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THEDIALOGUE

FEATURED Q&A

Will Correa's Graft Conviction Upend Ecuador's Politics?

Ecuadorean President Rafael Correa, who moved to Belgium after leaving office in 2017, was convicted and sentenced in absentia last week in a corruption case. // File Photo: Ecuadorean Government.

Q A court in Ecuador on April 7 sentenced former President Rafael Correa, who now lives in exile in Belgium, in absentia to eight years in prison after convicting him on corruption charges. The court also banned Correa, who has publicly floated the idea of running for public office in next year's elections, from politics for 25 years. Correa, who says he will appeal the sentence, said the process was filled with "pure false testimony without evidence." How significant is the court's decision, and how will legal matters likely play out? What implications does the ruling have for Ecuador's national elections scheduled for next year and for the country's political landscape in general? To what extent will it polarize public opinion, and what consequences may this have on President Lenín Moreno's remaining term?

A Ivonne Baki, Ecuador's ambassador to the United States: "The National Court of Justice trial that concluded with the conviction of Rafael Correa and his 19 co-conspirators put on full display a re-established and fully functioning independent judiciary in Ecuador that hands out impartial sentences. Throughout the trial, the justices adhered to the legal precepts of the constitution, ensuring that the rights of the defendants were respected and that the process was fair, without any undue influence from the executive branch. Ecuador today once again abides by the tenet that the separation of powers safeguards and bolsters our government and our democracy and that the rule of law is sacrosanct. During the trial, the attorney general presented more than 800 pieces of evidence to the judges. The facts conclusively proved the existence of an organized system of corruption, whereby monies were

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TODAY'S NEWS

POLITICAL

Dominican Republic Delays Presidential Vote

Election authorities in the Dominican Republic postponed the May 17 presidential election until July 5 due to the coronavirus pandemic.

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ECONOMIC

Colombia Expects Contraction of as Much as 2%

Due to the coronavirus pandemic, Colombia's economy is likely to contract between 1.5 percent and 2 percent this year, Finance Minister Alberto Carasquilla told a local newspaper in an interview.

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POLITICAL

Nicaragua's Ortega Not Seen in Public for More Than a Month

Nicaraguan President Daniel Ortega, whose government has been criticized for its lack of action on the coronavirus pandemic, has not been seen in public for more than a month.

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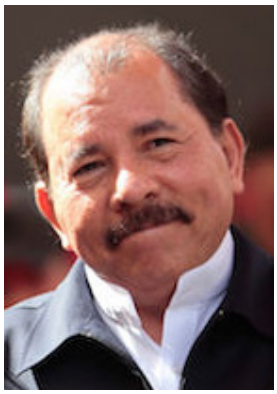

Ortega // File Photo: Nicaraguan Government.

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POLITICAL NEWS

Dominican Republic Delays Presidential Vote Until July

The Dominican Republic's Central Electoral Council announced Monday that it was postponing the country's presidential election, which had been scheduled for May 17, until July 5 due to the coronavirus pandemic. If no presidential candidate receives more than half

Abinader // File Photo: Abinader Campaign.

the votes cast in the first round, a runoff would be held on July 26, the council said, adding that it made the decision after consulting with the country's political parties. The Caribbean nation was forced to cancel its municipal elections in February because of problems with the automated voting system that many blamed on the ruling Dominican Liberation Party, or PLD, the Miami Herald reported. The municipal vote was finally held on March 16 with voters using paper ballots. An investigation into the matter is continuing, the newspaper reported. In a Gallup poll published March 3, opposition presidential candidate Luis Abinader of the Modern Revolutionary Party, or PRM, was in the lead with 52 percent of the vote. Behind Abinader was the PLD's Gonzalo Castillo with 24 percent. Former President Leonel Fernández came in third in the poll with 17 percent support. The Dominican Republic has 3,167 confirmed cases of Covid-19, and the country has 177 reported deaths related to it. Until about a month ago, the Dominican Republic had just a small number of cases, but infections have soared since then. On one day last week, the number of new cases jumped by 271, NPR reported. [Editor's note: See **Q&A** on the Dominican Republic's elections in the Feb. 28 issue of the Advisor.]

Nicaragua's Ortega Not Seen in Public for More Than a Month

As leaders across the world rally their nations to fight the spread of coronavirus, Nicaraguan President Daniel Ortega has not been seen in public for more than a month, CNN reported today. The last time Ortega, 74, was seen in person was during a televised military event on Feb. 12. He appeared virtually on March 12, in an online conference call with the heads of state from Central America's System of Integration, or SICA, to discuss the pandemic. Both national and international media have noticed Ortega's absence while his government's lack of response to the pandemic sparks concerns. Ortega reportedly suffers from chronic illnesses, and he has in the past disappeared from the public for extended periods without explanation, The New York Times reported. But his and his family's absence from the funeral of a close ally, Jacinto Suárez, weeks ago raised doubts about his well-being. Other analysts believe his absence is a political strategy. Ortega's government has not imposed any rules to enforce social distancing, and the local tourism institute last week organized Easter celebrations in different cities. The Pan American Health Organization, or PAHO, has said it is concerned with the convening of mass gatherings, as well as with the lack of social distancing, testing and contact-tracing in Nicaragua. The government has reported just 10 confirmed cases of coronavirus and one death, but experts believe the number to be much higher.

Ortega last appeared virtually on March 12 in a meeting with other Central American heads of state.

NEWS BRIEFS

Brazil Launching $1.9 Bn Program to Help Micro Firms Hurt by Pandemic

Brazil's government is launching a 10 billion-real ($1.9 billion) program to help micro businesses that have good credit histories but have been hurt by the coronavirus pandemic, Reuters reported Monday. The funds will be directed at enterprises that generate annual revenues of less than 360,000 reais. State-controlled lender Caixa Econômica Federal will operate the program, the wire service reported. Approximately three million enterprises could be eligible for the program, unnamed sources with knowledge of the matter told Reuters.

Chile's Economy Likely to Contract 4.9% in Second Quarter: Analysts

Chile's economy is expected to contract 4.9 percent in the second quarter as the global coronavirus outbreak continues to hit one of South America's most export-driven economies, a central bank poll of analysts showed on Monday, Reuters reported. The 52 analysts also saw the central bank keeping the benchmark interest rate at 0.5 percent for at least the next year in a bid to stimulate the economy and annual inflation to settle at 2.9 percent, on the lower end of the central bank's target range of 2 percent to 4 percent.

Itaú Unibanco to Make $195 Million Donation to Fight Covid-19 Pandemic

Itaú Unibanco, Brazil's largest lender, said on Monday that it would make a 1 billion real ($195.05 million) donation to combat the coronavirus pandemic, according to a securities filing, Reuters reported. A group of health experts will manage the funds, the bank said, adding that the money would go toward testing, providing medical equipment and educating the population on hygienic conditions.

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ECONOMIC NEWS

Colombia Expecting Contraction of as Much as 2% This Year

Colombia's gross domestic product will contract between 1.5 percent and 2 percent this year as a result of the coronavirus pandemic, Finance Minister Alberto Carrasquilla in an interview published Sunday night in local newspaper El Espectador. "The economy obviously will not grow the 3.7 percent that we estimated in the financing plan made before the pandemic," he said. "Growth will be negative and

> **"Growth will be negative and by an important amount."**
>
> **— Alberto Carrasquilla**

by an important amount." Carrasquilla added that "of course" there was a possibility that the government will propose a new tax reform, as it expects tax collection to drop amid the health crisis. The Andean nation on March 31 received a disbursement of $250 million in the form of a development policy loan known as CAT DDO from the World Bank to address the pandemic, Finance Colombia reported. The CAT DDO is a contingent loan that countries subscribe to in advance in order to be financially prepared in case of a natural disaster or health emergency, and it is immediately disbursed. It is part of Colombia's disaster risk finance strategy. "We … recognize the vision of Colombia since 2009 to include financial tools to strengthen its capacity in situations as critical as those we are experiencing today," said Ulrich Zachau, director of the World Bank for Colombia and Venezuela. Colombia has reported 2,852 confirmed cases and 112 related deaths, El Tiempo reported. [Editor's note: See the Advisor's recent **interview** with former Colombian Finance Minister Mauricio Cárdenas on the effects of the Covid-19 pandemic on Latin American and Caribbean economies.]

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requested from private businesses to fund the government party in return for state contracts. This was a clear-cut case of a group of well-connected individuals abusing their influence and power to illegally benefit their political party and enrich themselves. Ecuador's criminal code prohibits this form of collusion. Indeed, one of the biggest takeaways from this process is the clear message that corruption is no longer tolerated in Ecuador. Mr. Correa has lived in Belgium for the past three years, and his political footing in Ecuador is greatly diminished. President Moreno is currently managing a difficult economic situation inherited in large part from the negligence of the last government and now compounded by the Covid-19 pandemic. The political and judicial fate of Mr. Correa is not a focal point for our government. We are instead focused on improving the lives and livelihoods of all Ecuadoreans."

Hernán Reyes Aguinaga, professor at the Universidad Andina Simón Bolívar and Universidad Central del Ecuador: "After three years in power and a tortuous plot that many have called 'lawfare,' or a political-judicial war, the political game of Ecuadorean President Lenín Moreno against Rafael Correa, his mentor and predecessor, has ended. Correa, who has lived in Belgium with his family since leaving office, has just been sentenced in a controversial and quick judicial process—which not even the Covid-19 pandemic was able to stop—to eight years in prison and stripped of his political rights for 25 years. The sentence refers to his alleged 'co-authorship' in a series of bribery cases of government officials and private businessmen in exchange for public contracts, and from the beginning there was a series of irregularities, especially by the state prosecutor's office. However, the political effects of the government's disastrous management of the pandemic—including not just logistics but also information—and of its stubbornness in blaming everything on the previous administration, have had three main impacts. First is that the polarization the government created to attack 'correísmo' has come back as a boomerang in a hard blow, given that the effectiveness of pointing fingers to hide its own incompetence has run out. Not even with the latest sentence

> **"Not even with the latest sentence has the government been able to deflect devastating criticism..."**
>
> **— Hernán Reyes Aguinaga**

has the government been able to deflect devastating criticism, even from its rightist allies, social-Christian groups and the CREO Movement. Second is that the growing internal fights between the president and rightist forces will likely increase future electoral possibilities for anti-neoliberal factions, such as 'correísmo' itself—even without its leader as a candidate—or of other more radical sectors, such as the indigenous movement and its allies, which held the fort during strong social protests last October. And third, despite the media's support, the public image of Moreno's government has deteriorated, and not even Vice President Otto Sonnenholzner could save it, despite the questioned political marketing surrounding his public participation in the few actions the government has done to support social sectors hit by the crisis."

Carlos de la Torre, director of the Center for Latin American Studies at the University of Florida: "Correa's indictment shows that Lenín Moreno's plan to reconstruct democracy after 10 years of autocratic rule is working. When he took office in May 2017 most actors in this polarized nation agreed that he would be Correa's pawn. After all, he served as his vice president,

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never openly criticized him and Correa put him in power. Yet Moreno ditched his former mentor and allowed the system of justice to investigate cases of corruption and abuse of power. As a result, Correa's image deteriorated from one of brilliant technocrat to one of ringleader of a criminal organization. But Correa is a powerful enemy who will attempt to return to power using legal and illegal channels. He claims that his indictment was politically motivated and that the system of justice is politicized. His movement is organizing a campaign to create chaos and fear, taking advantage of the coronavirus crisis. He even asked that his archenemy, former Guayaquil Mayor Jaime Nebot, be named temporary president to deal with the pandemic. Moreno's government is weak. It was almost toppled last October by an insurrection against IMF austerity measures. He has survived by creating an anti-Correa coalition, and he has the support of the military, sectors of the business community and of Correa's enemies. However, the health crisis, the collapse of the economy and the IMF's demands to pay the external debt might create conditions for an alliance to ditch him and probably to pave the way for Correa's return."

John Polga-Hecimovich, assistant professor of comparative politics at the U.S. Naval Academy and associate researcher at FLACSO-Ecuador: "Overshadowed by the spread of Covid-19, the 'Sobornos 2012-2016' case certainly did not live up to the moniker of Ecuador's 'Trial of the Century.' Nonetheless, the court's sentence could radically reshape Ecuadorean electoral politics by preventing the ex-president from running for political office for 25 years and debilitating some of his most trusted political confidants and Alianza PAIS politicians. Predictably, as all things Correa-related, the events have generated a polarized reaction. Those who were in the opposition during Correa's presidency see the sentence as the result of a fair trial of political figures they perceive as corrupt. Meanwhile, Correa, his inner circle and supporters view the trial as evidence of political persecution

> **"The court's sentence could radically reshape Ecuadorean electoral politics..."**
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> **— John Polga-Hecimovich**

and retribution against the political left. It's hard to dispute the evidence of the bribery scheme from the books of Pamela Martínez, a former Constitutional Court judge and Correa aide, and Laura Terán, her administrative assistant. Still, the sentence seems aimed at not only ending Correa's political career but also humiliating him: the sentence also requires those convicted to attend a 300-hour course in ethics and transparency in public administration, to make a public apology and to place an ethics plaque on the presidential palace. Despite the conviction, I wouldn't count Correa out. He and his lawyers will undoubtedly appeal the sentence, which could allow him to stand in the February 2021 elections as a vice presidential candidate or a legislator. Moreover, Alianza PAIS might be in a good position: Moreno is not running for re-election, while presumptive front-runner and ex-Guayaquil Mayor Jaime Nebot may suffer due to his city's lack of preparedness at confronting the Covid-19 pandemic. The length of the appeals process will say a lot about how this plays out."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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