

# NICARAGUA

## Political crisis, deterioration of socioeconomic conditions, aggravated by drought and El Niño

LIKELIHOOD 1 2 3 4 5

### CURRENT SITUATION

The current political crisis began on 16 April 2018, when the Nicaraguan Institute of Social Security (INSS – Instituto Nicaragüense de Seguridad Social) approved reforms to the social security system, confirmed on 17 April by President Daniel Ortega. One of the contributing factors for the social security reform was the drying up of Venezuelan financing through the Bolivarian Alliance (ALBA), due to the crisis in Venezuela (Plaza Publica 16/08/2016; Plaza Publica 24/04/2018). The reforms, among others, included a doubling of the pension fund contribution period from 750 weeks to 1,500 weeks, cancellation of retirement benefits for thousands of senior citizens, and reduced spending on medicines for retirees. A few days after, thousands of people protested in the streets across the country and were instantly met by violent repression from Nicaraguan authorities (Investig'ation 12/09/2018; International Crisis Group 04/2018). Large-scale civic unrest (characterised by protests, demonstrations, and strikes) has since persisted, with a multiplication of reports of violence, arbitrary detentions, harassment tactics, intimidation campaigns, and incidents of torture against opposition protesters and human rights defenders (Notimerica 06/11/2018; IACHR 18/10/2018; OHCHR 22/11/2018). The human rights situation in Nicaragua had been deteriorating since 2016, with a growing number of reports documenting violations of the right to freedom of expression, and repression of protests mounted by farmer communities and environmental activists (most notably against the Grand Canal mega-project) (Plaza Publica 06/08/2018).

Repressive government strategies have intensified since the beginning of June, with the launch of what was referred to as a 'cleaning operation' in the media (officially called 'operation for peace'), aimed at destroying barricades erected as a form of protest by citizens around Managua. The government operation resulted

in at least 10 civilian deaths, and 20 people injured (Amnesty International 18/10/2018, El Mundo 16/07/2018). Since the protests began in mid-April, 325 people have been killed (the majority by government forces), and over 2,000 injured (OHCHR 22/11/2018; IACHR 18/10/2018). In addition, at least 552 people (including 46 women) are being held in prisons in the country for protesting against Ortega's government (Notimerica 06/11/2018).

Ortega and his government have continuously attempted to vilify their opponents by referring to the detainees as 'terrorists' or 'coup plotters', as a way to justify violent crackdown on protests (Notimerica 06/11/2018). On 29 September, a law was passed making protests illegal and punishable by prison. As of December 2018, protests are still being organised, with the law used to justify arbitrary arrests of protestors. The UN's Office of the High Commissioner for Human Rights (OHCHR) denounced the law, calling it a violation of the right to freedom of peaceful assembly (International Crisis Group 10/2018; Reuters 14/10/2018; La Republica 29/09/2018). The unrest has also caused displacement: since April, 52,000 Nicaraguans have sought refuge in Costa Rica, including 40,300 requesting international protection (DG ECHO 07/11/2018).

The alliance between the government and the private sector has been essential to both the political and economic stability of Nicaragua. Economic growth over the past 30 years and reduction of poverty since Ortega came into power in 2006 have been in tandem with the increasing concentration of power in the hands of the president. The Ortega presidency has also been coupled with the institution of neoliberal policies, and techniques of accumulation of land, water, mineral exploitation, and expansion of agrofuels (Investig'ation 12/09/2018; Plaza Publica 16/08/2016; 06/08/2018) However, as instability grew over the past few years, the alliance between the private sector and political power started eroding, and the balance of power is now shifting (Plaza Publica 24/04/2018).

The political crisis has led to economic turmoil, and on 1 October 2018, Nicaragua formally fell into recession for the first time since the global financial crisis of 2009. Current data on economic activity is missing because the Central Bank of Nicaragua (BNC) has not provided updates since June 2018, and the Nicaraguan government is still downplaying the economic crisis and contesting the figures. However, sharp declines in economic activity, demand for consumption, and investment have been observed since April 2018 (Confidencial 02/10/2018). People have been taking their deposits out of the national financial system since the unrest began, and in November, the government stopped online dollar purchases by banks in an attempt to control withdrawals (100% Noticias 03/12/2018; Rabble 14/11/2018).

Prior to the events in April, the economy was expected to grow by 4.3% in 2018; however, according to FUNIDES (Fundacion Nicaraguense para el Desarrollo Economico y Social), the economy in 2018 could have contracted by as much as 4% compared to 2017 (FUNIDES 11/11/2018; VOA 14/08/2018). Unemployment has spiked, with an estimated 417,000 people losing their jobs since April, most in the commerce, hostels and restaurants, agriculture, forestry, fishing and construction sectors (DG ECHO 07/11/2018). The government denies the economic crisis, claiming the economy will grow by 1% in 2018, and introduced a national budget reform in August 2018 that significantly reduced spending on health and education. The government blamed the reduction on protesters, accused of staging a coup and destabilising the economy as a result (VOA 14/08/2018).

During the Sandinista revolution in the 1980s, the redistribution of wealth was not inclusive of campesino (smallholder farmers) communities, and the majority of rural communities became marginalised, weakening the agricultural sector (Plaza Publica 16/08/2016). The political and socio-economic situation is compounded by the impact of drought on the agricultural sector. Nicaragua is located in Central America's 'Dry Corridor' and the canicula (hottest period) during which a lack of rainfall was observed between June and mid-August 2018 caused significant damage to the 2018 primera season (planting in mid-April, and harvesting from July to mid-August), with an average of 20% in agricultural losses recorded across the region (FAO 20/11/2018). The possibility of an El Niño episode in late 2018 and beginning 2019 bringing below normal rainfall and dry conditions is likely to exacerbate these vulnerabilities (FAO 20/11/2018).

## KEY FIGURES



**325 killed**  
**2,000 injured**  
**552 in prisons**



**52,000 sought refuge in Costa Rica**  
**13,600 applied for asylum**



**300,000 affected by the 'canicula'**



**143,000 fell into poverty**  
**417,000 lost their jobs**  
**1.2 million at risk of falling into poverty**

(OHCHR; IACHR; Notimerica; DG ECHO; Aid Forum; FUNIDES)

# PREDICTED DEVELOPMENTS

## Short-term (3 – 6 months)

### Intensification of government repression

Given the government seems unwilling to negotiate or engage in a national dialogue, repression, detentions, and human rights abuses against opponents are likely to continue (La Prensa 11/11/2018). Since the beginning of the crisis, Ortega and his government have used armed pro-government paramilitary groups, in addition to the police, to kill, injure, and intimidate opponents (Amnesty International 18/10/2018). In 2014, a new law transferred police control from the Ministry of Interior to the President (Plaza Publica 24/04/2018). The role of the police is slowly shifting, with Ortega starting to subject them to intense military training, with the aim of using police as a parallel army. This indicates that the regime may be strengthening its repressive nature (La Prensa 11/11/2018). Another worrying trend is the increasing use of military weapons by pro-government armed groups. Although some protesters reportedly have used improvised mortars during clashes, civilians acting in protest of the government are usually unarmed (Amnesty International 18/10/2018).

### Influx of Nicaraguans into neighbouring countries

It is increasingly likely that Nicaraguans will flee the country as the crackdown on protests intensifies and the economy further deteriorates. Prior to the crisis, approximately 500,000 Nicaraguans already lived in Costa Rica, most of whom migrated for socio-economic reasons. However, since April 2018, an estimated 52,000 Nicaraguans have fled to Costa Rica and are staying with relatives already in the country, including 40,300 who requested international protection. 13,600 asylum applications have been filled in Costa Rica. The demographic profile of refugees in Costa Rica is mostly students, human rights activists, farmers, doctors, lawyers, journalists, and former military and police (having refused to participate in governmental repression) (IACHR 01/11/2018). If the influx of Nicaraguans into neighbouring countries increases over the coming months, the capacity of neighbouring countries to respond effectively to Nicaraguan refugees will become a concern, especially since part of the region is already struggling to respond to the Venezuela crisis.

Although Costa Rica currently has an open border policy, the cost to access asylum is high, and procedures can take up to a year and a half. Furthermore, the country is

restricting the list of professions that asylum seekers are allowed to exercise, and all asylum seekers must wait a minimum of nine months after lodging their request before they have the right to work (IACHR 01/11/2018). As the crisis continues, there is a risk of neighbouring countries (including Costa Rica) closing their borders.

### Deterioration of the food security situation

In addition to the immediate protection concerns as a result of increasingly repressive government tactics, the deteriorating economy is likely to exacerbate other needs, primarily food security. In the upcoming months the food security situation is expected to deteriorate, directly impacting some 300,000 Nicaraguans currently living in areas susceptible to the drought (Aid Forum 21/08/2018). While maize prices across the region have been experiencing a seasonal decrease since the end of the primera harvest in September, market disruption due to the political and economic crisis led to a significant increase in maize prices in the months that followed (FEWSNET 16/12/2018). Amid a persistent economic recession, food prices are likely to keep increasing, limiting food access and ultimately worsening food security. In addition, current forecasts predict an 80% chance of an El Niño episode materialising, leading to below average rains between November 2018 and January 2019 in southern Nicaragua, and January to March 2019 in eastern Nicaragua (FAO 20/11/2018). Food access and availability will likely be impacted during the postrera season (planting started in August, and harvest began in November) as well as the 2019's primera season, when the planting season for maize begins (mid-April) (FAO 20/11/2018).

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## Medium-term (6 months – 3 years)

### Political instability

President Ortega has managed to eliminate all opposition within the government and consolidated his power across all three branches (legislative, executive, and judicial) during his 23 years in office. There is no obvious organised political group or party able to fill the power vacuum should he step down (Plaza Publica 24/04/2018). Despite growing civil discontent, Ortega refuses to leave office or organise elections. With no political resolution in sight, no inclusive political dialogue, and the government denying there is a crisis, the country risks a longer term political crisis, leading to an erosion of political institutions and serious concerns about its stability (Amnesty International 29/05/2018).

### Long-term economic recession

Engulfed in political turmoil, with a government not interested in negotiating and addressing the root causes of the crisis, Nicaragua is expected to remain in recession over the next years, with the GDP expected to fall by 8-10% in 2019, resulting in more job losses and a deterioration of socio-economic conditions (100% Noticias 03/12/2018; Confidencial 02/10/2018).

The recession is expected to impact primarily the hotels and restaurants, commerce, and construction sectors, representing 18.2% of the Nicaraguan workforce. Unemployment is expected to keep rising. According to FUNIDES, 1.2 million Nicaraguans are at risk of falling into poverty (100% Noticias 03/12/2018; FUNIDES 11/11/2018). As livelihoods deteriorate, the already fragile agricultural sector and rural communities (in 2014, 50% of the rural population was living in poverty) will likely be particularly impacted in the long term (IFAD accessed 29/11/2018). Smallholder farmers in particular are at risk, as they make up the majority of Nicaragua's agricultural sector, with 75% of farmers owning less than 3.5 hectares yet producing 80% of basic grains, 65% of livestock products, and generating 56% of exports. The combined effects of the current drought, political crisis, and economic recession are likely to have a devastating long-term effect on rural communities' livelihoods, especially considering the pre-existing fragility of the sector, lack of infrastructure, skilled workforce, basic services, and transport facilities (FAO 20/11/2018).

### Deterioration of basic service provision

A persistent economic recession is likely to have devastating long-term impacts on social service delivery and the social fabric of the country will continue to unravel. In August 2018, responding to civil unrest, Ortega cut the budget by 9.2% (\$180 million), mostly impacting the education and health sectors (VOA 14/08/2018). As the economy keeps unravelling and no solution is found to the political impasse, similar budget cuts will likely be implemented to cut down on public spending. Key sectors such as education and health are at risk of becoming underfunded and dysfunctional, setting back development gains in the long-term, and leading to increased humanitarian needs. The combination of a collapsing economy and deterioration of basic service provision is likely to impact the country's ability to import essential goods such as food and medicine. This would lead to a significant increase of humanitarian needs, especially food security and health.

With the crisis deepening and displacement outside of Nicaragua increasing, a situation of protracted displacement is likely to develop in the region. A potential large-scale exodus of Nicaraguan refugees risks putting a strain on neighbouring countries' resources and basic services. Population movement out of Nicaragua is also likely to accelerate the deterioration of social service provision (health, education in particular) inside the country, as more and more qualified individuals start leaving the country.

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