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COSTA RICA

New Corruption Allegations Go Unanswered

Former President Miguel Angel Rodríguez faced new accusations of corruption after the daily *La Nación* reported that, while he was president of Costa Rica ('98-'02), a company he controlled received at least \$197,000 from international companies that provide reinsurance to state agencies.

The London-based reinsurance firm PWS paid \$150,000 in two deposits in '99 and '00 to Inversiones Dinesse-SA, a Panama-based investment company in which Rodriguez was the primary shareholder.

The same Panamanian account also was investigated by the Prosecutor's Office because that is where the French telecommunications company Alcatel deposited monies allegedly given to Rodriguez during his administration.

These payments were part of the original corruption investigation in '04 that led to Rodríguez' resignation as the Secretary General of the Organization of American States in Oct '04, his subsequent arrest in Costa Rica and spending one year in protective custody. The former president was released in Oct '05 under certain restrictions that require him to regularly check in with the courts and prohibit him from leaving the country.

PWS is a company that, during the Rodríguez administration, overcharged the Costa Rican Electricity Institute (ICE), allegedly at the request of ICE officials, to create a \$1.6 million discretionary fund for "travel and training" costs, which was spent on trips—including first class travel and 5-star hotels—for ICE officials to acquaint themselves with the insurance industry.

La Nación also reported that the Mexican reinsurance company Guy Carpenter Reinmex deposited \$47,465 in '01 in the same Panamanian account, money that was used in part to pay off Rodriguez' personal credit cards. Another part of the money was in the form of a check for \$30,000 payable to Lorena Clare, Rodríguez' wife, which she received and endorsed.

Rodríguez has refused to speak with the news reporters about the allegations, apparently still holding a grudge against *La Nación* for investigative reporting that landed him in jail in the first place.

Rodríguez' lawyer, Rafael Gairaud, however, insisted that the former president was unaware of the account activities, and that his wife did not know the origin of the funds for the \$30,000 check she cashed.

Police Having Trouble Keeping Track of All Those Guns

An unknown quantity of weapons, ammunition and explosives have somehow gone missing from the Public Security Ministry's arsenal during the last eight years, discovered when new Public Security Minister Fernando Berrocal ordered the first exhaustive inventory of the Ministry's storerooms in two presidential administrations.

Berrocal announced his findings to the press after the completion of a general audit of the Ministry's stocks, but he declined to specify the exact number or types of missing weapons because they are a state secret. The Public Security Minister limited himself to saying that it was a "significant" amount and a "grave and delicate" situation.

Berrocal also said that he believed there must have been help from someone working inside the ministry to permit the "disappearance," and that the weapons were most likely headed for sale on the international black market.

"Some of the weapons are of high caliber and have a high price on the international arms market," he said. "I imagine they are linked to international affairs. There is no other explanation."

Berrocal turned over the results of the audit to the Costa Rican Prosecutor General's office on 29 May, saying that the report included the name of at least one official who could be a suspect. The prosecutor's office is investigating the disappearance of the weapons.

The same day that Berrocal submitted his findings, it was reported that 25 weapons and 1,500 rounds of ammunition had gone missing from a police station in Guácimo, near the Caribbean port city of Limón. Police locked up the storeroom on the previous Friday and arrived Monday morning to find the weapons missing.

The haul included 15 M-16 assault rifles, four .45-caliber handguns, one 9-mm pistol and five .38-caliber pistols.

After several days of intensive searching, however, Berrocal announced that the majority of weapons had been found using trained dogs and metal detectors. One police officer has been arrested, and all 15 of the M-16s were recovered, along with two .45s.

Berrocal said at a press conference following the discovery that it was "very sad" that a police officer is the most likely suspect in the robbery, and called it a "slap in the face to the police force." The Minister said he would be naming an internal ministry inspector to lead a crusade against corruption within the Public Security Ministry.

Boruca Hydroelectric Dam Moving Towards Reality

In mid-May, the new executive president of the Costa Rican Electricity Institute (ICE), Jorge Gutiérrez, told the Costa Rican business daily *La República* that beginning work on the Boruca Hydroelectric Project—a dam that has been in the planning stage for more than 30 years—was one of his top priorities.

Touted by ICE officials as the answer to Costa Rica's increasing energy demand—now growing at more than 5% a year—and the fix to the country's costly petroleum habit, the dam project would be the second largest in all of Central America in terms of electrical generation capacity, and has been long protested by environmental protection and indigenous rights groups who say that the country's energy planners need to find another way to meet Costa Rica's power needs.

Originally proposed in the '60s as a source of energy for the Aluminum Company of America (ALCOA) and their energy-intensive aluminum-mining operations, the project has undergone decades of studies, changes and abandonment. In '00, officials at ICE—the state institute that is in charge of administering Costa Rica's energy resources—identified a site on the Río Grande de Térraba as an ideal location for the dam. The river is the heart of Costa Rica's largest water basin, the Térraba River Basin, in the center of Costa Rica's lush Southern Zone.

The first plan for this area, named the Boruca-Cajón option, was criticized by leaders from the communities that would have been affected. Estimates of the number of people affected included 800-1,000 indigenous people that would have to be relocated, out of a total of 1,943 people affected.

However, critics argue that the environmental affects would be drastic. A two-year study by the World Conservation Union concluded that by blocking the flow of most of the river, the 30,000-hectare Térraba-Sierpe Wetlands—an enormous mangrove habitat directly downstream—would be seriously endangered, as the river distributes important sediments to the ecosystem.

For these and other reasons, ICE decided to move the dam further upstream, onto one of the two source rivers that join to form the Río Grande de Térraba. According to Marco Tapia, the director of the project, this would reduce the affect downstream. This new project, called the Boruca-Veraguas option, also would mean a much smaller reservoir, shrinking from 10,700 hectares to 6,002, and the relocation of fewer people—only 1,068 people total, of which less than 3% would be indigenous.

All this, Tapia said, would amount to only a minimal drop in the production of energy. The Veraguas option would add 631 megawatts (MW) of capacity to Costa Rica's energy infrastructure, compared to the 709 MW that would have come with the Cajón option. According to ICE, 100 MW is enough to power a population of 135,000.

Costa Rica's current capacity for energy production is 1,958 MW, but demand is actually at approximately 1,400 MW. Of that infrastructure, about 80% is hydroelectric. However, Costa Rica continues to import petroleum for thermal power plants, which Tapia says ICE brings on-line when hydropower and Costa Rica's other renewable sources (wind power and geothermal, mostly) cannot provide enough power. This occurs mostly during the dry season, when the rains let up and the nation's reservoirs no longer contain enough water to produce the needed power. Tapia said that the Boruca

project would give Costa Rica “energy independence” by eliminating the need to import petroleum for its plants, or import electricity from neighboring countries—another option ICE uses in dry times.

Environmentalists and rights groups are not satisfied, however. Many debate about hydropower, bringing up the concern that the creation of a large, still body of water where there was once a flowing river has serious affects for the surrounding ecosystems, both upstream and downstream. For example, they say, this has led to the production of greenhouse gasses due to the rotting of certain types of plant material underwater. It also affects plant and animal life downstream, as well as the livelihoods of the people who depend on the river.

Indigenous leaders have voiced concern about the social impacts that the construction of the dam would bring to the nearby communities. They say the jobs provided would be temporary, and that many outsiders would arrive to work, and this could negatively affect the communities’ notoriously poor infrastructure, as well as their traditional lifestyle.

Tapia, however, insists that all these concerns will be taken into consideration as ICE begins negotiations with the communities this fall. Construction would not begin until ’08, at the earliest, and the dam would not be online until ’15 or ’16.

—Leland Baxter-Neal