

ORGANISATION OF AMERICAN STATES

UPDATE PAPER

DOMINICA (COMMONWEALTH OF)

The primary corruption scandal in Dominica in recent years has concerned the sale of diplomatic passports to foreign individuals. Three prominent cases in the recent past connected to this scheme are those of Alireza Zibahalat Monfared (an Iranian embezzler of oil funds), Diezani Alison-Madueke (a former Nigerian petroleum minister implicated in a fund misappropriation controversy) and Ng Lap Seng (a Chinese billionaire involved in a bribery scandal at the UN).

All these individuals possessed diplomatic passports for Dominica, and used the documents to evade law enforcement agencies and engage in money laundering. Opposition leaders have attacked Prime Minister Roosevelt Skerrit and his Dominica Labour Party for turning the country's Citizenship by Investment programme into an unethical passports-for-sale operation to amass personal wealth. Skerrit and his aides have refuted the allegations and have accused opposition parties of engaging in similar activities during their years in power.

DOMINICAN REPUBLIC

Over the past year, the Dominican Republic has seen significant political turmoil over the Odebrecht bribery scandal. Odebrecht is a Brazilian construction firm that has been involved in a far reaching bribery scandal which has affected several countries in Latin America – including Brazil, Peru, and Colombia. Odebrecht operated a special division for the special purpose of channeling bribes to several countries that shifted its base to the Dominican Republic in 2014.

Furthermore, Odebrecht officials admitted to paying 92 million dollars to Dominican officials since 2001 to win 17 lucrative government contracts, including a coal power plant and a major highway. Former trade minister Temístocles Montás and several other legislators were recently arrested in connection with these allegations. President Danilo Medina has been accused of using Odebrecht funds in his re-election campaign but has managed to evade further scrutiny and won another term in 2016.

ECUADOR

Ecuador has also been affected by the Odebrecht scandal. In recent months, the Comptroller-General resigned over the issue. Ecuador's Parliament is also looking to initiate impeachment

proceedings against Vice President Jorge Glas regarding his links to Odebrecht. His uncle was implicated in the same scandal. Glas was also targeted by former oil minister Carlos Pareja for turning a blind eye to the corruption and wrongdoing that was rampant at Petroecuador, the state oil company. However, Pareja has himself pled guilty to taking bribes and has fled Ecuador. Nevertheless, claims of corruption at Petroecuador have been widespread, particularly with regard to the firm's dealings with Chinese petroleum companies.

Former President Rafael Correa was also mentioned in the Panama Papers as the owner of an offshore company that Mossack Fonseca did not take on as a client over fears that it could be used illegally.

EL SALVADOR

The prevalence of violence in El Salvador has led to corruption becoming a low-priority issue in the country. However, corruption is rampant in the state's security and police forces, who band together to form anti-gang death squads that pursue gang members extra-judicially. These vigilantes are often financed by local criminals and businessmen and have been accused of being involved in numerous murders and robberies targeting ordinary individuals as well. A crackdown on such a group in June 2017 saw the arrest of ten military men and four police officers.

Government officials have also been involved in large-scale smuggling and financing operations. Notably, Jose Luis Merino, a former guerrilla commander and present leader of the FMLN political party, reportedly runs a shadowy criminal organization that launders money for corrupt officials and drug traffickers.

GRENADA

Grenada's Prime Minister Keith Mitchell faced many allegations of corruption in his initial period in power between 1995 and 2008, many linked to schemes of selling diplomatic passports and positions to foreign nationals. His current stint in power has seen fewer scandals, but issues of corruption persist.

Some recent matters of concern include the reinstatement of a senior police officer David Coutain despite his being accused of fraud and the appointment of non-neutral or unqualified individuals to positions such as attorney-general and head of the Finance Intelligence Unit. Perhaps most disconcertingly, the country's Governor-General (who holds what is a largely ceremonial post) recently fired around half of the officials involved in election supervision for the upcoming elections, prompting allegations of inappropriate interference with the democratic process.

GUATEMALA

Guatemala's previous government led by President Otto Perez Molina and Vice President Roxana Baldetti was involved in a spate of corruption scandals that resulted in their resignation and subsequent imprisonment. These included the La Linea customs scandal, in which officials relaxed taxes on importers in exchange for money and the Quetzal port controversy, in which contractors received bribes to award construction contracts to a company. Further irregularities over the use of public funds to fund luxury purchases for leaders and the use of illicit funds in campaign finance also surfaced in this period.

A majority of these revelations were a result of the work of the United Nations-backed International Commission Against Impunity in Guatemala (CICIG). In 2015, President Jimmy Morales was elected on an anti-corruption platform. However, in recent months his image has been tarnished as well as the CICIG is now prosecuting his brother and son on corruption charges.

GUYANA

Guyana has seen widespread corruption in recent years but mechanisms to prosecute officials involved in corruption are relatively robust. An important corruption case in recent times involved Omar Shariff, permanent secretary of the Ministry of the Presidency. Shariff had amassed over \$500 million through money laundering and tax evasion. He was removed from his job and tried in court in March 2017.

Administrators and professionals in Guyana are also wary of corruption that may arise due to the massive influx of oil revenues in coming years as Guyana develops its oil resources. Regulatory capacity building is necessary to manage this transition without adverse consequences considering the country's regulatory system is highly inadequate at present. Other corruption problems in Guyana involve the police force, members of which have themselves been implicated in various crimes and in the courts system, where slow-moving cases and large judicial backlogs have limited access to justice for citizens.

HAITI

Haiti's former President Michel Martelly was embroiled in a number of corruption controversies. Much of this corruption stemmed from mismanagement of aid following the Haitian earthquake and failure of rule of law in Haiti due to prevalence of extreme poverty. Martelly also reportedly backed a number of violent paramilitary groups that would engage in looting and murder.

Martelly chose a successor in Jovenel Moise who was elected President in January 2017 after a protracted election cycle marred by allegations of the use of unfair means to influence outcomes. Although Moise has projected himself to be a clean leader, he has faced corruption charges as well. A number of his business dealings have been deemed to be suspicious and are being investigated as possible cases of money laundering.

Another area of corrupt activity in Haiti is the customs operation. Officers charge extra fees as bribes to allow goods to pass through while often offering tax discounts in return. Such activity not only deprives the government of revenue but also prevents the timely provision of aid in many cases.

HONDURAS

Corruption has been rampant in Honduras in recent years, propagated largely by members of a kleptocratic elite such as President Juan Orlando Hernandez. A major recent controversy involved use of public healthcare funds for his electoral campaign – a total of 200 million dollars were embezzled from the country’s Institute of Social Security. Hernandez has also taken other steps to reduce transparency in government processes, awarding contracts to private firms via opaque processes which he often personally directed.

In respond to public outcry over these scandals, a new body called the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH) was created by the OAS, modeled on the similar CICIG in Guatemala. Honduras police forces also feature a high level of corruption. In recent months, a number of officers were found on the payroll of MS-13, a powerful regional criminal organization. These officers were reportedly involved in cases of theft, kidnapping, and murder. Other officers were accused of helping traffic firearms and deleting gang members’ criminal records in exchange for a fee.

JAMAICA

Although Jamaica’s Prime Minister Andrew Holness has not been personally implicated in any major corruption case, his administration has been criticized for having a lax stance on corruption and overlooking transgressions by other political leaders.

One such case is of Karl Samuda, minister of industry, commerce, agriculture and Fisheries, involved in a controversy over the use of public funds for home upgradation. He was also linked to a controversy regarding the firing of Hugh Graham, CEO of the Jamaica Dairy Development Board, in questionable circumstances.

Another case involves former Customs Commissioner Danville Walker, who allowed scrap metal export despite the industry being banned. He has been prosecuted by the Office of the Contractor-General, the country’s top anti-corruption authority. A third controversy in the

recent past involves the awarding of a spectrum license to Jamaican network company Caricel. The company's true owners remain unclear and United States officials have opposed the move over security and intelligence issues.

MEXICO

Corruption has been a significant issue over the last few years of President Enrique Peña Nieto's government. President Nieto, who belongs to Mexico's Institutional Revolutionary Party, was involved along with his wife and his Finance Minister in a scandal involving the irregular purchase of houses worth millions of dollars from government contractors.

The government has also been criticized for its handling of the politically sensitive issue surrounding the kidnapping and possible murder of forty three students in 2014. The government has sought to avoid media scrutiny on the case. Investigators recently revealed that the government used spyware to target an international group of experts backed by the OAS which had criticized the government investigation into the students' disappearance.

Regional governments lead by different governors are also thought to be heavily involved in corrupt practices. Javier Duarte, former governor of the state of Veracruz, is thought to have embezzled billions of dollars in public money during his term and was recently arrested. Tomas Yarrington, former governor of Tampaulipas, was also nabbed in Italy recently over charges that he took bribes from the Gulf Cartel and Los Zetas, two powerful Mexican drug trafficking organizations.

NICARAGUA

Democratic systems in Nicaragua have been under attack in the past decade, with President Daniel Ortega accumulating unchecked power and engaging in brazen nepotism – his wife was elected Vice President, and his children were appointed to key ambassadorial and advisory roles. The electoral process has been often characterized as unfair, and Ortega refused to let elections be monitored by the OAS or any international body.

In the recent past, there has been controversy over corruption and opacity with regard to the awarding of contracts in connection with the government's massive infrastructure undertaking to build an interoceanic canal across Nicaragua.

The 40 billion dollar project was awarded exclusively to a China based firm run by a businessman Mr. Wang Jing. Designed to be thrice as long as the Panama Canal, the project has shown little construction progress. The project has faced significant popular opposition over fears of corruption, but individuals criticizing or investigating the project have frequently been arrested and expelled from the country.

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