Opposition Accuses Fox Government of Misusing Disaster Assistance Funds

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by LADB Staff
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President Vicente Fox's administration has come under intense attack from opposition parties for alleged misuse of the federal disaster assistance fund (Fondo Nacional de Desastres Naturales, FONDEN). Senators from the former governing Partido Revolucionario Institucional (PRI), the center-left Partido de la Revolucion Democratica (PRD), and the Partido Verde Ecologista Mexicano (PVEM) have alleged that the administration may have used as much as 1.12 billion pesos (US$102 million) in FONDEN funds to help candidates from Fox's center-right Partido Accion Nacional (PAN).

The opposition parties did not mention any specific instances where the FONDEN funds had been misused, but hinted that disaster assistance in the aftermath of Hurricanes Isidore and Kenna might have been used to benefit PAN candidates in 2002 elections in Yucatan, Campeche, Quintana Roo, Chiapas, Nayarit, and Jalisco.

The opposition parties said the ultimate responsibility for the alleged misuse of these funds should fall on former interior secretary Santiago Creel, who resigned his post at the Secretaria de Gobernacion (SEGOB) earlier this year to seek the PAN presidential nomination in 2006 (see SourceMex, 2005-06-08).

This is not the first time that Creel has been accused of misusing his position as interior secretary. Earlier this year opposition parties raised concerns about accusations that Creel used his position at SEGOB to grant special favors to a company linked with television networks Televisa and TV Azteca in exchange for favorable coverage for the PAN (SourceMex, 2005-06-29). A subsequent investigation by Creel's successor Carlos Abascal Carranza found no evidence to back the allegations.

The question regarding the use of FONDEN assistance came up at a special hearing called by opposition senators to review the allegations. "[Creel] was not involved in any diversion of funds, as has been suggested here," said Carmen Segura Rangel, SEGOB's coordinator of civil protection. At the hearing, PRI and PVEM senators demanded Segura's resignation, but she refused to step down and reiterated her position that there was no misuse of funds at the federal level. "I have done an honest job," she told the senators.

As with the Televisa-TV Azteca case, the opposition parties called on Abascal to conduct a thorough investigation, which PRI Sen. Noemi Guzman Lagunes described as "Fondengate." In Mexico, the suffix "gate," a reference to the infamous US Watergate case, is often used in cases involving alleged corruption. This was the case in the 2000 presidential election, where the PRI's misuse of funds from the state-run oil company PEMEX for the presidential campaign became widely known as
"Pemexgate" (see SourceMex, 2002-01-30). "We will not allow that this Fondengate go unpunished," said Guzman Lagunes. "We want to stop the continued use of disaster-assistance funds to favor the PAN in the 2006 election."

**Government responds to Hurricane Stan**

The allegations were raised as the government was preparing to release FONDEN funds to help communities devastated by Hurricane Stan. The slow-moving storm, a Category 1 hurricane when it came ashore, inflicted most of its damage via drenching rains rather than wind. Stan slammed into the coast of Veracruz on Oct. 4 before weakening to a tropical depression over the mountains of Oaxaca. The remnants of the storm continued to bring heavy rain to southern and central Mexico for several days, causing dozens of rivers to overflow their banks, including the Rio Papaloapan in Oaxaca and Veracruz states, the Rio Totolapan in Veracruz, and the Rio Coatan in Chiapas state.

The most extensive damage was reported in Chiapas, Oaxaca, Veracruz, and Guerrero states, but some communities in the states of Yucatan, Quintana Roo, Campeche, Puebla, Hidalgo, and Tabasco also incurred significant losses. The storm caused major damage in Central America as well, where extensive property damage and hundreds of deaths were reported (see NotiCen, 2005-10-06 and 2005-10-13).

Mexican authorities reported several dozen storm-related deaths throughout the region, but the total could rise because many people who disappeared have not been found. SEGOB said the material damages were extensive, with almost 3,000 municipalities in Mexico reporting some destruction. A state of emergency was declared in 444 of those municipalities.

The initial reports indicated that more than 173,000 homes incurred damage, including 2,254 that were lost entirely. While there is some risk that state and local officials might use FONDEN assistance and other aid to prop up their particular political party, the impact of any vote-buying scheme may be limited because the presidential race is still months away.

Still, allegations surfaced in Chiapas that the Fox administration was using massive aid to prop up the PAN. These allegations came from Subcomandante Marcos, leader of the Ejercito Zapatista de Liberacion Nacional (EZLN), who said the federal government was turning assistance efforts into "dramatic publicity ads." Chiapas is scheduled to have a gubernatorial election on Aug. 20, 2006.

Of immediate concern are the mayoral elections in Hidalgo state, scheduled in 84 communities on Nov. 13. "There is a danger that the distribution of assistance will become politicized locally," said Xochitl Galvez, who heads the federal government's indigenous affairs commission (Comision Nacional para el Desarrollo de los Pueblos Indigenas, CDI).

Fox, aware of the allegations of misuse of funds, went to great lengths to reassure the public that FONDEN assistance was being provided with no strings attached. "We are operating under the principle of shared responsibility," said Fox. "These are not paternalistic programs."

The states most affected by the hurricane are governed primarily by the PRI (Veracruz, Oaxaca, Tabasco, Puebla, Hidalgo, Campeche, Quintana Roo), while Guerrero is in the hands of the PRD,
and Yucatan is headed by the PAN. Chiapas is governed by an independent who is close to Fox. Fox pledges 20 billion pesos for recovery efforts Fox initially pledged 20 billion pesos (US$1.8 billion) for recovery efforts in the areas affected by the storm.

The president has also created a task force to oversee reconstruction in the affected states. The task force, which will be led by Abascal, includes most of the Cabinet. The funds will be devoted to reconstruction of homes, restoration of the agriculture sector, and economic-development efforts. "We are aware that we may need more than 20 billion pesos for this effort," said Fox.

**Fox criticized for assistance delays**

Oaxaca and Veracruz Govs. Ulises Ruiz and Fidel Herrera criticized Fox for not making more money available from the start. They noted that Mexico has a budget surplus as a result of the high global oil prices, which have boosted the country's oil-export revenues. "In Veracruz, we need at last 800 million pesos (US$73 million), and the federal government only wants to give us half that amount," said Gov Herrera. The Veracruz civil-protection office, which declared a state of emergency in 186 municipalities, said the storm damaged more than 134,000 homes and 125 roads and highways, and destroyed 100,000 hectares of crops.

Coffee was one of the chief agricultural products affected by the storm. The Confederacion Mexicana de Productores de Cafe (CMPC) estimates that 800,000 quintals (46-kg bags) of coffee could be lost in Chiapas because of Stan.

Authorities in Chiapas said the storm caused serious damage in the state, particularly near Tapachula and other areas close to the border with Guatemala. "We experienced total devastation in 40 municipalities," said Gov. Pablo Salazar Mendiguchea. "We lost 90 bridges, more than 2,000 km of highways, and thousands of homes, which were swept away by water."

Authorities in Chiapas had a particularly difficult time distributing relief in remote areas of the state such as the Acocayagua Sierra, where many communities are isolated. "Some of the remote areas affected by Stan have been without food for a week," said Angelica Nomura, president of the government agency Desarrollo Integral de la Familia (DIF).

On Oct. 10, almost a week after Stan entered Mexico, Abascal announced that the government would allocate 42 helicopters to carry food, medical supplies, and clothing to some of the remote areas hit by the storm. The helicopters would be ferrying supplies brought to Chiapas and Guerrero by two ships that are part of the Mexican Navy fleet in Acapulco.

Some critics questioned why the Fox administration had not made the helicopters available sooner. They said this was another example of how the administration and state and local authorities were neglecting the poorest segments of society. "The government has abandoned us in the midst of chaos, without food, water or medical attention," Francisco Antonio Ramos Gonzalez, a resident of the town of Motozintla, told the Associated Press. "Nothing has arrived to our town." Gonzalez, who traveled to the state capital of Tuxtla Gutierrez to seek assistance, said the situation in Motozintla and other nearby communities was getting desperate. "Food supplies are scarce and won't last much longer," said Gutierrez.
Residents of poor neighborhoods in Veracruz city and Boca del Rio blocked several city streets to protest the uneven response by local authorities. They said city and state agencies were giving priority to rich neighborhoods in performing such services as cleaning sidewalks and draining water from the streets. "We are swimming in sewage," said some of the residents, who live in poor neighborhoods like Primero de Mayo and Venustiano Carranza in Veracruz. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Oct. 12, reported at 10.93 pesos per US$1.00] (Sources: Fuerza Informativa Azteca, 10/04/04; The Dallas Morning News, 10/06/05; Noticiero Televisa, 10/07/05; El Economista, 10/06/05, 10/07/05, 10/10/05; La Jornada del Oriente, 10/10/05; Agencia de noticias Proceso, 10/05/05, 10/06/05, 10/10/05, 10/11/05; Associated Press, 10/05/05, 10/10/05; El Financiero, 10/06/05, 10/07/05, 10/10/05, 10/11/05; Spanish news service EFE, 10/10/05, 10/11/05; The Herald-Mexico City, 10/07/05, 10/11/05; El Universal, La Cronica de Hoy, La Jornada, 10/05-07/05, 10/10-12/05; El Financiero, 10/06/05, 10/12/05; La Crisis, 10/06/05, 10/07/05, 10/10-12/05)

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