

1. CAS Data
Country: Nicaragua
CAS Year: FY2003, ISN Year: FY2006
CAS and ISN Period: FY03 – FY07
CASCR Review Period: FY03 - FY07
Date of this review: September 24, 2007
2. Executive Summary

This review covers the CAS FY03 and ISN FY06 for the FY03-FY07 period.

i. The CAS emphasized that the overall goal of IDA support was to reduce extreme poverty from 15.1 percent in 2001 to 13.7 percent by 2005. The CAS supported the four pillars of the Government's PRSP and focused on three cross-cutting themes. The pillars were broad based growth and structural reform; investment in human capital; better protection for vulnerable groups; and improved governance and institutional development. The three cross-cutting themes were environment, social equity and decentralization. The FY06 Interim Strategy Note (ISN) did not specify any objectives, but put greater emphasis on economic growth for poverty reduction. During the review period, IDA approved commitments for a total of US\$ 264 million for 12 projects and completed 21 planned analytical reports. IFC invested US\$48 million in five projects and MIGA guaranteed four projects for US\$105 million, and both provided technical assistance for competitiveness and investment and export promotion.

ii. IDA's country assistance strategy and program supported Nicaragua's economic and social development goals and was relevant, realistic and achievable. The overall goal of reducing poverty was not achieved. Poverty remained static through the CAS period despite some economic growth and a substantial increase in expenditures on poverty, but they were not well targeted. IEG rates the outcome of Bank assistance as *moderately satisfactory*.

iii. **Pillar I: Broad Based Growth and Structural Reform:** GDP growth averaged 3.8 percent between 2003 and 2006, not achieving the CAS target of 4.2 percent. External public debt was reduced substantially and sustainable fiscal balance achieved, but inflation averaged 9 percent during 2004 to 2006. Structural reforms to improve the business climate were largely successful in attracting investment and doubling national savings, exports and international reserves during 2002-2006. IEG rates the outcome for broad based growth and structural reform as *moderately satisfactory*.

iv. **Pillar II: Greater and Better Investment in Human Capital:** The CAS's objectives in education, health and population were largely met. IEG rates the outcome of human capital development as *moderately satisfactory*.

v. **Pillar III: Better Protection for Vulnerable Groups:** The CAS objective to reduce the vulnerability of the extremely poor was partially achieved. Although a national social protection policy was approved, its implementation has not begun. The government began some pilot projects, however, and made advances in disaster/risk management. IEG rates the outcome of this component as *moderately satisfactory*.

vi. **Pillar IV: Good Governance and Institutional Development:** The CAS objectives for institutional development and transparency, participation and public sector financial management were partially met, but Nicaragua's international ranking for corruption worsened. IEG rates the outcome of good governance and institutional development as *moderately satisfactory*.

CASCR Reviewed by:	Peer Reviewed by:	Group Manager
Ashok Khanna Consultant, IEGCR	Jorge Garcia-Garcia Consultant, IEGCR	Jaime Jaramillo-Vallejo Acting Manager, IEGCR

vii. **Cross-cutting Themes:** The CAS objectives of reducing environmental vulnerability and implementing decentralization were largely met and gender issues were incorporated in projects, but a plan for social equity was not designed or implemented. IEG rates the outcome of the cross-cutting themes as *satisfactory*.

viii. Not achieving Nicaragua's objectives to reduce poverty and generate broad-based accelerated economic growth weighted in to arriving at IEG's overall outcome rating of *moderately satisfactory*. IEG rates Bank performance as *satisfactory* because its strategy and program were relevant, realistic, achievable and generally implemented as planned.

ix. Looking ahead, a deeper understanding of the relationship between economic growth, expenditures on reducing poverty and actual reductions in poverty would assist in more effective use of resources. Also, IDA should try to ensure that consensus on an overarching objective such as reducing poverty, and measures needed to achieve it, are resilient to political tensions.

3. CASCR Summary

Overview of CAS Relevance:

1. Almost half of Nicaragua's population lived under the poverty line in 2001. This substantial segment of the population also suffers from inadequate human capital development. The CAS's objective of reducing poverty through promoting economic growth, investing in human capital, providing protection to vulnerable groups and improving governance was relevant and consistent with Nicaragua's priorities.

2. As the ISN was conceived as an extension of the 2003 CAS, it did not specify any new objectives. Rather, it reinforced the CAS's emphasis on economic growth to reduce poverty. Achieving macroeconomic stability and implementing structural reforms that promote private sector investment and good governance would provide the necessary conditions for consistent and sustainable economic growth. Improving the human capital of the poor and infrastructure in rural areas would enhance their ability to rise out of poverty and providing protection for the most vulnerable would alleviate poverty directly. Increasing the efficiency and transparency of public services would improve resource use.

3. The CAS lending program emphasized program loans to enhance policy dialogue and support reform implementation. Investment lending would be limited to small projects such as in education, agricultural technology and rural infrastructure, and technical assistance to assist in implementing PRSP measures. With the increase in political tensions when ISN FY06 was formulated, program lending was reduced and limited to a one-tranche operation and investment lending was concentrated on projects that would impact poverty. IFC and MIGA supported the private sector with investment and guarantees and provided technical assistance to the investment and export promotion agencies. Both the initial lending strategy and the subsequent adaptation to changed circumstances were relevant for achieving the CAS and PRSP objectives.

4. IDA's core diagnostic work underpinned the PRSP framework, helped to build a consensus among stakeholders and assisted in implementing reforms during the CAS period. Its planned analytical and advisory services such as the development policy review were relevant in supporting its lending program by informing policy dialogue and reform implementation, and others such as CFAA and CPAR, by assisting in achieving the financial management improvement objectives.

Overview of CAS Implementation:

5. **Lending:** IDA's commitments during FY03-07 totaled US\$264 million in 12 projects compared with a planned amount of US\$257.5 million in 14 projects (see Annex Table 1). About half of the commitments were for program lending including the supporting TA credits. An IDA amplification allowed an enhancement of PRSC, EMTAC and Basic Education III by US\$45 million. Subsequently, a reduction in available IDA resources led to dropping the Competitiveness II in FY04 and replacing it with another competitiveness project in the 2007 and the Health APL II & III projects were also dropped. PRSC was later reduced by US\$5 million due to non-compliance with a second tranche condition. IDA's portfolio also includes 15 Trust Funds totaling US\$45 million with US\$18 million yet to be disbursed. The current IDA portfolio consists of 13 projects totaling US\$299 million with US\$131 million yet to be disbursed.
6. During FY03-07, Nicaragua's average disbursement ratio was 32 percent, higher than other Central American countries. Projects-at-risk decreased from four in 2003 to two during 2004-2007, which is superior to regional and Bank-wide performance (see Annex Table 4).
7. Between FY03 and FY06, IEG has evaluated 12 closed projects of which 92 percent had satisfactory outcomes (LCR 84 percent, Bank-wide 78 percent), 80 percent had a substantial institutional development impact (LCR 58 percent, Bank-wide 55 percent) and 100 percent were considered sustainable (LCR 83 percent, Bank-wide 80 percent) (see Annex Table 3). The quality of the ongoing portfolio appears to be satisfactory. The latest ISRs rated eight as satisfactory, three as moderately satisfactory and two as moderately unsatisfactory for implementation; and nine as satisfactory, two as moderately satisfactory and two as moderately unsatisfactory for development objectives. Portfolio performance has benefited from an increase in in-country professional staff to 10.
8. **Non-Lending:** IDA provided non-lending services through AAAs. Of the 30 planned reports and advisory services, 21 were completed, some with delays, three are delayed beyond FY07 and three were dropped (see Annex Table 2). Additionally, five unplanned reports were delivered between FY03 and FY07. No QAG ratings are available. This analytical work helped shape the direction of policies, build consensus among key stakeholders and design and complete operations such as the HIPC Completion Point, PRSCs and several other projects. These studies were relevant for the lending portfolio, especially the cross sector studies such as the PER and the Development Policy Review and standard IDA products such as the CFAA and CPAR.
9. In addition, a Development Information Center was opened in Managua in 2003 and many civil servants, academics, civil society and private sector representatives attended WBI courses and conferences. The Global Development Learning Network has also played an important role in knowledge sharing. Nevertheless, disseminating some reports in Spanish remains an issue and early sharing of drafts could stimulate debate.
10. **IFC and MIGA:** IFC invested a total of US\$48 million in five projects, including a micro-finance institution, and provided advisory services valued at US\$5 million. MIGA was involved in two electricity projects and an agricultural equipment leasing company for US\$105 million and, in cooperation with IDA's competitiveness project, supported the investment and export promotion agency with technical assistance.

Overview of Achievement by Objective:

11. Overarching Objective: Poverty Reduction: The overarching objective was to reduce extreme poverty. The progress indicator was to reduce extreme poverty from 15.1 percent of the population in 2001 to 13.7 percent by 2005. This objective was not achieved. Overall and extreme poverty remained static at about 46 percent and 15 percent of the population respectively. Although public spending on poverty alleviation programs rose from 9.1 percent of GDP in 2002 to 13.6 percent in 2006, about 47 percent of this expenditure went to benefit the non-poor, suggesting that spending is not well targeted.

IEG rates the outcome for the achievement of the Overarching Objective as *Unsatisfactory*.

12. Pillar I: Broad-Based Economic Growth and Structural Reform: The CAS objectives were to maintain a stable economic environment, reduce external debt, implement structural reforms in privatization, financial sector, social security, commercial code and cluster development, civil service, property rights and housing market, rural infrastructure and financial services and social infrastructure.

13. The CAS objectives for macroeconomic stability were to keep the PRGF program on track and reach the HIPC Completion Point. It was supported by the IMF's PRGF and IDA's PSAC and PRSC and substantial economic and sector work and technical assistance (EMTAC). This objective was met as Nicaragua completed the PRGF program, albeit with delays, and achieved the HIPC Completion Point in January 2004. As a result, its public debt declined from 200 percent to 70 percent of GDP and is expected to decline further to 54 percent of GDP through a commercial debt buy-back in 2007. The government made progress in improving its fiscal situation by reducing its overall fiscal deficit from 11.8 percent of GDP in 2001 to 4.2 percent in 2006 but inflation rose to average over 9 percent per year during 2004 to 2006 from 4 percent in 2002. National savings, private foreign investment, exports and international reserves have at least doubled during 2002-2006.

14. The CAS objective was to achieve an average growth of 4.2 percent. This target was not met as Nicaragua's growth averaged 3.3 percent during the period. Moreover, poverty did not decline, possibly because the growth rate was too low and erratic (varying from 0.8 to 5.1 percent) to impact poverty.

15. The CAS objective of structural reforms had several components:

(i) Privatizing and Reducing Losses of Utilities: The progress indicators were to complete telecom and power privatization and adjust water/sanitation rates to cover marginal costs. This component was supported by IDA's telecommunications and power projects and technical assistance and MIGA guarantees. The utility privatizations were completed but no information is available for the water/sanitation rates. The privatization of the national telecommunications company and creation of a regulatory agency has resulted in a seven-fold increase in the number of land and mobile phones. Although mobile and land-line international telephone rates have fallen significantly, domestic land-line rates have remained flat. Also, penetration rates have risen, but still remain low. The privatization of the energy sector has not yet had the intended outcome. The government's relationship with the distribution company is contentious. Also, supply is still unreliable due to obsolete equipment and costs are high because of reliance on oil-fired generating plants;

(ii) Strengthening the Financial System and Reforming the Social Security System: Following the financial crisis in 2000-2001, the financial sector has been stabilized. Supported by IDA's Pension and Financial Market TA and FSAP, bank regulations and supervision have been upgraded and are likely to be sustained. Pension reforms were not successful, however. No information is provided on the status of the capital markets and insurance laws and the commercial code was not reformed but remains a priority. Reform legislation was passed to replace the pay-as-you-go

pension system with individual capitalization accounts but implementation was abandoned because of the fiscal implications. The focus has shifted to containing the costs of the current system; and

(iii) Developing a Professional Civil Service: The progress indicators were to approve and implement a civil service law, establish an independent sector agency and have a substantial portion of government staff employed under the new system. IDA provided assistance through the PRSC and EMTAC. A civil service law was passed but progress has been slow because of high fiscal costs. A permanent administrative career regime has been established with 4,000 employees from 18 agencies included.

16. The CAS objective for productive sector development was to improve land markets, rural finance, infrastructure (energy, telecommunications and roads), and agricultural extension services. IDA and IFC provided assistance through technical assistance and seven projects (land management, rural finance, electrification, road building and rehabilitation and telecommunications, agricultural technology, and competitiveness). A step towards improving access to credit collateralized by land was taken by passing the Cadastre Law but the Registry Law has yet to be approved. Targets for rural roads and telecoms were met but not for energy, although IDA's rural electrification project helped increase access. The rural finance framework has been improved as a microfinance unit was established in the regulatory agency and lending norms developed for future implementation. Agricultural extension services improved with the number of farmers receiving technical assistance increasing by one-third. As a result, yields per hectare shot up for corn (37 percent) and for beans (63 percent).

17. IDA, IFC and MIGA's support for improving the business climate in Nicaragua have been successful. The competitiveness and land projects, IFC investments, MIGA guarantees and technical assistance for the investment and export promotion agencies and sector clusters have brought in substantial domestic and foreign investment, created jobs and contributed to exports. Between 2003 and 2006, the number of steps and days needed to register a business decreased from 12 to 6 and from 71 to 39 respectively. As a result, Nicaragua's ranking in Doing Business improved from 72nd to 67th out of 175 countries.

18. The CAS objective for social infrastructure was to expand the provision of safe water and sanitation in rural areas and develop the housing market. IDA support was provided through FISE IV. In water and sanitation, the increase in coverage target was not met but access to both services improved slightly. No information is available for the housing progress indicator.

IEG rates the outcome for the achievement of Pillar I as *Moderately Satisfactory*.

19. Pillar II: Greater and Better Investment in Human Capital: The CAS objective was to develop the human capital of the poor by investing in basic and technical education, improving preventive health care, child nutrition and implementing a population policy to enhance their incomes and welfare. IDA provided support through policy based loans, projects in education and health, and economic and sector work. In education, the enrollment (83 percent) and autonomous schools (4713) targets were met. Although the autonomous schools target was met, the new government halted the program because of weaknesses in financial management and uncertain improvement in educational outcomes. In health, the infant (32/1000) and child mortality (37/1000) targets were reached, but no data are available to comment on the health coverage target. In nutrition, the target for reducing under-5 malnutrition was not achieved. In population, IDA has supported adopting the Primary Health Care model, but access to reproductive health services has decreased.

IEG rates the outcome of Pillar II as *Moderately Satisfactory*.

20. Pillar III: Better Protection for Vulnerable Groups: The CAS objective in social protection was to reduce the vulnerability of the extremely poor by completing a study to define a social protection policy and initiating its implementation on a national scale. The government approved a national social protection policy and IDA funds were used to finance pilot projects in five municipalities in 2006, but implementation of a nationwide sustainable social protection program has not begun. Advances were made in disaster/risk management through the INIFOM and FISE programs and SINAPRED project.

IEG rates the outcome of Pillar III as *Moderately Satisfactory*.

21. Pillar IV: Good Governance and Institutional Development: The CAS objectives for institutional development and transparency were to enhance governance by improving public sector financial management and making procurement transparent. IDA provided assistance through the PRSCs and EMTAC, and several reports including CFAA, CPAR, IGR. Public sector financial administration is being consolidated and a single treasury account is now used for all public revenues. Public investment is now channeled through one system. Internal controls and external scrutiny of public expenditures have improved. Several sectoral working groups have been established and three SWAP initiatives have been developed. The CAS objective to strengthen governance through judicial reform was partially met. The penal and criminal process codes were modernized but other reforms were hindered by politicization of the judiciary. Despite some progress in achieving good governance and institutional development objectives, Nicaragua's ICRG ranking for corruption has deteriorated from 33/140 in 2002 to 46/139 in 2007. The CAS objective to improve the participatory process by institutionalizing the PRSP process was successful as it has become the central instrument for policy planning and establishing budget spending goals.

IEG rates the outcome for the achievement of Pillar IV as *Moderately Satisfactory*.

22. The CAS also focused on three cross-cutting themes: With respect to environment and ecological vulnerability; the CAS goal was to reduce ecological vulnerability. IDA supported this goal with the Sustainable Forestry, GEF-Atlantic Biological Corridor and Disaster Prevention projects and other donors funded supporting studies. New legislation on biodiversity, water resources, fisheries and forestry has been approved and implemented. In addition, a forestry development plan and strategy was designed and institutional capacity for forest management improved. Nicaragua is also involved in IDA's regional initiative (Corazon Transboundary Biosphere Reserve Project) to improve management of natural resources. The emergency preparedness component was completed but with significant delays. By early 2005, work on risk assessment for disaster management was underway in 30 municipalities and disaster-mitigating investments were made in 15 localities. The CAS target was not met. No information is available to comment on carbon emissions and hydrometry station targets. On social equity; the CAS goal was to guarantee equal gender access in the economic, social, cultural and political arenas by designing and initiating implementation of a plan of action that included promoting wage equality. No information is available on the design and implementation of a social equity plan, but gender equity was integrated in several IDA and donor projects. Finally, with respect to decentralization, the CAS goal was to strengthen local governments by developing fiscal capacity and investment planning. IDA supported this component through its Municipalities Development Project. A law was passed providing increased transfers to municipal governments. Investment planning and implementation was devolved to a substantial number of municipalities and local tax revenues have also increased substantially to establish their sustainability. These actions and developments met CAS progress targets.

IEG rates the outcome of the cross-cutting themes as *Satisfactory*.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Pillar I: Broad-Based Economic Growth and Structural Reform	None	Moderately Satisfactory	Growth target not met, but macroeconomic balance improved and structural reforms successful.
Pillar II: Greater and Better Investment in Human Capital	None	Moderately Satisfactory	Goals for education, health and population were largely met.
Pillar III: Better Protection for Vulnerable Groups	None	Moderately Satisfactory	Protection policy approved, but not implemented.
Pillar IV: Good Governance and Institutional Development	None	Moderately Satisfactory	Improvement in public financial governance and participation in planning, but progress slow in judicial reforms.
Cross-cutting Themes: Environment, Social Equity and Decentralization	None	Satisfactory	Ecological vulnerability diminished, good progress in decentralization, but no plan for social equity.

Comments on Bank Performance:

23. IDA's assistance strategy for Nicaragua was relevant because it addressed the country's key problems of poverty and low human capital of the poor. That poverty was not reduced suggests IDA had an incomplete understanding of the factors that drive economic growth and reduce poverty in Nicaragua. Nevertheless, using program credits and SWAPs was appropriate because they facilitated policy dialogue and assisted in implementing a formidable policy agenda such as the HIPC Completion process. Limiting investment operations to small projects to meet PRSP targets for sectors such as education, health, and rural infrastructure was fully consonant with IDA strategy. IDA's comprehensive program of AAA was consistent with its strategy and was designed to inform the policy debate, implement the reform program and design and implement investment projects. Thus, the lending instruments and non-lending support were also relevant and realistic as evidenced by the improvement in portfolio indicators.

24. With about 40 bilateral and multilateral donors active in Nicaragua, coordination is a formidable and important task in which the government also plays a major role through its planning process and National Plan for Harmonization. CAS 2003 was prepared with IADB and the two organizations cooperated through formal cofinancing and informal arrangements. IDA helped establish the Budget Support Group and also signed with other donors a Joint Financing Arrangement to support effective implementation of policies and upgrading of institutions. IDA played a catalytic role in initiating three SWAPs and continues to be recognized for its high quality analytic work and leadership in policy dialogue. Despite these efforts, IDA could have better supported effective government-led donor coordination.

There were no safeguard or fiduciary issues.

IEG rates Bank performance as *Satisfactory*.

4. Overall IEG Assessment	
Outcome:	<i>Moderately Satisfactory</i>
Bank Performance:	<i>Satisfactory</i>
<p>25. Not registering any progress in achieving the overarching objective of reducing poverty or meeting the important economic growth target weighed heavily in deciding the outcome rating as moderately satisfactory, especially as almost half of Nicaragua's population lives in poverty. Moreover, the outcome ratings for the strategic pillars are mostly moderately satisfactory, not ameliorating the poor outcome in reducing poverty. Political tensions and a change in government, delays in framing economic plans, fielding weak counterpart teams and the lack of counterpart funds for projects may have affected economic performance and project implementation.</p>	

5. Assessment of CAS Completion Report
<p>26. The CASCR does not discuss the CAS objectives as stated in that document and detailed in its County Program Matrix. It also omits to state targets for some components including important ones such as economic growth. The CASCR provides adequate information on the implementation and outcomes for most components of each objective of the CAS, although information on some targets is missing. Subsequently, the Region has provided helpful additional information. The discussion of economic growth and poverty reduction is not sufficiently developed to explain why neither target was met. Finally, it also omits to rate the achievement of objectives.</p> <p>IEG rates the CASCR as <i>moderately satisfactory</i>.</p>

6. Findings and Lessons
<p>27. The CAS's core assumptions about the factors that create economic growth and the relationship between growth, public expenditure on poverty and actual reduction in poverty did not hold during the period under review. Economic and political developments may have affected that result. A deeper understanding of these relationships would assist in preparing better programs and in using resources more effectively. Also, IDA should try to ensure that consensus on an overarching objective such as reducing poverty and measures needed to achieve it, are resilient to political tensions.</p> <p>28. Although monitorable targets have been specified for every intervention under each objective in CAS 2007's Results Matrix, there are too many to make a clear judgment on whether the objective has been achieved. A few core indicators should be highlighted as critical for satisfactory achievement of objectives as suggested in the 2005 CASCR.</p> <p>29. Reflecting domestic institutional capacity in project design has been mentioned, but ensuring adequate counterpart funds is also important for avoiding delays in project implementation.</p> <p>30. Other lessons from the CASCR and IEG evaluations have been comprehensively recognized in CAS 2007.</p>

Annex Table 1: Nicaragua Planned vs Actual Lending Program FY03-07

Annex Table 2: Analytical and Advisory Work: actual vs planned

Annex Table 3: IEG Project Ratings

Annex Table 4: Portfolio Status Indicators by Year

Annex Table 5: IBRD / IDA Net Disbursements and Charges, FY03-07

Annex Table 6: External Assistance to Nicaragua: Total Net ODA Disbursement, 2003-2006

Annex Table 7: Economic and Social Indicators 2000-2005

Annex Table 8: Millennium Development Goals

Annex Table 1: Nicaragua Planned vs Actual Lending Program FY03-07 (in US\$ million)

Fiscal Year	Project Name	Planned	Actual
2003	PSAC	15	15
2003	Rural Micro Finance	7	7
2003	Rural Electrification	12	12
2004	PRSC	35	70
2004	Competitiveness II	8	replaced
2004	Public Sector TAC *	17.5	24
2004	Basic Education III **	11	15
2004	HEALTH SECTOR II (APL2)	15	dropped
2006-2007	Agricultural Technology APL	7	12
2006-2007	Roads Rehabilitation and Maintenance IV	55	60
2006-2007	Rural Telecom	7	7
2006-2007	Competitiveness/FSAP-TA	13	17
2006-2007	Health	30	dropped
2006-2007	PRSC II	25	25
	Total 2003-2007	257.5	264

Source: BW as of 06/28/07

The Health projects were proposed in the CAS but do not seem to be implemented

* This was proposed in FY 03 CAS but has been approved in FY06 under the name of Competitiveness/FSAP-TA

** Approval delayed to 2005

Annex Table 2: Analytical and Advisory Work: actual vs planned

Product	Proposed completion	Actual Completion
Planned		
Rural Sector Competitiveness *	FY03-FY04	
Country Economic Memorandum	FY04	FY04
Land Sector Work	FY03	FY04
Poverty and Social Impact Assessment	FY04	FY06
Financial Sector Assessment Program	FY04	FY04
Improving Governance **	FY04-FY05	
Infrastructure Assessment	FY04-FY05	dropped
Country Study on Health Care Expenditures and Disability	FY06	FY07
Programmatic Public Expenditure Review	FY06	FY07
Gender Assessment	FY06	FY04
PSIA for the Water Sector	FY06	FY06
Combined CFAA/CPAR Update	FY07	FY03 (done separately)
Poverty Update	FY07	FY07
Institutional and Governance Review	FY07	FY08
Energy Strategy Study	FY07	FY08
Joint Staff Advisory Note of the PRSP Progress Report	FY07	FY07
Environmental Assessment	FY07	FY09
Trade Study (regional) ***	FY03-FY04	
Drivers of Rural Growth (regional)	FY03-FY04	FY04
Social Impact of Coffee Crisis (regional) ****	FY03-FY04	FY05
Education Review	FY04	FY05
Shocks and social Protection	FY05	FY05
CAFTA	FY06	FY06
Advisory Services		
Rural Electrification	FY03	FY03
Institutional Capacity Building	FY03	dropped
Rural Development and Productivity *****	FY03	
Education Sector Policy Note	FY03	FY03
Rural Poverty *****	FY04	FY03
Human Capital Development	FY04	dropped
Investment Climate Assessment	FY03	FY04
Unplanned and Delivered		
Support for the Administration of Justice		FY04
Social Safety Net Assessments from CA		FY04
Development Policy Review		FY05
Decentralization Policy Note		FY05
Health Reform Strategy		FY07

* Delivered as Drivers of Sustainable Rural Growth

** Replaced by Institutional and Governance Review

*** This is the same as the CAFTA study

**** Called Shocks and Social Protection Lessons from Central American Coffee Crisis

***** Motors of Growth study transferred to RUTA

***** This is the agricultural Policy note

Source: BW, Iris, Controller's Data, CASCR and Operations Portal

Annex Table 3: IEG Project Ratings

Exit FY	Project Name	Total Evaluated (US\$M)	IEG Outcome	IEG Sustainability	IEG ID Impact
FY03	FISE III	43.53	MODERATELY SATISFACTORY	NON-EVALUABLE	MODEST
	PSAC	16.23	SATISFACTORY	LIKELY	SUBSTANTIAL
FY04	ECONOMIC MANAGEMENT TAC	20.20	SATISFACTORY	LIKELY	SUBSTANTIAL
	FORESTRY	8.51	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
FY05	HEALTH SECTOR II	23.50	SATISFACTORY	LIKELY	SUBSTANTIAL
	SECOND BASIC EDUCATION PROJECT	52.95	SATISFACTORY	LIKELY	MODEST
	TRANSPORT II	46.87	HIGHLY SATISFACTORY	LIKELY	SUBSTANTIAL
	Pension and Finance. Market Reform TA	7.70	UNSATISFACTORY	LIKELY	SUBSTANTIAL
	AG TECHN & RURAL EDU (APL)	24.02	SATISFACTORY	LIKELY	SUBSTANTIAL
FY06	GEF NI Atlantic Biological Corridor	0.00	SATISFACTORY	LIKELY	HIGH
	Telecommunication Reform	14.60	SATISFACTORY		
	Competitiveness LIL	5.38	SATISFACTORY		

Region	Total Evaluated (US\$M)	Total Evaluated (No)	Outcome % Sat (No)	Inst Dev Impact % Subst (No)	Sustainability % Likely (No)
Nicaragua	263	12	91	80	100
LCR	23,552	254	84	57	82
Bank-wide	73,638	1,099	79	54	79

Source: Business Warehouse 4a5 and 4a6 as of 6/28/07

Annex Table 4: Portfolio Status Indicators by Year

		2003	2004	2005	2006	2007
Costa Rica	# Proj	3	2	3	4	3
	Net Comm Amt	66	50	80	107	74
	# Prob Proj	0	0	1	2	2
	% IPDO: Actual	0	0	33	50	67
	# Pot Proj	0	0	0	0	0
	% Potential	0	0	0	0	0
	# Proj At Risk	0	0	1	2	2
	% At Risk	0	0	33	50	67
	Comm At Risk	0	0	17	44	60
% Commit at Risk	0	0	21	41	81	
		2003	2004	2005	2006	2007
El Salvador	# Proj	7	6	8	8	3
	Net Comm Amt	397	381	476	436	185
	# Prob Proj	2	0	2	3	0
	% IPDO: Actual	29	0	25	38	0
	# Pot Proj	0	0	0	0	0
	% Potential	0	0	0	0	0
	# Proj At Risk	2	0	2	3	0
	% At Risk	29	0	25	38	0
	Comm At Risk	161	0	161	145	0
% Commit at Risk	41	0	34	33	0	
		2003	2004	2005	2006	2007
Guatemala	# Proj	13	13	11	12	10
	Net Comm Amt	559	559	503	550	452
	# Prob Proj	2	2	0	0	2
	% IPDO: Actual	15	15	0	0	20
	# Pot Proj	0	0	0	0	0
	% Potential	0	0	0	0	0
	# Proj At Risk	2	2	0	0	2
	% At Risk	15	15	0	0	20
	Comm At Risk	49	80	0	0	77
% Commit at Risk	9	14	0	0	17	
		2003	2004	2005	2006	2007
Honduras	# Proj	12	17	18	18	17
	Net Comm Amt	314	427	461	413	425
	# Prob Proj	2	0	0	2	2
	% IPDO: Actual	17	0	0	11	12
	# Pot Proj	0	0	1	0	6
	% Potential	0	0	6	0	35
	# Proj At Risk	2	0	1	2	8
	% At Risk	17	0	6	11	47
	Comm At Risk	19	0	28	40	198
% Commit at Risk	6	0	6	10	47	

Annex Table 4: Portfolio Status Indicators by Year (continued)

		2003	2004	2005	2006	2007
Nicaragua	# Proj	15	16	13	13	12
	Net Comm Amt	428	499	369	357	286
	# Prob Proj	4	1	2	1	2
	% IPDO: Actual	27	6	15	8	17
	# Pot Proj	0	0	0	0	0
	% Potential	0	0	0	0	0
	# Proj At Risk	4	1	2	1	2
	% At Risk	27	6	15	8	17
	Comm At Risk	94	14	40	12	50
% Commit at Risk	22	3	11	3	17	
		2003	2004	2005	2006	2007
Latin America	# Pot Proj	14	7	11	7	23
	# Prob Proj	56	39	48	37	37
	# Proj	285	265	268	256	252
	# Proj At Risk	70	46	59	44	60
	% At Risk	25	17	22	17	24
	% Commit at Risk	30	19	21	16	23
	% IPDO: Actual	20	15	18	14	15
	% Potential	5	3	4	3	9
	Comm At Risk	5836	3580	3832	2558	3790
	Net Comm Amt	19480	18911	18595	16208	16689

Source: Business Warehouse Table 3a 4 as of 6/29/2007

Note: The portfolio performance results differ from Table 7 in the CASCR.

Annex Table 5: Nicaragua-IBRD/IDA Net Disbursements and Charges (in US\$), FY03-07

Fiscal Year	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2003	18,249,455	300,000	17,949,455	547,037	0	17,402,418
2004	141,623,494	5,769,512	135,853,982	6,995,530	453,005	128,405,445
2005	69,584,866	8,842,245	60,742,620	8,397,962	777,536	51,567,122
2006	77,467,445	9,929,324	67,538,121	8,411,854	455,111	58,671,155
2007	53,888,811	0	53,888,811	1,833,737	223,823	51,831,251
Total	360,814,073	24,841,082	335,972,990	26,186,122	1,909,476	307,877,392

Source: Controller's Website as of 6/28/07

Annex Table 6: External Assistance to Nicaragua: Total Net ODA Disbursement, 2003-2006

(in US\$ million)

	2002	2003	2004	2005
Arab Agencies	1.86	3.73	-0.38	16.14
Australia	0.11		3.81	
Austria	4.45	7.12	8.65	9.84
Belgium	2	1.94	3.24	4.92
Canada	7.65	8.45	8.95	8.98
Czech Republic		0.39	0.96	0.13
DAC Countries, Total	287.23	521.75	856.29	509.5
DAC EU Members, Total	165.96	391.45	713.67	319.36
Denmark	24.99	32.04	37.7	36.67
EC	33.77	52.67	61.31	53.39
Finland	5.9	7.89	7.64	9.41
France	0.88	26.27	65.25	1.93
G7, Total	143.77	305.96	467.46	274.19
GEF	0.98	1.77	1.95	0.68
Germany	34.45	128.63	278.02	24.53
Global Fund (GFATM)		0.23	3.97	3.06
Iceland				0.13
IDA	75.39	115.73	128.79	65.67
IDB Spec. Fund	101.35	99.29	136.53	108.17
IFAD	1.27	1.09	1.1	0.43
Ireland	0.48	0.98	0.97	0.99
Italy	2.29	45.87	2.26	80.96
Japan	31.42	24.38	29.93	49.23
Korea	2.25	4.26	0.32	0.5
Luxembourg	3.21	7.13	6.91	9.09
Netherlands	26.01	22.26	40.84	33.89
New Zealand	0.1	0.07	0.17	0.58
Non-DAC Bilateral Donors, Total	2.29	4.69	1.45	0.94
Nordic Dev. Fund	1.06	2.73	6.44	0.03
Norway	9.08	12.67	12.55	13.99
Other Bilateral Donors	0.04	0.04	0.17	0.18
SAF+ESAF+PRGF(IMF)	3.84	21.26	23.72	-28.09
Spain	22.29	72.67	207.69	60.08
Sweden	38.65	35.92	41.1	40.91
Switzerland	6.19	15.1	17.56	14.94
UNDP	2.21	2.3	2.88	3.25
UNFPA	2.03	2.12	3.42	2.5
UNICEF	0.68	0.72	0.84	1.19
United Kingdom	0.36	2.73	13.4	6.14
United States	66.72	69.63	69.65	102.42
UNTA	1	1.48	1.82	1.46
WFP	2.12	1.66	4.52	1.75
Multilateral, Total	227.56	306.78	376.91	229.63
All Donors, Total	517.08	833.22	1234.65	740.07

Source: DAC data as of July 2007

Annex Table 7: Economic and Social Indicators, 2000-2005

Series Name	2000	2001	2002	2003	2004	2005	Nicaragua	Costa Rica	El Salvador	Guatemala	Honduras	Lower Middle Income	Latin America
<u>Inflation, Growth and Composition of Output</u>													
Inflation, consumer prices (annual %)	12	7	4	5	8	9	7.65	11	3	7	9		
GDP growth (annual %)	4	3	1	3	5	4	3.24	4	2	3	4	6	3
GNI per capita, Atlas method (current US\$)	760	760	760	790	870	950	815.00	4123	2182	1968	963	1472	3569
GNI per capita, PPP (current international \$)	2950	3030	3070	3160	3350	3580	3190.00	8543	4762	4223	2992	5168	7291
GDP per capita growth (annual %)	2	1	0	2	5	3	2.18	2	0	0	2	5	1
Agriculture, value added (% of GDP)	20	19	18	18	18	19	18.52	9	10	23	14	12	8
Industry, value added (annual % growth)	3	6	-1	2	9	4	3.88	2	2	2	4	8	2
Services, etc., value added (% of GDP)	53	53	53	55	54	53	53.47	61	59	58	55	47	60
<u>External Balance, Debt and Exchange Rate</u>													
Exports of goods and services (% of GDP)	24	23	22	25	27	28	24.77	46	27	18	40	29	23
Imports of goods and services (annual % growth)	-5	1	0	3	8	6	2.28	5	5	6	7	13	6
Current account balance (% of GDP)	-21	-19	-17	-16	-15	-16	-17.63	-5	-3	-5	-4		
Total debt service (% of exports of goods, services and income)	20	23	10	11	6	7	12.65	8	9	8	10	16	30
External debt (% of GNI)	184	166	169	177	119	107	153.73	31	43	20	82	31	42
IBRD loans and IDA credits (PPG DOD, current US\$)	659	691	811				720.21	89	376	386	1183	80885	41585
Official exchange rate (LCU per US\$, period average)	13	13	14	15	16	17	14.68	385	1	8	17		
<u>Savings, Investment and Government Accts.</u>													
Revenue, excluding grants (% of GDP)	18	18	19	21	22	22	20	22	16	11		15	
General government final consumption expenditure (% of GDP)	12	12	11	11	11	11	11	14	10	7	13	15	15
Gross domestic savings (% of GDP)	3	3	0	-1	0	0	0.76	19	0	7	12	30	22
Gross national expenditure (% of GDP)	127	126	126	127	127	130	127.05	103	116	112	117	30	18
Gross fixed capital formation (% of GDP)	27	27	25	25	27	28	26.43	19	16	15	24	30	18
Government Cash surplus/deficit (% of GDP)	-3	-6	-2	-2	-1	-1	-2.39	-2	-4	-2		-2	

Annex Table 7: Economic and Social Indicators, 2000-2005 (continued)

Series Name	2000	2001	2002	2003	2004	2005	Central America				Lower Middle Income		Latin America
							Nicaragua	Costa Rica	El Salvador	Guatemala	Honduras	Income	
Social Indicators													
Health													
Immunization, DPT (% of children ages 12-23 months)	83	84	85	86	79	86	83.83	90	90	83	93	86	89
Improved water source (% of population with access)	..	..	..	..	79	..	79.00	97	84	95	87	82	91
Life expectancy at birth, total (years)	69	..	69	..	..	70	69.58	78	71	67	68	70	72
Education													
School enrollment, preprimary (% gross)	29	29	31	32	35	37	31.95	60	48	36	27	36	60
School enrollment, primary (% gross)	103	106	112	111	112	112	109.35	109	112	109	108	114	119
School enrollment, secondary (% gross)	53	56	60	64	64	66	60.45	70	59	44	65	72	85
Population													
Population growth (annual %)	1.7	1.4	1.2	0.9	0.5	0.5	1.0	2.0	1.9	2.4	2.3	1.0	1.4
Population, total (million)	4.9	5.0	5.1	5.1	5.1	5.1	5.1	4.1	6.6	11.9	6.8	2415.8	532.9
Urban population (% of total)	57	58	58	58	59	59	58.10	60	59	46	45	48	76

Source: DDP data as of 7/2/2007

Annex Table 8: Millennium Development Goals

	1990	1995	2000	2005
Goal 1: Eradicate extreme poverty and hunger				
Income share held by lowest 20%	..	4	6	..
Malnutrition prevalence, weight for age (% of children under 5)	..	11	10	..
Poverty gap at \$1 a day (PPP) (%)	..	20	17	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	48	45	..
Poverty headcount ratio at national poverty line (% of population)	..	50	48	..
Prevalence of undernourishment (% of population)	30	33	..	27
Goal 2: Achieve universal primary education				
Literacy rate, youth total (% of people ages 15-24)	68	..	..	86
Persistence to grade 5, total (% of cohort)	44	..	54	54
Primary completion rate, total (% of relevant age group)	44	55	66	76
School enrollment, primary (% net)	73	..	80	87
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliament (%)	15	11	10	21
Ratio of girls to boys in primary and secondary education (%)	108	..	107	103
Ratio of young literate females to males (% ages 15-24)	101	..	..	106
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	41	..	..	..
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)	82	85	86	96
Mortality rate, infant (per 1,000 live births)	52	41	34	30
Mortality rate, under-5 (per 1,000)	68	53	43	37
Goal 5: Improve maternal health				
Births attended by skilled health staff (% of total)	..	..	67	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	230	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Contraceptive prevalence (% of women ages 15-49)	44	..	69	..
Incidence of tuberculosis (per 100,000 people)	147	108	79	58
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	0.2
Tuberculosis cases detected under DOTS (%)	..	72	84	88
Goal 7: Ensure environmental sustainability				
CO2 emissions (metric tons per capita)	1	1	1	1
Forest area (% of land area)	54	..	46	43
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	5	6	6	5
Improved sanitation facilities (% of population with access)	45	..	..	47
Improved water source (% of population with access)	70	..	..	79
Nationally protected areas (% of total land area)	..	..	..	23
Goal 8: Develop a global partnership for development				
Aid per capita (current US\$)	83	145	114	144
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	2	42	17	5

Source: World Development Indicators database, April 2007.