

Nicaragua

CLARITY can be used as an effective educational tool to help cooperative leaders understand the strengths and weaknesses of their cooperative law. In Nicaragua, three U.S. Cooperative Development Organizations (CDOs) introduced CLARITY to the newly formed cooperative promotion and regulation organizations: CONACOOOP and INFOCOOP. Using CLARITY as a lens to evaluate the country's new legal framework, CONACOOOP and INFOCOOP identified key areas of improvement. The Nicaragua team developed the *CLARITY Scorecard*, an assessment tool accompanied by a comparative legal analysis that helped provide Nicaraguan cooperatives with a roadmap for evaluating the cooperative legal environment.

Since 2004, U.S. CDOs have worked side by side with Nicaraguan cooperatives, advocating for a new cooperative law in Nicaragua that creates a more enabling environment for cooperative growth. In January 2005, a new law was passed: Law No. 499, Ley General de Cooperativas.¹⁴

However, Nicaraguan cooperatives were not consulted or involved in the process of writing the new law. When they saw it after its passage, a number of cooperative leaders recognized significant flaws. Several cooperatives joined together to lobby for a regulation to address some of the flaws and gaps. In 2007, a regulation was passed to clarify the law and aid in its implementation.

The 2005 law and the 2007 regulation named two institutions as the primary regulator and promoter of cooperatives: the National Institute for Promotion of Cooperatives (INFOCOOP) and the National Council of Cooperatives (CONACOOOP). INFOCOOP is concerned

¹⁴ For a discussion of the new Nicaraguan cooperative law, see *Enabling Cooperative Development: Principles for Cooperative Legal Reform*, 2006, pp. 21–23.



with regulation, registration and oversight, while CONACOOOP is responsible for promotion functions. The two institutions came into existence in early 2008, but neither the law nor the regulation provide clear direction on their roles vis-à-vis one another or how they could collaborate effectively on behalf of Nicaraguan cooperatives.

Working directly with the government institutions in charge of cooperative regulation and promotion provided a highly effective channel through which CLARITY could play an important role.

In 2007 three U.S. CDOs — The Americas Association of Cooperative/Mutual Insurance Societies, the National Cooperative Business Association, and the World Council of Credit Unions — pooled their human and financial resources to examine the cooperative legal-reform process in Nicaragua. They developed a methodology for using CLARITY to understand

the country's legal and regulatory environment for cooperatives. The team reinvigorated the process of legal reform through a complementary process involving an assessment of the cooperative sector, an evaluation of the cooperative law, and education of cooperative leaders, using CLARITY as a catalyst for analysis and discussion.

Assessing the Cooperative Environment

Understanding the cooperative environment is key to determining whether conditions are conducive to a CLARITY reform activity and identifying potential partners and appropriate actions. The role of good timing in legal reform efforts should not be overlooked. The Nicaragua team hired a consultant to evaluate

Finding a leader to help champion the CLARITY cause encourages interest, participation and feedback.

whether the cooperative sector was organized and interested enough to benefit from CLARITY activities. The consultant had established connections with Nicaraguan officials and cooperative leadership, a good understanding of the cooperative environment and recent cooperative history, and sensitivity to the political environment. The consultant's connections enabled him to elicit details of the formation of CONACOOOP and INFOCOOP, and pinpoint the best timing for a CLARITY-related activity.

The consultant's evaluation significantly influenced the design of the CLARITY activity. Because the law had recently been revised, there was not much interest in pursuing legal reform. Instead, he suggested focusing on working with INFOCOOP and CONACOOOP to understand the law and help determine the

roles of these new institutions in improving the overall enabling environment for cooperative development. Working directly with the government institutions in charge of cooperative regulation proved to be a highly effective approach.

Creating a CLARITY Strategy

Soliciting Support and Identifying Leaders

From the beginning, the team always consulted Nicaraguan cooperative leaders to plan CLARITY activities. Without local recognition of the potential value of the CLARITY Principles, any activity would fall short of stimulating long-term interest and meaningful discussion. An orientation meeting with CONACOOOP members focused on CONACOOOP's potential to shape Nicaragua's cooperative environment and how learning more about laws and regulations would empower cooperatives to understand their rights and responsibilities. As a result of the positive response to the idea of using CLARITY as a tool to facilitate this work, the Nicaragua team proposed a workshop to bring together CONACOOOP members and elected cooperative representatives of INFOCOOP. At this workshop, leaders from both organizations could discuss the CLARITY Principles and their applicability to Nicaraguan cooperative law.

To help solidify support for the CLARITY activity, the team hired a second consultant, a respected leader in the cooperative community. This consultant acted as liaison and facilitator with INFOCOOP and CONACOOOP, building trust and promoting interest in a dialogue about CLARITY. The team also identified a member of CONACOOOP who would champion the CLARITY cause, encouraging interest among his colleagues and providing feedback on the workshop design to ensure that it fulfilled the needs and desires of its intended audience.

Using the CLARITY Principles in Legal Analysis

Before planning the details of the workshop's activities, the team used CLARITY to identify strengths and weaknesses in the cooperative law. This analysis was crucial in highlighting the effects of the legal and regulatory environment on cooperative development. With the assistance of an American lawyer, the team developed and tested a new tool, the *CLARITY Scorecard*, to measure the extent to which the articles in the law adhered to the CLARITY Principles.

Using the *Scorecard*, an analyst can rate the law's compliance on a scale of zero to 4, identifying weak and strong areas of cooperative law that can then serve as starting points for discussions about advocacy or legal reform. In addition to scoring the articles of law according to their compliance with the CLARITY Principles, the American lawyer worked with a local attorney to interpret the meaning of each score and propose remedies to overcome weaknesses. The local attorney provided clarification and context for many of the laws, ensuring an accurate Nicaraguan perspective in the *Scorecard Analysis*.

Together, the *Scorecard* and *Scorecard Analysis* are a complete tool for reviewing cooperative law. The *Scorecard* provides the big-picture view and the *Scorecard Analysis* supplies the details, enabling participants to understand and prioritize many legal issues.¹⁵ However, the tools are not prescriptive. The final decisions on prioritizing issues, crafting solutions and moving forward are completely in the hands of the local cooperative movement.

In Nicaragua, the numerical scoring values and the comparative analysis report made CLARITY accessible to the target group of cooperative leaders. Because they were not overly technical or focused on legal terms, the numerical values and the analysis became the roadmap workshop participants could use to

¹⁵ See Appendix B for a blank template of both instruments. Filled-out versions, reflecting the analysis of Nicaraguan law are available at www.clarity.coop.

navigate the law and regulations, guide discussions on strengths and weaknesses, and come to a consensus on priorities.

Engaging Cooperative Leaders in a Workshop Setting

The Nicaragua CLARITY activity culminated in a workshop, "Application of the CLARITY Principles to the General Law of Cooperatives." For a complete discussion of the workshop, see page 30-31.

Integrating Flexibility into Strategy and Implementation

The Nicaragua initiative evolved over a period of 18 months between March 2007 and August 2008. Success was largely due to the contextually appropriate and flexible approach, even though it resulted in a lengthy and evolving process, which meant adapting to new information and new circumstances. For example, based on the first consultant's report, the Nicaragua team identified an opportunity to be involved from the ground up in helping educate and inform the newly chosen INFOCOOP and CONACOOOP leaders about the CLARITY Principles.



The approach also was successful because of the level of commitment of the team members and their ability to marshal their respective USAID Cooperative Development Program resources to fund the activities. All team members were willing to propose new ideas, test unique approaches and devote human and financial resources to achieve a positive outcome.

Conclusion

Several findings from the CLARITY Nicaragua experience are relevant to movements looking to connect across cooperative sectors on legal and regulatory issues.

First, the Nicaragua team was fortunate in the timing of the collaboration and the formation of INFOCOOP and CONACOOOP. Working directly with the government institutions in charge of cooperative regulation and promotion was unexpected, but provided a highly effective channel through which CLARITY could play an important role.

The lessons CHF International learned from its training workshop experience in Mongolia (see the Mongolia profile) helped the organization refine the Nicaragua workshop.

The Nicaragua team used the same legal consultant and applied the lessons from Mongolia to the benefit of the Nicaraguan cooperative leaders.

The findings from the pre-workshop evaluations — that participants already had a high level of understanding about cooperative law and regulation — enabled the team to revise the workshop agenda to make it more relevant and useful. Participants appreciated the gravity of the topic, especially because it was presented with legal and regulatory examples from cooperative movements around the world.

It is hoped that the experience of the Nicaraguan cooperative leaders so far will be a stepping stone to future activities, such as advocacy or lobbying for changes in the cooperative law. The Nicaragua team completed a final report in Spanish, documenting the lessons learned from the workshop. The report was shared with INFOCOOP, CONACOOOP and the Nicaraguan cooperative community to provide context and a starting point for future efforts. INFOCOOP and CONACOOOP are expected to take the lead in advocating and establishing an enabling environment for cooperatives. The CLARITY process has provided them with the tools to begin this work.