OUR LAND OUR BUSINESS

WORLD BANK'S BAD BUSINESS IN NICARAGUA

THE HEAVY TOLL OF DOING BUSINESS IN AGRICULTURE

Nicaragua, ranked 124 out of 189 countries by the World Bank's Doing Business indicator in 2014,[1] is one of the poorest countries in the Western Hemisphere.[2] Foreign direct investment in the country has more than doubled in past years, with a 91% increase in 2011 from the year before and a 33% increase in 2012 to $1.28 billion.[3] In 2010, agricultural investments alone rose 12% to $47.7 million.[4] The World Bank has been actively promoting foreign investment in the agricultural sector despite the numerous health, social, and environmental problems associated with industrial plantations in Nicaragua. One of the most damaging activities is the production of sugarcane for ethanol. The crop is in high demand, as is the manual labor for cutting cane, but the rise of sugarcane production comes at a steep cost in terms of human lives.[5]

DOING BUSINESS REFORMS IN NICARAGUA

Nicaragua has implemented several changes that the World Bank considers "good reforms" according to its rubric.

- ✓ In 2012, Nicaragua made it easier and more efficient to register property by introducing a fast-track procedure for registration.[11] As a result, in the 2014 index Nicaragua climbed 8 ranks from 131 to 123 in "Starting a Business."
- ✗ However, when the government increased social security contributions by corporations, the country was chastised for this "bad reform" with a negative evaluation.[12]

These Doing Business scores illustrate where the World Bank's priorities lie when it comes to protecting the interests of investors over the welfare of local people.

NICARAGUA AND THE WORLD BANK

The World Bank has turned a blind eye to the high death toll in Nicaragua's sugar industry. The first extensive study within the agricultural sector of chronic kidney disease (CKD), which is likely caused by toxic exposure to pesticides, looks at the community of La Isla de Viudas in Chichigalpa, Nicaragua. In the past 10 years, it is estimated that 2,800 to 3,500 people have died from CKD in the municipality of Chichigalpa, the vast majority of whom were young men working on sugarcane plantations.[6] Yet, in spite of the serious concerns raised by the Council of Health Ministers of Central America over the epidemic of CKD in the agricultural sector,[7] the World Bank's International Finance Corporation (IFC) gave two loans of more than $100 million to the two largest sugar producers in the country, Ingenio Monte Rosa and Nicaraguan Sugar Estates Limited.[8] According to the World Bank, a new $15 million loan to the Montlimar mill in Nicaragua will be used to acquire more land to increase the area under cultivation.[9]

As Europe's demand for biofuels increases, the emerging epidemic of CKD seems to be a secondary concern for international lending organizations like the IFC. Despite warnings, the World Bank continues to finance sugarcane plantations that, according to its own accountability mechanism, are dangerous and harmful to workers.[10] In 2012, the World Bank named PRONicaragua, Nicaragua's investment promotion agency, as the best investment facilitator in the world.

ENDNOTES

1 The World Bank Group. *Doing Business: Nicaragua*. http://www.doingbusiness.org/data/exploreeconomies/nicaragua (accessed February 13, 2014).

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6 Laffay, Tom. "La Isla - A Cycle of Death (In English)." La Isla Foundation, 2012. http://vimeo.com/33834697 (accessed February 21, 2014).

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10 Laffay, Tom. "La Isla - A Cycle of Death (In English)." La Isla Foundation, 2012. http://vimeo.com/33834697 (accessed February 21, 2014).

11 "Business Reforms in Nicaragua." The World Bank Group, 2013. http://www.doingbusiness.org/reforms/overview/economy/nicaragua (accessed February 12, 2014).

12 Ibid.

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Photo: Worker in sugarcane field in La Isla, Nicaragua. © Jeff Lee

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