

# Ortega Government Shows Some Response to Civil Society Demands

By Witness for Peace, Nicaragua | March 29, 2007

On January 10, Nicaraguan President Daniel Ortega delivered his second inaugural address to an expectant national and international audience.

The first one was in 1984, after being elected president of Nicaragua's revolutionary government. Then, he took office amid the lingering euphoria of the Sandinista triumph and the tumult of the U.S.-funded contra war.

Much has changed in the intervening years. Headlines in Managua have been filled with speculation as to what course the Ortega administration will steer, and how the United States—historic nemesis of Ortega's party the Sandinista National Liberation Front (FSLN)—will respond.

Will Ortega's government continue recent administrations' acquiescence to the U.S.-pushed neoliberal model, in order to maintain good standing with the United States and international donors? Or will it join a growing list of Latin American countries that are rebelling against the model? Or will it attempt to do both?

Will the U.S. government respect the course the Ortega administration sets? Or will it seek to punish any challenges to its free market framework?

The reality is that the Ortega administration must consider how the U.S. or International Monetary Fund might respond to policy shifts. But at the same time, Nicaraguan civil society is also exerting pressure on Ortega. After 16 years of watching successive national governments restructure the economy along the classic lines of the neoliberal economic model, many Nicaraguan groups are demanding that the model be reformed, while others call for it to be wholly replaced.

For years, civil society groups' concrete proposals for change have fallen on deaf ears as the government insisted on adhering to the U.S. or IMF policies that provoked popular protest. While the details of policy shifts are difficult to predict at this early point, the Ortega administration's initial action and discourse offer some indication that several civil society demands for change may now be heeded.

## Agro-exports vs. Family Farming

One of the longest-standing demands has been for the government to invest in Nicaragua's small and medium-scale farmers. Nicaraguan economist Carlos Pacheco of the Irish organization TROCAIRE explains how the IMF and World Bank have pushed Nicaragua, like much of the developing world, to follow an agroexport-led model of development. This model eliminates subsidies, credit, and other state support for small and medium producers who do not produce for export, while fostering greater reliance on imports for Nicaraguans' own food consumption. The Center for Rural and Social Promotion, Research, and Development (CIPRES), estimates that 96% of Nicaragua's 233,000 producers are small and medium-scale farmers who are excluded by this model.<sup>1</sup>

Nicaragua's food imports have risen to US\$300 million a year.<sup>2</sup> Throughout the last decade, independent economists, farming associations, and health organizations have called on the government to take measures to achieve "food sovereignty," warning that such dependency on imports makes Nicaragua more vulnerable to periods of hunger and malnutrition.

Some of Ortega's preliminary moves suggest that the government may finally be listening. In his first days in office, Ortega announced the creation of the Zero Hunger program. Zero Hunger intends to apply nationwide a holistic farming model that CIPRES developed in the mid-90's to revitalize small-scale agriculture. Through its revolving loan program, the model provides small-scale farming families with livestock, seed, innovative technology, low-interest credit, and technical assistance for running a farm in which waste is efficiently reused to minimize costs and maximize production.

Experience has shown that the CIPRES model has resulted in increased and diversified food production, which farm



families use to meet their own nutritional needs, and to sell the surplus on the local market. Of the approximately 750 families that have implemented the holistic farm program in the last six years, 80% percent have achieved financial solvency and paid back their loan. The average diet of participating families has grown by 25-30% in quantity and 50% in variety, while the quantity and price of the products they sell at local markets has also risen significantly.<sup>3</sup>



Daniel Ortega assumed the Nicaraguan presidency for the second time in January.

The Zero Hunger program aims to replicate the CIPRES model by funding the establishment of 15,000 holistic farms a year throughout Nicaragua for the next five years.<sup>4</sup> Gustavo Moreno of Zero Hunger's national technical team hopes that by direct-

ing production-stimulating subsidies to the abandoned small farming sector, the program may "eradicate hunger and mitigate poverty" in the countryside. Moreno also predicts that as thousands of families in the program see food yields and quality increase, Nicaragua will eliminate the need to import basic foods within five years.

While many organizations have applauded the government's commitment to the Zero Hunger program, some have questioned the viability of replicating CIPRES's relatively small-scale initiative on a national level. Moreno admits this difficulty, but points out that the vast operation will be administered by several hundred civil society organizations rather than the state, since the state does not have the resources to administer the program. Moreno sees the plans for Zero Hunger implementation as a "sign that the government wants to work in harmony with civil society."

## "School Autonomy" vs. Free Education

One week after the kickoff of Zero Hunger, Nicaragua's new Minister of Education Miguel de Castilla struck another blow against the neoliberal framework by declaring the end of

"school autonomy." School autonomy, a public education structure consistently foisted on developing nations through IMF structural adjustment programs, calls for most decision-making responsibility to be transferred from the government to each school's staff, teachers, students, and parents.

School autonomy also requires that the responsibility for covering costs, such as school maintenance and repairs, be transferred from the government to parents through the imposition of monthly fees. Teachers' associations, economists, and human rights organizations alike have named school autonomy as part of the reason that approximately 1,075,000 school-aged children—over half of Nicaragua's school-aged population—did not attend primary or secondary schools last year.<sup>5</sup>

De Castilla has vowed to make public education free again by employing independent school monitors to ensure that students are charged no fees. While many groups support De Castilla's goal, they also ask how the Ministry of Education will get the extra money required to cover the expenses that parents previously financed through monthly fees. According to Nicaraguan newspaper *La Prensa*, the amount that autonomous schools accrued in parental contributions in one month during 2004 exceeded the Education Ministry's school maintenance budget for all of 2006.<sup>6</sup>

In past years, the IMF imposition of a cap on Nicaragua's public spending, in addition to the government's refusal to redistribute funds, has precluded civil society's pleas to divert more resources to the education budget. According to Mario Quintana, national liaison for the *Coordinadora Civil* (Civil Coalition) that brings together over 600 civil society organizations, "Funding education that is accessible to the population will not happen right away. Having enough money in the budget to fund education would mean a full revamping of national priorities, and would involve renegotiation with the IMF."

As the new administration now begins talks with the IMF, groups like the *Coordinadora Civil* anxiously wait to see if the government will successfully negotiate more education funds or once again be restrained by an IMF-imposed ceiling for social spending.

## Privatized Water vs. Water as a Human Right

De Castilla is not the only recent governmental appointment to reflect civil society critiques of neoliberalism. In January, Ortega conveyed a clear message by choosing Ruth Herrera

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to head Nicaragua's public water utility, ENACAL. As the co-founder and director of the Nicaraguan Consumers' Defense Network, Herrera has served as a *de facto* spokesperson for the widespread movement against the privatization of Nicaragua's public services.

At the urging of the IMF, which has traditionally conditioned its aid on privatization of services, Nicaragua sold public electricity distribution in 2000. In 2001 it partially privatized its telecommunications industry by selling 40% to Megatel, and then sold off the remaining shares to America Movil in 2004.

While electricity privatization was sold on the premise of cheaper rates, better service, and wider coverage, since 2000 the country has seen rate hikes, power outages lasting up to 4-12 hours daily, and dismal coverage in rural areas. Last August, as neighborhood organizations organized refuse-to-pay campaigns against the Spanish private electric company Union Fenosa, the Comptroller General declared that the company's contract should be nullified for non-compliance.

Herrera has been vocal not only in condemning the outcome of privatized electricity distribution, but also in denouncing quiet attempts to privatize water distribution. Along with her Consumers' Defense Network colleagues, she filed a Supreme Court appeal to halt the implementation of an Inter-American Development Bank loan to partially sell the water distribution service. Herrera helped draft a General Water Law that, if passed, would ensure indefinite public ownership of ENACAL, and lambasted the outgoing ENACAL management for intentionally mismanaging the company as a pretext to privatize.

Many analysts, including the Consumers' Defense Network itself, consider Herrera's appointment to ENACAL as a sign that the Ortega administration intends to respect overwhelming civil society sentiment to keep Nicaragua's water in public hands.

## **Investment Incentives vs. Workers' Rights**

The appointment of Jeaneth Chavez as Minister of Labor is another move seen as a response to civil society pressures. Chavez, in addition to co-founding the Consumers' Defense Network with Herrera, has also worked to defend labor rights for much of her life as a labor lawyer. Miguel Ruiz, International Relations Secretary of the CST-JBE, a confederation of maquila (offshore assembly plants) unions, notes

that Chavez "has been a legal adviser not for big business, but for workers."

Ruiz sees the appointment of Chavez as a response to years of pleas from unions and human rights groups to curb rampant labor rights violations in Nicaragua's notorious maquila sector. Angel Avalos, the recently-fired secretary general of a union in a Granada-based maquila, lists the most frequent abuses in the maquilas as repression against workers who join or form unions, unhygienic and unsafe working conditions, physical and verbal aggression, denial of maternity leave, and failure to provide legally-mandated health insurance. Despite the persistence of these violations, CAFTA now prioritizes maquila sector expansion as the neoliberal path to job growth and overall development for Nicaragua.

Irela Aleman, a labor lawyer with the Nicaraguan Center for Human Rights, expects that as more maquilas enter Nicaragua under CAFTA provisions, Chavez will take a firm stance in bringing factories into compliance with Nicaraguan labor law. Chavez has indicated publicly that she will do so by more rigorously inspecting the plants and more assertively citing violations to be corrected. However, when past Ministry of Labor officials have attempted to enforce Nicaraguan law and persuade factories to rehire illegally busted unions or pay debts to workers, factories have publicly threatened to leave for countries with laxer labor codes.

Fearing significant job loss, the Ministry of Labor has often succumbed to factory threats and allowed violations to continue unchecked. Ruiz and Aleman hope that Chavez will be able to insist on compliance with labor law but still avoid factory flight. Currently, Aleman does not foresee factory flight, arguing, "So long as workers' wages remain low, the maquilas will stay."

Yet, wages themselves may become a point of contention in the near future. In late January, Gustavo Porras, head of the National Workers' Front (FNT), proposed that the minimum wage be doubled, given that the current cost of living is more than twice the average minimum wage of 1400 córdobas, or \$77, per month.

Chavez agreed that "the minimum wage is really behind in relation to the cost of living," and later announced that the minimum wage would be negotiated in coming weeks.<sup>7</sup> If a significant wage increase is adopted, and enforced by Chavez, the longevity of Nicaragua's maquila sector could hang in the balance. The minimum wage issue may reveal whether the new Ministry of Labor will jeopardize maquila investments for the sake of fair remuneration, or if it will continue offering foreign investors a supply of cheap labor.

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While nothing is certain about the direction of this new government, it merits attention that within the first week of taking office, the Ortega administration announced the end of the IMF-pushed school autonomy policy, the launch of a program to revitalize small-scale farming, and the appointments of an anti-privatization activist to head the public water utility and a labor rights activist to lead the Labor Ministry. At the same time, these policy shifts are not the brainchild of any one politician or political party. They are the result of a growing civil-society consensus, backed by mounting public pressure, that the U.S.-promoted neoliberal model has only further impoverished Nicaragua.

The U.S. government and the IMF have so far chosen to refrain from commenting on the initial moves of the Ortega administration, waiting for more concrete evidence of the path the new government plans to take. As that evidence becomes known, Witness for Peace will continue to monitor the responses of the U.S. government and IMF in hopes that they maintain the restraint exercised over the last two months.

Will the development initiatives of Nicaragua's civil society finally be respected? Or will outside interference once again attempt to quash Nicaragua's proposals for its own development? We hope and advocate for the former.

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*Witness for Peace is a politically independent, grass-roots organization that educates U.S. citizens on the impacts of U.S. policies and corporate practices in Latin America and the Caribbean ([www.witnessforpeace.org](http://www.witnessforpeace.org)), and publishes analysis through the IRC Americas Program at [www.ircamericas.org](http://www.ircamericas.org).*

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#### Recommended citation:

Witness for Peace, Nicaragua, "Ortega Government Shows Some Response to Civil Society Demands," IRC Americas Program (Silver City, NM: International Relations Center, March 29, 2007).

#### Web location:

<http://americas.irc-online.org/am/4117>

#### Production Information:

Writer: Witness for Peace, Nicaragua  
Editor: Laura Carlsen, IRC  
Layout: Nick Henry, IRC

## **Endnotes**

- 1 CIPRES. "Los Pequeños y Medianos Productores Agropecuarios en Nicaragua." June 2006.
- 2 Moreno, Gustavo. Programa Hambre Cero. Personal Interview. 7 February 2007.
- 3 Villanueva, Rider. CIPRES. Personal Interview. 12 February 2007.
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- 5 Pérez, Arlen. "Un Millón Fuera de Aulas." *La Prensa*. 31 January 2006. 9 February 2007. <http://www-ni.laprensa.com.ni/archivo/2006/enero/31/nacionales/nacionales-20060131-15.html>.
- 6 Pérez, Arlen. "Anuncian Fin de Autonomía Escolar." *La Prensa*. 8 January 2007. 9 February 2007. <http://www-ni.laprensa.com.ni/archivo/2007/enero/08/noticias/nacionales/1166093.shtml>. *This statistic assumes that each autonomous school student was charged a monthly average of 10 cordobas, or \$0.55.*
- 7 Cerda, Arlen. "Propuesta de FNT Traería Desempleo." *La Prensa*. 29 January 2007. <http://www-ni.laprensa.com.ni/archivo/2007/enero/29/noticias/nacionales/1170119.shtml>

