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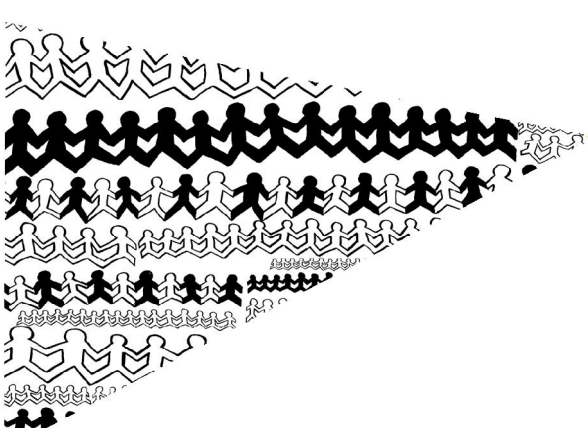
Direction de la coopération  
au développement et  
de l'action humanitaire

# Evaluation of the Indicative Cooperation Programme (IPC III, 2011-2017) between the Republic of Nicaragua and the Grand Duchy of Luxembourg

Executive Summary - February 2018

In 2017, the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs (MFA) commissioned an independent evaluation of the Indicative Cooperation Programme (IPC III, 2011-2017) between the Republic of Nicaragua and the Grand Duchy of Luxembourg. The evaluation was carried out by EY (Ernst & Young).

The Ministry publishes herewithin an executive summary of the main results of the evaluation. The observations, assessments and recommendations expressed in this document represent the views of the evaluators and do not necessarily reflect those of the Ministry.



## 1. Introduction

In 2017, the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs (MFA) commissioned an **independent evaluation of the Indicative Cooperation Programme (IPC III, 2011-2017) between the Republic of Nicaragua and the Grand Duchy of Luxembourg**. This evaluation aimed to take stock of the interventions of the IPC III in order to assess Luxembourg's contribution to the implementation of the national development strategies of Nicaragua, as well as the relevance, effectiveness, efficiency, impact and sustainability of the cooperation. It also sought to develop recommendations to improve the ICP and provide analytical input for the preparation of the next ICP.

The evaluation was awarded to the independent firm EY and was implemented in four phases between August 2017 and February 2018, namely : (i) a first phase of documentary review and development of the methodological framework; (ii) a field mission phase in Nicaragua organized from October 23rd to 27th 2017, which provided the opportunity for meetings with over 80 people, ranging from Luxembourg stakeholders (MFA, LuxDev) to Nicaraguan institutions (ministries and other institutions involved in the implementation of the ICP) to civil society and other bilateral and multilateral donors; (iii) an analysis phase leading to the development of conclusions and recommendations and (iv) a finalisation phase that allowed for participatory discussions of the conclusions and recommendations during a meeting in Nicaragua on January 19<sup>th</sup>, 2018.

Luxembourg's cooperation with Nicaragua started in the 1990s and has been progressively strengthened since then. After a first ICP covering **the period 2003-2006** (EUR 23 million), and a second ICP covering **the period 2007-2010** (EUR 31.6 million), the **ICP III 2011-2014** was signed in April 2011. With an initial envelope of EU 35 million, it continued the efforts of the ICP II in the areas of **health, vocational training and tourism**, while withdrawing from the water and sanitation sector. The ICP III also included support to Nicaraguan civil society by supporting the Civil Society Support Fund (FASOC), the Nicaraguan Union for Corporate Social Responsibility (UNIRSE) and the Nicaraguan Association of Microfinance Institutions (ASOMIF).

In April 2014, an extension of the ICP III covering the period 2015-2017 was agreed to by both parties and was the subject of an amendment signed in 2015 mobilising an additional envelope of funding; the envelope was increased several times over the course of 2016 – 2017 to reach EUR 35.97 for the 2015 – 2017 period. The extended ICP III continued to focus on the same three priority areas, with a new generation of projects developed within each (projects NIC/026, NIC/027 and NIC/028 in the sectors of health, vocational training and tourism respectively).

The ICP foresees different channels and methods of intervention: bilateral cooperation (83% of overall resources allocated over the 2011-2017 period), multilateral cooperation (9%) and cooperation with civil society (8%). It also promoted **three cross-cutting themes<sup>1</sup> supported across all of Luxembourg's development cooperation activities**.

## 2. Conclusions by evaluation criteria

### *Relevance and internal coherence of the ICP III*

**The priorities and modalities of the ICP III are in line with the objectives and principles of the international development agenda**, including the Millennium Development Goals (MDGs) (before 2015), the Sustainable Development Goals – SDG (post-2015) and evolutions in the international

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<sup>1</sup> (i) Gender, ii) Governance, iii) Environment and climate change.

agenda on aid effectiveness<sup>2</sup>.

**The choice of the three priority sectors is relevant to Nicaragua's development needs**, and each component of ICP III strives to provide an appropriate response to the country's development problems in the targeted sectors. The sectors are areas in which Luxembourg has particular expertise, be it because they correspond to fields of excellence at a national level (hospitality education, blood cold chain management) or traditional sectors of intervention of Luxembourg Development Cooperation (vocational training and quality of care systems). Additionally, they are complementary to the fields of intervention of other donors.

**The objectives and expected results defined in the various components of ICP III are clear and coherent**, and the intervention logic of projects can be followed clearly. There is, however, room for improvement in the tourism sector (objectives could be formulated more precisely), and support for civil society (flexibility of funding mechanisms could be increased). Finally, the means of implementing the ICP have been adapted to the institutional capacities of partners. Lessons have been learned from the difficulties encountered in the implementation of the first ICP III project in the tourism sector (NIC/024) through an adaptation of the cooperation modalities with the local partner.

### ***External Coherence***

**The objectives pursued by the ICP III (initial agreement and amendment) and by its various components are aligned with the ambitions of Nicaragua's National Human Development Plan (PNDH)** and with the existing sectoral strategies in the health sector (it can be noted that there is currently no sectoral strategy for vocational training, and that the new sustainable tourism strategy was not finalized at the time of the evaluation).

**Coordination with other donors** is a strong point of Luxembourg Development Cooperation in Nicaragua, and is carried out within the framework of the joint programming of the European Union (EU), as well as the inter-donor sector sub-group in the sector of professional training. Luxembourg is coordinating its action proactively with other bilateral donors present, particularly Switzerland (another FASOC financier) and Canada ("like minded").

### ***Effectiveness and Efficiency***

*Governance of the ICP*: the steering of the ICP is ensured on several levels through different bodies bringing together representatives of the Luxembourg and Nicaraguan governments (annual commission, steering committee, technical committees). They allow for relatively fluid communication between the two partner countries, especially at the technical level. This could be improved in the tourism sector, however, by raising the national counterpart's awareness of the standards and protocols that govern Luxembourg Cooperation. Finally, despite the quality of the follow-up provided by LuxDev and the presence of a matrix of indicators annexed to the amendment, the monitoring system is confronted with a lack of data to measure certain defined indicators.

*Achievement of the objectives*: the results of the ICP are overall satisfactory, although this varies somewhat between sectors.

- ▶ **Health** (both bilaterally and multilaterally) has been the most effective area of intervention, with the majority of expected results being attained (NIC/025) or in the process of being attained (NIC/027). The projects have increased the provision of primary care in the concerned regions, strengthened the link between the first and second levels of care and institutionalized the provision of training. For example, 100% of women at high obstetric risk benefited from medical follow-up at both levels of care in the ten intervention municipalities (NIC/027). Regarding the area of transfusions, six

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<sup>2</sup> From the Paris Declaration to the Accra Agenda for Action and the Busan Partnership, or more recently the Global Partnership for Effective Development Cooperation.

centres have been created while the network of blood banks has been strengthened at a decentralized level.

- ▶ Concerning **vocational training**, NIC/023 and NIC/036 contributed to the consolidation of the INATEC training model with a competency-based approach developed by Institute through the redefinition and structuring of its offer around 40 courses in 7 sectors. In addition, the ICP III supported a qualitative leap in management, with the ISO 9001 certification of 14 vocational training centres.
- ▶ It was in the sector of **tourism** that the most difficulties were experienced, with delays in the construction of municipal tourism infrastructure and signage. Furthermore, the implementation of a sustainable tourism model has been hampered by low participation rates amongst pertinent (V)SMEs in environmental and quality programmes (42 out of an objective of 1000). Nonetheless, a positive economic impact can be noted, with 50% of the companies surveyed in the final evaluation of NIC/024 reporting an increase in revenues.

*Cross-cutting themes: these are increasingly taken into account in most parts of the programme, with the exception of the multilateral component.* However, the assessment of the implementation of related actions is mixed. While some have been successfully implemented, such as trainings, implementation of environmental criteria, management standards, etc., tripartite dialogue with the private sector and civil society in the framework of the ICP III (tourism and vocational training), the integration and monitoring of specific indicators and the governance of transfusion medicine remain important areas for improvement.

*Visibility/Communication: Luxembourg Development Cooperation enjoys good visibility* with public actors, donors and civil society, particularly in the vocational training and tourism sectors. This visibility is mainly the result of the recognition of its efforts in the three priority sectors of the ICP.

### **Impacts**

*Reduction of poverty: the impact of the IPC III is particularly important in the area of health, as well as the civil society sector, although this is more difficult to measure than other sectors.*

Regarding the health sector, the IPC III contributed to a continual decline of maternal and infant mortality since the 2000s, while Nicaragua is the only country in the region to achieve 100% voluntary blood donations according to WHO statistical data.

The projects NIC/023 and NIC/O26 helped to cement a public vocational training offer accessible to the middle and lower social classes with positive effects on professional integration. According to the interviewed stakeholders, INATEC students would benefit from a leverage effect in terms of salary and easier access to the formal job market (with social security contributions), an effect that cannot be confirmed due to lack of statistical data at the moment.

The Project “Route du Café” (NIC/O22 and NIC/024<sup>3</sup>) supported the emergence of a tourism offering and the development of a network of local actors. The latter have reported an increase in the number of tourists, a finding that once again cannot be confirmed due to lack of statistical data.

*Capacity building: ICP actions have contributed to the establishment of long-term institutional capacities*, particularly in vocational training institutions and in the Local Systems of Integral Health Care (SILAIS). The Luxembourg Development Cooperation support mechanism (Senior Technical Adviser-CTP and Technical Assistant –TC) is a positive element, while the delegation of the management of ICP III to the competent local authorities has been successfully implemented in most projects, strengthening the sustainability of the results achieved by fostering ownership by the Nicaraguan counterpart. However, this area remains major challenge, as shown by the difficulties

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<sup>3</sup> As the NIC/028 is only getting started, it is not possible to evaluate its results and impacts.

encountered in the tourism component during NIC/024 following the transfer of the management of 70% of the project's financial envelope.

### **Sustainability**

By focusing on local ownership through the delegation of management of several parts of the ICP and institutional capacity building, **Luxembourg Development Cooperation promotes the sustainability of the results achieved**. Institutionalisation, i.e. the integration of several processes and initiatives initiated under ICP III into the recurrent activities of public partners confirms this observation, while most of the processes produced and the actions undertaken are part of long-term national priorities (with the exception of transfusion medicine and the civil society component). Several risk factors could, however, impact the sustainability of the results achieved, such as turnover, lack of statistical data, limited relations with the private sector, or the continuing level of technical requirements called for by LuxDev during the development and implementation of actions in case of the closure of a bilateral project.

## **3. General conclusions and future challenges**

The evaluation made it possible to highlight issues specific to the different areas of cooperation of the ICP III:

- ▶ **Regarding health**, while the ICP III has increased primary care coverage, the challenge is now to harmonise the quality of care provided across different centres and strengthen the sustainability of the processes involved. Furthermore, NIC/027 is faced with the challenge of further embedding the National Blood Bank in the organisational architecture of the Ministry of Health-MINSA. Once the sustainability of the results and impacts is ensured, a (thematic or geographical) redeployment of Luxembourg aid in the health sector can be envisaged.
- ▶ **Regarding vocational training**, the sector remains in a “start-up” context, with a growing number of students while remaining a marginal part of the higher education system. It appears important in this context to continue to support the structuring and improvement of the quality of training provided, in line with the current and future needs of the productive sector, as well as the promotion of training products to the population.
- ▶ **Regarding tourism**, the new NIC/028 project has drawn some conclusions from past projects and constitutes a new opportunity for Luxembourg support to have an impact in the sector, subject to relevant conditions redefined in light of past difficulties in the project NIC/024. The main challenge is the new Sustainable Tourism Strategy, the implementation of which is an objective of the ICP III amendment, but which has not yet been finalised. Additionally, it will be important to strengthen the tripartite dialogue between the public sector, private sector and Luxembourg Development Cooperation, within the framework of the ICP, which is also aligned with the objectives of the General Strategy for Luxembourg Development Cooperation.
- ▶ **Finally, support to civil society** is particularly relevant and useful in the current context. The challenge for the next ICP will be to broaden the base of FASOC donors and to launch reflection on the modalities of granted funding on the basis of prior assessment.