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**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Executive Board - Sixty-Eighth Session**  
Rome, 8-9 December 1999

**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED FINANCIAL ASSISTANCE TO THE

**REPUBLIC OF NICARAGUA**

FOR THE

**TECHNICAL ASSISTANCE FUND PROGRAMME FOR THE DEPARTMENTS OF  
LEÓN, CHINANDEGA AND MANAGUA**



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## CURRENCY EQUIVALENTS

Currency Unit	=	Córdoba (NIO)
USD 1.00	=	NIO 12.10
NIO 1.00	=	USD 0.08

## WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m <sup>2</sup> )	=	10.76 square feet (ft <sup>2</sup> )
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

## ABBREVIATIONS AND ACRONYMS

ATTP	Agricultural Technology and Training Support Programme
AWPB	Annual Workplan and Budget
FAITAN	Fondo de Apoyo a la Investigación Tecnológica Agropecuaria de Nicaragua (Nicaraguan Agricultural Technology and Research Support Fund)
FLM	Flexible Lending Mechanism
IDA	International Development Association
INTA	Instituto Nicaragüense de Tecnología Agropecuaria (Nicaraguan Institute for Agricultural Technology)
LAC	Local Approval Committee
M&E	Monitoring and Evaluation
MAG-FOR	Ministry of Agriculture and Forestry
PROSESUR	Rural Development Project for the Southern Pacific Dry Region
RAC	Regional Approval Committee
RCO	Regional Coordination Office
SDC	Swiss Development Cooperation
TAF	Technical Assistance Fund
TROPISEC	Project for the Capitalization of Small Farmers in the Tropisec Area of the Segovias - Region I (TROPISEC)

## GOVERNMENT OF THE REPUBLIC OF NICARAGUA

### Fiscal Year

1 January - 31 December





## REPUBLIC OF NICARAGUA

### TECHNICAL ASSISTANCE FUND PROGRAMME FOR THE DEPARTMENTS OF LEÓN, CHINANDEGA AND MANAGUA

#### FINANCING SUMMARY

<b>INITIATING INSTITUTION:</b>	International Development Association (IDA)
<b>RECIPIENT:</b>	Republic of Nicaragua
<b>EXECUTING AGENCY:</b>	Ministry of Agriculture and Forestry (MAG-FOR)
<b>TOTAL PROGRAMME COST:</b>	USD 20.6 million
<b>AMOUNT OF IFAD LOAN:</b>	SDR 10.15 million (equivalent to approximately USD 14.0 million)
<b>AMOUNT OF IFAD GRANT:</b>	SDR 0.15 million (equivalent to approximately USD 0.2 million)
<b>TERMS OF IFAD LOAN:</b>	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
<b>COFINANCIERS:</b>	IDA/Swiss Development Cooperation (SDC)
<b>AMOUNT OF COFINANCING:</b>	IDA/SDC: USD 3.5 million
<b>CONTRIBUTION OF THE RECIPIENT:</b>	USD 1.2 million
<b>CONTRIBUTION OF THE BENEFICIARIES:</b>	USD 1.6 million
<b>APPRAISING INSTITUTION:</b>	IFAD
<b>COOPERATING INSTITUTION:</b>	IDA



## **PROGRAMME BRIEF**

### **Who are the beneficiaries?**

The proposed programme will be located in 12 municipalities of the departments of León, Chinandega and Managua. Its beneficiaries will be 15 000 families who own up to 70 ha of land. Programme beneficiaries include subsistence farmers growing maize, sorghum and beans; and better-off farmers raising dairy cattle and producing sesame, vegetables and fruits. Many beneficiaries have a long tradition in working the arid lands they inhabit and have gained considerable experience in organizational development as members or leaders of the cooperative movement. It is estimated that approximately 140 existing organizations and as many as 500 new groups will benefit from the programme. The Technical Assistance Fund will prioritize its assistance to small farm families with up to 14 ha of land and an income of less than USD 430, which is the official poverty line.

### **Why are they poor?**

Poverty conditions are severe because of the harsh environment and the lack of access to support services, including technical assistance and financial services. Greater income-generating activities, such as sesame oil processing, cheese manufacturing and the export of fruits and vegetables to neighbouring countries, are constrained by the lack of storage and processing facilities, inadequate sanitary controls and poor economic infrastructure such as roads and telecommunication.

### **What will the programme do for them?**

The programme will be part of an operation initiated by the International Development Association (IDA), which encompasses the generation and transfer of technologies as well as the training of agricultural professionals and technicians. The programme will assist programme beneficiaries in two fundamental ways: First, it will build their capacities to identify and formulate their own technical assistance requirements, and to choose service providers and supervise their work. Second, it will ensure that beneficiaries own their own initiatives. Ownership will in fact be the key to empowering local groups to manage an incentive programme, which will entitle them to purchase assistance services and supervise results. The Technical Assistance Fund will provide financing for initiatives presented by beneficiaries to: (a) promote organizational development; (b) provide pre-investment financing; (c) provide technical assistance services for all rural economic activities; and (d) further technology adoption through small-scale investments.

### **How will beneficiaries participate in the programme?**

The Technical Assistance Fund is grounded in the belief that technical assistance must respond to beneficiaries identified needs and that technical solutions should be based on the potential of the economic activities envisaged and defined jointly by beneficiary farmers groups and technical assistance providers. The proposed programme will help beneficiaries and their organizations to strengthen their capacities to identify, formulate and negotiate proposals for technical assistance. Beneficiaries will also be represented on the decision-making bodies of the Technical Assistance Fund.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD  
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TECHNICAL ASSISTANCE FUND PROGRAMME FOR THE DEPARTMENTS OF  
LEÓN, CHINANDEGA AND MANAGUA**

I submit the following Report and Recommendation on a proposed financial assistance to the Republic of Nicaragua comprising a loan for SDR 10.15 million (equivalent to approximately USD 14.0 million) on highly concessional terms and a grant of SDR 0.15 million (equivalent to USD 0.2 million) to help finance the Technical Assistance Fund Programme for the Departments of León, Chinandega and Managua. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the International Development Association (IDA) as IFAD's cooperating institution.

**PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY<sup>1</sup>**

**A. The Economy and Agricultural Sector**

1. Nicaragua is located in the southern part of the Central American isthmus. It covers an area of 140 000 km<sup>2</sup> and has a population of 4.8 million inhabitants, of which 46% are rural. It is one of the poorest countries in Latin America with nearly 70% of the population living in poverty. Of the country's 13.2 million ha, more than 5 million ha have potential for agricultural development, the rest being natural pastures, forests, lakes and rivers; only 39% of this area, however, is under cultivation. Although climatic conditions are favourable, long drought periods represent a high risk in agricultural activities.

2. Since the early nineties when important macroeconomic policy shifts occurred, inflation has been reduced to 7% and the foreign debt more than halved (from USD 2 870 per capita in 1990 to USD 1 300 in 1998). Nonetheless, foreign debt still represents three times the country's gross domestic product (GDP) and eight times the total value of exports. In the early nineties, GDP per capita fell by 3.1% annually; however, since 1994 GDP per capita has been growing by 1.2% annually and now reaches USD 468 (at constant prices), which is still lower than the 1990 figure of USD 485.

3. Economic progress is dependent on reducing the country's foreign debt and obtaining additional financial resources to address the devastating effects of Hurricane Mitch, which struck the country in October/November 1998. Nicaragua has been included in the heavily-indebted poor countries (HIPC) debt relief initiative, which will allow for continuing implementation of structural reforms aimed at strengthening the financial services sector, improving social security and sustaining public health and educational reforms.

4. Agriculture is the most important productive sector and has been crucial in leading economic recovery, contributing greatly to the overall GDP. In contrast with general trends in most other Latin American countries, the relative weight of the agricultural sector in the economy has grown from 24% in the early nineties to 28.6% in 1998. The agricultural sector is the principal activity for 40% of the labour force. Agricultural support services have been drastically affected by the macroeconomic policies of the last decade. The national agricultural bank and marketing board have been dismantled.

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<sup>1</sup> See Appendix I for additional information.





5. Small-scale farmers, who produce 80% of basic grains on poor soils, have limited access to technical assistance and financial services. Low international commodity prices aggravate the Nicaraguan situation. Exports have declined by USD 200 million from 1998 figures. A prolonged drought and the effects of Hurricane Mitch contributed to the decline.

6. Nearly 70% of the total population are situated under the poverty line (estimated to be USD 429 per capita), and 40% have an annual income of less than USD 200, considered as the extreme poverty line. Of the rural population, estimated as half of total population, 80% are considered poor. Nearly two thirds of the rural population depend on agriculture for their livelihood.

7. Youth and women-headed households are the most poverty-afflicted, with women-headed households representing 65% of the poor. Of economically active women, 53% are employed, 70% in the informal sector mainly in commerce. More than 60% of the population lack access to potable water and 80% to sewerage systems; in rural areas these figures rise to 75% and 97%, respectively. Approximately 26% of the population are illiterate, 32% in the case of women. Infant mortality reaches 58 per 1 000 live births, and 30% of children under six years of age are malnourished.

### **B. Lessons Learned from Previous IFAD Experience**

8. **Operations<sup>2</sup>**. Since 1981, IFAD has extended four loans to Nicaragua totalling SDR 35.4 million. All of these loans were provided on highly concessional terms. The last project approved was the Rural Development Project for the Southern Pacific Dry Region (PROSESUR), approved by the Executive Board in December 1995. Currently there are two projects under implementation: PROSESUR, which initiated operations in 1997, and the Project for the Capitalization of Small Farmers in the Tropisec Area of the Segovias - Region I (TROPISEC), which began in 1995.

9. The new proposed loan was based on an analysis of IFAD's strategy and builds on the accumulated experience of the above ongoing projects, which have highlighted the need to: (a) implement projects in a decentralized manner enabling beneficiaries to take decisions and implement them and, by doing so, reinforcing societal control; (b) strengthen and develop technology transfer mechanisms, including organizational capacities of technology providers; (c) consider implementation in an integrated manner, including production and marketing support; (d) consolidate positive experiences contributing to the sustainable development of poor rural areas; (e) improve project implementation tools and management capacities of project administrators; and (f) identify financial mechanisms, other than credit, to address the needs of rural families.

### **C. IFAD's Strategy for Collaboration with Nicaragua**

#### **Nicaragua's Policy for Poverty Eradication**

10. During the next five years, the Government of Nicaragua proposes to strengthen its economic stabilization programme, eliminating market development obstacles and promoting private-sector participation in the economy. Agriculture is assigned a high priority in this strategy. Modernizing the agricultural sector will increase rural incomes, generate new employment opportunities, contribute to the balance of payments, increase food security and preserve natural resources.

11. The Government recognizes that poverty is concentrated in rural areas and that structural adjustment policies initially favour the better-off, who can benefit from new opportunities by taking advantage of the opening of foreign markets. The rural poor need special policy instruments to

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<sup>2</sup> See Appendix II for additional information.



channel resources and knowledge to them so that they too can benefit from open market developments. Rural poverty-alleviation policies include a mix of productive and social measures.

12. The Government's rural development strategy has recognized the need for investment in agricultural production, the dissemination of new agricultural technologies and the training of agricultural technicians, farmers, women and rural youths. It proposes, in a medium to long-term time frame, to reduce market distortions in the provision of agricultural technology from the supply and demand sides. Furthermore, the Government believes that, in order for the agricultural sector to contribute to overall development, it is necessary to introduce new technological approaches and bring about profound institutional changes to allow for the active participation of the public sector, civil society and the private sector in funding and implementing research, validation and transfer processes.

13. Following Hurricane Mitch, the Government underlined the need to accelerate the reform process by focusing on watershed ecological problems and providing assistance to the rural poor who had suffered greatly in terms of fatalities and property losses.

### **IFAD's Strategy in Nicaragua**

14. IFAD's strategy in Nicaragua has as its main objective the development of the arid tropics, which are inhabited by the majority of the country's rural poor. This decision is based on the need to address social, economic and agricultural problems of a macro-region of the country allowing for synergism among projects, which will capitalize small-scale farmers and provide a new dynamic to the local economy.

15. After an analysis of the achievements of its ongoing projects and taking into account the priorities identified by the Government, IFAD determined that it would continue to concentrate its operations in the arid tropical region of the country. In addition, it identified the following main components of a strategy for the development of a new operation in Nicaragua, which are to:

- (a) **design with a medium to long-term vision.** A flexible lending mechanism (FLM) will give the programme the latitude required to make necessary adjustments in operational mechanisms and to respond to changing priorities as the programme evolves. It will also enable the target group to consolidate its activities during the implementation period;
- (b) **develop mechanisms and procedures that promote the participation of the target group and their organizations,** decentralizing functions and assigning responsibilities and the administration of financial resources directly to them;
- (c) **strengthen local organizations** to ensure that small rural farm families have sustainable access to services;
- (d) **promote water conservation and small-scale irrigation schemes** as major elements of a strategy to sustainably increase the productive capacity of the small farmers in the arid zone.

16. During a special donor meeting held in Stockholm, Sweden, in May 1999, the Government presented its plans for responding to the effects of Hurricane Mitch and requested IFAD to participate in the national Agricultural Technology and Training Support Programme (ATTP), a joint Government/IDA initiative. It asked IFAD to formulate the Technical Assistance Fund (TAF) as a national programme that will respond to the needs and demands of the poor, small and medium-scale farmer population and their organizations and will stimulate the development of the multilateral provision of production support services on a competitive basis.

### **Programme Rationale**



17. The ATTP aims at setting the basis for improving the production and marketing capacity of small and medium-scale farmers by establishing a market-driven national system that integrates agricultural research, extension and technical education in a demand-driven approach. The programme will use the existing research and extension capacity of the private and public sector. The system to be implemented will be integrated and pluralistic, providing access to sustainable technologies, market information, and training in farm management. Improved technologies will aim at eliminating obstacles in the production of crops, livestock and animal husbandry; improving post-harvest operations and marketing; strengthening farmers' organizations; and conserving natural resources.

18. To achieve its development objective, the programme will carry out a phased approach of four subprogrammes: (a) institutional reforms and strengthening of the Ministry of Agriculture and Forestry (MAG-FOR); (b) establishment of technical assistance services for small and medium-scale farmers and two competitive funds for research; (c) refocusing of research carried out by the Nicaraguan Institute for Agricultural Technology (INTA) to make it more demand-driven, and provision of services to small and medium-scale farmers; (d) provision of innovative agricultural training for technicians, farmers, youths and women in rural areas. Constant monitoring and evaluation (M&E) mechanisms will be introduced to allow for the prompt identification of areas needing improvement.

19. The ATTP will be implemented in four 4-year phases:

- (a) **Phase I (2000-2003):** Reforms will be implemented aimed at strengthening the public institutions involved, such as MAG-FOR and INTA; the TAF will be established and operationalized in two regions of Nicaragua; and a strategic plan for technical agricultural education will be devised;
- (b) **Phase II (2004-2007):** The TAF will expand its coverage of technical assistance services to two other regions; a pilot project in technical agricultural education will be set up; private-sector participation in the provision of services will be increased; and monitoring will allow for fine-tuning of new institutional arrangements. Integration between the TAF and the Nicaraguan Agricultural Technology and Research Support Fund (FAITAN) will be further enhanced;
- (c) **Phase III (2008-2011):** The integrated national system of research, agricultural education and technical assistance services will be further expanded, and the performance of public and private actors will be improved;
- (d) **Phase IV (2012-2015):** The national system will be consolidated and fully integrated, maximizing coverage of the funds.

20. **Rationale for the TAF.** Experience has shown that the provision of technical assistance can contribute to the solution of production and marketing problems only if the services rendered are responsive to identified needs by those requiring the services themselves. Technical assistance services are more efficient if conceived within a market perspective in which suppliers of technology and organizations demanding services are able to purchase these services according to market rules, establishing prices to be paid as well as contractual obligations for both parties.

21. The market for technical assistance services is, however, not a perfect one due to the lack of information on existing technologies and the difficulties encountered by organizations requiring services in formulating specific requests for assistance. Moreover, the fact that small farmers are not concentrated in one given location, living instead miles apart from one another, increases the cost of providing services to them. Associated costs often make it impossible for farmers to pay for the services they require.

22. The TAF is based on the need to stimulate the creation of a market for technical assistance services, in which small-scale farmers and entrepreneurs value the services they receive because they



allow them to introduce necessary changes in their productive activities and increase their incomes, and in which providers of assistance and their clients jointly share the risks inherent in the introduction of new technologies.

## **PART II - THE TECHNICAL ASSISTANCE FUND PROGRAMME**

### **A. Programme Area and Target Group**

23. During Phase I the TAF will initiate its operations in 12 municipalities in the northern area of the departments of Chinandega, León and Managua, to be financed with an FLM from IFAD and IDA over a period of 12 years. A second region will be incorporated as of the third year of Phase I. In subsequent phases, the Fund will expand its area of operations to other regions, with financial support from IDA, the Swiss Development Corporation (SDC) and the Government.

24. The programme target group in the initial area of operation includes 22 500 small and medium-sized farm families who own up to 70 ha of land. An estimated 85% of all landholdings in the area of intervention are less than 35 ha. Although exact figures are not available, it is estimated that 12% of farm families in the programme area are presently being served by public or private extension services.

25. The target population can be broken down into four categories: (a) small-scale farm families who have limited resources and depend on off-farm incomes for their livelihoods. Some 4 300 farm families are estimated to be in this category; (b) poor peasant farm families who own up to 35 ha of land, mainly as a result of the agrarian reform process of the eighties. An estimated 12 100 farm families meet these criteria, and the TAF will privilege them in its operations; (c) small-scale farm families who own up to 70 ha. It is estimated that there are 5 400 farm families in this category; and (d) medium-scale farm families who own more than 70 ha. It is estimated that there are 700 in this category.

26. It is expected that approximately 140 existing organizations and potentially as many as 500 new groups will have access to the TAF mechanisms. Existing organizations have been categorized by size as follows: (a) 20 large-scale organizations were formed during the eighties and have evolved over time from farmers' organizations to marketing and service-provider institutions. These are mainly sesame producers and livestock ranchers; (b) 90 medium-scale organizations have shown organizational and management capabilities. Some of their members market surplus production in local markets and have had access to rural credit programmes; (c) 30 small-scale organizations are located in distant areas and in not easily accessible locations. Most of their members are subsistence farmers and not integrated into existing product and services markets. Many of these groups are formed by rural women.

27. **Direct beneficiaries.** The TAF will privilege in its operations assistance to farm families that own up to 35 ha of land, have an income of less than USD 430 (which is the official poverty line) and inhabit rural hamlets of no more than 5 000 inhabitants. In addition, beneficiaries should be organized in groups of at least ten individual small-scale farmers living in rural areas and demonstrate a willingness to cofinance the assistance to be provided. It is estimated that between 30 and 40% of requests for assistance will come from women-headed households. The TAF will ensure that women's groups are actively involved and receive the necessary support. Special attention will therefore be paid to the development of the organizational capacity of rural women. Consideration will also be given to the importance of off-farm incomes among the rural target population. The direct beneficiaries **at the end of 12 years** will be some 15 000 small and medium-sized farm families.



## B. Objectives and Scope

28. The development objective of the TAF will be to increase the productive and marketing capacity of small and medium-scale farmers and small-scale entrepreneurs living in rural areas by contributing to family incomes and improving living conditions. The specific objective of the TAF will be to ensure access by small-scale farmers and rural entrepreneurs to technical assistance services in a sustainable manner based on the competitive supply of services and in accordance with beneficiary needs. TAF implementation will result in: (a) strengthened organizations of small-scale farmers and entrepreneurs that are able to formulate technical assistance needs and to demand, negotiate and cofinance these services and other agricultural-production support services; (b) sustainable and efficient providers of technical assistance that use methodologies and appropriate techniques responsive to the demands of farmers' organizations; and (c) different modalities of technical assistance provision operating and linking supply and demand on a selective basis.

29. **Strategy.** The TAF implementation is based on the following **conceptual strategic aspects**: (a) that services need to be provided on a demand-driven basis; (b) that user groups and assistance providers are freely able to negotiate contractual arrangements and will put in place a true competitive mechanism; (c) that operations are flexible in establishing cost-sharing and the length of service provision required; (d) that providers of assistance in association with their clients share the risks inherent in the introduction of new technologies; (e) that technical solutions should not take the form of unquestionable truths but rather be defined jointly by beneficiary farmers groups and technical assistance providers based on the potential of economic activities; and (f) that there is a need not only to address production and marketing concerns, but also to assist in the diversification of farmers' activities, which in many instances are not related to agriculture.

## C. Components

30. **Promotion and organizational development.** The TAF will support existing groups and will promote the establishment of new farmer and rural entrepreneur groups. It will help groups to identify their needs and determine the potential of available resources and the capacities of group members. Promotional activities to be funded will be demand-driven. Funding requests will come from community leaders or will be reflected in community plans prepared by requesting groups with or without the assistance of development agencies or the programme. Activities to be funded will include the participatory diagnosis of the productive potential of farming, livestock and marketing activities and the development of impact evaluation studies. Support will be given to community or municipal meetings and to round tables and workshops that bring farmers and assistance providers together. The programme will coordinate this activity with municipal technical units, local organizations and government agricultural field staff.

31. **Pre-investment financing.** Since many farmer initiatives never come to fruition because of the lack of pre-investment funds for the preparation of feasibility and pre-feasibility studies, the programme will provide resources for the preparation of the required studies leading to investments in productive and/or social projects. Included under this funding line will be feasibility studies for the introduction of new horticultural crops under irrigation, construction of small processing plants, water storage and distribution systems for small communities and the preparation of business plans for credit purposes.

32. **Technical assistance services.** Bearing in mind that small-scale farmers and rural entrepreneurs have a limited capacity to fund the technical assistance services they require, the programme will provide incentives for them to contract needed services in the open market, allowing them gradually to assume the costs of these services. Funds will be provided to organized groups of small and medium-scale farmers to: (a) contract extension services from private sources (for up to three years) to introduce new production, post-harvest handling and marketing technologies; (b) contract advisory services to assess the economic potential of new productive initiatives, including



crop diversification, investment in irrigation works, service infrastructure and agroindustry. Incentives will be provided for contracting technical assistance services related to productive and marketing activities as well as for processing and transformation. Small-scale farmers and rural entrepreneurs will identify needs that require the provision of immediate problem-solving assistance for shorter periods of up to ten months and assistance for longer periods of up to three years or of a specialized nature.

33. **Capacity-building support.** Implementation of a demand-driven approach for technical assistance services requires building the capacity of both providers of technical assistance services and groups requiring these services in order to ensure sustainability in the long run and improve their management capacities. Activities to be financed include: exchanges among farmers groups; updating of organizational knowledge of administrative and accounting procedures; integration of rural women in rural economies; the establishment and management of communication systems; the utilization of marketing and pricing information; and client orientation.

34. **Technology adoption through small-scale investments.** Considering that adoption of new technologies requires additional funds, the programme will also assist small-scale farmers in the introduction of these technologies in their land parcels. Emphasis will be placed on the promotion of activities that address food security, conservation and management of water resources, testing of new technologies, production of improved seeds and the re-establishment of artificial insemination practices. The programme will cover 70% of total investment costs on a grant basis.

35. **Information campaign and gender focus.** The TAF will implement a large-scale information programme to ensure access to and participation in the fund and to make known good and bad practice in agricultural technology. This programme will use the mass media and other appropriate communication tools to reach beneficiary groups, especially those located in isolated areas, as well as service providers. Information-dissemination services will be contracted out to national and local institutions with experience in carrying out this type of activity. Special efforts will be made to provide equitable access to the fund by both rural men and women. The programme will produce special messages for rural women and will sensitize assistance providers and programme staff on the role women play in agricultural production systems and their specific technical assistance needs. As part of a baseline study to be prepared before implementation of the programme, a survey of rural women members of farmer groups, associations and communities will be carried out in order to determine their educational levels, family situations, decision-making capacities and abilities to formulate and evaluate small-scale projects. Subsequently, training activities will be undertaken to familiarize programme staff and assistance providers with gender dimensions.

36. **Management, monitoring and evaluation.** The proposed TAF will be inserted in the context of the overall ATTP. The TAF operations will be administered by a foundation that is to be established. The foundation will have its own executive, operational and administrative structure. The TAF will be administered by a regional coordination office (RCO) consisting of a small team of highly qualified professionals including a regional coordinator, two programme officers, an administrative officer and an M&E officer. M&E will include baseline studies, a mid-term review and two joint assessments with the Government and IDA at the end of Phase I and Phase II.

#### **D. Costs and Financing**

37. Total programme costs including physical and price contingencies are estimated at USD 20.6 million, as summarized in Table 1. Of these costs, IFAD will provide a loan of USD 14.0 million (68.0% of total costs) and a grant of USD 200 000; IDA will provide a loan of USD 3.5 million (17.0%); the Government of Nicaragua will provide USD 1.2 million (6.0%); and beneficiaries will provide USD 1.6 million (8.0%). The financing plan of the TAF is presented in Table 2. The disbursement period with a FLM is estimated at 12 years.

**TABLE 1: SUMMARY OF PROGRAMME COSTS<sup>a</sup>**  
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
<b>A. Technical Assistance Fund</b>					
1. Promotion and organizational development	902	---	902		5
2. Capacity-building of local organizations	2 050	---	2 050	---	11
3. Pre-investment financing	364	---	364	---	2
4. Technical assistance services	8 084	---	8 084	---	45
5. Small-scale investments	1 791	768	2 559	30	14
<b>Subtotal</b>	<b>13 191</b>	<b>768</b>	<b>13 959</b>	<b>4</b>	<b>78</b>
<b>B. Programme Management</b>					
1. Management and administration	2 514	472	2 986	16	17
2. Programme dissemination	282	121	403	30	2
3. Programming, M&E	503	117	620	19	3
<b>Subtotal</b>	<b>3 299</b>	<b>710</b>	<b>4 009</b>	<b>12</b>	<b>22</b>
<b>Total base costs</b>	<b>16 490</b>	<b>1478</b>	<b>17 968</b>	<b>5</b>	<b>100</b>
Physical contingencies	531	72	603	12	3
Price contingencies	1 947	60	2007	3	12
<b>Total programme costs</b>	<b>18 968</b>	<b>1 610</b>	<b>20 578</b>	<b>5</b>	<b>115</b>

<sup>a</sup> Discrepancies in totals are due to rounding.

### E. Procurement, Disbursement, Accounts and Audit

38. **Procurement.** Purchasing of goods and contracting of services will be carried out in accordance with procedures established by IFAD in the Financing Agreement. The RCO will prepare an administrative and financial procedures manual, which will include all procedures and requirements to be used for procurement of goods and consulting services, and rules governing disbursement, accounting and auditing. The approval of the manual by IFAD and IDA will be part of loan disbursement conditions.

39. **Disbursements.** Disbursement of IFAD and IDA loan resources will be made in accordance with procedures defined in the respective Financing Agreements. To assure an adequate flow of funds, the Borrower should open and maintain a Special Account, in USD, in the Central Bank of Nicaragua under terms and conditions satisfactory to IFAD with an authorized allocation of USD 0.80 million. An initial deposit of USD 0.50 million will be made to the Special Account to cover anticipated expenses for IFAD-financed activities under Phase I, and an additional amount of USD 0.30 million upon approval by IFAD of Phase II. Replenishment of the Special Account will be made in accordance with the procedures established in the IFAD Financing Agreement and disbursement procedures of the Cooperating Institution.

**TABLE 2: FINANCING PLAN<sup>a</sup>**  
(USD '000)

Components	IFAD Loan		IFAD Grant		IDA		Government		Beneficiaries		Total		Foreign Exchange	Local (excl. taxes)	Duties and Taxes
	Amt.	%	Amt	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%			
<b>A. Technical Assistance Fund</b>															
1. Promotion and organizational development	828	85.0	---	---	---	---	97	10.0	49	5.0	974	4.7	---	828	146
2. Capacity-building of local organizations	1 837	82.9	---	---	---	---	58	2.6	319	14.4	2 215	10.8	---	1 883	332
3. Pre-investment financing	334	85.0	---	---	---	---	20	5.0	39	10.0	393	1.9	---	334	59
4. Technical assistance services	6 160	64.4	---	---	2 875	30.0	---	---	537	5.6	9 572	46.5	---	9 093	479
5. Small-scale investments	2 112	75.0	---	---	---	---	---	---	704	30.0	2 816	13.7	845	1 548	423
<b>Subtotal</b>	<b>11 271</b>	<b>70.6</b>	<b>---</b>	<b>---</b>	<b>2 875</b>	<b>18.0</b>	<b>175</b>	<b>1.1</b>	<b>1 648</b>	<b>9.2</b>	<b>15 970</b>	<b>77.6</b>	<b>845</b>	<b>13 686</b>	<b>1 439</b>
<b>B. Programme Management</b>															
1. Management and administration	1 791	52.1	200	5.8	625	18.2	821	23.9	---	---	3 435	16.7	519	2 682	234
2. Programme dissemination	447	95.0	---	---	---	---	24	5.0	---	---	471	2.3	141	306	24
3. Programming, M&E	491	69.9	---	---	---	---	211	30.1	---	---	702	3.4	129	551	22
<b>Subtotal</b>	<b>2 729</b>	<b>59.2</b>	<b>200</b>	<b>4.3</b>	<b>625</b>	<b>13.6</b>	<b>1 055</b>	<b>22.9</b>	<b>---</b>	<b>---</b>	<b>4 608</b>	<b>22.4</b>	<b>789</b>	<b>3 539</b>	<b>280</b>
<b>Total disbursement</b>	<b>14 000</b>	<b>68.0</b>	<b>200</b>	<b>1.0</b>	<b>3 500</b>	<b>17.0</b>	<b>1 230</b>	<b>6.0</b>	<b>1 648</b>	<b>7.0</b>	<b>20 578</b>	<b>100.0</b>	<b>1 634</b>	<b>17 225</b>	<b>1 719</b>

a Discrepancies in totals are due to rounding.







40. **Accounts and Auditing.** The RCO will open a programme account with a commercial bank, under terms and conditions to be approved by IFAD and the cooperating institution, in which initially an amount of USD 100 000 from counterpart funds will be deposited and will be a condition of effectiveness of the IFAD loan. Further deposits will be made on an annual basis in accordance with the annual workplan and budget (AWPB), as approved by IFAD and the cooperating institution. This account will receive funds in local currency from the Special Account according to programme needs. The RCO will maintain separate accounts for the funds it receives for TAF activities, and accounting will be consolidated at the RCO level. The RCO will carry out annual audits in accordance with procedures adopted by independent auditors. The Government will send the audit report to IFAD and the cooperating institution no later than six months after the end of the fiscal year.

## F. Organization and Management

41. **Programme organization and management.** The MAG-FOR will be the executing agency and has the overall responsibility for the implementation of the ATTP. The TAF is a component of the ATTP. Its institutional framework considers three different levels: The **national level**, represented by MAG-FOR and the executive board and managing director of the foundation, assumes responsibilities for annual work programming and budgeting, the establishment of policies and the approval of the TAF operations manual. At **regional level**, constituted by the RCO of the TAF, responsibilities are delegated to a coordinator who will have sufficient administrative and financial autonomy and will be supported by qualified staff; and to decentralized decision-making bodies, which include a regional approval committee (RAC) that will approve programme proposals up to a certain amount presented by beneficiaries or service providers. The **local level** is constituted by the municipal technical units, INTA agencies, where farmers groups will present their proposals, and a local approval committee (LAC) will have authority to approve proposals to a certain amount.

42. The **MAG-FOR** will have the following main responsibilities: (a) to guarantee the coherence of TAF operations with national agricultural technology policies and strategy; (b) to assure the provision of financial resources for the financing of TAF activities; and (c) to monitor and evaluate the implementation, participating with IFAD and IDA in the joint assessments to be carried out at the end of Phase I and Phase II.

43. A **foundation**<sup>3</sup> will be created with participation of public institutions (MAG-FOR, INTA) and private-sector organizations (non-governmental organizations (NGOs), universities, farmers' organizations). The Government has initiated the necessary procedures and legal steps to obtain the approval by the National Assembly for the creation of the foundation. Its organizational structure and statutes will be in accordance with the objectives and institutional framework of the TAF. The creation and approval of its establishment will be a condition for disbursement of the IFAD and IDA loan.

44. The foundation will manage TAF and other competitive funds such as FAITAN. The founding members will constitute the governing assembly that will act as a consulting forum for debating national technology generation and transfer issues. Its executive board — to be appointed by the governing assembly — will be constituted by seven members, representing three public-sector institutions and four private-sector organizations. The executive board's main responsibilities are the following: (a) to approve the AWPB; (b) to approve the operations manual of the TAF; (c) to approve annual audit reports; (d) to revise progress and evaluation reports on the implementation of the TAF; and (e) to select and appoint a general manager (GM) of the foundation and a coordinator of TAF, in accordance with procedures established in IFAD and IDA loan agreements.

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<sup>3</sup> As an alternative, a programme management unit might be created by Presidential decree that would depend administratively upon MAG-FOR and that would maintain the same decision-making and operational structure as proposed for the foundation.



45. The general manager will support the coordinator in the implementation of the TAF. His or her main responsibilities will be: (a) to support and guarantee autonomy and decentralized decision-making by the coordinator of the TAF in the implementation of its activities; (b) to guarantee that resources are transferred in a timely manner and replenished from the Special Account to TAF accounts; (c) to act as the executive secretary of the executive board of the foundation; (d) to provide any information on the TAF and prepare necessary documentation for the executive board's decision-making; (e) to prepare the AWBP for the executive board's approval, in close collaboration with the coordinator of the TAF.

46. An RCO will be established in León. It will be staffed with a coordinator, two programme officers, an M&E officer, an administrator and support staff. Main duties and responsibilities are: (a) to manage the activities of the TAF in accordance with the executive board's decisions and the operations manual; (b) to prepare the AWBP; (c) to inform local offices, service providers and farmers' organizations on TAF eligibility criteria and procedures for presentation of proposals; (d) to establish and maintain registries of service providers; (e) to revise programme proposals and present them for approval to LAC and RAC; (f) to prepare and sign contracts that include entitlements and obligations of beneficiary groups and organizations; (g) to transfer funds to beneficiary accounts; (h) to supervise compliance of contracts and results obtained at farmer (organizations) level; (i) to prepare regular reports on physical and financial progress.

47. **Programming, monitoring and evaluation.** The programming function will be based on the AWBP to be approved by the executive board, IFAD and IDA. The M&E activities will be critical for verifying improvements in adoption rates of technology, the efficiency of the mechanisms, the impact at beneficiary level and the application of a gender focus. For this purpose, a baseline study will be undertaken as well as participatory beneficiary assessments. MAG-FOR will be responsible for supervising and evaluating the overall performance through special impact studies. At the regional level, the programming and M&E unit of the RCO will undertake participatory evaluation meetings and special studies to supervise the activities executed in the framework of the contracts with beneficiary groups. It will also supervise performance and compliance by service providers and measure the effectiveness and efficiency of the conceptual and operational instruments of the TAF.

48. **Assessment based on triggers<sup>4</sup>.** The indicators that will trigger the graduation from one phase to the next will be evaluated towards the end of Phase I, PY4 and Phase II, PY8, and will be based, among other things, on the results of the biannual beneficiary assessments and external impact assessments. For that purpose, joint assessments by the Government, IDA and IFAD will be undertaken to assess whether the pre-conditions or triggers have been achieved and to decide on necessary adjustments in TAF instruments and on the allocation of the resources for the Phase II and Phase III activities.

49. **Programme phases.** The TAF operations during Phase I of four years in the departments of León, Chinandega and Managua aim to establish the operational structure and to test the mechanisms of the TAF such as the identification and presentation of programme proposals, contracts between TAF and beneficiary organizations; payments; and participatory evaluation to analyse satisfaction with provided services. Based on the experience accumulated, Phase II of the TAF will expand services to obtain improvement and impact in the production and adoption of technology. Phase III should consolidate the coverage of market-based provision of services, increased adoption of technology and production levels at beneficiary level; it is also expected that an increasing number of beneficiaries will directly negotiate contracts with private service providers without support from the TAF.

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<sup>4</sup> See Appendix III for additional information.



50. **The strategy for implementation** of the TAF considers: (a) a long-term vision over a period of 12 years to be financed with a FLM by IDA and IFAD; (b) the gradual expansion of its operations to all regions of the country in order to test approaches and methods and instrument rural finance that allows for the adoption of new and innovative technologies; (c) a continuous promotion and communication campaign towards farmers and service providers; (d) decentralized decision-making involving existing local and regional institutional capacity; and (e) the promotion of the widest participation of the multiple sources for the provision of services (NGOs, private individuals and companies and government entities).

51. **Operations manual.** The main instrument for the implementation of the TAF is the Operations manual. It includes: (a) programme selection and eligibility criteria for extension services; (b) eligibility criteria of beneficiaries and service providers; (c) the stages of the programme cycle and criteria for evaluation and approval of proposals; (d) definitions for a progressive percentage of cofinancing of programme costs by farmers and a ceiling to TAF contribution by programme participants. The approval of the operations manual by IFAD and IDA will be a condition for disbursement.

### G. Economic Justification

52. It is estimated that 15 000 farm families will benefit from different forms of technical assistance provision during the 12-year lifespan of the programme. Small-scale farmer groups and technical assistance providers will also benefit from institutional-strengthening support activities. It is estimated that 90 medium-size organizations, with an average of 40 members, and 30 larger organizations, with an average of 100 members, will receive support in capacity-building measures. An additional 30 technical assistance enterprises will be supported, including 120 professionals and technicians and 50 farm extension workers.

53. **Preparatory activities: Special Operations Facility (SOF) grant and Technical Assistance grant.** Prior to programme implementation, a SOF grant will be made available to facilitate the completion of the necessary preparatory steps. The TAF and its institutional setting is a very innovative set-up for Nicaragua. In order to expedite start-up of Phase I, a grant of USD 200 000 is being requested to finance technical assistance activities. These activities will include short visits to Chile, Panama and Bolivia by the manager of the foundation and the coordinator of the TAF to complete the operations manual. Based on a similar experience of IFAD in Peru, assistance will be provided during the first 12-18 months in such areas as processing of demands, registry of service providers and M&E<sup>5</sup>.

### H. Risks

54. Implementation of this programme presents the following risks: (a) the TAF **promoting the creation of a market for technical assistance services**, strengthening the demand and supply side and in that way increasing coverage and adoption rates. The delay in the desired changes on both sides and the lack of adequate integration between investigation, training and transfer of technology could reduce the expected impact at production and marketing level. The implementation through a FLM in three phases reduces this risk by making necessary adjustments based on evaluations of Phases I and II, and will further be minimized with activities included in the programme itself such as training and capacity-building measures; (b) the **effects of natural disasters** such as El Niño and Hurricane Mitch. Such phenomena could nullify any results or impact achieved, thus causing beneficiaries to be less interested and motivated in accessing and adopting technologies, and less able to cofinance the costs; (c) **delays in the development of policies and programmes aimed at modernizing** financial services, commerce and land markets. This risk can be minimized by joint and concerted action with other donors and by facilitating the adoption of reform measures.

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<sup>5</sup> A detailed description of the use of the SOF and technical assistance grants is presented in Appendix VI.



### **I. Environmental Impact**

55. There are serious environmental problems in the proposed area of intervention, which were aggravated by Hurricane Mitch. Current agricultural, livestock and forestry practices lead to soil degradation and loss of tree cover. Natural resource degradation limits the potential for further agricultural development. Among causes of the present situation are the traditional practices of the local inhabitants and severe climatic phenomena such as El Niño and Hurricane Mitch. The programme will have a positive environmental impact by providing beneficiary groups with environmental information and supporting exchanges of information among peasant farmers who have successfully adopted environmentally friendly solutions to their problems. The evaluation process of technical assistance requests will include an environmental screening process. In addition, special training will be given to technical assistance providers in the use of pesticides and slope cultivation.

### **J. Innovative Features**

56. The innovative features of the TAF grant are:

- (a) an emphasis on decision-making by small and medium-scale farmers in all stages: they identify their needs and their service requirements; select their preferred service providers; stipulate a contract defining outputs and results; and effect payment only upon satisfactory completion of this contract;
- (b) the promotion of joint investments by service providers and clients, enabling the risks inherent in the introduction of new technologies to be shared;
- (c) a new institutional framework through the creation of a foundation in which public and private-sector institutions jointly manage public funds to promote demand-driven services in research and agricultural extension.

## **PART III - LEGAL INSTRUMENTS AND AUTHORITY**

57. A financing agreement between the Republic of Nicaragua and IFAD constitutes the legal instrument for extending the proposed financial assistance to the recipient. A summary of the important supplementary assurances included in the negotiated financing agreement is attached as an annex.

58. The Republic of Nicaragua is empowered under its laws to borrow from IFAD.

59. I am satisfied that the proposed financial assistance will comply with the Agreement Establishing IFAD.



#### **PART IV - RECOMMENDATION**

60. I recommend that the Executive Board approve the proposed financial assistance in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Nicaragua in various currencies in an amount equivalent to ten million one hundred and fifty thousand Special Drawing Rights (SDR 10 150 000) to mature on and prior to 1 August 2039 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Nicaragua in various currencies in an amount equivalent to one hundred and fifty thousand Special Drawing Rights (SDR 150 000) and upon such other terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.”

Fawzi H. Al-Sultan  
President

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**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES  
INCLUDED IN THE NEGOTIATED FINANCING AGREEMENT**

(Negotiations concluded on 1 December 1999)

1. **Availability of financing.** For the purpose of financing execution of the TAF Programme, the Government of the Republic of Nicaragua will make the resources of IFAD financing available to the Foundation in accordance with the AWPBs and the subsidiary agreement referred to in paragraph 6.
2. **Counterpart funds.** During the programme implementation period, the Government will make counterpart funds available to the Foundation from its own resources, totaling the equivalent of approximately USD 1 200 000, in accordance with the subsidiary agreement (paragraph 6). This amount may be realized through the provision of counterpart funds or tax exemptions. To this end, the Government will deposit counterpart funds in the TAF programme account in an initial amount, in Nicaraguan cordobas, equivalent to USD 50 000 for the purpose of defraying first-year costs. It will replenish the TAF programme account annually in advance by depositing the counterpart funds called for in the AWPB for the respective fiscal year. Similarly, the Government will exempt from taxes the importation, acquisition and provision of all goods, works, constructions and financial services charged to IFAD financing, the procedures for which will have been established in the subsidiary agreement.
3. **Cofinancing funds.** The Government will ensure that the proceeds of the International Development Association (IDA) credit and the Swiss Development Cooperation (SDC) contribution are made available to the Foundation in accordance with the AWPBs.
4. **Phase reviews.** IFAD and IDA, with the support of the Foundation, will jointly undertake two reviews of TAF operations during the fourth and eighth programme years ("phase reviews") in accordance with the terms of reference agreed on by IFAD and IDA. The reviews will cover, *inter alia*, the achievement of TAF objectives, the constraints and difficulties encountered and, in particular, the fulfilment of preconditions for the following phase. Based on each review, a report will be issued containing recommendations on any needed adjustments to enable TAF to proceed to the next phase and the related allocations of the resources of IFAD financing for TAF operations during that phase.
5. **External audit.** No later than 90 days following the date of effectiveness of the financing agreement, the Government will contract independent auditors, subject to IFAD's prior non-objection and selected in accordance with the procedures and criteria established in the administrative and financial procedures manual, to audit the project-related accounts for the first fiscal year. As soon as possible, but in no event later than 90 days following the beginning of each fiscal year, the Government, with the prior non-objection of IFAD, will confirm this appointment or select other external auditors according to the same procedures.
6. **Subsidiary agreement.** The Ministry of Finance and Public Credit, MAG-FOR and the Foundation will conclude a subsidiary agreement stipulating, *inter alia*, that:
  - (a) The Ministry of Finance and Public Credit, through MAG-FOR, will make the proceeds of IFAD, IDA and SDC financing available to the Foundation, as well as other resources needed for TAF operations.
  - (b) The Foundation will declare its commitment to the goals and purposes of TAF and, in furtherance of these goals and purposes, will undertake to carry out TAF in accordance with the financing agreement.



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This agreement will also cover the procedures by which MAG-FOR will regulate allocation of resources, the handling of accounts and the modality for transferring funds to the Foundation.

7. **TAF operations manual.** TAF will be administered substantially in accordance with the norms and procedures established in an operations manual, which will cover, *inter alia*, the possible outlines of financing, eligibility criteria for the organizations requesting services and for service providers, the cycle for proposals and the issuing of guides for working with requesting organizations, criteria for the evaluation of proposals and model contracts.

8. **Administrative and financial procedures manual.** TAF will also be implemented substantially in accordance with an administrative and financial procedures manual, which will establish, *inter alia*: (a) the procedures and documents to be used for procurement of goods and services within TAF; (b) rules governing accounting and auditing; and (c) the specific responsibilities of the officials involved in the operation of the Foundation.

9. **Fundamental principles of TAF operations.** The Government will ensure that TAF operates in accordance with the following fundamental principles:

- (a) technical assistance will be funded based on the direct demand of producers;
- (b) decentralized implementation will be emphasized so that technical assistance is approved at the most local level possible;
- (c) the quality of service will be controlled through direct payment by the requesting organizations to the service providers;
- (d) a wide range of requests for technical assistance will be met in agricultural and non-agricultural production, marketing, and the development of entrepreneurial capacity among producers;
- (e) competition and pluralistic participation will be stimulated on the supply side, based on the full utilization of national capacities;
- (f) sustainability will be sought for the service market, promoting business relations between client and service provider so that these relations will increasingly finance the provision of technical assistance to clients;
- (g) a plan of progressive cofinancing by the clients will be promoted, based on their ability to pay, and strengthen an incipient culture of payment for service received;
- (h) the coverage of small and medium producers will be gradually increased as TAF is strengthened to meet the demand;
- (i) the results of technical assistance services will be monitored continuously in order to evaluate the results at the level of the requesting organizations and of the cumulative experience of the procedures of TAF;
- (j) availability of tools will be ensured for carrying out an *ex post* evaluation of the contracts.

10. **Environmental impact.** In order to carry out the provisions of section 7.15 of the General Conditions regarding the application of adequate environmental practices, the Government will ensure that:

- (a) in evaluating proposals for technical assistance, importance is given to the consideration of proposals with no negative impact on the environment, particularly regarding the farms of the applicants, this being one of the approval criteria established in the operations manual;
- (b) all TAF promotional and training activities for clients and service providers include elements dedicated to the protection of natural resources and to sustainable development;



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- (c) through training for technical assistance providers, the rational use of agrochemicals and pesticides and appropriate management of slope cultivation are emphasized;
- (d) appropriate pest-control methods are adopted within TAF and, to this end, pesticides procured under the project do not include any proscribed by the Government, the International Code of Conduct on the Distribution and Utilization of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), as amended during the period of financing, or listed in Tables 1 (extremely hazardous) and 2 (highly hazardous) of the World Health Organization (WHO) Recommended Classification of Pesticides by Hazard and Guidelines to Classification, 1996-1997, as amended during the period of financing.

11. **Insurance of TAF personnel.** The Foundation will insure its staff against risks of disease and accident in accordance with national law.

12. **Gender focus.** The Foundation will make every effort to ensure that at least 35% of the beneficiaries are women, both in gender-specific groups and as participants in mixed groups, this being one of the approval criteria established in the operations manual.

13. **INTA.** The Government will ensure that INTA:

- (a) adopts policies and procedures to promote the quality, rather than the quantity, of its services and to move towards a focus on demand;
- (b) does not apply paid forms of technical assistance in the TAF programme area and directs its public technical assistance in a way that serves to channel these producers towards cofinanced forms of assistance, including TAF;
- (c) implements the institutional changes agreed upon with IFAD and IDA that are needed to transform INTA into the principal second-tier institution of technological development – as facilitator, judge and promoter of the quality of the service offered by the providers and as trainer of the service providers and their role as investigators and promoters of technology.

14. **Conditions precedent to effectiveness.** The financing agreement will become effective subject to the fulfilment of the following conditions precedent:

- (a) the Foundation has been duly established and organized, and it and its governing bodies have been enabled to discharge their respective functions;
- (b) the Foundation's Board of Directors has duly appointed the general manager and the coordinator of TAF, with the prior non-objection of IFAD;
- (c) the Foundation has adopted the TAF operations manual and the administrative and financial procedures manual, with the prior non-objection of IFAD, and has delivered to IFAD copies of these documents, certified as authentic and complete by a competent official of the Foundation;
- (d) the Government has duly opened the special account and the TAF programme account;
- (e) the Government has deposited the initial allocation of counterpart funds in the programme account;
- (f) the financing agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action;
- (g) IFAD has given its non-objection to the draft of the subsidiary agreement; a signed copy of this agreement has been delivered to IFAD, substantially corresponding to that to which it issued the non-objection, certified as authentic and complete by a competent official of MAG-FOR; the signature and performance thereof by MAG-FOR, the Ministry of Finance and Public Credit, and the Foundation have been duly authorized and ratified by all





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necessary administrative and governmental action; and all conditions precedent to the effectiveness of the same, if any exist (except effectiveness of the financing documents), have been fulfilled;

- (h) a signed copy of the agreement between IDA and the Government has been delivered to IFAD, in form and content compatible with the financing agreement, certified as authentic and complete by a competent official of the Government; the signature and performance of the agreement with IDA by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and all conditions precedent to the effectiveness of this agreement (except effectiveness of the financing documents) have been fulfilled;
- (i) the Government has presented IFAD with a favorable opinion, issued by legal counsel approved by IFAD, in form and substance acceptable to IFAD.

**15. Conditions precedent to withdrawal of grant funds.** No withdrawal of grant funds may be made against expenses related to any technical assistance proposal until such time as the Foundation has carried out the following steps: (a) definition of the terms of reference of said proposal in agreement with IFAD; and (b) selection and appointment of the adviser with the prior non-objection of IFAD.

## COUNTRY DATA

## NICARAGUA

<b>Land area (km<sup>2</sup> thousand) 1996 1/</b>	<b>121</b>	<b>GNP per capita (USD) 1997 2/</b>	<b>410</b>
<b>Total population (million) 1997 1/</b>	<b>4.7</b>	<b>Average annual real rate of growth of GNP per capita, 1990-97 2/</b>	<b>1.6</b>
<b>Population density (people per km<sup>2</sup>) 1996 1/</b>	<b>37</b>	<b>Average annual rate of inflation, 1990-97 2/</b>	<b>67.7</b>
<b>Local currency</b>	<b>Cordoba Oro (NIO)</b>	<b>Exchange rate: USD 1 =</b>	<b>NIO 12.10</b>
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1980-97 1/	2.8	GDP (USD million) 1997 1/	1 971
Crude birth rate (per thousand people) 1997 1/	32	Average annual rate of growth of GDP 1/ 1980-90	-2.0
Crude death rate (per thousand people) 1997 1/	5	1990-97	4.1
Infant mortality rate (per thousand live births) 1997 1/	43	Sectoral distribution of GDP, 1997 1/	
Life expectancy at birth (years) 1997 1/	68	% agriculture	34
Number of rural poor (million) (approximate) 1/	1.3	% industry	22
Poor as % of total rural population 1/	76.1	% manufacturing	16
Total labour force (million) 1997 1/	1.8	% services	44
Female labour force as % of total, 1997 1/	35	Consumption, 1997 1/	
<b>Education</b>		General government consumption (as % of GDP)	13
Primary school gross enrolment (% of relevant age group) 1996 1/	103	Private consumption (as % of GDP)	84
Adult literacy rate (% of total population) 1995 3/	66	Gross domestic savings (as % of GDP)	3
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita, 1995 3/	2 308	Merchandise exports, 1997 1/	658
Index of daily calorie supply per capita (industrial countries=100) 1995 3/	73	Merchandise imports, 1997 1/	1 470
Prevalence of child malnutrition (height for age % of children under 5) 1992-97 1/	24	Balance of merchandise trade	- 812
Prevalence of child malnutrition (weight for age % of children under 5) 1992-97 1/	12	Current account balances (USD million)	
<b>Health</b>		before official transfers, 1997 1/	- 968
Health expenditure, total (as % of GDP) 1990-97 1/	8.6	after official transfers, 1997 1/	- 601
Physicians (per thousand people) 1990-97 1/	0.6	Foreign direct investment, 1997 1/	173
Percentage population without access to safe water 1990-96 3/	39	<b>Government Finance</b>	
Percentage population without access to health services 1990-95 3/	17	Overall budget surplus/deficit (including grants) (as % of GDP) 1996 1/	-0.6
Percentage population without access to sanitation 1990-96 3/	69	Total expenditure (% of GDP) 1996 1/	33.2
<b>Agriculture and Food</b>		Total external debt (USD million) 1997 1/	5 677
Food imports as percentage of total merchandise imports 1997 1/	14	Present value of debt (as % of GNP) 1997 1/	244
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	147	Total debt service (% of exports of goods and services) 1997 1/	31.7
Food production index (1989-91=100) 1995-97 1/	123.7	Nominal lending rate of banks, 1997 1/	21.0
<b>Land Use</b>		Nominal deposit rate of banks, 1997 1/	12.4
Arable land as % of land area, 1996 1/	20.2		
Forest area (km <sup>2</sup> thousand) 1995 1/	56		
Forest area as % of total land area, 1995 1/	45.8		
Irrigated land as % of cropland, 1994-96 1/	3.3		

n.a. not available.

Figures in italics indicate data that are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 1999

2/ World Bank, *Atlas*, 1999

3/ UNDP, *Human Development Report*, 1998

## PREVIOUS IFAD LOANS IN NICARAGUA

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Currency	Approved Loan/Grant Amount	Disbursement (as % of approved amount)
Agricultural and Industrial Rehabilitation Programme	IDB	IDB	HC	19 Dec 79	23 Jan 80	14 Sep 83	G - I - 20 - NI	SDR	400 000	
Agricultural and Industrial Rehabilitation Programme	IDB	IDB	HC	19 Dec 79	23 Jan 80	14 Sep 83	L - I - 30 - NI	SDR	9 300 000	100%
Integrated Rural Development Project for the Ponorte Region	IFAD	BCIE	I	17 Dec 81	16 Nov 82	30 Apr 95	L - I - 89 - NI	SDR	9 600 000	100%
Project for the Capitalization of Small Farmers in the Tropisecc Area of the Segovias - Region I (TROPISSEC)	IFAD	BCIE	HC	02 Dec 93	27 Feb 95	30 Jun 01	L - I - 346 - NI	SDR	8 250 000	51.3%
Rural Development Project for the Southern Pacific Dry Region	IFAD	CAF	HC	07 Dec 95	21 Feb 97	31 Dec 02	G - I - 20 - NI	USD	55 000	100%
Rural Development Project for the Southern Pacific Dry Region	IFAD	CAF	HC	07 Dec 95	21 Feb 97	31 Dec 02	L - I - 406 - NI	SDR	8 250 000	32.3%





## PRECONDICIONES PARA FASES SUCESIVAS DEL MECANISMO FLEXIBLE DE FINANCIACIÓN

<p><b>Indicador Crítico</b></p> <p>Avance del Programa en alcanzar el objetivo Especifico:</p> <p>PMP tiene acceso a servicios privados de AT basado en una oferta competitiva y de acuerdo a sus necesidades.</p>	<p><b>Indicador al final del PY 4</b></p> <ul style="list-style-type: none"> <li>- 3 000 PMP con acceso a servicios en por lo menos seis de los municipios de los departamentos de León, Chinandega y Managua.</li> <li>- El TAF se ha extendido a una segunda región de Nicaragua.</li> </ul>
<p><b>Resultado 1:</b></p> <p>PMP en grupos o organizaciones demandan, contratan, utilizan y co-financian servicios de AT que responden a sus necesidades.</p>	<p><b>Indicador al final del PY 4</b></p> <ul style="list-style-type: none"> <li>- 60% de las organizaciones demandantes satisfechas con el proceso de identificación y negociación de la oferta.</li> <li>- 80% de las organizaciones con personería jurídica cofinancian los servicios de AT.</li> </ul>
<p><b>Resultados 2:</b></p> <p>Desarrollada una oferta competitiva y sostenible de servicios privados de Asistencia Técnica que responde a la demanda.</p>	<p><b>Indicador al final del PY 4</b></p> <ul style="list-style-type: none"> <li>- 20 profesionales independientes y por lo menos cinco (5) empresas se han contratados por servicio de AT.</li> <li>- Número de oferentes incluidos en el Registro han aumentada del PY1.</li> </ul>
<p><b>Resultado 3:</b></p> <p>Desarrolladas modalidades de prestación de servicios de AT, que vinculan de manera selectiva y sostenible ala oferta y la demanda.</p>	<p><b>Indicador al final del PY 4</b></p> <ul style="list-style-type: none"> <li>- Un porcentaje creciente de los contratados de AT han generado negocios entre demandantes y oferentes.</li> </ul>
<p><b>Indicador Crítico</b></p> <p>Avance del Programa en alcanzar el objetivo Especifico:</p> <p>PMP tiene acceso a servicios privados de AT basado en una oferta competitiva y de acuerdo a sus necesidades.</p>	<p><b>Indicador al final del PY 8</b></p> <ul style="list-style-type: none"> <li>- PMP tiene acceso en 12 municipios de León, Chiandega y Managua y otras 3 regiones del país.</li> <li>- Los grupos informales tienen igual capacidad de acceso a los servicios de AT.</li> <li>- La mayoría de los PMP que han recibido servicios de AT han mejorado su productividad y/o ingresos.</li> </ul>
<p><b>Resultado 1:</b></p> <p>PMP en grupos u organizaciones demandan, contratan, utilizan y cofinancian servicios de AT que responden a sus necesidades.</p>	<p><b>Indicador al final del PY 8</b></p> <ul style="list-style-type: none"> <li>- 30% de los demandantes que han recibido ATI han pasado a demandar AT.</li> <li>- 80% de los grupos u organizaciones cofinancian los servicios de ATE.</li> </ul>
<p><b>Resultados 2:</b></p> <p>Desarrollada una oferta competitiva y sostenible de servicios privados de AT que responde a la demanda.</p>	<p><b>Indicador al final del PY 8</b></p> <ul style="list-style-type: none"> <li>- 80 profesionales independientes y por lo menos 15 empresas se han contratado por servicio de AT.</li> </ul>
<p><b>Resultado 3:</b></p> <p>Desarrolladas modalidades de prestación de servicios de Asistencia Técnica, que vinculan de manera selectiva y sostenible a la oferta y la demanda.</p>	<p><b>Indicador al final del PY 8</b></p> <ul style="list-style-type: none"> <li>- Un porcentaje significativo de los demandantes organizados contratan servicios sin aporte del TAF</li> </ul>

AT: Asistencia Técnica; ATE: Asistencia Técnica Especializada; ATI: Asistencia Técnica Integral.

PMP: Pequeños y medianos productores

## LOGICAL FRAMEWORK

Orden Lógico	Indicadores	Medios de verificación	Riesgos/supuestos
<b>Objetivo de desarrollo</b>  Mejorada la capacidad productiva y de mercadeo de las empresas de los pequeños y medianos productores (PMP) y microempresarios rurales	<ul style="list-style-type: none"> <li>- 15 000 familias de pequeños y medianos productores rurales de 12 municipios de León, Chinandega y Managua, aumentan en xx% sus ingresos provenientes de actividades agropecuarias y no agropecuarias, lo que utilizan para la satisfacción de sus necesidades.</li> <li>- Incremento en el porcentaje de producción destinado a la venta.</li> <li>- Mejora en el consumo familiar.</li> </ul>	Estudios de casos Evaluaciones internas Evaluaciones I, II y III fase Encuestas de hogares	Mercados demandan mayor o nueva producción y remuneran calidad PMP tienen capital-acceso al crédito para invertir Resolución de propiedad de la tierra Situación macroeconómica estable Desarrollo continuado de la infraestructura institucional local
<b>Objetivo específico</b>  PMP tienen acceso a servicios privados de Asistencia Técnica (AT)*basados en una oferta competitiva y de acuerdo a sus necesidades	<ul style="list-style-type: none"> <li>- 15 000 productores rurales organizados reciben servicios técnicos, de acuerdo a sus necesidades y a su capacidad de pago.</li> <li>- Al menos tres tecnologías nuevas son adoptadas por los grupos de productores.</li> <li>- 35 empresas, 140 profesionales compiten en el mercado para prestar servicios a los productores.</li> <li>- Se ejecutan aproximadamente 800 propuestas de servicios técnicos</li> <li>- 200 promotores campesinos prestan asistencia en forma competitiva y eficiente de servicios técnicos.</li> <li>- Del total de familias, el 30% tienen como responsables a mujeres</li> </ul>	Registros del TAF Registro de proveedores de servicios Evaluaciones internas Acciones de seguimiento	Cambios institucionales favorecen el mejor servicio de asistencia técnica Los centros de formación profesional orientan la enseñanza en función de las demandas de los productores Otros proveedores se integran gradualmente a la asistencia técnica privada
<b>Resultados esperados</b>			
1. PMP rurales en grupos u organizaciones, demandan, contratan, utilizan y cofinancian servicios de asistencia técnica que responden a sus necesidades	<ul style="list-style-type: none"> <li>- 15 000 productores organizados en grupos y organizaciones, negocian y contratan servicios de asistencia técnica.</li> <li>- 250 grupos u organizaciones de productores que demandaron ATI pasaron a demandar ATE</li> <li>- 640 grupos o organizaciones de productores cofinanciaron entre el 5 y el 30% los servicios de asistencia técnica que contrataron</li> <li>- Al menos 200 organizaciones de productores manejan recursos para servicios técnicos mediante cuentas de bancos</li> </ul>	Registros del TAF Acciones de seguimiento Estudios de casos Reportes de entidades bancarias	Motivación de entidades para fortalecimiento y capacitación de organizaciones campesinas se mantiene. Cambios institucionales favorecen el mejor servicio de asistencia técnica Entidades bancarias dispuestas a prestar servicios a organizaciones de productores pequeños y medianos.
2. Desarrollada una oferta competitiva y sostenible de servicios privados de asistencia técnica que responden a la demanda	<ul style="list-style-type: none"> <li>- 35 empresas, 140 profesionales y 200 promotores campesinos fueron contratados por los productores para prestar servicios de asistencia técnica</li> <li>- 200 promotores campesinos, al menos 40% mujeres, brindan servicios a grupos campesinos</li> <li>- Se ofrecen al menos tres tecnologías nuevas por demanda de los productores.</li> <li>- El personal de 35 empresas, 140 profesionales fueron capacitados para mejorar la calidad de sus servicios</li> <li>- Los costos del servicio que prestan los proveedores se adecuaron al nivel de los ingresos de los productores.</li> </ul>	Contratos de productores con proveedores de servicios Registros del SIG Estudios de casos Registros bancarios Acciones de seguimiento	Centros de investigación proveen tecnología apropiada a las necesidades de los oferentes Los centros de formación de nivel profesional y técnica se orientan por la demanda de los productores Cambios institucionales favorecen el mejor servicio de asistencia técnica



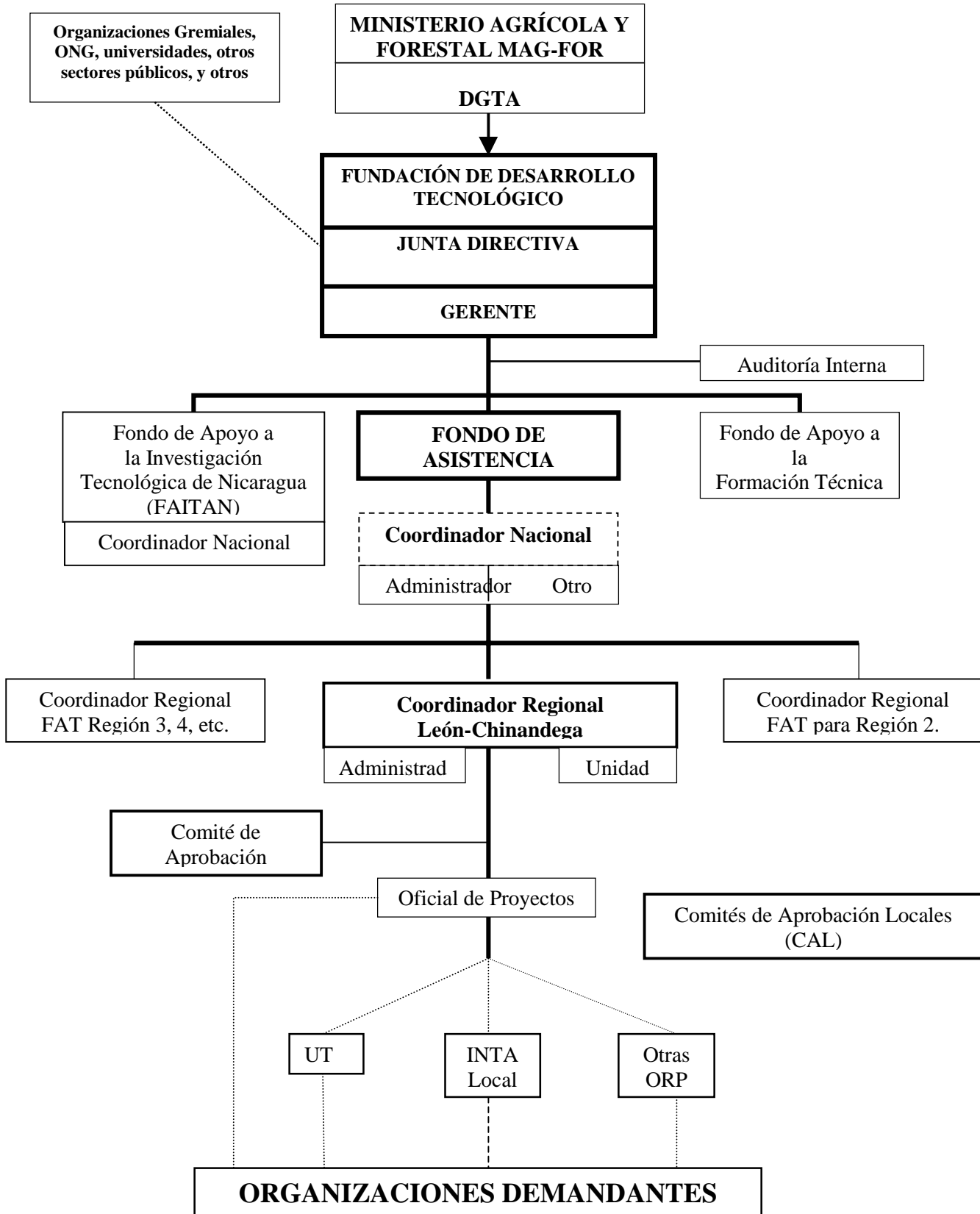


Orden Lógico	Indicadores	Medios de verificación	Riesgos/supuestos
3. Desarrolladas modalidades de prestación de servicios de asistencia técnica, que vinculan de manera selectiva y sostenible la oferta y la demanda.	<ul style="list-style-type: none"> <li>- Se establecieron 800 contratos de asistencia técnica entre organizaciones de productores y proveedores de servicios</li> <li>- Se realizaron xx estudios de preinversión de lo cual el 50% se implementará</li> <li>- Se ejecutaron xx obras de inversión para adopción de tecnologías que lograron un impacto</li> </ul>	Registros del TAF Estudio de casos. Evaluaciones internas Acciones de seguimiento	Mejora la rentabilidad de la actividad agropecuaria Los mercados de productos rurales demandan calidad y variedad de productos Existen entidades interesadas en financiar propuestas de los productores El marco institucional se mantiene favorable para el desarrollo del mercado de servicios de asistencia técnica La misión cooperante asegura la oportuna contratación de evaluaciones y auditorías
<b>Actividades</b>			
1.1. Diagnósticos y sondeos participativos en municipios y comarcas	155 000	Presupuesto del TAF Propuestas de las organizaciones Contratos con las organizaciones y proveedores	
1.2 Apoyo para la identificación de la demanda	50 000		
1.3 Apoyo a grupos para formular y negociar propuestas	414 000		
1.4 Fortalecimiento de capacidades de grupos y organizaciones de productores	964 000		
1.5 Registros de demandantes	10 000		
1.6 Fortalecimiento a redes campesinas	150 000		
1.7 Formación vocacional a jóvenes	200 000		
2.1 Fortalecimiento y Capacitación a proveedores de servicios	677 100	Presupuesto del TAF Propuestas de las organizaciones Contratos	
2.2 Registro de oferentes de servicios	7 000		
3.1 Contratos de asistencia técnica	8 084 312	Presupuesto del TAF Propuestas de las organizaciones Contratos con las organizaciones y proveedores	
3.2 Proyectos de inversión	1 125 000		
3.3 Estudios de preinversión	364 000		
3.4 Establecimiento de estructura institucional del TAF	2 451 000	Presupuesto del TAF Propuestas de las organizaciones	
3.5 Difusión del TAF	402 550		
3.6 Sistema de programación, seguimiento y evaluación	30 000		
3.7 Estudios de base	90 000		
3.8 Evaluaciones fase I, II, III	150 000		

El término asistencia técnica se usa para definir los servicios que apoyan técnicamente el desarrollo de las actividades económicas rurales, incluyendo: agropecuario, comercialización, agroindustrial, capacidad empresarial y administrativa etc.



### ORGANIZATIONAL CHART





## PLAN DE IMPLEMENTACION DEL TAF

### I. JUSTIFICACIÓN

1. El Fondo de Asistencia Técnica (TAF), se ejecutará inicialmente en doce municipios del norte de León, Chinandega y Managua, donde se estaría iniciando la implementación de un nuevo modelo de prestación de servicios técnicos, basándose en su orientación por la demanda de los mismos productores. El TAF será ejecutado a través de una nueva entidad, la Fundación, la cual también deberá ir probando y sistematizando sus propias experiencias, donde una diversidad de actores estarán participando.
2. El TAF se caracteriza por su índole innovativa, son varios los elementos que se estarán comprobando y ajustando en la ejecución de este esquema. De hecho, en Nicaragua será la primera experiencia de este tipo, los proveedores de servicios deberán desarrollar nuevas relaciones de negocios con sus usuarios, ahora considerados sus clientes, y las mismas organizaciones de productores, deberán prepararse para definir mejor y presentar en forma adecuada las demandas de asistencia técnica que les permitirán realizar los cambios para mejorar sus sistemas productivos.
3. Debido a lo novedoso del esquema se requiere de una implementación que sea ágil y efectiva, especialmente en su primera fase, cuando se está estableciendo su organización en el campo y probando los mecanismos operativos. Todo el proceso de contratación y desarrollo de nuevos mecanismos de negociación contractual entre demandantes y oferentes, podría tomar más tiempo del que normalmente se ha invertido en el inicio en proyectos similares, si no se toman medidas para acelerar estos procesos.
4. En el país, el FIDA tiene en ejecución dos proyectos de desarrollo rural, y cerca de ocho más en la región centroamericana y andina. Estos proyectos se caracterizan porque su ejecución se basa sobre nuevos esquemas descentralizados, donde las actividades son realizadas a través de organismos coejecutores, a quienes el proyecto contrata para realizar las actividades que se han definido en su área de trabajo. Los organismos coejecutores han probado estar más cerca de la población objetivo, desarrollar relaciones con ellos de mas largo plazo, y contribuir con actividades complementarias para las que el proyecto no cuenta con recursos, generalmente de tipo social.
5. Por su carácter novedoso, estos proyectos han debido contar inicialmente con asistencia que les permitiera apropiarse de los instrumentos, en algunos casos, inclusive, diseñarlos, o adecuarlos a las exigencias de las nuevas modalidades de ejecución. La asistencia permitió que muchos de los procesos de adopción y adaptación de las nuevas modalidades por el personal técnico, se hiciera en menor tiempo del que tradicionalmente les toma a las unidades ejecutoras iniciar la ejecución.
6. Particularmente en el caso del TAF, se considera absolutamente necesario disponer de los recursos específicos y la asistencia adecuada, dirigidos a apoyar y mejorar su proceso inicial de establecimiento y contribuir a acelerar los procesos de preparación y cumplimiento de condicionalidades, que permitan acelerar su arranque y puesta en marcha de sus procedimientos, y avanzar más rápidamente en la realización de las acciones planificadas.





## II. FASES EN LA IMPLEMENTACIÓN DEL TAF

7. Los cambios que en materia de asistencia técnica busca introducir el TAF a nivel nacional, son de gran magnitud y deberán darse en forma gradual y flexible. Dado el horizonte de tiempo total de 16 años de implementación para el PNTFA, su desarrollo se hará por fases. Las fases tienen sus características particulares, que van a obligar a que la organización operativa del TAF se vaya ajustando a las necesidades de cada una.

### A. Primera Fase: Establecimiento del TAF (Años 1 a 4)

8. En la primera fase de implementación del TAF, se establecerán las condiciones básicas para que este pueda operar, tales como su organización, estructura operativa y se probarán las modalidades de asistencia y contrataciones. Se concentrarán acciones en grupos de productores de la primera región de operaciones del TAF en León-Chinandega-Managua, la cual el FIDA cofinanciará con el Gobierno, productores y el Banco Mundial.

9. Las principales actividades que el TAF deberá realizar durante el primer año de su primera fase son: la elaboración y ejecución del plan de difusión.

10. A partir del segundo año de esta primera fase y de acuerdo con los resultados obtenidos, el MAGFOR, con apoyo del Banco Mundial identificaría la ampliación a una nueva región. Durante el segundo año también, el TAF iniciará un diálogo para definir las formas de involucrar a los dos proyectos cofinanciados por el FIDA (TROPISec y PROSESUR), cuando sea pertinente en el uso de los métodos e instrumentos desarrollados por el Fondo.

11. Un aspecto crítico de esta fase consiste en medir los resultados de las intervenciones, en relación a mejoras en los grupos atendidos, metodologías aplicadas y la aceptación y apoyo que ha recibido el TAF de parte de otras organizaciones privadas y públicas. Durante el último año de esta fase, el TAF realizará una evaluación detallada con apoyo externo, haciendo énfasis en los resultados obtenidos. Esta evaluación será un requisito contractual y permitirá tomar decisiones respecto a la continuación a otras fases y la ampliación del TAF a otras regiones.

### B. Segunda fase: Expansión (años 5 al 8)

12. En esta segunda fase se prevé que las metodologías y tecnologías que mostraron mejores resultados en la fase inicial, sean difundidas hacia un mayor número de productores y a otras regiones. Durante esta fase, la medición de resultados incluirá, además, el nivel de cofinanciamiento, y la eficacia de las modalidades y mecanismos de contratación entre demandantes y oferentes. En esta fase, y de acuerdo con las experiencias desarrolladas, se estima que se ampliaría rápidamente el financiamiento de actividades en otras regiones del país y aumentar así la cobertura de productores atendidos.

### C. Tercera Fase: Consolidación (años 9 a 12)

13. Para esta fase se consolidarían resultados con las organizaciones de productores que hayan participado del Fondo y que han adquirido una capacidad muy importante de contratar sus propios servicios de asistencia técnica futura. Para los grupos que no tengan posibilidad de financiar o solo puedan hacerlo en montos menores, se deberán identificar la factibilidad de que sigan recibiendo servicios técnicos. En esta se haría una evaluación final de las actividades con participación del FIDA.



#### **D. Cuarta Fase: Sostenibilidad y Evolución (años 13 a 16)**

14. Con los ajustes hechos con base en las experiencias de las fases previas, el Fondo deberá definir los aspectos sostenibles y los que requieren de mayor intervención del fondo, para que este pueda continuar aportando al desarrollo del país. Durante esta fase no se contempla financiamiento por parte del FIDA.

### **III. LA PUESTA EN MARCHA DEL TAF: PRIMERA FASE DE LA IMPLEMENTACIÓN**

15. El principal aporte durante la primera fase del TAF será el instalar la estructura operativa que permitirá el funcionamiento del Fondo. Debido a que se estará creando una estructura nueva, en un marco institucional también nuevo, se requerirá de mucho trabajo previo que permita un adecuado funcionamiento posterior. De la adecuada instalación de la estructura operativa y definición de su organización y mecanismos de vinculación, dependerá en el futuro las acciones del TAF.

16. Para la puesta en marcha del TAF se identifican tres períodos: (a) Período de Pre-aprobación del préstamo; (b) Período Previo a la efectividad del préstamo (antes del primer desembolso); y (c) Período de Inicio de implementación. En cada uno de estos momentos, se necesitará asistencia específica, para el desarrollo de actividades y tareas que permitan el avance a la siguiente fase, y el logro de resultados en función de los objetivos planteados.

#### **A. Período Pre-Aprobación del Préstamo**

17. Antes de completar el proceso de aprobación, se requiere la realización de dos acciones centrales: (a) el análisis para verificar la creación de la Fundación, como responsabilidad del MAG-FOR; y (b) el completamiento del diseño del TAF y su financiamiento, con responsabilidad del FIDA y del Banco Mundial.

18. Las acciones de verificación de la factibilidad jurídico-política de creación de la Fundación; la negociación con los principales actores sobre su creación y la elaboración de un borrador del Acta Constitutiva y estatutos, son todas de responsabilidad del MAG-FOR, en su carácter de coordinador de la definición del Programa Nacional de Tecnología y Formación Agropecuaria, y contraparte oficial del Gobierno para toda la operación.

19. Por otro lado, el FIDA tiene como principal responsabilidad, completar la preparación de este documento de Evaluación Ex-ante, presentarlo a la Junta Ejecutiva para su revisión interna y aprobación, y realizar las gestiones necesarias para la aprobación del resto de compromisos financieros para la asistencia de la implementación.

#### **B. Período Previo a la Efectividad (cumplimiento de condiciones previas)**

20. Una vez el Préstamo ha sido aprobado por el FIDA, se inicia el período Previo a la Efectividad, es decir, cuando el Gobierno debe realizar una serie de acciones para que el FIDA considere autorizar el primer desembolso del préstamo. Con esto se da por iniciada formalmente la ejecución del proyecto, en este caso, del TAF.

21. Para la firma del Contrato de Préstamo entre el FIDA y el GON, éste último debe delegar a un representante para participar en las negociaciones y autorizarlo para realizar la firma del Contrato de Préstamo, con lo cual se inicia el proceso para el cumplimiento de condicionalidades. Las negociaciones y firma del Contrato se realizan en la sede del FIDA en Roma, no más allá de un mes después de haber sido aprobado el préstamo.



22. Previo a la realización del primer desembolso (cumplimiento de condiciones para la Efectividad del Préstamo), las acciones críticas que deben ser realizadas en este período, después de haber firmado el Contrato de Préstamo, son: el establecimiento formal y organización de la Fundación como organismo administrador de los fondos; la creación y organización de los fondos, particularmente del TAF; la apertura y manejo de cuentas; definición de procedimientos y nombramiento del personal gerencial, que iniciarán los procesos administrativos y técnicos para poner en marcha, tanto a la Fundación, como al TAF.

23. En el transcurso de este período, será necesario realizar otras acciones paralelas como: estudios previos a la implementación; intercambios técnicos con otros fondos y países con experiencias similares. Este período se estima tendrá una duración de unos seis meses. Durante este período se contará con una asistencia financiera del FIDA, llamada SOF (*Special Operations Facility*), que permite financiar actividades de apoyo a este proceso previo al primer desembolso del préstamo.

### **Gestión y Ratificación del Préstamo en la Asamblea Nacional**

24. Una vez firmado el Contrato de Préstamo entre el GON y el FIDA, el Gobierno tiene la obligación, por legislación nacional, de someterlo a ratificación ante su Asamblea Nacional, lo cual deberá realizarse en los siguientes tres meses. Esta gestión es responsabilidad de la entidad responsable del préstamo, es decir, del MAG-FOR.

### **Establecimiento y Organización de la Fundación, y del TAF**

25. Con los que se conformarían como socios fundadores, se crearía la Fundación, organizaría su Junta Directiva y la escritura pública de éste acto. Aquí mismo, la Junta Directiva designaría a los representantes que realizarán el proceso de presentación de solicitud de la personería jurídica de la Fundación ante la Asamblea Nacional. Todo este proceso será apoyado por el MAG-FOR. El proceso se completa con la aprobación en la Asamblea Nacional de la creación de la Fundación. Todo este proceso y sus resultados serán presentados oficialmente por el Gobierno ante el FIDA y el Banco Mundial, junto al resto de procedimientos.

26. Una vez aprobada la creación de la Fundación, su Junta Directiva procederá a la organización de los fondos competitivos bajo una sola organización. Para esto deberá ser creado el TAF, y el FAITAN, que hasta ahora ha operado bajo el INTA, deberá ser trasladado formalmente a la Fundación. La Fundación igualmente creará su estructura gerencial.

### **Definición de Procedimientos, Características y Nombramiento del Personal Técnico**

27. La Junta Directiva de la Fundación se obliga a presentar los mecanismos, procedimientos para el nombramiento del personal gerencial y técnico que es responsable de la operación de la Fundación misma y del TAF. En el Anexo III del documento de Evaluación Ex-ante se presenta una propuesta de términos de referencia, con definición de funciones y cualidades necesarias para el cargo del personal, incluyendo al Gerente de la Fundación, del Coordinador del TAF, del encargado de Administración y de Seguimiento, así como de los Oficiales de Proyecto.

28. Una revisión de estas funciones, y los procedimientos debe remitirse al FIDA y BM para su no-objeción, así como los mecanismos de selección y contratación del personal. En cuanto a la contratación del Gerente de la Fundación y del Coordinador del TAF, una terna de candidatos en ambos casos también deberá ser remitida para la aprobación y selección final, con aceptación de ambas entidades financieras.



## **Preparación del SOF**

29. Considerando que todas estas actividades se deben realizar antes de ser declarado “elegible” el préstamo, es decir, antes del primer desembolso, el FIDA ha considerado el otorgamiento de una donación para apoyar este proceso. El detalle de esta y otra donación, se presenta al final de este Anexo. El MAG-FOR, en conjunto con la Fundación deberán preparar y remitir al FIDA y BM para su consideración, los contenidos y terminos de referencia del personal y asesorías que se consideren necesarias en apoyo a este proceso. Al mismo tiempo, el FIDA podrá hacer propuestas de asistencia en el marco de estos recursos, los cuales también son administrados directamente por el mismo FIDA.

## **C. Período de Implementación Inicial del TAF**

30. Es la fase con la que usualmente iniciaría la ejecución y puede dividirse en dos períodos: (a) las actividades preparatorias; (b) actividades técnicas; (c) actividades internas de la gerencia; y (d) inicio de la implementación, cuando se comienza la ejecución propiamente dicha y la puesta a prueba de las modalidades, mecanismos y establecimiento de las relaciones oferentes-demandantes.

### **Actividades Preparatorias**

31. Se refieren a todas las actividades que deben realizarse previas al arranque del TAF. Estas actividades son principalmente de tipo operativo y administrativo. Las más importantes son todo el proceso de selección, nombramiento y contratación del personal técnico del TAF, iniciando con la contratación del Coordinador. Posteriormente, éste contratará, de acuerdo a los mismos procedimientos establecidos, al resto del personal.

32. Otra actividad central preparatoria es la instalación de las oficinas en León. El tiempo que toma la búsqueda, selección y contratación de local, así como los procesos administrativos para las licitaciones, selección y compra de equipo menor de oficina y vehículos, puede determinar el retraso de las acciones de ejecución del TAF.

### **Actividades Técnicas**

33. Se trata de realizar todas las acciones necesarias para que el personal contratado conozca la realidad de la zona donde el TAF iniciará, se realicen los convenios con otros proyectos presentes en el territorio, u otras entidades. En este caso se espera realizar en un inicio al menos tres convenios: uno con Protierra, con el fin de coordinar esfuerzos en las Unidades Técnicas Municipales, que serán de gran apoyo como Oficinas Receptoras de Propuestas; con Prochileón, por el esfuerzo que estos realizan en la capacitación a nivel municipal, y con el INTA, para distintos convenios de asistencia técnica y modalidades de prestación de servicios y transferencias de tecnologías a oferentes.

34. En otro orden, se deberá trabajar en la detección, negociación y capacitación a las Oficinas Receptoras de propuestas, a fin de que en el menor tiempo posible estén dispuestas a recibir propuestas o brindar información a las organizaciones demandantes. De hecho, este deberá ser el primer trabajo que los Oficiales de Proyectos deberán iniciar en los municipios. Seguidamente, tanto ellos, como el Coordinador del TAF trabajarán en la preparación de los Comités de Aprobación, tanto del nivel regional y local, preparando para esto, la propuesta de Reglamento Interno de los Comités (una propuesta se presenta en el Anexo II), con lo cual los Comités estarían dando por iniciado su trabajo de revisión y aprobación de propuestas.

35. Una relación de los estudios de base necesarios de ser realizados, ha sido incluido en el Anexo VI: Programación, Seguimiento y Evaluación. Se considera central que para facilitar la implementación, el TAF deberá realizar algunos estudios que le ayuden a determinar los elementos centrales en la ejecución, considerando lo novedoso del diseño y la multiplicidad de actores que participen. No se ha considerado necesario la realización de extensos estudios de base cuantitativos que midan



numéricamente la población a atender o sus características, sino más bien, la realización de estudios especiales y/o especializados, que conduzcan a una mejor ejecución.

36. Algunos de los estudios identificados son: mecanismos de vinculación entre oferentes y demandantes; diseño y montaje de registros de oferentes y demandantes; sistema de traslado de fondos a organizaciones, así como mecanismos alternativos para grupos sin personería jurídica.

### **Actividades Internas del Equipo TAF**

37. Las actividades en este punto son relevantes, considerando que el equipo deberá prepararse para dar por iniciado oficialmente el TAF. El proceso en este punto, está dirigido a que el personal técnico conozca lo mejor posible las metodologías, diseño y propuesta técnica del TAF. Para esto se considera que ellos deberán realizar visitas de intercambio a otros países donde se estén ejecutando experiencias similares, como Chile, Bolivia y Perú, entre otros, realizar la revisión y adecuación de los instrumentos, metodologías y reglamentos para la operación, como son el Manual de Operaciones, incluyendo, el Reglamento Operativo (ver Anexo II), con todos sus instrumentos; un Manual de Procedimientos Administrativos financieros y manual contable, así como el Manual de Funciones.

38. En este momento, el personal deberá trabajar en el proceso de preparación y realización del Taller de Arranque del TAF, cuando iniciará la difusión formal de éste. Para realizar esta actividad, considerada de vital importancia, se contará también con asesoría externa.

### **Inicio de Operaciones: el Inicio de la Implementación**

39. El inicio de operaciones del TAF arrancará formalmente con la puesta en marcha del Plan de Difusión. Este plan habrá sido diseñado por un equipo de especialistas, y será puesto al alcance de la mayor parte del territorio del TAF. Se trata de llegar a todos los territorios posibles y con la más variada mezcla de medios disponibles. Una vez se realice la difusión se esperan las primeras propuestas estarán llegando a las Oficinas Receptoras de Propuestas.

40. Con las primeras propuestas que lleguen, funcionarán por primera vez los mecanismos establecidos, y se da por iniciada la puesta a prueba de los instrumentos. A partir de aquí se da por iniciado el proceso de revisión de propuestas y de contrataciones con las organizaciones demandantes. En este momento iniciaría también el seguimiento de contratos.

## **IV. ASISTENCIA FINANCIERA DEL FIDA**

41. Tomando en cuenta, el carácter innovativo de la propuesta del TAF, la falta de experiencia previa y la necesidad de contar con asistencia para facilitar el proceso de arranque y de inicio de la implementación, el FIDA ha destinado **dos instrumentos de asistencia financiera para el TAF**. Una donación SOF, con un monto de USD 75 000, la cual será destinada a apoyar la ejecución en la primera y segunda fase, es decir, que inicia después de la aprobación pero antes de la efectividad del préstamo; y otra donación, con un monto total de USD 200 000, la cual se orientará principalmente a apoyar el proceso de conocimiento y difusión de modalidades de intervención y mecanismos de transferencia de tecnología, conociendo experiencias previas y contratando consultores con amplia experiencia en estos temas.



### **A. La Asistencia a través del SOF**

42. Una donación tipo SOF (Asistencia Especial para la Operación)<sup>6</sup>, apoyaría la realización de actividades previas a la efectividad del préstamo y durante el primer período de la operatividad del TAF. Con recursos del SOF se financiaría la contratación de asesorías especializadas, incluyendo un facilitador gerencial para el TAF, para apoyar la construcción de la nueva institucionalidad sobre la cual el fondo se asienta; y asesoría internacional en apoyo a la formación y organización del Fondo. La donación sería administrada por el FIDA.

43. Una donación similar a esta se aprobó para apoyar el inicio de la implementación del Proyecto PROSESUR durante 1998. La donación contribuyó entre otras cosas, a mejorar el diseño y proceso inicial de implementación del componente de Servicios Financieros Rurales, en conjunto con el INPYME; así como apoyo el proceso inicial de arranque de operaciones del proyecto, incluyendo el acompañamiento y formación del personal técnico en ejecución de proyectos similares; la elaboración de su Reglamento Operativo y de los instrumentos que apoyaron la ejecución y el establecimiento de relaciones y contratos con las organizaciones coejecutoras. Con el SOF se financió la contratación de consultorías de corto plazo y estudios.

### **B. La Donación para la Operación del TAF**

44. Esta apoyaría el inicio de operaciones, a partir de la elegibilidad del préstamo. La particularidad del diseño del TAF, y las nuevas modalidades a través de las cuales se ejecuta, requiere de una asistencia específica que contribuya a garantizar la efectividad de sus propuestas técnicas. En este caso, la asistencia externa internacional y regional permitirá que, tanto el personal técnico recién contratado, como los potenciales oferentes y demandantes, participen en un proceso de inducción a las nuevas modalidades, a través de especialistas que trabajan en la transferencia de experiencias al personal del Fondo.

45. Otra área de asistencia de esta donación, sería en el desarrollo de nuevas capacidades tanto de los oferentes como demandantes, y se requiere de apoyo externo para adquirir esas capacidades. Analizando estas experiencias, por ejemplo, en Chile, en Bolivia y Perú, donde se han desarrollado fondos similares.

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<sup>6</sup> Por sus siglas en inglés: *Special Operational Facilities*.

**Fondo de Asistencia Técnica**  
**Presupuesto y Financiamiento para la Implementaron de la Primera Fase del TAF**  
**Financiamiento SOF**

ACTIVIDADES	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Total
<b>TOTAL SOF</b>	-	<b>4 000</b>	<b>4 000</b>	<b>13 500</b>	<b>11 500</b>	<b>30 500</b>	<b>11 500</b>	<b>75 000</b>
<b>CONSULTORÍAS</b>	-	-	-	<b>3 000</b>	<b>5 000</b>	<b>24 000</b>	<b>5 000</b>	<b>37 000</b>
- Registro de demandantes						7 000		7 000
- Registro de oferentes						7 000		7 000
								-
<b>ASESORÍAS</b>								
- Arranque del TAF						5 000	5 000	10 000
- Asesoría Legal				3 000				3 000
- Visitas a experiencias.					5 000	5 000		10 000
	-	<b>4 000</b>	<b>4 000</b>	<b>10 500</b>	<b>6 500</b>	<b>6 500</b>	<b>6 500</b>	<b>38 000</b>
1. Salario Gerente Fundación				3 000	3 000	3 000	3 000	12 000
2. Coordinador TAF				3 000	3 000	3 000	3 000	12 000
3. Facilitador del proceso para crear Fundación y TAF.		4 000	4 000	4 500	500	500	500	14 000

**Fondo de Asistencia Técnica**  
**Presupuesto y Financiamiento para la Implementación de la Primera Fase del TAF**  
**Donación de asistencia técnica**

ACTIVIDADES	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	2 001	Total
<b>TOTAL DONACIÓN</b>	<b>36 000</b>	<b>26 000</b>	<b>44 000</b>	<b>20 000</b>	<b>7 000</b>	-	<b>67 000</b>	<b>200 000</b>
<b>ASESORIAS DE ASISTENCIA TÉCNICA</b>								
1. Asesoría a la implementación	10 000	10 000	10 000	10 000			30 000	70 000
2. Asesoría para revisión y adecuación del Reglamento Operativo	10 000	-	-	-	7 000	-	7 000	14 000
3. Asesoría sobre modalidades de asistencia técnica	10 000	10 000	10 000					30 000
4. Asistencia para sistema de P.S.&E.	6 000	6 000	4 000				10 000	26 000
5. Asistencia para mecanismos de Financiamiento del TAF			10 000	10 000			10 000	30 000
6. Visitas a Experiencias			10 000				10 000	20 000