



Hondurans march against corruption, demanding a UN-backed anti-impunity commission. Rbreve. Flickr, June 27, 2015.

WHEN CORRUPTION FUNDS THE POLITICAL SYSTEM: A CASE STUDY OF HONDURAS

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EXECUTIVE SUMMARY

In this report, I explore salient forms of corruption in Honduras and assess existing accountability mechanisms. I find that:

1. Corruption helps fund Honduran politics, making it a fundamental input to the Honduran political process.
2. Anti-corruption and accountability mechanisms have either been undermined or are designed to provide only the appearance of accountability.
3. Despite their limitations, civil society activism and popular protest remain the main counterweight to government corruption.

Drawing on international, national, and civil society led corruption investigations, the paper explores four different types of corruption in Honduras:

- **Embezzlement of social development funds:** Using several different funding sources, Congressional and government officials have transferred public funds to shell non-government organizations, ostensibly to carry out social development projects, which have then deposited the funds back into personal, campaign, and party accounts.
- **Procurement corruption:** Government officials have used both false procurements to embezzle funds and directed contracts to preferred suppliers at inflated prices in exchange for bribes and political contributions.
- **Organized crime corruption:** While the police have been the primary target of organized crime corruption, several former members of Congress have been convicted in US courts for involvement in organized crime. Testimony in US courts has also produced allegations that the last three elected presidents have taken major campaign contributions from criminal groups.
- **Patronage abuses in the bureaucracy:** Incumbents have worked to increase their discretion over hiring and promotions as a source of patronage for campaign workers. In addition, incumbents collect donations from many public sector employees through automatic paycheck deductions.

On paper, there are several accountability mechanisms to prevent and punish these forms of corruption and abuse; however, these have either been undermined or are intentionally ineffective:

- **MACCIH and the criminal justice system:** The criminal justice system has a poor track record successfully prosecuting corruption cases. In response to civil society protests over corruption in the Honduran Social Security Institute, in 2016 the government allowed the Organization of American States to establish the Mission to Support the Fight Against Corruption in Honduras (MACCIH). For a four-year period, the MACCIH took corruption head on, working with its partner the Public Ministry's Special Prosecution Unit against Corruption and Impunity (MP-UFECIC) to bring forward 14 cases against 133 individuals. However, the MACCIH was a victim of its own success. The Congress, the courts, and the Hernández administration responded by protecting the accused and ultimately not renewing the MACCIH, ending Honduras's brief experiment fighting corruption.
- **Congress:** Members of Congress have not only engaged in corruption, but the body as a whole has voted repeatedly to weaken accountability mechanisms and protect its members and sources of illicit financing.
- **The Supreme Audit Tribunal (TSC):** The TSC is responsible for investigating the charge of illicit enrichment, but it only conducts a handful of investigations each year and refers few cases to prosecutors. Because of this poor performance, Congress passed legislation to direct corruption investigations of congressional and high-level officials away from the prosecutors' office and towards the slow, ineffective, and politically controlled TSC.
- **Other sources of intra-governmental (horizontal) accountability:** The paper also examines the procurement regulator, police oversight, civil service oversight, and the campaign finance auditing unit. Except for the ineffective civil service department, each of these units has made important advances in recent years, but only the police oversight mechanism has directly addressed corruption.

In the face of ineffective horizontal accountability mechanisms, protestors and civil society organizations have emerged as the major counterweight to government corruption. Street protests led to the establishment of the MACCIH; the National Anti-Corruption Council (CNA) has used investigations, the media, public events, and social media to demand accountability; and the Association for a More Just Society (ASJ), played a key role in the police reform process and has carried out extensive social audits of government procurement and human resource management. Despite an active civil society, the fight against corruption is at a low point.

ACRONYMS

ACRONYM	ENGLISH	SPANISH
ANPIBCH	National Association of Neighborhood and Community Industrial Producers	Asociación Nacional de Productores e Industriales de Barrios y Colonias de Honduras
ASJ	Association for a More Just Society	Asociación para una Sociedad más Justa
CICIG	International Commission against Impunity in Guatemala	Comisión Internacional Contra la Impunidad en Guatemala
CNA	National Anti-Corruption Commission	Consejo Nacional Anticorrupción
CoST	Construction Sector Transparency Initiative	Iniciativa de Transparencia del Sector de la Construcción
CPI	Corruption Perception Index	Índice de Percepción de la Corrupción
DESA	-	Desarrollos Energéticos
DGSC	Civil Service Department General	Dirección General de Servicio Social
DIDADPOL	Division for Police Disciplinary Affairs	Dirección de Asuntos Disciplinarios Policiales
DIECP	Police Internal Affairs Department	Dirección de Investigación y Evaluación de la Carrera Policial
DIMESA	Metropolitan Distributor	Distribuidora Metropolitana
DOJ	United States Department of Justice	Departamento de Justicia de los Estados Unidos
ENEE	National Electric Energy Company	Empresa Nacional de Energía Eléctrica
FA	Broad Front	Frente Amplio
FONAC	National Convergence Forum	Foro Nacional de Convergencia
FOSDEH	Social Forum on External Debt and Development of Honduras	Foro Social de la Deuda Externa y Desarrollo de Honduras
GCB	Global Corruption Barometer	Barómetro Global de la Corrupción
HNL	Honduran Lempiras	Lempiras

IADB	Inter-American Development Bank	Banco Interamericano de Desarrollo
IHSS	Honduran Social Security Institute	Instituto Hondureño de Seguridad Social
INSEP	Secretariat of Infrastructure and Public Services	Secretaría de Infraestructura y Servicios Públicos
INVEST-H	Strategic Investment for Honduras	Inversión Estratégica de Honduras
LAPOP	Latin American Public Opinion Project	Proyecto de Opinión Pública de América Latina
Libre	Liberty and Refoundation	Partido Libertad y Refundación
MACCIH	Mission to Support the Fight Against Corruption in Honduras	Misión de Apoyo contra la Impunidad y la Corrupción en Honduras
MCC	Millennium Challenge Corporation	Corporación del Desafío del Milenio
MP	Public Ministry	Ministerio Público
MP-UFECIC	Public Ministry's Special Prosecution Unit against Corruption and Impunity	Ministerio Público - Unidad Fiscal Especial Contra la Impunidad de la Corrupción
NGO	non-governmental organization	organización no gubernamental
OAS	Organization of American States	Organización de los Estados Americanos
ONCAE	Regulatory Office of Contracting and Acquisitions of Honduras	Oficina Normativa de Contratación y Adquisiciones del Estado
PNH	Honduras National Party	Partido Nacional de Honduras
PLH	Liberal Party of Honduras	Partido Liberal de Honduras
SUMIMED	Medical Supplies	Suministros Médicos
TSC	The Supreme Audit Tribunal	Tribunal Superior de Cuentas
UFERCO	Special Prosecution Unit Against Corruption Networks	Unidad Fiscal Especializada Contra Redes de Corrupción

INTRODUCTION

Between 2010 and 2013, leadership at the Honduran Social Security Institute (IHSS in Spanish) oversaw a scheme that siphoned over US\$300 million from the institute, a staggering sum for a relatively small economy. Evidence of the scheme began emerging as early as May 2013, and by January 2014, then President Porfirio Lobo Sosa of the Honduras National Party (PNH) appointed a commission to investigate. As cases slowly muddled through the criminal justice system, in May 2015, media reports revealed that some of this money helped fund the PNH political campaign of President Juan Orlando Hernández (commonly abbreviated as JOH), who was elected in 2013. A mass protest movement emerged and demanded an international anti-corruption commission modeled after neighboring Guatemala's United Nations-run International Commission against Impunity (CICIG). In 2016, after some resistance, the government allowed the Organization of American States to establish the Mission to Support the Fight Against Corruption in Honduras (MACCIH). Over a four-year period, the MACCIH and the Public Ministry's Special Prosecution Unit against Corruption and Impunity (MP-UFECIC) attacked high-level corruption head on and brought forward 14 cases against 133 individuals. However, by 2020, both CICIG and the MACCIH, rare success stories in the fight against corruption, were shuttered by their respective governments and their advances rolled back.

“Corruption in Honduras is not just something that happens in the course of the political process (e.g., passing laws, procuring goods, providing services, applying regulations), but rather it has become a fundamental input to the political process.”

This paper provides an overview and analysis of corruption and accountability mechanisms in Honduras. Specifically, I examine corruption across four salient arenas: (1) financial transfers in the social development safety net, (2) public procurement, (3) organized criminal operations, and (4) patronage in the bureaucracy. While the nature of corruption varies considerably across these arenas, in all four cases, monies from corrupt arrangements have gone to fund Honduran political campaigns from both large and small political party candidates. As such, the paper's main contribution is that corruption in Honduras is not just something that happens in the course of the political process (e.g., passing laws, procuring goods, providing services, applying regulations), but rather it has become a fundamental input to the political process. In Chayes's terminology, corruption is the “operating system.”²

The paper also examines accountability mechanisms in the country and explores the emergence and subsequent dismantling of tools to reduce impunity. I start by examining checks and oversight mechanisms within the Honduran state (referred to as horizontal accountability), including the Honduran Congress, the Supreme Audit Tribunal, the criminal justice system, and oversight mechanisms for procurement, the police, and the civil service. In the best-case scenario, when institutions like the UFECIC are working as designed, they and their staff are engaged in a fight against powerful political and economic adversaries. In the worst-case scenario, these accountability mechanisms are weak structures better designed to provide an appearance of accountability while permitting a large degree of impunity. As of this writing, Honduras appears to be in the worst-case scenario. The second major contribution of this paper is documenting how institutions intended to provide horizontal accountability have either become central actors in the country's corruption or failed to prevent that corruption.

I also examine the MACCIH and US courts as sources of international accountability and the role of civil society oversight and elections, or mechanisms of vertical accountability to citizens. What is perhaps most interesting about the Honduran case is that under pressure from an active civil society, a partially free media, protests in the streets, and international actors, the Hernández administration and the national Congress were forced to create several openings for accountability. When these could not be controlled and began to threaten members of the political and economic elite, the administration, Congress, and allies in the judiciary resorted to very visible efforts to revert to the earlier status quo. While the MACCIH is gone, an active press and civil society remain the main counterweight to government corruption.

In this paper, I draw on a wealth of evidence from corruption investigations conducted by the MACCIH/UFECIC, the US Department of Justice, and Honduran civil society organizations, including the Association for a More Just Society (ASJ) and the National Anti-Corruption Commission (CNA). I also draw on cross-national indices, surveys, and qualitative data. These include a 2018 survey of public employees (sample size =1,661) and a 2019 survey of vendors registered to sell goods and services to the government (sample size = 834). Qualitative interviewing was done between 2014 and 2019.³

I begin by contextualizing Honduras within the Latin America region to show that while Honduras might be an extreme case, it is by no means a unique case. I then examine corruption in Honduras across the four policy arenas. This is followed by an exploration of accountability mechanisms and how they have been undermined.

A LATIN AMERICAN PROBLEM: CORRUPTION AS A MEANS TO FUND POLITICAL CAMPAIGNS

Latin America has suffered a rash of corruption scandals in recent years. The most salient of which has been the Lava Jato case in Brazil, where major construction firms colluded and bribed public officials to win contracts from the state-owned oil company Petrobras. However, Brazil is not alone. Bribery by the Brazilian firm Odebrecht was not limited to Brazil but also occurred in nine other Latin American countries. Table 1, which includes major, recent corruption scandal from countries across the region illustrates the following: (1) the scandals involve massive sums of money, (2) they frequently involved the very highest officials in government, (3) many result in government contracts to corrupt firms, and (4) perhaps most importantly for this discussion, they were often the means through which political parties or campaigns were funded.

Table 1: Recent Corruption Cases in Latin America

Argentina: Cuadernos de los Coimas (2005-2015)	Multiple senior officials and former President Cristina Fernández de Kirchner are alleged to have received tens of millions of dollars in cash bribes in exchange for government contracts, which were recorded in the journals (cuadernos) of a former government driver. ⁴
Brazil: Lava Jato (2013-2014)	Construction firms colluded to divide massive contracts with the state oil company Petrobras and bribed officials in the process. The largest company Odebrecht admitted to paying an estimated US\$349 million in bribes. ⁵ Bribe money from the scandal helped fund several political parties. ⁶
Chile: Tax Evasion (2009-2014)	Two major firms made US\$7.8 million in illicit campaign contributions to political parties using funds from evading taxes. ⁷
Colombia: Contract Carousel (2008-2011)	The former mayor of Bogota was sentenced along with other municipal officials for procurement corruption estimated at US\$58.8 million. ⁸
Dominican Republic: Odebrecht (2001-2014)	Odebrecht admitted to paying approximately US\$92 million in bribes to several high-level political figures to obtain contracts. ⁹

Ecuador: Bribes (2012-2016)	Of the approximately US\$33.5 million Odebrecht paid in bribes to obtain contracts in Ecuador, a large portion allegedly went to fund former president Rafael Correa’s election campaign. Allegations include party financing through other corrupt exchanges. ¹⁰
El Salvador: Antonio Saca (2004-2009)	Former President Antonio Saca was sentenced for embezzling an estimated US\$300 million in state funds for he and his party through fake and suspicious companies.
Guatemala: La Linea (2012-2015)	Importers paid reduced customs duties in exchange for bribes as the result of a scheme perpetuated by a network including then President Otto Pérez Molina and Vice President Roxana Baldetti. This resulted in US\$35 million in lost revenue in 10 months. ¹¹
Honduras: IHSS (2010-2014)	Operational and board leadership at the Honduran Social Security Institute (IHSS in Spanish) siphoned over US\$300 million from the IHSS through contracts to shell companies and bribes for contracts. ¹² A small portion of the funds supported President Juan Orlando Hernández’s 2013 presidential campaign.
Mexico: Estafa Maestra (2010-2014)	A network involving federal officials across 11 agencies allegedly siphoned off an estimated US\$192 million by issuing funds to universities that then offered subcontracts to shell companies. ¹³
Panama: Blue Apple Probe (2009-2014)	In the Ministry of Housing and the Ministry of Public Works, officials solicited bribes for cutting through the red tape of public infrastructure projects. The payments were made to a company called Blue Apple Services that later laundered the money through banks. US\$35 million has been recovered and the amount in bribes is frequently cited at US\$40million. ¹⁴
Peru: Odebrecht (2005-2014)	Odebrecht admitted to paying approximately \$29 million in bribes to obtain contracts, which benefited many of Peru’s current and former political leaders. ¹⁵
Venezuela: PdVSA (2014-2018)	A large network allegedly embezzled up to US\$1.2 billion from the Venezuelan state-owned oil company PdVSA. ¹⁶



Opposition protester holds photos of politicians close to Alvaro Uribe that could be involved in the Odebrecht scandal, Palace of Justice in Bogotá. Sebastian Barros. Shutterstock, October 8, 2019.

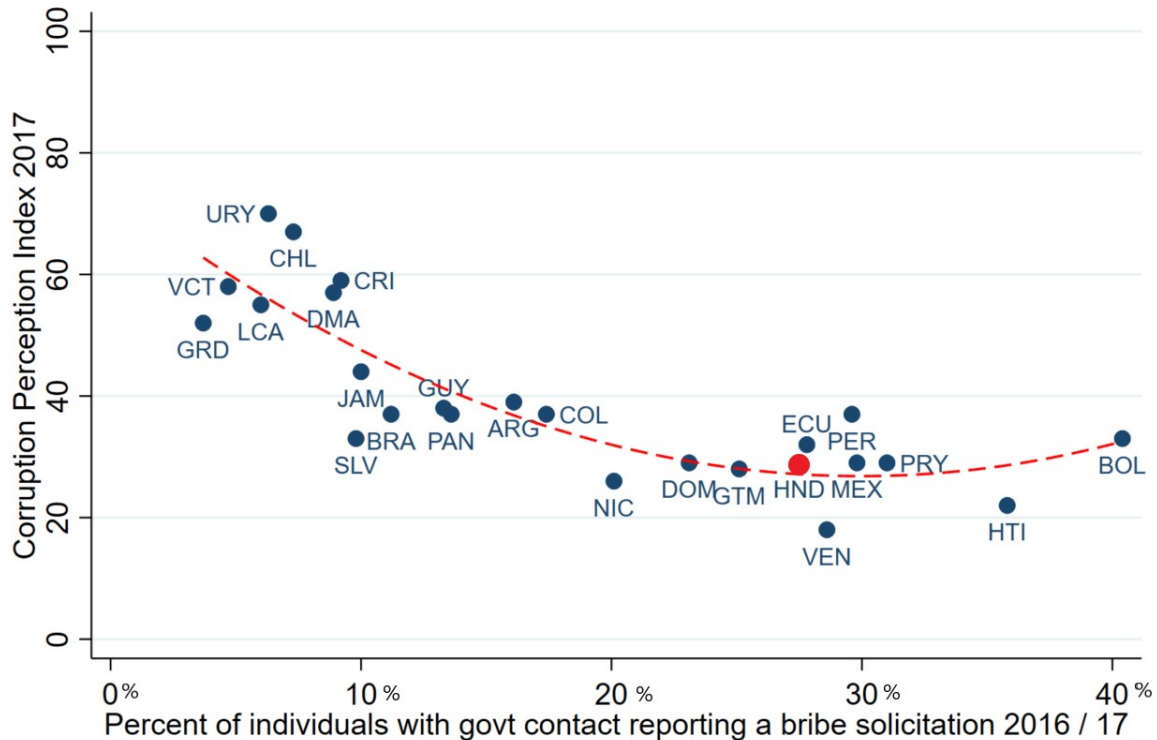
Daniel Gingerich, in his study of political corruption in Latin America, argues that traditional approaches to corruption focused on pecuniary benefits for public officials fail to recognize that recent corruption scandals have principally served to finance political campaigns and party operations.¹⁷ As Michael Pinto-Duchinsky points out, such corrupt proceeds are particularly attractive because they can be used for prohibited expenditures (e.g., vote buying).¹⁸ In addition, weak regulations and poor enforcement of disclosure laws allows contributions from corrupt sources (e.g., organized crime) to go undetected. Most importantly, however, corrupt inflows are typically paid back with public funds (e.g., through overvalued government contracts). Herein lies the negative consequences for governance more broadly. As Daniel Gingerich notes, “To put it bluntly, when a state itself illicitly because a purveyor of resources for electoral competition, a perverse network of political and bureaucratic exchange is practically the guaranteed result.”¹⁹

CORRUPTION IN HONDURAS IN COMPARATIVE PERSPECTIVE AND OVER TIME

Figure 1 shows the location of 25 Latin American and Caribbean countries on two common measures of corruption. The y-axis measures Transparency International’s Corruption Perception Index (CPI), which draws on different sources of business and expert perceptions of corruption in the public sector. The x-axis is drawn from the AmericasBarometer by the Latin American Public Opinion Project (LAPOP) and measures the percent of a sample that reports having a bribe solicited from a public official in the previous year. There is a strong correlation between the two (.78) but the relationship is not linear. As seen in the figure, countries with high CPI scores (i.e., low levels of corruption) tend to also have low levels of corruption victimization; however, countries with low CPI scores (i.e., low levels of corruption) vary considerably in the amount of corruption victimization reported in surveys. Honduras (HND), colored in red,

falls in the lower right quadrant of the chart, with low CPI scores (high corruption) and relatively high levels of victimization among citizens.

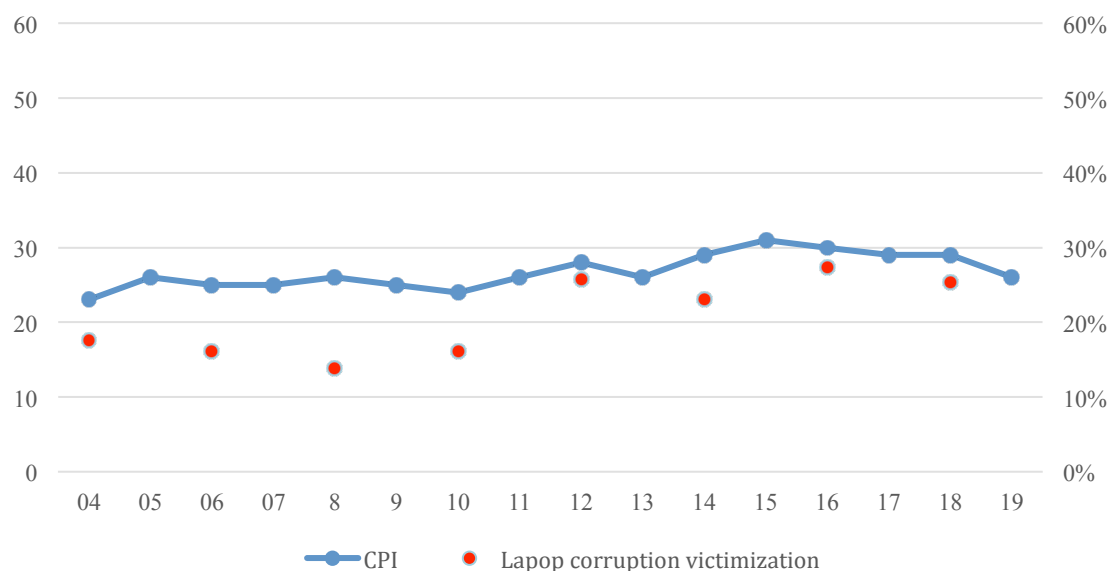
Figure 1: Latin American and Caribbean Countries Plotted on Two Corruption Measures (Sample Size=25)



Source: Author's analysis of CPI (2017) and LAPOP (2016/2017) data

Figure 2 shows these two measures over time in Honduras. Honduras' CPI score has been relatively stable over time. There did appear to be improvements in scores in and around 2015, perhaps as a result of the governmental response to several corruption scandals (e.g., responses to the IHSS scandal, the creation of the MACCIH), but these have since declined. The margins of error on the CPI are fairly substantial (typically around 4 points for a given year in Honduras), limiting confidence in the observed change, but there is a similar increase and then decline in the perceptions of ordinary citizens.²⁰ In 2016, 55 percent of Honduran respondents to Transparency International's Global Corruption Barometer (GCB) reported that the government was doing well in tackling corruption, one of the highest ratings in the region. This corresponded with the creation of the MACCIH in April 2016 immediately prior to the survey in May of that same year.²¹ By 2019, with the emergence of new scandals, the percent of respondents evaluating the government well dropped to 36 percent.²²

Figure 2: Two Common Measures of Corruption in Honduras Over Time



Source: Author's analysis of CPI and LAPOP data

What is perhaps harder to explain is a jump in corruption victimization reported in surveys. As seen in Figure 2, between 2004 and 2010, the LAPOP survey found that between 14 and 18 percent of respondents had a bribe solicited. In 2012, this estimate jumped to 26 and has been fairly stable across the subsequent four waves.²³

In summary, based on the Corruption Perception Index and the LAPOP's measure of corruption victimization, Honduras is similar to several other high corruption countries in the region. Furthermore, while there has been some year on year variation, corruption is either constant or increasing. In the following section, I dive deeper into the nature of corruption in Honduras across four salient areas.

CORRUPTION IN HONDURAS: FOUR SALIENT ARENAS

Recent prosecutions in the United States and Honduras, investigations by the MACCIH, UFECIC, the CNA, ASJ, and investigative journalists, have produced in a large volume of corruption evidence and allegations.²⁴ Corruption takes many forms, and a recent study by the CNA divides corruption into fifteen different categories.²⁵ However, in this paper I focus on the four most salient types of corruption identified by these different data sources: (1) embezzlement through transfers of social development funds to nonprofit

organizations, (2) procurement corruption, (3) organized crime corruption, and (4) patronage and abuses in public employment.

EMBEZZLEMENT OF SOCIAL DEVELOPMENT FUNDS

MACCIH and UFECIC investigations, complemented by investigative journalism and civil society reports, uncovered several simple schemes to divert public funds to individuals and political parties through shell non-governmental organizations (NGOs). Three MACCIH/UFECIC cases illustrate the problem:²⁶

- **Legislators' Network (Red de Diputados):** In December 2017, the MACCIH/UFECIC announced their first indictments against five congressional members from two different opposition parties, the Christian Democrats and Liberty and Refoundation (Libre).²⁷ From 2006 to 2018, members of Congress could draw on a Department Development Fund to support social development projects for their constituents. The fund was unusual in that it was congressional rather than executive branch funding and was at high risk for abuse. Prosecutors allege that funds were transferred to an NGO, the National Association of Neighborhood and Community Industrial Producers (ANPIBCH), who then transferred over US\$330,000 (HNL 8.3 million) to the accused members of Congress.²⁸
- **Pandora:** In June 2018, the MACCIH and UFECIC announced cases against 38 individuals, including members of Congress and government officials, for diverting funds from agriculture related interventions (e.g., improving community capacity to plant basic grains) to personal and party accounts.²⁹ According to the allegations, the funds benefited the PNH, the Liberal Party of Honduras (PLH), and the Broad Front (FA), and amounted to over US\$11.3 million (HNL 282 million). Again, the funds were allegedly transferred to NGOs, in this case Todos Somos Honduras and the Dibattista Foundation, which in turn deposited the funds in personal accounts of congressional, mayoral, and council candidates for the PNH and FA, and in the party accounts for the PLH.³⁰ The parties allegedly used these moneies to fund vote buying schemes and cover party expenses.
- **Open Chest (Arca Abierta):** A third MACCIH/UFECIC case unveiled in October 2018 identified the same mechanism of transferring public funds: first to a shell NGO, which in turn allegedly provided the money back to officials. In this case, the MACCIH/UFECIC accused 11 current and former members of Congress, primarily from the PNH, of embezzeling around US\$879,000 (HNL 21.1 million) in 2015 via a shell NGO Asociación Planeta Verde.³¹

“These same sources suggest that these schemes could involve up to 360 current and former legislators and substitute legislators.”

MACCIH/UFECIC statements, civil society studies, and investigative journalism suggest that the problem is even more extensive than these formal accusations. For example, Jeff Ernst drawing on official documents and court records alleges that there are at least 53 nonprofits that received more than US\$70 million over the previous decade and that the majority of these funds were funnelled back to at least 176 politicians and campaigns.³²

These same sources suggest that these schemes could involve up to 360 current and former legislators and

substitute legislators. Jeff Ernst’s investigative journalism clearly suggests that the parties and particularly the PNH were able to use Congress’ Department Development Fund to support the 2013 political campaign.³³ Allegedly President Hernández was able to use his position as head of the Congress to target funding in PNH localities. After Hernández took office in 2014, the fund was brought into the executive and other social development funding streams (e.g., Vida Mejor, 449 program) were allegedly exploited using similar mechanisms.³⁴ Jeff Ernst also provides evidence that funds from this scheme were used to bribe congressmembers in supporting priority legislative activity, including the vote to create a military police force and votes to remove and elect members of the Supreme Court.³⁵ These cases are exemplary because they do not fit the model of corrupt exchanges between a bribe payer and payee. Rather political officials have developed mechanisms to embezzle funds for political gain and done so in the name of benefiting the poor.

PROCUREMENT CORRUPTION

Given that such a large percentage of government revenue is spent through government procurements, there is a high risk of corruption.³⁶ Corruption can occur at all stages of the procurement process including need identification, design of tenders, potential prequalification or short listing, bidding procedures, contract award, and contract modification and execution.³⁷

In the Honduran context, bribery does not appear to influence most government contracting decisions.³⁸ The World Bank’s enterprise survey finds a relatively low 4 percent of firms who feel there is an expectation of bribery to obtain contracts in Honduras, as compared with 19 percent in Latin America and 36 percent in other lower middle-income countries.³⁹ Instead, connections and party affiliation appear to matter more than a clear quid pro quo. Averaging across experiences with different government agencies, 41 percent of vendors in the Social Impact survey felt that party affiliation was

very important or important to winning government contracts.⁴⁰ Even if bribery does not occur in the majority of government contracts, procurement is nonetheless the mechanism through which most of Honduras's known cases of grand corruption has occurred. Despite not reporting high levels of bribe victimization, 67 percent of surveyed vendors felt that corruption in procurement was a major problem, 22 percent a moderate problem, 6 percent a minor problem, and only 5 percent not a problem.

In some cases, procurement corruption looks like the transfers discussed above. Government officials create false procurements and award contracts to shell companies, who in turn return the money to government or political officials. This mechanism was commonly used in the IHSS scandal. For example, the head of procurement at IHSS José Zelaya Guevara had personal contacts establish a firm called Suministros Médicos (SUMIMED), which received US\$3.3 million in contracts to provide diverse products to hospitals. The goods were never provided, but the shell company was paid, and the bulk of the money eventually ended up in Zelaya's bank accounts.⁴¹

Other IHSS cases involve the actual provision of goods and services but directed at specific firms who charge inflated prices, often for poor quality products. For example, in 2011, IHSS signed a contract with Distribuidora Metropolitana (DIMESA) for over US\$95 million for medical equipment that according to allegations was not needed, purchased with funds that the IHSS did not have, and done at a price above market value by approximately 114 percent.⁴² The MACCIH/UFECIC concluded that, "There are clear indications that the entire bidding process was constituted to favor a specific company."⁴³ As noted above, a small portion of funds from IHSS corruption supported President Hernández's presidential campaign.

Corruption is easiest when procuring entities avoid a "public" procurement, which requires that bidding be open to any firm (or prequalifying firm). This is typically done by illegally dividing what should be a large contract into many small contracts that fall below the government threshold for a "public procurement." This appears to have been a common method employed in the health

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secretariat (not part of the IHSS). The CNA alleges ten cases whereby procurements for pharmaceuticals and other medical supplies were subdivided and directed towards politically connected firms.⁴⁴

Another method to avoid public procurements is through emergency declarations that fast track the procurement process. IHSS officials avoided public procurement requirements by taking advantage of an emergency declaration in the purchase of hospital water and gas construction works and in the procurement of ambulances. In the case of the construction work, the cost was estimated at four times the market price.⁴⁵ For their part, the purchased ambulances were modified mini-buses not compliant with the original specifications and also purchased at an above market price. More recently, emergency procurements in response to the coronavirus led to a number of corruption allegations in the purchase of defective, inadequate, and nonexistent goods, including a failed mobile hospitals contract worth US\$47 million that the government paid for in advance.⁴⁶

Beyond the health sector, procurement corruption has been particularly problematic in the infrastructure and public works agency. Audits by the procurement regulator and ASJ found that between 2013 and 2015, 94 percent of procurements were done through private procurements, and this was accompanied by a large number of other irregularities.⁴⁷ In addition, CNA investigations find that a firm was awarded US\$3 million (HNL 73 million) in public works projects across forty separate contracts in the same district.⁴⁸ Furthermore, much of the work was allegedly of low quality or never completed.⁴⁹

There have also been several documented cases of alleged corruption in public works projects by the electrical utility (ENEE).⁵⁰ In 2010, ENEE provided the firm Desarrollos Energéticos (DESA) with a major contract to develop a hydroelectric dam along the Gualcarque River in 2010. The MACCIH/OFECIC built off investigations and complaints by murdered environmental activist Berta Cáceres and indicted 16 people in 2019.⁵¹ DESA received the contract despite not being registered as a vendor to the government and having few years of operation, little experience, and little capital.⁵² An ENEE employee close to the procurement process was de facto serving as a representative of DESA and would formalize his relationship after the contract was awarded. There are also allegations of corruption in DESA's efforts to obtain required permits.⁵³ While DESA is perhaps the most well-known case, CNA has four additional case files of alleged corruption in ENEE.⁵⁴ Regardless of the sector, like the transfers above, mark-ups on legitimate procurements and false procurements offer a means to capture public resources.



*Juan Orlando Hernández speaks at the National Party of Honduras Convention.
Juan Orlando Hernández. Facebook, March 6, 2016.*

ORGANIZED CRIME CORRUPTION

Organized crime and drug trafficking related corruption represent another major source of corruption in the country. On the one hand, such corruption is fundamentally different from the previous examples, as it primarily occurs to protect members of organized criminal groups from law enforcement actions and prosecution. On the other hand, as in the cases above, there are many instances where high-level politicians and political parties benefit from organized crime related corruption.

The corruptive influence of organized crime has been well documented throughout the hemisphere,⁵⁵ and Honduras is no exception.⁵⁶ Since the 1970's Honduras has served as a trafficking stop linking South American drugs and suppliers to Mexican trafficking organizations and the US market.⁵⁷ The country is frequently referred to as a narco-state with impunity for drug traffickers and the police that work with them.⁵⁸ For example, according to court filings in US courts in 2018, drug trafficker Héctor Emilio “Don H.” Fernández Rosa allegedly paid millions of dollars in bribes to Honduran officials, including police and -- according to his testimony -- to the campaign of President Manuel Zelaya (PLH - 2006-2009).⁵⁹

Much of what we know with confidence about recent organized crime related corruption has come out of the Southern District of New York's prosecutions of Honduran members of organized crime, members of Congress, business leaders, and police. While Honduras has not historically allowed for extradition to the United States, President Hernández, upon coming into office in the midst of Honduras's worst security crisis, pushed forward constitutional reforms allowing for extradition.

One of the more shocking cases to come out of the Southern District of New York was the 2017 sentencing of the Fabio Porfirio Lobo, son of former President Porfirio Lobo Sosa (PNH - 2010-2014), to 24 years in prison on drug trafficking charges. In addition to directly aiding shipments, Lobo facilitated criminal operations by brokering relationships between the Cachiros criminal organization and high-level government officials in customs, the military, law enforcement, and Congress.⁶⁰ In the course of the trial, accusations were made that former President Porfirio Lobo Sosa had also received payment from the Cachiros.⁶¹

Related to this case, seven police officers were also convicted in US court for their role in drug trafficking. Among them was José Zavala Velasquez, a high-level officer who previously led the police's anti-organized crime unit. The trial revealed that while ostensibly leading the investigation against the above-mentioned trafficker Fernández Rosa, Zavala Velasquez was tipping off the target of his investigation.⁶²

“The most explosive prosecution and conviction has been against former Congressman and brother to the current president, Juan Antonio “Tony” Hernández Alvarado. Rather than serving as a go-between linking traffickers and the political and law enforcement communities, Tony Hernández was a trafficker in his own right.”

The most explosive prosecution and conviction has been against former Congressman and brother to the current president, Juan Antonio “Tony” Hernández Alvarado. Rather than serving as a go-between linking traffickers and the political and law enforcement communities, Tony Hernández was a trafficker in his own right.⁶³ He used Honduran National Police officers both to protect shipments and to coordinate the murder of a rival. Furthermore, according to the prosecution, Hernández funneled millions of dollars in drug proceeds to the National Party.⁶⁴ In both this case and the subsequent DOJ charges against the former head of the Honduran National Police Juan Carlos “El Tigre” Bonilla Valladares, President Hernández was listed by prosecutors as a co-conspirator.⁶⁵

While Fabio Lobo and Tony Hernández were both from the PNH, as the Fernández Rosa testimony illustrates, organized crime corruption crosses party lines. In 2018, Congressman Fredy Renan Najera Montoya from the PLH plead guilty in US court on drug trafficking charges. Najera had served as a Congressmen from 2006 until his extradition and confessed to using his office to facilitate trafficking via airstrips in his district in Olancho and at Honduras's main port.⁶⁶

The court cases in the United States have also provided evidence of ties between organized crime and business elites. In 2017, Yani Benjamin Rosenthal Hidalgo (also a leader in the PLH) and his cousin Yankel Rosenthal Coello pleaded guilty to money laundering drug proceeds for the Cachiros organization. The Rosenthal family businesses provided banking and investments services to the Cachiros and bought cattle from them for processing and export.⁶⁷ The Cachiros, for their part, diversified into cattle raising and construction as a means to launder money and to obtain a veneer of legitimacy. Companies owned by the Cachiros organization wrongfully received over US\$4 million in government contracts from a road maintenance fund, and the Cachiros organization regularly made large contributions to both the PNH and PLH.⁶⁸ The road maintenance fund at the time was headed by Hugo Ardón Soriano, who managed president Hernández's campaign in the west in 2013, and whose brother, the former mayor of El Paraíso, was indicted in the United States on drug trafficking charges.⁶⁹

These cases lay out a clear network of corruption between criminal organizations, political leaders, law enforcement, and the private sector that prior to the extradition treaty ensured impunity, profitability, and maintenance of political power. These networks have spanned across the two major political parties and across different trafficking organizations. Court proceedings produced allegations that all of the last three elected presidents (excluding Roberto Micheletti's brief tenure) have taken campaign contributions from drug traffickers.

PATRONAGE AND HUMAN RESOURCES RELATED ABUSES

There are several ways in which hiring and human resource management is abused in Honduras. To begin, Honduras has a historical problem of payroll fraud and payment to ghost workers (or *paracaidistas*, “sky divers”), defined as workers who collect a salary without providing services. A 2000 public expenditure tracking survey estimated that 5 percent of teachers and 8.3 percent of general health care practitioners were ghost workers.⁷⁰ A 2010 study suggested that the problem had increased further,⁷¹ and in 2016, the government reported 20,000 ghost workers on the payroll.⁷² This is not an insignificant drain on the budget, as payroll is the largest single portion of the government's budget. In 2013, 88 percent of the education secretariat's budget went to wages.⁷³ Facing a large fiscal deficit and pressure from the IMF, the Hernández administration made reducing overall government payroll a top priority. With support from the World Bank, in 2014 and 2015, the administration created a centralized payroll platform linked with the financial platform and purged a large number of ghost workers from the payroll.⁷⁴

Despite this advance, there are indications that the problem continues. Averaged across the secretariats of health, education, and public works, 40% of respondents to the 2018 Social Impact public employees survey perceive ghost works to either be very common (19 percent) or common (21 percent), rather than occasional, rare, or nonexistent. In late 2019, the CNA formally alleged that the head of the electrical utility personally created 18 ghost worker positions.⁷⁵

Human resource related abuses also occur through patronage appointments in the bureaucracy. Since 1967 legislation, Honduras has had a civil service system intended to limit political influence over the bureaucracy and maintain job security across administrations. However, Honduran administrations have worked to increase their discretion over hiring and promotions. To illustrate, interviewees generally recognized extensive patronage-based hiring in the public works secretariat. To avoid hiring requirements, a majority of employees at the agency are considered “day laborers,” even though they have been with the agency for many years.⁷⁶ An ASJ study found that 87 percent of new hires examined between 2013 and 2015 joined under the “day laborers” category.⁷⁷ Over this three-year period, ASJ did not find a single merit-based public hiring process as required by the law. Instead hiring was done based on a solicitation from the head of the agency, a practice enshrined in the agency’s human resources procedures manual. The researchers noted that, “the entity favors activists of the political party in power with jobs in this secretariat.”⁷⁸

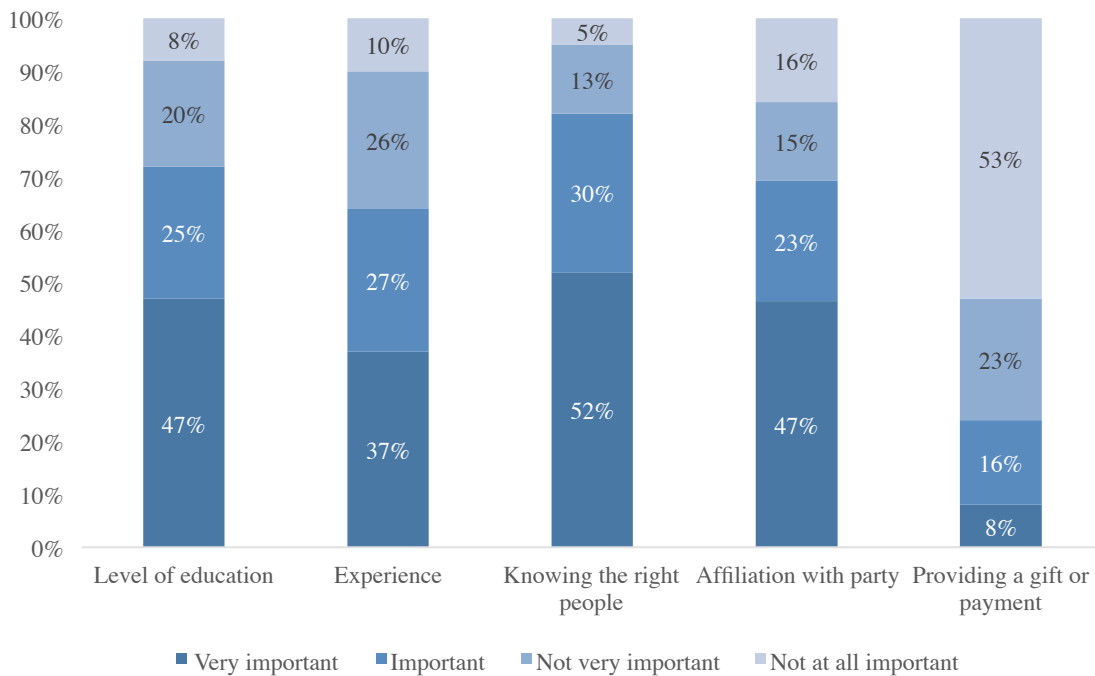
Both PLH and PNH ministers have fired existing public works employees, even those from the same party, to replace them with their supporters. Honduras has strong labor protections for government employees and fired public works employees have been reinstated by the courts with back pay. ASJ finds that between 2013 and 2015, the court ordered 324 employees fired in the previous administration to be re-hired because of improper termination (around 16 percent off the total terminated) and around US\$186,000 (HNL 4.6 million) to be paid in back wages.⁷⁹ The current administration also undertook a purge of the institution, ostensibly to reduce the size of the agency; however, this appears to be only partially true. ASJ found that of the 1,664 terminations, 773 (46 percent) new employees were hired in their place.⁸⁰

The problem is not specific to public works. As part of its effort to address Honduras’s fiscal deficit, the Hernández administration issued a decree in 2014 freezing all permanent hiring. While fiscally prudent, the administration used this to its political advantage. Hiring was still done on a contract basis, and all hires needed to be approved by Reinaldo Sánchez Rivera, the minister responsible for the running the president’s office, a political appointee who would go on to become president of the PNH. Interviews suggest that this filter ensured that only loyal party members were given government

jobs. For example, ASJ finds that in the ministry of health none of the hires examined between 2014 and 2017 were done through an open, merit-based process, and they find evidence of partisan influence.⁸¹

The Social Impact 2018 public employees survey asked respondents from the secretariats of public works, health, and education of the importance of five factors in obtaining a job in their institution. The responses averaged across the three agencies are provided in Figure 3. While level of education and experience are generally seen as either very important or important, knowing the right people is seen as the most important and affiliation with the political party in power is seen as equally as important. Although an important minority view bribe paying as important or very important, this is not regarded as crucial as these other factors.

Figure 3: Importance of Five Factors in Obtaining a Job in the Secretariats of Health, Education, and Public Works (Sample Size=1,570)



Source: Social Impact. 2018. Public employees survey.

Patronage represents another mechanism through which parties obtain funds. Many public employees have donations to the party in power automatically deducted from their paycheck. The commonality of this practice varies considerably by government agency and contracting status. In the public works agency, 90 percent of respondents to the public employees survey reported automatic paycheck donations to the incumbent party.

“In the public works agency, 90 percent of respondents to the public employees survey reported automatic paycheck donations to the incumbent party.”

In the secretariat of education, the practice was far less common, as only 10 percent of teachers reported such a payment; however, it was fairly common among administrative staff, 37 percent of whom reported a campaign contribution. Payments varied by employment status. Contract workers have a much higher incentive to pay the party, as these individuals are more likely to be patronage appointees and are easier to terminate. At the health secretariat, for example, more than 40 percent of contract employees pay the quota, compared with just 10 percent of permanent employees. While patronage and

payroll deductions do not meet narrow definitions of corruption, they clearly represent an abuse of public resources to benefit political parties.⁸²

SUMMARY: A LOT OF MONEY, TOP OFFICIALS, A HISTORY OF IMPUNITY, AND A SOURCE OF PARTY FUNDS

While this discussion has not addressed many forms of corruption (e.g., speed payments, bribes to avoid fines or taxes), the four types examined here clearly illustrate the extent of Honduras’s corruption problem. These cases are alarming for at least three related reasons. First, they constitute large sums of money in a country where government resources are already fairly limited. The Honduran government budget in 2020 was only US\$11.4 billion (HNL 282 billion), and the nationally defined poverty rate was a high 48 percent, leaving limited resources to combat major social challenges.⁸³ Although it is difficult to validate the accuracy of its estimate, a recent report by CNA and the Foro Social de la Deuda Externa y Desarrollo de Honduras (FOSDEH) estimates that corruption represented 12.5 percent of GDP in 2018 and has been steadily increasing since 2014, the first year considered in the study.⁸⁴ Regardless of the exact figure, clearly corruption is taking away resources that could be used to address shortcomings in health, education, public security, and poverty reduction. Second, the cases examined here are mostly instances of grand corruption, involving or allegedly involving the country’s top officials, including presidents, members of congress, mayors, heads of government agencies, and members of their families. Third, in all four cases, corruption funds political campaigns and parties. The incumbent party benefits the most because it is best positioned to effectively abuse public resources. This is most clearly evidenced by “donations” from public employees to the incumbent party. As such, the incumbent has the least incentive to initiate change. However, the evidence above also shows that the two major opposition parties and some smaller parties also benefit from these practices. It is unlikely that any major party would embrace meaningful anti-corruption reforms when they depend on corruption as a source of their funding. In the next section, I explore

potential sources of accountability, and show how these existing mechanisms have been undermined.

HORIZONTAL AND VERTICAL ACCOUNTABILITY MECHANISMS

Accountability mechanisms are typically understood in terms of horizontal accountability to other state institutions, and vertical accountability to citizens.⁸⁵ Horizontal accountability mechanisms might include legislative oversight, auditors, regulators, and aspects of the criminal justice system focused on corruption. Vertical accountability entails accountability to citizens. Elections are the primary tool of vertical accountability, but citizens might form civil society organizations or take actions to hold governments more directly to account. In this section, I explore five potential sources of horizontal accountability and document their limitations. These include congressional oversight, the Supreme Audit Tribunal (TSC), the criminal justice system, regulators, and electoral oversight bodies. I then look at potential mechanisms of vertical accountability, including civil society activism, street protest, and elections.

HORIZONTAL ACCOUNTABILITY: CONGRESS AS PART OF THE PROBLEM

In theory, Congress offers a potential route for horizontal accountability through committee oversight, budget control, and legislative action. The Honduran Congress approved the agreement creating the MACCIH, and in the early days of the MACCIH, Congress worked with the commission to pass significant anti-corruption reform legislation, including the passage of campaign finance legislation. However, once MACCIH and UFECIC investigations produced indictments against former and sitting members of the legislature, the body reversed course and passed legislation to protect its members. This fundamentally undermined the country's brief experiment with fighting corruption.

Following MACCIH and UFECIC charges against the five congressional members in the Legislators' Network case, in late 2017, Congress added language to its annual budget regulations reforming a small portion of the budget law and assigning responsibility for such investigations to the TSC. Moreover, the officially published reform was different than what Congressional members had actually voted on, and the added language specified that no criminal probe could occur while the TSC was investigating. This essentially subordinated a criminal procedure to an administrative one. It abruptly ended the court case and led to the release of the accused.⁸⁶ Given that the cases were already

progressing through the courts and the severe limitations of the TSC, which will be discussed below, it is hard to see the legal change as anything other than an effort to protect congressional members from justice.

Over a year later, in January 2019, the Supreme Court ruled against the change, but the legislators were not deterred. In October of that year, the body reformed its governing legislation to achieve the same end but with stronger language that provided *de facto* congressional immunity from prosecution.⁸⁷ Members had previously held congressional immunity, a common but controversial provision in the region; however, this was revoked in 2003 under earlier PNH leadership. This same reform also re-established discretionary funds for members of Congress to spend on social development in their home departments, the source of corruption in the Legislators' Network case.⁸⁸

Less than a month later, Congress also reformed the law governing the TSC in a rushed process. Civil society and media concerns with the final legislation included an extension of the time periods for the TSC process, a reduction in access to information generated through TSC investigations, exclusion of key entities from audit scrutiny (e.g., financial trusts, or fideicomisos), granting of TSC control over internal auditors, and cancellation of past fines assessed by the TSC of less than around US\$4,000.⁸⁹ Congress also passed a reform to the penal code that established a different legal classification for corruption in public administration, lowered punishments for these crimes, and made the reduced punishments retroactive.⁹⁰ Civil society organizations such as the CNA labeled the reform the “penal code of impunity”. To conclude 2019, a congressional committee tasked with assessing the MACCIH recommended that the agreement with the Organization of American States (OAS) not be renewed,⁹¹ a conclusion endorsed by a majority in Congress and ultimately acted upon by the Hernández administration.

“Not only is Congress not a tool for accountability, it is central to Honduras’s corruption problem.”

All of these legislative actions occurred between October and December of 2019 and drew the support of the entire PNH coalition and the majority of the traditional opposition PLH. All were done over the objection of the MACCIH, the public prosecutor’s office, and civil society organizations and without popular support. As one journalist wrote even prior to the commission report, “In less than 60 days, the National Congress has shown on four occasions that regardless of the cost, it seeks to protect certain sectors, including politicians, tied to acts of corruption”.⁹² In short, the foxes have taken over the henhouse. Not only is Congress not a tool for accountability, it is central to Honduras’s corruption problem.



Lady Justice. Unsplash, May 20, 2020.

HORIZONTAL ACCOUNTABILITY: AN INEFFECTIVE AUDIT INSTITUTION

As the supreme audit institution in the country, the TSC should be an important tool for accountability in Honduras. In addition to audits, Honduras has the oddity of constitutionally assigning the TSC responsibility for investigations into the “illicit enrichment” of public servants. The courts have interpreted this to mean that the public ministry cannot bring cases to the courts for this specific charge until public servants have been found guilty by the TSC.⁹³ While the TSC can point to a few success stories, it has several weaknesses and historically has not been a key tool in the fight against corruption.⁹⁴

The tribunal’s shortcomings are perhaps best evidenced by Congress’s repeated attempts to transfer investigations of its members towards it and away from the public prosecutor’s office (Ministerio Público – MP) and the courts. Transferring cases from the MP offers several advantages to the accused. First, sending the cases to the TSC will delay any judgement. The TSC offers only an administrative process with an internal appeal process that lasts several years. Only once criminal responsibility has been subsequently sustained can a criminal trial proceed.

Second, the accused will likely face a more favorable outcome in the TSC than in the courts. While the TSC is formally independent, the appointment of its three magistrates in 2016 is commonly viewed as the product of a pact between the three main political parties.⁹⁵ ASJ, which had been participating in the selection as a representative of civil society, withdrew over concerns with the process.⁹⁶ The MACCIH had also unsuccessfully pushed for reforms to the selection process.⁹⁷

The weakness of the TSC is illustrated by its poor track record investigating the charge of illicit enrichment. Public servants earning over a threshold are required to submit asset declarations, and the TSC is required to conduct audits of these statements and investigate potential illicit enrichment. However, as evidenced in Table 2 below, the TSC has historically had only a small number of auditors conducting these investigations and their productively has been extremely low – resulting in one report per auditor per year. As shown in the table, despite the extent of Honduras’s corruption challenges, only a handful of cases have been turned over to the MP, and an even smaller number have resulted in court cases.⁹⁸

Table 2: Number of Investigations Completed per Auditor per Year

Year	Number of TSC auditors	TSC reports generated	TSC reports per auditor	Reports received by MP	Court case filed by MP
2013	7	8	0.86	11	10
2014	8	8	1.00	0	0
2015	9	8	0.89	10	4
2016	9	9	1.00	7	4
2017	8	6	0.75	3	6
2018	11	11	1.00	3	1

Source: TSC (May 2019) Memorando: Adendum a Informe de Productividad ULCCEI/Programa UMBRAL; Ministerio Público (Feb 2019) Número de casos de Enriquecimiento Ilícito presentados ante la Corte. Oficio DGF N.-092-2019 as cited in Sabet et al. 2020.

Note: Reports received do not match reports completed because the TSC’s process is much longer than the generation of a report and not all investigations result in substantiated allegations. The data presented here differ from that which appears in Ramírez Irías and Fibla and Valenzuela, which have even lower figures.

The TSC also conducts financial and legal audits and has the authority to assess fines. An ASJ assessment is skeptical of the effectiveness of these tools.⁹⁹ For example, while TSC recommendations are mandatory, ASJ finds that only 53 percent of 23,203 recommendations emitted by the TSC from 2010-2016 were executed. Sabet, in a study of four TSC performance evaluations, finds limited influence and that institutions were able to avoid fines by establishing long implementation periods or by citing budgetary limitations and dependence on external actors.¹⁰⁰ Between 2010 and 2016, the TSC filed close to 9,000 administrative sanctions, 61 percent of which were challenged.¹⁰¹ Of a smaller sample, the study finds that the TSC process took on average three years followed by another 3.5 years of a civil suit for a total of 6.5 years.¹⁰²

More generally, the TSC confronts budget and human resource limitations. Ramírez Irías finds that 90 percent of the TSC’s budget goes to salaries, leaving little for equipment,

supplies, facilities, and most importantly travel expenses for auditors/investigators.¹⁰³ There are also concerns with the quality of staff; both the Inter-American Development Bank (IADB) and the Organization of American States (OAS) have recommended improvements to the process for hiring personnel.¹⁰⁴ Comparatively, the TSC has a small staff (240 auditors) per capita compared with other Central American and Latin American countries.¹⁰⁵

In summary, the TSC is also an ineffective tool for horizontal accountability. While Fibla and Valenzuela, among other experts, argue that the MP must be permitted to simultaneously pursue criminal cases of illicit enrichment, Honduras is moving in the opposition direction and further limiting MP investigations in favor of the TSC.¹⁰⁶

HORIZONTAL/LEGAL ACCOUNTABILITY: THE CRIMINAL JUSTICE SYSTEM AND THE MACCIH

“Despite the extent of Honduras’s corruption challenges, only a handful of cases have been turned over to the MP, and an even smaller number have resulted in court cases.”

Beyond the specific charge of illicit enrichment reserved for the TSC, the public ministry has the legal authority to pursue other corrupt acts, including abuse of authority, misuse of funds, bribery, and fraud. During the period prior to the creation of the MACCIH, the MP and the criminal justice system had a poor track record successfully prosecuting these cases. Despite high levels of corruption, very few cases successfully made it through the criminal justice system to result in sentences.¹⁰⁷ Over a seven-year period reviewed by ASJ (2008-2015), there were 3,471 reports of corruption made to the MP via diverse sources, including the TSC, the police internal affairs department (DIECP), internal auditors within government agencies, NGOs, the media, and citizens. These resulted in 283 cases opened by the MP, eight percent of the total (Rámirez Irías 2016).¹⁰⁸ One would expect this percentage to be lower than with other crimes, as most accusations are hard to substantiate with evidence that could hold up in court. Nonetheless, only a small number of cases made it to the criminal justice system over a seven-year period. While many cases initiated during this time period were still in process at the time of ASJ’s analysis, of a sample of charges against 189 individuals, ASJ found that only nine cases had resulted in a guilty sentence.¹⁰⁹ One of the reasons for this low rate was that Honduran law permitted a process of “conciliation” for crimes with lower mandated punishments. This allowed many criminal corruption cases to be resolved as civil cases.



The Organization of American States and Honduras Sign Agreement to Create Anti-Corruption Mission MACCIH. The Organization of American States. Flickr, January 19, 2020.

The MP and the courts shared responsibility for the status quo. Jeff Ernst's profile of the Pandora case prior to the arrival of the MACCIH/UFECIC is illustrative of the limitations of the MP prior to 2016.¹¹⁰ In 2013, the state-run National Banking and Insurance Commission had issued two Suspicious Activity Reports of fund transfers from the nonprofits to political parties, but the MP took no action. Following a complaint from someone involved with one of the organizations, the MP did open a case in 2014. Prosecutors prepared the case, but it was not permitted to move forward and was "repeatedly shelved" by MP leadership.¹¹¹ The problem is not necessarily just a lack of political will. In response to death threats, in May 2015, the prosecutor responsible for the IHSS cases left the country to take up a diplomatic post.¹¹²

The courts have also suffered problems of corruption that have undermined prosecutions. Judicial corruption is best illustrated by the MACCIH/UFECIC case against Teodoro Bonilla, the former Vice President of the now extinct Judiciary Council, who among other allegations and along with two other judges, was sentenced in 2017 for fixing cases in favor of two of Bonilla's cousins accused of money laundering and illegal arms possession.¹¹³ Charles Call's analysis also provides several examples of questionable judicial decisions.¹¹⁴ Unfortunately, the political independence of the courts has been undermined from the top. In 2012, without clear constitutional authority, Congress simply voted to remove four members from the Supreme Court's constitutional court in a late-night legislative session. Ostensibly this was done in the name of fighting corruption, as dismissed members had ruled against the administration's strategy for firing police. Nonetheless, it also paved the way for a court loyal to the president and the subsequent decision to allow Hernández to run for a second term, despite clear constitutional language to the contrary. This political control appears to have trickled down throughout the courts.¹¹⁵

“By the time of its termination, the MACCIH had helped UFECIC move forward 14 cases against 133 individuals.”

The situation for both the MP and the courts changed temporarily with the involvement of the MACCIH. The MACCIH was created in April 2016, but it would take a while to establish itself, hire staff, begin operations, and bring forward cases. Even during this start up period, the MACCIH provided early momentum and support for criminal justice reforms, which led to the creation of an anti-corruption court and UFECIC.¹¹⁶ Perhaps more importantly, both the MACCIH and ASJ, along with other representatives from civil society, participated in and oversaw the process for assessing and hiring applicants to these new institutions.¹¹⁷ By the time of its termination, the MACCIH had helped UFECIC move forward 14 cases against 133 individuals.¹¹⁸ As illustrated above, notable in these cases was the direct and frontal assault on corruption in the political system and corrupt funding for political parties.

However, there were severe limits to these advances. Recommended reforms to allow for plea bargaining and wiretapping were never passed by Congress. Furthermore, when the anti-corruption courts were established, Congress exempted senior government officials and members of Congress from their jurisdiction.¹¹⁹ As a result, cases against members of Congress languished in traditional courts even prior to the further transfer of jurisdiction to the ineffective TSC. Charles Call’s assessments of the MACCIH reflects a commonly held view of an institution that had started to make a difference.¹²⁰ However, the political system fought back, culminating in the refusal to renew the MACCIH’s mandate over the protests of civil society, popular opinion, and much of the international community. A survey conducted in late 2019 of 3,000 Hondurans found that 75 percent of respondents favored maintaining the MACCIH.¹²¹ Once the decision had been finalized, Gabriela Castellanos, the head of the CAN, ominously tweeted, “It is not the end of the Maccih, it is the end of the rule of law in Honduras,” (See Figure 4).

Figure 4: CNA Tweet on the Closure of the MACCIH



Gabriela Castellanos
@GCastellanosL



No es el fin de la Maccih, es el fin del Estado de Derecho en Honduras.

[Translate Tweet](#)

6:57 PM · Jan 17, 2020 · [Twitter for iPhone](#)

Source: @GCastellanosL ([Twitter link](#))

As suggested by Castellanos, after the dissolution of the MACCIH, the ability of the criminal justice system to successfully prosecute cases of corruption remains in doubt. In theory, the infrastructure for fighting corruption developed during the MACCIH's tenure remains in place; however, the UFECIC was rebranded the Special Prosecution Unit Against Corruption Networks (UFERCO) and its leadership was replaced. As of this writing, UFERCO reports that it is working on several lines of investigations against high level officials; however, in the six months since its rebranding no cases have been brought forward.¹²² Moreover, the legal changes handicapping the MP, the removal of the MACCIH, and a weakened penal code appear to be a clear win for those seeking impunity for corrupt acts. For some observers it was symbolic that the word "impunity" was removed from UFERCO's name in the rebranding.

“While some corruption cases will likely go forward with the current anti-corruption infrastructure, cases against politically protected individuals appear unlikely to succeed.”

These fears seem to be confirmed by the case against a former first lady. The MACCIH/UFECIC's one concrete judicial success was against the former first lady Rosa Elena de Lobo for embezzling funds from the first lady's office. Despite several obstacles created by both Congress and the courts, the anti-corruption court sentenced her to 58-year prison sentence.¹²³ However, in March 2020, after the dissolution of the MACCIH, the Supreme Court threw out the conviction and called for a re-trial on procedural grounds. The CNA condemned the ruling as, “a clear expression that the Impunity Pact denounced by this civil society organization has come into force after the expulsion of

the...MACCIH and the undoing of the...UFECIC.”¹²⁴ As of this writing, the former first lady has been released from prison and no new trial has been set. As such, while some corruption cases will likely go forward with the current anti-corruption infrastructure, cases against politically protected individuals appear unlikely to succeed.

HORIZONTAL ACCOUNTABILITY: OVERSIGHT FOR PROCUREMENT, THE POLICE, AND THE CIVIL SERVICE

In three of the corruption arenas above, there are internal government agencies with varying degrees of institutional independence that serve as internal watchdogs or regulators. This includes the procurement regulator (ONCAE) in the case of procurement corruption, the Division for Police Disciplinary Affairs (DIDADPOL) for at least the police related aspects of organized crime corruption, and the Civil Service Department General (DGSC) in the case of government human resources. There is no formal watch dog responsible for the issue of transfers in social development interventions.

Procurement: The Regulatory Office of Contracting and Acquisitions of Honduras (ONCAE), created in 2001, is tasked with diverse responsibilities, but it does not have authority to formally audit or sanction violations of procurement requirements. Nonetheless, from 2015 to 2018 with financial and technical support from the US aid agency the Millennium Challenge Corporation, ONCAE established an evaluation unit and conducted procurement assessments in 20 government institutions. These produced a detailed profile of the many irregularities in Honduran procurement. In response, ONCAE undertook several forward-looking actions. These included implementing an extensive training course for procurement officials, developing a certification process for procurement professionals, making changes in some procurement rules, and developing improvements to procurement planning.¹²⁵ Nonetheless, the more ambitious elements of a procurement reform agenda, including reforming the 2001 procurement law, standing up a new procurement platform integrated with the financial management information system, and making certified procurement professionals legally responsible for procurement actions remain pending. Moreover, ONCAE has interpreted its mandate to not act on information of procurement irregularities and there does not appear to be meaningful coordination with the MP or TSC. As such, while there have been important advances in improving Honduran procurement, ONCAE has not emerged as an important accountability tool.

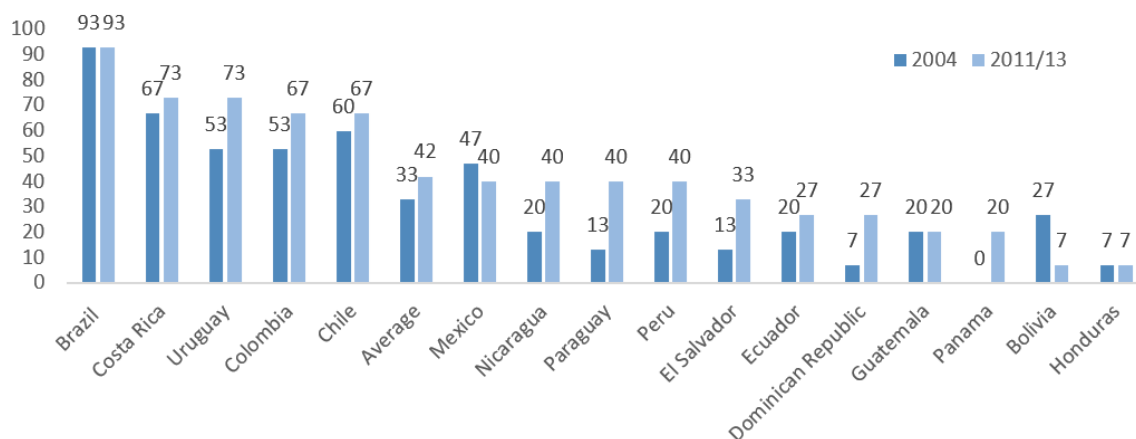
Police oversight: An effort to purge the police in 2000-2001 of around 2,500 officers failed when the Honduran Supreme Court ruled the police firings as illegal and reinstated the officers.¹²⁶ Following a series of scandals and the work of a largely ignored Public Security Reform Commission, in 2011 the Porfirio Lobo administration created the Police Career Investigation and Evaluation Directorate (DIECP) to vet, investigate, and clean up the police. DIECP conducted vetting including lie detector tests and recommended officers for termination; however, few officers were ever actually fired.

Following accusations that top police leaders were involved in the murder of top anti-drug officials, in 2016 (immediately prior to the establishment of the MACCIH) the Hernández administration created the Special Commission for the Depuration and Transformation of the Honduran National Police. The Commission began with top leadership and worked its way down to the rank and file. In total 4,627 out of a 13,500-member force were purged, including 397 high-level officials.¹²⁷ The Commission avoided the labor laws by removing most of the officers through “restructuring,” and very few were formally “fired”. While the Commission received considerable praise internationally, critics note that only a handful of officers have been indicted for misdeeds, and, with the passage of time, several corruption cases have emerged that were not identified by the Commission’s review.

Recognizing that improving the police could not be done in a single intervention, the Commission successfully expanded its mandate and pushed forward legal reforms, which were passed in 2017. Among the reforms was the creation of a semi-autonomous Division for Police Disciplinary Affairs (DIDADPOL) located outside of the police but within the security ministry to investigate reports of serious police misconduct. It is still too early to assess DIDADPOL’s effectiveness. While there have been several DIDADPOL investigations announced, new corruption cases continue to emerge prior to DIDADPOL action.

Civil service oversight: There is no mechanism for accountability of human resource related abuses and there has been no improvement in civil service oversight over time. The IADB conducted a study of Latin American countries in 2004 and repeated the exercise between 2011 and 2013. Across a series of indices, Honduras consistently scored among the last countries and showed little or no improvement even as the rest of the region slowly advanced.¹²⁸ As seen in Figure 5, Honduras scored at the bottom of the IADB’s merit index for both the 2004 and 2011/13 studies with no change over the ten-year period.

Figure 5: Merit Index of the IADB Civil Service Quality Index (0-100) Comparing 2004 and 2011/13



Source: Cortázar Velarde (2014)

While the Hernández administration did improve payroll and likely reduced the ghost worker problem, the administration has also asserted partisan control over government hiring. Formally, Honduras’s civil service regime is overseen by the DGSC; however, this department falls within the office of the president, which, as discussed above, has asserted authority over hiring. A 2018 ASJ review describes the DGSC as a bureaucratic organization focused on paperwork rather than providing direction and ensuring the

application of the civil service law.¹²⁹ A survey of 14 government institutions reports low satisfaction with the DGSC, and the report finds that the DGSC does not support or promote merit-based open hiring processes and does not audit institutions to ensure their practices are in line with the law.¹³⁰

HORIZONTAL ACCOUNTABILITY: CAMPAIGN FINANCE AUDITING UNIT

Given that all four arenas of corruption led back to political party financing, accountability mechanisms are required to investigate and sanction campaign finance violations. The MACCIH recognized the nexus between corruption and party financing, concluding that, “...it is from here that many of the problems that affect the country stem from.”¹³¹ As such, the MACCIH made campaign financing one of its areas of focus and worked with the parties and Congress to ensure passage of the Political Party and Candidate Financing, Transparency, and Auditing Law in late 2016, known as the Clean Politics Law. The law provided limits on individual contributions, required registration of donors, limited spending, and most importantly created a new entity to monitor and audit contributions and spending.¹³²

Although it only had a few months to prepare for the 2017 general election, the newly created Political Party and Candidate Financing, Transparency, and Auditing Unit claimed several accomplishments in its reporting. All parties and 410 candidates were trained in the new rules; most candidates and the parties created centralized bank accounts; all parties and most winning candidates presented a final financial report of campaign spending; and official campaign spending decreased by 60 percent as compared with the 2013 election.¹³³ In addition, the unit developed a database of candidates, conducted audits, and monitored media ads.

Nonetheless, even the unit recognized that it lacked the funds or staffing (around 42 employees) to complete its mission. It also reported that new rules needed to be tightened up and that further legal changes were required. One change recommended by the unit is prohibiting contributions from holders of large government contracts, a provision originally proposed by the MACCIH but removed by Congress.¹³⁴ There are other concerns. Noticeably absent from the unit’s reporting was any reference to identification of irregularities or sanctions despite numerous allegations of fraud in the 2017 election. The elections themselves were highly

“Noticeably absent from the unit’s reporting was any reference to identification of irregularities or sanctions despite numerous allegations of fraud in the 2017 election.”

criticized and many Honduran's believe that the election was stolen by the incumbent PNH government.¹³⁵ In addition, Signy Fiallos worries that the unit risks being another white elephant, as it confronts that same leadership problem of the TSC.¹³⁶ The unit is led by three commissioners elected by Congress, and as with the TSC, each was the candidate of one of the three major political parties. As such, the corruption dilemma remains: the parties are ultimately responsible for controlling their own corruption.

VERTICAL ACCOUNTABILITY TO CITIZENS

The citizenry is the ultimate principal in what is known as the principal-agent problem, whereby agents (government officials) are supposed to act in the interest of the principal (citizens) but might instead act in their own interests. To hold government officials accountable, citizens, like other principals, require mechanisms to monitor their agents' behavior. As have been referenced throughout this document, there are several examples of civil society or citizen monitoring.

- **CNA:** The National Anti-Corruption Council (CNA) was created as part of a government initiative in the early 2000s; however, today it operates as an independent civil society organization. In 2014, it created an investigative unit and has been investigating complaints of corruption and developing evidence to pass on to prosecuting authorities. Many of Honduras's known corruption cases have been the product of CNA investigations, and the CNA has become one of the louder and more critical voices on corruption issues.
- **ASJ:** The Association for a More Just Society (ASJ) was founded in 1998 and has become the local chapter of Transparency International. In 2015, ASJ signed an agreement with the then incoming administration of Juan Orlando Hernández and Transparency International to conduct independent evaluations of public procurement and human resource management across the security, health, education, and infrastructure sectors. ASJ assessed government agencies using a set methodology and arrived at a series of quantitative ratings for each study. In response, targeted agencies produced action plans and ASJ monitored implementation. In some cases, ASJ provided technical assistance to address report recommendations or provided oversight to human resource or procurement processes. All the reports were made public and, at least at the initial stage, garnered considerable media attention. Across six agencies with repeat assessments, ASJ found a 26-percentage point improvement in scores, and on average 56 percent of action plans were implemented across the eight agencies.¹³⁷ This work positioned ASJ to conduct additional social audits in 2020 of coronavirus response related procurements.



Honduran nationals rally in San Francisco, California, to protest the reelection of President Juan Orlando Hernández (JOH). Peg Hunter. "Solidarity with Honduras - From San Francisco." Flickr, January 27, 2018.

In a separate line of work, ASJ played a central role on Honduras's Special Commission for the Depuration and Transformation of the Honduran National Police, providing much of the staffing and support for the commission in addition to one of the commissioners.¹³⁸

- **CoST:** The Construction Sector Transparency Initiative (CoST) is a global initiative that expanded to Honduras in 2014 at the invitation of the incoming Hernández administration. CoST Honduras is governed by a stakeholder group involving government, business associations/chambers, and three civil society organizations. It requires government agencies to make information on public infrastructure projects publicly available via a digital platform. It then analyzes data availability, reports on gaps, and promotes citizen participation through local transparency committees and by training social auditors.

These are all impressive initiatives that have brought to light many of the corruption problems facing the countries. Of course, there are limitations to each, and the empirical record is clear that increasing public information alone is insufficient to bring about government accountability.¹³⁹ As such, CNA in particular has used the media, public events, and social media to try to mobilize the larger public to demand accountability. For example, in response to the above-mentioned changes to the penal code creating retroactively lighter sentences for corruption charges, the CNA conducted a petition drive rejecting the changes. By contrast, ASJ and CoST have both sought to work with the government to attempt to influence policy more directly. This has generally been a successful strategy, as evidenced by ASJ's role in the police reform process and oversight activities. Nonetheless, such a strategy risks co-option and has produced many critics within Honduras's skeptical society. While the reports cited here provide evidence that ASJ has maintained its independence and critical voice, the fact that corruption reforms

have been rolled back during this period of engagement has put civil society organizations and individuals that have worked with the government on the defensive.¹⁴⁰

There is a long history of wider grassroots activism in Honduras,¹⁴¹ and mass mobilization has been an important tool in recent years. As noted above, weekly, torch-lit, peaceful protests over several months in 2015 eventually led to the creation of the MACCIH. The torches have reappeared, albeit with fewer numbers and less effect, in late 2017 following election irregularities and in 2019 after President Hernández was identified as a co-conspirator in the trial of his brother Tony Hernández in the United States. Sustained collective action is difficult for any social movement, and anti-corruption movements have been particularly challenged by the tendency of policy makers to roll back reforms after protestors have left the streets.

Beyond protest, elections are in theory the primary tool of vertical accountability, and yet the freeness and fairness of Honduras's democracy remains in doubt. The democratically elected José Manuel Zelaya Rosales was removed from office in a coup in 2009, and election violence, vote buying, and irregularities have plagued subsequent elections.¹⁴² After the flawed 2017 election, the OAS's Electoral Observation Mission documented numerous irregularities and deficiencies, and the Secretary General of the OAS formally called for a new election.¹⁴³ The Supreme Electoral Tribunal, however, ignored the OAS and pronounced President Hernández as the winner. With the legitimacy of elections in doubt, civil society, the media, and street protests continue to offer alternative tools for vertical accountability in Honduras.

INTERNATIONAL ACCOUNTABILITY

The MACCIH was not without its flaws,¹⁴⁴ but its initial success and progress suggest that there is an important role for the international community in helping societies with unaccountable governments fight corruption. Charles Call also finds the MACCIH and CICIG were highly cost-effective.¹⁴⁵ Of course, these two institutions are difficult to hold up as an example given their dissolution. Provided their ultimate dependence on the governments that they are investigating, one could argue that such internationally run anti-corruption bodies do not represent a viable model. However, (1) both the MACCIH and CICIG committed some strategic errors that emboldened their opposition, and (2) more importantly, there was simply inadequate, sustained

“The MACCIH was not without its flaws, but its initial success and progress suggest that there is an important role for the international community in helping societies with unaccountable governments fight corruption.”

international pressure on the governments of the two countries, particularly from the United States.¹⁴⁶ The US embassy and the acting Assistant Secretary of State for Western Hemisphere Affairs both urged the Hernández administration to renew the MACCIH's mandate; however, the White House was silent on the issue. Interviews and reporting conclude that the White House prioritization of the migration crisis allowed governments in both Honduras and Guatemala to close the MACCIH and CICIG so long as they took action on migration.¹⁴⁷

Of course, the MACCIH was not the only tool of international accountability operating in Honduras. The extradition treaty continues to remain in force, and the US Southern District of Manhattan has continued to offer an outlet to prosecute the country's organized crime-related corruption.

CONCLUDING DISCUSSION

This paper presents an overview of corruption in Honduras by focusing on the four most salient types of corruption in the country. The cases examined here illustrate the large sums of money lost to corruption; however, the most concerning commonality across the four areas is that corruption funds Honduras's political parties and candidates, making corruption a core input to Honduras's political system.

Under pressure from mass mobilization, active civil society organizations, a somewhat free media, and international actors, between 2014 and 2017, the Honduran state appeared to have taken significant steps to address corruption and create accountability mechanisms. The Hernández administration and Congress created anti-corruption courts, UFECIC, and a commission to purge the police. They allowed civil society oversight of key ministries, signed an extradition treaty with the United States, and allowed the OAS to establish the MACCIH. In short, there was substantial evidence that Honduras was on a path towards change.

Instead of continuing down this path, however, political elites carried out a dramatic and visible rollback. The same administration and the same Congressional leadership dissolved the MACCIH, restructured UFECIC, removed authority from the public ministry, and reduced sentences for corruption. For its part, the judiciary dismissed high profile cases against a former leader in Congress and the former first lady. This rollback took place in plain sight and despite civil society, media, and international condemnation. Why would an administration and a congress reverse itself so dramatically? There are several possibilities, but the most likely explanation is that Honduras's political leadership felt that these accountability mechanisms could be controlled and limited. There is precedent for this. As Dye points out, the Lobo era police commission did not

result in a police purge, and the IHSS commission and subsequent MP investigations had only resulted in one successful prosecution prior to the creation of the MACCIH.¹⁴⁸ Initially, the MACCIH was expected to be considerably weaker than CICIG. It lacked prosecutorial powers and had a weak structure formally led by the OAS Secretary General from outside of Honduras. When the MACCIH, UFECIC, and civil society organizations effectively expanded these political openings, political leaders had to either blatantly reverse course with little ability to control the negative optics or face jail time. They opted for the former, leaving civil society as the primary counterweight to government corruption and the fight against corruption at its low point.



Hondurans wear masks during the coronavirus pandemic. Casa Presidencial de Honduras. Facebook, May 5, 2020.

ABOUT THE AUTHOR

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² Sarah Chayes, *When Corruption is the Operating System: The Case of Honduras* (Washington, DC: Carnegie Endowment for International Peace, 2017).

³ The public employees survey is based on a sample of employees of the secretariats of health, education, and public works. The sampling frame excluded employees on the lowest rung of the civil service and health and education centers in remote and rural areas. Vendors that wish to sell to the government are required to register with the procurement regulator (ONCAE) and this was used as the sampling frame. For more sampling information see Daniel Sabet, Nick Livingston, Albert Pijuan, Lisette Anzoategui, Irma Romero, Tommie Thompson, Jordan Sticklin, and Basab Dasgupta, *Honduras Threshold Program: Endline Evaluation Report (Social Impact, 2020)*. These surveys were conducted by Social Impact and its partners ESA Consultores and Espirállica with financial support from MCC.

⁴ Cynthia Arson, *In the Age of Disruption: Latin America's Domestic and International Challenge* (Washington, DC: Wilson Center, 2019).

⁵ United States District Court Eastern District of New York, "United States against Odebrecht S.A.," Cr. No. 16-643 (RJD), 2016.

⁶ Flávia Pacheco, *Operation Car Wash: Understand the Investigation that Unveiled Brazil's Largest Ever Corruption Scheme*, (2017).

⁷ Kevin Casas-Zamora and Miguel Carter, *Beyond the Scandals: The Changing Context of Corruption in Latin America* (Washington, DC: The Inter-American Dialogue, 2017).

⁸ Mark Kennedy, "Colombian Corruption: How Seven Scandals Have Rocked a Nation and Eroded Faith in Justice," *Finance Colombia*, December 6, 2017, <https://www.financecolombia.com/colombia-corruption-scandals-rock-nation-erode-faith-in-justice/>.

⁹ U.S. District Court, "United States against Odebrecht S.A.," 2016.

¹⁰ Javier Villalba and Chris Dalby, "In Rafael Correa's Absence, Ecuador Goes After His Allies," *InSight Crime*, August 29, 2019, <https://www.insightcrime.org/news/analysis/rafael-correa-absence-ecuador-closest-allies/>.

¹¹ Michael Lohmuller, "Guatemala's Government Corruption Scandals Explained," *InSight Crime*, June 21, 2016.

¹² Charles Call, "From Steady Progress to Severely Wounded: A Two-Year Report on the Performance of the OAS Mission in Support of the Fight against Corruption and Impunity in Honduras" CLAS Working Paper No. 18, American University, 2018.

¹³ MCCI, "El Gobierno Contrata Empresas Fantasma y Desvía más de 3.4 Mil Millones de Pesos," *Mexicanos Contra la Corrupción y la Impunidad*, 2017, <https://contralacorrupcion.mx/web/estafamaestra/estafa-maestra-gobierno-contrata-empresas-fantasma.html>.

¹⁴ Ministerio Público de Panamá, "Fiscalía Anticorrupción Remite Caso Blue Apple a la Corte," Ministerio Público de Panamá, Sept 16, 2019, <https://ministeriopublico.gob.pa/fiscalia-anticorrupcion-remite-caso-blue-apple-a-la-corte/>.

¹⁵ U.S. District Court, "United States against Odebrecht S.A.," 2016.

¹⁶ U.S. Department of Justice, "Two Members of Billion-Dollar Venezuelan Money Laundering Scheme Arrested," July 25, 2018, [https://d.docs.live.net/7ed8e233cd7e777b/Wilson/Writing/Honduras paper/](https://d.docs.live.net/7ed8e233cd7e777b/Wilson/Writing/Honduras%20paper/). Odebrecht admitted to paying approximately US\$29 million in bribes to obtain contracts, which benefited many of Peru's political leaders (U.S. District Court 2016)).

¹⁷ Daniel Gingerich, *Political Institutions and Party-Directed Corruption in South America: Stealing for the Team* (New York: Cambridge University Press, 2013).

¹⁸ Michael Pinto-Duchinsky, "Financing Politics: A Global View," *Journal of Democracy*, 13(4): 69-86, 2002.

¹⁹ Daniel Gingerich. *Political Institutions and Party Directed Corruption*, 26.

²⁰ The World Bank's control of corruption indicator shows a similar trend to the CPI. It has ranged from a low of -1.08 in 1996 to a peak of -.057 in 2015, a slight improvement over time, but this is not a statistically significant difference

give wide margins of error. Authors analysis based on World Bank data. See: <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators>.

²¹ Coralie Pring, *People and Corruption: Latin America and the Caribbean: Global Corruption Barometer* (Berlin, Germany: Transparency International, 2017).

²² Honduras was not included in the GCB prior to 2016, so there is no earlier point of reference. Guatemala experienced a similar reversal that corresponded with CICIG's undermining. See: Coralie Pring, and Jon Vrushi, *Global Corruption Barometer: Latin America & the Caribbean 2019, Citizens' Views and Experiences of Corruption* (Berlin, Germany: Transparency International, 2019).

²³ See also Montalvo (2019). The 2016 Global Corruption Barometer estimates a similar level of 26 percent (Pring, 2017). Both LAPOP and GCB can either be presented as the percentage of those interacting with the state or as a percentage of the total sample (and population). The former percentages are considerably higher than the latter.

²⁴ It is important to distinguish between corruption allegations and corruption that has been proven beyond a reasonable doubt in court. Unfortunately, because of the limitations in the Honduran criminal justice system discussed below, the failure for allegations to result in successful prosecutions does not necessarily mean that the allegations were baseless or should be excluded from a study of this nature. See Chayes, 2017, 25-26, for a discussion.

²⁵ CNA, "La Estimación del Impacto Macro-Económico de la Corrupción en Honduras," Consejo Nacional Anticorrupción; Foro Social de Deuda Externa y Desarrollo de Honduras, 2020, <https://fosdeh.com/wp-content/uploads/2020/02/Estimacion-de-la-corrupcion-en-hn.pdf>.

²⁶ See Charles Call, "Fleeting Success: The Legacy of Honduras' International Anti-Corruption Mission" CLALS Working Paper No. 27, American University, 2020.

²⁷ One congressman would later become associated with the Liberal party after expulsion from Libre.

²⁸ MACCIH, "Caso de la Red de Diputados," Press Report, Dec 11, 2017, <https://www.mp.hn/index.php/author-login/66-dic2017/2415-caso-de-la-red-de-diputados>.

²⁹ MACCIH, "Equipo MACCIH-OEA/UFECIC-MP presenta cuarto Caso de Investigación Penal Integrada: "Pandora"," Press Release, June 13, 2018, <https://honduras360.com/2018/06/13/maccih-presenta-caso-pandora-senala-38-imputados/>.

³⁰ Ibid.

³¹ MACCIH, "Equipo UFECIC-MP/MACCIH-OEA presenta caso "Arca abierta" contra 5 diputados y 6 ex diputados hondureños," MACCIH, Ministerio Público, December 11, 2018, https://d.docs.live.net/7ed8e233cd7e777b/Wilson/Writing/Honduraspaper/oas.org/es/centro_noticias/comunicado_prensa.asp?sCodigo=C-079/18.

³² Jeff Ernst, "Exclusive: A Pandora's Box of Corruption in Honduras," *Univision News*, August 6, 2019, <https://pulitzercenter.org/reporting/exclusive-pandoras-box-corruption-honduras>.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Susanne Kühn and Laura B. Sherman, *Curbing Corruption in Public Procurement: A Practical Guide* (Berlin, Germany: Transparency International, 2014).

³⁷ Tina Søreide, *Corruption in Public Procurement: Causes, Consequences, and Cures* (Bergan, Norway: Chr. Michelsen Institute, 2002); Elizabeth Dávid-Barrett and Mihaly Fazekas, "Grand corruption and government change: an analysis of partisan favoritism in public procurement," *European Journal on Criminal Policy and Research*, 2019

³⁸ Daniel Sabet, "Bidding despite corruption: The effect of corruption and connections on perceived fairness and competition in Honduran public procurement," Working Paper, 2020.

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- ³⁹ World Bank, “Enterprise Surveys: Honduras 2016 Country Profile,” 2017.
- ⁴⁰ Daniel Sabet, Nick Livingston, Albert Pijuan, Lisette Anzoategui, Irma Romero, Tommie Thompson, Jordan Sticklin, and Basab Dasgupta, *Honduras Threshold Program: Endline Evaluation Report* (Social Impact, 2020).
- ⁴¹ Alex Flores, “Así Usaron las ‘Empresas de Maletín,’” *Revistazo*, 2017, http://saqueoihss.com/empresas_maletin.html.
- ⁴² Vilma Cecilia Morales M., German Leitzelar V, Roberto Carlos Salinas, “Primer Informe de la Comisión Interventora del Instituto Hondureño de Seguridad Social,” Comisión Interventora IHSS, 2014, https://www.proceso.hn/documentos/Informe_IHSS.PDF; MACCIH, “UFECIC-MP/MACCIH-OAS Team Presents 7th Case of Integrated Criminal Investigation ‘Fraudulent Social Security Bidding,’” Press Release E-076/18, MACCIH/MP, 2018, https://www.oas.org/en/media_center/press_release.asp?sCodigo=E-076/18.
- ⁴³ MACCIH, “UFECIC-MP/MACCIH-OAS Team Presents 7th Case.”
- ⁴⁴ Case summaries are available here: <https://www.cna.hn/casos/>. The most famous of these cases is Astropharma, a medical supplier owned by the family of a leader in Congress that received 471 purchase orders across 17 different hospitals and departments, all done as “private” procurements. The CNA (2018) estimates that goods were provided with a 47 percent above market mark-up. Despite what appeared to most observers to be a wealth of evidence, the court exonerated the accused in late 2019.
- ⁴⁵ Flores “Así Usaron las ‘Empresas de Maletín’”.
- ⁴⁶ In response to the novel coronavirus in March 2020 the National Congress approved a large spending package, which was executed under a state of emergency without normal procurement restrictions. The procurements were to be done by Inversión Estratégica de Honduras (INVEST-H), a previously well-respected, semi-autonomous government agency. The CNA had requested an oversight role, but this was denied, raising concerns that the emergency status would be abused. Under pressure, the government eventually allowed ASJ to conduct a social audit of several completed procurements. ASJ found a host of problems, but the most concerning surrounded the US\$47 million purchase of mobile hospitals from what appears to be a US based shell company at a multimillion-dollar markup. In addition, INVEST-H paid 100 percent in advance without guarantees or penalties. The director of the agency was forced out and is under investigation as of this writing. ASJ, “Resultados de la Auditoría Social a los Procesos de Adquisición Efectuados por INVEST-H,” Asociación para una Sociedad más Justa, June 4, 2020. Vilma Cecilia Morales M., et al, “Primer Informe de la Comisión Interventora del Instituto Hondureño de Seguridad Social.”
- ⁴⁷ ONCAE, “Informe de Evaluación de los Procesos Operativos de las Adquisiciones Gestionadas por la Secretaría de Infraestructura y Servicios Públicos en el Año 2015,” Tegucigalpa, Honduras: Oficina Normativa de Contratación y Adquisiciones del Estado, 2016.; ASJ, “Informe de Evaluación a la Secretaría de Salud,” Tegucigalpa, Honduras: Asociación para una Sociedad más Justa, 2017.
- ⁴⁸ “Insep defiende proyectos inconclusos en Santa Bárbara,” *La Prensa*, December 12, 2018, <https://www.laprensa.hn/honduras/1241830-410/insep-defiende-proyectos-inconclusos-santa-barbara>; CNA, “CNA-DFR-012-2018,” Consejo Nacional Anticorrupción, 2018, <https://www.cna.hn/wp-content/uploads/2019/01/CNA-DFR-12-2018.pdf>.
- ⁴⁹ Secretariat of Infrastructure and Public Services (INSEP) officials counter that they did not have budget availability to issue large contracts. “Insep defiende proyectos inconclusos.”
- ⁵⁰ Sarah Chayes. *When Corruption is the Operating System*.
- ⁵¹ MACCIH, “MACCIH-OEA y UFECIC-MP presentan novena caso de investigación penal integrada: ‘Fraude sobre el Gualcarque,’” MACCIH, March 4, 2019, <http://www.oas.org/es/sap/dsdme/maccih/new/docs/MCH-004.MACCIH-OEA-y-UFECIC-MP-presentan-noveno-caso-de-investigacion-penal-integrada-Fraude-sobre-elGualcarque.pdf?sCodigo=MCH-004/19>.
- ⁵² Ibid.
- ⁵³ Sarah Chayes. *When Corruption is the Operating System*.

⁵⁴ Case files are available here: <https://www.cna.hn/casos/>

⁵⁵ John Bailey and Matthew M. Taylor, “Evade, Corrupt, or Confront? Organized Crime and the State in Brazil and Mexico,” *Journal of Politics in Latin America*, Vol. 1(2): 3-29, 2009.; Daniel Sabet, “Confrontation, Collusion, and Tolerance: The Relationship between Organized Crime and Law Enforcement in Tijuana,” *The Mexican Law Review*, Vol. 2(2), 3-29, 2010; Stephen D. Morris, “Drug trafficking, corruption, and violence in Mexico: Mapping the linkages,” *Trends in Organized Crime*, Vol. 16: 195-220, 2008.

⁵⁶ James Bosworth, “Honduras: Organized Crime Gained Amid Political Crisis,” in Cynthia J. Arnson and Eric L. Olson, eds., *Organized Crime in Central America: The Northern Triangle* (Washington, DC: Woodrow Wilson International Center for Scholars, 2011); Aaron Korthuis, “CARSI in Honduras: Isolated Successes and Limited Impact,” In Eric L. Olson ed., *Crime and Violence in Central America’s Northern Triangle: How U.S. Policy Responses are Helping, Hurting, and Can Be Improved*, (Washington, DC: Woodrow Wilson International Center for Scholars, 2015).

⁵⁷ “Honduras Profile,” *Insight Crime*, August 27, 2018, <https://www.insightcrime.org/honduras-organized-crime-news/honduras/>.

⁵⁸ See, for example, Diego Solis, “Honduras, From Banana Republic to Narco State,” *Statfor*, February 12, 2017, <https://worldview.stratfor.com/article/honduras-banana-republic-narco-state>.

⁵⁹ U.S. Department of Justice, “Former Honduran Drug Trafficker Sentenced To Life In Prison For Distributing Over 150 Tons Of Controlled Substances,” Press Release 19-249, U.S. Attorney’s Office Southern District of New York, August 2, 2019, <https://www.justice.gov/usao-sdny/pr/former-honduran-drug-trafficker-sentenced-life-prison-distributing-over-150-tons>.

⁶⁰ U.S. Department of Justice, “Son Of The Former President Of Honduras Sentenced To 24 Years In Prison For Conspiring To Import Cocaine Into The United States,” Press Release 17-282, U.S. Attorney’s Office Southern District of New York, September 5, 2017, <https://www.justice.gov/usao-sdny/pr/son-former-president-honduras-sentenced-24-years-prison-conspiring-import-cocaine>.

⁶¹ Ibid.

⁶² U.S. Department of Justice, “Honduran National Police Officer Sentenced To 12 Years In Prison For Conspiring To Import Cocaine Into The United States,” Press Release 18-211, U.S. Attorney’s Office Southern District of New York, June 27, 2018, <https://www.justice.gov/usao-sdny/pr/honduran-national-police-officer-sentenced-12-years-prison-conspiring-import-cocaine>.

⁶³ U.S. Department of Justice, “Former Honduran Congressman Tony Hernández Convicted In Manhattan Federal Court Of Conspiring To Import Cocaine Into The United States And Related Firearms And False-Statements Offenses,” Press Release 19-347, U.S. Attorney’s Office Southern District of New York, October 18, 2019, <https://www.justice.gov/usao-sdny/pr/former-honduran-congressman-tony-hernandez-convicted-manhattan-federal-court-conspiring>.

⁶⁴ Ibid.

⁶⁵ U.S. Department of Justice, “Former Chief Of Honduran National Police Charged With Drug Trafficking And Weapons Offenses,” Press Release 20-106, U.S. Attorney’s Office Southern District of New York, April 30, 2020, <https://www.justice.gov/usao-sdny/pr/former-chief-honduran-national-police-charged-drug-trafficking-and-weapons-offenses>.

⁶⁶ U.S. Department of Justice, “Honduran Congressman Pleads Guilty to Conspiring To Import Cocaine Into The United States And Possessing Machineguns And Destructive Devices,” Press Release 18434, U.S. Attorney’s Office Southern District of New York, December 11, 2018, <https://www.justice.gov/usao-sdny/pr/honduran-congressman-pleads-guilty-conspiring-import-cocaine-united-states-and>.

⁶⁷ U.S. Department of Justice, “Former Honduran Congressman and Businessman Sentenced to 36 Months for Money Laundering,” Press Release, December 15, 2017, <https://www.justice.gov/usao-sdny/pr/former-honduran-congressman-and-businessman-pleads-guilty-manhattan-federal-court-money>.

⁶⁸ David Gagne, “Contracts Awarded to Honduras Drug Clan Illustrate Cyclical Corruption,” *InSight Crime*, March 9, 2017, <https://www.insightcrime.org/news/analysis/contracts-awarded-honduran-drug-clan-illustrate-cyclical-corruption/>.

⁶⁹ Ibid.

⁷⁰ Ritva Reinikka and Jakob Svensson, “Using Micro-Surveys to Measure and Explain Corruption,” *World Development*, Vol. 34(2): 359-370, 2006.

⁷¹ Marco Antonio Hernández Ore, Liliana D. Sousa, J. Humberto Lopez. 2017, *Honduras: Unlocking Economic Potential for Greater Opportunities* (Washington, DC: World Bank, 2017).

⁷² “Honduras: 20,000 “empleados fantasma” cobran L2,000 millones,” *El Heraldo*, August 10, 2016, <https://www.elheraldo.hn/pais/988386-466/honduras-20000-empleados-fantasma-cobran-l-2000-millones>.

⁷³ World Bank, “Honduras: Estudio de Gasto Público Social y sus Instituciones,” World Bank, 2015, <http://documents.worldbank.org/curated/en/647631467999733480/pdf/95648-SPANISH-PER-P133348-PUBLIC-Box393197B-SSEIR-Honduras-Espanol.pdf>.

⁷⁴ World Bank, “Implementation Completion and Results Report (IBRD-82840) on a Credit in the Amount of US\$55 Million to the Republic of Honduras for the Fiscal Sustainability and Enhanced Social Protection Development Policy Credit,” World Bank, 2017, [https://d.docs.live.net/7ed8e233cd7e777b/Wilson/Writing/Honduras paper/Fiscal Sustainability and Enhanced Social Protection Development Policy Credit](https://d.docs.live.net/7ed8e233cd7e777b/Wilson/Writing/Honduras%20paper/Fiscal%20Sustainability%20and%20Enhanced%20Social%20Protection%20Development%20Policy%20Credit).

⁷⁵ “CNA: empleados fantasmas hunden a exgerente de ENEE,” *La Prensa*, December 9, 2019, <https://www.laprensa.hn/honduras/1340929-410/cna-empleados-fantasmas-hunden-a-exgerente-de-enee>.

⁷⁶ In the Social Impact public employees survey no day laborers had been with the agency for less than a year, and 75 percent had been there for more than four years. By Honduran law, once temporary employees have been with an agency for over a year, they obtain the rights of permanent employees. In 2018, 31 percent of survey respondents in the public works ministry were “day laborers,” although the sampling frame eliminated the bottom rung of the civil service where this labor category is more common.

⁷⁷ ASJ, *Informe de Línea Base: Secretaría de Infraestructura y Servicios Públicos* (Tegucigalpa, Honduras: Asociación para una Sociedad más Justa, 2017).

⁷⁸ Ibid, 153.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ For evidence of patronage and partisan hiring in the education ministry under the Zelaya and Lobo administrations see Altshuler 2013; ASJ, *Informe de Evaluación a la Secretaría de Salud* (Tegucigalpa, Honduras: Asociación para una Sociedad más Justa, 2017).

⁸² For a definition of corruption that includes patronage see Arnold J. Heidenheimer, Michael Johnston, Victor T. LeVine, eds., *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1989).

⁸³ World Bank indicator database, <https://data.worldbank.org/indicador/SI.POV.NAHC?end=2018&locations=HN&start=1989&view=chart>.

⁸⁴ CNA, “La Estimación del Impacto Macro-Económico de la Corrupción en Honduras,” Consejo Nacional Anticorrupción; Foro Social de Deuda Externa y Desarrollo de Honduras, 2020, <https://fosdeh.com/wp-content/uploads/2020/02/Estimacion-de-la-corrupcion-en-hn.pdf>.

⁸⁵ Guillermo O’Donnell, “Horizontal Accountability in New Democracies,” *Journal of Democracy*, Vol. 9(3): 112-1126, 1998.

⁸⁶ MACCIH, “Fourth Biannual Report,” MACCIH, 2018, <http://www.oas.org/documents/eng/press/Fourth-Biannual-Report-MACCIH-Apr2018.pdf>; Charles Call, “From Steady Progress to Severely Wounded.”

⁸⁷ “Publican en La Gaceta ley de inmunidad parlamentaria,” *La Prensa*, October 24, 2019, <https://www.laprensa.hn/honduras/1329320-410/publican-gaceta-ley-inmunidad-parlamentaria-diputados-honduras->.

⁸⁸ “Fondo Departamental vulnera la Constitución, afirma el Ministerio Público,” *La Prensa*, October 29, 2019, <https://www.laprensa.hn/honduras/1330629-410/fondo-departamental-vulnera-constitucion-afirma-ministerio-publico-honduras>.

⁸⁹ Fernando Maldonado, “Continudente rechazo a reformas a la Ley del Tribunal Superior de Cuentas,” *El Heraldo*, November 22, 2019, <https://www.elheraldo.hn/pais/1336574-466/contudente-rechazo-a-reformas-a-la-ley-del-tribunal-superior-de-cuentas>.

⁹⁰ MACCIH, “Análisis Jurídico del Nuevo Código Penal,” MACCIH, August 20, 2019, <http://www.oas.org/es/sap/dsdme/maccih/new/docs/Analisis-Juridico-Del-Nuevo-Codigo-Penal-MACCIH2019.pdf>.

⁹¹ “Comisión Especial Nominada por el Congreso Nacional para Investigar y Elaborar un Informe al Pleno sobre las Actuaciones, Avances, y Resultados Alcanzados por la MACCIH,” Congreso Nacional, December 10, 2019, [https://www.elheraldo.hn/csp/mediapool/sites/dt.common.streams.StreamServer.cls?STREAMOID=BoZZljInO0e\\$w7JTo_bdgZM5tm0Zxrvol3sywaAHBAkIXydmDuVggeOpHpI5NbMT8vdSm1Hx2YWUgDC4QYKEkfdnAy8GwF\\$IQbh7soV_TXH1ZrXG2oSchCL\\$ihYNJFWxdEklBpCpDesj02TiPm1py5i4YA3rrxzMvA2657USi3BrndNLxHNia7D4hp5Ms8rRrcmxBlaidW3ZEzRU1NwgYt2sc1x2PLbX4EMfTVv1it\\$mlbKU4kMKIhljRnrLLeAiF_BYulPLfVvBdqhGwggPLl8aK3orHG9xopXCInLvBhOEG\\$ZH2jKsAQ6rgQ8mUl65SaMWmgXmga\\$5VB3K7sKgQkieGqAHYyWuVrUK5jn9scwI2AmMPI6lhHmkMLF5GWZEP8zd2KUoUm95xUQZgpTS8PEBXwq_IcZP4wxD0ogG6E-&CONTENTTYPE=application/pdf&CONTENTDISPOSITION=Maccih2.15.pdf](https://www.elheraldo.hn/csp/mediapool/sites/dt.common.streams.StreamServer.cls?STREAMOID=BoZZljInO0e$w7JTo_bdgZM5tm0Zxrvol3sywaAHBAkIXydmDuVggeOpHpI5NbMT8vdSm1Hx2YWUgDC4QYKEkfdnAy8GwF$IQbh7soV_TXH1ZrXG2oSchCL$ihYNJFWxdEklBpCpDesj02TiPm1py5i4YA3rrxzMvA2657USi3BrndNLxHNia7D4hp5Ms8rRrcmxBlaidW3ZEzRU1NwgYt2sc1x2PLbX4EMfTVv1it$mlbKU4kMKIhljRnrLLeAiF_BYulPLfVvBdqhGwggPLl8aK3orHG9xopXCInLvBhOEG$ZH2jKsAQ6rgQ8mUl65SaMWmgXmga$5VB3K7sKgQkieGqAHYyWuVrUK5jn9scwI2AmMPI6lhHmkMLF5GWZEP8zd2KUoUm95xUQZgpTS8PEBXwq_IcZP4wxD0ogG6E-&CONTENTTYPE=application/pdf&CONTENTDISPOSITION=Maccih2.15.pdf).

⁹² As of this writing, challenges in the Supreme Court had been filed to much of this legislation and were in process. Fernando Maldonado, “Continudente rechazo a reformas a la Ley del Tribunal Superior de Cuentas.”

⁹³ Lester Ramírez Irías, *Informe Monitoreo Ciudadano: Tribunal Superior de Cuentas, Enero 2017-Junio 2018* (Tegucigalpa, Honduras: Asociación para una Sociedad más Justa, 2018).

⁹⁴ The one “big fish” that TSC investigations have caught is Marcelo Antonio Chimirri Castro, former president of Hondutel, who was eventually sentenced in 2017 to nine years in prison for an inability to account for approximately US\$680,000.

⁹⁵ Lester Ramírez Irías, *Informe Monitoreo Ciudadano: Tribunal Superior de Cuentas*.

⁹⁶ *Ibid.*

⁹⁷ MACCIH, “La elección de los Magistrados del Tribunal Superior de Cuentas: Elemento clave de la política de prevención y combate a la corrupción en Honduras,” MACCIH, Report #3, 2016, <http://www.oas.org/fpdb/press/Reporte-3-MACCIH.pdf>.

⁹⁸ TSC interviewees reported that as of 2019 auditors are expected to generate two reports a year.

⁹⁹ Lester Ramírez Irías, *Informe Monitoreo Ciudadano: Tribunal Superior de Cuentas*.

¹⁰⁰ Daniel Sabet, “Auditing as a Tool of Government Accountability? Exploring Divergent Causal Mechanisms through Three Honduran Cases.” Working paper (2020).

¹⁰¹ Lester Ramírez Irías, *Informe Monitoreo Ciudadano: Tribunal Superior de Cuentas*.

¹⁰² *Ibid.*

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*

¹⁰⁵ *Ibid.*

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- ¹⁰⁶ Gonzalo Fibla and María Jesús Valenzuela, “Propuestas para el sistema de justicia penal hondureño en el tratamiento y gestión de causas de alto impacto social y corrupción,” MACCIH, 2019, <http://biblioteca.cejamerica.org/handle/2015/5628>.
- ¹⁰⁷ Low prosecution rates are not specific to corruption offenses, and also occur with other crime and homicides. Lester Ramírez Irías and Rafael Jerez Moreno, *Segundo Informe sobre la Impunidad en Homicidios: Periodo de Estudio: 2010-2017* (Tegucigalpa, Honduras: Alianza por la Paz y Justicia, 2019).
- ¹⁰⁸ Lester Ramírez Irías, *Judicialización de la Corrupción Pública, 2008-2015* (Tegucigalpa, Honduras: Asociación Para una Sociedad más Justa, 2016).
- ¹⁰⁹ Ibid.
- ¹¹⁰ Ernst, “Exclusive: A Pandora’s Box of Corruption in Honduras.”
- ¹¹¹ Ibid.
- ¹¹² “Roberto Ramírez Aldana abandona Honduras junto a su familia,” *El Heraldo*, May 31, 2015, <https://www.elheraldo.hn/pais/845088-214/roberto-ram%C3%ADrez-aldana-abandona-honduras-junto-a-su-familia>.
- ¹¹³ See also MP (2017) for a judge sentenced for abuse of authority in wrongfully dismissing a case against a politician. *La Prensa*, “Condenan a Teodoro Bonilla por tráfico de influencias.”
- ¹¹⁴ Charles Call, “From Steady Progress to Severely Wounded” and “Fleeting Success.”
- ¹¹⁵ Dana Frank, *The Long Honduran Night: Resistance, Terror, and the United States in the Aftermath of the Coup* (Chicago, IL: Haymarket Books, 2018).
- ¹¹⁶ The MACCIH also worked with the solicitor general to informally pause the practice of conciliation discussed above; Charles Call, “Fleeting Success.”
- ¹¹⁷ Thelma Mejía, *Sistematización: Proceso de Selección y Nombramiento del Personal de la Jurisdicción Nacional Anticorrupción* (Tegucigalpa, Honduras: Asociación para una Sociedad más Justa, 2017).
- ¹¹⁸ OAS, “Comunicado de la Secretaría General de la OAE sobre finalización de la MACCIH.,” Press Release C-003/20, Organization of American States, January 17, 2020, https://www.oas.org/es/centro_noticias/comunicado_prensa.asp?sCodigo=C-003/20. Charles Call reports that there were actually 15 cases.
- ¹¹⁹ Charles Call, “Fleeting Success.” A similar challenge has frustrated Lava Jato investigations in Brazil, where cases against congressmembers and high-level officials are required to go before a backlogged supreme court. Flávia Pacheco, *Operation Car Wash*.
- ¹²⁰ Charles Call, “From Steady Progress to Severely Wounded” and “Fleeting Success.”
- ¹²¹ INDPAS, “Pronunciamiento: Consulta ciudadana realizada por el IUDPAS muestra apoyo para la permanencia de la MACCIH en Honduras,” Instituto Universitario en Democracia, Paz, y Seguridad, 2019, <https://blogs.unah.edu.hn/assets/Uploads/Pronunciamiento-MACCIH-IUDPAS-20112019.pdf>.
- ¹²² Fernando Maldonado, “Uferco prepara casos de alto impacto contra redes de corrupción,” *El Heraldo*, July 1, 2020, <https://www.elheraldo.hn/pais/1390898-466/uferco-prepara-casos-alto-impacto-contra-redes-corrupcion>.
- ¹²³ Charles Call, “From Steady Progress to Severely Wounded.”
- ¹²⁴ CNA, “Pronunciamiento.”
- ¹²⁵ Sabet et. al., *Honduras Threshold Program: Endline Evaluation Report*.
- ¹²⁶ David R. Dye, *Police Reform in Honduras: The Role of the Special Purge and Transformation Commission* (Washington, DC: Woodrow Wilson Center, 2016).

¹²⁷ Ibid.

¹²⁸ Juan Carlos Cortázar Velarde, Mariano Lafuente, Mario Sanginés, eds., *Una Década de Reformas del Servicio Civil en América Latina (2004-2013)* (Washington, DC: Interamerican Development Bank, 2014).

¹²⁹ Jimena García Merino, Jose Antonio Herrera, and Yosmari Garcia, *Diagnóstico Externo de la Dirección de Servicio Civil* (Tegucigalpa, Honduras: Asociación para una Sociedad más Justa, 2018).

¹³⁰ Ibid.

¹³¹ MACCIH, “Financiamiento, Transparencia, y Fiscalización Electoral en Honduras,” 9.

¹³² Charles Call, “From Steady Progress to Severely Wounded.”

¹³³ Unidad de Financiamiento, *Avances y Desafíos: Informe de Gestión, 2017-2018* (Tegucigalpa, Honduras: Unidad de Financiamiento, Transparencia, y Fiscalización a Partidos Políticos y Candidatos, 2018).

¹³⁴ Charles Call, “From Steady Progress to Severely Wounded.”

¹³⁵ The MACCIH intentionally did not take on broader electoral reforms and focused its efforts entirely on the issue of campaign financing.

¹³⁶ Signy Fiallos, “La Ley de Política Limpia y el dinero prohibido que bulle en las campañas políticas en Honduras,” *Centro de Estudio para la Democracia*, January 7, 2020, <https://cespad.org/hn/2020/01/07/la-ley-de-politica-limpia-y-el-dinero-prohibido-que-bulle-en-las-campanas-politicas-en-honduras/>.

¹³⁷ Sabet et. al., *Honduras Threshold Program: Endline Evaluation Report*, for a more detailed summary and assessment of ASJ’s activities.

¹³⁸ Given strong labor protections requiring a high burden of proof to fire officer, the vast majority of those removed were done through as part of a “restructuring” process without accusation of wrongdoing. According to Dye (2019), the commission had remanded 455 cases to the Public Ministry for investigation and prosecution; however, by May 2018, only two cases had been brought to court. David R. Dye, *Police Reform in Honduras*.

¹³⁹ Jonathan A. Fox, “Social Accountability: What Does the Evidence Really Say?” *World Development*. Vol 72: 346-361, 2016.; Thad Dunning, Guy Grossman, Macartan Humphreys, Susan D. Hyde, Craig McIntosh, and Gareth Nellis eds., *Information, Accountability, and Cumulative Learning: Lessons from Metaketa I*. (New York, NY: Cambridge University Press).

¹⁴⁰ Critics of the Hernández administration view it as actively attempting to co-opt civil society. They point to the administration’s 2019 reestablishment of the National Convergence Forum (FONAC) as a more controllable venue for civil society voice and participation.

¹⁴¹ James J. Phillips, *Honduras in Dangerous Times: Resistance and Resilience* (Lanham, MD: Lexington Books, 2015); Dana Frank, *The Long Honduran Night*.

¹⁴² Dana Frank, *The Long Honduran Night*.

¹⁴³ OAS, “Statement by the OAS General Secretariat on the Elections in Honduras,” Press Release E-092/17, Organization of American States, December 17, 2017, https://www.oas.org/en/media_center/press_release.asp?sCodigo=E-092/17.

¹⁴⁴ Charles Call, “From Steady Progress to Severely Wounded,” and “Fleeting Success.”

¹⁴⁵ Charles Call, “Fleeting Success.”

¹⁴⁶ For example, Charles Call in “Fleeting Success” notes that while the MACCIH’s first in-country leader effectively used his position, he signaled prematurely that 60 past and current legislators.

¹⁴⁷ Jeff Ernst and David C. Adams, “OAS anti-corruption effort set to expire in Honduras after talks collapse,” *Univisionnews*, January 17, 2020, <https://www.univision.com/univision-news/latin-america/the-oas-anti-corruption-effort-set-to-expire-in-honduras>; Michael J. Camilleri and Catharine Christie, “How the ‘Art of the Deal’ Hurt Latin America’s Corruption Fight,” *Americas Quarterly*, January 30, 2020; Charles Call, “Fleeting Success.”

¹⁴⁸ David R. Dye, *Police Reform in Honduras*.