

2-17-2000

Reconstruction Group Reviews Compliance with Hurricane-Aid Commitments

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/noticen>

Recommended Citation

LADB Staff. "Reconstruction Group Reviews Compliance with Hurricane-Aid Commitments." (2000).
<https://digitalrepository.unm.edu/noticen/8652>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Reconstruction Group Reviews Compliance with Hurricane-Aid Commitments

by LADB Staff

Category/Department: Region

Published: 2000-02-17

In early February, the Consultative Group (Grupo Consultivo para la Reconstrucción de Centroamérica) visited Central America to review the management of funds for Hurricane Mitch reconstruction and improvements in governance, which were set as requisites for aid at the May 1999 Stockholm meeting (see NotiCen, 1999-06-24). The group's planned meeting with Nicaraguan officials was cancelled after President Arnaldo Aleman requested a postponement.

While in Honduras Feb. 8, the group, which comprises representatives from several donor nations as well as multilateral organizations such as the International Monetary Fund (IMF), issued a critical report on Honduras.

The report praised Honduran efforts to improve transparency in its financial transactions, its efforts to control government spending, and the steps taken to protect social spending from misuse. The report also noted a general improvement in democratic practices and decentralization of government powers and praised recent steps to depoliticize the military (see NotiCen, 1998-07-29, 2000-02-10).

But the Consultative Group also found that the government lacked effective institutional means to supervise and control the large amount of assistance US\$3.9 billion promised at Stockholm. In general, said the report, "to maintain an effective struggle against corruption, it would be advisable to strengthen the administrative, judicial, and penal procedures, as well as devote greater resources and authority to agencies charged with control and internal auditing."

Specific recommendations for Honduras included an independent comptroller general, a professional civil service, an efficient government purchasing and contracting system, a comprehensive budgeting and fiscal system, and an ethics code to improve procedures for appointments to government posts. The report also noted slow economic growth, unemployment, and insufficient incentives to private investment. Despite increased social spending in the poorest areas, especially in rural communities, the report said government spending on health and education tended to favor urban areas.

Nicaragua's Aleman asks for postponement

Looking at the result of the Honduran visit, representatives of civil society in Nicaragua said the Consultative Group would have had the same if not stronger criticism of Nicaragua had Aleman not secured a postponement of the group's meeting with Nicaraguan officials that had been scheduled for Feb. 10 and 11.

Aleman said the extra time would allow the National Assembly to pass electoral-law reforms and permit the completion of an audit of the Banco Nicaraguense privatization. Nicaragua would then be in a better position to furnish evidence of progress in some of the areas of interest to the Consultative Group, he said. Aleman appeared to go out of his way to insult donor countries. In late January, at a ceremony inaugurating an airport in Puerto Cabezas, Aleman accused donor governments of attempting to meddle in Nicaragua's internal matters by discussing the recent constitutional reforms (see NotiCen, 1999-12-23). "I say, just a minute, go back to your own countries to make those observations," said Aleman.

Carmelo Angulo, UN representative in Nicaragua, replied that the donor countries were only asking the government to comply with commitments it made at Stockholm and previous meetings to make improvements in government decentralization, transparency, citizen participation "everything that we call governability in its broadest sense." While upbraiding the donors, the Nicaraguan president announced that he had scheduled a trip to Mexico for Feb. 10, the same day the Consultative Group was to begin its meetings with Aleman, Foreign Minister Eduardo Montealegre, and other top officials.

An editorial in the daily La Prensa suggested that Aleman had lost interest in the donor nations and that he assumed Nicaragua would receive the aid funds without having to take the Consultative Group's concerns about governance and transparency seriously. The editorial said Aleman was playing a dangerous game because Nicaragua cannot support itself. The economy survives on family remittances from abroad and donor aid, said the editorial. In the 12 months ending May 1999, remittances and donations were US\$1.06 billion, while export earnings were just US\$523 million.

Currently at stake is the US\$2.5 billion in aid promised at Stockholm. A diplomatic source in Managua expressed surprise that both Aleman and Foreign Minister Montealegre would be absent after the opening session of the meeting. Montealegre is in charge of foreign cooperation and would normally be heavily involved in the meetings.

In preparation for the meeting, the Consultative Group produced a working paper outlining concerns that would be taken up during the sessions. These included the constitutional reforms, the jailing of former Comptroller General Agustin Jarquin, the absence of effective poverty-reduction programs, and the need for reforms in the justice, financial, and budgeting systems.

Since Jarquin's jailing in November 1999 (see NotiCen, 1999-11-1), donor countries have been warning Aleman that the administration's recent actions had jeopardized future aid (see NotiCen, 1999-11-18). In January, Christian Oldenburg, in charge of Denmark's aid programs in Nicaragua, said future increases in aid would depend on improvements in governability.

US Ambassador in Managua Oliver Garza asked for clarification of the constitutional reforms that appeared to concentrate power in the two leading political parties. The Swiss government suspended an aid program in December. "We are still extending special contributions of this kind to other countries in the region, but not to Nicaragua, because for the moment the country is not making good use of them," said Swiss Ambassador Rodolphe Imhoof.

Official says Nicaragua made improvements in governability

Despite the ominous warnings, presidential advisor Mario de Franco said the Nicaraguan government showed advances in governability. He said the reformed comptroller general's office was now independent evidence of transparency in the handling of funds. He said that an ethics code has been in effect since last December and that the National Assembly is considering a civil-service code and a law regulating the issuance of government contracts.

However, the complete overhaul in the comptroller general's office, changes in the judiciary, and other reforms are under severe attack in Nicaragua. Critics of the reforms say the new comptroller general's office is far from independent, budgets are not openly debated in the legislature, and appointments are highly politicized. Rosa Marina Zelaya, a magistrate on the reformed Consejo Supremo Electoral (CSE), who was "reformed" out of her post as president of that body, has promised to challenge the constitutionality of the reform. [Sources: El Nuevo Diario (Nicaragua), 02/09/00; La Prensa (Honduras), 02/09/00; Notimex, 02/09/00; La Prensa (Nicaragua), 01/24/00, 01/27/00, 01/28/00, 02/09/00]

-- End --