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Nicaraguan Government, Donors in Conflict on Transparency, Elections

by LADB Staff

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The administration of Nicaraguan President Arnoldo Aleman is under pressure from the international donor community, nongovernmental civic groups, and the private sector to put on a show of transparency in the November elections. As in the past, Aleman is attempting to balance good relations with the donors and nationalistic defense against foreign "interference" in internal affairs. At stake is US\$654 million in annual aid in donations and low-interest loans. That amount is greater than Nicaragua's export earnings.

Private-sector leaders are increasingly impatient with Aleman's defiant attitude toward donor countries and are calling for changes. Jose Antonio Navarro, president of the farmers association Union of Agricultural Producers of Nicaragua (UPANEC), said Aleman's attitude toward donors was "arrogant."

Underlining the importance of financial aid to the farming sector, Navarro told the Inter Press Service (IPS) that the association would meet with the Swedish ambassador, who represents the donor countries, to convince them not to cut aid. In response to Aleman's frequent tough talk, Roberto Teran, president of the business and agriculture association Consejo Superior de la Empresa Privada (COSEP), told IPS, "We are appealing to the government to use good sense and to treat our international friends with greater cordiality."

Donors complain about election

On July 12, the G-5 plus Japan asked the Consejo Supremo Electoral (CSE) not to bar opposition parties from participation in the November elections. The G-5 comprises the ambassadors in Nicaragua from Canada, France, Spain, Sweden, and the US who monitor Nicaragua's compliance with accords made with the Grupo Consultivo para la Reconstrucción de Centroamérica.

In a statement to the press, the G-5 said, "We hope Nicaragua will take concrete steps to mitigate the perception that the two principal parties represented in the CSE are limiting participation."

The next day, Foreign Relations Minister Eduardo Montealegre attacked the G-5 for airing its opinions in the press instead of through diplomatic channels. The communique, signed by Aleman and representatives of the National Assembly, the Corte Suprema de Justicia (CSJ), and the CSE, called the G-5 statement "interference" in Nicaragua's internal affairs.

Finland issued a separate statement supporting the G-5. Heidi Pihlatie, an official at the Finnish Embassy in Managua, said she agreed with the G-5 message and asked whether aid funds given to Nicaragua were also "interference."

European Union cuts aid

On July 20, the European Union (EU) voted to cut US\$4.65 million from its aid to Central America. The funds are part of the aid package promised for Hurricane Mitch recovery at the 1999 donors meeting in Stockholm (see NotiCen, 1999-06-24). The EU said the funds would be transferred to an aid program in Kosovo, Albania. The aid reduction, said EU members, was because there were no guarantees from Central American governments that the funds were being properly used.

Leonardo Teller Sanchez, Nicaragua's former ambassador in Brussels, said the reduction was a warning to Nicaragua that more aid could be lost if Aleman ignores international demands for transparency in government and clean elections in November. He also warned that, besides EU aid, Nicaragua could lose EU support for debt reduction with the Paris Club of bilateral creditors and lose the confidence of the International Monetary Fund (IMF) and World Bank. That in turn could threaten Nicaragua's consideration for inclusion in the World Bank's foreign-debt reduction program for Heavily Indebted Poor Countries (HIPC).

Aleman has recently said that inclusion in the program was no longer a high priority. "Because of the president, we have lost the [HIPC] opportunity," Teller said. "That money could have been invested in progressive projects." European Commission Ambassador in Managua Georgio Mamberto tried to correct newspaper accounts of the EU decision. He said the aid program was not threatened and the reductions were for all of Central American, not just Nicaragua. Mamberto said he was not at the EU meeting but believed that the reduction was not aimed at Nicaragua but was a matter of redistributing funds among all aid recipients worldwide.

The government downplayed the significance of the donor threats. Montealegre said that, although there might be reductions, donor aid would continue. He said Nicaragua was working on a draft accord for more EU assistance over the next several years. Citing Mamberto's remarks, Aleman denied that Nicaragua's aid was threatened. He said news media dominated by the opposition Frente Sandinista de Liberacion Nacional (FSLN) were responsible for misstating the facts.

Media directors "do not want the aid to come, but it is guaranteed," he said. Despite their confidence that the aid was guaranteed, administration officials prepared a contingency plan in case Nicaragua were punished for its failure to satisfy donor demands. In announcing the plan, for which he gave no details, Central Bank president Noel Ramirez said, "The problems in Nicaragua are Nicaragua's business and it is we who must solve them. The international community has the right to help or not to help."

The private sector was not mollified by the news of a contingency plan. Any plan that cost money would lead inevitably to tax increases and a further slowing of the economy, said business leaders. Meanwhile, Finland and Switzerland have moved to strengthen a prominent gadfly organization. The two donor countries awarded US\$80,000 to the nongovernmental Etica y Transparencia (ET) to support its monitoring of the government's election preparations.

Cristoph Graf, coordinator in Central America for Sweden's aid programs, said the purpose of the award was to help finance transparency and democracy as required by donors as a condition for

receiving aid. ET has been especially critical of the CSE's exclusion of opposition parties from the coming elections (see NotiCen, 2000-07-27). [Sources: Agence France-Presse, 07/14/00; Associated Press, 07/15/00; Notimex, 07/14/00, 07/21/00; Inter Press Service, Spanish News Service EFE, 07/21/00; La Prensa (Nicaragua), 07/26/00; El Nuevo Diario (Nicaragua), 07/14/00, 07/21/00, 07/28/00]

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