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Anti-corruption Efforts in Latin America and the Caribbean

Corruption in the Region

Corruption of public office holders remains an issue for countries in Latin America and the Caribbean (LAC), and an increasing area of focus for U.S. foreign policy and congressional interest. The region is struggling to overcome governance challenges that have worsened over the past two years, as the Coronavirus Disease 2019 (COVID-19) pandemic has presented new opportunities for corruption and has frustrated efforts to combat it.

The annual Corruption Perceptions Index (CPI) of the nongovernmental organization Transparency International compares perceived public sector corruption among 180 countries; the 2021 CPI notes, “countries of the Americas have ground to a halt in the fight against corruption.” Of the 30 nations surveyed in LAC, 18 (shown in **Figure 1**) have stayed in roughly the same relative order for the past five years. The CPI measures *perceived* rather than *actual* corruption; actual corruption is difficult to measure because of its opaque nature and different definitions for the phenomena. However, numerous U.S. and global agencies use the CPI as a benchmark and diagnostic tool for comparing relative levels of transparency.

Figure 1. Selected LAC Countries from Transparency International’s 2021 Corruption Perceptions Index

More corrupt ▶		More corrupt ▶			
HIGHER SCORE	LOWER SCORE	LOWER RANK	HIGHER RANK		
SCORE	RANK	SCORE	RANK		
Uruguay	73	18	El Salvador	34	115
Chile	67	27	Mexico	31	124
Costa Rica	58	39	Bolivia	30	128
Jamaica	44	70	D. Republic	30	128
Colombia	39	87	Guatemala	25	150
Argentina	38	96	Honduras	23	157
Brazil	38	96	Nicaragua	20	164
Ecuador	36	105	Haiti	20	164
Peru	36	105	Venezuela	14	177

Source: Transparency International, *Corruption Perceptions Index 2021*, January 25, 2022, at <http://www.transparency.org/cpi>. Graphic, CRS.

Notes: Figure shows a representative selection of LAC countries. Scores are scaled 0 to 100, where 0 is highly corrupt and 100 is “very clean.” Countries are ranked from 1 to 180, with 1 the lowest and 180 the highest level of perceived corruption relative to other countries.

Regional U.S. Anti-corruption Efforts

The United States employs several tools to combat corruption in LAC and worldwide. These tools include support to independent anti-corruption commissions or bodies; legislative tools, including sanctions and measures of corruption by country; and foreign assistance programs implemented by U.S. agencies.

Anti-corruption Commissions and Their Closures

The United States has provided financial and political support to anti-corruption commissions backed by international organizations. These hybrid bodies, which collaborate with local officials and operate within local justice systems, have helped several countries investigate significant public corruption abuses. However, political leaders have dismantled most of these bodies or allowed them to expire in the past three years.

Guatemala. Guatemala’s anti-corruption commission, the International Commission Against Impunity in Guatemala (CICIG), was an independent international body designed to support the country’s justice system. CICIG was created by an agreement between the Guatemalan government and the United Nations (U.N.) in 2006, with support from civil society activists. CICIG supported investigations that led to the prosecution of numerous high-ranking officials and the 2015 indictment of the sitting president and vice president. CICIG faced increasing pressure from political and economic elites who were the subjects of its investigations, as well as diminished U.S. support under the Trump Administration. In 2019, President Jimmy Morales (himself the subject of probes) allowed the body to expire.

Honduras. The Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH) was created through a 2016 agreement with the Organization of American States (OAS). Although the MACCIH was more limited than CICIG in its investigatory power, it worked with Honduran prosecutors to indict 133 individuals, including dozens of legislators and other government officials, during its four-year mandate. The MACCIH also proposed legislation to address the structural causes of corruption, resulting in the enactment of campaign finance reforms and the creation of anti-corruption courts. Those efforts sparked political resistance from Honduran officials and powerful elites in the private sector, and President Juan Orlando Hernández allowed the MACCIH’s mandate to expire in January 2020.

El Salvador. In 2019, Salvadoran President Nayib Bukele established the International Commission Against Impunity in El Salvador (CICIES) in collaboration with the OAS. CICIES originally had a narrower scope than either CICIG or the MACCIH, lacking the authority to carry out independent investigations or prosecute cases. Numerous civil society organizations proposed strengthening CICIES by extending its prosecutorial powers and establishing its independence from the executive branch. In 2020, CICIES launched investigations into the misuse of funds intended to address the COVID-19 pandemic, including by the executive branch. In June 2021, President Bukele terminated the agreement that founded CICIES, leading to the commission’s dissolution.

Ecuador. In 2019, President Lenín Moreno announced the creation of the Commission of International Experts to Fight Corruption in Ecuador (CEICCE) in cooperation with the U.N. Office on Drugs and Crime. The CEICCE never came to fruition during Moreno's administration, reportedly due to insufficient resources. Although anti-corruption initiatives were a central feature of President Guillermo Lasso's campaign, following his inauguration in May 2021, the future of a CEICCE-type commission remains unclear.

Legal Authorities

Congress has authorized several U.S. tools to combat corruption in law. For example, the **Global Magnitsky Human Rights Accountability Act of 2016** (P.L. 114-328) empowers the President to identify foreign persons engaging in corruption or human rights abuses, sanction them economically, and impose visa restrictions. The **U.S. Northern Triangle Enhanced Engagement Act** (Division FF of P.L. 116-260) requires the President to identify and report to Congress individuals who have engaged in significant corruption or undermined democratic processes or institutions in El Salvador, Guatemala, and Honduras and to impose visa sanctions against them (*Section 353 Corrupt and Undemocratic Actors Report*, also known as the *Engel list*).

A pending bill, the Combating Global Corruption Act, (H.R. 4322/S. 14), would create an annual State Department ranking of countries by level of corruption. Sharing the aims of the Global Magnitsky Act and other deterrence tools, this legislation is intended to disrupt and deter those who would thwart democratic values and the rule of law.

U.S. Agency Efforts and Interagency Coordination

Several U.S. agencies implement foreign assistance programs focused on combatting corruption in LAC. For instance, the U.S. Department of Justice (DOJ) conducts some anti-corruption assistance programs aimed at combatting transnational crime and terrorism. These efforts are funded by pass-through interagency agreements, particularly with the State Department's International Narcotics Control and Law Enforcement Affairs Bureau (using International Narcotics Control and Law Enforcement account resources). DOJ carries out these programs primarily through its International Criminal Investigative Training Assistance Program and the Office of Overseas Prosecutorial Development Assistance and Training, both of which seek to build the capacity of foreign criminal justice entities to address corruption. U.S. Agency for International Development programs focus on building the capacity and commitment of civil society groups and the private sector to provide oversight of government agencies and to reduce corruption's detrimental impact on development. According to some analysts, some U.S. agencies collaborate and leverage comparative strengths to achieve complementary programming. Other analysts warn that certain U.S. efforts can be duplicative and may produce contradictory outcomes.

New U.S. Strategy

The Biden Administration has made fighting corruption at home and abroad a top security priority. In December 2021, the Administration released the *U.S. Strategy on Countering Corruption*. The strategy aims to revitalize U.S. anti-corruption efforts; evaluate existing efforts at fighting abuses and ensure they are coordinated across agencies; and

demonstrate by example the advantages of transparent, accountable governance. As with many existing foreign assistance efforts targeting corruption, the strategy's focus is official government abuse of power, or public corruption. The Administration also announced a new State Department Coordinator for Global Anti-corruption.

Typology of Public Corruption

The *U.S. Strategy on Countering Corruption* cites five illustrative types of public corruption. All five types are relevant in Latin America and the Caribbean, where official corruption is endemic in several countries.

- 1) Grand Corruption.** Political elites steal large sums of public funds for personal use or exploit political power for personal advantage.
- 2) Administrative Corruption.** Entrusted power is manipulated for private gain, frequently by low- to mid-level government officials, by skirting rules or extorting citizens in exchange for public services.
- 3) Kleptocracy.** Government officials wield their political power to appropriate the nation's wealth.
- 4) State Capture.** Private entities and actors improperly influence national decisionmaking for their own benefit.
- 5) Strategic Corruption.** A government weaponizes or uses its corrupt practices as a tool of foreign policy.

Source: Definitions drawn from <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>.

Congressional Considerations

Anti-corruption efforts typically face obstacles because they may conflict with local political circumstances, may lack sustained political backing, or may be inadequately tailored to meet evolving circumstances. In the polarized political environments common in many parts of LAC, corruption investigations often become politicized and focus on targeting political opponents, thus undermining the legitimacy of anti-corruption initiatives.

As interest in countering corruption internationally continues to grow, Congress may conduct oversight of existing efforts and may consider new approaches. In reviewing anti-corruption strategies in legislation and appropriations for LAC, Members may consider the following questions:

- Does a program fit the local conditions? Is there a gap between the proposed approach and local political and economic realities?
- Is there enduring and sufficient political will? Have programs with U.S. government support been well integrated to work in tandem with other U.S.-funded efforts or civil society initiatives?
- Have designers proposed metrics for the anti-corruption tool or program to assess progress, stimulate adjustments, and measure success?
- Have U.S. anti-corruption measures accounted for potential second-order effects, such as sanction regimes potentially sparking illicit markets or new corruption?

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