

Nicaragua

Evaluation of Progress in Drug Control 2005-2006

MEM

Multilateral Evaluation Mechanism



Organization of American States - OAS
Inter-American Drug Abuse Control Commission - CICAD





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**ORGANIZATION OF AMERICAN STATES (OAS)
Inter-American Drug Abuse Control Commission (CICAD)**

**Multilateral Evaluation Mechanism (MEM)
Governmental Expert Group (GEG)**

NICARAGUA

**EVALUATION OF PROGRESS IN DRUG CONTROL
2005–2006**



CICAD wishes to thank the following national institutions of Nicaragua which provided information for this MEM national Fourth Round report:

- National Council against Drugs(CNLCD)
- Ministry of Foreign Affairs
- Nicaraguan Federation of Therapeutic Communities (FENICT)
- Ministry of Health (MINSA), National Mental Health Program
- Ministry of Education, Culture and Sports
- Office of the Attorney General of the Republic
- Public Prosecutor's Office
 - Executive Secretariat
 - Office of Planning and Statistics



PREFACE

The Multilateral Evaluation Mechanism (MEM) is a diagnostic tool designed by all 34 member states of the Organization of American States (OAS) to periodically carry out comprehensive, multilateral evaluations of the progress of actions taken by member states and by the hemisphere as a whole, in dealing with the drug problem. The Inter-American Drug Abuse Control Commission (CICAD), an OAS specialized agency, implemented this Mechanism in 1998, pursuant to a mandate from the Second Summit of the Americas held in Santiago, Chile in 1998.

The MEM is not only an evaluation instrument, but has also become a vehicle for disseminating information on the progress achieved by individual and collective efforts of OAS member state governments, catalyzing hemispheric cooperation, promoting dialogue among member state government authorities and precisely channeling assistance to areas requiring greater attention by optimizing resources. The MEM process itself is assessed by the Intergovernmental Working Group (IWG), comprised of delegations from the 34 member states, which meets before the onset of each MEM evaluation round to review and improve all operational aspects of the mechanism, including the indicators of the evaluation questionnaire.

National evaluation reports are drafted by experts from each member state, with experts not working on their own country's report, guaranteeing the transparent multilateral nature of the MEM. Each chapter is based on countries' responses to a questionnaire of indicators covering the main thematic areas of institution building, demand reduction, supply reduction and control measures as well as subsequent comments and updated information provided by the government-appointed coordinating entities.

This report covers the full country evaluation for the MEM Fourth Round evaluation period 2005–2006. The follow-up report on the implementation progress of recommendations assigned to the Nicaragua will be published in June 2009. All MEM reports can be accessed through the following webpage: www.cicad.oas.org.



INTRODUCTION

Nicaragua covers an area of 130,000 km². The country borders the Caribbean Sea to the east and the Pacific Ocean to the west and shares borders with Honduras to the north (922 kilometers), and Costa Rica to the south (309 kilometers). The population is 5,570,129 (2006) and the main ethnic groups are mestizos (69%), whites (17%), blacks (9%), and indigenous peoples (5%). Its literacy rate is 67.5%. The country is a republic divided into 15 departments and two autonomous regions (North Atlantic and South Atlantic). The country's Gross Domestic Product (GDP) is US\$3,000 per capita (2006), and its rate of inflation is 9.4% (2006). Nicaragua's annual exports total US\$1,714 billion and consist mainly of coffee, shrimp and lobster, peanuts, tobacco, bananas, beef, sugar, and gold.

I. INSTITUTIONAL STRENGTHENING

A. National Anti-drug Strategy

On March 24, 2002, the National Council against Drugs approved Nicaragua's National Anti-drug Strategy, in force until 2006. The Strategy covers actions in the areas of demand reduction, supply reduction, development programs related to the prevention or reduction of illicit crops, production or trafficking of drugs, control measures and money laundering. The country does not have a specific budget for the Strategy. Implementation of the Plan is financed through the budgets approved for those institutions that comprise the National Council against Drugs (CNLCD).

Nicaragua indicates that departmental and municipal authorities have jurisdiction in anti-drug policy-related areas. All departments carry out drug abuse prevention programs.

The CNLCD was created on July 24, 1994 as an autonomous entity attached to the Ministry of the Interior, and is the national authority responsible for coordinating national anti-drug policies. This Council has an Executive Secretariat that functions as its central technical office. With regard to national anti-drug policies, the CNLCD is responsible for coordinating the areas of demand reduction, supply reduction, control measures, the drug observatory, and international cooperation.

The National Council has an independent annual budget. The sources of financing for that budget come from government allocations and occasionally from international assistance. The budget of the CNLCD is the same the Executive Secretariat uses to carry out its mandates, and the country considers it inadequate.

Annual budget for the CNLCD, 2004–2006

Fiscal year	Proposed budget (US\$)	Budget approved and received (US\$)
2004	227,000	121,000
2005	288,000	123,000
2006	185,000	122,000

CICAD notes that the country had a national anti-drug strategy during the evaluation period, 2005–2006. CICAD also finds that the country has a national authority in charge of coordinating anti-drug activities which, according to the country, has an inadequate budget for executing its functions.



B. International Conventions

Nicaragua has ratified the following Inter-American and United Nations conventions:

- Inter-American Convention on Mutual Assistance in Criminal Matters, 1992, (November 25, 2002)
- Inter-American Convention against Corruption, 1996 (May 6, 1999)
- Inter-American Convention against Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other Related Materials - CIFTA, 1997 (November 9, 1999)
- United Nations Single Convention on Narcotic Drugs, 1961, amended by the 1972 Protocol (June 21, 1973)
- United Nations Convention on Psychotropic Substances, 1971 (acceded October 24, 1973)
- United Nations Convention on the Law of the Sea, 1982 (May 3, 2000)
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988 (May 4, 1990)
- United Nations Convention against Transnational Organized Crime, 2000 (September 9, 2002), and two of its Protocols:
 - Protocol against the Smuggling of Migrants by Land, Sea and Air, (acceded February 15, 2006)
 - Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (acceded October 12, 2004).
- United Nations Convention against Corruption, 2003 (February 15, 2006).

Nicaragua has not acceded to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components, and Ammunition.

Within the context of and in accordance with the ratified international conventions, Nicaragua reports that during the 2005–2006 evaluation period, the country has issued the following laws and regulations:

Legislation Issued in Nicaragua in Accordance with Ratified International Conventions, 2005–2006

International convention	Subject area	Legislation/ date of promulgation
Inter-American Convention against Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials, 1997 (CIFTA).	Firearms	<ul style="list-style-type: none"> • Decree No. 28-2005 Regulations for Law No. 510 (<i>Official Gazette</i> No. 40 of February 25, 2005). • Law No. 510, Special Law on Control and Regulation of Firearms, <i>Official Gazette</i> No. 10 of February 25, 2005.
Protocol against the Smuggling of Migrants by Land, Sea and Air of the United Nations Convention against Transnational Organized Crime, 2000	Smuggling of Migrants	<ul style="list-style-type: none"> • Law No. 591, Reform of Law No. 510, <i>Official Gazette</i> No. 136 of July 13, 2006. • Law No. 513, Reform of the Law on Controlling the Smuggling of Illegal Migrants, <i>Official Gazette</i> No. 20 of January 28, 2005.

CICAD views with satisfaction that Nicaragua has ratified the United Nations Convention against Corruption (2003), and has acceded to the Protocol against the



Smuggling of Migrants by Land, Sea and Air and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, both of the United Nations Convention against Transnational Organized Crime (2000). In addition, CICAD notes with satisfaction that the country has approved laws and regulations in accordance with ratified international instruments. Nevertheless, CICAD notes that accession to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components, and Ammunition of the UN Convention against Transnational Organized Crime (2000) is still pending.

RECOMMENDATION:

1. **ACCEDE TO THE PROTOCOL AGAINST THE ILLICIT MANUFACTURING OF AND TRAFFICKING IN FIREARMS, THEIR PARTS AND COMPONENTS, AND AMMUNITION OF THE UNITED NATIONS CONVENTION AGAINST TRANSNATIONAL ORGANIZED CRIME OF 2000, A REITERATED RECOMMENDATION FROM THE SECOND EVALUATION ROUND, 2001–2002.¹**

C. National Information System

Nicaragua reports that it has a centralized office at the national level that organizes, collects, and coordinates statistics and other information on drugs, and that this office carried out a National Household Survey in 2006.

The country reports that it has a distribution system for publications on drugs, which are disseminated in hard copy, via an Internet website, and by e-mail. In addition, there is a help line, known as the “Emergency Line,” which is staffed for nine hours per day by experts from the Institute against Alcoholism and Drug Abuse.

The country provides the following information regarding the availability of the indicators necessary to conduct a study of the economic and social costs of the drug problem in the country:

- Number of persons convicted and length of sentence for drug trafficking (2004, 2005, and 2006)
- Studies on drug use in the general and student populations (2004, 2006)
- Arrests for drug possession and consumption (2004, 2005, and 2006)

CICAD notes that Nicaragua has a centralized office at the national level that handles statistical information on drugs. In addition, CICAD observes that the country has a drug information distribution system.

II. DEMAND REDUCTION

A. Prevention

Nicaragua reports that it has a prevention program targeting the school population for preschool, primary, and secondary students called “Education for Life.” From 2003 to December 2006 this

¹ Nicaragua deposited with the United Nations General Secretariat on July 2, 2007, its instrument of accession to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components, and Ammunition. The Protocol went into effect in August 2007.



program covered 358,339 students between three and 17 years of age. In addition, the Ministry of the Family implements the Total Attention Program for At-Risk Children and Adolescents (PAINAR), which targets out-of-school children and adolescents nationwide. Nevertheless, the country does not have prevention programs targeting other key sectors of the population, such as community-based programs for adults, women, indigenous groups, the workplace, and incarcerated individuals.

During the evaluation period, Nicaragua reports having organized short refresher courses for primary and secondary school teachers. The School Counseling Course was offered to 490 teachers in 2005 and 540 teachers in 2006. The country reports that the course meets national demand for professional training in the area of prevention. At the tertiary level, Nicaragua reports having offered “extension courses” on addiction studies with support from international cooperation agencies. In addition, the country indicates that it has an accreditation or licensing system for demand reduction professionals.

CICAD acknowledges the continuation of the Education for Life Program since 2003. However, due to the limited information supplied, CICAD has been unable to determine the extent to which this program covers its target population. CICAD also notes the increase in teachers participating in the School Counseling Course.

CICAD notes that the country has not initiated preventive interventions targeting other key populations, such as community-based programs for adults, women, indigenous groups, the workplace, and incarcerated individuals. That said, CICAD values the implementation of the Total Attention Program for At-Risk Children and Adolescents (PAINAR).

RECOMMENDATION:

2. **INCREASE THE COVERAGE OF PARTICIPANTS IN SCHOOL PREVENTION PROGRAMS.**

B. Treatment

Nicaragua has not implemented the Minimum Standards of Care for Users of Psychoactive Substances at the national level². The country has an institution in charge of maintaining a register of treatment services and programs, but the country indicates that the register has not yet been implemented.

The country provides no ongoing training or short refresher courses for drug treatment personnel.

Nicaragua states that the country provides outpatient services for drug users through 220 public sector programs and six private-sector programs, for members of both sexes. With respect to residential programs, there are 31 programs in the private sector for adults and minors of both sexes. The drug use treatment services available in Nicaragua are described as follows:

² According to information supplied by the country, the Minimum Standards of Care for Users of Psychoactive Substances nationwide were adopted in February 2006. However, they have not yet been implemented as they are still being validated by the appropriate administrative authority.

**Drug Use Treatment Services Offered**

Treatment services	Public	Private
Early detection, patient training, and case referral (with national and municipal coverage)	2	40
Detoxification (with national coverage)	—	13
Treatment and rehabilitation (with national coverage)	32	32
After care (with national coverage)	—	33
Narcotics Anonymous	1	60

Nicaragua has six treatment programs specifically targeting women; seven programs for adolescents; programs targeting prisoners at 11 prisons; four programs for juvenile offenders; and five private organizations that work with boys and girls under the age of 14.

Regarding demand for drug abuse treatment, Nicaragua reports that in 2004, the total number of admissions for treatment was 1,502; through October 2006, the total number of admissions for that year was 669.

CICAD notes with satisfaction the implementation of public and private sector treatment programs geared toward both adults and minors. However, CICAD notes with concern that the country has not yet adopted the Minimum Standards of Care for Users of Psychoactive Substances for institutions that provide treatment and rehabilitation services. Furthermore, the country does not have a national registry of existing treatment centers and services, nor has it initiated an accreditation process for those centers and services.

RECOMMENDATIONS:

3. **IMPLEMENT THE MINIMUM STANDARDS OF CARE FOR USERS OF PSYCHOACTIVE SUBSTANCES, A REITERATED RECOMMENDATION FROM THE FIRST EVALUATION ROUND, 1999–2000.**
4. **ESTABLISH A NATIONAL REGISTER OF TREATMENT SERVICES, A REITERATED RECOMMENDATION FROM THE THIRD EVALUATION ROUND, 2003–2004.**
5. **DEVELOP INSTRUMENTS FOR THE ACCREDITATION OF TREATMENT SERVICES, A REITERATED RECOMMENDATION FROM THE THIRD EVALUATION ROUND, 2003–2004.**



C. Statistics on Consumption

Nicaragua conducted a household survey in 2006. This study targeted persons 12 to 65 years of age who lived in Managua and other Nicaraguan cities with more than 30,000 inhabitants. It produced the following findings:

Prevalence of drug use, 2006

Type of drug	Lifetime prevalence	Last year prevalence	Last month prevalence
Any illicit drug	8.80	1.30	0.56
Marihuana	7.91	1,06	0.41
Cocaine	2.52	0.34	0.17
Crack	1.29	0.52	0.25
Inhalants	0.64	0.14	0.12
Coca paste	0.50	0.00	0.00
Hallucinogens	0.25	0.00	0.00
Other illicit drugs	0.14	0.01	0.00
Heroin	0.05	0.02	0.02
Morphine	0.04	0.00	0.00
Ecstasy	0.02	0.00	0.00
Hashish	0.01	0.01	0.00



With respect to perceived risk of licit and illicit drug use, the household survey revealed the following results:

Percentage of risk associated with drug use, by age, 2006

What is the risk?	Age Groups					Total
	12–18	19–25	26–34	35–44	45–65	
Occasionally smoke cigarettes	34.5	32.1	35.1	39.6	40.0	36.3
Frequently smoke cigarettes	91.2	92.7	93.0	94.6	95.6	93.5
Occasionally drink alcoholic drinks	32.1	30.4	31.4	35.3	41.9	34.4
Frequently drink alcoholic drinks	90.2	91.4	90.4	91.7	94.5	91.7
Get drunk	88.5	93.0	90.0	92.2	94.8	91.9
Occasionally take non-prescribed tranquilizers/ stimulants	46.1	50.8	56.0	58.8	60.0	54.8
Frequently take non-prescribed tranquilizers/ stimulants	85.3	88.8	90.3	91.1	92.9	89.9
Occasionally inhale solvents	64.3	68.1	68.2	70.3	73.6	69.2
Frequently inhale solvents	93.2	95.9	95.8	96.4	95.9	95.6
Occasionally smoke marijuana	59.7	64.4	64.5	69.0	71.5	66.2
Frequently smoke marijuana	93.1	95.3	96.2	96.2	96.3	95.6
Occasionally take cocaine	63.9	70.4	72.4	74.8	75.9	71.9
Frequently take cocaine	93.1	96.8	97.2	96.7	94.8	95.9
Occasionally take coca paste or crack	65.3	72.0	73.9	75.1	73.9	72.4
Frequently take coca paste or crack	90.2	94.4	95.8	92.5	91.5	93.1
Occasionally take ecstasy	55.7	61.0	64.7	67.0	62.9	62.6
Frequently take ecstasy	74.1	79.8	80.7	79.1	75.1	77.9

Nicaragua reports that the estimated number of drug use-related deaths totaled 117 persons in 2006: 116 from alcohol and one from hallucinogens.³

CICAD notes with satisfaction that Nicaragua conducted its first national survey on drug use in the general population in 2006.

III. SUPPLY REDUCTION

A. Drug Production

Nicaragua does not have a system for detection and quantification of the area of land under illicit crop cultivation, nor does it have a formal illicit crop eradication program. The country reports that

³ The CIE-10 classification system was used to prepare this estimate.



it has not detected marijuana crops grown indoors, nor has it detected any illicit organic or synthetic drug laboratories in its territory.

CICAD notes that the country did not provide sufficient information to allow an adequate evaluation of drug production.

B. Control of Pharmaceutical Products

Nicaragua has the following legal provisions regulating pharmaceutical products: Law on Medicine and Pharmacy (Law No. 292), promulgated on June 4, 1998, and its Regulations (February 4 and 5, 1999) and their respective amendments (June 7, 2000 and March 7, 2002); and the Law on Narcotic Psychotropics and other Controlled Substances (Law No. 285), promulgated on April 15, 1999, and its Regulations (June 30, 1999).

The country has a mechanism to monitor and prevent the diversion of pharmaceutical products that is applicable to health professionals and entities authorized to handle these products. The General Bureau for Health Regulation, the Pharmacy Division and the Integrated Local Health Care Systems (SILAIS) of Nicaragua are the competent authorities responsible for coordinating activities related to the control of pharmaceutical products. All pharmaceutical products containing substances listed in international conventions are controlled in the country.

In the commercial sector, the control mechanism for pharmaceutical products covers import/export control, license control, monitoring distribution, inspection, administrative sanctions, registry of licensees and registry of quantities of pharmaceutical products sold. In addition, in the health sector, the control mechanism for pharmaceutical products covers license control, monitoring distribution, monitoring of prescriptions, inspections and administrative sanctions, but not the transfer to judicial authorities of unusual cases detected by administrative authorities.

Nicaragua has a system for compiling information on administrative and regulatory activities and sanctions imposed in connection with them. Regarding these regulatory activities, 11 licenses were issued to importers, distributors and exporters in the year 2004, 14 in 2005 and 12 in 2006; a total of 149 licenses were issued to pharmacies in 2004, 93 in 2005, and 133 in 2006.

Regarding an automated information management system to facilitate the control of pharmaceutical products, the country reports that it is encountering technical difficulties in implementing the United Nations National Drug System (NDS).

Nicaragua reports that it has legal and/or regulatory standards that permit the imposition of criminal and administrative penalties for diversion of pharmaceutical products. In the period under review, 2005–2006, the country reports that it has not imposed any criminal or administrative penalties for this offense.

The country indicates that information on seizures of pharmaceutical products is not currently available, and that prevention and control of the sale of controlled pharmaceutical products and other drugs over the Internet are not applicable to Nicaragua's situation.

CICAD notes that the country does not have a legal framework or specific mechanisms to prevent and control the illicit trafficking of pharmaceutical products and other drugs over the Internet.



CICAD recognizes the existence of legal and/or regulatory standards in Nicaragua that permit the imposition of criminal and administrative penalties for diversion of pharmaceutical products. Nevertheless, CICAD notes that it was unable to perform an adequate evaluation of progress because the country did not provide the necessary information.

RECOMMENDATION:

6. **IMPLEMENT RESEARCH AND TRAINING ACTIVITIES REGARDING THE PREVENTION AND CONTROL OF ILLICIT TRAFFICKING OF PHARMACEUTICAL PRODUCTS AND OTHER DRUGS OVER THE INTERNET, WHICH WILL ALLOW THE COUNTRY TO IDENTIFY ITS NORMATIVE AND OPERATIONAL NEEDS.**

C. Control of Chemical Substances

To regulate controlled chemical substances, Nicaragua has a Law on Narcotic Psychotropics and other Controlled Substances (Law No. 285), enacted April 15, 1999.

Nicaragua reports that it has a mechanism for control and prevention of the diversion of controlled chemical substances, which consists of: the national registry of license holders, license control for manufacturing and distribution, import/export control, inspections, distribution control, pre-export notifications and imposition of sanctions. The authorities responsible for controlling the diversion of chemical substances are the Ministry of Health and the National Police.

Nicaragua has legal and regulatory standards that permit the imposition of criminal and administrative penalties for diversion of controlled chemical substances in accordance with international conventions. In the period under review, 2005–2006, the country reports that it has not imposed any criminal or administrative penalties for this offense.

CICAD recognizes the existence of legal and/or regulatory standards in Nicaragua that permit the imposition of criminal and administrative penalties for diversion of controlled chemical substances. However, CICAD notes that it was unable to evaluate the country's progress in prevention and control of the diversion of controlled chemical substances, as the country did not provide the necessary information.



IV. CONTROL MEASURES

A. Illicit Drug Trafficking

Nicaragua carried out the following seizures of illicit drugs during the years 2004–2006:

Quantities of illicit drugs seized, 2004–2006

Type of drugs	Number of seizures			Quantities of drugs seized	
	2004	2005	2006	2005	2006
Heroin	4	6	1	65,475 gr	14,884 gr
Cocaine Hcl	—	—	—	7,311,606.2 gr	9,902,612.77 gr
Crack	99	109	87	4,247 gr	2,550.31 gr
Cannabis plants	—	—	—	37,104 units	136,964 units
Leaf Cannabis (grass)	328	278	214	529,574.73 gr	543,270.15 gr

Regarding the number of persons and public officials involved in illicit drug trafficking and related acts of corruption, Nicaragua reports that the Public Prosecutor's Office has not handled any cases of officials involved in illicit drug trafficking in the country during 2005 and 2006. In addition, the country provided no information regarding the number of persons formally charged with and convicted of illicit possession of drugs in Nicaragua for 2005 and 2006.

Nicaragua states that the country does not have laws that permit possession of drugs for personal use.

The means the country uses to facilitate operational information exchange and collaboration with national authorities responsible for controlling illicit drug trafficking is inter-institutional coordination between the Public Prosecutor's Office and the National Police and between the Public Prosecutor's Office and the Nicaraguan Army.

The Nicaraguan Ministry of Foreign Affairs is the central authority responsible for processing extradition requests. The country's laws do not allow extradition of its nationals in any circumstances. During the period under review, the country notes that no requests for extradition or judicial cooperation were made. The country received one passive request for judicial assistance in 2006.

In 2005 and 2006, Nicaragua developed various specialized training courses on illicit drug trafficking for law enforcement, security, police, customs officers, prosecutors and the judiciary, in which officials of the Nicaraguan Public Prosecutor's Office participated. With respect to these courses, the country indicates that they do not satisfy its training needs.

CICAD views with satisfaction the development of specialized training courses on combating illicit drug trafficking for public officials, and takes note of the important cocaine seizures.

RECOMMENDATION:

- 7. IMPLEMENT A JUDICIAL DATABASE TO COLLECT INFORMATION ON PERSONS AND PUBLIC OFFICIALS FORMALLY CHARGED WITH AND CONVICTED OF ILLICIT DRUG TRAFFICKING.**



B. Firearms, Ammunition, Explosives and other Related Materials

Nicaragua reports that the Bureau for Registration and Control of Firearms, Ammunition, Explosives, and other Related Materials (DAEM), an agency of the National Police, is responsible for granting import and transit licenses and permits; granting export licenses; cancellation of licenses and permits; and confiscation of illicitly trafficked firearms, ammunition, explosives, and other related materials. Information exchange with other pertinent national entities is the responsibility of the National Special Duties Office of the National Police. Information exchange with the relevant national entities in other countries is conducted through the International Police (INTERPOL) office in Nicaragua.

Law 510 of 2004 governs matters concerning the controls necessary to prevent the diversion of firearms, ammunition, explosives, and other related materials.

Nicaragua does not provide information on the quantities of firearms, ammunition, explosives and other related materials confiscated in illicit trafficking cases, but reports that it has a database on the import, export, and in-transit movement of firearms, ammunition, explosives, and other related materials; these records are maintained for three years.

Information exchange on the operational scope of the national entities responsible for collaboration with institutions in other countries with respect to control of firearms, ammunition, explosives and other related materials is carried out through the International Police (INTERPOL) office in Nicaragua.

CICAD notes with satisfaction that Nicaragua has a regulation and registration system for the issuance of licenses as well as for export, import, and in-transit movement of firearms, ammunition, explosives, and other related materials. However, CICAD was unable to conduct an evaluation of progress on firearms, ammunition, explosives, and other related materials as the country did not provide the necessary information.

C. Money Laundering

Article 61 of Law No. 285 (the Drug Law) criminalizes money laundering as an offense, but not as an autonomous offense, as the perpetrator must be convicted of a predicate offense before judicial proceedings for money laundering can be initiated. The country considers illicit drug trafficking, trafficking of human beings, prostitution, kidnapping, extortion, corruption, terrorism and its financing, and fraud as predicate offenses.

National legal provisions permit special investigation techniques such as the use of informants, controlled deliveries and plea bargaining or cooperative testimony of the accused through a voluntary and true statement. However, the use of undercover operations is not permitted.

The country has anti-money laundering administrative controls applicable to banks, currency exchanges, stock exchange, insurance companies and casinos; offshore banks, real estate, lawyers, notaries, accountants, and cross-border movements of currency and negotiable bearer instruments are not subject to these controls. Financial institutions and other regulated sectors are required to report suspicious or unusual transactions to the competent authority, the Financial Analysis Commission.

All financial institutions must comply with or establish the following control measures: notification of sizable transactions, registry of clients, verification of client identity, recording of transactions, record-keeping, existence of compliance officers and independent audits, know-your-client and know-your-



employee policies, prohibition on maintaining anonymous accounts, and the obligation of financial institutions to refrain from reporting or revealing reports of unusual activities to those involved in such activities.

Nicaragua indicates that it does not have a registry that allows it to identify the number of persons charged with or convicted of money laundering, since the registry classifies information by cases only.

Nicaragua indicates that it has a Financial Analysis Commission responsible for receiving, requesting, analyzing and reporting to the competent authorities any information that may be related to money laundering. This unit is not autonomous and does not have its own budget or assigned staff, and for that reason the substantive activities are mainly carried out by the Bureau of Financial Investigations of the National Police. The Financial Analysis Commission is attached to the National Council against Drugs and its chairman is the General Prosecutor of the Republic. Its members also include the Director of Drug Investigations of the National Police, the Director of Financial Investigations of the National Police, and the Superintendency of Banks and other Financial Institutions.

The Financial Analysis Commission, in accordance with powers conferred under Law No. 285, may request through a judge all financial information from both government and private institutions. In addition, it exchanges information with other government bodies and foreign counterparts. This Commission is not a member of the Egmont Group and is not complying with functions established by international standards. The country has not signed any memoranda of understanding on information exchange with counterpart agencies in other countries. However, the country indicates that this Commission can exchange information with its counterparts in other countries without having to sign a memorandum of understanding.

Suspicious transaction reports are submitted by the Superintendency of Banks to the General Prosecutor, who forwards them to the other members of the Financial Analysis Commission to proceed with the investigation of each report. The number of suspicious transaction reports received and investigated by the responsible institutions in Nicaragua during the years 2004–2006 is as follows:

Number of suspicious transaction reports received and investigated, 2004–2006

Year	Number of suspicious transaction reports received	Number of suspicious transaction reports investigated
2004	59	59
2005	66	66
2006	92	92

Nicaragua indicates that banking documents and financial records can be obtained in money laundering cases, and that these documents may be requested both for purposes of financial intelligence and for purposes of prosecution. The procedures to secure the lifting of bank secrecy take an average of one to three weeks. The Financial Analysis Commission may request financial information directly from government entities. However, when a specific criminal investigation is being pursued, in order to obtain information from the financial sector, the General Prosecutor of the Republic and the Director of the National Police must petition the Judiciary to request information from those entities.



Nicaragua does not have an agency that administers and/or disposes of assets seized and confiscated in connection with illicit drug trafficking and money laundering offenses. In addition, Nicaragua's legal system does not allow the division of confiscated goods in cases involving more than one country.

Nicaragua reports that it has not made or received requests from other countries for freezing of assets in money laundering cases.

The Office of the Attorney General of the Republic is the central government authority responsible for processing and carrying out requests for judicial cooperation made to other countries or received from other countries, as provided in various international conventions. Nicaragua reports that it has not received or made extradition requests for money laundering during the period under review. Nicaragua notes that under its domestic laws, not all money laundering crimes are extraditable offenses.

CICAD observes that the country has significant weaknesses in its system to prevent and control money laundering. In addition, CICAD notes with concern that the country has not yet created institutions to control the functions of the regulated sectors or for the administration of seized and confiscated assets.

RECOMMENDATIONS:

8. ENACT LEGISLATION THAT CRIMINALIZES MONEY LAUNDERING AS AN AUTONOMOUS OFFENSE, IN ACCORDANCE WITH INTERNATIONAL STANDARDS, A REITERATED RECOMMENDATION FROM THE THIRD EVALUATION ROUND, 2003–2004.
9. EXPAND THE LIST OF PREDICATE OFFENSES FOR MONEY LAUNDERING TO INCLUDE ALL CRIMINAL OFFENSES THAT ARE CONSIDERED SERIOUS CRIMES UNDER THE PALERMO CONVENTION (PUNISHABLE BY A MAXIMUM PRISON SENTENCE OF AT LEAST 4 YEARS, OR A GREATER PENALTY), A REITERATED RECOMMENDATION FROM THE THIRD EVALUATION ROUND, 2003–2004.
10. ESTABLISH ADMINISTRATIVE CONTROLS TO PREVENT MONEY LAUNDERING IN AREAS SUCH AS REAL ESTATE, LAWYERS, NOTARIES, AND ACCOUNTANTS, A REITERATED RECOMMENDATION FROM THE SECOND EVALUATION ROUND, 2001–2002.
11. CREATE A FINANCIAL INTELLIGENCE UNIT, IN ACCORDANCE WITH INTERNATIONAL STANDARDS.
12. ESTABLISH AN ENTITY RESPONSIBLE FOR THE ADMINISTRATION AND DISPOSAL OF SEIZED AND CONFISCATED ASSETS, A REITERATED RECOMMENDATION FROM THE THIRD EVALUATION ROUND, 2003–2004.



CONCLUSIONS

CICAD notes that during the evaluation period, 2005–2006, the country had a National Anti-drug Strategy. CICAD also notes that the country has a national authority in charge of coordinating anti-drug activities, but that its budget is considered insufficient to carry out its functions.

CICAD views with satisfaction that Nicaragua has acceded to the United Nations Convention against Corruption of 2003 and the Protocol against the Smuggling of Migrants by Land, Sea and Air and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, both from the United Nations Convention against Transnational Organized Crime of 2000, and that it has approved laws and regulations in accordance with ratified international instruments. Nevertheless, CICAD notes with concern that accession to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components, and Ammunition of the UN Convention against Transnational Organized Crime (2000) is still pending.⁴

CICAD notes that Nicaragua has a centralized office at the national level that handles statistical information on drugs and that the country has a drug information distribution system.

In the area of demand reduction, CICAD recognizes the continuity of the Education for Life Program, which has been under way in schools since 2003, despite the fact that the program's coverage remains limited. CICAD also notes the increase in teachers receiving training in the School Counseling Course and values the implementation of the Total Attention Program for Children and At-Risk Adolescents (PAINAR). However, CICAD observers with concern that the country has not initiated preventive interventions targeting other key populations.

CICAD notes the existence of public and private sector treatment programs geared toward both adults and minors. However, CICAD notes with concern that the country has not yet implemented the Minimum Standards of Care for Users of Psychoactive Substances, a recommendation reiterated from the First Evaluation Round, 1999–2000.

CICAD also observes with concern that the country has not yet established a national registry of treatment services or developed instruments for the accreditation of treatment services, recommendations reiterated from the Third Evaluation Round, 2003–2004.

CICAD notes with satisfaction that Nicaragua has conducted its first national survey on drug use in the general population, the results of which were published in November 2006. CICAD encourages the country to continue to carry out studies in order to improve data on its national drug problem.

In the area of supply reduction, CICAD encourages Nicaragua to establish a control system to detect illicit crops in its territory.

CICAD notes the existence of legal and/or regulatory standards in the country that permit imposition of criminal and administrative penalties for the diversion of pharmaceutical products and controlled chemical substances. However, CICAD notes with concern that it was unable to perform an evaluation of the country's progress in controlling and preventing the diversion of pharmaceutical products as the country provided insufficient relevant information.

⁴ Nicaragua deposited with the United Nations General Secretariat on July 2, 2007, its instrument of accession to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components, and Ammunition. The Protocol went into effect in August 2007.



CICAD notes that the country has adequate control and registration laws for the issuance of licenses, as well as for export, import, and transit of firearms, ammunition, explosives, and other related materials. However, CICAD is concerned that the country has been unable to provide statistical data on the quantities of firearms, ammunition, explosives, and other related materials seized in illicit trafficking cases.

CICAD notes significant weaknesses in Nicaragua's system to prevent and control money laundering. In addition, CICAD notes with concern that the country does not have the institutions necessary to exercise control functions in the regulated sectors or administer seized or confiscated assets.

CICAD recognizes Nicaragua's active participation in the Multilateral Evaluation Mechanism (MEM).



SUMMARY OF RECOMMENDATIONS

The following recommendations are assigned to the Nicaragua in order to assist the country in strengthening its policy to combat the problem of drugs and related activities and increase multilateral cooperation in the Hemisphere.

INSTITUTIONAL STRENGTHENING

1. ACCEDE TO THE **PROTOCOL AGAINST THE ILLICIT MANUFACTURING OF AND TRAFFICKING IN FIREARMS, THEIR PARTS AND COMPONENTS, AND AMMUNITION OF THE UNITED NATIONS CONVENTION AGAINST TRANSNATIONAL ORGANIZED CRIME OF 2000**, A REITERATED RECOMMENDATION FROM THE **SECOND EVALUATION ROUND, 2001–2002**.⁵

DEMAND REDUCTION

2. INCREASE THE COVERAGE OF PARTICIPANTS IN SCHOOL PREVENTION PROGRAMS.
3. IMPLEMENT THE **MINIMUM STANDARDS OF CARE FOR USERS OF PSYCHOACTIVE SUBSTANCES**, A REITERATED RECOMMENDATION FROM THE **FIRST EVALUATION ROUND, 1999–2000**.
4. ESTABLISH A NATIONAL REGISTER OF TREATMENT SERVICES, A REITERATED RECOMMENDATION FROM THE **THIRD EVALUATION ROUND, 2003–2004**.
5. DEVELOP INSTRUMENTS FOR THE ACCREDITATION OF TREATMENT SERVICES, A REITERATED RECOMMENDATION FROM THE **THIRD EVALUATION ROUND, 2003–2004**.

SUPPLY REDUCTION

6. IMPLEMENT RESEARCH AND TRAINING ACTIVITIES REGARDING THE PREVENTION AND CONTROL OF ILLICIT TRAFFICKING OF PHARMACEUTICAL PRODUCTS AND OTHER DRUGS OVER THE INTERNET, WHICH WILL ALLOW THE COUNTRY TO IDENTIFY ITS NORMATIVE AND OPERATIONAL NEEDS.

CONTROL MEASURES

7. IMPLEMENT A JUDICIAL DATABASE TO COLLECT INFORMATION ON PERSONS AND PUBLIC OFFICIALS FORMALLY CHARGED WITH AND CONVICTED OF ILLICIT DRUG TRAFFICKING.
8. ENACT LEGISLATION THAT CRIMINALIZES MONEY LAUNDERING AS AN AUTONOMOUS OFFENSE, IN ACCORDANCE WITH INTERNATIONAL STANDARDS, A REITERATED RECOMMENDATION FROM THE **THIRD EVALUATION ROUND, 2003–2004**
9. EXPAND THE LIST OF PREDICATE OFFENSES FOR MONEY LAUNDERING TO INCLUDE ALL CRIMINAL OFFENSES THAT ARE CONSIDERED SERIOUS CRIMES UNDER THE **PALERMO CONVENTION**

⁵ Nicaragua deposited with the United Nations General Secretariat on July 2, 2007, its instrument of accession to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components, and Ammunition. The Protocol went into effect in August 2007.



(PUNISHABLE BY A MAXIMUM PRISON SENTENCE OF AT LEAST 4 YEARS, OR A GREATER PENALTY), A REITERATED RECOMMENDATION FROM THE **THIRD EVALUATION ROUND, 2003–2004.**

10. **ESTABLISH ADMINISTRATIVE CONTROLS TO PREVENT MONEY LAUNDERING IN AREAS SUCH AS REAL ESTATE, LAWYERS, NOTARIES, AND ACCOUNTANTS, A REITERATED RECOMMENDATION FROM THE SECOND EVALUATION ROUND, 2001–2002.**
11. **CREATE A FINANCIAL INTELLIGENCE UNIT, IN ACCORDANCE WITH INTERNATIONAL STANDARDS.**
12. **ESTABLISH AN ENTITY RESPONSIBLE FOR THE ADMINISTRATION AND DISPOSAL OF SEIZED AND CONFISCATED ASSETS, A REITERATED RECOMMENDATION FROM THE THIRD EVALUATION ROUND, 2003–2004.**



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