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Challenging Poverty, Challenging Participation: The Role of Civil Society in the Poverty Reduction Strategy Paper Process in Nicaragua

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TABLE OF CONTENTS

Chapter 1. Introduction	4
1.1 Main Point	4
1.2 Methodological Keys.....	4
1.3 Analytical Approach	6
1.4 Personal Standpoint	8
1.5 Specific Methodological Choices	9
Chapter 2. Setting the scene.....	11
2.1 Locating the PRSP: the global setting the national.....	11
2.2 Where the PRSP landed: Nicaraguan politics	18
Chapter 3. PRSP, more than a policy paper, a sociopolitical process	23
3.1 PRSP and civil society's participation dilemma	23
3.2 Mainstreaming participation: why a dilemma for civil society?.....	24
3.3 Mainstreaming poverty: the conceptualization of poverty as a field of contestation.....	30
Chapter 4. Redefining roles in development	36
4.1 Poverty narratives shaping actors' role.....	36
4.2 Democracy and debt relief: the extra push to engage	37
4.3 Linking abroad: relationship with external actors.....	38
4.4 A hierarchy of issues, a hierarchy of actors	39
4.5 Exploring the contradictions in civil society role.....	40
Chapter 5. Conclusions	43

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LIST OF ACRONYMS

CAS	Country Assistance Strategy (WB)
CCER	Civil Coordinator for Emergency and Reconstruction
CGR	Comptroller General's Office
CONPES	National Council for Social and Economic Planning
CSE	Supreme Electoral Council
CSJ	Supreme Court of Justice
CSO	Civil Society Organizations
ESAF	Enhanced Structural Adjustment Facility (IMF)
FSLN	Sandinista National Liberation Front
GDP	Gross Domestic Product
GoN	Government of Nicaragua
HIPC	Highly Indebted Poor Countries
IFIs	International Financial Institutions (here mainly WB, IMF, IDB)
I-PRSP	Interim Poverty Reduction Strategy Paper
IDA	International Development Association (WB)
IDB	Interamerican Development Bank
IMF	International Monetary Fund
JSA	Joint Staff Assessment (WB and IMF)
LNQQ	The Nicaragua We Want (CCER)
LSMS	Living Standards Measurement Surveys
NGOs	Non-Governmental Organizations
NPA	Nicaragua Poverty Assessment (WB)
NQPE	Nicaragua Qualitative Poverty and Exclusion Study (WB)
PLC	Constitutionalist Liberal Party
PRGF	Poverty Reduction and Growth Facility (IMF)
PRSP	Poverty Reduction Strategy Paper
PRSP-PR	Poverty Reduction Strategy Paper – Progress Report (annual)
SAP	Structural Adjustment Program
SETEC	Technical Secretariat of the Presidency
SGPRS	Strengthened Growth and Poverty Reduction Strategy (Nicaraguan PRSP)
SMP	Staff Monitored Program (IMF)
SPRS	Strengthened Poverty Reduction Strategy (Nicaraguan I-PRSP)
SREC	Secretariat for Foreign Cooperation
UNDP	United Nations Development Program
WB	World Bank

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Chapter 1. INTRODUCTION

1.1 Main Point

Policymaking provides a very limited space for action. Through the Poverty Reduction Strategy Paper (PRSP) policy process "Poverty" can be seen as a new field of politics in contemporary Nicaragua. Even though presented as a technical process, it is more about politics and the management of opposition for predetermined agendas to be applied willingly as they are nationally "owned".

The PRSP is a policy instrument which can be seen as a technological device for governance designed by the World Bank (WB) and the International Monetary Fund (IMF). Through the PRSP, these actors not only define the content of policies but the process of policymaking itself. It pushes a global agenda by localizing it under a specific set of rules that make it appear as a result of consensus building (it has to involve all national stakeholders, including civil society). This in turn poses an extra threat over national processes of policymaking. Not only does it mask a political process as technical, hiding the leverage of international actors, but also frames the roles of national social actors.

Nevertheless the PRSP framework's own strength (importance of country "owning" the strategy) is a threat as well as a window of opportunity for these actors. It opens a position for civil society within policymaking processes but at the risk of changing its identity and losing political substance. Furthermore, by accepting to play within the established rules, civil society runs the risk of legitimizing them. If rules are no longer challenged neither are the unequal power relations on which they are based and continue reinforcing.

1.2 Methodological Keys

Policy should be analyzed as a process. In order to do so it requires to move from a mainly structuralist approach towards a more actor oriented one, without losing the big picture. Therefore the use of an eclectic framework is needed given the complexity of contemporary policymaking specially when applying to a local context.

The idea is to explore other approaches as ways of understanding national processes that are in continuous re-construction, that are influenced and maybe even defined by structures from global processes, but that at the same time reshape them.

This paper uses key variables borrowed from different approaches to understand policymaking. It takes from political economy to discourse analysis and from political practices to social actors' roles. The reason for this mix bag is that one single approach cannot grasp the complexities of policymaking process.

Traditionally the most important outcome of the policymaking process is the policy itself. Here it is argued that is not so much the policy paper but the unwritten rules of the policymaking. Especially the rules on the roles actors are able to play in it.

PRSP is understood more than a policy paper as a sociopolitical process. As such, it continuously redefines its rules of the game. Actors, by engaging in a process are part of the renewal of the rules under which this process develops. Their participation can reaffirm or challenge the rules in the making.

An important part of those rules are the ones shaping the roles actors play, in this case the roles in development in general and in policymaking in particular. This paper focuses on how Nicaraguan civil society organizations participation in the PRSP process had implications for its possibilities of participating in national development process.

Exploring a mix of approaches has led me to analyze this particular PRSP process through three levels of analysis and two specific variables.

The three levels of analysis are: political negotiations (political interests and practices); discourse analysis (social actor's meanings over poverty and participation); and the shaping of actors roles (contradictions in civil society organizations role).

The two variables are participation and poverty. The idea behind is that the PRSP embodies two global trends in the development discourse (resultant of the 1990s debates) the mainstreaming of participation and the mainstreaming of poverty. Participation is analyzed as what kind and use of participation, in order to explain the civil society participation dilemma. Poverty is, as conceptualizations of poverty, in order to explore the conceptualization of poverty as a field of contestation.

Both variables are at the core of the PRSP, and both played a problematic role during the process in Nicaragua. Each social actor had their own understanding and expectations of participation and poverty, their own interests and proposals around them. These are used to analyze the participation of civil society in the PRSP process.

1.3 Analytical Approach

The starting point of the analytical framework used in this paper is the understanding of policy as a process, which means that policies are formulated and implemented in a particular social, economic and political context where actors as agents interact within a given setting. The sociopolitical context, in a circular way, gives shape and is shaped by policymaking: e.g. when issues of legitimacy are problematic (as is the case of Latin-American regimes) policies are also meant to enhance regime legitimacy, or when power imbalances between state and society policies are used to reinforce/ challenge the existent arrangement.

The literature around this approach is research-grounded and directed to answer questions related to 'why policies are formulated and designed in certain ways in the first place, and what are the political shaping of policies on-the-ground' and how do they change (or not), in order to 'highlight not only the constraints, but also the opportunities and incentives, within the policy process which one needs to understand in order to use of them.' (Mooij&Vos,2003:vi; Keeley&Scoones,2003:2)

Within this approach, it takes key variables borrowed from different trends in a mix-bag that composes its analytical framework. The idea that is possible is inspired in the work of Keeley & Scoones, (2003) and on the research by McGee, Brock, Cornwall and Gaventia (2001; 2002). It takes the challenge of using what these approaches can offer to understand a contextualized policy process.

Regarding the epistemological differences within the approach, this paper tends to go more in the post-positivist line, emphasizing the "social construction of policy problems, the importance of meaning giving practices and the crucial role of language and discourse in policy processes." (Mooij&Vos,2003:viii).

This argumentative turn in policy analysis is explained by Hajer (1993:44): in post-positivist social sciences "[language] is recognized as a *medium*, a system of signification through which actors not simply describe but *create* the world". Therefore, "whether or not a situation is perceived as a political problem depends on the narrative in which it is discussed." We say a political problem is socially constructed not in the sense that it does not exist, but that the way we perceive and explain it, the values and expectations placed around it are a social construct, it depends on the frames and narratives we use to read it, explain it, and place it on the public eyes as a political problem.

Furthermore, the framework follows a trend in this body of literature where the policy decision moment is not the key part of the process, nor is the policy document its key outcome. Accordingly, it rejects the idea of policymaking as a rational decision-making process and attempts to explain it as an inherently political process. It is more a result of the interaction between a variety of actors (main development institutions, bilateral donors, central government institutions, civil society organizations, local governments, "experts" and research institutions, people) at multiple levels (local, regional and international), which get involved in the different stages of the policy process from their situated agencies. In this sense it places emphasis in actor's interests and meanings at play when interacting with others as well as their positions within power relations and structures (McGee&Brock,2001:6-7; Brock,et.al.,2001:3-7).

Besides the political, economical and social context, the analysis here focuses on the roles of two particular actors: government and civil society and thus their relationship, defined also by their links with the international actors. The assumption is that social actor's positions and roles in national development within a given setting can serve to explain the ways policymaking processes develop. At the same time a policymaking exercise goes on redefining the same actor's positions and roles not only in future policymaking processes but in development in general. That, there is so much at stake in the process is something that actors in one-way-or-another are aware of and can further explain their engagement in policymaking, as a sort of casting exercise. Thus, policymaking is seen full of opportunities as well as threats in redefining themselves in the development process.

In practice the approach of this paper develops its analysis from three levels:

- Political negotiations: drawing from political interests and political practices. This level is used to present in the second chapter a reading of the political scenario where the PRSP "landed" at the national level. An important point to show are the conflicting interests of the national social actors studied around the PRSP, the political practices not based on negotiation but in a zero-sum game style of politics and the dependency framework linked to their relationship with external actors.
- Discourse analysis: using as variables the social actor's meanings over poverty and participation. It takes a particular discourse construction to explore them such as narratives. The uses of "poverty" and of "participation" in the PRSP have meant the mainstreaming of very particular meanings over both concepts. It can be said that by the way the PRSP framework is designed (to be a localization of a particular agenda pushed globally) what develops at the local level can be seen as a struggle between social actors over the meanings of poverty and participation. Specifically the narratives on poverty are

explored in the third chapter in order to show the understandings of poverty of each actor and how they themselves became an arena of contestation during the PRSP process. This, in turn is used to highlight the effects their narratives have over the government and civil society relationship, as well as their links with international actors.

- The shaping of actors roles: identifying the implications for civil society participation. This is one way to read the outcomes of the PRSP process. The possibilities for civil society participation in the development process are seen as the materialization of a political struggle (also through discursive means). These are explored particularly in the fourth chapter where it pretends to link the above mentioned levels.

1.4 Personal Standpoint

Underlying the analysis in this paper are two personal standpoints that I tried to translate into academic challenges. The first is a personal identification with an alternative development perspective. The second is my involvement with civil society organizations in Nicaragua, where I have worked in different initiatives. Both have marked the approach taken in this paper and its emergent analysis.

The perspective to analyze the outcome of the PRSP process, in terms of the involvement of civil society, is derived from alternative development. Alternative development is not a paradigm per se, but it has identifiable common grounds at different levels: at the level of ethics and values places people at the center and challenges inequality, and at the level of practice is process oriented, a bottom-up approach characterized by a self-reflective practice that takes into account its impact in search for sustainability. (Pieterse,1998:369)

One expression of civil society organizations in Nicaragua is CCER (Civil Coordinator for Emergency and Reconstruction). It is an expression of diverse forms of collectivities from multiple levels that has managed to build an image of an alternative actor in the national scene and carrier of alternative development proposals. This is the particular actor within civil society that this paper focuses on. Not to enter in the discussions over the actual representativity of CCER, the paper instead draws on the main recognized actor from civil society engaged at the moment in national policymaking, particularly during the PRSP process.

Alternative development as a movement has always had a "cooptation fear" when is about mainstreaming alternative proposals. This is especially evident when it implies negotiating with actors like the state or main

development institutions. The distinction of "alternative within the mainstream" and "outside the mainstream" shows these perceptions within the field. Nevertheless an idea that "pushes" its actors into participation and negotiation processes is that, actual development is a dialectic process, a historical outcome of the ideological and political conflicts between conventional development (conflict ridden) and alternative development (moving target, contextualized).

An example of this dilemma for alternative development actors can be seen in the debates about mainstreaming participation. According to many scholars there are two positions on the proliferation of the language of participation and empowerment in the main development institutions. For one, it is a paradigm shift in development thinking, for the, other it applies a technique to legitimize existing unequal power relations.

"Their concerns centre on the use of participation as a legitimating device that draws on the moral authority of claims to involve the poor to place the pursuit of other agendas beyond reproach. According to this perspective, much of what is hailed as participation is a mere technical fix that leaves inequitable global and local relations of power, and with it the root causes of poverty, unchallenged." (Cornwall,2000.In Brock&McGee,2002:2).

It is with this in mind that this paper has attempted to contribute to a broader debate over the engagement of alternative actors in policymaking processes, and the possibilities opened and closed for alternative proposals to get through. Nevertheless the research carried is much more modest and focuses only on the PRSP process in Nicaragua, how did civil society participated in it and the implications this had over its possibilities of participating in national development process.

1.5 Specific Methodological Choices

The question this paper addresses is: How did organized civil society participate in the PRSP process and what implications this had for its possibilities of participating in national development process?

One limitation of the study is to look at sectors of the Nicaraguan society as interacting with each other and not as composed of many different other actors within those sectors (not even how they overlap in some instances). In this sense the study makes a choice, selecting actors from those sectors who played a key role during the PRSP process and that mutually recognize each other as key actors within their sectors.

Civil Society: CCER (Civil Coordinator for Emergency and Reconstruction) is an umbrella organization of civil society, a coalition of networks, NGOs, movements, networks, producers associations, unions,

collectives and federations. It emerged in 1998 immediately after Hurricane Mitch hit Central-America, originally to coordinate emergency relief. Later on, it moved to a political role of advocacy by proposing national alternatives for the reconstruction process.

Government: SETEC is the Presidential Technical Secretariat, a direct dependency of the executive. It is in charge of articulating the international cooperation programs, producing research and proposals for policy making, working with the office of the WB in Nicaragua and following-up IMF recommendations. It led the PRSP process, particularly by being in charge of producing the research and strategies that constitute it, except for the consultative body which was taken by the CONPES (National Economic and Social Planning Council)

World Bank and IMF are the promoters of the PRSP. They produce research at the base of the PRSP; set the time frame in which the process has to be done including the participation process; give the final endorsement to the document, and evaluate its annual progress. This study pays attention to their involvement in the process as somehow the "framers" of the national actors in the PRSP process. They are not considered an "actor" at the same analytical level as government and civil society, but considering their involvement from above.

Thus, policymaking actors to be taken into account in this study are the publicly "recognized" actors during the PRSP process: Government (SETEC), Civil Society (CCER) and the International Financial Institutions (WB, IMF and to certain extent IDB).

The sources of the research conducted have been secondary data. It relies on official data printed or published on the internet by the above mentioned actors studied. Moreover, it also draws from existent evaluations and assessments by research institutes, international NGOs, and scholars on the PRSP and related issues. As the literature on the topic is wide and extensive, this study gave particular attention to those regarding the Nicaraguan case.

Given that the Nicaraguan PRSP process started at the end of 1999 and was made public by the government on mid 2001, the time frame for this study goes from 1998 to 2002. Because the process continues its course in Nicaragua, this fixed period was a necessary tool to respect.

Chapter 2. SETTING THE SCENE

2.1 Locating the PRSP: the global setting the national

Origins of the PRSP

The Poverty Reduction Strategy Paper (PRSP) is the latest policy instrument of the World Bank (WB) and the International Monetary Fund (IMF). It outlines a national program for poverty reduction as the foundation for concessional lending with WB and IMF, as well as for debt relief under the Highly Indebted Poor Countries Initiative (HIPC). HIPC was launched by the WB and IMF in 1996, "officially" as a debt relief initiative which aims to reduce poor countries' debts to sustainable levels. In 1999, the G7 Summit in Berlin linked HIPC to the PRSP, the ESAF from IMF was replaced by PRGF, and PRSP made a prerequisite for entering HIPC-II.

Many analysts explain HIPC-II as a result of intense lobbying and international pressure by various actors including civil society, to make debt relief faster, broader and deeper, and linked to a "development goal" (Gariyo,2002:52). It is thus, recognized as providing significant debt relief in nominal terms, but criticized for not guaranteeing a long term solution to the debt problem. The main challenge on "debt sustainability" has not been fully addressed, despite that it has been attached to a mechanism to ensure that the resources freed would go to poverty reduction.

In theory, the PRSP is meant to be the result of a national process with broad participation from stakeholders, including both the civil society and the private sector, leading to a nationally owned strategy which the international cooperation community agrees to align to and provide budget support. Once formulated, the PRSP is conceived as an overarching long term strategy; as forming the basis for programs and projects aimed at reducing population's poverty by having defined national priorities in public action; and as providing a framework for dialogue and coordination with/among international cooperation.

By May 2003 already 30 countries were implementing PRSPs and another 12 documents have been completed over the past year. (PRSP-MSP,2003a:1). Many other international organizations use now PRSPs as a framework for channeling their funds.

Ownership and participation are the main principles of the PRSP which is meant to set the general framework for growth and poverty reduction in a country. In this sense, PRSP is the embodiment of two global trends pushed by international actors: the mainstreaming of poverty and the mainstreaming of participation (even though with very particular meanings).

PRSPs Core principles

- Country-driven
- Results oriented
- Comprehensive in scope
- Partnership-oriented
- Long term in perspective
- Participatory

Source: WB 2000

Defining the content of the PRSP

Far from consensus, the PRSPs are driven by the countries urge to obtain debt relief (HIPC) and are mediated by WB and IMF "orientation" in policy terms, meaning growth assumptions, poverty approaches and structural adjustment principles.

In spite of the PRSP declared intentions, it is possible to identify from its widely publicized "written" rules the selling of a formula: global economic integration and good governance to reduce poverty. According to Craig and Porter the formula has a particular hierarchy, an "ordering of priorities: global economic integration first, good governance second, poverty reduction following as a result, underpinned by limited safety nets and human capital development." (2002:54).

In practice, the ownership principle is under question. The government is responsible for formulating the PRSP document and organizing the process for it. "In practice it often means building 'ownership' around pre-existing, IFI-preferred standard economic policies. While there have been examples of innovation in some areas, the macroeconomic framework has remained largely unchanged." (BrettonWoodsProject;2003:5). The contradiction here is between country ownership and the required joint WB-IMF endorsement, which leads to the design of programs that are known to be approved when the JSA is carried.

World Bank's own statements on the PRSPs show also some remnants of former policies. The policy priorities laid out for the PRSPs are: broad based growth, social sector investment, rural development (export-oriented) and targeted programs for women, children, ethnic minorities, etc. (WB,2000).

Another revealing aspect is the WB "concerns" over PRSPs. First, on "data issues" as countries "have out of date or limited household survey data". Second, on "costing issues" as the consistency of a strategy with "fiscal framework is critical but difficult". Third, "policy integration" as the integration of a fully costed PRS into a consistent "macroeconomic framework" represents "considerable challenges" due to "complex linkages between the two and unreliable data quality" (WB,2000). This means that fiscal and macroeconomic frameworks within which the PRSP has to be built are considered as given, the WB reasserts its role as the knowledge producer due to countries limited capacity, and where poverty is measured through income/consumption metrics.

In a similar line, one of the main problems identified jointly by WB-IMF while reviewing the PRSP experiences is the lack of effective prioritization of the actions to be taken in the national strategy. This is explained as a product of the participatory process, which has led to increasing demands from local and international actors over the national states. The "solution" is the use of mechanisms to control public expenditures. One of them is the medium-term expenditure framework (MTEF), which works by "taking into account the existing fiscal constraint and that is consistent with the overarching need for macroeconomic stability and fiscal and debt sustainability." (IDA&IMF,2002a:15)

The limits of ownership can be seen on the WB and IMF concern over what is seen as the trade-off between a participatory process and the emphasis on fiscal austerity to achieve macroeconomic stability. The recommendation is to shift focus towards providing technical assistance and developing methodologies for assessing intersectoral trade-offs between policies.

According to them, one of the most rewarding results of the PRSPs is that countries have recognized "the paramount importance of macroeconomic stability to growth and poverty reduction and put forward macroeconomic frameworks that were consistent with these twin objectives." (IDA&IMF,2002a:37) It seems from the following statement that "poverty" has only been added in the same old policy "recipes", the PRSP has provided a way of repackaging and justify them: "In several cases, countries put forward macroeconomic and structural policies that were similar to those of the recent past, since their PRSPs were building on existing policy frameworks that continued to be the most effective way of ensuring sustained growth and poverty reduction." (IDA&IMF,2002a:37).

The Poverty Reduction and Growth Facility (PRGF) of the IMF came to replace the Enhanced Structural Adjustment Facility (ESAF) by retaining structural adjustment program's main features and adding poverty reduction within that framework. The PRGF in theory is meant to be built on the country's PRSP; it certainly builds on the same PRSP rhetoric of "broader participation and greater ownership" (IDA&IMF. 2002a :23). Besides being the co-partner of the PRSP, its main difference with the ESAF is the feature regarding "more selective conditionality".

"Fundamentally, the objective of the streamlining initiative is to apply conditionality more sparingly to structural measures and focus it on the IMF's core areas of competence. The question that remains unanswered is to what extent this initiative is helping to provide the basis for enhanced country ownership of economic policymaking which is another central feature of the PRGF." (Eurodad,2003:1)

The same study, reports that IMF streamlining initiative is not reducing the overall package of conditionality a country faces. First, the logic of "prior actions" for approval of programs has increased specially over government's deficit management. Second, a number of structural conditionalities have moved from the IMF to the WB. Third, greater WB – IMF coordination has led to a tighter system of cross-conditionality.

WB and IMF roles in the PRSP process

The WB and IMF roles go beyond designing the framework itself. These roles have been highly criticized around three main features that are shared by different critiques (EURODAD,2003; Bertelsen&Jensen,2002; PRSP-MSP,2002,2003b; BrettonWoodsProject, 2002; McGee,et.al.,2002)

- Centralizing decision making: "seal of approval" function of the WB and IMF is set in practice through the Joint Staff Assessments (JSA). JSA endorsement of the PRSP opens the gateway to external funding, thus the WB and the IMF are a sort of key holders of aid.
- Monopoly of knowledge: the WB leads the country poverty assessment which is the foundational base of the PRSP, exercising a sort of monopoly of knowledge over poverty in the country legitimized by their technical expertise in the matter. The assessment is based on Income/Consumption measurement of poverty.
- Participation brokers: the WB and IMF jointly set the time frame in which the process has to be done and is the WB which specifically sets and reviews its methodology including the participation process. It sets the frame and terms where national actors interact in policymaking.

WB and IMF are in sum the "framers" of the national actors in the PRSP process, actors from "above" in a so called national process. Most importantly is that the PRSP framework defines not only the content but the process of policymaking. The PRSP can be seen as a new aid technology that operates through a "fictitious" consensus building designed from outside and constrains in a new way the national arena exactly by taking it into consideration (a global agenda with a national taste, an exercise to "lubricate" a policy in a specific environment).

The use of "ownership" as a principle becomes more a blame-shifting resource, a transfer of responsibilities over policies that a country complies but has not defined. Who is ultimately responsible? "The Bank and the Fund will play a catalytic role in launching PRSPs, but ultimately the success of countries' poverty reduction strategies will depend on the action of countries themselves and the concerted aide of all their development partners." (IDA&IMF,2002:4:8).

Dependency on external funds: the Nicaraguan case

Most of the national policies for highly indebted developing countries are predetermined from outside by international actors. Nicaragua is no exception.

Specifically, the PRSP initiative was embraced in Nicaragua by different social actors because of the leverage of international actors in national affairs, the pressing urgency of obtaining debt relief and renewed funding, a particularly deteriorating political context calling for public image improvement, and the absence of a development strategy defining national priorities.

Nicaragua's high dependency on external resources makes it vulnerable and ready to accepting policy conditionalities from external fund providers. This dependency is due to several factors. Firstly, the country has an extremely high level of external indebtedness: from 276% of GDP in the '80s, to 628% in the early 1990 to around 295% in the late 1990s (see Table 1). The debt service is eating up considerable proportions of the export earnings. Then, this precarious debt position is aggravated by a disappointing trade performance. The current account deficit has been consistently attaining 40% of GDP throughout the 1990s, on the account of an export structure composed largely of primary goods: four export crops represent 60% of the country's export earnings. Thus, the country is vulnerable to the uncertainties of the fluctuating prices in the international markets: for instance, the earnings from coffee, the main export crop, have been badly affected by the coffee crisis in 1999. (CCER,2001a:6-7; Bertelsen&Jensen,2002).

Under this extreme circumstances, at any point when either the current account financing requirements or the debt service cannot be met by the low levels of international reserves, Nicaragua is forced to resort to international finance, in the form of aid or loans.

A map of the external funds flows to Nicaragua from 1997 to 2001 (German&Cruz,,2003:15), shows that ODA to Nicaragua ranged from one quarter to one third of its GDP. There are approximately 42 donors considering multilaterals and bilaterals and 145 NGOs from OECD countries. Between 40% to 50% of the funds come from multilateral donors, mainly IDB and WB (IDA), the major OECD donors are Japan, EU, Sweden, Denmark, Germany, Spain and the Netherlands.

"Of each thousand dollars circulating in the country US\$425 come from international cooperation. A drastic reduction on funds availability will collapse the economy of the country". (CIDIN,2001).

Table 1. Selected macroeconomic indicators, Nicaragua, 1960-2000

	1960- 1969 1/	1970- 1979 1/	1980- 1989 1/	1990- 1994 1/	1995	1996	1997	1998	1999	2000 2/
External debt (% of GDP)	...	40.3	276.1	628.4	541.8	308.5	296.4	295.7	296.0	285.4
Current Account (% of GDP)	...	-3.9	-25.6	-48	-40.9	-38.2	-41.2	-38.4	-49.4	-38.3
Gross International Reserves (month of imports)	3.2	3.4	0.4	2.9	2.7	3.6	4.4	3.8	4.0	3.8
External debt service (% of exports)	111.3	91.2	69.2	72.0	55.6	53.7	49.4

1/ Average value

2/ Some figures are preliminary

Source: GoN, 2001:146

It is in this difficult economic context that the PRSP and IMF agreements took place. The negotiations for structural reforms and macroeconomic targets focused on containing the budget deficit by increasing revenues mainly from an extra push to privatization and a redefinition in the structure of expenditures. It also entailed a shift in the initial allocation of the gains from poverty reduction programs to increasing the international reserves.

Conditionalities in practice, hindering country's ownership

Nicaragua has had a difficult relationship with the IMF: to date, almost all agreements have gone off-track followed by subsequent letters of intent and new agreements. All of them imposed heavy conditions for the country, especially in terms of macroeconomic stability (through contractionary targets for fiscal spending and privatization of public assets). All of them were negotiated "behind doors" with no public consultation (Bertelsen and Jensen, 2002:47-48; CCER, 2002:5-6; IBIS, 2001:2-3).

The ESAF, in place from 1998, even though not completely on-track, was augmented in 1999, in the Hurricane Mitch Emergency and Reconstruction context. The program went off-track immediately after, most likely due to the increase in availability of other external funds and the continuance of high levels of public expenditures.

During 2000, despite repeated negotiations, the government failed to reach a new agreement with the IMF, failure explained by the recurrent off-track record and pressing governance issues. However, the IMF mission in charge of drawing the I-PRSP was welcomed by SETEC¹ in April 2000 to "give an input to the Development of the macroeconomic chapter" (IBIS, 2001:2)² and thus secure the country's program to go

1 SETEC: Presidential Technical Secretariat took its present form around 1997. It is in charge to articulate the international cooperation programs, produce research for policy making, formulate the proposals for national programs, work closely with the WB office and follow-up IMF recommendations. SETEC has been in charge of producing the research and strategies that constitute the PRSP.

2 Interview with Jorge Guzmán leader of the IMF-Mission-Nicaragua, April 2000.

back on track. The government's commitment to IMF guidelines will be later endorsed by the JSA when assessing the I-PRSP (JSA,2000:3).

Additionally, the uncertainty brought by the forthcoming general elections (November 2001) left only an interim program as an object for formal negotiation: the Staff Monitored Program (SMP) from which no funds are released, being rather meant to establish an on-track record for a new PRGF and give signal for other funds to be released. In practice, the absence of an IMF program was intended to force any new government into negotiation if it wants to advance in attaining debt relief (Bertelsen&Jensen,2002:47). The SMP was signed in August 2001 during the electoral year; however it went back off-track immediately after. The new government started negotiating a PRGF in March 2002 under a fragile context but got its approval in December after eleven months of drastic measures addressing economic imbalances and the corruption scandals of the former administration, all shown in the PRSP progress report and endorsed by the JSA³.

Increased coordination among IMF and WB has led to shifts in the country's conditionalities hindering the ownership principle of policymaking. The accession to the HIPC decision point in December 2000 was dependant on agreement with twelve conditionalities before arriving to completion point, the main ones being the implementation of a PRSP and the maintenance of a certain macroeconomic framework (signaled by a PRGF on track), others were related to directing budget savings to the PRSP, human capital investment, strengthening governance and privatizing public utilities. The SMP had mainly quantitative targets pertaining to limiting fiscal deficit and building up foreign reserves, plus 12 structural benchmarks that were basically the same as from the failed ESAF (key: public sector reforms and privatizations), while the signed PRGF focuses on stabilization with a main change in shifting privatization to a structural benchmark⁴. In addition the World Bank in its CAS has linked the release of funds to a satisfactory macroeconomic framework specially focused on public sector deficit controlled (same as PRGF), a specific minimum share of government budget allocated to PRSP, and continuation with the reform program stressing privatizations. (EURODAD,2003:10-13; Adam&Bevan,2001:17-18)

The PRGF framework of conditionalities played a key role in the negotiation of debt relief, as well as other funds from IMF and WB. The most stringent requirement was the implementation of the PRSP. It collected the conditionalities established before by the ESAF, with a change of emphasis on privatizations, but which were picked up as key conditionalities by the WB and HIPC. Therefore the streamlining initiative of the IMF and its "ownership" principle was not set in practice but rather transformed in cross-conditionality, not only

³ The JSA on the PRSP-PR at February 2003 was not discussed with CONPES and was not accessible in Spanish. (IBIS,2003:4)

⁴ Structural benchmarks are different from performance criteria as they are considered important but not essential to be on track with the program (Eurodad,2003:6).

leaving the overall picture scarcely changed but even more reinforcing it. The tighter interplay between the PRSP and the macroeconomic conditionalities show the objective of poverty reduction as framed by the same old ESAF targets with no social impact assessments⁵. (EURODAD,2003:12; Adam&Bevan,2001:18).

2.2 Where the PRSP landed: Nicaraguan politics

Political Scene: Polarization and 'pact', securing bipartidism and exclusion

An important feature of the national context at the time when the PRSP landed was the particular political situation. Nicaraguan politics have been characterized for being highly polarized. The two major political parties PLC and FSLN⁶ centered around the figure of their leaders (Arnoldo Alemán and Daniel Ortega, respectively⁷) divide the country into two poles: Liberals and Sandinistas, not only in terms of electoral choices but in people's daily life. As a product of this bipartidism, an apparent paradox emerged: the so called "Pact" between the two opposing forces.

Different explanations have been offered on the reasons of two opposite parties getting to such a pact. A national analysis exposed 3 types (political ambitions, economical interests, and personal immunity⁸) (Envio,TheMonth,July1999)⁹. The first one is based on the "official" versions of both parties where the pact is related to "good governance" and a sort of "political pragmatism", as it was for the common good of Nicaragua to avoid open confrontations that in the past have brought civil war (during the mid 80s) or "governance impasses" (during the early 1990s). The particular shape of the arrangement entailed the division of institutional power between the two parties and was considered from both sides as a necessary but temporary evil to increase their chances to win the next elections.

Negotiations for 'the Pact' went on from August 1998 to February 1999. Here the ruling party and the opposition party (PLC – FSLN) agreement made possible constitutional reforms to maintain and reinforce bipartidism and broaden presidentialism as well as strengthening their control over different institutions. Changes affected the autonomy of the state branches, specifically over the Supreme Court of Justice (CSJ), the Supreme Electoral Council (CSE) and its Electoral Law, the Comptroller's General Office (which changed into a Contraloría Colegiada –Collegially led Comptroller's General Office), the Superintendencia of

5 This has contributed to the perception that the PRSP does not make explicit the links between macroeconomic chapter and social programs chapter.

6 PLC: Partido Liberal Constitucionalista (Constitutional Liberal Party). FSLN: Frente Sandinista de Liberación Nacional (National Liberation Sandinista Front)

7 Arnoldo Aleman: president of Nicaragua during 1997-2001. Daniel Ortega: head of the Nicaraguan government during 1980's decade. Both, after their periods were members of the parliament.

8 At the moment both needed it as Ortega was accused of sexual abuse by his stepdaughter and Aleman was facing accusations of extensive fraud and corruption.

9 See also: Bertelsen&Jensen,2002:18-19.

Banks. More, the sessions in the National Assembly became a formality, decisions over law passing or reform having been already decided under the Pact framework. Neither sandinistas nor liberals could do much without the other.

At the base of the pact lies a sort of "bipartidist curse" where, more concerned with their own survival, opposing forces get together to maintain a system that privileges them both, to defend themselves from external threats, and to close opportunities for other parties to enter in the political contest. (Envio, TheMonth, November, 1999).

How the Reconstruction and Transformation agenda got displaced by PRSP

Nicaragua does not have a national development strategy. In this context, the government and NGOs can, for many, be considered as aid receptors that move more by donor's agendas than their own interests. The daily practice of the cooperation is that each one brings its own agenda and places its money in a disorganized way in Nicaragua. Sectoral funding has been timidly attempted (e.g. health sector) but not fully taken due to the doubts donors have expressed over national institutional capacity and monitoring systems to guarantee accountability and stability of the programs. Therefore, most of execution of funds is still project-based. The result is an evident supremacy of donor's interests over non-defined national priorities. (CIDIN, 2001:11-13).

In theory, the PRSPs are supposed to build on pre-existing country development strategies. The vacuum in which the PRSP operated in Nicaragua can explain some of its outcomes in terms of having a privileged position and exposing national actors to a fairly new exercise of "participatory" policymaking.

This does not mean that other pre-existing plans were taken into consideration. Such was the case with the Reconstruction and Transformation Plan after Hurricane Mitch (October 1998) and the regional priorities agreed with the international community at the Consultative Group Meeting in Stockholm (May 1999).

Hurricane Mitch hit Central America in October 1998, affecting more Honduras and Nicaragua. It was one of the major disasters for the region and affected the most impoverished and marginalized. It also served as a trigger for a coordination of efforts by civil society.

The Civil Coordinator for Emergency and Reconstruction (CCER) was born a month after Mitch. CCER (now CC - Civil Coordinator) is an umbrella organization of civil society organizations, a coalition of 21 networks, over 350 organizations, movements, networks, producers associations, unions, collectives and

federations (CCER,1999b:3). It emerged from "below" (as opposite to donors initiative) in the wake of Mitch with the original purpose to coordinate emergency relief. A month later it started articulating proposals for the reconstruction of the country. The CCER moved from emergency relief¹⁰ to a political role of advocacy proposing national alternatives taking the opportunity of post-Mitch reconstruction to transform the structural inequalities in Nicaragua that had brought such vulnerability at the economic, social, ecological, political, and institutional levels as evidenced by the disaster. (CCER,1999b:5)

The CCER strategy was to play a role linking the local with the national, regional and international level. In doing so, it opened a new form of spatial relations (Bradshaw,et.al.2002) and it constituted a new form of associative network (Heumann,2002). Its advocacy role was reinforced by a "researcher" role (generating information related to the emergency and reconstruction efforts through Social Audits carried with the population) and a "propositive" role (designing alternative proposals rather than merely criticizing government proposals).

By the Emergency Consultative Meeting in Washington DC, where plans were discussed for the region, the CCER had outlined its own proposal for the reconstruction of Nicaragua "Turning the Mitch tragedy into an opportunity for the human and sustainable development of Nicaragua" (CCER,1998). This pro-active stance gave it recognition in the international fora and made it possible to gain access in the official delegation for the next Consultative Meeting Group in Stockholm. It also made last the push for the creation of the National Council for Economic and Social Planning (CONPES¹¹).

Afterwards, CCER started re-working its proposal within internal thematic and transversal commissions. A new draft served to develop a broad consultation process with the population in public meetings at different regions and theme specific meetings at the national level (CCER,1999b:4). The new document "Proposal for the Reconstruction and Transformation of Nicaragua: Converting the Tragedy of Mitch into an Opportunity for the Sustainable Human Development of Nicaragua" (CCER,1999) had an alternative approach "[it] highlighted the need to address the underlying causes of vulnerability, such as unequal power relations and resource distribution, in order to mitigate the impact of events such as Mitch in the future." (Bradshaw,et.al.2001:16)

¹⁰ Traditionally CSOs have been more focused on a welfare role, and social mobilization against SAP's impact, emphasis on provision towards fulfillment of people's basic needs. A move towards empowerment has been increasing as well as the emergence of networks to scale up and have incidence at the national and regional level.

¹¹ CONPES official origin stems out the 1995 Constitutional Reforms. Article 150 - National Constitution, gives the President a mandate to create it as a counseling entity to assist in the development of social and economic plans (GoN,2001:70).

In Stockholm, a negotiation between CCER and its North counterparts resulted in a regional agenda focused on "the necessary conditions for the reconstruction process to transform the countries and region" (Bradshaw,et.al.2001:13). CCER was also part of the official delegation in the meeting where the agreements between regional governments and the international co-operating governments of the official donors, gave shape to the "Declaration of Stockholm"¹² in May 1999.

Afterwards CCER continued devolving the resultant agreements to civil society organizations in national meetings and the population in regional meetings (CCER,1999b:6). It also continued pressuring the government into implementation of the Reconstruction/ Transformation agenda, carrying the Social Audits to monitor the undertaking actions, and articulating local coordination instances.

Some months later, the government shifted from reconstruction/transformation plans to a poverty reduction strategy. As the PRSP was elaborated as a entirely new separate document, the PRSP process came actually to overtake the existent post-Mitch process and the regional priorities agreed in the Declaration of Stockholm.

This was significant more in terms of the take over of the previous process than in terms of content. Civil society involvement in the post-Mitch process implied large mobilization of resources. Relative gains in the plan were perceived, but implementation was poor. Nevertheless, several changes occurred: official delegation includes civil society, civil society presents its own proposal (product of an internal participatory process and external consultation process), and different actors at multiple levels got involved in the debate (CCER,1999b:5).

Both plans (Reconstruction/Transformation and PRSP) were associated with different conditions and financial aid (the first more from bilaterals and UNDP, while the latter more from multilateral institutions), thus it safeguarded government's interest to keep them apart and prioritize the latter (PRSP-MSP,2003b:4).

The logic of separating both agendas belongs to a strategy pursued by the Aleman's government concerning aid conditionalities, to focus on the macroeconomic ones (pushed by IMF) while disregarding the more political ones (pushed by bilateral donors):

¹² "[It] recognizes that reconstruction must take place through a co-ordinated effort based on the priorities of each country. The priorities are; reducing environmental and social vulnerability; consolidating democracy and good governance with decentralization of power and citizen participation being seen as central; promoting and respecting human rights with the rights of children, ethnic and other minority groups and the promotion of gender equality being specifically highlighted. This will take place within a context of transparency and accountability of all actors and accompanied by a reduction in the debt burden. In addition, these initiatives were designed to be undertaken with the participation and consultation of organised civil society." ((Bradshaw,et.al.2001:13)

"The government's strategy was that it is more advantageous to negotiate directly with the multilateral institutions because once an understanding is reached with them, the bilaterals have to follow their financial lead even if they have reservations in the political sphere."
(Envio, TheMonth, November 1999).

In this line, the acceptance of the Stockholm agenda needed not be translated into implementation. During 1999, it continued dealing with the multilateral institutions focused on economic conditionalities and slowly disregarding the bilaterals and their more political conditionalities. The political pact with FSLN helped to co-opt and cloud the governance agenda agreed in Stockholm. By the second half of the year, multilateral institutions started to apply pressure on governance issues. The fastest solution for the government, facing the risk of cuts in their support amid the electoral campaign of the following year, was to respond by starting to draw the new WB-IMF offspring: the PRSP. In addition, this would secure access to the HIPC initiative for debt relief (Envio, TheMonth, November 1999).

Tensions between civil society and government

The above mentioned political scene shows where the civil society's insertion in policymaking occurred. One major characteristic of the scene was that those setting the rules of the game illegitimately agreed, and found a "legal" way, on excluding other recognized political players (such as political parties). Civil society was not even considered as a legitimate political player to be included in the policymaking. Its involvement in policy advocacy met soon with confrontation and harassment by the government.

The period around Stockholm has been characterized as a new form of government-civil society relationship, tainted by dialogue and cooperation, particularly with the Secretariat for Foreign Cooperation (SREC) facilitating access to larger reconstruction funds. This relationship deteriorated shortly after as governance issues were not taken by the government. Many events are related to this: the CCER directly defied the infrastructure-based reconstruction program by the government; the continued Social Audits questioned the impact of governments' implementation; social mobilizations as protests and lobby against the pact (and with it the constitutional reforms and corruption impunity); the questioning of the official poverty assessment and the first draft of the I-PRSP; the increase of corruption scandals during 1999 and 2000. By February 2000, when the government postponed the Consultative Group Meeting to be held in Managua and CCER organized a public meeting to evaluate the completion of the Stockholm agreements, there were open confrontations in the media and NGOs in general were subjected to fiscal and migratory harassment by the government.

Civil society generally experienced a feeling of being left-out after Stockholm and a series of abuses of power by the government, while the government one of being watched and intervened upon by civil society. The government was also concerned about competing for external resources with civil society. All these fueled the tension. One possible explanation is that the basis of the confrontation was "a difference in opinion [and interests] around the role of civil society organizations." (Bradshaw,et.al.2001:21).

Chapter 3. PRSP, MORE THAN A POLICY PAPER, A SOCIOPOLITICAL PROCESS

3.1 PRSP and civil society's participation dilemma

Traditionally the most important outcome of the policymaking process is the policy itself. What will be explored furthermore is not so much the policy paper but the unwritten rules of policymaking. One could say that many of these rules were actually defined more or less explicitly in the PRSP guidelines. But the argument here is what actually shaped the process where those rules that emerged during the actual practice.

Policymaking, being a sociopolitical process, is not static; as any sociopolitical process it continuously redefines its rules of the game. Actors, by engaging, are part of the renewal of the rules under which this process develops. Their participation can reaffirm or challenge the rules in the making. An important part of those rules are the ones shaping the roles actors play.

The post-Mitch reconstruction/transformation process shows how the policy paper (Declaration of Stockholm) ended up like "wet paper"¹³, as it was easily forgotten by the government. It remained an important framework of reference for social actors to push for their own agendas. Moreover it is interesting to analyze the shape social actors roles took during and after the process, as it further redefines policymaking. The particularities of the relationship between government and civil society and its deterioration molded the PRSP (particularly in terms of participation as shown in the following chapter). At the same time, the PRSP process continued shaping civil society's role in policymaking.

The PRSPing of poverty in Nicaragua seems to be altering the role of the state and at the same time the role of civil society beyond this specific process. It places at stake the focus of the state by delineating its domain, as one restricted to an implementing instead of a defining role, with a focus limited to poverty alleviation and allocation of social expenditures as well as the application of governance technologies. The

¹³ This is a literal translation of the expression "papel mojado", used to say that signed agreements are not put in practice; the characters on the paper slowly wash away.

role of civil society as the participating opposition is also at stake. Thus, the relationship among them is also altered.

Under the PRSP, the government and civil society joined a process at best government led but over which in general none of them had much ownership. Both actors are part of the process but with different weight. The government had to "invite" civil society to participate in the process as defined in the PRSP framework, within this civil society possibility to influence was already set and very limited.

The design of the PRSP framework is enchanting as it presents the government with a possibility that by controlling participation is possible to sketch how much leverage civil society is allowed to have in policymaking. It shows the use of participation as a technological device, inviting stakeholders to participate as a way to neutralize their position and the possibilities of challenging the main position.

Reinforced by the precedent set by the post-Stockholm process, civil society found itself faced with a participation dilemma, by joining they legitimize the current process by stepping outside they have no possibility of influencing at all. Their way to deal with it was to put forward diverse strategies in multiple arenas. Mainly, to challenge the current process from within and also from outside: being part of the official PRSP and running their own parallel PRSP.

"The option [taken] was to develop our process with a broad integral discussion not limited to amendments to the document. At the same time the priority set was to see how the proposals could be incorporated to the official document, without giving up the debate and critique over the conceptualization and roots of the poverty and development problem of Nicaragua." (CCER, 2001a:2)

Even though it was a quite interesting 'way out', it is not free from contradictions. This will be shown by unraveling the process.

3.2 Mainstreaming participation: why a dilemma for civil society?

Ownership is a guiding principle of the PRSP exercise, the process is meant to be owned by the country that carries it, hence the importance of participation. Following a global participation trend, one of the PRSP requirements is its formulation in a participatory fashion.

This premise has been loosely defined in the framework by WB over its different documents. In the Source Book for Poverty Reduction Strategies, it defines participation as: 'the process by which stakeholders influence and share control over priority setting, policymaking, resource allocation, and/or program

implementation' (WB,2002:237). In the Review of the PRSP Approach, the condition for PRSP is to be drawn from 'broad based participation', meaning involving "all significant stakeholders" and "making particular efforts to reach out to traditionally marginalized groups" (IDA&IMF,2002a:10). Key aspects of participation are "information sharing and openness of decision-making and debate about alternative policy choices, so that dialogue with non-governmental stakeholders can be routinely conducted by governmental institutions" (IDA&IMF,2002a:10).

Nevertheless no further specifications are given to qualify the participatory process. "While the Bank and the Fund have required that governments prepare and monitor their PRSPs through a participatory process of its own design, no minimum elements have been prescribed, and the accompanying JSA describes, rather than evaluates, the participatory process." (IDA&IMF,2002b:21)

There is an implicit assumption that a shared understanding on participation exists based on a set of methods developed by the WB. But this too is to be dependent on each country's capacity and context. There is no clarity though on deeper intertwined questions as: who participates, when, over what, to what extent, through which means, and finally for what purposes.

Many authors reviewing PRSPs experiences have pointed out that this ambiguity leads social actors to engage not only with different uses (political interests at the moment) but also views (ergo expectations) over participation and a participatory policymaking. (Rocheleau&Slocum,1995:17).

In Nicaragua, the WB put forward a very instrumentalist use of participation derived from an efficiency approach. On one hand participation facilitates acceptance and implementation ("ownership") which goes in hand with the negative public image SAPs had before and the low implementation record in the country (particularly over controversial issues e.g. privatizations and user fees in basic services). On the other hand, it was used to promote the governance agenda; participation will strengthen democracy and accountability (which was crucial given the high corruption levels). In practice for the WB consultation was considered enough, and for the IMF information sharing was enough (IBIS,2001:2-4).

At the time it had a much more practical sense for the government, as it meant not only the fulfillment of a requirement (new conditionality), but it would also serve as a possibility to divert attention and improve public image in a pre-electoral year. For the next administration it was useful to expand and deepen the participatory process as an opportunity to gain allies and open up its own space in the tightly closed space of party politics after the political pact, specially having such low support within the National Assembly.

Civil society on the other extreme sees participation as a right, at the core of democracy building. Participation is an end in itself as it promotes empowerment by challenging unequal power relations which are underlying causes of poverty. In this sense it was at the center of its identity as advocacy group and part of their scaling up process.

In November 1999 when the first steps in the PRSP were taken by the government, the CONPES was the key institution to play the lead in the participatory process.

CONPES was created in February 1999 and started functioning around November. It is the executive's consultation space whose members are appointed by the President, raising questions on its participatory nature. Nevertheless, it remains as a permanent space for involving civil society organizations and other NGOs in the discussions on national development.

The council pre-dated the PRSP, but only with it did it appear as the institutionalization of consultation by constitutional mandate. Agenda setting power is concentrated on the government side. It has one seat (with two representatives) from CCER which considers this diluting their incidence. It also includes universities, municipalities, trade unions and initially also governmental actors, which in March 2002 by presidential decree stepped out, opening more positions for other civil society actors. The remaining question is if this would facilitate more debate among non-governmental social actors or hinder a fluid dialogue with government (JSA,2002:9).

The first PRSP-related session was the presentation of the WB-backed poverty assessment, which faced strong criticism by CCER and others based on a differing understanding of poverty and the validity of the official statistics¹⁴. A modality of presentations started to take shape in this council. The government would present either their assessments or proposals and collect reactions from the members. CCER criticized this approach, pushing for more access to the information to be discussed and more possibilities for influencing on the proposals. Their idea was more of a space to hold working sessions than public hearings. Some changes took place but it usually depended more on the topics than on an established methodology.

By January 2000 the government presented to CONPES the initial draft document of the I-PRSP (Strengthen Poverty Reduction Strategy – SPRS). It contained 3 pillars: economic growth, human capital

¹⁴ For further details see following sub-chapter.

and social safety nets for vulnerable groups. Criticisms from civil society focused firstly on the government top-down approach to building the strategy vis-a-vis a bottom-up approach: "to develop a process where the population and civil society organizations define their priorities, and build a PRSP proposal from there." (CCER,2002:7). Secondly, on the absence of elements of gender, environment and decentralization, and most importantly, of any strategy towards governability.

Changes in the document were the inclusion of three cross-cutting themes and the addition of a pillar on "good governance and institutional development". Various assessments on the Nicaraguan case are of the opinion that changes were more due to external actors' pressure than civil society incidence (Quirós-Viquez¹⁵,2002. In: Bradshaw&Linneker,2003:5; BreadfortheWorld,2002:4). Probably, that external pressure met with civil society demands helped but was not the main source of change as civil society access to the document was very limited and the relationship with the government was deteriorating. In the case of some themes there was no real commitment: social equity never had any budget allocation and the decentralization's one was reducing in each new version of the strategy (GoN,2000;2001;2002).

<p>Nicaraguan PRSP (SGPRS – 2001)</p>
<p>Pillars:</p> <ol style="list-style-type: none"> 1. Broad-based economic growth and structural reform 2. Greater and better investment in human capital 3. Better protection for vulnerable groups 4. Good governance and institutional development
<p>Cross-cutting themes:</p> <ol style="list-style-type: none"> 1. Environment and ecological vulnerability 2. Social equity 3. Decentralization

In July 2000, the I-PRSP (SPRS) document was presented to the WB and IMF. There was no version in Spanish. It went out of the country without being known but by its authors, a team from the SETEC. Civil society grew suspicious of the document for three reasons: 1) a mission form the IMF appeared in the country in April to give inputs in the macroeconomic framework which were not disclosed to the public, 2) a presentation of the matrix of programs in May revealed that most were not new but under implementation since the 1990s, 3) civil society had been participating (invited by the government) in designing the methodology for consultations of the PRSP since June.

The SPRS was approved by the WB and IMF in September, reaching HIPC decision point in December, after the JSA emitted its report saying it went beyond the expected for an interim document in terms of: strong poverty diagnosis, macroeconomic framework consistent with PRGF, inclusion of cross-cutting themes, and a good record of consultations reported in an annex. It called for building the PRSP on: improving prioritization (focus on rural sector), a broader participatory process (in terms of consultations

¹⁵ Quirós-Viques, Ana: CCER contact person until 2002, CCER representative at CONPES to date.

outside of the capital city, beyond the social into the macroeconomic and structural issues, and regarding implementation and monitoring). (JSA,2000:5-7).

In October when the Spanish version of the SPRS appeared in Nicaragua, CCER felt that being part of the PRSP process was not sufficient. Therefore, it had already started working on the design of its own participatory process at the local level (departments). According to CCER, most of its concerns were not making any impact unless they were also concerns of external actors with enough leverage. The JSA report reinforced this view, as CCER only agreement with it was on the call for broadening participation.

The government response was that the SPRS had been rushed in order to meet the fixed timetable established to enter the decision point. It also backed its argument with the I-PRSP guidelines, where a consultative process is encouraged but not required at this stage (IDA&IMF,2002b:12).

Even though the government planned to present the PRSP by the end of 2000, it extended and opened up consultation process for the full PRSP. This change can be explained by a more flexible timetable set from outside given that the JSA called for delaying the PRSP process and the IMF negotiations on PRGF during the year had collapsed (Danida,2002:18). A letter sent by CCER to the WB and IDB stating that the SPRS did not have consent by local governments nor civil society organizations, gave the image that it was also due to a national demand (CCER,2002:7).

It was also convenient for the government to broaden the participatory process especially to the local level (municipalities) as 2001 was the pre-electoral campaign year. The government started a 3 level consultation process: sectoral Ministers, civil society through CONPES, and the municipalities. This context explains the type of consultations: public hearings used for a sort of social marketing of the programs and project portfolio. It served the government's interest not to include the issues of corruption, good governance and economic inequalities in the consultations (Danida,2002:15).

Given the PRSP framework the government-led process allows it to define the limits and possibilities of stakeholders' participation (See: Gariyo,2002; McGee,et.al.2002 on different experiences). It develops also a filtering process regarding which comments do actually make it into changes in the strategy, as long as they do not compromise their own interests. In this sense CONPES worked more as a pacifier, an echo box of the initiatives by the executive.

All along the year CCER faced two major debates within its organizations. Oriented to build consensus, meetings were held on the participation dilemma and the double strategy, and on conceptualizations of poverty. From here CCER carried their parallel PRSP process, its starting point being not the government's proposal but the participants' own assessments and priorities. The majority of the participants were civil society actors yet included local governments, occasionally central government and international actors.

By June 2001 CCER publishes "La Nicaragua que queremos – Enfoque y prioridades para una Estrategia, resultado del proceso de consulta, debate y análisis¹⁶" (LNQQ) (CCER,2001a) as the outcome of the participatory identification of regional poverty reduction priorities. It systematizes their analysis of the impoverishment of Nicaragua and its causes, their criticisms towards the SPRS and their proposals.

Within a month difference the government presents the full PRSP "Strengthened Growth and Poverty Reduction Strategy – SGPRS" (GoN,2001). Immediately after, a National forum is held presenting the three-level consultation. To respond to criticisms over the impact of the consultations on actual changes in the strategy, the government declared that results were not incorporated due to time constraints and therefore proclaims the policy paper a "live" document. Declarations in the same line appeared on the media by WB and IDB. (Bradshaw&Linneker,2003:8). The SGPRS got approved in September after the JSA endorsement.

The actors' qualifications of the participatory nature of the SGPRS differ. According to the JSA it contained a widespread consultation process, also institutionalized; to the government it was an extensive participatory process; to the civil society it was not participation but information sharing; to international NGOs it produced many consultation exercises by government and civil society but none were reflected in the final strategy.

Government's main purpose of the was to fulfill a requirement (conditionality) therefore it aimed to give an account of the consultation process and its outcomes (as quantifying amount of people consulted and sessions held) but not on its impact (as to what extent was actually included in the final document). A recognized importance was given on consensus building through social marketing mechanisms around a policy document for easier implementation in a quite difficult political context, including the possibility for partnerships (allowing diversifying sources and more resources). The process caught the government in a tension between building on existing programs –repackaging– and a different strategy resulting from participation. Existing plans were woven together within a PRSP framework, and participation could be said

¹⁶ "The Nicaragua We Want: Focus and priorities for a strategy, outcomes of a process of consultation, debate and analyses."

"technically achieved but not as a dynamic empowering process". (WorldVision,2002:18). Furthermore, participation was used as a means of managing opposition, involving stakeholders as to neutralize their questioning and legitimize the pre-defined outcome.

On the other side, the CCER parallel process also faced some critics: that it was led by a fear that their views would not make it to the public eyes (e.g. Donors eyes), and that it met with some European donors (especially Nordic countries) attempt to make *a priori* critical stand towards the PRSP model. Besides, it is considered that CCER did not put enough effort into the PRSP process itself but concentrated instead on its own process; a sign not welcomed by the government as it showed mistrust in its process from the beginning.

Civil society's parallel PRSP process was an attempt to step outside of the casting of social actors that the main international development institutions put forward and that the government implemented with its particularities in Nicaragua. It was also a response to the little room for participation the process offered in practice. The following sub-chapter elaborates particularly on how this struggle took place around the conceptualization of poverty.

3.3 Mainstreaming poverty: the conceptualization of poverty as a field of contestation

That the conceptualization of poverty is a contested field can be observed in the many studies on the various different, opposing at times, ways to understand and conceptualize poverty. Moreover, that it is also a field of contestation in itself comes from a foucauldian way of looking at the production of 'truth'. In this case over what poverty is. "Discourses as "truth"-producing methods become themselves an arena of struggle: because discursive events –although not material per se– become (potentially) materialized through their effects in society" (Foucault,1974:37.In:Heumann,2003:57). "Discourses as coined by Michel Foucault are not just 'words'. They reflect and shape to a large extent the way we interpret the world around us, and consequently the way we act upon it. Discourses are thus not just expressive but constitutive of social realities, and therefore play an important role in the definition of power relations" (Heumann,2003:55).

In our case study, the conceptualization of poverty was a contested field in the sense that each actor put forward a different understanding of poverty by defining what poverty is as well as its causes. The conceptualization of poverty was also as a field of contestation in the sense that actors translated their struggle into these particular key points: who defines poverty and through which means. Actors attempted

to build themselves as legitimate development actors by mobilizing different knowledge resources that will make them appear closer to the poor (using participatory methods) and at the same time, objective (using quantitative scientific methods), therefore holders of the truth over poverty.

Furthermore, the importance of defining and explaining poverty is because from these are derived the method of measuring for targeting and more importantly the policy recommendations which will affect people's lives¹⁷. It also delineates the roles social actors get to play in the policymaking and policy implementation. In this sense reveals the power relations that they reproduce (and challenge), and also the will to power from the social actors who present them.

Here a review over the conceptualization of poverty expressed in the documents of civil society and the government uses a practical approach. Instead of a complex analysis on poverty discourses it draws on particular discursive constructions which are the narratives on poverty and poverty reduction. "(...) in the actual discussion of specific problems different discursive elements are presented as a narrative, or story line, in which elements of the various discourses are combined into a more or less coherent whole." (Hajer,1993:47). We take the idea of "narratives" understood as ways to present reality in a simplified form, with a beginning, a middle and an end or solution (Roe,1994:155). The importance of these narratives lies in that they "are the medium through which actors try to impose their view of reality on others, suggest certain social positions and practices, and criticize alternative social arrangements." (Hajer,1993:47).

The PRSP process was the particular framework that pushed the definition of poverty by the social actors to make its explicit appearance in the public arena. This process and its importance at the moment for the country placed poverty and the understandings of it, at the center.

As it developed, the process showed the opposing views between civil society and government over poverty. This can be seen in different moments, initially when the poverty assessment at the base of the strategy was presented, later when defining the participatory methodology for the process, and at every session where parts of the strategy were available (CCER,2001c:2). The CCER document "The Nicaragua We Want" (LNNQ) (CCER,2001a) provides a good systematization of their position in terms of definition of poverty and its causes. Civil society put forward this document as a counter PRSP. Taking on board the

17 According to Killick&Asthana (2000:180), "Different conceptualizations [of poverty] yield differing inferences. While there is no serious disagreement anywhere that poverty is a multifaceted state of deprivation nor that it cannot be wholly divorced from its social context, there remain considerable disagreements about where the balance should be struck, particularly as between income -and consumption -based measurements and other indicators, and between absolute (or objective) and relative (or subjective) conceptualizations, with substantially differing policy conclusions being drawn by the protagonists. Questions of definition and measurement cannot be divorced from issues of policy."

main contradictions already seen between its own position and the government's, the main approach of the document reflects and further develops the civil society approach presented in the aftermath of Hurricane Mitch.

The government document "Strengthen Growth and Poverty Reduction Strategy" (SGPRS) (GoN,2001) is the final version of the PRSP endorsed by the WB and IMF. Both documents represent the most elaborated document of each actor's understandings on poverty, a comparison allows us to explore their poverty narratives, as well as what actually composed the country strategy for poverty reduction. This comparative review follows Voipio's idea of narratives on poverty reduction as the frames of thinking about poverty and poverty reduction (2000:200).

Table 2 - Conceptualizations of Poverty from the Government and Civil Society exposed in their official documents: "Strengthen Growth and Poverty Reduction Strategy" and "La Nicaragua Que Queremos"¹

Narrative / Dimension	SGPRS (SETEC- Government) (GoN,2001)	LNQQ ¹ (CCER – Civil Society Organizations) (CCER,2001a)
Main definition of Poverty	Poverty is low level of consumption.	Poverty is opposite to wellbeing.
Extended definition of Poverty	Multidimensional problem Elements: economic dimensions of poverty; human capital and poverty; vulnerability and marginality; and the poor's perception of poverty (a vicious cycle and opposite to wellbeing).	Multidimensional problem Elements: a state of material vulnerability; a state of exclusion; and lack of physical, intellectual and emotional resources necessary for social coexistence, interaction with the environment and to face challenges of daily life.
Poverty Measurement	Relative levels of consumption. Poverty line: US\$402.05 yearly of per capita consumption (US\$1.00 a day). Extreme poverty: US\$212.22 yearly per capita consumption (US\$0.50 a day). Quantitative method: Household survey.	No poverty measurement but a critique over the SGPRS method. Conceptualization of poverty in LNQQ translated into indicators in the Social Audit III (SAIII) (CCER: 2001b). Themes: "ways of generating income and the capacity to respond to crises"; "vulnerability to natural disasters and the capacity to respond to them"; "participation of the households in their community's problems"; "aspirations"; "social capital"; "power relations". (CCER, 2001b:8-9) Quantitative and qualitative methods: household survey, interviews to local leaders, workshops to interpret outputs.
Targeting Poverty	Poverty map: tool per excellence for policy and program design, effective resource allocation among competing targets, and monitoring implementation. Data from the 1998 LSMS and the 1995 Census; estimates built by SETEC with WB technical assistance. The poverty map ranks the country's 151 municipalities according to the size of their extreme poverty gap, and identifies their geographic location.	No method for targeting is explicitly presented; propose usage of broader vulnerability framework. Categories used by the government to build the poverty maps of 1993 and 1998 have changed. Comparison of the 1993 poverty map and the 1998 extreme poverty map using same 1993 categories shows negative changes in the poverty gap.

Poverty profile	<p>One of the poorest countries in Latin America in terms of GNP per capita.</p> <p>In 1998, 47.9% was poor, of which 17.3% extremely poor.</p> <p>Poverty has been reduced from 1993 to 1998: by 2.4 percentage-points, and extreme poverty by 2.1.</p> <p>Absolute number of the poor and the extremely poor rose in 1998.</p> <p>Poverty gap was reduced at the national level (from 22% to 18%). The major reductions were in rural areas. The urban Pacific and the Atlantic had substantial decline in welfare.</p>	<p>Different analysis of government data:</p> <p>In 1998 (with 1993 categories) not only there is more poverty but it has deepened (even more for the extremely poor).</p> <p>Most of the municipalities have a poverty gap larger than 21%. Only 10 out of 151 municipalities have reduced their poverty gap between 1993 and 1998.</p> <p>"Also accompanied by increasing inequality in access to resources, along with increases in people's vulnerability and social exclusion." (Bradshaw, 2001:24-25)</p>
Location	<p>Mainly rural.</p> <p>Particularly concentrated in the Atlantic region.</p> <p>Detail of extreme poverty by municipalities in the 1998 poverty map.</p>	<p>Nation-wide.</p> <p>Most critical in the Caribbean Coast.</p> <p>The poor are diverse in terms of population and realities, emphasis on links with gender, age, ethnic or race, and social or class origin.</p>
Causes of Poverty	<p>Description of series of elements (economic and social) associated with poverty presented as causes.</p> <p>Main cause: economic collapse of the 1980s aggravated by civil war.</p> <p>Low income and productivity due to limited access to employment and infrastructure.</p> <p>There is no chapter analyzing directly the causes of poverty but a Poverty Profile chapter (Chapter II).</p>	<p>Analysis of underlying structural causes of poverty using dynamic conceptualization: impoverishment process.</p> <p>Main cause: unequal power relations in different spheres of life and at the national and international level. The development model is inherently based on exclusion which leads to inequality and vulnerability.</p>
Solutions to Poverty	<p>Economic recovery and political stability.</p> <p>Broad based economic growth through reinsertion into the world economy: not clearly defined but is to be labor intensive; a hope is placed on expansion of urban service sector and a key focus on agricultural expansion.</p> <p>Approach: sustained economic growth, stabilization and structural reform for market led economy and private sector reliance, political stability through democracy, and safety nets for most vulnerable.</p>	<p>Battling inequality through social equity, local economic development and democratization of daily and social life relations (redistributive policies to create more equal access to opportunities as conditions for development as integral process).</p> <p>Transforming the development model towards a more inclusive and sustainable one, tackling the unequal power relations, taking into consideration people's diversity and contextual realities.</p> <p>Approach: people centered, rights based, local economic development, environmentally sustainable, democratization of all spheres of life, reduction of vulnerabilities.</p>
Social actors roles	<p>State: central role for developing institutional framework and programs for poverty reduction. (State at the center of policymaking).</p> <p>Private sector: engine for economic growth and increasing income, as well as efficient service provision.</p> <p>Local governments and civil society: implementing and monitoring the strategy (protection of vulnerable groups) coordinated by the government.</p> <p>International cooperation and international financial institutions: funds and technical assistance for the formulation and implementation phases.</p>	<p>Need to review social actors' roles and establish responsibilities and roles of social actors in development.</p> <p>Civil society: real incidence over decisions that orient the national priorities over people's wellbeing. (Civil society participation at the core of policymaking).</p> <p>Local governments: define priorities for resource allocation and have access to resources.</p> <p>International cooperation and international financial institutions: review their role towards development and poverty reduction.</p>

The CCER document (LNQQ) focuses on underlying structural causes of impoverishment and the conditions for development. It is a matter of unequal power relations in different spheres of life, inside and outside the country. The development model followed is based on exclusion, which in turns leads to high vulnerability. Inequality is at the core of the problem, therefore policies should focus on redistribution and equal access to opportunities.

The final government document (SGPRS) does not present an analysis of the causes of poverty but rather on a series of factors related to or associated with poverty. Some of those are considered by civil society rather as effects of poverty. As "poverty is the result of the economic collapse during the 1980s", the solution lies on economic recovery through reinsertion in the world economy. National policies will be oriented towards broad based economic growth as the only sustainable way to poverty reduction. Safety nets for the most vulnerable groups will be provided meanwhile the positive effects of growth take place and the temporary negative effects are to be palliated.

Both actors agree that poverty is a multidimensional phenomenon; the disagreement starts on where the emphasis was placed. Here the leverage of the WB as a knowledge producer appears strongly. The Nicaragua Poverty Assessment (NPA) was the study carried by the WB where the measurement of poverty is set based on income-consumption metrics (WB,2001a). This study fed the government document on poverty, especially in terms of poverty definition, measurement and policy recommendations¹⁸.

Beyond the metrics, the extent of the reliance on the NPA results had elements of choice by the government. Some parts of the NPA were taken into account more than others, the NQPE¹⁹ explanations on people's perception of the 1990s as a decline in their wellbeing and their priorities, also the analysis of gender roles and its links to poverty, were not fully taken in the SGPRS. This room for maneuver can also be explained by the fact that these topics are not as high on the WB and IMF agenda as it is a definition on poverty that complies with their macroeconomic stability and growth model.

Civil society publicly challenged the government's poverty measurement for being one-dimensional and narrow, thus not showing the dynamics of change within time. The CCER questioned also the results obtained: the presentation of the official statistics on poverty was considered misleading, especially their claims on poverty as being reduced from 1993-1998. The grounds of this critique were: the application of different categories to make the comparison between years (e.g. poverty and extreme poverty), an arbitrarily set poverty line, and the collection of data before Hurricane Mitch. (CCER,2001a:10-12)²⁰.

The government left no room for discussing the conceptualization and explanation of poverty, nor its measurement. In response to civil society's demand for debating the poverty assessment, the government indicated that discussions over poverty measures were not that significant given the large magnitude of the

¹⁸ Initial results from the study were presented to CONPES in November 1999.

¹⁹ NQPE: "Nicaraguan Qualitative Poverty and Exclusion Study"

²⁰ For further discussion see: Bradshaw&Linneker,2001.

problem in any case, and that it would be more productive to focus on the principles and pillars, and programs and projects to be implemented. From the government side it was portrayed and argued as having not much relevance, whereas from the civil society side it was important as a basic agreement to design any strategy or program on poverty reduction. (CCER,2001a:2; Bradshaw,et.al.,2002:6; Bradshaw&Linneker,2003:5,8).

Two points can be used as an example of these different positions. The first is around "vulnerability", while both "expanded" definitions of poverty include vulnerability, their emphasis is completely different. In LNQQ vulnerability plays a central role, while in SGPRS is tangential. As a result the SGPRS aims at provision of safety nets for most vulnerable groups: the priority is placed on "protection"; whereas in LNQQ the priority was on "reduction" of vulnerabilities. (Bradshaw,et.al.,2002:13).

The second is around the targeting of poverty reduction programs. The poverty map was meant to be the basis for decision on targeting. The map became controversial because it was based on the official poverty metrics, questioned by civil society. According to CCER the poverty map dismisses other dimensions of poverty but low consumption; it is static and does not reflect the dynamics of impoverishment process. In its logic, people fall in and out of poverty and are individually affected differently within a municipality and within a household, reason for which targeting based on assessments of vulnerabilities was presented as a more appropriate method. Moreover, the statistical analysis used to produce the poverty map was also under question, posing further doubt over the map as a tool for efficient allocation of resources.

According to CCER one key difference between the two proposals is that underlying the SGPRS "solutions to poverty" is how the strategy is subjected to the PRGF: the objective of poverty reduction is subordinated to macroeconomic goals, the point of the strategy is to mitigate the impact caused by structural adjustment. In LNQQ macroeconomic goals are subordinated to the objective of reducing poverty by creating conditions for development, the wellbeing of people is at the center. (CCER,2001c:4). The SGPRS focuses on a development model based on economic growth whereas LNQQ did on a people-centered development model.

It is evident that when civil society and the government deliberated on a poverty reduction strategy, they had deeply rooted differences from the outset. The initial positions regarding the definition of poverty, its causes and measurements presented by both parties were so far apart, that there were little elements of agreement. The comparison on their poverty narratives (and the description of the process in the above

sub-chapter) shows that civil society had barely any influence on the narrative that at the end took precedent in the national strategy.

This corresponds with the CCER's own assessment. After reviewing the same documents, CCER made public a paper "Pending matters to be discussed for incorporation in the complete document by ERRP²¹" where is stated that in spite of some tangential agreements, the government did not take into account their recommendations in terms of the poverty approach and consequent policy emphasis. (CCER,2001c:6). This is also shared with external assessments outside the WB and IMF.²²

At the end the poverty that got mainstreamed in the national policy was one defined within a very limited interpretation of the WB and IMF framework. The assessment was extracted from the NPA by the WB; the policies were from the PRGF by the IMF; the programs and project portfolio collected from what was already in place funded by the main development institutions in the country.

Chapter 4. REDEFINING ROLES IN DEVELOPMENT

Identifying civil society organizations role is one way to read the outcomes of the PRSP process. The civil society role and its contradictions are seen as effects of a political struggle (also on discursive grounds). CCER attempts to re-cast the roles of national social actors in development through their advocacy role, during the particular international and national setting described in chapter two, pushed it into participating in policymaking, specifically in the PRSP process.

4.1 Poverty narratives shaping actors' role

The poverty narratives of these actors contained not only a definition about the poor and their living conditions but a definition of themselves in terms of their role in the poverty reduction enterprise. Defining the roles development actors should have in policymaking and policy implementation reveals the power relations that they reproduce (and challenge), and also the will to power from the social actors who present them.

²¹ Referring to the SGPRS. (CCER,2001b:1)

²² Among others. see: Bertelsen&Jensen,2002; BreadfortheWorld,2002; Danida,2002; IBIS,2001; PANOS,2002; PRSP-MSP,2003b; Stewart&Wang,2003; WorldVision,2002:.

According to the government's interests over the roles social actors have and should play in national development, civil society is re-casted to the project-level actions and around social issues. Both government and IFIs' argument is that their expertise remains at that level, and they do not have enough technical capacity to engage in macroeconomic debates. Even with the capacity building project in 2002 to provide technical training to CONPES members to engage in discussions over the national budget and debt management (external and internal), plus the agreement with the new government to open IMF negotiations to public debate, the PRGF was negotiated secretly. Thus, the civil society is expected to engage only in implementation and monitoring, perpetuating this particular role.

For civil society the existence of CCER corresponds to their scaling up process. In this line, their proposal contained the idea that organized civil society plays a crucial role in the development process because of their ability to create and activate social networks through multi-level spatial coordination. As stated in the LNQQ, the actual roles and responsibilities of social actors in development should be reviewed and agreed in a national development plan. Within this, civil society participation at all levels should be at the core of policymaking. On the other side, SGPRS gives to the state the central role of policymaking (in the case of poverty for developing the institutional framework and programs for poverty reduction) and assigns for local governments and civil society a role in implementation and monitoring of the strategy (see Table 2). Civil society was seeking a greater role and the government reassuring its domain.

4.2 Democracy and debt relief: the extra push to engage

Underlying both poverty narratives some shared assumptions can be found, these constitute what Roe (1994:155-157) would call the poverty metanarrative²³. In this case it consists on a view of poverty as a widespread and worrisome problem for the country that requires urgent action to be taken; a recognition that there are available solutions to the poverty problem; and a nationalistic tone that "is in our hands to "solve" it" followed by a stress on political will.

This first part of the poverty metanarrative pushed actors to gather around the PRSP process and give poverty reduction its importance at the moment. Civil society used poverty to push for a more integral

23 A metanarrative is conformed by the common assumptions between the main narrative and the counter narrative. It functions as a policy narrative in: underwriting (establishing or certifying) and stabilizing (fixing or making steady) the assumptions (common) for decision making in the pace of continuing uncertainty, complexity, and polarization. (Roe,1994:155-157) On one side a metanarrative can be seen as the structure which holds all together (therefore explaining actions and interactions), on the other side it can serve to see the strategies actors deploy as how much common assumptions get challenged or resignified in order to alter the other's main story. In a sense the idea of coopting elements of the other discourses is used by both actors to push their own stories, the use of a key word to base their arguments has unpredictable and even perverse multiple effects.

development agenda and gain a greater role in it through advocacy, the government to push for continued structural reforms agenda and reassure its domain by improving its damaged public image.

The second part of the metanarrative was that the requirements for solving poverty are national consensus or agreements on national priorities and international aid. Thus, democracy and debt relief were the collateral narratives of poverty reduction.

The use of democracy and debt relief was a double-edged resource to deploy for civil society. Democracy and national consensus on priorities created the moral imperatives for engaging in the policymaking process even with the deteriorated relationship among the two, the acknowledged disagreements, and the different power positions they had to influence the outcome. Debt relief set the justification for a PRSP; it was especially part of civil society's agenda and became more relevant under the post-Mitch reconstruction context, at the same time it was exactly debt relief within HIPC which allowed the government to shift from "reconstruction/ transformation" to "poverty reduction". Furthermore, it gave the perfect excuse for rushing the participation process as it did to comply with the HIPC schedule. A point that was hard to rebate by civil society.

4.3 Linking abroad: relationship with external actors

In terms of the relationship with external actors, international cooperation and international financial institutions' roles should be reviewed according to civil society in terms of how much leverage they have in national affairs, while the government reasserted its role in supporting the strategy. In practice, the government brought itself closer to the WB in its definition of poverty and to the IMF in its definition of macroeconomic policies, whereas the civil society got closer to other international funding actors (mostly European, plus Canada) and international civil society organizations. This is also evident in the underlying framework mobilized by both actors', civil society used the post-Mitch Reconstruction/transformation framework and the Stockholm agreements, and the government used the structural adjustment framework and the IMF agreements.

Both, given the dependency context (funding from external actors)²⁴ used their links with external actors to shape their roles. Both hid their pursuing as a matter of strengthening democracy, particularly under the

²⁴ According to Ballodano (1999:53) both actors are externally dependant (civil society depends on international cooperation as well as governments on international financial institutions) which has lead to an externalization of the social conflict, its displacement to the international community. At the end, the negotiation takes place

clothes of representatives of the poor, in the case of the government as they were elected by the majority and in the civil society as they are "closer" to them due to their project-based work. In this sense their challenging of international actors leverage in national affairs got to be diluted in their convenience and according to the matter being discussed.

4.4 A hierarchy of issues, a hierarchy of actors

The level of participation in the poverty reduction strategy of Nicaragua has been interpreted as a pyramid, with decreasing levels of participation as it reaches the top. At the bottom are the programs and project portfolios, at the middle the priorities and content of the second, third and fourth pillar, and at the top the macroeconomic framework (first pillar) (Bertelsen&Jensen,2002:32). Thus, there is a hierarchy of pillars for poverty reduction, where the social aspects are below the macroeconomic ones, which translates into a hierarchization of actors able to participate in them. Local actors and civil society participated at the bottom level, nationally organized civil society in CONPES at the second level, and no civil society was involved at the top level (exactly where IFIs were more involved).

The national context of high political polarization (materialized in the pact and the shared image of civil society and government as adversaries) shaped the possibilities of participation. According to the government, its role is to define policymaking as the nation's legitimate representative based on 'democratic elections' (questioning civil society representativity). In this process they can not meet all the demands but are in charge of establishing priorities. This view is backed with statements from representatives of the WB, IMF and IDB that see participation on one hand as prioritization's trade-off, and on the other hand a possible threat to macroeconomic stability as excessive demands are placed on the government. Ideologically this would contradict their approach of maintaining strict macroeconomic targets and favor market solutions to problems with provision of public utilities. It can be seen from here that the PRSP in Nicaragua actually did not leave any space for alternative approaches to macroeconomic planning. (Bertelsen&Jensen,2002:75-76; PANOS,2002:16-18).

between civil society, the state and the international community. Even more he pointed out that the result of the post-Milch process was a deepening of the external dependency and a decomposition of links between government and society. (Ballodano,1999:44-45)

4.5 Exploring the contradictions in civil society role

Since the Mitch aftermath and later with the PRSP process it can be said that the role played by the civil society have been made more evident, gaining recognition in and outside the country. It can be seen engaging at multiple spaces: local, national, regional, and international; and with multiple actors: civil society organizations, grassroots movements, public opinion, government, political parties, international financial institutions, and international public and private aid agencies. Civil Society has gained a position in policymaking, and in general in the political arena. This has been supported by a population, which disenchanted with political parties, sees in civil society an alternative actor challenging the government and politicians, and also, an alternative social service provider as the state has withdrawn from this responsibility (a situation made more obvious during the Mitch-Emergency state).

Civil society's advocacy role has been reinforced with its researcher role. Its proposal is considered of high quality and a possibility for alternative international funding within the PRSP process framework. Even though the proposals chapter suffers from lack of prioritizations thus falling on what the IDB calls "the inevitably shopping list" (IDB,2002:2), by putting forward alternative proposals they have moved from advocating "against" towards advocating "for", from a mainly reactive to a proactive role. It was due to the pre-conditions arrived in the Mitch aftermath and in spite of the constrained PRSP and the tightly closed political space that CCER was able to articulate their interests and formulate their own proposal based on wide consensus among civil society.

The relationship between civil society and the government has been characterized by mistrust and confrontation. As they went into a very utilitarian relation during the PRSP process, one filled with uneasiness and temporary compromises, the earlier characteristics have not been overcome but deepened.

The contradictions one finds when interpreting CCER's role are twofold: On one hand, the CCER by playing within the established rules (the limits of policymaking and its uses embedded in national and international politics) is at the risk of legitimize them, and if rules are no longer challenged neither are the unequal power relations on which they are based and continue reinforcing. On the other, as the CCER "participated" in PRSP building it legitimized it but with no impact in the underlying poverty and poverty reduction narrative that composed the final country strategy. In this way CCER has found itself with a position in policymaking, but a position that did not translate into possibilities of influencing policy, at least not in the PRSP case. Instead, its role as civil society has been repeatedly pushed into particular stages of policymaking: implementation and monitoring of a strategy they do not agree with from the beginning.

This different position of civil society in the policymaking process has also meant some compromises within civil society and some changes in the directions of their efforts. Very few civil society organizations (even less among the local organizations) actually have as part of their mandate incidence in public policies, meaning that most of them do not have resources for this. Many organizations have to dedicate much more into participating in national networks than before, which for many entails diverting limited resources (e.g. human resources) from their practice of program implementation. This also reveals inequalities among civil society organizations (between national and local, policy-advocacy oriented and project-implementation oriented).

CCER has entered an arena that is highly technocratized. In light of the PRSP the poverty debate was constantly moved to a technical arena, where the conceptualization of poverty deliberations gave way to a discussions on measuring and targeting poverty; the meanings, purposes and uses of participation gave way to discussions on how many people were involved in which regions; the politics of the strategies gave way to discussions on prioritization, costing mechanisms and trade-offs within macroeconomic targets. This in turn implies that CCER itself has to become highly technocratic, relying on "experts" advice (non-organizational actors), which might entail losing their connection with the grassroots level and their political substance. Things that are, arguably, their comparative advantage or at least are symbolic resources mobilized as such.

An example of these is the women's movement participation within CCER. Their participation of the women's movement within CCER has not been easy, in 2002 some expressions of the movement had step out and the Gender Commission practically vanished. The explanations for this are manifold, the women's movement has its own struggles already with governmental institutions, thus CCER was seen as time consuming and exhausting, it meant a double struggle to incorporate their perspective in topics not usually 'gendered' which was more difficult when topics were "expert"-dominated, a gender perspective is not a priority of all in the CCER therefore unless expressions of the movement push for it, it is usually forgotten (Bradshaw, et.al.2002:9-10). This can also mean a loss for the CCER as the women's movement has long experience in advocacy.

Another problematic issue is linked to their unwanted role of being legitimacy-sources for government interventions. As their participation does not translate into changes in the actions of the state, it runs the risk of exhausting mobilization of the local level. Every participatory exercise raises expectations of change; if these are not accomplished, a sort of "participation fatigue" takes place transforming a process in a void exercise. A brief glance at a couple of events in 2002 can give an idea about the above alluded risks for

the CCER. On two occasions when localized people's mobilizations took place to make the government either hear or implement a forgotten promise, CCER appeared as the third party (warranty) in the negotiations between these groups and the government. After an agreement was reached and the people demobilized, the government did not keep it (CC,2002:20). As CCER does not have enough capacity to ensure the government's compliance, it only ended up by having its position and functions discredited, and being portrayed as demobilizer of people's own struggles.

This overview is done with an intention to imply that civil society's dilemma did not end with opting to enter or not the PRSP process but continues on what its role as a social actor is. The involvement with the PRSP has partly sketched out this role. The direction in which it will continue is to be seen, but it will definitely have to do with how conscious and self-reflective civil society actors are of the shape it is taking by their interaction in policymaking under the actual rules. Rules that at their roots have not changed, leaving the underlying unequal power relations unchallenged, and have moreover, become veiled under more subtle technologies of governance, such as the PRSP in this case.

An advantage of CCER is the self-reflective nature of its practice so far. CCER continues redefining its roles and objectives, as the redefinition of their advocacy role in the PRSP aftermath shows. In 2002 it went through an internal process of restructuring, it changed its name into Civil Coordinator reflecting the broadening of its mission and objectives outside the post-Mitch process. Within this CCER arrived at the conclusion that their work should go beyond the policy documents level and the vertical approach to policymaking. Its view goes more in hand with a process approach: where the aim is to change attitudes and culture that strengthen citizenship in the long term. Thus their strategy is not only about having vertical incidence (aiming to government and international actors, where policies are made) but horizontal incidence (aiming to public opinion and local actors, from where policies should emanate) (CC,2002:3-4). It is in this last type of incidence that CCER actually had more impact with their own parallel process, it can also be said that the proposals remain as framework for international actors willing to coordinate efforts from an alternative approach owned by civil society.

Chapter 5. CONCLUSIONS

This paper has intended to portray how policymaking offers a limited space for action, especially for actors pushing for alternative proposals to make incidence at the national level. Under the Poverty Reduction Strategy Paper process in Nicaragua, poverty emerged as a new field of politics. On one hand, it was a renewed arena of struggle where actors engaged; on the other, it was intertwined with the country's politics.

PRSP is the latest policy instrument of WB and IMF which was launched in 1999 in linked to HIPC initiative. It was presented at the international and national level as a technical policy paper that will benefit the country by defining a national strategy that will prioritize poverty reduction. But a PRSP process is from the beginning a sociopolitical process as the framework itself defines not only the content but the process of policymaking. Exploring the Nicaraguan case shows how any relevant analysis of the PRSP requires a contextualized approach as many variables came into play to shape the process and at the same time end up being reinforced or challenged by it.

The PRSPs 'written rules' are to grant ownership and participation for an effective strategy of poverty reduction. The underlying formula that comes in the package is: global economic integration plus good governance equals poverty reduction. The PRGF ensures that the SAPs agenda is not forgotten under this new policy instrument. HIPC debt relief ensures countries acceptance. Cross-conditionality among PRGF (IMF), CAS (WB) and HIPC further hinders the ownership principle and thus the possibilities for poverty reduction and participation. The WB and IMF predetermine largely the policies to be implemented, policies that have resulted in increasing levels of poverty, inequality and exclusion. Moreover the IFIs additionally undermine the declared 'spirit' of the PRSP through its self-appointed roles: centralization of decision making, monopoly of knowledge and participation broker. Thus, the framework of the PRSP as well as the power of international actors from the beginning posed a constraint on the mere possibilities of participation.

As all HIPC, Nicaragua is particularly vulnerable to these global influences: external debt and a vulnerable economic model mark its dependency on external resources, hence on IFIs conditionalities. There was not much room for Nicaragua to negotiate with these international actors, thus PRSP would not be owned by the government but experienced as another externally imposed condition to meet in order to free external resources for the country.

The national political context was marked by corruption scandals and the pact to grant concentration of power in leading parties as well as immunity to political leaders, both got stirred up when Hurricane Mitch hit

the country in 1998. A product of the emergency posed by Mitch was the upsurge of CCER and the Declaration of Stockholm which entailed a process of opening up spaces for participation that resulted in a challenge to the government. Consequently a conflictive relationship between civil society and government intensified, showing a continuation of the political practices of polarization in the country where both actors share a view of the other as untrustworthy adversaries.

The PRSP entered the country as the 'first national development strategy' but actually interrupted the Stockholm process, ignoring the first advances in a participatory process of a national development strategy already taking place. This was possible because the external conditionality met with convenience for the government: the PRSP would serve to divert attention from the pact and the increasing Mitch-funded corruption, improve its public image in the wake of an electoral campaign, and also push away the problematic Reconstruction and Transformation agenda.

Moreover, the PRSP process altered the role for government and civil society, thus also the relation between them: it claims to assign a role for civil society that it doesn't offer in practice, but uses instead to control and neutralize it and at the same time to legitimize the process. The dilemma for civil society was that participation means also to legitimize a process that in the end they do not control, and an outcome which differs largely from their vision. At the same time to be able to influence policymaking requires engaging in negotiations with the government under its terms.

The application of the PRSP framework in a country where one finds: a high leverage of international actors due to a historical dependency context that continues increasing; a very centralized government that revolves around the figure of the president; weak and non-accountable state institutions in terms of legitimacy and implementation, debilitated even further given the pact; a strong civil society in a scaling up process, and a highly polarized society in political terms, triggered a process over the roles social actors play in development.

As the PRSP is the embodiment of the mainstreaming of two global trends in development institutions: participation and poverty. These two variables have been the threads to narrate the process in Nicaragua. The question that led this narration is what kind of poverty was being mainstreamed through what kind of participation?

The government put in practice a rather instrumentalist view of participation; it sought in it a source of legitimacy for the process and an improvement of the public image in the context of the pact; the I-PRSP

was not even available in Spanish when presented to the IFI's. The CONPES as the institutionalized space of civil society participation was assigned largely a consultative function, the so-called 'consultative process' with the population was considered as mainly informative. In light of this the CCER engaged in a parallel and more participatory process concluding in its own proposal for development, while it continued to participate in the 'official' spaces

Poverty became a field of discursive contestation in which power relations were struggled out by ways of defining 'causes' and 'solutions' (thus policy implications) to it. The comparison of civil society's conceptions on poverty and those reflected in the final PRSP reflect that civil society did not influence substantially the poverty narratives of the government, thus did not play a vital role in the redefinition of meanings around poverty.

Poverty narratives also (re)define roles of actors in development; in this sense both civil society and government sought strategies to ensure their own role in development as well as alliances with international actors, with a shared language of poverty as the main problem, debt relief and democracy. These common grounds of 'both' actors represent the 'metanarrative' of the process that prevailed unchallenged.

Overall the opportunities this process opened were: taking a step forward in defining national priorities, placing poverty at the center of national policymaking, opening up the debate over poverty and national policies in general, and opening new spaces for civil society into policymaking.

The threats that the process entailed were: hiding the leverage of international actors in national affairs, particularly through policymaking; moving the debate on poverty and policymaking into a technical arena and thus concealing the politics of it; framing the roles of national actors in a relationship where the government is above society, and where specifically civil society is confined to the implementing and monitoring levels, operating as a source of legitimacy for the government's actions.

Reviewing the outcomes in light of the opportunities and threats leaves a rather pessimistic image. The underlying assumptions used in the poverty narrative of the SGPRS do not challenge but reinforce existing unequal power relations at the national and international levels. The spaces opened for policymaking process actually closed possibilities for alternative proposals to get through. They are also closing the possibilities of alternative actors to remain independent by sucking them into a process that uses them as sources of legitimacy of the existent unequal power relations.

Even within this, CCER possibility remains in the self-reflective nature of its practice. During the PRSP they found a double strategy to challenge the unequal power relations that are seen as underlying causes of impoverishment, to participate in the government-led process and to carry its own process. It was due to the pre-conditions arrived in the Mitch aftermath and in spite of the constrained PRSP and the tightly closed political space that CCER was able to articulate their interests and formulate their own proposal based on wide consensus among civil society.

Furthermore CCER continues redefining its roles and objectives, as the redefinition of their advocacy role in the PRSP aftermath shows. CCER's vision goes more in hand with a process approach: where the aim is to change attitudes and culture that strengthen citizenship. Thus their strategy is not only about having vertical incidence (aiming to government and international actors, where policies are made) but horizontal incidence (aiming to public opinion and local actors, from where policies should emanate). It is in this last type of incidence that CCER actually had more impact with their own parallel process, it can also be said that the proposals remain as framework for international actors willing to coordinate efforts from an alternative approach owned by civil society.

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