



Integrated Country Strategy

Nicaragua

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1. Chief of Mission Priorities

The deterioration of democratic governance in Nicaragua in recent years, in particular since the onset of the country's socio-political crisis in April 2018, poses a significant challenge to U.S. security interests in Central America, and in Latin America more broadly. Identified by National Security Advisor John Bolton as part of the "Triangle of Tyranny," the increasingly authoritarian Ortega regime committed grave human rights abuses as it repressed peaceful protests and severely restricted freedom of expression and other civil liberties. These developments, documented by respected multilateral human rights organizations, also took a serious toll on Nicaragua's economy by damaging investor and consumer confidence, prompting restrictions on development assistance flows and curtailing what had been increasing international tourism.

At the same time, the regime's brutal repression reawakened in many Nicaraguans a strong commitment to demand respect for their democratic freedoms and the rule of law. New organizations formed to fill the vacuum left by traditional political parties discredited by years of questionable pacts with the ruling party, uniting a strong constituency to advocate for democratic change. The United States and other members of the international community rose to the defense of Nicaraguan democracy, demanding peaceful, negotiated solutions to the political crisis.

While we cannot predict the precise trajectory or outcome of Nicaragua's current crisis, the U.S. government can prepare to support an eventual transition and lay the foundations for broader and deeper cooperation over a range of issues of mutual benefit over the longer term. Over the next three years, the United States can collaborate with other international partners to encourage a return to full democracy in Nicaragua and respect for basic human rights. In the context of a transition, we can deepen our partnership with Nicaragua to stabilize the economy, lay the groundwork for sustainable and inclusive economic development, and build Nicaragua's will and capacity to combat transnational crime in concert with its neighbors. Such progress in Nicaragua will in turn enhance our broader efforts to promote genuine, representative democracy across the region, create vibrant markets for U.S. exports and foster success in our drive to combat illicit trafficking, irregular migration and terrorism throughout Central America.

There remain enormous political challenges to achieving U.S. objectives in Nicaragua. The Ortega government could continue to reject offers from the international community to assist in democratic reforms, and could resume repression against its opponents. The U.S. will need to be ready to counter such backsliding. It will be challenging to establish mechanisms that can

provide appropriate justice to the victims of large-scale human rights abuses. Nicaragua's security forces – especially its police – will require a major overhaul before citizens will trust them to provide security in their communities and before international partners can deepen cooperation with them to fight illicit trafficking and other crimes. Multilateral organizations like the OAS and the UN can help address these challenges, as can other international experts with support from the U.S. and other governments.

Economic challenges also abound. The crisis that began in 2018 derailed Nicaragua's already fragile economy, erasing gains from several years of steady growth and depleting the country's foreign currency reserves. Assistance from international financial institutions as well as other donors will likely be required to help Nicaragua climb out of this hole -- if national authorities are prepared to take the necessary steps on their part. Targeted U.S. development assistance may also be required to help the most vulnerable communities recover from the social impacts of the steep economic decline.

Beyond the immediate difficulties of the current political and economic crisis, Nicaragua will face other important challenges. Following a transition to more democratic governance, security forces are likely to face increased pressure from international criminal organizations seeking to ensure impunity through corrupting new authorities. We have confronted similar problems in other Central American neighbors. The U.S. has a significant interest in promoting greater cooperation between Nicaraguan and its neighbors to promote citizen security and combat illegal trafficking in all its forms. Nicaragua will confront crucial choices in terms of its international partnerships going forward, including whether to continue cooperating with the Russian government on military and security issues, as well as whether to continue recognizing the government of Taiwan. Replacing Venezuela, Cuba and Russia as the Nicaraguan Government's security partner of choice should be our strategic objective to best promote our countries' mutual interests over the long term.

Deepening trust and human connections between the American and Nicaraguan peoples will enhance the prospects for achieving our objectives in all these areas over the long-term. We should increase exchanges across multiple sectors that will encourage stability and democratic reform as well as help build the personal relationships that can make a difference in our bilateral ties. Scar tissue still exists from the sometimes-conflictive political history between our two countries, but the natural affinity most Nicaraguans feel for U.S. values and culture, as well as the family connections among the diaspora community, provide a strong base on which to build. The commercial links that the Central American Free Trade Agreement (CAFTA) has helped to expand also provide a valuable underpinning to our bilateral relationship.

If the crisis is resolved, we can expect the numbers of U.S. visitors to Nicaragua will resume their upward trajectory. The U.S. Mission's Consular Section must continue to provide high-quality services to U.S. visitors and long-term residents while also facilitating lawful travel for Nicaraguan citizens to the U.S. Post's management platform will also need to support our active engagement amid shifting economic and security conditions. Staffing levels will need to be rebuilt following ordered departure in 2018. Finally, the U.S. Mission must maintain a high state of readiness in order to respond rapidly and effectively to natural disasters given the significant risks that Nicaragua's geography poses.

2. Mission Strategic Framework

Mission Goal 1: Nicaragua has steadily improving democratic institutions functioning as established under the Nicaraguan constitution and in accordance with international standards to advance democracy and protect human rights.

Mission Objective 1.1: Nicaragua's public institutions and reformed legal system can effectively support democratic transition, including transparent, free, and fair elections.

Mission Objective 1.2: Nicaragua's judicial system is an impartial, accountable caretaker of its citizens' constitutional and human rights; functions independent of political and economic influences; and its personnel are chosen based on merit.

Mission Objective 1.3: Nicaraguan society rebuilds civic trust and prepares for a peaceful transition of power. (Incorporates CDCS DO 1)

Mission Objective 1.4: The Government of Nicaragua restores effective exercise of freedoms guaranteed in the Nicaraguan constitution and opens investigations into those authorities who block them. (Incorporates CDCS DO 1)

Mission Goal 2: Nicaragua provides basis for future economic growth and increased trade through transition to a rules-based market economy based on transparent and accountable regulatory institutions, fiscal and monetary stability, respect for the rule-of-law and protection of private property rights.

Mission Objective 2.1: Private sector actively supports efforts to reestablish democratic and rules-based institutions that can restore economic confidence, support recovery, and provide a basis for shared economic prosperity in the future.

Mission Objective 2.2: Support fiscal and monetary economic policies to restore stability, accelerate Nicaragua's economic recovery, and ameliorate poverty and food insecurity.

Mission Objective 2.3: The Government of Nicaragua works with the private sector to rebuild institutional and an efficient and fair administrative bureaucracy.

Mission Goal 3: Security reform and rebuilding institutions.

Mission Objective 3.1: Nicaragua reestablishes independent and professional security forces that maintain rule of law, protect vulnerable populations, and provide citizen security while adhering to international standards of transparency and human rights. (Incorporates CDCS DO 2)

Mission Objective 3.2: Nicaragua becomes a high-confidence partner in combating illicit trafficking, preventing irregular migration, and protecting US citizens and interests in Nicaragua.

Management Objective 1: To help the Mission achieve its policy goals, management will provide a robust and sustainable operational platform nimble enough to adapt to Nicaragua's evolving economic and political environment and to support transforming U.S. policy.

Management Objective 2: The Mission adapts successfully to changes in the economic climate and local labor to optimize efficiency and morale of locally employed (LE) staff, and works with Washington to offer appropriate benefits packages.

Management Objective 3: Build a resilient community of U.S. Direct Hires and their eligible family members by promoting emergency preparedness and addressing family quality of life issues.

Management Objective 4: Ensure that Mission employees can safely and efficiently operate throughout Nicaragua in order to achieve Mission Goals and Objectives more easily.

3. Mission Goals and Objectives

Mission Goal 1: Nicaragua has steadily improving democratic institutions functioning as established under the Nicaraguan constitution and in accordance with international standards to advance democracy and protect human rights.

Description and Linkages: National and regional security strategies highlight that stable, democratic, and prosperous states in the Western Hemisphere enhance our security and benefit our economy. Governments that respect the rights of their citizens are most effective in promoting peace and prosperity. Democratic states connected by shared values reduce violence, drug trafficking, and illegal immigration that threaten our common security and limit opportunities for adversaries to operate close to U.S. borders. This goal supports Goal 1 (Protect America's Security at Home and Abroad) and Goal 3 (Promote American Leadership through Balanced Engagement) of the 2018-2022 State/USAID Joint Strategic Plan. This goal also supports the 2017 National Security Strategy pillars of protecting the U.S. homeland and advancing U.S. influence.

Mission Objective 1.1: Nicaragua's public institutions and reformed legal system can effectively support a democratic transition, including transparent, free, and fair elections.

Justification: Nicaragua is a de jure democracy, but since 2007, under the Ortega regime, the ruling party is synonymous with the state and the Ortegas. Nicaragua's electoral laws and institutions need wholesale reforms in order to guarantee free and fair elections. Through legal maneuvers and fraud, the government has restricted opposition parties from fairly competing in these processes. Following years of FSLN manipulation, the deck is stacked against any other party or coalition. The FSLN, however, is not entirely to blame. Through ineffectiveness, corruption, and collusion with the FSLN, other traditional parties have also lost the confidence of the Nicaraguan people they claim to represent. Nicaragua will need electoral reform and a reinvigorated system of political parties to provide Nicaraguans with real, appealing political choices.

Mission Objective 1.2: Nicaragua's judicial system is an impartial, accountable caretaker of its citizens' constitutional and human rights; functions independent of political and economic influences; and hires its personnel based on merit.

Justification: The Nicaraguan judicial system is marred by endemic politicization and corruption at all levels, leaving little public trust. Institutional reforms are necessary to remove opportunities for corruption and clientelism, as well as strengthening internal controls to prevent public servants from abusing their positions; this will require both changing the legal codes, structures, and a major personnel overhaul. A transparent and independent justice system is essential to restore rule of law. In addition to national security, a strong judicial system prevents transnational criminal organizations from establishing a foothold or growing operations in Nicaragua.

Mission Objective 1.3: Nicaraguan society rebuilds trust and prepares for a peaceful transition of power. **(Incorporates CDCS DO 1)**

Justification: The political crisis exposed deep-seated grievances and further entrenched them in Nicaraguan society. The crisis forced many to flee the country; sowed discontent among Nicaraguans; and created distrust of public institutions and the informal structures with which they work. When the

crisis is resolved, Nicaraguan society will need to grapple with justice and reconciliation. The government will also need to assist those in exile to reintegrate as productive members of society.

Mission Objective 1.4: The Government of Nicaragua restores the ability to exercise freedoms guaranteed in the Nicaraguan constitution. **(Incorporates CDCS DO 1)**

Justification: Many of Nicaragua's governing systems are de jure democratic, but in practice the government distorts them for its own political gains. The government's manipulation of the National Assembly and courts has allowed them to oppress opposition figures for years. This has become particularly egregious during the political crisis that began in April 2018. The government has effectively restricted many freedoms, while blocking any recourse for citizens. To properly guarantee freedoms and human rights, Nicaragua will need to reinstate constitutional checks and balances.

Mission Goal 2: Nicaragua provides basis for future economic growth and increased trade through transition to a rules-based market economy based on transparent and accountable regulatory institutions, fiscal and monetary stability, respect for the rule-of-law and protection of private property rights.

Description and linkages: Despite sustained economic growth until 2018, the lack of a rules-based and institutional economic policy empowered the corrupt and repressive Ortega regime as it consolidated institutional control in Nicaragua and undermined democratic and bureaucratic institutions. Popular unrest over contractionary pension reform sparked a nation-wide crisis in April 2018 after the government violently responded to peaceful protests by killing and repressing citizens who demanded a transition to democracy. The crisis in turn undermined economic confidence, decimating tourism and investment, and threatened the viability of the financial sector. Without a durable political solution, the economic crisis is likely to grow worse, which could lead to destabilizing factors like increased poverty, food insecurity, and rising crime that hurt both U.S. commercial and security interests in the region.

Mission Objective 2.1: Private sector remains actively committed to efforts to reestablish democratic and rules-based institutions that can restore economic confidence, support recovery, and provide a basis for shared economic prosperity in the future.

Justification: Despite years of acquiescence to the undermining of Nicaragua's institutions, the private sector has now united around the need for transition to a democratic, rules-based order that will address the frustrations of Nicaragua's citizens and restore economic confidence. As one of the most organized and influential constituencies in Nicaragua, the private sector's commitment to a return to democracy will be vital to achieve real change.

Mission Objective 2.2: Support fiscal and monetary economic policies to restore stability, lend confidence to Nicaragua's economic recovery, and ameliorate poverty and food insecurity.

Mission Objective 2.3: The Government of Nicaragua works with the private sector to rebuild institutionality and an efficient and fair administrative bureaucracy.

Justification: A post-crisis Nicaragua will be more economically and socially stable if administered by a functioning, transparent bureaucracy that opens business opportunities for all citizens, minimizes uncertainty of the costs of doing business, and protects entrepreneurs from arbitrary and inconsistent administration of government regulation. Unlike Objective 2.1, this objective targets government action, rather than action of the private sector itself. These activities would likely be subsequent to a positive change in the relationship between the Government of Nicaragua and its civic and business organizations.

Mission Goal 3: Security reform and rebuilding institutions.

Mission Objective 3.1: Nicaragua achieves independent and professional security forces that maintain rule of law and provide citizen security while adhering to international standards of transparency and human rights. (Incorporates CDCS DO 2)

Justification: Independent and professional security forces contribute towards strong rule of law, sustained development and a more secure Nicaragua. Nicaraguan security forces are institutionally weak with rampant corruption and high levels of politicization. While Nicaraguan authorities maintain unusually tight control over their territory and organizational discipline, the public rightly distrusts them. Narcotics traffickers and transnational criminal organizations (TCOs) could exploit potential chaos during political transitions, posing a great risk to the country, the region, and the security of the United States. An independent, transparent and professional security force with the ability to deter domestic and transnational threats would enhance internal citizen security as well as regional security. Should the Nicaraguan government demonstrate its willingness to develop independent and professional security forces, the Mission will seek to collaborate in the process of reforming and rebuilding this sector, beginning with an assessment of its legal framework and the structure of the institutions.

Mission Objective 3.2: Nicaragua becomes a cooperative partner in combating illicit trafficking, preventing irregular migration, and protecting U.S. citizens and interests in Nicaragua.

Justification: An independent and professional Nicaraguan military directly contributes to U.S. national security. The Nicaraguan military is the lead agency charged with securing the border, and is thereby empowered to stop illicit trafficking before contraband and trafficked persons can reach the southern border of the United States. Although some of its 2018 conduct has been questioned, the Nicaraguan military is also one of the few institutions with some credibility remaining, and cooperation with the military is more feasible than with a number of other security-focused institutions. Despite challenges working with a Nicaraguan government entity, the Nicaraguan military desires to gain from regional security cooperation and expresses willingness to collaborate in areas of mutual interest.

4. Management Objectives

Management Objective 1: To help the Mission achieve its policy goals, management will provide a robust and sustainable operational platform nimble enough to adapt to Nicaragua's evolving economic and political environment and to support transforming U.S. policy.

Justification: In Nicaragua, the economic and political environment is tense. The lack of host nation cooperation on a wide range of routine administrative matters is a serious impediment to post's management operations. In particular, host government processing delays customs clearances, which in turn hinders our ability to get supplies and equipment on time. Controlling costs is critical to the success of our management operations. The overseas Cost Containment Initiative promulgated by the ICASS working group in Washington provides tools to evaluate operations in post's Facilities and General Services areas. By systemic evaluation of inventory levels for both expendable and non-expendable items, the Mission will reduce stocks to required levels, saving financial and administrative costs. Employing new residential utility consumption tracking tools, the Mission will raise employee awareness of the direct effect of their domestic energy use patterns and residents will have the data to correlate their behavior with energy conservation.

Management Objective 2: The Mission monitors the impact of the economic climate and local labor conditions on attrition, efficiency, and morale of locally employed (LE) staff and works with Washington to offer appropriate benefits packages.

Management Objective 3: Build a resilient community of U.S. Direct Hires and their eligible family members by promoting emergency preparedness and addressing family quality of life issues.

Justification: Failure to build a resilient community can expose the Embassy to the challenges of significant staffing gaps in the event of an emergency. A resilient workforce and family community is better able to withstand an emergency and resist curtailing and breaking assignments. Post will promote emergency preparedness training, personal preparedness measures, and provide ample social, volunteer, and educational opportunities to build a confident, resilient, and satisfied community committed to the achievement of U.S. policy goals.

Management Objective 4: Ensure that Mission employees can safely operate throughout Nicaragua in order to achieve Mission Goals and Objectives more easily.