

Foreign Assistance and Transformational Diplomacy Nicaragua

Nicaragua has made significant strides in establishing a democratic form of government, expanding its economy, and improving the health and education of its citizens since the free and fair national elections in 1990. However, abuse of power, corruption, and the politicization of many public institutions continue to impede the consolidation of democracy, exacerbate economic inequalities, and limit access to health care and education. Nicaragua remains the second poorest country in the Americas.

The last decade and a half has seen the end of the communist dictatorship of the Sandinistas' Daniel Ortega, a period of reconciliation and nascent democratic formation during the presidency of Violeta Chamorro, followed by the rise of a "kleptocracy" during the administration of Constitutionalist Liberal Party leader Arnoldo Aleman. President Enrique Bolaños took a strong stand against corruption, which resulted in Aleman's conviction and imprisonment. Despite ferocious opposition from the forces of strongman "*caudillo*" politics, led by political party bosses Ortega and Aleman, Bolaños has put in place key elements of a modern democratic state—public transparency, fiscal restraint, a largely corruption-free cabinet, respectful civil-military relations, increased social investment and a more open economy. Strong U.S. diplomatic support for President Bolaños' democratic efforts clearly has helped him survive, although democratic institutions continue to be plagued by the domination of the *caudillos* in the judicial and congressional branches of government.

The mission's primary medium-term foreign policy objectives in Nicaragua are: strengthening democracy and governance, promoting economic growth, and improving citizen, national, and regional security. Assuming election of a market-oriented, democratic government in November 2006, it is in the U.S. Government's national interest to foster a more democratic, prosperous and secure Nicaragua, involved in the deepening of Central American economic integration and playing an active role in the hemispheric initiatives linked to the Organization of American States (OAS) and the Summit of the Americas process.

Strengthening Democracy and Governance: The mission's top priority remains strengthening and consolidating democracy. In the immediate term, the mission will focus on free, fair, transparent and credible elections. The challenge is to establish competent electoral processes and appropriate oversight to enable Nicaraguans to elect a successor administration that advances the country's transition to a true democracy with economic opportunity and justice for all its citizens. The mission will work closely with the international donor community and the OAS to ensure internationally accepted standards for free and fair elections and promote voter participation, credible electoral frameworks, and access to voter identification cards.

Beyond the elections, the core issues of rule of law and anticorruption remain. In FY 2008, the U.S. Government will help Nicaragua develop transparent, accountable, professional government institutions; increase separation of powers; and improve legal and regulatory frameworks, consistent with the President's commitments at the Evian and Sea Island G-8 Summits and the Special Summit of the Americas at Monterrey. Pivotal to maintaining democratic advances is strengthening the rule of law and civil society oversight and

participation in the political process, while advocating for an independent judiciary free from political pressure. Also key is developing and strengthening an independent media, which can have a strong influence in shaping public opinion and attitudes and advocating on issues across sectors. Continued public diplomacy outreach, coordination with strategic partners, particularly in the European Union, and support for an OAS early warning monitoring role also will be essential. Longer-term electoral system initiatives, including political party reform, legislative electoral reform, restructuring of the Supreme Electoral Council, overseas voting, permanent voter registration, and issuance of citizen identification independent of the Supreme Electoral Council, will also be important priorities.

Promoting Economic Growth: With U.S. support, Nicaragua has undergone significant economic change over the past decade, opening its markets, increasing foreign investment and signing a \$175 million compact with the Millennium Challenge Corporation (MCC). The Dominican Republic and Central America Free Trade Agreement (DR-CAFTA) with the U.S. provides new opportunities for Nicaragua to attract investment, create jobs, and deepen economic integration with its Central American neighbors and the United States. Activities to increase trade and investment, food security and develop a competitive, market-oriented economy and improved environmental management, as well as policy and institutional reforms to take full advantage of, and fully comply with, DR-CAFTA will be a primary focus for the mission. Greater attention will be given to employment generation and natural resource management on the Atlantic Coast, a region historically neglected by the national development agenda. The Mission will help Nicaragua address longer-term impediments to investment, including a weak Judiciary and inadequate means to address property titling and property compensation claims. Infrastructure projects provide tangible and lasting evidence of the assistance provided by the people of the United States. Through the MCC, the mission will advance critical infrastructure needs and USAID could incorporate infrastructure upgrades in certain activities. Continued public diplomacy outreach on the benefits of a market-based economy and strong collaboration with multilateral institutions such as the InterAmerican Development Bank and the World Bank are essential.

Promoting Peace and Security: Reducing the threat to homeland security and to the region posed by Nicaragua's excess weapons, particularly its surface-to-air missiles (MANPADS), remains a key priority. The mission has worked closely with the GON to eliminate most of the country's MANPADS inventory, and will assist in eliminating the rest in coming years. The trafficking in dangerous weapons remains a problem in Nicaragua, and the weapons reward program, which focuses on the discovery and seizure of illicit, privately held weapons, will continue. The U.S. also will help the GON improve its capacity to respond to terrorist threats through information sharing and supporting development of a counterterrorism force.

Effective law enforcement is critical to the success of Nicaraguan democracy and efforts to combat terrorism, corruption, narcotics, transnational crime and trafficking, money laundering and the emerging threat of gang violence. Illegal aliens, arms and drugs are easily smuggled by organized criminals through Nicaragua's porous borders. Endemic poverty and corruption in the judicial system make the country vulnerable to the influence of smugglers. It is in the interest of the U.S. to improve the capacity of Nicaragua's national police and immigration agency, which are becoming more effective partners for U.S. law enforcement agencies, and

support the continued professionalization of the Nicaraguan armed forces. In 2005, the mission supported the GON military “White Paper” defining defense priorities and objectives. Building on this success, the mission will engage civil society and work with the GON to bring greater transparency, participatory budgeting and social auditing to the military. The mission will also engage local governments, civil society, police and other stakeholders to address the emerging gang threat. Programs will help the GON combat trafficking in persons and strengthen prevention activities through job creation and skills training, to address the root causes for youth joining gangs.

The mission will continue supporting programs to improve the investigative capacity of the National Police’s economic crimes and anti-corruption units, push for the creation of a centralized and independent Financial Intelligence Unit able to collect, analyze and disseminate information on suspicious financial activities, and strengthen the interdiction capabilities of maritime forces by providing vessels and equipping naval outposts on the Atlantic Coast. The U.S. continues to provide significant counternarcotics and law enforcement assistance to the Nicaraguan police and the Navy through the DEA, State/INL, and the U.S. Department of Justice. The Nicaraguan Navy is an effective and reliable partner in the counternarcotics field. Nicaragua is also cooperating with the U.S. in efforts to cut-off terrorist financing. On the institutional level, reform and improvements to the judicial system would fortify the operational improvements of the police and armed forces.

Investing in People: An educated and healthy work force is another fundamental requirement to spur greater prosperity and security in Nicaragua. U.S. assistance in improving the quality of and access to basic education has had a measurable impact in Nicaragua and is primed to expand to three times the number of schools served. A key priority will be to increase scholarship and training programs for institutions of higher education, engaging with faculty and students who will be the future leaders of Nicaragua. Increased English language instruction is being provided by Peace Corps volunteers and coordinated with public diplomacy efforts in this area. Computer instruction is also necessary to prepare Nicaraguans for employment in new DR-CAFTA-generated industries and businesses. USAID health sector interventions will improve reproductive, maternal and child health services, and support better nutrition, food security and hygiene practices to reduce maternal and infant mortality. Special attention will be given to activities to reduce the transmission of sexually transmitted infections and HIV/AIDS in high-risk populations. The mission also will focus on prevention and control of other infectious diseases such as avian influenza. As Nicaragua begins to consolidate its improved health services, the U.S. government’s focus will shift to working with the Ministry of Health and National Institute of Social Security to reform health policies and improve institutional management of budgeting, procurement, and oversight capacities.

Humanitarian Assistance: While Nicaragua is a transitional development country, it remains highly susceptible to natural disasters, chiefly because of the country’s particular geography and intense poverty. Through USAID/OFDA/MILGRP, the mission will work to improve preparedness for disasters such as hurricanes, droughts, tsunamis and earthquakes. MILGRP will also continue to provide New Horizons and Medretes activities.