

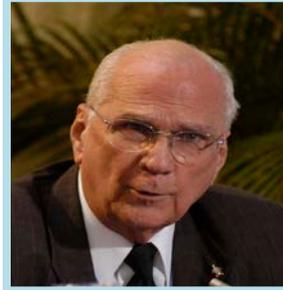


PRESIDENT OF THE REPUBLIC OF NICARAGUA
ENRIQUE BOLAÑOS GEYER

THE STRATEGY OF NICARAGUA IN A GLOBAL ECONOMY

DANISH FOREIGN POLICY SOCIETY

Copenhagen August 31, 2004



Honorable Mr. Pedersen.
Members of the Danish Foreign Policy Society
Distinguished Gests.
Ladies and Gentlemen:

In the name of God and of Nicaragua.

1. We value your invitation to address this prestigious Foreign Policy Society that holds the best of Danish scholars, in the field of Foreign Policy.
2. We feel that outside of specialized courses, very little is said and shared in Danish institutions about Latin America and Latin American Governments.
3. When we do get mentioned, and this should not be construed as a complaint, but as an observation, eyes are normally cast at the Latin problems such as Governance in Venezuela, inequality in Brazil, lack of Growth in Argentina, etc.,
4. Very little of that very little, is said about Central America. If we try to say it using new technology, what you get about us could be summarized as nano-information.
5. I intend today to make a modest effort to redress this issue.
6. Revolutions make headlines and thus, very few outside academia know that Daniel Ortega - whom they all recognize, has lost three consecutive free elections in Nicaragua.
7. Even fewer people realize that Managua is the safest capital city in the Americas; that our inflation rate has been in single digits for a score, that we have reached the conclusion point of the HIPC initiative, and that our Aids infection level is one tenth that of Scandinavia.
8. Most importantly, few are aware that we have led a successful sub-regional effort - the CAFTA negotiations between Central America (including the Dominican Republic) and the US.
9. One year ago, I presented the Nicaraguan people with a Medium to long-term perspective on development. The National Development Plan which is a proposal to be used as a starting point to develop a national agenda for growth, and governance.
10. For we believe that Good Governance is not a methodology, nor a state of being, nor a magic formula.
11. Good Governance is the result of democracy: it is an output of combating corruption while respecting human rights for all at home and abroad; it is the result of resolving our disputes with our neighbors without the use of force or the

threat of use of force; it is the result of upholding freedom of the press and freedom of expression while recognizing that the limits to our own rights start where we meet the rights of our neighbors.

12. For that reason, my Government has presented the Governments of Central America, with an alternative to find a *reasonable regional balance of Defense Forces* while reducing dangerous weapons. The other presidents have responded positively and the armies and other experts are working out the details in a task that has been presented to them “with a sense of urgency” by all signatories and a schedule has been agreed upon that places December 2004 as the completion point.

13. We are a reliable partner in the fight against terrorism. Nicaragua was an early participant in the “Coalition of the willing” because we could not stand idle in the face of grave violations of human rights, the rights of minorities and the rights of women in Iraq, or anywhere else in the world.

14. We are doing unto others as we want done unto us: early this year we received, to a hero’s welcome, the small number of doctors, nurses and mine-sweepers doing humanitarian work with the Spanish brigade in Iraq, as we have been large recipients of humanitarian assistance during the last two decades.

15. Summing up, Good Governance is the result of a Government doing the right things in the political arena.

16. In order to better put into perspective the situation in Nicaragua let me repeat what your prime Minister, Mr. Rasmussen told the Press yesterday after we signed our new Memorandum of Understanding for US\$ 160 million: “*We in Denmark are quite happy with the transparent way President Bolaños is making use of funds from our cooperation*”.

17. The same has been said by the Senate Appropriations Committee of the US: “*The Committee believes that President Enrique Bolaños of Nicaragua deserves strong support for launching a courageous anti-corruption campaign (...) The Committee requests USAID and the State Department to review United States assistance programs for Nicaragua with a view toward more substantially and effectively addressing these urgent needs, and to consult with the Committee as it prepares its fiscal year 2005 budget request for Nicaragua.*”

18. On the other hand, anti-corruption is much more than just putting corrupt officials in jail; it starts with a hard look at national values or lack of values. It entails a continuous effort at public sector reforms with an eye on streamlining government, while reducing the monopoly power of those who take decisions, and avoiding granting bureaucrats discretionary powers.

19. An anti-corruption drive means looking for ways to make it expensive to undertake corrupt activities for the giver and for the taker in economic as well as social terms.

20. This includes a revamping of the Judiciary system in the medium term and the introduction of alternative dispute resolution mechanisms in the short run. We are members of MIGA and have ratified the New York and the Panama Conventions on Arbitration.

21. During a recent visit to Nicaragua, Mr. Robert Klitgaard, from the Rand Corporation, Development Institute and a respected Guru in anti-corruption, we learned that abnormal corruption, or the corruption of those who are supposed to fight corruption, is the worst and we are determined to fight it.

22. However, while Transparency, Integrity and just plain Honesty are preconditions for investment to take place, they alone, are not enough.
23. A long term vision is tempered with a Scandinavian saying that ***“if you do not know where you are going, any road will take you there”***. Only when your sights are set on a long term goal can you take the short steps that will take you there in hops and bounds, frog-leaping sometimes, advancing at snail’s-pace sometimes but never stopping on the way to development.
24. When it comes to Economic Growth, it should be clear that is not a methodology, nor a state of mind, nor a way of doing things. Growth is the result of doing the right things in the economic arena.
25. I have already mentioned to you about reaching the completion point of the HIPC initiative last January. This has brought macroeconomic stability to Nicaragua. Macroeconomic stability is a precondition for investments to take place, but it alone, is not enough.
26. Micro-economically, we have been working under the guidance of Michael Porter of the Harvard Institute for International Development in establishing a National Competitiveness Program that goes to the root of development.
27. We seek to reduce transaction costs and, eventually, production costs for those companies investing in Nicaragua.
28. We have identified seven clusters where we are going to concentrate our scarce resources: aquaculture and the blue revolution; beef and dairy products; light manufacturing; wooden furniture and parts; specialty coffee; tourism and agribusiness. Basic Infrastructure such as first roads and first ports will have to be provided by the Government. The private sector provides alternatives once the basic infrastructure is there, not before.
29. We have qualified for the Millenium Challenge Account that the US Government has set up for deserving governments that comply with certain pre-requisites. A program is being presented to the board for review in September.
30. We have fine-tuned our development plans to support the clusters and our investments in the war against poverty, attuned to the needs of labor working for the clusters, and their families.
31. For it is job creation through investment in the private sector, the only way to get out of poverty.
32. Let me humbly quote Mr. Porter himself about what he has seen in Nicaragua regarding microeconomic efforts at making the country more competitive: ***“I’m frankly amazed by all the advances made by the Government of President Bolaños ... I have worked in many countries in the world, and it is easy to speak, what is difficult is to act; I find President Bolaños actions awesome.”***
33. Nevertheless, more employment, by itself, is not enough to ensure that more and more Nicaraguans live with dignity as we define it: to have a job, school for their children, access to clean water and health services and a roof over their heads.
34. For equity is the result of doing things well in the social arena. Poverty is our only enemy. And fighting poverty entails not only fighting inequality by providing opportunities for all, but also fostering growth from which to sustain redistribution. That is the way to seek equity, and all of this can be done only in a stable political environment resulting in Good Governance.
35. In the field of Cooperation we are making inroads into a new way of managing cooperation. The donor-driven project-approach is being replaced by a more transparent modality that requires more trust in recipient integrity but provides increasing efficiency: Budget Support Funds. More and more of the Cooperation is being channeled this way.

36. Eventually, we will be able to do this alone. For now, to come out from a US\$ 780 per capita income situation, we need help. The US help, the EU's help, the help of Japan, the help of multinational finance institutions, as well as the help of Denmark.

37. We need a lending hand in infrastructure for development, a lending hand in poverty reduction, a lending hand in measures to strengthen Governance. The Government of Denmark has been sensitive to our needs, and we ask you to look at this as bridge financing, not as a permanent fixture.

38. The well-being of our people so that more and more Nicaraguans can have a dignified life, is the result of our working at the political, social and economic levels at the same time.

39. In this task, I'm not alone. Let me tell you about my Cabinet: I have 2 PhDs from Harvard, both from the Kennedy School (the Minister of Education and the Chief Economic Adviser); a Juris Doctor from the Harvard Law School, (the Minister of Health); three Harvard MBA's (the Secretary to the President, the Director of the Investment Promotion Service, and the President of the Energy Board); one Masters of Public Policy from Harvard (the Ambassador to Washington); two University of Texas Graduates (the Minister of Foreign Affairs, and the Minister of Trade and Industry); an MBA from Chicago (the President of the National Finance Institute); another from Wharton (our envoy to the Inter-American Development Bank); a Masters of Diplomacy from Oxford (the Chief of Protocol); a Ph.D. from the University of Bordeaux (the Ambassador to the UN in Geneva); a Ph.D. from the University of Berlin and an MS from the Sorbonne (both are Advisors to the Foreign Minister)... just to give you some examples. Our Vice-Minister of Agriculture, who is with us here today, was trained at Arhus University.

40. Many have advanced degrees in INCAE the best Central American MBA school, and other universities in the world.

41. Summing up, only when we have environmentally sustainable economic growth and good governance, with equity for all our men and women, our ethnic groups and our regional autonomies, can we have REAL HUMAN DEVELOPMENT. That is our strategy; that is our vision; that is our dream! That is precisely what we have set out to do within this global economy!

God Bless Denmark, and God Bless Nicaragua.
Thank you very much.

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