SPACE FOR NGOS?: AN ANALYSIS OF EVOLVING NGO-STATE RELATIONS IN CONTEMPORARY NICARAGUA

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SPACE FOR NGOS?: AN ANALYSIS OF EVOLVING NGO-STATE
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ABSTRACT

This thesis examines the changing relationship between NGOs and the state under the 
four post-revolutionary government administrations of Violeta Barrios de Chamorro, Arnoldo 
Alemán, Enrique Bolaños and Daniel Ortega in Nicaragua. While government-NGO relations 
were strong and cooperative during the revolutionary period of the 1980s, they have been 
marked by a certain level of mutual mistrust and contention in the post-revolutionary period, 
even under the return of the revolutionary FSLN party to the presidency. I use Shinichi 
Shigetomi’s framework to compare relations among these four administrations and the NGO 
sector, showing variance in the amount of economic and political space each government allows 
NGOs. This work concludes that, in consonance with Shigetomi’s theory, variations in these 
spaces have resulted in distinct types of NGO demands of the state under different governments. 
These demands have ranged from calls for larger government under the Chamorro and Bolaños 
administrations, political silence under Alemán and appeals for better politics under the current 
Ortega government. This thesis finds that the political ideology and national development agenda 
of the presidential administration in office are crucial factors in determining the relationship 
between NGOs and the state in Nicaragua, specifically the types of demands the former will 
make of the latter.
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ACRONYMS AND ABBREVIATIONS

APRE: Alianza por la República

BANIC: Banco Nicaragüense de Industria y Comercio

CBC: Christian Base Community

CCER: Coordinadora Civil para la Emergencia y Reconstitución de Nicaragua

CINCO: Centro de Investigación de la Comunicación

CIVICUS: World Alliance for Citizen Participation

CONPES: Consejo Nacional de Planificación Económica y Social

COSEP: Consejo Superior de la Empresa Privada en Nicaragua

CPC: Consejo de Poder Ciudadano

CSO: Civil society organization

DFID: Department for International Development (UK)

DGI: Dirección General de Ingresos

ERCERP: Estrategia Reforzada de Crecimiento Económico y Reducción de Pobreza

FACS: Fundación Augusto Cesar Sandino

FDI: Foreign Direct Investment

FIR: Fondo Internacional de Reconstrucción

FISE: Fondo de Inversión Social de Emergencia

FONG: Federación de Organismos No Gubernamentales de Nicaragua

FSLN: Frente Sandinista de Liberación Nacional

GDP: Gross Domestic Product

GRO: Grassroots organization
HIPC: Heavily Indebted Poor Countries

IDB: Inter-American Development Bank

INGES: Instituto de Investigaciones y Gestión Social

INGO: International non-governmental organization

KEPA: Umbrella organization for Finnish civil society organizations in development cooperation

MAGFOR: Ministerio de Agricultura y Forestal

NGO: Non-governmental organization

NORAD: Norwegian Agency for Development Cooperation

ODI: Overseas Development Institute (UK)

PAININ: Programa de Atención Integral a la Niñez Nicaragüense

PLC: Partido Liberal Constitucional

PND: Plan Nacional de Desarrollo

PNDH: Plan Nacional de Desarrollo Humano

RPS: Red de Protección Social

SAP: Structural adjustment program

SDC: Swiss Agency for Development Cooperation

UN: United Nations

UNDP: United Nations Development Program

UNO: Unión Nacional Opositora

USAID: United States Agency for International Development
INTRODUCTION

Since their emergence onto the global scene in the wake of World War II, non-governmental organizations (NGOs) have generated much discussion, research, excitement and, more recently, criticism in the field of international development. NGOs, both international and domestic, have become important actors in developing nations like Nicaragua, the second-poorest country in the Western hemisphere, providing physical and technical resources and advocating for the people and causes they represent. Understanding the work of NGOs requires an awareness of the unique contexts in which they emerge and operate, as well as how those contexts affect their priorities, goals and, ultimately, their activities. This thesis will approach the study of development NGOs in Nicaragua in light of a very important contextual influence: the state.

An NGO, according to Salamon and Anheier (as cited in Shigetomi 2002, 19) can be defined as “an organization possessing the following six attributes: (1) non-governmental, (2) non-profit-making, (3) voluntary, (4) of a solid and continuing form, (5) altruistic, and (6) philanthropic.” According to David Lewis, a first wave of academic literature on NGOs began to emerge in the 1990s, but it “was normative and applied rather than primarily analytical in its focus” (2009, 4). In the following decade, a second wave of literature brought about a more theoretical and empirical approach to the topic, acknowledging the ways in which NGOs’ characteristics are context-specific, and that their potential for positively influencing development may depend upon exogenous national and international factors. The NGO-state relationship in the developing world has largely been explored through comparative country case studies which are often static in nature and rely upon snapshots of NGO-state relations in two or
more countries at a given point in time. This thesis, in contrast, intends to compare the relationship between NGOs and the state within a single country context, Nicaragua, over time.

In the Nicaragua of the early 1980s, following the triumph of the Sandinista Revolution in 1979, civil society organizations (CSOs) and the FSLN (Frente Sandinista de Liberación Nacional, or Sandinista National Liberation Front)-led revolutionary state shared ideals and coordinated their activities at a high level. Since the transition to democracy, however, the relationship between development NGOs and the Nicaraguan state has been marked by varying levels of mutual mistrust and contention, even under the contemporary FSLN government administration. While this relationship has not been particularly cooperative under any of the post-revolutionary governments, the nature and degree of cooperation or contention has fluctuated significantly.

In this thesis, I employ Shinichi Shigetomi’s analytical framework for explaining how NGOs manifest themselves in relation to the state in a given context in order to interpret variation in Nicaraguan NGO-state relations over time. In his book, The State and NGOs, Shigetomi employs this framework to compare NGO-state relations among 15 developing countries in Asia. I extrapolate and apply the same model to government administrations in contemporary Nicaragua (1990-2014). Shigetomi proposes two “spaces” that are available for NGO activity: the economic space and the political space. He suggests that “the NGO phenomenon in a specific country is determined as a function of the ‘extent’ and ‘form’ of these two spaces” (Shigetomi 2002,12).

Using Shigetomi’s model, I examine the origins of NGOs in Nicaragua, as well as the unique economic and political conditions each government encounters or creates. These factors
determine the “space” a government allows NGOs and ultimately influence the ways in which NGOs focus their energies and interact with the state. I argue that the political and economic spaces allowed to NGOs under different government administrations has determined the level and nature of contention that has characterized the NGO-state relationship in Nicaragua during each period.
CHAPTER 1. REVIEWING THE LITERATURE

Many academics have studied the work of NGOs in the realm of development. Initially, the literature focused almost exclusively on the positive effects of an NGO presence in developing countries, heralding NGOs as more effective, efficient and accountable than the state in service provision, as well as characterizing them as ideal proponents in the quest for “good governance” and the “democratization” of civil society. However, many scholars soon began to take a more critical approach, questioning the appropriate role of NGOs in developing countries’ economic and political development. Among their critiques are the potential for co-optation of NGO agendas by foreign donors or the state, doubts regarding the democratic nature of NGOs’ internal structures and a recognition of ways in which NGO activity may actually undermine the state and weaken its capacity. In the following two sub-sections, I will provide a brief review of the literature on the role of NGOs in development generally and, more specifically, on the relationship between NGOs and the state.

1.1 NGOS IN DEVELOPMENT

In his 1994 article, “The Rise of the Nonprofit Sector,” Lester M. Salamon describes the proliferation of NGOs in the following way:

A striking upsurge is underway around the globe in organized voluntary activity and the creation of private, nonprofit or nongovernmental organizations. From the developed countries of North America, Europe and Asia to the developing societies of Africa, Latin America and the former Soviet bloc, people are forming associations, foundations and similar institutions to deliver human services, promote grass-roots development, prevent environmental degradation, protect civil rights and pursue a thousand other objectives formerly unattended or left to the state (…) Indeed we are in the midst of a global ‘associational revolution’ that may prove to be as significant to the latter twentieth century as the rise of the nation-state was to the latter nineteenth century (1994, 109).
Given the perceived failure of state-led development in the 1970s and 1980s and the subsequent retreat of the state in the wake of structural adjustment programs (SAPs) promoted by the International Monetary Fund (IMF) and World Bank in the 1990s, this “associational revolution” was seen as providing the means by which to mitigate the negative effects of the privatization of government services in much of the developing world.

In accordance with the ideological approach of the Washington Consensus, a “New Policy Agenda” dominated discussion among bilateral and multilateral donors on the role NGOs should undertake in development. From an economic standpoint, this agenda assumes NGOs to be more efficient and cost-effective service providers than the state; from a political perspective, NGOs are considered essential for promoting “good governance” and encouraging democratization in developing countries (Edwards and Hulme 1996, 961). Among the donor agencies that have most strongly embraced an attitude of support for NGO involvement in development are the U.S. Agency for International Development (USAID), the World Bank, the United Nations Development Programme (UNDP), the UK Department for International Development (DFID), and large Northern foundations and NGOs, such as the Ford Foundation and CIVICUS (Howell and Pearce 2001).

Over the course of the 1990s, academics began to reassess “both the appropriate role of the state and the specific competence of NGOs” (Pearce 1997, 257) in achieving development objectives. For example, several scholars have questioned the previously accepted notion that NGOs inevitably support democratization processes and strengthen weak states (Arellano-López and Petras 1994; Sollis 1995; Marcussen 1996; Gideon 1998; Grugel 2000; Mercer 2002). In their study on the role of NGOs in poverty alleviation in Bolivia, Arellano-López and Petras
concluded that state agencies and grassroots organizations (GROs) are weakened as donor-funded NGOs are strengthened,

undermin[ing] the institutional capacity of Latin American countries to define and defend alternatives to the development agenda articulated by international financial institutions and development agencies. This mutes voices of opposition and fundamentally weakens democratic political processes. It is ironic that NGOs, which generally see themselves and are often seen by others as agents of democracy, have been instrumental in undermining the institutional bases of political participation in this way (1994, 567).

Another criticism has been the potential for the co-optation of NGO agendas by those of their donors (Edwards and Hulme 1996; Howell and Pearce 2001; Mercer 2002; Wright 2012). To this point, Glen Wright contends that NGO legitimacy is weakened when it “does not just have its hand in another’s pocket, but is actually steered by Western governmental, corporate or political interests, which can utilise the presumed legitimacy and independence of NGOs as a front” (2012, 126).

Beyond compromising an NGO’s autonomy, this mode of upward accountability to international donors can actually create competition among intermediary NGOs seeking funds and inhibit development at the grassroots level (Edwards and Hulme 1996; Wright 2012). As Pearce explains, “intermediary development NGOs can act as catalysts in helping and supporting poor and marginalized people. However, they cannot substitute for the poor themselves. Without meaningful accountability to their ‘beneficiaries,’ scaling them up could seriously distance them from the poor and their own social structures” (1993, 226). Academics have also questioned other characteristics for which NGOs had been previously championed, such as their effectiveness, cost-efficiency, and sustainability.
1.2 NGOS AND THE STATE

Reflecting upon the challenges discussed in the literature from the previous section, Pearce contends that “a great deal will depend on how the state conceives of its relationship to associational life in particular countries” (Pearce 1997, 271). The importance of context specificity has become a common theme in the literature on NGO-state relations. John Clark, for example, maintains the following:

The factors determining the NGO-state relationship and the policy instruments available to the government to influence the operating environment for NGOs are necessarily country specific. They depend on the anatomy of the NGO sector in a given country, and on a range of government and societal determinants. The emphasis of governments and donors on poverty reduction, popular participation and the environment has led to increasing interaction with NGOs, particularly at the operational level. This necessitates detailed knowledge of the NGO sector in a given country and of the way it relates to the government, communities, the private sector and donors (1997, 57).

Given the influence unique NGO-state interactions have on development objectives in a given country, several scholars have increasingly focused studies on this relationship. Their contributions can be divided generally into two types: 1) theories for characterizing and/or categorizing relationships between NGOs and the state, and 2) empirical studies on NGO-state relationships in or among individual countries.

Among those studies that aim to typify the NGO-state relationship is Julie Fisher’s book *Nongovernments: NGOs and the Political Development of the Third World* (1998). She provides a chapter on government policies toward NGOs, as well as one on the impacts NGOs can have on governments. According to Fisher, the five approaches governments may take toward NGOs are: 1) Forms of repression; 2) Ignoring; 3) Co-optation; 4) Passive acceptance; and 5) Cooperation. In a complementary chapter, she details the impact NGOs can have on government policy, placing emphasis on the importance of NGO organizational autonomy for positive
interactions with government. She suggests NGOs may possess other competitive advantages in relation to the state as well. Among these are technical expertise, social and managerial knowledge, strategic knowledge and experience in training government workers (Ibid.).

Jennifer Coston, addressing the oft lamented void of a “firm theoretical basis for government-nonprofit relations” (Salamon 1987a as cited by Coston 1998, 358), has also developed a typology of NGO-government relationships. Her model includes eight relationship types which correspond to five linkage levels (ranging from ‘autonomy’ to ‘direction,’ which is understood as complete government control). These eight relationship types overlap somewhat with those proposed by Fisher, but the categories are divided further with the intention of achieving greater explanatory value. Coston’s eight types, ranging again from most to least repressive, are: 1) repression; 2) rivalry; 3) competition; 4) contracting; 5) third party government; 6) cooperation; 7) complementarity; and 8) collaboration (Ibid., 361-362). While she admits that no relationship type will perfectly describe the reality of NGO-state relations in a given country at a given time, Coston argues that her typology allows greater potential for recognition, comparison and perhaps even progress toward more mutually beneficial relationships (Ibid., 377).

In addition to systematizing government-NGO relationships through typologies, academics have studied specific national and regional experiences in NGO-state interaction. Peter Sollis, for example, has analyzed the political views Central American governments have taken toward NGOs within their national contexts. He finds that the evolution of government-NGO relations in Central America can be characterized into two historical phases: 1) confrontation over modernization, and 2) confrontation over empowerment (Sollis 1995,
Acknowledging the gap between government and NGOs as a “major constraint on sustainable development and democratic practice,” Sollis suggests three specific measures to strengthen the NGO sector in Central America. These include an overhaul of the existing regulatory frameworks, mobilization of donor support for creating coordination frameworks for NGOs and government and, lastly, a reappraisal of NGO and donor policies for improved accountability to beneficiaries (1995, 537-539).

Other authors have undertaken single country studies and comparative studies of the NGO-state relationship, often focusing on a particular region or development area. Bebbington and Thiele, for example, conducted case studies throughout Latin America of the interactions between NGOs and the state in the area of sustainable agricultural development (1993). Similar studies were conducted in Africa and Asia as part of the same “Non-governmental Organizations Series” coordinated by the Overseas Development Institute (ODI) (Wellard and Copestake 1993; Farrington and Lewis 1993). Another comparative study that requires mention here is The State and NGOs: Perspective from Asia, which examines and compares NGO-state experiences in fifteen developing countries throughout Asia using a common analytical framework (Shigetomi 2002). I use Shigetomi’s analytical framework in this thesis to conduct a comparative study of NGO-state relationships under different government administrations in the single country context of Nicaragua. This framework will be discussed in detail in Chapter 2.

1.3 EXISTING STUDIES OF NGO-STATE RELATIONS IN NICARAGUA

While the academic literature on the topic of NGO-state relations in Nicaragua is relatively limited, there are a handful of works that are very useful to this thesis and warrant mention here. Laura Macdonald’s book, Supporting Civil Society: The Political Role of Non-
Governmental Organizations in Central America, provides an analysis of civil society, the state and the political role of NGOs in Central America at the end of the 1980s, comparing unique NGO experiences in the contexts of Nicaragua and Costa Rica (1997). Other contributions include articles focusing on political interactions between the NGO-based feminist movement and government institutions on the topic of women’s health in the 1990s (Ewig 1999); the implications of foreign funding of NGOs for the evolution and democratic potential of Nicaraguan civil society as a whole (Chahim and Prakash 2014); and the democratic potential of new “governance spaces” for Nicaraguan CSOs\(^1\) at the local level (Howard and Serra Vázquez 2011).

Aside from these academic contributions, publications on relations between NGOs and the state in Nicaragua consist primarily of reports commissioned by international donor agencies that work in the country and finance development projects. In 2006, the Inter-American Development Bank (IDB), along with the Swiss Agency for Development and Cooperation (SDC), commissioned the report, “Mapeo y caracterización de las organizaciones de la sociedad civil en Nicaragua,”\(^2\) which outlines the structure of civil society in Nicaragua, its legal precedents and the perspectives of civil society leaders (Cruz et al. 2006). Another report, A Study of Civil Society in Nicaragua, commissioned by the Norwegian Agency for Development Cooperation (NORAD), examines civil society for the purpose of better understanding governance issues in Nicaragua. This study recognizes the NGO-dominated character of Nicaraguan civil society and states as its purpose “to provide an analysis of the composition of

\(^1\) NGOs are generally understood to be one type of CSO

\(^2\) Own translation: “Mapping and Characterization of Nicaraguan Civil Society Organizations”
civil society in Nicaragua, with a particular view to the relationships between organized civil society and the state, as well as to representation and accountability of organizations towards their constituencies” (Borchgrevink 2006, 7). Perhaps the most useful study for the objective of this thesis is a report commissioned by KEPA Finland and carried out by the Instituto de Investigaciones y Gestión Social (INGES). This work focuses on the relationship between the current Ortega government and Nicaraguan civil society, relying heavily upon interviews and documenting the perspectives of civil society organizations, municipal governments, political parties represented in the National Assembly and representatives of the international cooperation community (García and Ulloa 2010).

In addition to the aforementioned investigations, Nicaraguan sociologist and civil society expert, Luis Serra Vázquez, has contributed several studies to the literature. He has written the book *La sociedad civil nicaragüense: sus organizaciones y sus relaciones con el estado* (2007), which details the panorama of Nicaraguan civil society and its role in the country’s political and social development. He was also commissioned by CIVICUS to author what can be considered a first step toward a Nicaraguan civil society index (Serra Vázquez 2011) and has collaborated with other civil society researchers on the subject of “new governance spaces” and the degree to which contextual factors influence non-governmental participation in those spaces (Taylor et al. 2008; Howard and Serra Vázquez 2011).

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3 According to its website (www.kepa.fi), KEPA describes itself as “the umbrella organisation for Finnish civil society organisations who work with development cooperation or are otherwise interested in global affairs,” as well as a “politically non-aligned organisation that receives funding from Finland’s Ministry for Foreign Affairs.”

4 Own translation: “Institute of Social Research and Management”

5 Own translation: “Nicaraguan Civil Society: Its Organizations and Relations with the State”
1.4 RESEARCH FOCUS AND RELEVANCE

The objective of this thesis is to contribute to a better understanding of the evolution of NGO-state relations in Nicaragua since the country’s transition to liberal democracy in 1990\textsuperscript{6} and the subsequent “NGO-ization” (Montenegro 2003; García and Ulloa 2010, 8) of civil society. Many existing studies on the topic of NGOs and the state have focused on describing the relationship in a given context at a fixed point in time and have generally declared NGOs to be “a force of democracy, or in a more evocative language, as a movement ‘advanced by a planetary citizen alliance known as global civil society’” (Korten 2000, 1 as cited by Tvedt 2002, 364). In this growing body of literature, NGOs hold globalizing potential for civil society through the creation of ‘transnational advocacy networks’ in which “international resources [are made] available to new actors in domestic political and social struggles” (Keck and Sikkink 1998, 1).

However, as one of the goals of these global networks is to change the behavior of states, the domestic environments within which these networks seek to operate are still an important factor in determining the scope of their influence. Kim Reimann contends that, “although NGOs have undeniably had a hand in constructing new international opportunities, ultimately it is the decisions of states and politics among states that determine which opportunities are opened and which remain closed” (2006, 64). Claire Mercer adds that, “the role of NGOs in the politics of development is far more complex than much of the NGO literature would suggest, and calls for a more contextualized and less value-laden approach to the understanding of the political role of NGOs” (2002, 5). Overly normative approaches to the role of NGOs in the global system tend to

\textsuperscript{6} There is some debate as to whether Nicaragua transitioned to democracy in the 1984 or 1990 presidential elections. In this work, I assume Sofia Montenegro’s separation of the democratic transition into two stages: low (1984) and high (1990) (Montenegro 2002).
ignore or underemphasize the contextual uniqueness that grounds the concepts of “NGO” and “state” in the realities of a given country, as well as the conditions that determine modes of interaction between them.

In the search for a new conceptual approach, Terje Tvedt makes the following argument:

The main challenge to NGO research at this stage, then, is not to develop grand theories or develop another aspirational project, but to develop research designs that are able to analytically integrate both the homogeneity and heterogeneity of the NGO scene (in political, religious, institutional, and financial terms), its political role(s) and potential(s) within an agency/structure perspective, and at the same time to identify more systemic conflicts and power relations affecting the arena - both externally and internally (2002, 365-366).

This thesis is an attempt to engage in the exploration for a new way of examining NGOs and the state - an approach that is less normative, more context-specific and takes into account the fact that multiple power systems are involved. It is also an attempt to contribute to the literature on this topic in Nicaragua by giving meaning to areas of contention among actors, as it is difficult to take initiative toward positive change without first understanding the integral causes of a problematic relationship.

I would also like to acknowledge here that the concept of civil society is interpreted in different ways by different people. Due to the prevalence, advanced capacity and high visibility of NGOs, many people have come to understand “NGOs” and “civil society” as being synonymous terms. It is certainly not my intention to perpetuate this notion. My reasoning for focusing this study on NGOs rather than civil society as a whole is threefold: 1) to highlight the “NGO-ized” character of Nicaraguan civil society; 2) improve comparisons and analysis by focusing on a single component of civil society; and 3) the relationship between NGOs and the state (and evidence of contention) in Nicaragua has been documented to a greater degree than that of the state and civil society as a whole.
CHAPTER 2. METHODOLOGY

2.1 THEORY AND FRAMEWORK

The theoretical foundation upon which this thesis builds is Shinchi Shigetomi’s framework for understanding NGO-state relations. The framework examines this relationship from the perspective of NGOs and how their activities and level of vocalness toward the government vary according to the amount of economic and political “space” they are allowed by the state. Here, I will explain Shigetomi’s spaces framework in greater depth, after first covering some of the main theoretical approaches for explaining the nature of NGO-state interactions.

While the theoretical underpinnings of the NGO-state relationship is not the primary focus of this work, I draw from these concepts later in an attempt to better explain the variance I show in the evolution of this relationship under contemporary Nicaraguan governments.

2.1.1 THEORETICAL APPROACHES TO NGO-STATE RELATIONSHIP

Theoretically, notions of NGO-state relations are founded in the concept of ‘civil society’ and its role vis-à-vis the state. According to Alan Whaites, “civil society is usually held to be the collective intermediary between the individual and the State” (1996, 241). In an attempt to clarify and refine political theory on civil society and NGOs, he explains,

Discussion has usually been focused on the perceptions of civil society expressed by de Tocqueville and Hegel, a dichotomy that offers the choice between a largely positive and a largely negative view of the concept. More recently (and usually unwittingly) NGOs have become drawn into a theoretical divide between those who hold a classical de Tocquevillian view and those taking a more inclusive position similar to the African-based thinking of Jean-Francois Bayart (Whaites 2000, 125).

For Alexis de Tocqueville, “civil society is a defensive counterbalance to the increased capabilities of the modern State. It provides the realm in which society interacts constructively with the State, not to subvert or destroy it, but to refine the State’s actions and improve its
efficiency” (Whaites 1996, 241). De Tocqueville’s approach is therefore associated with “constructive actions of altruistic concern,” while Georg Hegel’s is associated with humanity’s “selfish drive” (Ibid., 241). Hegel maintains that humans act in their self interest and with a goal of personal fulfillment, which may or may not also benefit greater society; they are motivated by passion rather than rationality (Adjibolosoo 2006, 39). Jean-Francois Bayart, as Whaites mentions, takes a more inclusive approach, even warning against the use of broad categorical terms such as “state” or “civil society” (Kasfir 2013). His view is a more antagonistic one, emphasizing the divide between state and society and the role of civil society in confronting the state. His view is a Third World-centric one, in which he sees civil society as being historically dominated by an all-powerful state.

NGOs, according to Whaites, are drawn into this theoretical divide between de Tocqueville and Bayart’s approaches to civil society and the state. He maintains that, “the ways in which development NGOs perceive civil society, and consequently plan projects to facilitate and enhance the work of civil associations, can have a significant long-term effect on the evolution (or lack of it) of civil society in the countries in which they work” (Whaites 1996, 240). Since the emergence of the ‘New Policy Agenda’ of the 1990s and the surge in donor discourse on civil society, NGOs have made a “grab for civil society” (Ibid.), focusing their work on the promotion of good governance and asserting their potential as a force for democratization. NGOs experienced a period of empowerment and awareness of their increasing potential as civil society became a standard development issue and international organizations, such as the United Nations (UN), began to expand the role of NGOs in their systems.
For Whaites, the problematic assumption behind this shift is that all civil associations are considered to build and strengthen civil society (1996, 240-241). The NGO shift toward strengthening civil society also implied a shift away from strengthening the state, ignoring the political and developmental dangers inherent in instances of strong civil societies and weak, ineffective states. In her review of the literature on NGOs, civil society and democratization, Mercer concludes the following:

It is clear that whether NGOs strengthen or weaken the state and/or civil society is a highly subjective issue. Moreover, the very language of the debate (‘strengthening’, ‘weakening’ and particularly ‘civil society’) betrays a normative view on how democratic development should be ‘done’, which ultimately obscures a potentially more fruitful engagement with the ways in which NGOs are embedded in their local contexts (2002, 20).

It is evident that notions of how NGOs, a component of civil society, and the state, the political structure within which governments operate, should relate in developing countries are varied and constantly evolving. In line with this trend in the literature calling for greater contextualization of the NGO-state relationship, Jenny Pearce advocates the use of the term “associational culture” to refer to “patterns of interactions between organisations and the state which vary widely across societies and change over time” (1997, 261).

With the purpose of comparing the political roles of Nicaraguan and Costa Rican NGOs throughout the 1980s, Macdonald identifies three main ideological approaches for understanding the associational culture between civil society and the state in these countries: the neo-conservative, liberal-pluralist and post-Marxist positions (1997, 15). The neo-conservative approach, drawing from the conceptions of Alexis de Tocqueville and John Keane, is characterized by the following elements:

Democracy is identified with capitalism and free markets; civil society is identified with the private sector; sources of inequalities and injustices in civil society are
ignored; economic liberalization and accommodation to the demands of globalization are viewed as the main priorities of a democratic regime; international actors such as the United States and World Bank must act through institutions of civil society to promote democracy (as well as directly strengthening traditional political institutions such as the judiciary); and the demands of civil society (particularly workers and the poor) must be ‘moderated’ in order to avoid a resurgence of ‘hard-liner’ elements of the previous regime (Ibid., 16).

This approach is highly associated with the economic agenda of structural adjustment and views civil society as a means by which to meet people’s socio-economic needs without relying excessively on the state. Macdonald argues that this approach, through advocating the privatization of democracy and development, undermines the role of the state and may actually “enforce political submissiveness in civil society, rather than […] empower the poor or incorporate their demands into the public sphere” (Ibid.).

Whereas the neo-conservative position advocates a strong state for stable democracies, the liberal-pluralist position centers on the prospect of a strong society, characterized by a high level of political pluralism. Like neo-conservatives, liberal-pluralists distinguish between the state and civil society, but they advocate interest groups as intermediaries between the two. The main proponents of this position are de Tocqueville and Robert Dahl, who prescribed individual and collective action for the “transformation of authoritarian regimes into liberal democracies [in] the Third World” (Ibid., 17). The problem with this approach is that it tends to ignore the role of the state is creating spaces for intermediary groups to participate in political decision-making and action. It also fails to take into account the inherent inequalities that exist among civil society groups and the constraints states and international funders can impose upon them. It is therefore necessary, says Macdonald, “to recognize the multiple forms of exploitation and oppression present in civil society and to examine how these relations may be reproduced on a day-to-day basis within groups” (Ibid., 19).
Lastly, the post-Marxist position, derived in part from Antonio Gramsci’s theory of cultural hegemony, rejects the idea that a clear distinction can be made between civil society and the state. For Gramsci, the state is the sum of political society and civil society, in which political society represents the sphere of direct domination and civil society that of indirect domination (Ibid.). According to Macdonald, “post-Marxists see civil society as a terrain of exploitation, discrimination and oppression. In this view, NGOs are important because of their links to the growth of social movements (women’s, native, peace movements, etc.) which challenge state power in new and creative ways” (Ibid., 21). However, this is not to say that the post-Marxist position is uncritical of NGOs. Unlike the other two approaches, post-Marxism allows for a critique of the international system, such as the potential co-optation of national development agendas and social movements by international NGOs. It also includes the family unit as a segment of civil society, addressing power dynamics and inequalities within the household that extend into society as a whole.

In the following sub-section, I detail Shigetomi’s spaces framework, which I apply in this thesis to analyze a specific associational relationship— that of the state and NGOs—in Nicaragua’s associational culture over a set period of time. The theoretical background that has been provided in this sub-section deepens analysis of the relationship between the state and NGOs in the following chapters. While Shigetomi’s framework serves as a means by which to deconstruct and compare the NGO-state relationship over government administrations, the theory provides a basis for contemplating the variance in those relationships.
2.1.2 SHIGETOMI’S FRAMEWORK AND DEFINITIONS

In this thesis, I use Shinichi Shigetomi’s analytical framework for explaining NGO-state interactions in order to examine this relationship in the Nicaraguan context over time. Shigetomi’s model proposes two “spaces” that are open for NGO activity: economic and political. He asserts that “the NGO phenomenon in a specific country is determined as a function of the ‘extent’ and ‘form’ of these two spaces” (Shigetomi 2002, 12). In order to delve more deeply into the “spaces” framework, I will first discuss the definitions upon which it was constructed and to which I adhere in this thesis.

Shigetomi assumes Hall and Ikenberry’s 2-dimensional concept of the state. These dimensions are the “despotic” and the “infrastructural.” According to Hall and Ikenberry (as cited in Shigetomi, 21), the “despotic dimension” refers to the rules and regulations that maintain order among the state’s citizens, while the “infrastructural” accounts for the management of public resources among the same. Shigetomi posits that the despotic dimension of the state determines the political space for NGOs, while the infrastructural dimension determines the economic space available to NGOs. The “political space” is defined by allowance, or lack thereof, of NGO activities by the state or community. The “economic space” available to NGOs, on the other hand, refers to the economic needs that result from inadequacies in provision by the market, state or local community.

In defining NGOs, Shigetomi is guided by Salamon and Anheier’s definition from their book *Emerging Sector: The Nonprofit Sector in Comparative Perspective*. I also adhere to this definition for the purposes of this thesis. Salamon and Anheier define an NGO as “(1) non-governmental, (2) non-profit-making, (3) voluntary, (4) of a solid and continuing form, (5)
altruistic, and (6) philanthropic” (Shigetomi, 19). Shigetomi does, however, make a point of
discussing the limitations of too rigid an adherence to this definition. He acknowledges that, in
reality, NGOs often do not fully possess all six of these characteristics, especially in many
developing countries. In his book, too rigid an application of this definition would hinder
comparisons unnecessarily. The definition is rather considered to describe an archetypal NGO
and to be a guideline for selecting NGOs for his study (Ibid., 21).

Given the aforementioned definitions, the hypothesis of Shigetomi’s framework is that
“the concrete ways in which NGOs manifest themselves in a given country are determined by
three factors: (1) the characteristics of NGOs; (2) the economic space for NGOs; and (3) the
political space for NGOs” (Ibid., 22). The characteristics of NGOs to which Shigetomi refers are
the ideological orientations and socio-historical backgrounds of the individuals who form them
in a given context. These macro-characteristics are important to understand and recognize in
order to examine the economic and political spaces available to NGOs in that same context.

The economic space refers to the degree to which the resources NGOs provide are needed
by citizens in a given society. Where the market is not sufficient, or where poverty is so
pervasive that citizens are not able to afford basic goods and services in the market, the state and/
or private groups emerge to make up the difference. This is Hall and Ikenberry’s “infrastructural
dimension” of the state. Shigetomi also describes a third resource supplier, the community, as
“encompassing wide social organizations and systems” (Ibid., 23). He maintains that NGOs
emerge to take part in the provision of resources in society when the market, state and
community fail to do so adequately (Ibid., 24).
To illustrate the economic space available to NGOs, Shigetomi uses the triangle pictured in Figure 1. He maintains that the size of the middle portion of the triangle - the space for NGOs - is determined by the shortcomings of the state, market and community sectors (Ibid., 24). The political space for NGOs, on the other hand, is understood as the degree to which NGOs may operate without restraints. As the state strengthens its “despotic dimension,” the political space for NGOs shrinks. To envision this political space for NGOs, Shigetomi analyzes the legal and administrative systems that regulate non-profit activity in a given context (Ibid., 24-25). The relationship between these spaces and NGO activities is illustrated in Figure 2 below. NGO activity and the sector’s relationship with the state are determined by the amount of political and economic space NGOs are allowed. Where economic and political space are small, the potential for NGO activities will be also, as shown in column I in the figure. In the same way, where both spaces are large, NGOs will be most prevalent and active.

**Figure 1. Economic Space for NGOs**  
(Source: Shigetomi 2002, 24)
How, then, does NGO potential in a given context influence the activities they choose to undertake to address development problems? As NGOs attempt to fill the vacant space left by the state, market and community (see Figure 1), “they stop passively accepting their environment as given, and start actively working on it” (Ibid., 27). There are four types of activities NGOs may pursue to change their environment. These include: 1) creating conditions to make it easier for NGOs to fill the vacant space; 2) calling upon the state to supply greater amounts of resources; 3) trying to change political and administrative decision-making processes by staging a campaign for better politics; and 4) calling upon the state to outsource some of its functions to NGOs (Ibid., 27-28). There are also three main contextual factors that determine the types of activities NGOs choose to pursue. These are: 1) the intensity of expectations placed on the state; 2) the extent of political pluralism; and 3) the extent of fulfillment of the population’s economic needs (Ibid., 29).
As seen in Figure 3, Shigetomi argues that NGO behavior depends upon both the degree of political pluralism and the degree of economic need fulfillment in the context under consideration. Though the “intensity of demands placed on the state” is also mentioned as an influencing factor, Shigetomi does not include it in this explanatory model because he finds it reasonable to assume that, even where there is little incentive to pressure the government for resources, NGOs will still have some expectation of state provision (Ibid., 29). Therefore, where political pluralism and the fulfillment of needs are simultaneously low, NGOs will remain relatively silent politically and focus their efforts on resource provision to a needy population. On the other end of the spectrum, where political pluralism and economic fulfillment of needs are high, NGOs will push for smaller government. This generally happens in wealthy countries that have achieved a relatively high level of development. Between the extremes, NGOs in
developing countries will push for larger government and better politics to varying degrees, depending upon the directions in which “political pluralism” and “need fulfillment” evolve.

2.2 METHOD AND LIMITATIONS

In order to show differing levels of contention between NGOs and the state under different government administrations in Nicaragua, I make use of academic literature, government documents, NGO and donor agency publications and national journal and newspaper articles. To measure economic space, I provide evidence of government involvement (or lack thereof) in “need fulfillment” via social programs and social indicators. To measure political space available to NGOs, I refer to the Ley General sobre Personas Jurídicas sin Fines de Lucro\(^7\) and the Ley de Participación Ciudadana,\(^8\) the national laws regulating non-profit legal entities and citizen participation (respectively), and the variance in their interpretation and level of enforcement under different administrations. I also discuss instances of institutionalized spaces for NGOs to collaborate with governments on issues affecting the nation’s development, as well as draw upon the governments’ national development plans (or lack thereof) to show differences in political ideology that impact the way the Nicaraguan state and NGOs interact.

It is important to mention here that the focus of this work is not on specific NGOs or types of NGO but rather on trends in the overall relationship between development NGOs and the state. The framework focuses on the level of contention in this relationship from the perspective of NGOs, rather than that of the state. The economic and political space each government administration allows NGOs, however, can be interpreted as a reflection of their

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7 Law no. 147, approved by the Nicaraguan National Assembly in March, 1992
8 Law no. 475, approved by the Nicaraguan National Assembly in October, 2003
attitude toward the sector. I will clarify again here that, while NGOs are a component of civil society, they do not constitute the entirety of civil society. This is a necessary distinction to make, as the line between the concepts of ‘civil society’ and ‘NGOs’ in Nicaragua can be a blurry one (Montenegro 2003; Borchgrevink 2006; Chahim and Prakash 2014). The reasons for focusing on NGOs rather than civil society as a whole in this work are the “NGO-ized” nature of Nicaraguan civil society, an increased potential for comparison and the greater availability of documentation of the relationship between NGOs and the state. The aim of this work is to make a contribution toward a less normative, more contextually-based approach to the analysis of NGO-state relations in Nicaragua. This is achieved by using a model that takes into account partisan persuasions but, in contrast to much of the existing literature on this topic in the country, grounds it in an economic and political framework. It also allows for a more detailed comparison of the relationship across time periods and government administrations.

2.3 RESEARCH QUESTION AND HYPOTHESIS

The research for this thesis was prompted by the realization that, despite a high level of coordination and cooperation between NGOs and the FSLN throughout the 1980s, the current FSLN government administration has been fiercely criticized domestically and internationally for persecuting NGOs and excluding them from the national development discourse. To understand this associational shift, I needed to explore the relationship between NGOs and the Nicaraguan state during the period of time that the FSLN was not in office. Have NGOs spoken out against other contemporary Nicaraguan governments? When have they been more vocal, and why?
My hypothesis, using the logic of Shigetomi’s framework, is that the economic and political spaces within which the Nicaraguan state allows NGOs to operate determine the types of demands the NGO community will make of the government in power. The larger the economic and political space a government grants NGOs, the more autonomy and potential for action NGOs will have; the more a government restricts the spaces available to NGOs, the more NGOs will feel controlled and unable to achieve their objectives. When NGOs are less regulated by the state and there is low economic fulfillment of citizens’ needs, NGOs will act as gap-fillers and advocate for larger government. When NGOs are more regulated by the state and a higher degree of need fulfillment is achieved by the state, NGOs will advocate for better politics and greater political inclusion. Therefore, NGOs in Nicaragua will push for larger government and better politics to varying degrees, depending upon the directions in which “political pluralism” and “need fulfillment” evolve.

The next three chapters of this thesis will focus on the characteristics of the NGOs in Nicaragua, as well as the evolution of the economic and political spaces they have been allowed under different administrations. Chapter 3 covers the origins and influences of the NGO sector in Nicaragua, spanning the period from the decline and overthrow of the Somoza dictatorship to the democratic transition and peace talks of the late 1980s. Chapter 4 details the economic and political space available to NGOs under the administrations of Violeta Barrios de Chamorro and Arnoldo Alemán, as well as the resulting relationships of those administrations with the NGO sector. Chapter 5 focuses in the same way on the administrations of Enrique Bolaños and Daniel Ortega. I conclude by reviewing the evolution of the NGO-state relationship in its entirety, focusing on the overall trend, as well as commenting on the future prospects for the relationship.
CHAPTER 3. NGOS IN NICARAGUA: ORIGINS AND INFLUENCES

This chapter details the emergence and early experience of NGOs in Nicaragua, covering the overthrow of the Somoza dictatorship, revolution, counter-revolution and period of democratic transition. NGOs emerged later in Nicaragua than in many other Latin American countries. Their emergence largely coincided with the political upheaval of the 1970s and 1980s, which profoundly influenced the nature of these organizations and their relationship with the state. Understanding these origins is necessary for analyzing the relationship between NGOs and the state in more recent years.

3.1 THE DECLINE OF THE SOMOZA DICTATORSHIP

Civil society was virtually nonexistent under the dynastic Somoza dictatorship, which spanned more than four decades (1936-1979). This was the result of limited opportunities for popular organizing under the regime, which governed on the basis of repression. Certain forms of organization were promoted by the state, however these were were not autonomous groups but ones controlled by the regime through clientelistic ties (Borchgrevink 2006, 17). While a handful of NGOs emerged in the 1960s and 1970s, they were mostly charitable organizations concerned with welfare activities (Ibid.). Christian Base Communities (CBCs), grassroots organizations tied to the liberation theology movement, also began to establish themselves during this period, representing one of the first organizational spaces of opposition to the dictatorship (Cruz et al).

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9 Three different men from the Somoza family (leadership passed from father to son to brother) constituted the Somoza regime, though this rule was interrupted for brief periods: Anastasio Somoza Garcia (1936-56); Luis Somoza Debayle (1957-63); Anastasio Somoza Debayle (1967-79) (Merrill 1993).

10 Borchgrevink has determined that there may have been 15-20 NGO-like organizations operating in Nicaragua before 1979. Among these were INDE, INPRHU, CEPA, CEPAD and affiliates of international organizations such as CARITAS, ALFALIT, and the Red Cross (17, note 3).
2006, 78). This politicization of the Nicaraguan church greatly influenced NGOs. According to Macdonald, “virtually all of the ‘historic’ Nicaraguan NGOs which were born prior to the revolution had links to progressive elements of the Roman Catholic or Protestant churches, the main actors in Nicaraguan civil societies” (1997, 99). While these NGOs may have begun as charitable organizations, they were soon drawn into political involvement as the Somoza regime’s hostility toward peasants intensified.

On December 23, 1972, an earthquake virtually destroyed the city of Managua, killing thousands and leaving many more homeless. Aid money came pouring into the country, but much of it never reached its intended recipients. Somoza, naming himself president of the Comité Nacional de Emergencia, a government entity created after the earthquake for the purpose of channeling aid money into the reconstruction of the capital. Somoza used this institution to appropriate international aid funds for himself, the National Guard and others close to him. As a result of this blatant display of corruption in the wake of national tragedy, Somoza’s alliances with the private sector and the Catholic church began to wither (Cruz et al., 79). Somoza’s appropriation of funds, coupled with the urgency of reconstruction and assistance to those affected by the earthquake, led international development organizations to solicit the help of Nicaraguan NGOs. Aid agencies found NGOs to be appropriate substitutes for government bodies in the transfer of disaster relief assistance (Terán Vivas 2004, 198). The 34.13 percent increase in the registration of “legal non-profit entities" between 1973 and 1979 (Ibid., 198) reflects this shift in aid agency strategy and widening of economic, though not political, space.

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11 Own translation: “National Emergency Committee”

12 Personería jurídica sin fines de lucro
3.2 THE FSLN AND POPULAR REVOLUTION

Throughout the second half of the 1970s, popular discontent with the Somoza regime and increased revolutionary mobilization led to the creation of new civil society organizations, most of which were affiliated with the FSLN. These included various unions, a women’s organization, student organizations and neighborhood committees (Borchgrevink, 18). These organizations, along with NGOs, became protagonists in the insurrection and the revolutionary project (Cruz et al., 85).

The success of the revolution led to “an extraordinary level of convergence between the goals of the state and those of the national NGOs” (Macdonald, 100). Because of this, while national NGOs remained autonomous from the FSLN, they were not as concerned with their independence as were NGOs in other Third World countries (Ibid., 100). Reflecting on an interview with Robert Fox, an Oxfam-Canada representative at that time, Macdonald writes:

Because the national NGOs did not differentiate between the interests of the people and the role of the FSLN, they did not view themselves as playing a role in civil society as a counterweight of the state. In many cases, because NGOs were simply funding projects implemented by the state, they developed little technical capacity. Their main role was thus to act as intermediaries, capturing assistance from international agencies and channelling it to the Nicaraguan people (102).

This environment also presented a unique and desirable context for international NGOs that identified with the political philosophy and developmental approach of the new government. In fact, there were likely more international NGOs operating in Nicaragua throughout the 1980s

13 Asociación de Mujeres ante la Problemática Nacional (AMPRONAC), later converted into Asociación de Mujeres Nicaragüenses Luisa Amanda Espinoza (AMNLAE)

14 Shortly after the triumph of the revolution, these various students organizations would be integrated into the newly-formed Juventud Sandinista, which is still in existence today.

15 Comités de Defensa Civil, later changed to Comités de Defensa Sandinista and eventually constituting the Movimiento Comunal de Nicaragua
than national ones; it is estimated that there were approximately 120 INGOs with offices in Nicaragua channeling foreign aid to the country during this time (Borchgrevink, 19).

The FSLN, highly aware of the importance of international aid to achieving the revolutionary agenda, created its own organizations - the *Fondo Internacional de Reconstrucción* (FIR) and *Fundación Augusto C. Sandino* (FACS)\(^\text{16}\) - for coordinating aid from international NGOs to its mass organizations (Ibid., 103). Autonomous NGOs began to create new structures for coordinating their activities and expanding their influence, founding the *Coordinadora Nacional de ONGs Nicaragüenses* in 1982 and the *Federación de ONGs de Nicaragua* (FONG)\(^\text{17}\) in 1983 (Barraclough et al. 1988, 38). The NGOs that created these umbrella bodies worked in multiple areas of developments and coordinated not only with one another but with other autonomous and FSLN-affiliated civil society organizations as well (Serra Vázquez 2007, 43). In fact, NGOs often coordinated their activities with the state’s economic plans. According to the *Coordinadora*,

> It is important to emphasize the fact that this state of coordination between the NGOs, the grassroots, and the government, is almost unique in all of Latin America. In practice, in general terms, it is the government which provides the national and regional lines of development, or the socio-economic strategies which serve as reference points for the projects promoted by the NGOs in each region of the country (Coordinadora 1989, 8 as cited by Macdonald, 101).

Among the factors that made this high level of coordination possible are the US embargo, which isolated NGO initiatives from being co-opted into the USAID agenda, as well as the fact that international NGOs were not likely to choose to operate in Nicaragua unless their development objectives and strategies aligned with those of the FSLN government (Macdonald, 97). During

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\(^{16}\) Established in 1979 and 1980, respectively

\(^{17}\) The FONG, while not consistently active, is still in existence today, The *Coordinadora Nacional de ONGs Nicaragüenses* does not seem to be.
this period, considerable economic and political space was opened for NGOs, though it must be recognized that NGOs functioning in Nicaragua at this time generally saw their autonomy and organizational agenda as secondary to that of the revolution.

3.3 COUNTER-REVOLUTION AND PEACE TALKS

In the wake of the revolution, the Contrarrevolución took shape in Nicaragua. This counter-revolution was supported largely by the Reagan administration in the U.S., which “considered the rollback of revolutions in its ‘backyard’ as one of the top foreign policy priorities and transformed tiny Central America into a major battleground of the cold war” (Biekart, 143). Many international donor agencies entered Nicaragua during this time, adding a distinctly political quality to development cooperation. The political environment made it difficult for international agencies to remain neutral in their work, virtually forcing them to choose between “either supporting opposition forces to authoritarianism and US-intervention, or tacitly supporting organizations implicitly working under the umbrella of US-inspired counterinsurgency strategies” (Ibid., 143). According to Borchgrevink, “as the main organizational expression of opposition was armed, based abroad, and heavily financed by another state, the dominant logic within Nicaragua was very much ‘either you are for the Revolution or against it’” (19).

Due to this political environment, national and international NGOs were fairly ideologically homogenous throughout the 1980s. However, there may not have been as much unanimity among these organizations and their objectives in reality as there seemed to be on the surface. Macdonald partially credits the Nicaraguan state with achieving this level of accord, explaining “the strategy of the Nicaraguan state with respect to NGOs thus rested not on
coercion and control, but on a minimal consensus among both national and international NGOs and a general willingness to accept state direction” (104). International NGOs limited themselves to technical matters rather than meddling in more controversial issues, such as the national development agenda or the nature of the relationship between the government and the grassroots (102).

This general consensus began to deteriorate as the war continued, the economic crisis worsened and the U.S. trade embargo showed no signs of waning. Nicaragua became increasingly dangerous for foreign aid workers, as NGO projects and cooperatives became the targets of contra attacks. The war also depleted the government’s resources so significantly that funding previously destined for social development projects was re-directed into the war effort. Other factors that weakened the potential for NGO activities during this time were bureaucratic impediments, high turnover among Nicaraguan personnel and exorbitant inflation levels during the second half of the decade (Ibid., 105). As a result, criticism of FSLN policies mounted and NGOs were less eager to work directly with the state on development projects.

Following the implementation of the 1987 Esquipulas II peace plan in the Central American region, NGOs and popular organizations were able to start re-focusing their energies from war relief to development projects (Biekart, 145). During this period, foreign debt was on the rise, GDP was falling steadily and popular confidence in government policies was declining rapidly. In 1988 and 1989, the Sandinista government implemented macroeconomic stabilization measures, including cuts in central government expenditure, a restrictive credit policy and a plan for the gradual devaluation of the nation’s currency (Ocampo, 355). This austerity plan required the government to “adopt a more realistic attitude and encourage community involvement in
social services rather than state paternalism” (Macdonald, 105). New spaces were opened to NGOs and popular movements, within which they could operate more autonomously and beyond the local level.

A significant shift in donor ideology occurred at this time as well, from support for ‘popular movements’ to strengthening ‘civil society.’ According to Biekart, “the impact of this change was felt most strongly by Central American NGOs, who were obliged to change their way of working from being instruments of (revolutionary) political movements to independent and professional operating service organisations” (146). It can be concluded that, while economic space for NGOs certainly expanded during this period, political space remained fairly restricted due to tensions between the Sandinista government and international forces pushing for an end to the revolution and the emergence of neoliberal democracy.

3.4 CHAPTER CONCLUSION

While this chapter gives only a brief overview of the emergence of NGOs in Nicaragua, it is clear that the country’s contextual conditions are inextricable from the nature and characteristics of its NGO sector. For Shigetomi, these “characteristics of NGOs” are the first factor in determining how NGOs manifest themselves in a given country. With this historical foundation in place, one will be better able to understand why and how the spaces available to NGOs are evolving in contemporary Nicaragua. In the following chapter, I apply Shigetomi’s framework to the Nicaraguan context, analyzing the effects of the economic and political space allowed to NGOs under the Chamorro and Alemán governments on their respective relationships with the NGO sector.
CHAPTER 4. CHAMORRO TO ALEMÁN

4.1 CHAMORRO: 1990-1996

In 1990, Violeta Barrios de Chamorro of the National Opposition Union (Unión Nacional Opositora, or UNO) coalition party was elected as the first female president of Nicaragua. In the wake of war, rampant inflation and a general economic crisis, as well as a fair degree of covert U.S. intervention in the electoral campaign to ensure a transition from the FSLN (Walker 1997, 13), Chamorro began to emerge as Nicaragua’s only way out of a miserable situation. As Jane Jaquette puts it, “with one son the publisher of the Sandinista newspaper and another, a leader of the opposition paper, Chamorro represented the ‘peace’ option in the 1990 elections, a mother who could reunite a divided country” (2010, 4). However, this opportunity for peace in Nicaragua was accompanied by an ideological dedication to neoliberalism and the implementation of structural adjustment programs, as prescribed by international financial institutions, that would end up significantly exacerbating the plight of the nation’s poor.

4.1.1 ECONOMIC SPACE EXPANDS

The Chamorro administration inherited a weak economy. Throughout the 1980s, under the administrations of the Government of National Reconstruction\(^\text{18}\) (1979-1985) and the first Ortega presidency (1984-1989), the FSLN pursued a mixed economy model in which production remained predominantly in private hands, but the the economy was regulated by the state (Walker, 8). These statist economic policies, “which included increased social spending, expansionary credit policies, subsidies for production and basic consumption, an aggressive public investment strategy, and increased defense spending all accounted for the country’s

\(^{18}\) Junta de Gobierno de Reconstrucción Nacional
worsening domestic and external economic situation” (Ibid., 82). By the second half of the decade, the Ortega administration was forced to implement austerity plans in an attempt to combat hyperinflation and gain access to loans from multilateral lenders (Close 1999, 124).

The election of Chamorro brought a major shift in Nicaraguan economic policy, moving from the primarily state-centered economy of the Sandinista years to the liberalized, market-oriented economy being prescribed by international financial institutions such as the IMF and World Bank. As promised during the presidential campaign, trade and cooperation channels with the U.S. were reopened under Chamorro’s administration. However, around 80 percent of the aid received from the U.S. between 1990 and 1995 went toward servicing the nation’s massive debt. Not only were large quantities of foreign aid used toward the budget deficit, they were also destined to finance domestic investment. According to World Bank figures, “46.1 percent of Nicaragua’s GDP, not just its budget, but its total income, derived from aid. To put this into perspective, no other Central American country got even 10 percent of its income from outside assistance, and to get proportions higher than Nicaragua’s, one has to look at Rwanda or Mozambique” (Ibid., 135). Additionally, in line with the general logic of structural adjustment programs, the administration sought to stabilize the country’s currency (still suffering from hyperinflation in the early 1990s) and privatize state-owned enterprises. Though hyperinflation was brought under control during the first two years of Chamorro’s administration (Walker, 89), the economy continued to face stagnation and the privatization process was met with controversy over suspected corruption in the sale of state resources (Close 1999, 135).

In order to achieve relative peace in the wake of the contra war, stabilize the Nicaraguan currency and restore ties with international lenders, the country paid a high social price in the
form of exacerbated levels of poverty, unemployment and underemployment (Walker, 92). The government’s lack of commitment to human development-oriented social programs, as well as the absence of a clear development agenda, meant that a vast majority of the population was unable to rely on the state for basic social services. According to Martínez Franzoni et al.,

During the 1980s, the Sandinista revolution significantly expanded education, health and care services, underpinned by a vision that social services should be provided by a strong centralized state serving the population as a whole […] Moving away from this vision, the liberal governments of the 1990s promoted a subsidiary role for the state, with respect to both the market and households. Specifically, this meant the decentralization and targeting of services, as well as increased marketization of access through co-payment arrangements. These neoliberal changes also relied on large-scale efforts to mobilize unpaid women workers, recruit volunteers and encourage community participation (2010, iv).

Though the FSLN government had also relied upon volunteers and community participation, its purpose was to mobilize the population “from below” and strengthen the principles of the revolution, rather than compensate for the financial constraints of a reduced state (Ibid., 8).

Though the Human Development Index (HDI) fell in every Central American country except for Honduras between 1990 and 1996, Nicaragua’s decline was beyond comparison. According to Close, “only Iraq experienced a similar fall, and it had suffered military defeat and was bound by UN trade sanctions. In Nicaragua the culprits were unemployment and underemployment and the generalized poverty they spawned” (1999, 138). Despite Close’s general defense of the Chamorro administration’s handling of the Nicaraguan economy, he admits that, “whatever can be said about President Chamorro’s economic policy, it is impossible to claim that it produced better numbers than those recorded by Nicaragua’s neighbors or that the policy substantially benefited the average citizen” (Ibid., 139-140).

In an attempt to address the country’s problem with extreme poverty in a way that was coherent with the structural adjustment agenda, the administration took on a “social protection”
approach that focused on managing risk rather than working toward eliminating it. In accordance with the recommendations of the World Bank at the time,

Minimal social investment—mainly in basic health and education services, and care of vulnerable children—was promoted. Social policy was to be residual and the state would intervene as little as possible. Instead, the market would be left to arrange social protection, premised on the idea that the generated revenues would bring about economic growth, which would in turn trickle down to the entire population (Martínez Franzoni et al., 6).

The government’s concrete actions toward a social policy strategy included the creation of the National Human, Child and Youth Development Plan in 1991 and the formation of the Ministry of Social Action in 1993. However, the National Human, Child and Youth Development Plan was never formalized as law, as it “threatened to ‘overheat’ the economy,” according to the Chamorro administration’s Minister of the Economy, Silvio De Franco (Ibid., 8). The Fondo de Inversión Social de Emergencia (FISE) was also created under the Chamorro administration to generate new jobs and rebuild the nation’s social infrastructure after the war. The FISE was formed under with the purpose of funding municipal projects with a “social impact,” but it fell into controversy as it became clear that the municipalities would have very little control over how the funds would be used. Rather, “[US]AID has a representative working full-time in the FISE office, [US]AID prioritizes which projects get financed and according to FISE employees, [US]AID directly supervises the projects on the ground”¹⁹ (Envío 1991, No. 116). In addition to the shutting municipal governments out of full participation in projects, el FISE was also criticized for insensitively painting poverty as the “social cost” of the necessary structural adjustment process and only offering a short-term solution to a very long-term problem (Ibid.).

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¹⁹ Own translation from the original Spanish
4.1.2 POLITICAL SPACE EXPANDS

The election of Chamorro in 1990 represented, in the words of Sofia Montenegro, a period of liberalization: economic liberalization, political liberalization and liberalization of the media with complete freedom of expression”20 (Montenegro 2002). The revolutionary decade had been marked by an “us versus them” mentality in which one was either for the revolution or against it, and the UNO (a coalition of fourteen parties from the right, left and center of the political spectrum) seemed to offer a new environment of greater political pluralism and participation for those who did not identify with the ideology of the FSLN. However, the transition was not an easy one for supporters of the previous government. According to Borchgrevink, “without access to the government funding that had sustained them previously, and with a new government which saw them as political enemies rather than allies and supporters, they faced tremendous challenges” (20).

The political and economic shifts of the early 1990s proved to provide a favorable environment for the growth of the NGO sector, as Nicaragua experienced what might be called an “NGO boom.” Sergio Terán Vivas, in his study of the legality and legitimacy of legal non-profit entities in Nicaragua, provides evidence of this boom by comparing the number of NGOs granted legal status before, during and after the FSLN government. According to Terán Vivas, over the period of 24 years before the FSLN took power, a total of 338 NGOs (an average of 14.08 annually) were granted legal status; during the approximately 10 years of FSLN government, 138 NGOs (average of 13.80 annually) were granted legal status; and in the 14 years following the FSLN government, 3,083 NGOs (average of 220.21 annually) were granted

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20 Own translation from the original Spanish
this status (2004, 192). During the Chamorro administration alone, 1,369 new NGOs were registered (Ibid., 205).

The framework for the legal formation and registration of NGOs is found in Law 147, *Ley General Sobre Personas Jurídicass Sin Fines De Lucro*, which was passed by the National Assembly and signed into law in 1992. Previous laws existed with this purpose under the revolutionary government, however, they were found not to be particularly specific in laying out the means by which those laws would be regulated in practice. According to Terán Vivas, the same can be said of Law 147, which

prescribes very little and takes into consideration even less with regard to non-profit legal entities,⁴¹ leaving gaps that cannot be filled even through its regulation due to the fact that currently it doesn’t have a clear regulatory framework, as was the case with all the previous legislation; it would seem that the law is meant to be applied without regulation because at no point does its content indicate if it will or will not be regulated (2004, 189).⁴²

The clearness and conciseness of such regulatory measures was likely not a great concern of the Chamorro administration, which not only benefitted from but counted on the significant involvement of NGOs in social service provision.

According to Borchgrevink, a number of factors contributed to the rapid growth of NGOs in Nicaragua during this time. First, many state workers lost their jobs as a consequence of the political transition, either because they were Sandinistas or simply due to the reduction of the state as required by the neoliberal economic model and structural adjustment programs. Many of these displaced workers started their own NGOs or shifted to working in the NGO sector. Second, many of these same people were highly dedicated to the ideals of the revolution and

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²¹ personas jurídicas sin fines de lucro

²² Own translation from the original Spanish
sought work with NGOs that aligned with these ideals. Third, the NGO sector attracted large amounts of international donor funds during this period. Many of the donors that had previously supported the revolutionary state transferred their funds to NGOs in the wake of drastic reductions in the state apparatus. New donors were also attracted by the shift in political ideology. Fourth, and perhaps most obvious, was the increased demand for NGO services given the withdrawal of the state in the way of social provision. Fifth, as mentioned previously, the relatively loose legal framework for defining and regulating NGOs favored the NGO-model and the proliferation of these organizations. Lastly, in contrast to much of the world, the NGO sector remained fairly underdeveloped in Nicaragua throughout the 1980s, a period which has at times been referred to as “the NGO-decade.” The rapid growth of NGOs in Nicaragua during the transition to neoliberal democracy in the 1990s may be understood as a natural response to the increased global demand for NGOs in the donor system (Borchgrevink, 22-23).

While there were some instances of NGO networking and cooperation between NGOs and state institutions during this period, the utility of these experiences was limited. FONG, the Federation of NGOs, and CODENI,23 a federation of NGOs that work with children and adolescents, are two examples of coordinating efforts that sprang up during the first half of the 1990s. While these coordinating structures can be useful for maximizing resources and lobbying on specific issues, they also tend to be less stable and enduring than the organizations that comprise them, especially at the national level (Ibid., 25). This may have been especially true in Nicaragua during the Chamorro administration, considering the sudden proliferation of NGOs in the midst of severe neoliberal reforms. Sofia Montenegro explains in the following way:

23 Federación Coordinadora Nicaragüense de ONG que trabajan con la Niñez y la Adolescencia
In the neoliberal approach, civil society is the instrument used to privatize the functions of the state, which seeks citizen participation that is adaptive and functional to the model. It promotes ‘pluralism’ in society and diversity of expression (particularly through NGOs), with the purpose of increasing competition among civil organizations and at the same time moderating the ‘potential destabilizing effect of unified membership,’ as for example articulated social movements. As long as organizations formed in this way do not oppose their governments, they are eligible for financing. From this perspective the way to influence the state is the creation of coalitions of separate NGOs or interest groups, which meet regarding common themes, agendas and relevant actions (2003, 19-20).

In the absence of an institutionalized space for discourse with the government during the Chamorro government, some NGOs formed networks and coalitions in an attempt to broaden their scope and impact. Some of these instances were successful and still exist today, such as CODENI. Others have disbanded entirely or only reconvene when there has been a strong collective incentive to do so, as has been the case with the FONG. By the end of the Chamorro administration, it was evident that the state could benefit from a formalized space for discourse among governmental institutions and civil society groups. According to Walker, “the country needed an overarching governmental body that would harmonize sectoral policies, alert the government about critical long-term development issues, coordinate public investment, and buttress the country’s weakened institutional negotiating capacities vis-à-vis multilateral financial institutions, foreign cooperation, and national actors” (93-94).

4.1.3 RELATIONSHIP WITH NGOS

The Chamorro administration, despite its many economic and political challenges, was not plagued by a particularly hostile or controversial relationship with NGOs. From an economic standpoint, there was a great need for the services NGOs could provide under structural adjustment and the retreat of the state and discontinuation of the many social policies the previous revolutionary government had implemented. Due to the global nature of the push for

24 Own translation from the original Spanish
neoliberal reforms and an emphasis on the democratizing quality of civil society, there was also an ample supply of donor funding available to established and emerging NGOs.

From a political perspective, Nicaragua was considered to be more pluralistic under the Chamorro administration than it had been under the FSLN. While political polarization still existed to some degree, the alternation of power and the fact that the UNO represented a coalition of diverse political parties assured both domestic and international actors that times were changing in Nicaragua. In fact, in her study of NGOs working in the area of women’s health during the Chamorro administration, Christina Ewig was surprised to find that “the political allegiances of local elected officials appear to have little influence on cooperation or lack of it between the state and NGOs” (1999, 89).

This liberalized environment, as well as the administration’s lax regulation of NGO registration and activities, resulted in a relatively peaceful arrangement between the state and NGOs. This is not to say, however, that the relationship was necessarily cooperative. While NGOs expressed satisfaction with having contributed to certain legal reforms during this period (Ewig 1999; Borchgrevink 2006; Serra Vazquez 2007), they also expressed discontent with the state’s general abandonment of social provision in the midst of extreme poverty and unemployment. Their calls for larger government in meeting the growing economic needs of the population did not produce fruitful results, as the NGO sector was still young and fairly fragmented, and their demands were not coherent with the prevailing neoliberal democratic ideology of the Nicaraguan government and international donor community at the time.
4.2 ALEMÁN: 1997-2001

In 1996, Arnoldo Alemán of the conservative Constitutionalist Liberal Party (*Partido Liberal Constitucional*, or PLC) became the president of Nicaragua. From 1990 until his election as president, Alemán served as the mayor of Managua and president of the PLC, which had been a part of the UNO coalition in the 1990 elections. During his term as mayor, Alemán “led his party into a belligerently anti-FSLN, anti-‘co-government’ posture” (Walker, 171). He invested heavily in high-profile infrastructure projects, building traffic circles, plazas, fountains and roads, making sure to advertise where his administration’s reach ended and where the neglect of the national government began (Close 2004, 10). Following the perceived lack of progress during the Chamorro administration, Alemán’s populist image as “a fixer and a doer” (Close 1999, 187), as well as the Catholic church’s explicit support of his candidacy, likely contributed to his election to the presidency.

4.2.1 ECONOMIC SPACE REMAINS LARGE

By the time Alemán took office in 1997, the Nicaraguan economy seemed to be recovering, slowly but surely. GDP per capita was rising and inflation was declining, however the country’s foreign indebtedness and SAP still required significant attention. A shift in donor priorities toward transparency in the government operations of aid beneficiaries was another important new consideration. Though, “according to official figures, real GDP growth from 1997-2001 averaged 5 percent a year, while inflation fell to single digits, foreign and national investment grew substantially, and much public infrastructure was laid down,” the Alemán administration failed to develop a realistic poverty reduction strategy and lagged in the realm of human development (Dye and Close 2004, 124). The administration’s crawling peg devaluation
of the currency kept inflation low and boosted real salaries, but underemployment remained high (Ibid., 128). According to Dye and Close,

Other social indicators improved somewhat during the Alemán period, but they did so largely because of increased foreign aid. From 1996 to 2000, central government spending on the social sectors, especially education and health, increased from 11 percent to 16 percent of GDP. Most of the increase occurred after Hurricane Mitch. The process made social spending more aid-dependent, with two-thirds of public investment coming from foreign sources. More important, the impact of the increased expenditure was unexpectedly limited, particularly in the area of rural development. Among the reasons for this poor performance, experts identified the fragmentation of policymaking, pervasive inattention to the operating efficiency of government agencies, and (significantly) inability to evaluate whether the funds were being well used (Ibid.).

While there is evidence of corruption within the administration before Hurricane Mitch hit Nicaragua in October of 1998, it was Alemán’s response to this natural disaster that began to bring the misuse of funds to light. Donors became wary when Alemán did not respond as quickly to the disaster as was expected; when he did take action, it was in a partisan, clientelistic way. He used aid money to fund very visible, large-scale projects that would gain him political favor without planning for their sustainability or the additional investment these projects would require in the future. The even bigger problem, however, was the administration’s failure to target aid money to effectively combat poverty; “a chronically weak bureaucracy, vitiated further by corruption, was the main culprit” (Ibid. 129).

In addition to Hurricane Mitch, the Alemán administration faced two other significant economic crises - coffee and banking - during its term. In 2000, the world prices for Nicaraguan coffee fell dramatically, sparking a state of emergency among the country’s coffee sector. The damage inflicted by this crisis was not only economic but also social, resulting in mass lay-offs of seasonal coffee workers (Ibid., 134). The banking and coffee crises were interrelated. The two larger failed banks, Banco Intercontinental (Interbank) and Banco Nicaragüense de Industria y
Comercio\textsuperscript{25} (BANIC), were the primary lenders to coffee growers before and after the hurricane (Ibid. 135). According to Dye and Close, “the collapse of Interbank and BANIC was the product of fraudulent practices abetted by poor bank administration, and compounded by weak regulation by the superintendent of banks” (Ibid. 135). The collapse of these particular banks was also a highly political affair, as Interbank was known to be connected to the FSLN, and BANIC was known to have strong associations with Alemán. In order to convince other banks to cover the deposits of the failed banks, Nicaragua’s Central Bank issued certificates, commonly referred to as “Cenis,” with a total value exceeding $350 million. Nicaragua’s internal debt rose significantly as a result, transferring the cost of this event to the population (Ibid., 136).

In terms of social provision, the Alemán government began formulating social policies for different institutional sectors. New programs such as Programa de Atención Integral a la Niñez Nicaragüense\textsuperscript{26} (PAININ) and Red de Protección Social\textsuperscript{27} (RPS), a conditional cash transfer program, were put into place and financed through loans from multilateral donors. Alemán initially opposed the RPS program, arguing that it represented a “return to the past (Sandinista way) of handing out money, encouraging paternalism, populism, and the inactivity of the extremely poor” (Largaespada-Fredersdorff 2006a: 331, as cited by Martínez Franzoni et al., 27). While these programs showed promise, their scope was very limited and conditional, external funding made them unsustainable in the long term. In 2001, the government also launched the Estrategia Reforzada de Crecimiento Económico y Reducción de Pobreza\textsuperscript{28}

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\textsuperscript{25} Nicaraguan Bank of Industry and Commerce
\textsuperscript{26} Program for Comprehensive Attention for Nicaraguan Youth
\textsuperscript{27} Social Protection Network
\textsuperscript{28} Reinforced Strategy for Economic Growth and Poverty Reduction
(ERCERP) within the HIPC (Heavily Indebted Poor Countries) framework of the IMF and World Bank. The Coordinadora Civil, a Nicaraguan NGO association, critiqued the ERCERP for being short-sighted; focusing exclusively on economic growth as the solution to poverty; allowing beneficiary governments and civil society groups minimal participation in the consultation process; coordinating poorly with existing social programs; and generally lacking clear parameters for implementing, monitoring and evaluating the plan’s programs and projects (Quirós Víquez 2003, 6-7).

The extensive corruption of Alemán’s administration, coupled with meager social action in response to three major economic crises during its term, contributed greatly to social inequality and vulnerability among Nicaraguans. As Montenegro describes it,  

During these years we lived in a real country, where unemployment and mass misery coexisted with small groups with access to all kinds of luxury, while the government lived in an official country, with figures that tried to convince us of economic growth and the creation of thousands of new jobs. Marginality increased and in the last year of the Alemán government, the coffee crisis collapsed rural production aggravating the already tough economic situation (2002).29

Nicaragua’s dependence on conditional multilateral loans forced Alemán to maintain some semblance of macroeconomic coherence throughout his administration. This coherence, however, did not extend to the promotion of public welfare. Instead, social policies were generally disjointed, discontinuous and ineffective (Dye and Close, 137).

4.2.2 POLITICAL SPACE CONTRACTS

Under the Alemán administration, the Nicaraguan political system suffered from severe political polarization and, consequently, the weakening of political pluralism. Civil society was stifled by the increased political, institutional and judicial control during this period (Montenegro

29 Own translation from the original Spanish
Concerned with retaining and expanding his influence, Alemán concentrated on minimizing political competition and keeping donor funds flowing into the country. The PLC government entered into a pact with the FSLN in 2000, passing electoral and constitutional reforms with the intention of narrowing the political space available to other parties. Montenegro contends that the PLC-FSLN pact “imposed an artificial two-state system on Nicaragua, because the [democratic] transition had already been producing countless expressions of political pluralism”\(^{30}\) (Ibid.).

As early as his presidential campaign, Alemán targeted the NGO sector. In a 1996 campaign speech, he declared the following:

> If with the millions of dollars that have been sent in the past as aid or “subsidies” for hundreds of “projects,” that have perhaps made Nicaragua the country that “has the most projects in the world,” if only a very few [of those dollars] had been channeled and carried out adequately, with honesty, plausible and transparent realism, surely we would have made significant and visible advances in many areas. But where are the results and the realities? We don’t want to continue to be a “project”! Nor do we want to be anybody’s place for “experimentation and dumping garbage”! (Liberal Alliance 1996, as cited by Kampwirth 2003, 137).

According to Kampwirth, accusing NGO workers of inefficiency and corruption provided Alemán with a scapegoat for the failures of poverty-reduction efforts in the country. Perhaps even more importantly, though, “asserting that NGO workers caused Nicaragua’s poverty also deflected attention from the real relationships of power and wealth” (Ibid.). Once in office, Alemán took measures to tighten organizational, legal and financial restraints on NGOs, especially those pertaining to women’s issues.

\(^{30}\) Own translation from the original Spanish
In 1997, the government proposed the replacement of the Instituto Nicaragüense de la Mujer\textsuperscript{31} (INIM) with the Ministerio de la Familia\textsuperscript{32} (MIFAM). This change was controversial for a few reasons. First, the proposal determined that the new ministry would "'oversee and coordinate' the actions of all governmental and non-governmental organizations that work with children, women, youth, the family, elderly people and disabled people" (La Boletina 1997b, 15, as cited in Kampwirth 2004, 69), implying that these organizations were a potential threat to social order and required state oversight. That same year, the government proposed a revision to Law 147, the law regulating the relationship between NGOs and the state. This revision would stipulate that "no Nongovernmental Organization (NGO) will be able to request funds from foreign sources, except with the proper authorization of the government" (quoted in La Boletina 1997a, 5, as cited in Kampwirth 2004, 70). Additionally, tax law\textsuperscript{33} reforms would allow the state to tax all donations made to nonprofit organizations, including goods, cash and even humanitarian assistance (Deonandan 2004, 56). This strategy of financial harassment against NGOs became known as “fiscal terrorism.”

Following Hurricane Mitch, the restrictions on NGOs became more discriminatory and selective in nature. According to Kampwirth,

Accelerating the campaign against the NGOs was logical, given the administration's goals: to capitalize on opportunities while minimizing the political risks associated with Hurricane Mitch. To the extent that aid could be channeled through the government, or at least withheld from the NGOs, Alemán would look good politically, while the NGOs would be unable to respond effectively to the crisis and would thus look bad. One way to minimize the risks in this strategy was to try to quiet dissidents in Nicaragua, especially those who might communicate with international aid organizations (2004, 70).

\textsuperscript{31} Nicaraguan Institute for Women

\textsuperscript{32} Ministry of the Family

\textsuperscript{33} Ley de Justicia Tributaria,
The administration specifically singled out NGOs run by foreign-born women. Among those most fiercely persecuted were Ana Quirós, the spokesperson for the Civil Coordinator; Dr. Ana María Pizarro of the women’s clinic Sí Mujer; and Dorothy Granada, a nurse and founder of the María Luisa Ortíz Women's Cooperative. The fact that these particular individuals were targeted was not surprising, given the Alemán administration’s close alliance with the Catholic church, which was strongly opposed to the feminist ideals that many of these NGOs espoused. Another example of the government’s selectivity with regard to NGOs can be seen in the preferential treatment of Liberal-affiliated organizations. NGOs that were politically affiliated with the PLC - many of which were created shortly after Hurricane Mitch and the vast increase in aid dollars flowing into the country - were allowed to function without restraint, despite the fact that most were not legally registered with the state (Deonandan, 69). These organizations were exempt from the exorbitant new taxes imposed on funds received by Nicaraguan NGOs, which “ranged from 40 percent to over 100 percent of the estimated value of the aid” (Nicaragua Network Midwest 1998, 3 as cited in Kampwirth 2004, 70). The administration also turned a blind eye when it came to enforcing that these NGOs give evidence of being self-sustainable. The stipulation that NGOs must match international funding with domestic funding was yet another of the administration’s many efforts to render NGOs ineffective and damage their legitimacy among the population (Deonandan, 56).

Hurricane Mitch marked another important shift with regard to NGO-state relations during the Alemán administration. The national crisis resulting from this natural disaster encouraged NGOs to strengthen their bond under the Coordinadora Civil para la Emergencia y

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34 Affiliated with the PLC
Reconstrucción de Nicaragua\textsuperscript{35} (CCER) in order to push for structural change in the reconstruction process. The CCER desired “a reconstruction that does not return us to the ‘normalcy’ we knew prior to the hurricane, but one that allows us to rise above the exclusion and marginality experienced by large sectors of the population and a better use of our natural resources”\textsuperscript{36} (CCER 1999, 17 as cited in Pérez-Baltodano 2008, 723). In 1999, the CCER, with the support of the UNDP, did successfully pressure the government into creating the Consejo Nacional de Planificación Económica y Social\textsuperscript{37} (CONPES), an institutionalized space for dialogue and consultation between the state and civil society, the precedent for which had been established in the reformed national constitution of 1995.

The CONPES, however, proved to be more of a nominal concession than anything else. According to Deonandan, “responding to a series of national strikes which brought the economy to a halt and which exposed gaping polarization within the nation, he [Alemán] initiated a National Dialogue which included representatives from civil society. The process, however, was denounced because of its limited input from below” (48). Bradshaw et al. give further evidence of the futility of the CCER’s attempts to influence government policy, noting, “the official Government plan for reconstruction was not discussed with civil society via this officially created space, nor more generally, not least since it was in English and then translated into Spanish just before the second international meeting to discuss the reconstruction of the region” (2002, 16). While the CCER and CONPES were not ultimately able to affect much

\textsuperscript{35} Coordinating structure for Nicaraguan NGOs, social movements and other civil society groups; Name was later shortened to Coordinadora Civil, or CC.

\textsuperscript{36} Own translation from the original Spanish

\textsuperscript{37} National Council for Social and Economic Planning
influence over government policy, it is significant that they were able to open a space for consultation between civil society and the Nicaraguan state during a period in which the autonomy and rights of civil society organizations were under generalized attack from the president and his administration.

4.2.3 RELATIONSHIP WITH NGOS

The relationship between the Alemán government and NGOs was mostly hostile and uncooperative. Poverty was exacerbated by three significant crises that occurred during the administration and were handled poorly, and the demand for social service provision in light of these was great. Alemán targeted NGOs from the beginning of his term, creating an “us versus them” dichotomy that allowed him to use the NGO sector, especially those headed by foreign women, as a scapegoat for Nicaragua’s economic problems and supposed moral deficiencies. The president’s strict regulation of CSOs and selective treatment of them on political and clientelistic grounds resulted in an environment of extreme mutual mistrust between the government and NGOs (Bradshaw and Linneker 2002, 7).

While some civil society organizations did voice their concerns with the Alemán government’s political agenda and persecution of NGOs, they did so in collective spaces and in a subtle, non-confrontational manner. For example, in a national forum that took place in Managua in 2000, Adilia Amaya expressed the following:

Another difficulty we’ve had in these spaces with the State is that we are always in an unequal position since the majority of the organizations are governmental. Generally, these spaces have a wealth of state organizations and our organization is at a complete disadvantage. This creates an imbalance and requires an overexertion on our part to make our proposals valid […] Another problem is the lack of clarity in roles,

38 Foro Nacional: Sociedad Civil, Estado y Participación Ciudadana
39 Coordinator of CODENI
especially for the State institutions. We generally feel that there is an extremely authoritative and imposing attitude or a desire to make the proposals of Non-governmental Organizations invisible (2000, 64).

While some opportunities to voice discontent with the government existed, individual NGOs largely chose to avoid confrontation and refrain from criticizing the government for fear of suffering persecution themselves. According to Montenegro’s assessment of the situation, Alemán was successful in closing down, controlling and generally intimidating NGOs.

“Everyone began to moderate their aggressiveness and remain silent,” relates Montenegro. “The fiscal repression imposed by the DGI \([41]\) sought, and achieved, a process of self-censorship. And it isn’t until now, with the Bolaños government, that the people are finally starting to speak out” (Montenegro 2002).

4.3 CHAPTER CONCLUSION

This chapter has examined the economic and political spaces open to NGOs under the successive government administrations of Violeta Barrios de Chamorro and Arnoldo Alemán, during the period of 1990 to 2001. According to Shigetomi, the interaction of the economic and political spaces available to NGOs determines the actions NGOs will undertake and the demands they will make of the state. The uniqueness of these two spaces under the administrations covered here led to distinct reactions from NGOs. Under Chamorro, economic fulfillment among the population was low, while political pluralism was relatively high. Referring back to Figure 2\(^{43}\), the potential for NGO activities during this period can be understood to be represented

\[\text{Own translation from the original Spanish}\]

\[\text{Dirección General de Ingresos, Nicaragua’s tax authority}\]

\[\text{Own translation from the original Spanish}\]

\[\text{Refer to Chapter 2: Methodology}\]
between columns D and A, subjective to personal interpretations of the level of political plurality during this period. Under Alemán, economic fulfillment was also low but, relative to Chamorro’s term, political pluralism was also very low. For this reason, the potential for NGO activities under this administration would be represented in column G. By extending these details to Figure 3, one can see that the NGO sector’s demands for larger government under Chamorro, as well as NGOs’ political silence under Alemán, are accurately predicted by Shigetomi’s spaces framework. The following chapter uses this same framework to analyze the government administrations of Enrique Bolaños, 2001-2006, and Daniel Ortega, 2002-present.

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44 Refer to Chapter 2: Methodology
CHAPTER 5. BOLAÑOS TO ORTEGA

5.1 BOLAÑOS: 2002-2006

Enrique Bolaños Geyer was elected in 2002 as the PLC’s presidential candidate. Shortly after being elected, Bolaños launched an anti-corruption campaign in which, despite having served as vice president under Alemán, he strove to distance himself as much as possible from the actions and attitudes of the previous president. Alemán, at this point a parliamentary representative, was impeached in 2001 as a result of this campaign. In 2002, Bolaños charged Alemán with fraud, embezzlement, criminal conspiracy and money laundering (Close 2004, 167); by 2003, Alemán had been sent to prison on a 20-year sentence.

In addition to targeting corruption, Bolaños strove to increase economic efficiency and get Nicaragua’s donor relationships back on track (Ibid., 170). However, he would encounter extreme difficulty in carrying out his presidential agenda. The 1998 “pact” between the PLC and FSLN and the parties’ resulting control of parliament rendered many of Bolaños’ efforts ineffective. The president, having split from the PLC and formed a new political party, the Alianza por la República (APRE), was left with a legislative minority that limited his ability to pass reforms through the PLC and FSLN-dominated National Assembly.

45 Former Nicaraguan presidents are guaranteed a seat in the National Assembly

46 Alemán did not serve his entire prison sentence; his conviction was overturned in 2009 under President Daniel Ortega. He was also allowed at times to substitute prison time for house arrest due to health issues.

47 “El pacto” was an agreement of convenience between PLC and FSLN to ensure shared representation for the parties in important state institutions
5.1.1 ECONOMIC SPACE REMAINS LARGE

Given the political restrictions the pact between the PLC and the FSLN imposed on his administration, Bolaños shifted all his efforts to the economy (CINCO 2006, 2). In 2003, the administration proposed the first national development plan with a long-term vision (Martínez Franzoni et al., 9). The Plan Nacional de Desarrollo (PND) covered a period of 25 years and was “based on the definition of ‘clusters’ or conglomerations with foreign investment and bound to the external market, in areas in which Nicaragua has a competitive advantage, such as cattle farming, fishing, mining, forestry, tourism, textiles and agriculture” (Serra Vazquez 2007, 56). This approach was criticized by some for failing to take the principles of the ERCERP into account in this new plan, as the PND considered poorer, rural areas of the country to be without development potential and therefore unworthy of investment (Ibid.). In addition to the exclusion of the most vulnerable segments of the population, concern was expressed over the PND’s extreme vulnerability to external market forces and the whims of international aid agencies (CINCO 2006, 3).

The World Bank, in its Public Expenditure Review of Nicaragua for the 2001-2006 period, confirmed the government’s economic approach to development, taking as its “point of departure the market-based and private sector-led development perspective that was broadly shared by the Bolaños administration and which was reflected in the poverty reduction strategy that was in effect at that time” (World Bank 2008, 1). In accordance with the principles of the PND, the Bolaños administration signed a free trade agreement among the U.S., Central America

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48 Own translation from the original Spanish
and the Dominican Republic (CAFTA-DR\textsuperscript{49}); undertook measures to privatize state companies, most notably the Nicaraguan energy provider, ENEL\textsuperscript{50}; and generally decentralized government functions. The conditions of loan agreements with the IMF also restricted the government’s autonomy over budget allocation, prioritizing macroeconomic stability and reducing the fiscal deficit. The costs of basic public services, such as health and education, were increasingly transferred from the government to Nicaraguan citizens (Serra Vazquez 2007, 62). Civil society groups mobilized and conducted protests in the face of social problems, such as the rise in energy rates and power outages, soaring gas prices and a lack of government spending on education (Ibid., 59-62).

As under the Chamorro and Alemán administrations, and coherent with his focus on economic growth for reducing poverty, social policy under the Bolaños administration was primarily supplementary in nature. As in the ERCERP that proceeded it, the NDP prescribed targeted interventions for vulnerable groups and ideologically promoted investment in human capital (Martínez Franzoni et al., 9). Unfortunately, “toward the end of the Bolaños government, following the euphoria of the new mantras, the first impact evaluations began to emerge, according to which Nicaragua not only didn’t advance but went backwards on various indicators” (Hopmann 2008). While the Bolaños administration was able to make several positive macroeconomic advances, including reducing the public deficit; achieving monetary stability; the pardoning of foreign debt and renegotiation of internal debt; and an increase in

\textsuperscript{49} Dominican Republic-Central America Free Trade Agreement

\textsuperscript{50} Empresa Nicaragüense de Electricidad
exports and foreign investment as a result of the CAFTA-DR, “poverty and unemployment levels remained unaffected for the vast majority of the population” (Serra Vazquez 2007, 63).

5.1.2 POLITICAL SPACE EXPANDS

Bolaños made efforts to distance himself from Alemán’s administration as soon as he assumed the presidency. One month after his inauguration, for example, he allowed Dorothy Granada to return and continue her humanitarian work in Nicaragua (Kampwirth 2003, 150), demonstrating that his attitude toward NGOs would be different than that of his predecessor. While the pact between PLC-FSLN threatened political pluralism in the National Assembly, many sectors of the population who were critical of this arrangement hoped the situation would force the Executive to take an even stronger stand against corruption and reopen local and national spaces for dialogue between CSOs and the state (CINCO 2006, 1). According to Montenegro, these spaces did expand under Bolaños; during this period, she wrote:

We now have a ‘dense associationism’ in Nicaragua. New actors have emerged which have acquired a greater capacity for negotiation, they have access to more resources, they have credibility, legitimacy and are recognized, they serve as a counterweight to authoritarian tendencies, they possess social leadership capacity as well as a capacity for political intermediation (2002).

In its efforts to reestablish healthy international aid relations and differentiate itself from Alemán, the Bolaños administration promoted institutionalized spaces for consultation between civil society and the government. The president cultivated a collaborative relationship with CONPES, expanding its size and functions. He also granted the title of vice minister to the CONPES coordinator and involved government ministries in CONPES’s round table meetings and conferences on development topics (Serra Vazquez 2007, 56). The government promoted the

51 Own translation from the original Spanish
participation of NGOs in these spaces, recognizing them as a vital component of civil society (Hopmann 2008).

According to Javier Pereira of the Alliance2015,52 “the opportunities for CSOs to engage in development processes increased between 2000 and 2006” (Pereira 2011, 2). He credits the passing of the Citizen Participation Law, or Ley de Participación Ciudadana,53 in 2003 with opening this new political space for civil society. This law, agrees Cruz et al., constituted one of the most important advances for, according to [the law’s] general stipulations, “promoting the full realization of citizenship in the political, social, economic and cultural spheres, through the creation and operation of institutional mechanisms that permit fluid interaction between the State and Nicaraguan society, contributing to the strengthening of freedom and the participatory and representative democracy established in the Political Constitution of the Republic” (96).

The existence of these spaces for dialogue and concertation, however, does not ensure that governments will follow the recommendations of civil society groups or be held accountable for the decisions they make. These bodies are also susceptible to the changing political environment. Borchgrevink explains that, “in the deadlock between the President and the National Assembly during 2004-2005, CONPES was perceived as being on the side of the President” (54). This led the National Assembly to drastically cut CONPES funding, severely limiting its activities and influence in 2005 (Ibid.). In May of that same year, more than forty civil society groups united to create the Coordinadora Social.54 For political analyst Oscar Rene Vargas, the Coordinadora Social represented a leftist alternative to the conservative economic

52 “A strategic network of eight European non government organizations engaged in humanitarian and development activities” (http://www.alliance2015.org)
53 Law No. 475
54 Social Coordinator
and social approach of the government, as well as a focus on responding to the realities of the Nicaraguan context rather than the realities of donor priorities and interests (Cruz et al., 97).

5.1.3 RELATIONSHIP WITH NGOS

With the Bolaños administration, NGOs recovered the voice they had lost under the previous government. The investigation and accusation of corruption Bolaños undertook against Alemán and his cronies positively impacted civil society-state relations (Serra Vazquez 2007, 54). While government social policy was still insufficient for tackling the poverty problem, Nicaragua was able to reestablish its relationship with international donors and financial institutions during this period. Additionally, political pluralism was strong enough that NGOs and other CSOs were able to vocalize their discontent with the government and push publicly for change. According to Serra Vazquez, “during this period, diverse social actors carried out strong public demonstrations and protests defending their interests” (Ibid.,56). These protests included university students defending their constitutional right to 6 percent of the national budget; education and health workers demanding a higher minimum wage; and neighborhood organizations decrying limited access to water and electricity (Ibid., 57).

The new Citizen Participation Law and expansion of the CONPES contributed to a friendlier environment for NGOs. Civil society’s participation in dialogues regarding government policies and agendas was formally recognized and encouraged. However, despite the fact that “organizations of the CC had positive expectations of the Bolaños presidency, and tensions between government and civil society have certainly been reduced,” (Borchgrevink 28), NGOs were ultimately disappointed in their lack of efficacy. The CONPES lost some legitimacy with civil society actors as they began to see their role as merely nominal.
5.2 ORTEGA: 2007-2014

In 2007, Daniel Ortega was re-elected to the Nicaraguan presidency. One of the nine comandantes\(^{55}\) of the revolutionary FSLN government and former president of Nicaragua from 1985-1990, Ortega’s administration brought with it a renewal of Sandinista principles and pride in the country’s revolutionary history. The new government placed a greater emphasis on government social programs and created a citizen participation structure known as the \textit{Modelo del Poder Ciudadano},\(^{56}\) meant to empower and involve all citizens, even the extremely poor, in the country’s political processes and development. This political shift away from the neoliberal agenda and toward the recentralization of state powers has been met with criticism and concern by some sectors of society. Some have accused Ortega’s government with having authoritarian tendencies and politicizing civil society and aid relations. Others are staunch supporters and promoters of Ortega and his administration, self-promoted as “Christian, Socialist and Solidary.”\(^{57}\)

5.2.1 ECONOMIC SPACE CONTRACTS

After 16 years of severe neoliberal reforms, lackluster economic performance and the reversal of many of the revolution’s social achievements, Ortega’s administration opted for a different approach. The government drafted a new national development plan entitled \textit{Plan Nacional de Desarrollo Humano} (PNDH),\(^{58}\) infusing the previous administration’s \textit{Plan Nacional de Desarrollo Humano} (PNDH),\(^{58}\) infusing the previous administration’s Plan

\(^{55}\) There were nine commanders of the Sandinista revolution, stemming from three different “tendencies” : Daniel Ortega, Humberto Ortega and Víctor Tirado (\textit{Tercerismo}); Tomás Borge, Bayardo Arce and Henry Ruiz (\textit{Guerra Popular Prolongada}); and Jaime Wheelock, Carlos Nuñez and Luis Carrión (\textit{Tendencia Proletaria}) (Baltodano 2003).

\(^{56}\) Citizen power

\(^{57}\) The Ortega administration’s slogan is “\textit{cristiano, socialista, solidario}.”

\(^{58}\) National Human Development Plan
Nacional de Desarrollo (PND) with “humanity.” The Nicaraguan economy under Ortega and his PNDH has achieved stability and grown steadily. According to an IMF report on the PNDH’s progress through 2010,

Macroeconomic stability has been achieved through sustainable fiscal management, currency devaluation and the guaranteed convertibility of the córdoba; control of the money supply, control of inflation and maintenance of international reserve levels. However, while macroeconomic stability is a necessary condition, it is not sufficient for achieving the objective of reducing inequality and poverty. The initial purpose of the PNDH was to achieve sustained recovery of the economy in the mid-term through income redistribution in order to change the handout mentality of public policy, achieving advances in the revival of production potential among the poor, growth of human capital and improved economic competitiveness. [The plan] has focused on public spending with a rate of social return higher than that achieved up until 2006, the effectiveness of which is as much the result of a proper prioritization of programs and projects as it is the linking of these policies with the Poder Ciudadano

As the above passage indicates, Nicaragua’s economic performance under Ortega has not only been positive, it has also resulted in social gains. Poverty levels have fallen and life conditions have improved, especially among the poorest segments of the population (Ibid., 6). The IMF has also noted that, while economic growth in Nicaragua from 2005-2009 was not higher than the average annual growth rate for the Latin American region as a whole (1.692 and 2.77 percent, respectively), it is impressive that Nicaragua is still achieving such strides in poverty reduction in the wake of a global financial crisis. This is, in large part, because the economic growth the country experiences, large or small, is accompanied by policies focused on improving the distribution of income (Ibid., 30).

The Ortega administration’s economic success has been attributed to its high level of cooperation with the private business sector, relative independence from IFI funding (and its attached conditions), and openness to trade and foreign direct investment (FDI). Ortega has

59 Own translation from the original Spanish
established a healthy working relationship with the COSEP, an organization composed of the presidents of the various sectors of private business. The country’s aid relationship with Venezuela and other ALBA countries has allowed for greater national sovereignty in the use of cooperation funds. This has also allowed the country to establish relationships with bilateral and multilateral aid agencies that adhere to Article 189 of the PNDH, which maintains that “an external cooperation policy will be carried out under the premise of reverting the model of inherited dependence to a model of national leadership, through the funneling of external aid to the process of development and the transformation of Nicaragua” (PNDH 2012, 42). In its efforts to promote Nicaragua as a desirable destination for FDI, the Ortega government has also supported and expanded the efforts of entities such as ProNicaragua, acquiring it as the official agency for the promotion of investments and exports in 2011.

As the PNDH and Citizen Power Model place a significant emphasis on the role of the state in leading social progress and empowering citizens to become actors in that progress (IMF, 9), the Ortega government has created and implemented several social programs with the primary objective of reducing poverty and inequality levels. The administration created the Sistema Nacional para el Bienestar Social as a “coordinating mechanism for bringing together all socially-oriented programs, primarily those in education, health, housing and food security” (Gobierno de Nicaragua 2010, 4). In addition to reestablishing universal and free

60 Consejo Superior de la Empresa Privada, or Superior Council of Private Businesses

61 Alianza Bolivariana para los Pueblos de Nuestra América, or Bolivarian Alliance for the Peoples of Our America

62 http://www.pronicaragua.org/es/

63 National System for Social Wellbeing
access to education and basic health care, the government has initiated programs for getting children off the streets (*Programa Amor*), improving inadequate housing (*Casas para el pueblo*), providing protection and technical assistance for small agricultural producers (*Programa Semilla Certificada e Insumos; Alimentos para el Pueblo*), encouraging self-sustainability (*Programa Hambre Cero*) and providing low interest rates to small business owners (*Programa Usura Cero*). Ortega’s focus on state-run social programs has significantly reduced the economic space available to NGOs, especially for those opposed to working within the confines of a government-determined agenda.

5.2.2 POLITICAL SPACE CONTRACTS

The political environment under Ortega’s administration has been one of significant polarization. The Ortega government has elicited controversy from the beginning, garnering faithful and unwavering support from some segments of the population and vehement disapproval and criticism from others. Though polarized, however, there has still been room for political pluralism under Ortega, at least as far as freedom of the press is concerned. National newspapers are rife with open criticisms of the administration, accusing Ortega of authoritarian tendencies and hindering true democracy.

Pertaining to NGOs, Ortega has accused international organizations and foreign countries of using such organizations to further their own political agendas and commercial interests in Nicaragua, calling them “Trojan horses” of imperialism (Casas-Zamora 2008) and exhibiting a certain level of mistrust regarding the activities of NGOs, especially those receiving funding from international sources and engaging in political activities. The government has striven to establish a greater degree of control over aid funds and how they contribute to the country’s
development. According to an evaluation report conducted by the Ministry for Foreign Affairs of Finland, “up to and including 2006 Nicaragua was considered a model of international cooperation, with good relations prevailing between the government and the donor community” (Caldecott et al. 2012, 39). This environment changed with the election of Ortega in 2006. According to an evaluation conducted by the European Commission, “the national context also influenced process and procedures: these were more donor-driven during the first period of politically weak government, but since 2007 a more nationalistic government has assumed greater appropriation of the process” (DRN 2009, 47).

The enforcement of legal regulations for NGOs was tightened under this administration. In 2009, the executive branch, in conjunction with the Ministry of Government,\(^\text{64}\) released a manual for regulating the legal establishment and maintenance of international NGOs in the country. The Foreign Ministry and the Ministry of Governance, the government institutions made responsible for the registry and oversight of these organizations, have communicated that they will evaluate NGOs on the basis of “legality, control and objectives” (Castán 2008). The Ortega government has indeed enforced the 147 Law regulating NGOs more strictly than other administrations, issuing Constancias de Cumplimiento for organizations that comply with the Ministry of Government’s Registry and Control Department’s\(^\text{65}\) standards, and imposing fines on those organizations which do not (Monje Navarro 2009, 8).

Ortega has also been criticized for politicizing civil society through the centralization of local and regional spaces for consultation with the government. As a component of the Citizen

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\(^{64}\) Ministerio de Gobernación

\(^{65}\) Departamento de Registro y Control de Asociaciones del Ministerio de Gobernación
Power Model, the government created *Consejos de Poder Ciudadano*\(^{66}\) (CPC) and placed them under the umbrella of the CONPES (Asamblea 2007, Art. 2). Ortega also named his wife and first lady of Nicaragua, Rosario Murillo, minister of the CONPES. According to the Envío Team, this national space for consultation seems to have lost what little influence it had under previous administrations. They recount that, “in mid-October of the following year [2008] CONPES convened a total of 183 civil society organizations, most of them allied with the government, and of course including the departmental Cabinets of Citizen’s Power, to receive from President Ortega the government’s draft National Human Development Plan for their comments. That’s the last reported meeting it ever had. To all intents and purposes it would appear to have ceased functioning. Not so the CPCs, which have continued to exist as partisan para-state organizations” (Envío 2012).

Likewise, in a 2008 interview, José María Castán, a representative for the Basque NGO Mundubat, described an environment in which government cut NGOs out of the consultation process. According to Castán,

> What the Foreign Ministry told us is that starting in January, they are going to propose a new written agreement that will clarify this point better. And although the Secretariat has asked to participate in drafting this new agreement so its wording can be negotiated and hammered out together, we still haven’t seen any proposal or draft. We assume the new agreement will contain requirements or restrictions regarding channeling funds to organizations involved in political advocacy (2008).

At the same time, it is important to recognize that the relationship between NGOs and the Ortega administration has become less adverse under the president’s third term.\(^{67}\) Caldecott et al. have indicated that field research on the country program between Nicaragua and Finland “occurred at

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\(^{66}\) Citizen Power Councils

\(^{67}\) This refers to Ortega’s second consecutive term, third presidential term overall.
a time of political tension just prior to the 2011 presidential and parliamentary election campaign, and just before a period when the government and the remaining donors seem to have tacitly acknowledged that both sides had over-reacted to earlier provocations and misunderstandings" (42).

5.2.3 RELATIONSHIP WITH NGOS

The Ortega administration was met with outcries from NGOs soon after taking office in 2007. Most of these complaints centered around NGOs feeling excluded from partnering with the government on its programs and projects or participating in meaningful consultation spaces with the government. One of the first instances of this tension seems to be related to the government’s Hambre Cero program. NGOs with food security expertise reported initially being told by the government that they would be highly involved in executing the program; shortly after, the Minister of MAGFOR (Ministerio de Agricultura y Forestal) was named head of the program and the involvement of NGOs in the program was essentially terminated (García and Ulloa 2010, 11). Other NGOs claimed they were being politically persecuted, experiencing stricter regulation from the Ministries of Government and Foreign Affairs, usually for their promotion or funding of political activity among civil society groups.

NGO complaints were felt most strongly in the first years following Ortega’s 2006 reelection. Damaris Ruíz, then president of the Red Nicaragüense por la Democracia y el Desarrollo Local, for example, expressed her concern with the Ortega government in the following way:

68 Ministry of Agriculture and Forestry

69 Nicaraguan Network for Democracy and Local Development
What spaces do we have now to interact with this government? Because we perceive a negative and delegitimizing attitude toward NGOs upon their being branded as oligarchs… I think this is because of the autonomy we’ve maintained. In the Network, we established that we were going to maintain our autonomous positions, that if this government entered into a strategy that favored the issues we work on, well then we would support them. But if it destroys the rights for which we have been working then we would also be there with a critical position” (Confidencial 2007).

CINCO has spoken out against the government’s manual for complying with NGO regulations, calling it a “clear violation of free speech, the right to association and political rights” (2009, 4). Concerns like these among various NGOs led the FONG to emit a letter to the Ortega government. The letter recognized the government’s social policies and poverty reduction strategies and stated the FONG’s desire to work with the government on development initiatives; however, it also made clear its intention to remain autonomous and reprimanded the government for not being more inclusive of NGOs in the consultation or implementation processes. The FONG also petitioned the national authorities to “suspend all investigations of individuals, social movements and NGOs currently open in the Public Ministry” (FONG 2008, 2).

Given the FSLN’s history of working closely with NGOs and other CSOs during the revolutionary period, the NGO sector expected the Ortega administration to openly welcome its involvement and potential contributions. According to Castán,

International NGOs that have been working for a long time in Nicaragua, and that also experienced the era of the Sandinista revolution, were expecting better relations from this government than we had with the governments of (Arnoldo) Aleman, (Enrique) Bolaños, and Violeta Barrios (de Chamorro). And although it can’t be said that there has been any more pressure since that crisis stage, there also hasn’t been any improved dialogue, let alone an explicit recognition of international NGOs or non-official Nicaraguan social organizations (2011).

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70 Own translation from the original Spanish
71 Own translation from the original Spanish
72 Own translation from the original Spanish
As is evident in Castán's statement, the relationship between NGOs and the Ortega government, while not cooperative, has become less tense over time. In his second consecutive term, NGOs have complained less of persecution or over-regulation and more of exclusion from having an active voice and hand in the country’s development. Some aid agencies, such as that of Sweden, have phased their programs out of the country, citing either that their objectives are not aligned with those of the current government, or that levels of poverty and social need are no longer high enough to require the same amount of assistance. Overall, it is clear that NGO complaints under the Ortega administration have been overwhelmingly political in nature.

5.3 CHAPTER CONCLUSION

Like Chapter 4, this chapter has discussed the economic and political spaces available to NGOs under two different administrations: Enrique Bolaños and Daniel Ortega. Under Bolaños’ administration, the population’s level of “economic fulfillment” - as Shigetomi terms it - was quite low and political pluralism was relatively high. The potential for NGO activities can therefore be understood, as with the Chamorro administration, to be represented somewhere between columns D and A of Figure 2\textsuperscript{73} in Shigetomi’s model for the relationship between the spaces available to NGOs and the potential for their activities.

Under Ortega’s government, the population’s economic fulfillment, or level of economic wellbeing, is higher than it has been under its three predecessors and political pluralism can be considered moderate. The intersection of these spaces is represented in column E. In accordance with Figure 3\textsuperscript{74}, the economic and political spaces available to NGOs under the Bolaños

\textsuperscript{73} Refer to Chapter 2: Methodology (page 21)

\textsuperscript{74} Refer to Chapter 2: Methodology (page 22)
administration resulted in their demand for larger government. Under the Ortega administration, on the other hand, the spaces available to NGOs has led the sector to push for “better politics,” as Shigetomi’s model predicts. NGOs have accused the Ortega administration of failing to respect democratic institutions and harboring authoritarian tendencies. They have, especially during Ortega’s first term, criticized the government for being too restrictive and ignoring the voice of civil society in its decisions and actions. NGOs have petitioned the government to allow them greater autonomy to influence and participate actively in the country’s development according to their own goals and frameworks. They have also spoken out against the perceived partisan nature of the CPCs as a national citizen participation structure and the 2009 constitutional reform that allows for a president’s consecutive reelection (García and Ulloa, 10-11).

75 Here I refer to Ortega’s term beginning in 2007, though his first presidential term was 1985-1990.
THE OVERALL TREND AND CONCLUDING REMARKS

As this work has shown, the economic and political spaces available to NGOs vary considerably, not only from country to country but within ever-evolving country contexts. In post-revolutionary Nicaragua, these spaces have widened and contracted under different government administrations. The Chamorro administration allowed ample economic and political space for NGO activities. This environment resulted in the rapid growth of the NGO sector in Nicaragua. NGOs’ demands of the state were generally limited to petitions for larger government and the state’s increased role in economic and social provision for the population. The spaces for NGOs shifted under the Alemán administration. Economic space for NGOs was extremely high during this period, while political space was exceptionally low. NGOs generally remained silent and demanded little of the state in order to avoid government persecution.

Political space for NGOs re-opened under the Bolaños administration, and economic space remained relatively high. NGOs sought larger government during this period, as they had under the Chamorro administration. Economic and political space for NGOs shrank under the Ortega administration, as the government assumed greater responsibility for the population’s economic well-being and more tightly enforced regulations on NGO functioning. This environment drove NGOs to call for “better politics”, accusing the government of exhibiting authoritarian tendencies and excluding civil society from having a voice in the political process or participating in policy-making and development initiatives.

Pearce has explained the global NGO boom of the 1980s and 90s and the wide-spread acceptance of NGOs’ potential as the result of a global shift in political and economic theories. She maintains that, “politically, there is the collapse of the reforming and revolutionary-left
project, with its emphasis on State power. Economically, there is the rise of neoliberal economics, and its emphasis on the retreat of the State and development led by the private sector” (1993, 223). While the neoliberal model of structural adjustment paired with the West’s promotion of democracy and the reduced role of the state has generally favored the proliferation of NGOs in Latin America, as was the case under the Chamorro and Bolaños administrations (and to a lesser degree, Alemán’s), the election of more left-leaning governments like Ortega’s have delimited the spaces available to NGOs more strictly, re-assuming a larger role for the state in directing national development.

Following the revolutionary decade of the 1980s and the transition to neoliberal democracy in 1990, the Nicaraguan state lacked a concrete national development plan. The country’s development was essentially subject to external political and economic pressure. It wasn’t until Bolaños’ term that a national development plan (PND) was created, though it was primarily focused on the country’s economic solvency, and international organizations and foreign aid agencies still dictated much of the political and economic agenda in Nicaragua. The Ortega administration, with its PNDH, represents a more nationalistic, socially-oriented approach to development, in which the government seems to be open to collaboration with NGOs only to the extent that NGOs are willing to work with the government within the PNDH framework.

Therefore, though the attitude a government takes toward NGOs may have several explanations, it is clear that one of the major factor that accounts for variation is the ideological approach to which that government adheres, specifically with regard to the respective roles of the state and civil society. Much of the Nicaragua-specific literature on the state and civil society has
mentioned the role of partisan ideology in determining the nature of this relationship. From their interviews with various NGOs and other civil society groups, García and Ulloa conclude that tense NGO relations with the current government are the result of “a lack of government acknowledgement of the autonomous role of civil society” (2010, 28), as well as “a failure to recognize the active participation [of civil society]; a focus on partisan interests rather than those of the nation; the strength of the FSLN party organization and its closed-off politics of self-sufficiency; the interpretation of all of civil society unrelated and unaligned with the government as a threat”\textsuperscript{76} (Ibid.). However, it must be recognized that this study was financed by Finland’s foreign affairs ministry and advocates in its recommendations, “the continued role of international cooperation in facilitating resources to civil society for the achievement of its objectives” (Ibid., 29). The ideological influence and political interests of bilateral and multilateral cooperation sources is one of the primary reasons the Ortega government has taken issue with NGO involvement in the country’s social, economic and political development.

Looking toward the future of NGO-state relations in Nicaragua, I would once again refer to Pearce, who contends that “a great deal will depend on how the state conceives its relationship to associational life” (1997, 271). NGO activity and the demands they make of the state will depend upon the degree of political and economic space the state allows them, given its own priorities and approach to national development. Cruz et al. describe civil society participation in Nicaragua as being obstructed by the “shortcomings, insufficiencies, weaknesses and interests of the State or political parties, though it has been recognized that civil society organizations also exhibit closed-off behaviors, specific to the political culture that they share with other societal

\textsuperscript{76} Own translation from the original Spanish
actors” (2006, 183). They have also argued that, “although some spaces for participation have opened up, these participation processes are inconclusive because the policies, strategies, programs and plans that are discussed for these areas fail to take into account the diversity of opinions and contributions made by organizations. Participatory spaces become operative, guided by deadlines, and do not offer the opportunity to address strategic themes or counter development visions” (Ibid.).

Though tensions between the current government and NGOs have abated since the beginning of the administration, it seems that cooperation between government institutions and NGOs is still more feasible at the local level than the national level. According to the interviews conducted by García and Ulloa with civil society organizations and government officials on both the national and local level, CSOs working directly with central government are relatively pessimistic about the relationship improving in the near future; local CSOs, however, report maintaining healthy working relationships with municipal governments and are generally confident that this dynamic will continue going forward (25-26). However, especially for NGO interactions with the government at the national level, much will depend upon whether Ortega is elected to a third consecutive presidential term in 2016.\(^7\) Regardless of whether Ortega is re-elected, it is likely that the political party of the government and its ideological approach to development and the role of civil society vis-à-vis the central government will continue to be vital in determining the the relationship between NGOs and the state in Nicaragua.

\(^7\) A 2009 constitutional reform removed restrictions on consecutive presidential terms.
FIGURES

Figure 1. Economic Space for NGOs
(Source: Shigetomi 2002, 24)

Figure 2. Relationship between Spaces for NGOs and Potential for NGO Activities
(Source: Shigetomi 2002, 27)
Figure 3. NGO Reform-Oriented Actions & Factors Affecting Their Evolution over Time
(Source: Shigetomi 2002, 30)


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