

**ADDRESS BY ENRIQUE BOLAÑOS GEYER,
VICE PRESIDENT OF THE REPUBLIC OF NICARAGUA,
TO THE CONSULTATIVE GROUP**

GENEVA, SWITZERLAND, APRIL 1-2, 1998



Ladies and gentlemen,

I am honored to head this delegation comprised of representatives of Nicaraguan government and society before this worthy group of representatives of friendly governments, in the context of the Consultative Group. Dr. Arnoldo Alemán, President of Nicaragua, has conferred this distinction on me.

Members of the delegation

This distinguished delegation is drawn from a broad spectrum of Nicaraguan society: the Presidents of the National Assembly, Supreme Court, and Supreme Electoral Council; a number of Ministers of State; members of the National Assembly, representing various political parties; union representatives; successful entrepreneurs; and advisors, technical experts, and assistants.

Satisfaction with the democratic process

I am delighted to represent a government that not only was freely and democratically elected, but succeeds an administration that was also freely and democratically elected. I am proud to say that we in Nicaragua have the strong will to ensure that this trend continues in the future in order to consolidate a new era of political democracy.

Expressions of appreciation to Switzerland

I am pleased to express these ideas in a country that is one of the most solid democracies in the world. From Geneva, on behalf of the people of Nicaragua, I would like to express my gratitude to the Swiss Confederation for hosting this event that is so important to my country.

Expressions of appreciation to friendly countries, the IDB, and other multilateral organizations

On behalf of President Alemán, the Government of Nicaragua, the Nicaraguan people, and the members of this delegation, and in my own name, I wish to thank the representatives of friendly countries and of multilateral organizations for being at this meeting.

I thank the Inter-American Development Bank (IDB) for having gathered together and organized this group of friendly countries. During the entire preparatory phase for this meeting, the Government of Nicaragua and the IDB have together made every effort to achieve the most beneficial outcome possible for our country.

Nicaragua today

Dear friends:

I am proud to say that our modest nation is approaching the standard set by the world's most inspiring democracies. Now, more than ever before, we are experiencing the joy of having many public virtues simultaneously C virtues that we are constantly refining. True, we are still weak and poor, but we are a noble people, rich in understanding, tolerance, and hospitality, and we have a growing civic culture. We are a people who know how to say thank you and how to forgive.

Still, we acknowledge that the transition toward democracy has been a long and difficult process. Our entire society has had to take part in decision-making. And our people have learned that democracy needs to take hold as a necessary condition for overcoming poverty, achieving development, and building a lasting peace, founded on social justice and freedom. It is only right to acknowledge that the entire democratic process began under the previous administration. Nicaragua recognizes this and is grateful.

Allow me to share with you the progress and successes that we have achieved in just the last 15 months, as this process continues, which are a source of the democratic enthusiasm that permeates society today.

Independent branches of government

The new legal system and republican mechanisms of "checks and balances" have created a relationship among the four branches of government that is imbued with mutual respect for the autonomy of each but governed by harmony and patriotic coordination in pursuing a common objective: Nicaragua.

An apolitical army and police force

For the first time in the history of Nicaragua, we have a political situation in which the heads of the army and national police do not belong to the party in power and there is a law establishing the line of succession. For the first time, the Minister of Defense is a civilian.

Respect for human rights

Everyone is well aware C and this can be confirmed in international reports on human rights C that the human rights situation has been improving at an exponential rate with every passing year.

Equality before the law

In Nicaragua, nobody is imprisoned or persecuted for their political views and we are confident that this will continue to be the case for the remainder of this administration. This confirms full individual freedom enjoyed by all citizens without distinction. Similarly, full equality before the law of all people within the national territory, whether or not they are Nicaraguan citizens, is a recognized universal right, and is respected in and by our society and our public authorities.

Other freedoms

Freedom of thought and religion is guaranteed in practice and in national legislation. Free speech in public and in private is a right enjoyed by all Nicaraguans, which is a point of pride for our country since just nine years ago this was not the case. No one can deny that freedom of the press is unconditional in Nicaragua today.

Citizens' basic political rights are fully respected in practice and by law. These include the right not to be deprived of liberty except for legally established cause; to form organizations; to participate on an equal footing in public affairs and in State, regional, or municipal management; to elect and be elected in regular elections and to run for public office; to circulate petitions; and to conduct public meetings, marches, or demonstrations.

The National Assembly as a forum for discussion and national consensus

The National Assembly has become the nation's highest forum for discussion and national consensus, in which all the political parties C representing a wide range of national interests C deliberate and reach agreements to pass the legislation that society demands. Increasingly, political, social, and economic conflicts are resolved here. By way of example: under the totalitarian regime of the 1980s, laws were promulgated at a rate of 138 per year. Then, under the administration preceding this one, a process of deliberation and consultation with civil society began, which we are currently emphasizing and strengthening. In the 15 months of this Alianza Liberal government, we have enacted 27 laws in the National Assembly that reflect careful consultation with civil society and pertinent discussions within the Assembly itself.

Strengthening of the Judiciary

The process of strengthening, reforming, and modernizing the legal system and the establishment of a Law School C the country's first C are very significant factors in strengthening legal institutions and enhancing professionalism within our Judiciary.

This progress will no doubt result in a more modern civil code and in the more expeditious application of the law. In particular, the war on drugs and narcotics, corruption, crime, and sexual offenses has led our National Assembly deputies to create a modern and improved penal code.

Office of the Comptroller General

Our Office of the Comptroller General of the Republic is completely independent of the branches of government.

The National Integrity Committee

In this same connection, I would like to mention that on March 5 of this year, at my urging, the Comptroller General, the heads of the various branches of government, the Ministers of Education and Government, the Attorney General, a select group of 20 prominent members of civil society, and a representative of the highest church hierarchy established a National Integrity Committee to promote a culture of honesty in the public and private sectors, as well as transparency and accountability in all public acts on the part of the central, regional, and municipal governments.

This is unprecedented in the history of Nicaragua. (The Human Rights Prosecutor will join the Committee once he is elected by the National Assembly.) We are experiencing a new Nicaragua in which the edification of an honest and transparent government is vigorously moving forward while corruption is being just as vigorously rejected.

Transparency in public accounts

I am proud to inform you that as of 1998, for the first time since 1979, all government revenues are accounted for in the public accounts under the principle of unified cash balances.

Civil service law

After a year of calm consultations and technical studies, last Friday the National Assembly approved the law that organizes and modernizes government services. This law will be very important to the entire democratic process and management of the Executive Branch. It is another giant step forward.

It is not perfect, because perfection does not exist, but it will allow us to move towards discussion, consultations, and studies of a law regulating the civil service that is consistent with the vision of the new Nicaragua, technological advances, and modernization of the State.

Political pluralism

There are over a dozen political parties in Nicaragua, covering all the ideologies C conservatives, liberals, social christians, social democrats, and even orthodox marxists C all of which are fully active and have the freedom to stand in opposition, to run for office, and to act without any restrictions other than those established by public law and morality.

Economic features

In addition to the progress made in the areas of democracy and freedoms, Nicaragua is now also exhibiting strong and sustained economic growth and we are making every effort to ensure that this time such growth benefits everybody.

Economic policies and actions

Over the last 15 months we have developed a policy of far-reaching economic and social reforms that represent a structural break with the past. These policies have allowed us to control inflation and bring it down to single digits, maintain exchange stability, and promote economic growth.

Although I have taken up enough of your time, given that we have travelled this far on an important mission for my country and my people, allow me a few minutes more to share with you some of the new government's actions and policies, which are the source of our optimism with regard to the economy.

- C We have made an all-out effort to control public spending, while attaching priority to social spending and productive investment. The largest item in the national budget is social spending (social programs and educational development), accounting for 37.04%.
- C We have implemented tax reform through the enactment of the Tax Justice Act.
- C We have increased fiscal collections without creating new taxes.
- C We have approved trade reform which will cut tariffs for the manufacturing sector.
- C We have improved tariff protection for agricultural activities.
- C We have eliminated the discretionary powers of the Ministers of State.
- C We have regulated the entry of donated products that were competing with national production.
- C We have repealed the Foreign Company Sole Agency Act (monopoly).
- C We have introduced a fixed-sum tax on rural landed property, as a partial payment of income tax.

- C We have shut down the Banco Nacional de Desarrollo, which was losing approximately US\$50 million a year and only benefited a small group of large producers. The complete transparency with which this was accomplished was praised by everyone in Nicaragua.
- C We have developed programs to finance small-scale producers.
- C Important legislation has been passed covering the following areas: the search for a solution to the serious problem of property ownership; the child and adolescent code; municipalities; the citizen initiative law requiring only 5,000 signatures, and many more.

As a consequence of all these sound policies, Nicaragua achieved the highest economic growth in Central America in 1997. In addition, the favorable climate and renewed confidence brought in foreign investment of US\$211 million in 1997, whereas the highest amount posted for foreign investment from 1990 to 1996 was only US\$92 million.

Vision for future development

But we need to go further.

I will impose on you a little longer to give you an overview of our vision of the country's future development, which will guide our economic and social policies. This vision is expressed in documents that we submitted in advance through the Inter-American Development Bank.

We want our country to grow and we are determined to fight poverty and significantly reduce unemployment. We want to rely on our own resources and take great care of our ecology. We seek a truly democratic society in which laws are supreme and in which citizens feel they are full participants and have dignity.

These are not easy goals to achieve but we believe we can do so with a relatively simple strategy whose strength and credibility stem from its very simplicity. The strategy is comprised of three pillars all of a piece: (1) macroeconomic stability; (2) growth based on rural development; and (3) the establishment of a society based on the rule of law, democracy, social justice, and equity.

I am certain that in the course of the discussions and with the input of other members of our delegation, the details of this national strategy and its technical rationale will gradually take shape.

I will merely state that:

1. The experiment with statism in the 1980s taught the Nicaraguan people that there can be no development without economic stability. This is the essence of the policy underlying the recently-signed agreement with the International Monetary Fund and comprises **the first pillar** of our vision.
2. Given that most of Nicaragua's poorest people live in rural areas, which also represent our greatest growth potential (fertile land, water, forests, fish, and especially our people), we believe that we must wager on the rural sector as the linchpin of our growth. We must bear in mind, however, that for this development to be sustainable, that is to say for it to continue even when external cooperation comes to an end, the quality of our human resources will have to be improved through education, health care, potable water, and nutrition. This is **the second pillar** of our vision.
3. To build the society of our dreams, we need stable, transparent, and predictable ground rules, with laws that apply to everyone on an equal basis. This is our understanding of governance and constitutes **the third pillar** of our vision.

How was the document prepared?

It is important to tell you that the documents you received and that summarize our vision of our development are the product of a frank and intensive reflection within many government institutions and with the international community based in Nicaragua. Over eight meetings were held which turned into veritable workshops in which we learned, adjusted, and revised our approaches. A select team of experts and thinkers participated who have been able to indicate the right direction for Nicaragua.

In fact, this unprecedented process in the country was a democratic exercise in transparent consultation, in the form of over half a dozen workshops with members of civil society; the branches of government; all the political parties represented in the National Assembly; other political parties not represented in the National Assembly; associations of producers belonging to the Higher Council for Private Enterprise and the Farmers' and Ranchers' Union of Nicaragua; four trade-union confederations; 39 NGOs; churches representing numerous denominations; the Coalition of Women; and State and private universities. In short, it was a complicated process with a society determined to overcome an equally complicated and difficult past.

Of course, we alone take responsibility for any errors and omissions that still remain in the documents.

What do we expect from you?

In closing, I must tell you why we are here. What do we want from you? what do we want from the international community? This large delegation comes from a country that is geographically distant, but close to you in terms of ideals and values. We come to appeal to your humanitarian spirit and benevolence, and to tell you that once again we need your good will and financial assistance in four areas:

First, financial assistance to support our balance of payments for the next three years and to finance our investment projects for development, so that the macroeconomic program can be successful.

Second, willingness to renegotiate the terms of already contracted resources, whenever necessary and possible, to rechannel them to the program outlined in the strategy we are presenting today.

Third, because of the overwhelming burden of our commitments in terms of public spending, we need resources in addition to those requested in the Economic Program, to increase social programs in the form of direct transfers to the population rather than public investments.

Fourth, we need you to back our efforts to speed up Nicaragua's accession to the Heavily Indebted Poor Countries Initiative, or other similar initiatives that will reduce the heavy external debt burden.

What must we do?

You may be wondering: and what will the Nicaraguans do? For our own good and in line with our convictions, we are prepared to do everything I have just described, as set forth in the documents we have delivered. Nevertheless, I will say it another way:

C A commitment to ourselves C and by extension to you C to make the vision we have outlined a reality; to maintain and extend the economic and political reforms that are described in the documents, with the hope that we become a model of democracy and the will to achieve economic development.

Many thanks for your attention and patience. May God bless your generosity, intelligence, and spirit of disinterested cooperation. May God bless Nicaragua.