

PROGRAM TO STRENGTHEN THE INSTITUTIONAL FRAMEWORK OF THE TECHNICAL
SECRETARIAT OF THE OFFICE OF THE PRESIDENT

(NI-0109)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Nicaragua

EXECUTING AGENCY: Technical Secretariat of the Office of the President of the Republic of Nicaragua (SETEC)

AMOUNT AND SOURCE: IDB (FSO): 1/ US\$2,145,250
Local contribution: US\$ 222,700
Total: US\$2,367,950

FINANCIAL TERMS AND CONDITIONS: Amortization period: 40 years
Execution period: 36 months
Disbursement period: 42 months
Interest rate: 1% for the first ten years and 2% thereafter
Inspection and supervision: 1%
Credit fee: 0.5%

OBJECTIVES: The general objective of the program is to support integration of the government's social and economic policy, monitor the policy and evaluate its impact on poverty reduction. The specific objectives are: (i) to strengthen SETEC's capacity for analyzing and harmonizing social and economic policy; (ii) to develop key policies for poverty reduction; and (iii) to establish and introduce socioeconomic indicators and indicators for analyzing the impact of the government's program on the poorest sectors.

DESCRIPTION: The components will be:

1. **Institutional strengthening** for SETEC, which includes: (i) technical assistance and training to develop SETEC; (ii) social communications to obtain the support of civil society for the structural reforms; and (iii) establishment of a management information system and equipment to operate it.
2. **Special studies** to prepare proposals for sector policies of national interest, which will serve as the foundation for preparing investment programs with a poverty impact.
3. **Assessment of the impact of the government's program** to support the development and introduction of a transparent system for evaluating the impact of sector reforms, rooted in the principles of equity, efficiency and accountability.

1/ The Bank and the Nicaraguan government are seeking donations from bilateral sources to partly or wholly replace the reimbursable financing.

4. **Overhead**, including payment for an independent firm to pre-select the individual consultants.

ROLE OF THE PROGRAM IN THE BANK'S COUNTRY AND SECTOR STRATEGY:

The Bank's strategy in Nicaragua has the main objective of sustainable growth with equity. The proposed program contributes to that objective. First, it seeks to support structural reforms in the social area with the goal of greater equity. Second, the integration of economic and social policy is aimed at achieving sustained growth. Last, it will help to develop the capacity to design investment programs that improve living conditions for the poorest sectors.

ENVIRONMENTAL AND SOCIAL REVIEW:

CESI/TRG recommended that the project team take into account the need to focus on the population living in the autonomous region of the Atlantic coast, which should be given priority because of the extreme poverty in that area (paragraph 3.16).

BENEFITS:

The creation of an institutional framework to facilitate technical analysis of the government's program, interministerial coordination, negotiation in the process of harmonizing economic and social policy, and evaluation of the impact of the government's activities will benefit the government and citizens alike. In the long term, poverty reduction is the main benefit of developing a government policy that conciliates the principles of growth with equity, efficiency and accountability.

RISKS:

The greatest risk is that there may be overlapping of functions and resistance to interministerial coordination. The program will facilitate interministerial communication and promote teamwork and joint decision-making. Another risk, is that execution could be slow owing to SETEC's limited capacity. To surmount that risk, a coordinating unit has been included in the program to strengthen the secretariat's execution capacity.

SPECIAL CONTRACTUAL CLAUSES:

None.

POVERTY FOCUS AND SOCIAL CLASSIFICATION:

The program does not qualify as a poverty-targeted investment, since it only supports the development of health and education policies.

EXCEPTIONS TO BANK POLICY:

None.

PROCUREMENT:

Goods and services will be procured and consultants will be contracted in accordance with Bank procedures. International competitive bidding will be used for the procurement of goods worth US\$250,000 and over and for consulting services worth US\$200,000 and over.