the age of six; 23 percent of the total aid went to displaced persons or those affected by military conflict; and 22 percent to vulnerable groups, mainly expectant mothers and children nutritionally at risk (more than 160,000 children and 40,000 expectant mothers) through supplementary preventive health and food programmes. The last operation, in 1991, supported the repatriation of more than 40,000 war-displaced persons (3.1 million dollars).
29. Emergency food aid ended in 1991, with the consolidation of the peace process and national reconciliation. The fragile existing structure for disaster prevention could benefit from being included in future WFP support to strengthening prevention systems and carrying out emergency programmes.

Development projects

30. A total of 13 projects has been carried out since 1983 at a total cost to WFP of 106 million dollars. These projects fall into three categories: a) assistance to children, and expectant and nursing mothers in support of preventive health and education programmes (42 percent of total assistance, or 44.6 million dollars in nine projects); b) promotion of the dairy sector, one project and two extensions (30 percent of total resources, 32 million dollars); and c) productive development for war-displaced persons (28 percent of total resources, 29.7 million dollars in three projects). These projects have reached nearly 700,000 people (40 percent children under eight) throughout the country, but have concentrated mostly on the poorest northern and central regions. Executing institutions for the projects have been the Ministry of Health and MIDINRA (the former Ministry of Agriculture) and, more recently, the Nicaraguan Fund for Childhood and the Family (FONIF), the Ministry of Education (MED), the Ministry of Agriculture and Livestock, the National Programme for Rural Development, and the Ministry for Social Action.

Ongoing activities

31. The current portfolio includes three projects for a total of 35.6 million dollars and covers activities for the development of human resources and the enhancement of production capacity. By the end of 1996, 85 percent of these resources had been utilized; the balance



will be used in 1997. Resources disbursed to date have benefited more than 300,000 people, including children under eight, and poor rural inhabitants and producers.

32. **Overall assistance to pre-school children through day-care centres (Nicaragua 4515).** This 12.4 million-dollar project began in February 1993 and will last for four years. The main objective of the project is to help develop human resources through a nutrition programme aimed at stimulating enrolment and attendance of children in pre-school centres as well as in the first and second grades of primary school. The project includes two components: pre-school feeding, implemented by FONIF, for 125,000 children between the ages of two and six in 2,000 day-care centres; and primary school feeding, implemented by MED, for 125,000 children at the third pre-school level and in the first and second grades of primary school in 1,600 public schools.
33. **Socio-economic rehabilitation of population affected by war (Nicaragua 4571).** The project, with a total cost to WFP of 11.4 million dollars, began in 1992 and is scheduled to last five years. Its main objective is to help improve the social conditions and productive capacity of the rural population affected by war and living in poverty. WFP assistance consists of 20,000 tons of commodities allocated to a food-for-work scheme generating seasonal work and also to set up a credit fund (1.5 million dollars from monetization proceeds). The value of the rations distributed (average cost: 1.63 dollars) represents 90 percent of the minimum daily wage paid to farm workers. About 30 percent of beneficiaries are women, mostly heads of households.
34. **Promotion of dairy development (Nicaragua 2593 (Exp.2)).** The second expansion started in April 1990. Its main objective is to increase production and productivity, and enhance the development of the dairy sector. WFP assistance included the contribution of 13,000 tons of food for full monetization in order to create a fund to cover required investments. The project, at a total cost to WFP of 11.9 million dollars, was scheduled to end in March 1997. It has consistently helped more than 4,000 producers and has implemented activities related to milk production, industrial processing and dairy production infrastructure. Recently, its coverage was extended to include the poorer farming production units. The project handled resources for 10.7 million dollars and a credit fund which has granted credit to more than 22,000 producers, and has developed a direct technical assistance component for milk producers.

LESSONS LEARNED

35. **Reduction of food insecurity.** The distribution of food to combat food insecurity in vulnerable groups has been, perhaps, one of the most visible achievements of WFP activities in recent years. The delivery of food packages to more than two million Nicaraguans, of whom 40 percent are children under 12 living in conditions of isolation and poverty, has helped directly to relieve food-deficit conditions of those households. WFP has worked in areas and with population groups that have not been helped by other institutions. As a result of WFP assistance, it has been possible to cover more than 50 percent of the energy-protein needs of the infant population.
36. Assistance has focused on vulnerable groups, mainly children nutritionally at risk and poor families in the rural sector. Through food-for-work activities, the projects have benefited around 400,000 children and 160,000 poor, isolated families. Although criteria for the selection of beneficiaries have emphasized poverty reduction and food-deficit status, during implementation of the dairy development project some problems were



encountered with regard to the interpretation of such criteria. These should be more clearly defined in order to establish with some degree of confidence the characteristics and location of the target population, if possible, with a regional and local level of disaggregation.

37. **The construction and rehabilitation of infrastructure** have helped generate work in rural areas, strengthen community organization and improve works not financed by other government programmes. Nearly 7,000 kilometres of rural roads, 120 potable water systems for community use, and 3,000 housing units and community centres were set up or improved. Financing was provided for 25,000 *manzanas* (17,500 hectares) of crops, mainly for the production of basic grains and animal feed, and the network for milk storage and processing was improved, mainly in the central region of the country. The sustainability of infrastructure investments and the degree to which beneficiaries are capable of organizing the necessary maintenance are aspects which require further analysis, as experience in this regard seems to be uneven.
38. Developing alternative ways of generating income for the poorest families and helping reactivate productivity in the rural sector have been significant achievements. Assistance has been implemented in two ways: food for work which has generated seasonal employment for more than 300,000 people, and credit schemes worth more than 11 million dollars which have enabled these families to acquire improved access to credit. This has meant that productive and infrastructure capacities have been improved, although the impact on the reduction of poverty has not yet been documented.
39. The most significant achievement of the credit funds has been to open up access to the financial system for farmers with limited means. More than 25,000 producers obtained credit from WFP resources. Most of the beneficiaries were poor producers, although during an initial period credit was given to producers outside the WFP target population. Also, executing entities have not always had adequate technical capacity to make credit resources available to the poorest families. Recent experience has shown relatively high rates of default and loss of resources because of unrecovered credit. These difficulties arise mainly because of problems involved when granting credit or because the system becomes politicized. However, these constraints and deficiencies have been resolved for the most part.
40. Furthermore, a new approach is being developed, moving away from the concept of "credit funds" towards that of "rural financial services". This would encourage a new credit culture, mobilize savings and help develop new modalities. The emphasis on granting credit has to a certain extent ignored the need to strengthen intermediary entities or emphasizing the concept of savings. A link is beginning to develop between the concept of credit and technical assistance which traditionally have been offered as a package. Experience gained could be used to improve both current financing systems and coordination mechanisms for projects started in conjunction with PAMIC. So far, there has been little experience with trust funds, but this could be encouraged and additional modalities between the commercial banks and non-conventional intermediaries established. This would ensure that resources are allotted and recovered adequately and would guarantee that the most needy users were selected. In any case, it is advisable to carry out an evaluation of credit funds within WFP projects before continuing with these components, in order to assess the comparative advantage of funding such schemes with food aid resources.
41. Although women have benefited from WFP assistance, an integrated way of dealing with the need for improved access and control of benefits has not been developed and a gender



approach has not always been adequately incorporated into projects. In productive projects, the issues of management and control of production means by women have not been addressed adequately. In social projects, in spite of efforts made, the effective participation of families in implementing activities has not been achieved. In fact, productive projects have tended to cater more to “producers” than to “family units”, although efforts have recently been made to overcome these limitations. Since no gender-disaggregated data were collected during the projects, there is no accurate record of how many women have benefited, how much access they have had to credit funds or what resources have specifically been dedicated to women. Of the 26 projects implemented, two involve resources specifically dedicated to assisting women and reaching 40,000 women. From 1995, project data registered include information on gender, and the implementation of activities from a gender perspective has improved.

42. Insufficient attention has been paid to the impact of project activities. The most visible aspects of the projects are quantified: total credits given, infrastructure set up, number of rations distributed. Insufficient information is available on changes taking place during WFP activities or the evaluation of impact once the projects have been completed. Counterpart institutions have proved to be limited in providing full assistance to children. No indicators are available and systems have not been established to determine the impact of initiatives on education or health. The school drop-out rate has been reduced by five percent. However, data on the quality of school attendance are unavailable.
43. The sustainability of projects is an issue which remains unresolved. There is no guarantee that, once the projects terminate, activities will continue or be improved or that new projects will incorporate into their design elements from previous ones. Another important restriction is related to the weak link which exists between temporary aid and more permanent assistance directed towards development. The food-for-work programmes on infrastructure construction and the supplementary credit schemes do not always have the same beneficiaries, which is a limiting factor for effective impact. Coordination with other development programmes has not been sufficiently developed, although other experiences which could be strengthened do exist, such as within projects Nicaragua 4571 and 4515.
44. The implementation of activities has been affected by inadequate operational structures, management weaknesses and lack of resources in the public sector. Recently developed joint implementation frameworks are re-orienting the work of Executing Units towards a more managerial role in order to promote greater participation of communities and local entities in project execution and to ensure continuity once WFP assistance terminates. More than 70 percent of the execution of projects Nicaragua 4515 and 4571 is the direct responsibility of local entities and NGOs.
45. WFP has promoted coordination with other projects, cooperation agencies and government entities, although such coordination has not always been carried out successfully during execution phases. A significant achievement has been the catalyst role of WFP assistance in attracting counterpart funds for project execution from other organizations.
46. The handling and distribution of commodities supplied by WFP have been efficient and transparent. State companies have been responsible for this process together with the project counterpart executing entity. Food logistics have generally been carried out adequately, with the exception of a few short periods. Occasionally, the Government has had difficulty in covering landside transport, storage and handling (LTSH) costs. Nicaragua has been considered “as if” a least developed country (LDC), as decided by the United Nations General Assembly, and WFP has subsidized nearly 50 percent of such costs. Food



assistance intended for monetization has been handled professionally and transparently, although economic conditions in the country have meant that inflation has resulted in reduced income. Since 1992, financial handling has been generally efficient, mainly because of the financial liberalization policies. The sale of commodities (mainly dried skimmed milk and butter oil) has generated monetized funds deposited into bank accounts for project use.

47. Food rations distributed directly to the target population have been handled efficiently and have usually been delivered appropriately. The food package is in line with the country's food habits and is widely accepted by the beneficiaries. The alpha value of the rations supplied in the food-for-work programme in 1995 was 1.35 (1.63 dollars), representing 90 percent of the average national daily wage for farm workers. The cost per school lunch ration is 26 cents, which is similar to the market price.
48. **Monitoring and evaluation systems.** Since 1992 WFP began to introduce important changes in the way project information is generated and handled. A single format was introduced for the collection of information, which involves monitoring the operation and the extent to which targets are achieved. There are still shortcomings, particularly as regards the ongoing evaluation of qualitative aspects of implementation and issues related to sustainability. More recently, efforts have been made to strengthen monitoring and evaluation systems which permit adequate monitoring of project activities and enable immediate decisions to be taken. However, these systems do not always take into account the recently developed co-execution modalities. Similarly, information on the efficiency of the intermediary financial organizations implementing credit and revolving fund schemes is incomplete. Another element which needs to be strengthened is the role of beneficiaries throughout the process so that their opinions may be adequately incorporated during execution. Efforts involving Rapid Rural Appraisal techniques have shown that co-executing or local organizations already working with projects could be very effective in the application of such mechanisms.

FUTURE ORIENTATION OF WFP ASSISTANCE

Proposed strategy

49. Nicaragua is emerging from a period of post-war crisis and far-reaching economic and structural changes. In spite of modest gains in the macroeconomic indicators, poverty and food insecurity have deepened, with a concentration mainly in the rural areas of the central and northern regions. WFP activities in the country have followed this process of change, having evolved in emphasis from emergency operations to development projects. The lessons learned in the implementation of past projects and operations form the basis for the future orientation of WFP assistance.
50. Therefore, the WFP Country Programme to be prepared for the period 1998-2002 takes into account the unprecedented levels of poverty and food insecurity, the need to address quickly the immediate food requirements of large numbers of households at nutritional risk, the implementing capability of government agencies and other partners, and the experience observed in the implementation of past and current food aid projects. The main objective of WFP's strategy in Nicaragua will be to contribute to reducing extreme poverty and food insecurity in the poorest and more vulnerable households in priority areas of the country.



51. The programme will allocate resources to achieve specific objectives in the development of human resources and economic-productive development, with special emphasis on food production. WFP assistance will be oriented towards activities focusing specifically on vulnerable groups, mainly children and mothers, and on employment and income-generating activities. Special attention will be given to recuperating the productive capacities of poor rural families.

Strategic considerations for WFP activities

52. In order to adequately define and select WFP activities for the coming years, the following strategic considerations will be observed:
- a) **Development objectives.** Assistance should be geared towards development in order to overcome poverty and long-term food insecurity for the target population.
 - b) **Gender strategy.** Equality of participation should be guaranteed for women and the issue of the family as a whole productive unit accepted as a norm, with preference given to households headed by women. The direct participation by women will be an important requirement, and allocation of and control over resources will be clearly specified in terms of benefits expected. In addition, specific action should be taken to ensure the sustainable improvement of current conditions.
 - c) **Stimulation of community development.** Implementation should be given priority in those areas where there is local execution capacity. This should be strengthened and decentralized (including local governments), in order to guarantee adequate supervision of resource use and sustainability from the start and beyond the termination of activities.
 - d) **The role of food aid as a catalyst.** Although the importance of food aid is recognized, food by itself is not sufficient. The catalyst role of WFP projects should be strengthened. The presence of other agents should be ensured in order to guarantee an adequate link between temporary assistance and development aid, and to secure the supply of non-food items required for the implementation of activities.

Target population and areas of concentration for assistance

53. The emphasis of WFP assistance will be on rural families facing extreme poverty, peasant families with lands in isolated depressed zones and poor families with no access to land. Innovative strategies and income-generating activities will be utilized, linking temporary assistance to more permanent ways of generating income. In this context, preference will be given to households headed by women, who will also have the option of supplementary training activities, natural resource rehabilitation activities, technical assistance, and access to revolving funds.
54. WFP will continue to support school feeding programmes in order to strengthen early education. Priority will be given to the education of children from the poorest families. In view of the complementary nature of education and food aid, an important target group for WFP assistance are pre-school and schoolchildren nutritionally at risk. WFP assistance will continue to be programmed through cooperation with other organizations such as the World Bank and the Inter-American Development Bank (IDB), both of which carry out integrated education assistance programmes to improve learning capacity. By providing a direct nutritional supplement, WFP could participate in these programmes by helping to maintain concentration and attendance at school.



55. Another important target group for WFP assistance are poor adolescent mothers. These young mothers, who have difficulties in setting up their own homes, are highly vulnerable and find themselves obliged to work, abandon any kind of studies, and cannot provide proper care for their children. This reinforces their poverty further. Ways for them to generate income should be given priority and their children included as beneficiaries in nutritional assistance programmes. One alternative that will be considered is extending project Nicaragua 4515 to include a component directed specifically at the adolescent mothers of children cared for in day-care centres.
56. WFP assistance will concentrate on the poorest communities located in regions of extreme poverty. Taking into account current levels of information and experience, WFP assistance should continue to give high priority to rural areas in the Segovias region, the poorest in the country; the northern region (Matagalpa and Jinotega); and the drought-affected municipalities in the western regions (León and Chinandega), where there are more than 700,000 persons in conditions of extreme poverty (30 percent of the total number of poor families). This does not eliminate the possibility of implementing activities in isolated areas considered to be of priority because of their poverty levels. Each activity will be designed using the municipal poverty map drawn up by FISE and complementary information from the Ministry of Agriculture. In coordination with other agencies, WFP could help improve and bring up to date the Poverty Map so that it can be used to help channel resources to areas with highest levels of poverty.

Programme approach and key areas for future activities

57. Activities will have an area-based, thematic approach, combining thematic criteria with those relating to geographical areas where the greatest levels of poverty and isolation are found. This does not mean that selected activities cannot take place in areas with priority key requirements. Most activities will be oriented towards developing human resources, and recuperating and developing the productive capacity of families isolated by poverty, mostly in rural areas.
58. In order to develop the productive capacities of families affected by poverty, activities aimed at generating income and seasonal employment should be carried out. These are implemented through innovative activities which complement short-term income-generating ones. At the same time, they establish permanent conditions for long-term development. Activities focus mainly on peasant families located in dry, depressed areas, and they give priority to labour-intensive infrastructure development programmes which open up the possibility of setting up microenterprises. Preference is given to households headed by women.
59. Soil and water conservation practices will be supported, together with improved techniques for the production of basic grains, storage, marketing and reduction of post-harvest losses. Activities will deal with the family as a single productive unit, thereby encouraging an integrated approach to all services.
60. Although an adequate institutional capacity for dealing with natural disasters does not exist, it is not considered necessary to define in advance additional specific actions to be taken in these cases. There are two basic considerations: a) WFP should help strengthen the contingency planning capability of the entity responsible for mitigating and handling emergencies; and b) it should maintain an even flow of commodities for ongoing projects in order to be able to respond to specific emergencies in the future. If a serious disaster were to occur, and at the express wish of the Government, WFP could use its existing



structure to respond to specific demands and would be able to provide food from existing stocks or purchase it from revolving funds.

Coordination and integration of activities

61. The relationship established with bilateral donors has enabled assistance to be extended to the poorest populations; consideration should be given to structuring this coordination through agreements providing specific guidelines on implementation and operational responsibilities. Strengthening of this relationship should help guarantee continuity of assistance to these groups through other programmes. Collaboration with NGOs will be extended, mainly with regard to their role in jointly implementing projects.
62. WFP assistance will be in line with the Country Strategy Note (CSN) which is being finalized during 1997, in consultation with the Government, United Nations agencies, and main donors. It is expected to cover a programming period from 1998 to 2002. The main focus is on achieving a reduction in the extreme poverty indicators, with emphasis on governability, employment generation and promotion of productive activities. The main areas relating to WFP activities are: promotion of food security for the poorest populations; support to small producers of basic grains; investment resources for basic infrastructure and food assistance for vulnerable groups, particularly women, and linking efforts for rural development to those areas most affected by environmental degradation.

Assistance modalities and operational aspects

63. Future WFP assistance will depend on the global availability of food aid as well as on national and regional trade policies. In this regard, WFP will promote the purchase of local commodities and will monetize only those food items which are not produced locally or for which the country shows a considerable deficit.
64. WFP will promote the development of planning and follow-up capacities at the local level, and will assign resources to improve current systems for monitoring and evaluation of activities. Emphasis will be placed on adequate financial management and priority given to achieving objectives. Experience gained from evaluating projects during elaboration of the CSO will make it easier to incorporate new planning, programming and implementation evaluation methodologies with the participation of the target population. This will help to improve the focus and objective as well as the sustainability of activities in target communities. It will also help to guarantee that objectives are reached and will contribute to improving the quality and efficiency of food delivery.
65. The monitoring system should take into account recent experience with joint executing agencies and should include quantitative indicators such as: time required for food deliveries; gender disaggregation of beneficiaries, including how many women there are in the organizational management structure; income levels; and production changes. Qualitative indicators should also be included, such as: level of participation of women; improvement in the quality of children's learning; and changes in the food security condition of the beneficiary households.

Programming assistance and resources required

66. WFP's future strategy and proposed programme (1998-2002) have been discussed with the new government, which took office in January 1997. The programme proposal shows that two new projects currently being prepared (Nicaragua 4515 (Exp.1) and



4571 (Exp.1)) would be due to start at the end of 1997, which coincides with the completion of two operations currently under way.

67. WFP has identified the immediate needs of food aid in Nicaragua, in line with the absorptive capacity of the country, as totalling approximately 42 million dollars for the period 1998-2002. Three main areas of assistance are included: a) support to pre-school children and primary schoolchildren, 18.4 million dollars, approved by the Executive Board at its First Regular Session of 1997; b) support to sustainable agriculture and food production in depressed areas, for an estimated total cost of 15 million dollars; and c) support to income-generating activities in selected areas, for a total cost of nine million dollars. Thus, the additional funds required during the period total 23.6 million dollars. These additional funds will be programmed taking into consideration the availability of WFP resources and the priorities in allocation of resources among low-income, food-deficit countries as established by the Executive Board.

KEY ISSUES AND RISKS

68. A country strategy for reducing poverty and improving food security has not yet been formulated. Activities have been implemented in response to emerging situations rather than as a result of a medium- or long-term strategy. This affects the design and coordination of WFP activities in the context of government programmes. Together with other agencies, WFP should support and/or coordinate with the Government in order to draw up proposals for a strategy to fight poverty and improve food security.
69. The start of the new Government (1997) could result in changes in priorities, approach and emphasis of assistance. This will no doubt affect how counterpart resources (financial and human) are assigned, and could also result in the reorganization of institutions responsible for executing projects.
70. In order to guarantee the sustainability of activities once food assistance terminates, WFP should develop improved links between temporary assistance and longer-term activities. The participation in these efforts of NGOs and local and community organizations has been and will continue to be essential. In spite of the number and capacity of these organizations for organizing target populations, they still face problems in implementing activities and in widening their executing capabilities. In view of the increased role these organizations will have in implementing activities, WFP should place special emphasis on supporting ways to strengthen their managerial and executing capacities.



ANNEX I

SELECTED INDICATORS

	Year	
	1993	1995
Total poverty (percent)	80	n/a
- needy	50	n/a
- urban	37	n/a
- rural	63	n/a
Households headed by women (percent)	28	n/a
- in urban areas	37	n/a
Total unemployment (percent)	48.8	54.0
Minimum salaries (córdobas)	1990	1995
- total	85.0	900.0
- farming	67.0	508.0
- value of food basket	n/a	1 320.0
Social expenditure	1990	1994
- total (1 000 córdobas)	171.1	1 242.0
- as percent of GNP	10.9	9.7
- per capita (córdobas)	47.5	308.2

BASIC GRAINS

	1990	1991	1992	1993	1994	1995
Internal cereal supply (1 000 tons)						
Rice	101.8	95.5	115.4	144.1	146.3	148.7
Maize	198.5	237.8	249.4	290.6	242.7	289.4
Beans	60.5	60.8	57.0	75.7	74.4	49.5
Wheat	44.8	56.6	60.3	58.1	52.3	46.9
Total, of which:	405.6	450.7	482.1	568.5	515.7	534.5
commercial imports -	90.4	100.4	118.9	101.9	117.8	103.6
donations -	90.4	73.5	80.3	76.3	n/a	23.5
Availability per capita (kg/year)						
Rice	28.5	26.1	30.6	37.0	36.0	36.0
Maize	55.6	65.0	66.0	74.7	60.5	70.0
Beans	16.9	16.6	15.1	19.4	18.5	12.0
Wheat	12.5	15.5	16.0	15.0	13.0	11.3
Total	113.5	123.2	127.7	146.1	128.0	129.3

