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NICARAGUA

Medical Strike Continues Despite Dismissals

Tensions continue to mount in a health workers' strike that has suspended services in Nicaragua's 32 public hospitals since 14 Nov '05.

After strikers closed emergency room services on 18 Jan, authorities of the Ministry of Labor (MITRAB) declared the strike illegal. The Ministry of Health (MINSa) gave the doctors an ultimatum to return to work within 48 hours or MITRAB would begin to fire them.

While some resumed their labors, many did not; and, on 22 Jan, 12 directors of the Doctors' Pro-Salary Movement (DPSM) were fired, refusing to negotiate with Health Minister Margarita Gurdían. In response, the dismissed doctors presented a petition before the appeals court for protection and annulment of dismissals. The appeals court ruled on 24 Jan that it was against the law for MITRAB to declare the strike illegal, resolving to "suspend all effects of the declaration of illegality of the strike by MITRAB."

According to MINSa legal advisor Pastor Torres, MITRAB will not be able to fire any more doctors, although those who have been dismissed cannot return to work until the Supreme Court rules in their favor.

DPSM director Elio Artola was among the dismissed, but maintained that the strikers will not give up. "We will continue; we will not abandon now," he said after receiving his dismissal notice from MITRAB.

The 3,000 strikers affiliated with DPSM initially demanded a 140% salary increase during the next two years. On 27 Jan, they lowered their demand to a 30% pay raise as well as life insurance and a housing plan. The government maintains, however, that it cannot raise salaries by more than 15% for fear of not qualifying for funds from the International Monetary Fund (IMF). Loans from the IMF, the World Bank and the Inter-American Development Bank had been withheld from Nicaragua (Vol. 24, No. 5), but the country has just been readmitted into the loan program (see "IMF Pardons Debt").

An average salary for a Nicaraguan doctor is between \$200 and \$400 a month, while the Central American average ranges between \$1,200 and \$2,000. Nicaragua's '06 budget originally included a nine percent pay raise for the health sector (Vol. 24, No. 12). More recently, the government offered them a 13.75% wage increase, which the doctors rejected.

The pro-Sandinista group FETSALUD is the nation's largest health sector union, comprising more than 24,000 workers. *El Nuevo Diario* reported on 30 Jan that FETSALUD announced plans to protest in front of public buildings including the IMF, the World Bank and United Nations offices to fight for a 48% salary increase. They also plan to demand \$2.9 million for medical supplies, and threatened to close certain private services offered in state hospitals if the response does not look promising.

Father Bismark Conde of the Metropolitan Cathedral voiced the concerns of the Roman Catholic Church. "If [these protests] continue, this could turn into chaos," he said, also referring to strikes by the judicial system and the educational and transportation sectors that are taking place in the country.

On 24 Jan, 20 US doctors arrived in Nicaragua to offer free health care, but were unable to perform operations because of the lack of operating rooms.

According to *La Prensa*, many Nicaraguans do not support the medical strike. MINSA estimates that 32,400 appointments have been canceled and 2,700 surgeries postponed.

"The objective is that the patient is cared for ... we cannot negotiate with emergencies," said Minister of Health Gurdíán.

Nicaragua Readmitted into IMF Economic Program

After three reviews of its Poverty Reduction and Growth Facility (PRGF) arrangement, Nicaragua was readmitted on 18 Jan into the International Monetary Fund's (IMF) economic program, making \$20.1 million available.

"Nicaragua's performance under the PRGF arrangement has strengthened, as the domestic consensus for economic reforms has been rebuilt despite a difficult political environment," said IMF Deputy Managing Director and Acting Chair Agustín Carstens.

Nicaragua's three-year PRGF arrangement—which has been extended from 28 Feb '06 to 12 Dec '06—was approved in Dec '02. The original funding amounted to \$140.9 million; however, completion of the latest reviews will bring total disbursements down to \$100.7 million.

The country lost funding in Oct '04 when the National Assembly approved a budget that, among other things, raised public sector workers' pay higher than the rate of inflation, which was against their agreement with the IMF.

Finance Minister Mario Arana explained that to remain in the IMF program through '06, Nicaragua must keep deficit spending to 1.7% of the GDP and the National Assembly must ratify the tax-reform package during the first trimester of the year.

Central Bank President Mario Alonso projects that '06 will be a good year for Nicaragua despite the costliness of upcoming election campaigns. He also feels that IMF support will help strengthen macroeconomic stability.

“We are ‘waking up’ the program and are confident that it is going to go well,” Alonso said. The objectives of the new program include obtaining a 3.7% economic growth with an inflation of 7.3% and dedicating 13.5% of the GDP for poverty reduction. Private sector development growth also will be emphasized to help maintain macroeconomic stability and help further reduce poverty.

According to President Enrique Bolaños, external debt reduction over the last two years through the Heavily Indebted Poor Country’s Initiative and the Multilateral Debt Relief Initiative—totaling nearly \$1 billion—has reduced 80% of external debt, leaving what represents only two year’s worth of exports to finish paying it off.

Tourism Driving the Economy

Tourism continues to drive the economy, generating \$186 million in '05, a 15% increase in respect to '04, according to the Central Bank.

“We have surpassed the goals we set for '05 in which we proposed to attract 636,000 tourists to the country and ended up with 709,000,” said María Nelly Rivas, executive president of the Nicaraguan Tourism Institute (INTUR).

According to Rivas, this is the fourth consecutive year that tourist activity has brought the most foreign currency into the country, bringing in more revenue than coffee, beef or seafood.

INTUR announced in Jan that it has developed a strategic plan to increase competition in the sector, strengthen and diversify tourists options, and provide incentives to international investors to join their economic sphere.

According to INTUR Market and Promotions Director Regina Hurtado, the idea is to cultivate an image of a country with quality, primarily focusing on the scenic attractions the country has to offer such as the Atlantic Coast.

Also, more than \$9 million have already been spent by investors of the Gran Pacífica on what will be a \$52 million tourist complex on the Pacific Coast. According to INTUR General Secretary Ian Colonel, services of this caliber contribute to making Nicaragua competitive in the tourism sector, and they would like to see more private business endeavors of similar level and scope.

Villa El Carmen Mayor Néstor Gutiérrez supports the project. “This investment is being received with open arms. This municipality is extremely poor, but we have hope that thanks to this project we will come out ahead and become a prosperous site.”

—Ashley Blake