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Tom Lantos Human Rights Commission

Hearing
on
Human Rights and Corruption in Honduras

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Co-Chairman McGovern, Co-Chairman Smith, members of the committee. Thank you for the invitation to testify today. My name is Ana Quintana. I am Senior Policy Analyst for Latin America at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

By many measures, Honduras is in a dire situation. The country faces widespread and persistent poverty. Economic opportunities are rare for the average citizen. Economic growth does not produce sufficient numbers of jobs, and government social policies do not address the many deep-seated issues in the country. In FY 2019, Honduras was the primary source for unlawful immigration to the U.S. in proportion to its population.¹ Despite significant reductions in its homicide rate over the past four years, Honduras remains one of the most violent countries in the world.

The security-related challenges do not end there. Honduras's strategic location in the Central American isthmus, and its permissive environment for transnational criminal organizations, has made it a key trafficking hub for U.S.-bound narcotics.

Violent street gangs prey on underprivileged Honduran youths with few economic prospects, and on unprotected citizens. Against this complex backdrop, Honduras faces arguably its most complicated crisis, the symbiotic challenge of poor governance and corruption. At its core,

¹ Customs and Border Protection, *U.S. Border Patrol Southwest Border Apprehensions by Sector Fiscal Year 2020*, <https://www.cbp.gov/newsroom/stats/sw-border-migration/usbp-sw-border-apprehensions#> (accessed December 10, 2019).

Honduras's problems and lack of solutions can be traced back to its weak institutions and powerful special entrenched interests.

Turning Point in Anti-Corruption Efforts

Like in other post-civil-war nations, kleptocracy has been a persistent element in the Honduran government system, and there have been few means for exposing and penalizing those responsible. In 2016, the Honduran government, alongside the Organization of American States (OAS), launched the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH)—an anti-corruption mission to assist Honduras's historically weak attorney general's office and judiciary. The mechanism was given a four-year mandate with the option to renew in January 2020.

Within Honduras, there was and remains a serious appetite for the MACCIH. Following the 2014 revelation of a \$300 million embezzlement scheme by Honduran officials of the Honduran Social Security Institute (IHSS), there were widespread demands from Honduran civil society for an anti-corruption commission, inspired by the International Commission against Impunity in Guatemala (CICIG). The widespread corruption unearthed by the IHSS case, and damage caused by the embezzlement, should never be forgotten. In 2018, U.S. authorities even arrested the brother of the former president of the IHSS for conspiring to launder \$1.3 million in the U.S. consisting of bribes and funds stolen from the IHSS.²

MACCIH Accomplishments and Areas for Opportunity

It is important that U.S. policymakers understand a few key facts about the MACCIH. For starters, the mission is not a replacement for Honduran institutions. In fact, Honduras's attorney general and judicial branch are the lead actors here. MACCIH is more of a mechanism that empowers these institutions to function. Throughout the four years of the mission, it has exposed and put an actual price tag on significant cases of corruption within the government. The following is not meant to be an exhaustive list of every MACCIH cause or investigation but rather a few highlighted examples demonstrating the capabilities of Honduran institutions once they are permitted to operate.

The MACCIH uncovered various schemes under the administration of previous president Porfirio "Pepe" Lobo for illegally redirecting public money that was intended for presidential security or for needy children to be used by the first family and others in the administration.

A 2018 corruption investigation known as the "Pandora Case" has implicated nearly 40 Honduran government officials who are accused of misusing roughly \$12 million intended for

² News Release, Honduran Man Pleads Guilty to Conspiring to Launder Over \$1 Million in Bribes and Funds Misappropriated From the Honduran Social Security Agency, U.S. Department of Justice, June 28, 2018, <https://www.justice.gov/opa/pr/honduran-man-pleads-guilty-conspiring-launder-over-1-million-bribes-and-funds-misappropriated>

agricultural development projects. These allegations of misappropriated agriculture funds are occurring in the midst of a drought so severe that Honduras recently declared a national emergency.

The MACCIH also presented an investigation into 12 officials, including a former cabinet official, the son of a former president, and various other influential politicians. MACCIH prosecutors allege that the 12 laundered nearly \$3 million USD in illicit drug money for a Honduran criminal organization known as “Los Cachiros.”³ Honduran prosecutors will have to wait to pursue charges against Fabio Porfirio Lobo, the son of the former president, because in 2017 he was sentenced to 24 years in prison by U.S. authorities for conspiring to import cocaine into the U.S. The indictment also revealed that former President Lobo accepted more than \$500,000 USD in bribes from Los Cachiros.⁴

Despite strong U.S. and EU support for its renewal, the future of MACCIH is unknown. As of today December 11, 2019, we are close to one month away from the renewal deadline. Technically, all that is required is an exchange of letters between the Honduran government and OAS leaders to extend the mission. Yet the President of Honduras Juan Orlando Hernández is facing considerable pressure from his political party to prevent the mission’s renewal.

Certain Honduran officials allege that the MACCIH purposely targets members of the ruling party. From my perspective, allegations of political persecution seem unproven. Not only has the ruling party been in power longer, providing a more target-rich environment for investigators and prosecutors, but when assessing a summary of the MACCIH investigations cases presented, it is clear that many political parties in Honduras have benefited from the kleptocratic system.

On the issue of combatting institutional corruption, not just individual corruption, U.S. policymakers and international donors should ask the MACCIH to increase its efforts. While individuals promote corruption within the government, systemic weaknesses within institutions help to sustain it. Strengthening Honduras’s government functions will also help to wean Honduras from depending on international support.

Options for U.S. Policy

On balance, there is always a give and take in bilateral relations. In the context of current relations with Honduras, the U.S. must address serious issues with our Honduran counterparts. There were electoral irregularities in 2017, major scandals involving high-level Honduran

³ Gustavo Palencia, “Honduran Anti-graft Mission Investigates Ex-president Over Drug Money”, *Reuters*, May 24, 2019, <https://www.reuters.com/article/us-honduras-crime/honduran-anti-graft-mission-investigates-ex-president-over-drug-money-idUSKCN1SU2JV> (accessed December 10, 2019)

⁴ News Release, “Son Of The Former President Of Honduras Sentenced To 24 Years In Prison For Conspiring To Import Cocaine Into The United States”, September 5, 2017, U.S. Department of Justice, <https://www.justice.gov/usao-sdny/pr/son-former-president-honduras-sentenced-24-years-prison-conspiring-import-cocaine> (accessed December 10 2019)

officials, persecution of social activists, and the most recent case now involving the president's brother. All of this occurring before the backdrop of Honduras as the top source of unlawful immigrants to the U.S. in FY 2019, in proportion to the country's population.⁵ Moving forward, U.S. policymakers should consider the following policies for U.S.-Honduran relations. U.S. policy should:

U.S. policy must convince Honduras to commit to advancing human rights and values.

There is an intrinsic relationship between good governance, human rights, and anti-corruption measures. Hondurans, like citizens anywhere, deserve a government that is accountable to them and protects their basic interests. The idea of good governance is essentially a government that is accountable, responsible, transparent, and responsive. At its core, good governance is one of the most basic human rights. In Latin America, the guiding compass for achieving good governance and promoting human rights is the InterAmerican Democratic Charter, to which Honduras is a signatory.

Take stock of the bilateral relationship.

The U.S. needs to take the long view on what kind of relationship it wants with Honduras. While the administration of President Juan Orlando Hernandez should be commended for combatting narco-trafficking in his country, this should not absolve him. U.S. policymakers should be outraged by the U.S. Drug Enforcement Agency's serious allegations against Hernandez. These accusations cast a serious cloud not only on President Hernandez's commitment to fight narco-trafficking, but also on his sincerity of his position on the MACCIH. The U.S. also needs to consider that in two years Honduras will have a new president. This is another reason why it is important to focus on institutions rather than individual leaders.

Prepare for various scenarios for the MACCIH.

All can agree the future of the MACCIH is in peril. While the Honduran government has claimed that it is re-evaluating the mission, it has taken no concrete steps to renew its mandate. In an ideal scenario, the Honduran government would reauthorize the mission with its full authorities. U.S. policymakers must insist that the mission is renewed in its original form. In the meanwhile, the U.S. should prepare for a scenario in which the Honduran government decides to limit the powers of the mission. In that event, the U.S. and other donors must develop a series of nonnegotiable benchmarks and standards in order for the mission to maintain its integrity. Keeping the MACCIH alive in a slightly reduced capacity until the next Honduran administration takes office is worth preventing its potential elimination.

⁵ Ibid.

Deepen cooperation with Taiwan and regional partners that maintain diplomatic relations with Taiwan.

Over the past few years, the Peoples Republic of China (PRC) has been aggressively pursuing Taiwan's diplomatic allies in the region, including Honduras. While today's conversation is focused on the future of the MACCIH, the U.S. should not lose sight of the PRC's long-term strategic goals of expanding its economic and diplomatic presence throughout the Western hemisphere. While Chinese investment has the potential to help developing countries, it also fosters corruption and erodes the rule of law in places with weak institutions.

Conclusion

Regretfully, Honduras's crisis is nothing new. These ongoing challenges demonstrate two important points. 1-) Long-term solutions with bipartisan buy-in are necessary. 2-) Improvement is not always possible without encouragement. Thankfully the U.S. Congress and commissions like the Lantos Human Rights Commission with its long history of bipartisan cooperation, has demonstrated there much room for cooperation across the aisle on values based issues.

The U.S. needs to urgently find a way of convincing the Honduran government it is in their long-term interest to continue down path of anti-corruption reform. Renewing the MACCIH is an important tool is accomplishing this goal.