



## Odebrecht's slow burn in Panama

by Andrew Thompson

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### What happened?

Panamanian prosecutor-general Eduardo Ulloa said on 20 October that investigations into one of the country's largest and longest-running corruption scandals, involving bribes paid by Odebrecht, the Brazilian civil engineering company, had come to an end.

### The details

The Odebrecht scandal became regional headline news four years ago, in December 2016, with the company admitting to a US court that it had paid US\$788mn in bribes in Brazil and 11 other countries to secure more than 100 contracts on which it made US\$3.3bn in profits. In Panama it admitted that it paid US\$59mn in sweeteners in 2010–2014, as well as other payments in return for a range of public works contracts including building Lines 1 and 2 of the Panama City metro and expanding Tocumen International airport. It used a “business model” for corruption whereby it would help fund politicians' election campaigns, on the understanding that if elected, they would pay back the favour by giving it generous contracts.

The key question in Panama and elsewhere is whether the judiciary is strong enough and independent enough to identify, prosecute, and sentence the bribe takers. The answer, so far, is mixed. Ulloa said 100 suspects and two companies have been indicted, and 1,120 investigation files have been compiled. Those indicted include former presidents Ricardo Martinelli (2009–2014), and Juan Carlos Varela (2014–2019) along with members of their families, former ministers and officials in their governments as well as in the administration of Martín Torrijos (2004–2009). Eighteen of the suspects have concluded plea-bargaining agreements. A total of US\$227mn has been recovered in fines and asset seizures. By December all documents will be passed on to the courts, which will decide when and how to put the suspects on trial.

While these statistics sound impressive it is also true that after four years, substantive trials haven't even begun. Ernesto Cedeño, a Panamanian constitutional lawyer, says there was a lack of political will to speed up investigations, technical mistakes were made by prosecutors, and legal challenges by the accused were time-consuming. The Panamanian branch of anti-corruption lobby group Transparency International (TI) says some suspects may have been overlooked, and questions the ability of the courts to do their job in the next phase. TI says the judiciary's credibility is at stake. It warns that the trials may take years and notes that gathering all the accused and their lawyers, around 180 people, who by law must all be present at the preliminary hearing, will be a logistics challenge.

## What does it mean?

Anti-corruption campaigners say there is no single solution to a complex and deep rooted problem, but that effective prosecution and trial by an efficient, timely and independent judiciary is essential. On that count Panama and many other countries in the region are not quite up to scratch.

### About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC's Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



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