

The Association of Nicaraguan Municipalities (AMUNIC), legally incorporated in March 1995, brings together the 153 municipalities in Nicaragua. AMUNIC was legally constituted in 1993 as a civil non-profit non-partisan association with a municipal, social and pluralistic character with the basic aim of protecting and promoting the common interests of the municipalities of the country and their autonomy, a principle recognized by the national constitution. The members of AMUNIC are the 153 municipalities in the country represented by their mayors and municipal councillors.

AMUNIC has been in uninterrupted operation since its creation and over the course of this period it has established a recognized organizational image at the national and local levels and among international bodies that deal with municipal issues. It is a credible representative of municipal interests before the national government and among international organizations and its nonpartisan advocacy

of policies has resulted in the adoption of several laws, among them the law for municipal citizen participation and the law on municipal administrative professionalism, as well as increases in the transfer of funds to municipal governments, from 1% of the national budget in the year 2000 to 10% in 2010, a level that has been maintained to date.

AMUNIC's priorities identified in its strategic plans are:

- Governability and representation of the Association
- Advocacy and lobbying;
- Institutional strengthening and building the capacities of local governments;
- Organizational consolidation and the sustainability of AMUNIC to meet its institutional mandate
- Communication for Development
- Municipal Environmental Management
- Local Economic Development

COUNTRY CONTEXT FOR LED IN NICARAGUA

The National Government provides ongoing support to micro businesses and small-scale agricultural producers in conditions of poverty. The objective is to stimulate the local economy through the direct provision of resources as economic incentives, funding and productive investment. In this sense, the government promotes the establishment of local economic funds to complement sectorial economic programs, implementing mechanisms and instruments for sectorial and territorial linkages to promote and manage local economic development. This is coupled with efforts by the National Government to improve the efficiency of public spending and to harmonize taxation system at the local level with the national government, thus promoting fiscal decentralization that optimizes the results of budgetary transfers to municipalities.

It should be noted that to carry out its aims in relation to municipalities, the national government has proposed a strategic program with five components that are part of its commitment with all municipalities, these five components being:

1. Strengthen municipal governance and administration
2. Support the process of decentralization toward municipalities
3. Promote local development
4. Promote direct democracy
5. Institutional strengthening and development

LOCAL GOVERNMENTS IN NICARAGUA

Strengthening local governments and municipal public administration, promotion of citizen participation and the development of the necessary capacities to support the processes of decentralization and local development, Law 40-261, the Municipal Law (Article 4, Law 347)".

MAIN SOURCES OF REVENUES FOR LOCAL GOVERNMENTS

The process of decentralization began in Nicaragua in 1987 with the approval of the new Constitution. In the framework of the constitutional change, a number of

important legislative changes have been introduced, such as the Municipal Budgeting Law and the law regulating transferences from the central government to municipalities. Under this law in the last three years Nicaraguan municipalities have received 10% of the national budget in transferences, which is the highest level of transfers in the history of budgetary history of Nicaragua.



- Taxes: municipal tax, school fees, property tax.
- Transfers: Municipal transfers of 10% of the general national budget distributed based on the incomes from municipal current accounts.
- Other sources: shared tax income from certain economic activities: sugar production, fishing, forestry, mining, energy, as well for the national highway maintenance service (FOMAV).
- Some municipalities obtain funding through twinning projects and international development organizations.

ROLE OF LED IN LOCAL GOVERNMENT

As defined in the Political Constitution of Nicaragua, the role of local government is to foster and revalue existing resources to strengthen and generate economic activity, employment and changes in attitudes to raise the economic and social level within the municipal territory.

KEY CHALLENGES FOR LOCAL GOVERNMENTS IN DOING LED

- **CHALLENGE 1:** Establish links among all the stakeholders to join forces in a common effort and to awaken the creative interest of the population.
- **CHALLENGE 2:** Develop efficient and effective public policies for advancing local economic development.
- **CHALLENGE 3:** Establish public-private alliances for long-term economic sustainability.
- **CHALLENGE 4:** Strengthen existing resources within municipalities to increase economic potential.
- **CHALLENGE 5:** Draw upon the business initiatives of young entrepreneurs at the local level.
- **CHALLENGE 6:** Undertake ongoing activities to encourage urban and rural communities to have a sense of ownership over the projects and programs that benefit them and that they have been demanding in order to improve their quality of life.
- **CHALLENGE 7:** Have the instruments and tools to orient the integrate gender and environmental considerations to local economic development initiatives.



A LED INITIATIVE IN SAN JUAN DEL SUR, THE SOUTHERN ROUTE, BOSQUES AND TORTUGAS (FOREST & TURTLES)

The municipality of San Juan del Sur had an initiative that emerged in the context of the model of mixed public-private investment. The project involves the participation of rural and fishing populations in developing the area for tourism. A distinct economic dynamic is being promoted around the wildlife preserve "La Flor", fostering sustainable economic activities with a focus on socially and environmentally responsible development.

The beneficiaries are local small and medium-sized businesses, which are being developed in fishing and rural areas of the municipality as a chain of service providers to tourism. The efforts are focused on public-private, private-private and public-public alliances, as the municipal regulatory framework is emphasizing the local economy.