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Nicaraguan Appeals Court Orders Release of Comptroller General

by LADB Staff

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On Dec. 24, the Appeals Court of Managua dismissed fraud charges against Comptroller General Agustin Jarquin and two others jailed in November and ordered their immediate release. Jarquin, former television commentator Daniel Lacayo, and Nestor Abaunza, a former employee of the Contraloria General de la Republica (CGR) were released Dec. 24.

The court order is a critical turn in the case that brought condemnation from the international community, and threatened the country with the loss of foreign aid and debt relief. Jarquin was jailed Nov. 10 after Judge Vanessa Chevez found probable cause to try him on fraud and other charges arising from payments made by his office to Lacayo under a false name (see NotiCen, 1999-11-11).

Appeals Court Judge Armengol Cuadra dismissed the fraud charges but recommended that the charges of mishandling public funds and falsification of public documents be investigated further. As soon as he left jail, Jarquin re-entered the political fray attacking the administration's budget for containing too many discretionary line items.

"This is a budget that in important aspects facilitates the commission of abuses, including corruption," said Jarquin. "It should be revised as soon as possible." He also announced new fiscal controls and an unprecedented general audit in 2001 to cover all government agencies and assets.

Jarquin also criticized the pacts agreed to by the governing Partido Liberal Constitucionalista (PLC) and the Frente Sandinista de Liberacion Nacional (FSLN), which recently resulted in preliminary legislative approval of controversial constitutional reforms (see (NotiCen, 1999-12- 23).

The reforms should be submitted to a popular referendum, he said. Jarquin forges ahead in opinion polls In a CID-Gallup presidential-preference poll in mid- November, Jarquin came in third with 14% behind National Assembly deputy Noel Vidaurre with 20% and FSLN leader Daniel Ortega with 16%.

In another poll, conducted in early December by M & R Consultores, only 21% of respondents gave President Arnoldo Aleman a favorable rating, while 50% had an unfavorable opinion of him. Jarquin, arguably the most popular public figure in Nicaragua, had a 63% favorable rating, with 16% unfavorable. Jarquin's positive rating has jumped 28% since September.

European Union warns Aleman about loss of governability

Following Jarquin's jailing, the European Union (EU) and individual European nations began warning the Aleman administration that it could lose promised aid. The EU gave Foreign Minister

Eduardo Montealegre a formal Declaration of the European Union on Nov. 18 warning him that the Jarquin affair "could have a profound impact on the governability of the country."

The declaration noted that some of the constitutional functions of the CGR had been blocked such as investigating official corruption and it called for an independent CGR, functioning "without political interference."

The declaration also warned that, unless the Jarquin case were resolved, it could threaten Nicaragua's eligibility for the World Bank's debt-cancellation program Initiative for Heavily Indebted Poor Countries (HIPC). The program would cancel 80% of Nicaragua's US\$6.5 billion foreign debt. Delivering the declaration to Montealegre, Heidi Pihlatie, a diplomat in the Finnish Embassy, said the EU hoped Nicaragua would fulfill World Bank and International Monetary Fund (IMF) requirements for inclusion in the HIPC.

Montealegre said the government agreed with the EU that Nicaragua had to "advance" in the areas of finance and governability, but he minimized the declaration's frontal attack on the Aleman administration for the jailings. Both he and Aleman took the warnings as an affront to Nicaragua's sovereignty. Referring to the separation of powers, Aleman said he had no authority to intervene in the Jarquin case. The judiciary imprisoned Jarquin, and the international community should go there with its concerns, he said.

On Nov. 19, the IMF representative in Nicaragua, Joaquin Harnack, said bluntly that if transparency and governability did not improve, there would be no HIPC debt cancellation. He said the IMF told the administration in October that the requirements for HIPC eligibility included an independent judiciary, electoral tribunal, and CGR.

The administration reacted with incredulity, suggesting that the IMF had changed the requirements. Secretary of Foreign Cooperation David Robleto said that, until then, the requirements had all related to privatization and macroeconomic matters such as inflation control and an increase in international reserves.

"Now, they are talking about matters that are not well understood," he said. He suggested the IMF and World Bank might be experimenting on Nicaragua with new standards of compliance while stalling on debt cancellation because of a lack of funds to finance the HIPC.

Concerning a possible delay in debt cancellation, Robleto said, "This doesn't hurt the government...but unfortunately, it hurts the poorest sectors." On Nov. 23, Germany announced it was suspending potable- water and conservation projects worth US\$13 million.

And on Nov. 26, Sweden held up the release of US\$1.4 million in aid and suspended its program of basic services to poor communities. Sweden acted because of reports that international funds for Hurricane Mitch reconstruction had been misappropriated. The Swedish Embassy said the program had been politicized, that the communities were not permitted to participate in planning the projects, and that the projects were "not compatible with Swedish collaboration."

The Inter-American Development Bank (IDB) also said it was following events in Nicaragua closely but announced no suspension of aid. Aleman said the bank promised not to discontinue programs, but to channel funds into specific infrastructure projects.

Donor countries and international institutions belonging to the Consultative Group for the Reconstruction of Central America plan to visit Nicaragua in February to monitor aid projects. Meanwhile, the Comision de Derechos Humanos de Centroamerica (CODEHUCA) gave Nicaragua another jolt in its December report on human-rights conditions in Central America. The report rated Nicaragua the worst country in the region, "with high levels of ungovernability, democratic deficits, poor administration of justice, and impunity." [Sources: El Nuevo Herald (Miami), 11/21/99; The Miami Herald, 11/23/99; El Nuevo Diario (Nicaragua), 11/19/99, 11/20/99, 12/12/99, 12/13/99, 12/15/99; Agence France-Presse, 12/21/99; Notimex, 11/26/99, 11/21/99, 11/23/99, 12/24/99; La Prensa (Nicaragua), 12/19/99, 12/26/99]

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