

# property

\$6,013,194, a difference of some \$1,495,393. A closer look at assets begin to tell a story of things gone awry. The cash on hand as of January 31st 2000 according to the records at BELINSCO stood at \$319,809.13. When this was verified via external bank confirmation, however, the actual figure in the banks was

BELINSCO in the note for almost a million dollars.

The lies and deceit don't stop there. According to BELINSCO'S records again, they claim to have shares in BTL, Carlisle Holdings, DFCL, and BNBS, totalling \$542,093. Independent verification of these

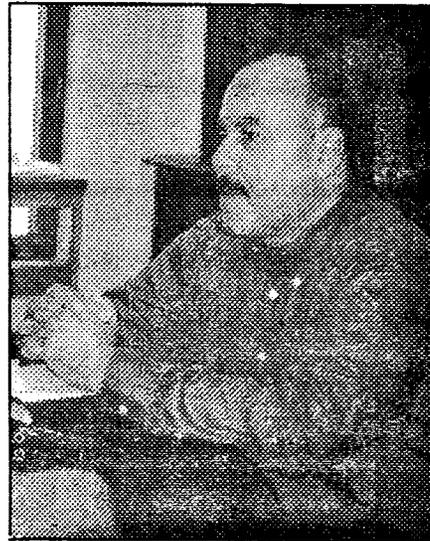
(Continued on page 4)

## Fonseca on the run

Minister of Budget Management, Ralph Fonseca, has been deafeningly silent on the UDP press release and this newspaper's headline story last week.

For Fonseca, whose garrulousness is legendary, it is most uncharacteristic. Given the enormity of his folly as revealed by the BEL/BECOL dispute now though, his reluctance to speak is perhaps understandable.

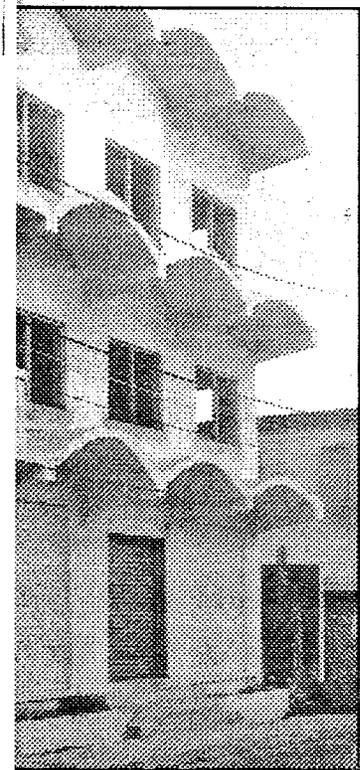
The facts are quite simple. Fonseca as then Minister of State and Chairman of BEL, committed the company to pay 21 million dollars a year to BECOL for energy from Mollejon. But, as was well known at the time, BEL couldn't use all that power and BECOL couldn't produce it. BEL being a state owned company when this agreement was made, Fonseca also caused the government of Belize to enter into a guarantee of the



*Oops! I did it again*

BEL/BECOL contract. If for any reason BEL couldn't pay BECOL, the government of Belize would.

Now, as the public quarrel  
(Continued on page 3)



*By order of the Minister of Housing*

concerns. *Guardian* has evi-  
at Bhojwani was paid a whop-  
125,000.00 for this property  
s located in a non-commercial  
of Gabourel Lane. The house  
ills the lot has been abandoned  
ong time, and has become  
(Continued on page 3)

*July 2, 2000*

# Fonseca on the run

July 2,  
2000

(Continued from page 1)

between BEL and BECOL makes clear, the government of Belize guarantee has been triggered because BEL is refusing to pay BECOL for energy it does not receive. Under a strange 'take or pay' clause in the original contract which Fonseca signed, it was always the position that BEL would pay for the maximum amount of energy stipulated even if, for whatever reason, the company didn't receive it.

Fonseca and the PUP sold BEL to the Canadian FORTIS last year, though. And all of a sudden with sensible minds now in control, take or pay is being challenged.

The point that the UDP and this newspaper tried to make, is that what should be a purely private sector dispute is actually a big headache for the ~~government and people of Belize~~. When Fonseca signed over BEL to FORTIS, he should have done so on condition that a satisfactory guarantor be found to replace government. After all FORTIS with its worldwide resources had the means to do this. And it was stupid, if not downright improper, for government to continue to guarantee a BEL that was FORTIS-owned.

Maybe it was because FORTIS balked and the greedy PUP simply couldn't walk away from the deal. Or perhaps it never occurred to Fonseca that he should get out from under the guarantee. Whatever the case, he once again screwed up big time leaving Belize a staggering potential loser. The BEL press release at the end of last week sought to deflect the Fonseca heat. It claimed that if its position is valid and it doesn't have to pay, then neither does the government. And if a court eventually finds otherwise then it will pay, letting government off

the hook.

The people of this country, of course, didn't elect BEL and don't want to hear from them in substitution for the minister.

But that apart, BEL is being dishonest.

The original owners of BECOL borrowed from the International Finance Corporation to build the Mollejon dam. That loan, which was for a whole bunch of money, was premised on the ability of BECOL to repay. That, in turn, depended on the assured stream of income from BEL. And since BEL was not the soundest proposition in the world, the IFC insisted on the guarantee. Now, clearly, the BECOL repayments to the IFC are jeopardized by the BEL default. Which is exactly the situation the ~~guarantee was~~ designed to remedy. Therefore and thus, the IFC won't want to, and doesn't have to, wait on any court case to get its money. It need merely say to the government of Belize "that is why we took a guarantee from you, and we expect you to pay now."

BEL is sitting pretty and can afford to finesse Fonseca's folly. The IFC has no leverage over Fortis and can do nothing to make it pay. With the government of Belize, though, it's a whole different story. The IFC is actually a subsidiary of the World Bank, and so can exert all kinds of pressure. Belize has any number of applications for project financing pending even now before the Bank. Their chances of approval would be slim and none if the country tried to play tough with the IFC. Like all developing nations, Belize simply cannot do without the World Bank, and FORTIS knows this only too well.

No amount of BEL press releases, then, can take Mr. Fonseca out of the hot water the guarantee has put him in. FORTIS is standing pat, the IFC holds a trump, and the minister of everything is all of a sudden nothing but the joker in the pack.