

Status of Latin America's Anti-corruption Fight amid Health and Political Challenges

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Background

After [sweeping across the region](#), anti-corruption activism in Latin America appears to have stalled. Populist leaders in Brazil and Mexico campaigned on fighting public corruption during their 2018 elections. However, after more than a year in office, both presidents have demonstrated little progress on significant corruption prosecutions or substantial governmental reform. Elsewhere, in 2019 and early 2020, governments in Central America shut down notable anti-corruption institutions that were approved by wide majorities of their citizens and long supported by [U.S. policy](#) and the U.S. Congress. As the region grapples with the COVID-19 pandemic, U.S. policymakers, including Congress, may recall and potentially consider supporting anew the civil society activism that spurred government action in Latin America and the Caribbean.

A Wave of Anti-corruption Activism

Scandals in [Brazil](#) revealed by the *Lavo Jato* investigation, launched in 2014, illuminated the high costs of corruption. The initial investigation revealed that political appointees at Brazil's state-controlled oil company, *Petróleo Brasileiro S.A.* (Petrobras), colluded with construction firms to fix bidding practices. The firms then provided kickbacks to Petrobras officials and politicians in the ruling coalition. Brazil's largest construction firm, Odebrecht, revealed payments of \$1 billion to officials across 15 countries in the region. Prosecutions, often propelled by plea agreements, charged business leaders, public officials, and politicians, resulting in fines and prison sentences. Former Peruvian President Alan García committed suicide as he was arrested on Odebrecht-related charges in [April 2019](#). Later that year, public outcry in Latin America against official corruption melded with protests against fuel subsidy increases, health and education system deficiencies, and other inequities [in countries](#) as diverse as Colombia, Peru, and Chile.

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Stalled Reforms and Backlash

In early 2020, however, signs have emerged that the wave of anti-corruption activism is receding. In [Mexico](#) and Brazil, populist candidates employed anti-corruption promises in their victorious 2018 presidential campaigns but did not institutionalize anti-corruption reforms once in office. Mexican President Andrés Manuel López Obrador remained popular during his first year, although analysts dismissed several anti-corruption measures he embraced as largely symbolic. For example, critics warned that austerity cuts to public sector salaries may make Mexico's officials more susceptible to bribes when record-breaking homicide rates, violence, and extortion continue to [wreck](#) the country. Critics also lamented the government's [halting approach](#) to enacting the National Anti-corruption System reforms passed by Mexico's Congress during the prior administration. In Brazil, President Jair Bolsonaro has proposed a package of anti-corruption reforms [but has yet to obtain](#) sufficient congressional support to enact them. He also has interfered in justice sector institutions, potentially undermining investigations and calling into question the independence of Brazilian law enforcement and prosecutors.

In Central America, backlash from political and economic elites facing investigations led to the abrupt closures of two successful international anti-corruption missions. In September 2019, Guatemalan President [Jimmy Morales closed](#) the U.N.- supported International Commission Against Impunity in Guatemala (CICIG) after investigators began examining alleged criminal acts of President Morales and his family. Morales's dismissal of an institution he had once championed drew significant backing from Guatemala's business elites and legislators, many of whom faced CICIG investigations. In January 2020, Honduran President Juan Orlando Hernández, under pressure [following his brother's conviction](#) on drug trafficking charges in the United States, [chose not to renew](#) the mandate of the Organization of American States-backed Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH). Although the U.S. government had supported both anti-corruption organizations, the Trump Administration offered a relatively muted response to their closures and continued to praise Presidents Morales and Hernández for their efforts to reduce U.S.-bound migration.

Fragile Steps Forward

Amid those setbacks, some countries have taken steps to address large-scale graft and impunity, drawing upon regional anti-corruption models. Peru's President Martín Vizcarra made anti-corruption his central focus. His efforts drew plaudits from many Peruvians but were [rocked](#) by political and economic forces, including [a shutdown](#) of Peru's polarized Congress and new legislative elections in early 2020. In Ecuador, President Lenín Moreno established an anti-corruption commission in February 2019 that is scheduled to operate until his term ends in 2021. In April 2020, Ecuador's Supreme Court [convicted](#) former leftist populist President Rafael Correa for corruption, barring his return to public office. In [El Salvador](#), President Nayib Bukele, elected in February 2019, followed through on a [campaign pledge](#) to create a CICIG-like commission by establishing the International Commission to Combat Corruption in El Salvador (CICIES). The independence and effectiveness of these efforts remain unproven, however, and these steps could be subject to the backlash experienced elsewhere or lose support as the public's attention shifts to pandemic response.

Implications for U.S. Policy

As regional governments pivot to COVID-19 containment, many analysts contend that measures to safeguard [democracy and transparency](#) are now more important than ever. For example, the nongovernmental group Transparency International [warns](#) that opportunities to loot state coffers will proliferate in the response to the health emergency, requiring strong oversight of governmental action that could save lives. Following the lessons from the anti-corruption wave that peaked in 2019 and

implementing reforms to counter endemic corruption and broaden transparency may be crucial in coming months, given these prospects. Implications may include

- the likelihood that health and economic challenges will amplify accountability weaknesses. U.S. allies, such as [Honduras](#) and [Colombia](#), allegedly already have experienced health care price gouging and medical supply-related bribery, with the potential to undermine U.S. [emergency assistance](#) to respond to the pandemic.
- the undermining of long-term U.S. policy goals in the region. For example, U.S. goals of promoting efforts to reduce poverty or addressing the underlying drivers of migration may be overtaken in certain countries by the influence of organized crime or other malign sources of pandemic relief.

Congressional consideration of U.S. policy tools could include examining foreign assistance programs and activities for anti-corruption strategies; conditioning assistance to recipient countries on achieving anti-corruption goals; and encouraging the Trump Administration to impose targeted sanctions on corrupt officials.

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