



THE COST OF CORRUPTION: HEALTHCARE INACCESSIBILITY IN HONDURAS

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FRANK BATTEN SCHOOL
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The Cost of Corruption: Healthcare Inaccessibility in Honduras

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Disclaimer

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Honor Pledge

On my honor as a student, I have not given nor received unauthorized aid on this assignment.



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Abbreviations

IAD/The Dialogue: Inter-American Dialogue

IHSS: Honduran Social Security Institute

PAHO: Pan American Health Organization

WHO: World Health Organization

UN: United Nations

UNOPS: United Nations Office for Project Services

IDB: Inter-American Development Bank

CSIS: Center for Strategic and International Studies

ASJ: La Asociación para una Sociedad más Justa

CHW: Community Health Workers

MACCIH: Mission to Support the Fight against Corruption and Impunity in Honduras

CICIG: Guatemala's International Commission Against Impunity

CNA: Consejo Nacional Anticorrupción

Executive Summary

This report examines how systemic corruption in Honduras has directly undermined the accessibility and quality of healthcare, particularly for rural, low-income, and marginalized populations. It is designed to inform policymakers, international development partners, and civil society leaders dedicated to strengthening healthcare delivery and governance across Latin America.

Although healthcare is constitutionally guaranteed in Honduras, the system remains chronically underfunded, inefficient, and deeply compromised by entrenched corruption. Political elites have historically manipulated healthcare institutions for personal and political benefit, diverting resources intended for public welfare. One of the most emblematic examples—the embezzlement of over \$350 million from the Honduran Institute of Social Security (IHSS)—has eroded public trust and exacerbated persistent shortages of essential medicines, outdated medical equipment, and undercompensated healthcare workers.

This report presents a policy memo that evaluates four anti-corruption strategies drawn from global case studies to improve transparency and accountability within Honduras’s healthcare system and to reduce disparities in access:

- 1. Reform Pharmaceutical Procurement**
- 2. Enforce Penalties for Corruption**
- 3. Establish Independent Watchdog Units**
- 4. Commission a National Study on Healthcare Corruption**

Each policy option is assessed in terms of its effectiveness, cost, and political feasibility. Based on this analysis, the recommended course of action is to reform pharmaceutical procurement by reintroducing the Integrity Pact model, a proven mechanism that enhances transparency, encourages supplier competition, and stabilizes medicine pricing. This strategy is rated highly effective and moderately feasible from a political standpoint.

Reinstating the Integrity Pact will require coordinated efforts among key actors, including the Ministry of Health, IHSS, and the National Congress. Legislative and executive actions will be essential to institutionalize procurement reforms and reestablish accountability mechanisms. Through this strategic intervention, Honduras can make meaningful progress toward equitable and corruption-resilient healthcare accessibility.

Introduction

In Honduras, corruption has seeped into nearly every facet of public life, but its impact on healthcare is particularly devastating. Despite being a fundamental human right, accessible healthcare remains elusive for a large segment of the population. Systemic corruption has destabilized the country's healthcare infrastructure, diverting critical resources away from medical facilities and weakening administrative oversight. This pervasive corruption has led to crumbling hospitals, shortages of essential medicines, and misallocation of funds meant to support patient care. Furthermore, these corrupt practices undermine investments in the education and training of healthcare professionals, leaving the system devoid of adequately trained staff to meet public demand.

The result is a healthcare sector that fails both structurally and functionally, disproportionately affecting vulnerable and marginalized communities. Citizens are often forced to seek private care they cannot afford, or to endure long waits in under-resourced public facilities that lack even the most basic supplies. By examining how corruption destabilizes healthcare infrastructure and deprioritizes the professional development of healthcare workers, this paper will explore the ways in which systemic malfeasance continues to widen the gap between the promise of healthcare access, specifically from the current administration, and the harsh reality faced by Hondurans. Addressing these issues is critical to developing effective anti-corruption policies and ensuring that healthcare becomes a right rather than a privilege.

Problem Statement

The healthcare landscape in Honduras is confronting a profound crisis that traditional interventions can no longer address. Entrenched corruption has systematically undermined the foundation of the nation's healthcare infrastructure, creating a critical access gap that threatens the well-being of vulnerable populations. In Honduras, the stark reality of having only 4.89 physicians for every 10,000 citizens, and approximately 18% of the population completely excluded from any healthcare services whatsoever, represents not simply a shortfall in resources, but a fundamental failure of governance. Comparatively, neighboring countries such as Guatemala, El Salvador, and Nicaragua all have twice as many doctors per capita (Honduras Datadot, 2021).

Despite considerable financial investments in the healthcare sector, the pervasive nature of institutional corruption has created an unsustainable situation where resources intended for public health are systematically diverted through sophisticated networks of embezzlement and misallocation. The status quo approaches to healthcare reform in Honduras are fundamentally inadequate to address this multidimensional crisis.

Client Overview



The Peter D. Bell Rule of Law Program is the Inter-American Dialogue's flagship program on democracy, human rights, anticorruption, and rights-respecting security policies in the Americas.

An analysis of how corruption has plagued the healthcare system in Honduras aligns directly with the Inter-American Dialogue's mission to share the realities of Latin America and the Caribbean by providing fact-based, policy-relevant insights. Corruption in healthcare not only undermines the well-being of millions of Hondurans but also reflects broader governance challenges that resonate across the region. By highlighting the specific ways corruption destabilizes healthcare infrastructure and weakens medical workforce development, this analysis offers a concrete case study that informs policymakers, development practitioners, and civil society leaders. It exposes the human cost of systemic corruption and identifies pathways for reform that can improve governance and healthcare outcomes.

Such research supports the Inter-American Dialogue's efforts to foster accountability, transparency, and informed policy decisions by amplifying the lived experiences of citizens and promoting solutions to systemic challenges. Ultimately, understanding the corruption-driven healthcare crisis in Honduras helps advance the broader goal of strengthening democratic institutions and public service delivery across Latin America and the Caribbean.

Additionally, the background and findings from this report will support the Rule of Law Program's Central American project that identifies security concerns and identifies ways to strengthen democratic institutions. This project includes briefs in Mexico, Colombia, El Salvador, and Honduras.

Background

Geography



Figure 1. Taken from *The World Factbook of Honduras*.

Honduras is located in Central America and shares borders with El Salvador, Nicaragua, and Guatemala in its most mountainous regions. Most of the rural population resides in its border with El Salvador in the Southeast region of the country. The country is unique in the sense that it has two major populations centers: Tegucigalpa and San Pedro Sula. Tegucigalpa is the nation's capital while San Pedro Sula is the industrial capital and commercial center (U.S. Embassy in Honduras, 2022). The geography and population distribution of Honduras have significantly influenced both its culture and healthcare system. Many remote and isolated mountain villages leave a considerable portion of the Honduran population without convenient access to healthcare services, which are primarily concentrated in urban centers such as Tegucigalpa and San Pedro Sula (U.S. Embassy in Honduras, 2022). Limited ambulance services and other transportation options further hinder rural residents from reaching hospitals and clinics when needed. In addition, rural areas lack general surgery hospitals, meaning that any acute trauma requiring surgical intervention necessitates travel to an urban center, often creating critical delays in receiving essential care. (Miller, 2023)

Overview of the Healthcare System in Honduras

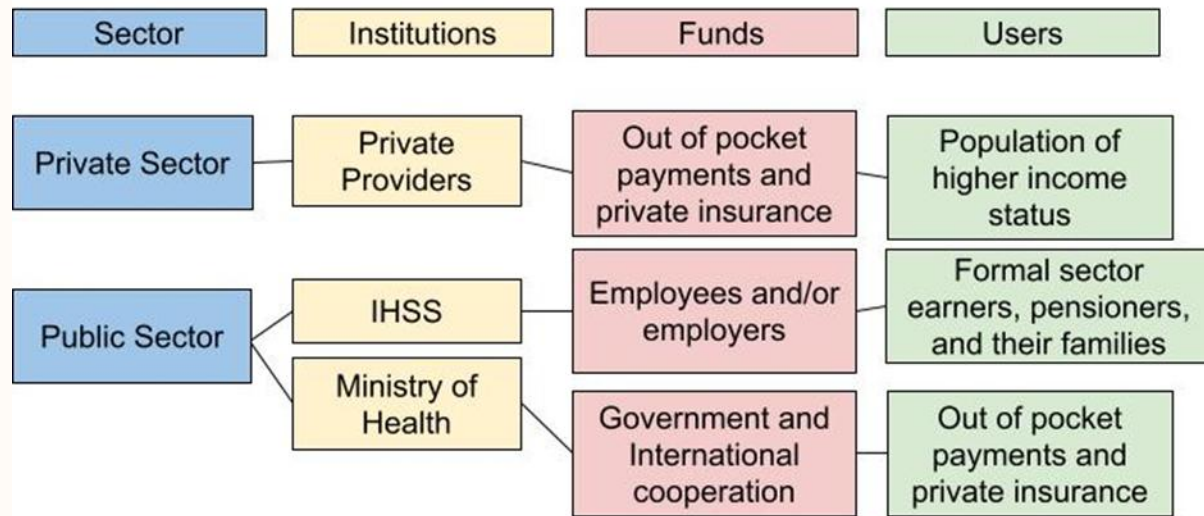


Figure 2. Based off 'Current health system in Honduras' (2017).

The healthcare system in Honduras operates as a **hybrid model**, incorporating public, private, and nonprofit sectors. At the core of the system is the **Ministry of Health**, which oversees the public healthcare network that serves approximately **60% of the population**, with a focus on low-income and rural communities. This public infrastructure consists of national and regional hospitals, local clinics, and community health centers. However, access and quality of care vary significantly depending on geography and socioeconomic status.

Another major actor is the **Honduran Social Security Institute (IHSS)**, which primarily serves workers in the formal economy and their dependents, about **18% of the population**. IHSS provides a more stable source of care, funded through payroll contributions, but remains inaccessible to the large number of informal workers and unemployed citizens. Meanwhile, the private healthcare sector and NGOs cater largely to urban and wealthier populations, offering higher-quality services at significantly higher costs. This division reinforces systemic inequalities, as poorer populations must rely on underfunded public options while the wealthy can bypass these shortcomings through private care. (ResearchGate, 2024)

Despite several reform efforts over the past two decades, the **public healthcare system continues to face chronic underfunding, limited infrastructure, and systemic inefficiencies**. According to the International Labour Organization, these issues have persisted due to weak institutional capacity and political mismanagement. (ILO, 2011) The World Health Organization (WHO) reports a dire shortage of medical professionals, with only 4.89 doctors per 10,000 people, a figure significantly below regional averages. Neighboring countries such as Guatemala, El Salvador, and Nicaragua all have twice as many doctors per capita, placing Honduras at a regional disadvantage in healthcare service delivery. (Honduras Datadot, 2021)

Government expenditure further illustrates this shortfall. Only **12% of national healthcare needs are met through public spending**, a proportion insufficient to sustain even basic health system functions. (Honduras Datadot, 2021) As a result, facilities often suffer from medicine shortages, long wait times, outdated equipment, and overworked staff, leading many Hondurans to forgo treatment altogether or pay out-of-pocket for private care. These deficiencies have contributed to growing healthcare disparities, especially among the most vulnerable populations.

Definition and Forms of Corruption in Healthcare

Corruption within the healthcare system of Honduras manifests in various forms, contributing to the overall inefficiency and inequity of care. It ranges from bribery in access to services to the embezzlement of funds, favoritism in hiring, and extortion within the supply chain of medical resources. Petty corruption, including informal payments to healthcare workers, and grand corruption, such as the diversion of public health funds, both contribute to the deterioration of the system's capacity to provide equitable healthcare.

Theoretical Models Explaining Corruption in Healthcare

Corruption in healthcare can be analyzed through several theoretical models. The **principal-agent model** is often used to explain how corruption arises from the imbalance of power and information between healthcare providers (agents) and the government or public (principals). When oversight is weak, agents may act in their own interests rather than for the public good. **Institutional theories** suggest that corruption is systemic, stemming from broader socio-political and economic structures that incentivize corrupt behavior, such as weak governance, poverty, and lack of accountability mechanisms. Finally, **rent-seeking theory** explains how individuals or groups exploit their positions within the healthcare system to extract economic rents at the expense of public welfare. (Vian, 2008) Throughout the final deliverable an analysis will be made to determine which, if not all, of these theories apply to Honduras and the many systemic failures that lie within the healthcare system.

Key players

The primary actors responsible for funding, supplying, and expanding access to healthcare in Honduras include government officials, healthcare providers, international organizations, civil society, and academic research institutions such as the Inter-American Dialogue. Organizations like the Pan American Health Organization (PAHO), the WHO, and the United Nations Office for Project Services (UNOPS) work directly with the public sector and the Ministry of Health to improve healthcare accessibility and combat corruption. These efforts focus on implementing evidence-based policies that promote transparency, build institutional capacity, and ensure accountability, which are crucial steps for securing sustained international funding.

A recent example of such collaboration occurred in September 2023, when the Inter-American Development Bank (IDB) approved a **\$150 million loan** to strengthen and expand Honduras' public hospital network. The loan will finance the construction of a general hospital in Roatán and

trauma hospitals in San Pedro Sula and Tegucigalpa. Beyond infrastructure, the initiative includes clinical training across all staff levels, aiming to develop a **clean, efficient, equitable, and high-quality healthcare delivery system**. (IDB, 2023) These investments reflect a growing international commitment to support Honduras' public health system, provided the government continues to pursue reforms grounded in transparency and good governance.

Beyond systemic corruption, **low socioeconomic status, a shortage of medical professionals, and geographic isolation** are among the most significant barriers to healthcare access in Honduras (Human Rights Watch, 2024). These challenges disproportionately impact the public healthcare sector, which serves the majority of low-income and rural populations. As corruption drains public funds and weakens institutional capacity, many communities are left underserved, prompting non-governmental organizations and research institutions to fill the gap with **mobile pop-up clinics**. While these temporary clinics offer a critical lifeline, their **irregular presence and limited resources** have undermined long-term impact and sustainability.

The Center for Strategic and International Studies (CSIS) notes that although facility-based healthcare services are generally strong where accessible, external factors such as gang violence (particularly from **maras**, or youth gangs) severely disrupt healthcare delivery, especially vaccination efforts (The Price of Conflict: Honduras, 2016). In some communities, **safety concerns and financial barriers** prevent families, especially those from marginalized groups, from seeking care at health centers. Consequently, public health workers are forced to rely on door-to-door services, which have proven both dangerous and difficult to implement. In areas under gang control, healthcare personnel have faced **extortion, threats, and even violence**, with some regions deemed completely inaccessible.

Despite high national vaccine coverage rates, the existence of unvaccinated children in dangerous zones raises alarms for public health surveillance and regional disease control efforts. Corruption compounds these access issues by diverting resources that could improve infrastructure, fund outreach programs, and better protect healthcare workers in the field. As CSIS has emphasized, addressing these structural barriers—rooted in both governance failures and insecurity—is essential for achieving equitable and reliable healthcare delivery across Honduras.

Context of Political Landscape

The political landscape in Honduras has long been shaped by corruption, dynastic power, and weak institutional oversight—factors that have deeply impacted the nation's governance and public service delivery, particularly in healthcare. President **Xiomara Castro** entered office in 2022 on a platform promising sweeping reforms and the establishment of an independent anti-corruption commission. However, nearly three years into her term, this commission has yet to materialize. Her credibility has been further undermined by allegations that her family accepted drug money, and mounting public pressure has led to calls for her resignation. Castro's presidency is also closely tied to her husband, **former President Manuel Zelaya**, who was ousted in 2009 for attempting to illegally alter the constitution to extend his rule. (AP News, 2024) Today, the Castro-Zelaya

alliance dominates the government, with family members and close allies occupying key positions of power.

This legacy of entrenched political corruption is exemplified by **former President Juan Orlando Hernández**, who served from 2014 to 2022 and is now serving a 45-year prison sentence in the United States for drug trafficking and weapons-related offenses. Despite numerous reports during his presidency about illicit dealings, local accountability was nearly impossible due to the regime's control over institutions and its ties to organized crime. It was only after U.S. intervention that Hernández was finally investigated and extradited. The deep infiltration of organized crime into political structures has fostered a climate of impunity and distrust, where citizen protests are often suppressed due to fear of retaliation from gangs or corrupt officials. (Office of Public Affairs, 2024)

As the **2025 elections** approach, two of the three leading presidential candidates are affiliated with the Castro-Zelaya political dynasty, casting doubt on the prospects for meaningful change. The Honduran public has grown increasingly disillusioned, viewing each successive administration as self-serving rather than citizen-focused. With corruption so deeply rooted in the political system, many citizens see illicit channels as the only reliable path to essential services, further eroding public trust and enabling cycles of crime, instability, and inequality.

Evidence

Examples

One of the most significant corruption scandals in Honduras' recent history occurred in 2015, when officials at the IHSS embezzled **over \$300 million** in public healthcare funds. Operational and board leadership siphoned the money through **fraudulent contracts with shell companies** and accepted **bribes in exchange for contracts**, a portion of which was funneled to support then-presidential candidate Juan Orlando Hernández's 2013 campaign. (Call, 2018)

This large-scale corruption scheme had devastating consequences: it **crippled the public healthcare system**, leading to **medicine shortages, deteriorating hospital infrastructure**, and **preventable deaths** due to lack of proper care. Investigations revealed widespread **abuse of authority**, including fake bids from non-existent companies and payments never reaching legitimate recipients. Despite the scale of the fraud, it was not until August 2017, two years after the scandal broke, that legal action was taken—resulting in the arrest of seven hospital officials, including the director, head administrator, and chief nurse, and the seizure of key documents. The IHSS scandal exposed the entrenched corruption in Honduras' healthcare procurement processes and sparked national outrage, highlighting the urgent need for transparency and institutional reform. (Call, 2018)

In 2020, a major corruption scandal further exposed the vulnerabilities of Honduras' healthcare system when an audit of Inversión Estratégica de Honduras (Invest-H), the government agency tasked with procuring emergency medical supplies during the COVID-19 pandemic, uncovered the mismanagement of tens of millions of dollars. This incident reflected a disturbing pattern of **profiteering and negligence** within a public health sector already marred by deep-rooted corruption. ASJ conducted a comprehensive audit of over **\$80 million** in Invest-H's purchases. Their investigation revealed widespread irregularities, including **overpriced contracts, non-functional mobile hospitals, delayed delivery of life-saving equipment**, and **a lack of accountability mechanisms** throughout the procurement process.

ASJ's findings were not just technical evaluations, they were also a **public outcry on behalf of the families** who lost loved ones due to preventable shortages and system failures. Their reports emphasized the urgent need for institutional reform and real-time transparency in emergency procurement, particularly during national health crises when the stakes are highest. This case became emblematic of how corruption in healthcare doesn't only waste resources, it **costs lives**. ASJ's work underscored the critical role of independent oversight in protecting public interest and restoring public trust in Honduras' fragile healthcare infrastructure. (ASJ, *Searching for Transparency in Health*, 2020)

Another stark example of systemic dysfunction in Honduras' public healthcare system is the **widespread diversion of medical supplies** intended for free public distribution. Reports from 2022-2023 have uncovered a persistent and illicit practice in which medications and essential

supplies meant for hospital patients are instead **illegally sold to private pharmacies**, denying low-income Hondurans access to critical treatment. This not only reflects a breakdown in supply chain accountability but also exacerbates the public's mistrust in government institutions and healthcare providers. (Staff, 2024)

This issue is compounded by the country's **imbalanced hospital budget structure**. **Approximately 69% of public hospital spending is allocated solely to personnel salaries**, leaving minimal resources for facility maintenance, medical equipment, and essential supplies. As a result, hospitals across the country are grappling with deteriorating infrastructure, outdated or broken medical devices, and persistent stockouts of life-saving medications. (Staff, 2024)

According to testimonies gathered in the *Latin American Post* investigation, patients often face long delays for even basic procedures, and many are instructed to purchase their own syringes, gauze, or antibiotics from private pharmacies if they want to receive care. Healthcare workers themselves report feeling powerless, forced to improvise with minimal resources while operating in facilities that lack functioning air conditioning, surgical tools, or sterile environments. This crisis reflects more than just underfunding, it is a **symptom of entrenched corruption and mismanagement** that diverts resources away from those who need them most. Without serious reforms to procurement oversight, inventory tracking, and budget allocation practices, the cycle of scarcity and inequity in Honduras' public hospitals will persist, leaving millions without reliable access to care. (Staff, 2024)

Case Studies

Honduras can draw important lessons from countries that have successfully implemented anti-corruption measures in their healthcare systems. For example, **Georgia** reformed its healthcare system by introducing greater transparency and digitizing its procurement processes. Although this is a drastic improvement in the documenting of medical practices and services, many rural regions in Honduras do not have reliable access to the internet to see this through. Many other developments would be needed to support this reformation of the system. (World Bank Blogs, 2015) One of their successes in this system has been the increase in legitimate suppliers. Due to its online presence, procurement has maintained transparent, minimized the level of bureaucratic influence, and reduced discriminatory practices. With the direct support and supervision from the World Bank, Georgia has reduced corruption infiltration in the healthcare system and increased savings for its citizens. (Georgia, 2015)

Rwanda, a country with significant health challenges, improved access to healthcare by decentralizing healthcare services and engaging communities in healthcare delivery and oversight, especially rural populations (Think Global, 2023). Their biggest success is attributed to the recruitment of young community health workers (CHW) that are solely focused on the main health issues around the country and are equipped with the proper packages to serve all regions. A 2016 study on the model highlighted that recruiting new generations of CHWs to replace the old ones would increase retention, motivation, and development policies (Sabiiti, 2022). By emphasizing

accountability and performance-based financing, they have been able to monitor and reduce corruption. Due to their consistency, Rwanda proudly boast a healthcare coverage rate exceeding 90% with significant improvements in access, maternal and child health, and disease prevention. (Think Global Health, 2023)

Moreover, international cooperation initiatives that focus on enhancing healthcare equity, such as **Brazil's** "Unified Health System" (SUS), can also serve as models for Honduras. Brazil has successfully integrated public and private healthcare services, ensuring that even the most marginalized populations receive care without barriers like bribery or informal payments. Although the program is voluntary, it is incentivized by creating "family health teams" that receive additional payments through a variety of positive work such as performance on health indicators, interviews with healthcare professionals, facility treatment, and more (Brazil, 2020). This model demonstrates the importance of strengthening public healthcare infrastructure within the people while addressing issues of corruption and inequity.

Criteria

Effectiveness

Effectiveness will measure the alternative's ability to reduce corruption in healthcare and improve access to essential medical services in Honduras. This criterion is critical, as it ensures that healthcare resources are allocated efficiently, transparently, and equitably. Measuring the alternative's impact will be assessed through the following three key metrics:

- The policy alternative will enhance transparency and accountability in healthcare.
- The policy alternative will reduce financial and bureaucratic barriers to healthcare access.
- The policy alternative will improve the availability and quality of medical services for underserved populations.

A policy that meets all three assumptions will be **high** in effectiveness. A policy that meets two of the assumptions will be **medium** in effectiveness, while a policy that meets one or none of the assumptions will be **low** in effectiveness.

Costs

Cost will measure, in U.S. dollars, the total expense of implementing each policy alternative. Program implementation will include the cost of infrastructure, procurement systems, monitoring mechanisms, anti-corruption enforcement, salaries, associated skills training, and operational expenses related to oversight and transparency measures. Additionally, costs will account for the administrative burden on healthcare institutions, as well as any necessary technological investments, such as digital procurement systems or public reporting platforms.

Political Feasibility

This criterion assesses whether a proposed reform is likely to gain support and be implemented given the political context. The alternatives will be weighed against the institutional capacity of the Honduran government and agencies to implement these sustainable policies. Key actors such as politicians, international organizations, and civil society will determine the buy-in or resistance towards the alternative.

Political feasibility will be measured on a high, medium, and low scale. **High** political feasibility will have support from all three stakeholders, **medium** political feasibility will have support from two stakeholders, and **low** political feasibility will have support from one stakeholder.

Alternatives

Alternative 1: Reform Pharmaceutical Procurement

The Inter-American Dialogue is uniquely positioned to advocate for the reestablishment of Honduras' proven Integrity Pact model, a framework that previously demonstrated remarkable success in reducing corruption and improving healthcare procurement outcomes. Between 2017 and 2021, Honduras implemented a Framework Integrity Pact Agreement between the Ministry of Health and Asociación por una Sociedad más Justa (ASJ) that transformed pharmaceutical procurement practices. (Integrity Pacts Around the World, 2025) This agreement:

- Granted ASJ full access to medicine procurement documentation with authority to report irregularities
- Established transparent monitoring mechanisms with regular public updates
- Trained over 200 public officials on procurement integrity obligations

The results were substantial and measurable as supplier competition more than doubled (from 19 suppliers to over 40). Price inflation for medicines stabilized during this period after years of rampant increases. According to ASJ reports, transparency in procurement decisions significantly improved (IP Honduras, 2025). Unfortunately, this successful initiative was discontinued in 2021 following a change in political leadership, despite its renewal in 2019 based on demonstrated effectiveness.

The Inter-American Dialogue could prioritize advocacy for the reestablishment of the Integrity Pact in Honduras, working with international development partners already invested in the region. This approach would leverage international technical assistance from the World Bank, Inter-American Development Bank, and UNOPS to reinforce procurement standards and provide oversight. (UNODC, 2019) Additionally, it would counter documented corruption patterns that have included inflated contracts with kickbacks, embezzlement, and payments to shell companies, as exemplified by the 2011 IHSS scandal involving a \$95 million contract at 114% above market value. (Sabet, 2020) This also presents the ability to restore civil society monitoring through a renewed partnership with ASJ or similar organizations to ensure transparency and accountability. In order to ensure the healthcare system does not slide back to its old patterns, there is a dire need for legislation that implements pre-qualification standards for vendors to prevent shell companies from receiving contracts. This legislation would also establish open and competitive bidding processes with public procurement databases that allow real-time monitoring of healthcare spending. (Integrity Pacts Around the World, 2025) Additionally, whistleblower protections can be added to strengthen the laws that protect and incentivize individuals to report corrupt behaviors within the procurement processes.

The Inter-American Dialogue could convene key stakeholders to develop a comprehensive strategy for reestablishing the Integrity Pact in Honduras, emphasizing its proven track record and potential to address the current healthcare crisis. By championing this initiative, the Dialogue can help restore procurement integrity while demonstrating a regional commitment to transparency that could serve as a model for other Latin American countries facing similar challenges. The previously successful implementation provides a ready blueprint, what is needed now is determined advocacy from respected regional institutions to overcome political resistance and revitalize this essential corruption-fighting mechanism under President Xiomara's Administration.

Alternative 2: Penalties for Corruption

IAD has the opportunity to engage with International and US organizations to pressure the Honduran government to revise their penal code to impose stronger penalties across all sectors, specifically healthcare. A new system of enforcement would take effect immediately to combat the various levels of mismanagement within the healthcare sector from government officials to medical professionals (top to bottom). The most severe cases will be prioritized to ensure that the individuals involved are prosecuted criminally, with penalties including imprisonment and asset forfeiture. According to Tamza (2020), imposing the maximum penalty on a corrupt individual serves as a deterrent, sending a strong message to both convicted offenders and millions of others to refrain from or abandon any intent to embezzle public funds. Since the failure of MACCIH, a new penal code was put in place that lowers sentences for corruption-related offenses, such as misusing public funds, abusing authority, influence peddling, fraud, and illicit enrichment (AP News, 2020). Furthermore, under the current provisions, individuals sentenced to less than five years may avoid prison by opting for less restrictive penalties if they can reimburse the misappropriated funds. (WOLA, 2021) By implementing a system with harsher punishments, it will be much more difficult for individuals to find loopholes or pay their way out.

President Xiomara Castro ran her campaign with the promise to combat corruption in the government but has done very little in her attempts to show for it (Berg, 2024). Among the few moves made by Congress during her time in office is the adjustment of Decrees in place to follow through on these promises. The most recent adjustments passed by Congress include:

1. **Repeal of the Law of Secrets (2022)**- This law restricted public access to government records, making it easier to conceal corruption. Repealing it was a key campaign promise of President Xiomara Castro, *promoting greater transparency and accountability in governance*.
2. **Repeal of Decree 57-2020 (Money Laundering Law) July 2023**- This decree shielded corrupt actors by preventing the Public Ministry from seizing documents or evidence during investigations. It also required authorities to notify individuals before investigations began, allowing them to destroy evidence. *Its repeal restores law enforcement's ability to conduct effective anti-corruption investigations*.

3. **Reform of Decree 93-2021 (Money Laundering Definition & Investigations)-** This weakened the legal definition of money laundering, making prosecution more difficult. It also required a court order before the Public Ministry could access financial records for corruption cases, delaying investigations. *The reform strengthens anti-money laundering efforts by removing legal barriers to obtaining evidence.*
4. **Revocation of Decree 116-2019 (Fondo Departmental)** August 3, 2023- This allowed public officials to channel funds to third parties, such as NGOs, without oversight, leading to corruption scandals. It also blocked the Attorney General's office from taking action against officials managing public funds until the Tribunal Superior de Cuentas (TSC) determined culpability, delaying accountability. *Its repeal restores financial transparency and accountability in public fund management.* (Baron, 2023)

These legislative actions demonstrate a stronger commitment to fighting corruption in Honduras by removing laws that previously protected corrupt officials and obstructed investigations. Unfortunately, none of these changes have been put into action to support their mission, which is why attention needs to be brought to these changes as soon as possible. First, IAD could push for the repeal of **Decree 117-2019**, which grants immunity to members of Congress involved in corruption if their actions were carried out as part of their official duties. Additionally, the organization could advocate for revisions to **Criminal Code 130-2017**, which not only reduces penalties for corruption and organized crime but also disproportionately increases penalties against campesinos, Afro-Hondurans, and Indigenous activists for participating in protests. (Baron, 2023) IAD can support these reforms by publishing policy briefs exposing how these laws enable corruption, directly engaging Honduran legislators and civil society, and using U.S. and multilateral diplomatic pressure to encourage legislative action.

In addition to repealing harmful decrees, IAD could push for the approval of the **Ley de Colaboración Eficaz**, a law that would establish plea bargaining mechanisms to encourage cooperation in criminal investigations. This law would strengthen the Attorney General's ability to dismantle organized crime networks and provide critical investigative tools for the International Commission Against Corruption and Impunity in Honduras (CICIH). (Dardon, 2023) Furthermore, its approval is a key condition in Honduras' memorandum of understanding with the United Nations, making it a crucial step in demonstrating political commitment to anti-corruption reforms. (Baron, 2023) IAD can support this initiative by engaging directly with President Castro's administration and Honduran lawmakers, facilitating expert consultations to highlight the law's success in other Latin American countries, and supporting civil society campaigns to build public pressure for its passage.

Alternative 3: Watchdog Probe Units

In September, President Castro submitted a second draft agreement to United Nations Secretary-General António Guterres to establish the International Commission against Corruption and Impunity in Honduras (CICIH). The revised proposal aims to guarantee CICIH's independence

and autonomy, granting it the authority to prosecute cases independently, investigate high-profile corruption, recommend legislative reforms, and train personnel in anti-corruption efforts. (Human Rights Watch, 2024) Given the failure of the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH) and other anti-corruption initiatives, IAD could push for watchdog probe units within the current departments that will adapt to the anti-corruption commission when it is fully operated. Efforts would investigate and address corrupt practices such as embezzlement of public health funds, procurement fraud, bribery, and nepotism in hospital and clinic staffing.

The team, ideally comprised of international and congressional stakeholders, would conduct randomized audits (similar to ASJ) of all official hospitals, clinics, and public health agencies in the country. (Searching for Transparency in Health, 2020) A proven model for tackling entrenched corruption is Guatemala's International Commission Against Impunity (CICIG), a United Nations (UN) backed anti-corruption probe that successfully investigated high-level corruption and dismantled criminal networks embedded within the government. CICIG's effectiveness was partly due to international funding and diplomatic backing, particularly from the UN and foreign governments. To adopt a similar model, Honduras could:

- Secure financial and technical support from international organizations such as the UN, OAS, and IDB.
- Negotiate agreements for external oversight to ensure political non-interference in corruption probes.
- Encourage foreign governments to impose sanctions on Honduran officials implicated in healthcare-related corruption. (Oxford, 2016)

Another key to the successful establishment of probe units would be to strengthen the Attorney General. The AG would have the power to oversee the establishment of independent probe units within the **Ministry of Health** and the **IHSS** to oversee resource allocation, infrastructure projects, and insurance processes. The unit in the Ministry of Health would monitor hospital construction, medicine procurement, and budget expenditures to prevent mismanagement and fraud. Meanwhile, the IHSS unit would investigate overpricing scandals, audit insurance policies, and ensure transparency in claims processing to expand healthcare access. These units must have legal autonomy, prosecutorial power, and whistleblower protections to function effectively. These units would be staffed by special prosecutors, anti-corruption lawyers, financial analysts, and healthcare policy experts.

Alternative 4: Commission a Study on the Impact of Corruption on Healthcare

By commissioning this study, the Inter-American Dialogue can drive evidence-based policymaking and advocate for stronger anti-corruption measures in Honduras' healthcare system. This initiative would reinforce IAD's role as a leading voice on governance and institutional reform in Latin America. Similarly, their findings would provide evidence on how corruption has

worsened healthcare disparities, which practices are the most harmful, and policy recommendations for the proper Honduran authorities and international partners.

With their extensive resources and Latin American connections, the IAD has the time and capacity to collect data that is more substantial and credible than any other study. They have the potential to conduct their own interviews with healthcare workers, patients, and policymakers within the country. Their analysis can derive directly from documents such as government health expenditures, procurement contracts, and statistical models to measure the real financial cost of corruption. Their influence would maximize these conclusions with the constant public forums, fireside chats, and events they host with relevant policy makers and international stakeholders directly involved with their work. Additionally, an executive summary would be published in English and Spanish to ensure accessibility to the Honduran people. Ultimately, the goal of raising public awareness about the Honduran healthcare system to get the regional intervention the people need would be achieved with this study from IAD. (Inter-American Dialogue, 2025)

Findings & Analysis

Alternative 1: Reform Pharmaceutical Procurement

Effectiveness

This alternative is ranked **high** in effectiveness. At the core of this approach is the Integrity Pact, which has already established a successful monitoring framework to oversee procurement practices, ensuring that public resources are allocated efficiently and equitably. The Integrity Pact has demonstrated its effectiveness through reports from ASJ, which highlight increased transparency in procurement processes and a reduction in medication costs. These improvements have been instrumental in reducing corruption by limiting opportunities for mismanagement and ensuring that healthcare resources reach the intended beneficiaries. Additionally, the systematic monitoring of procurement contracts can help identify inefficiencies and eliminate unnecessary expenditures, allowing cost savings to be redirected toward expanding healthcare services for underserved populations.

Costs

The exact cost of implementing the Integrity Pact in Honduras is not publicly disclosed. However, estimates indicate that the cost likely ranged between **US\$50,000 and US\$200,000** per project for implementation and monitoring. The final cost depends on several factors, including the size, scope, and complexity of the procurement project being monitored. Larger and more intricate projects with higher procurement values and greater logistical challenges would naturally require more resources for oversight, auditing, and enforcement mechanisms. Ultimately, there would be **two** projects, one for the Ministry of Health and one for IHSS. (Learning Review, 2015)

INTEGRITY PACT COST ESTIMATES AND BUDGETING

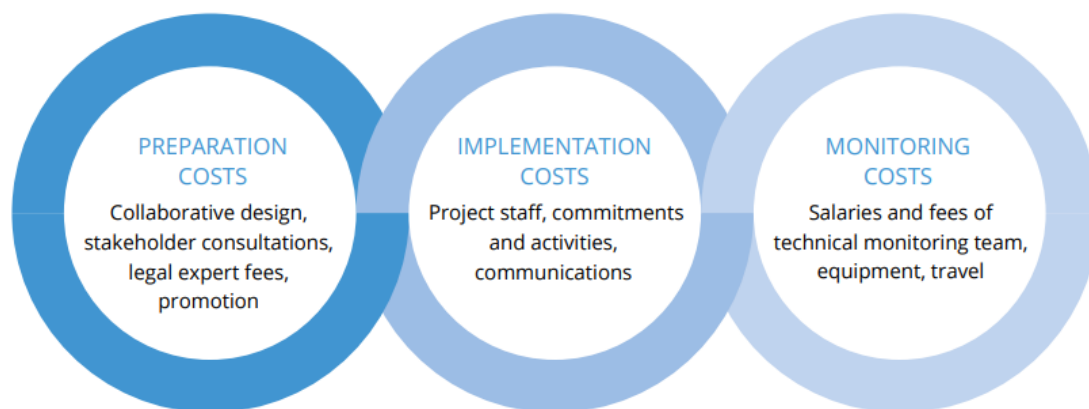


Figure 3. *Review Learning, 2015*

The cost of the Integrity Pact in Honduras' Healthcare System includes several key components, such as the development of transparency mechanisms, hiring and training independent monitors, establishing public reporting systems, and ensuring continuous evaluation and enforcement. Additionally, costs may cover technological infrastructure for real-time tracking of procurement processes, public awareness campaigns to encourage citizen participation, and legal support to strengthen the enforcement of accountability measures. These expenses could be covered by the country's national healthcare budget.

Political Feasibility

This alternative is ranked **medium** in political feasibility due to the divergence of interests between international stakeholders, civil society, and the Honduran political elite. International organizations such as the Inter-American Development Bank (IDB) and the United Nations Office for Project Services (UNOPS) would likely offer strong backing, given their significant financial investments in Honduras' healthcare sector. These organizations have suffered **direct** losses from corruption, embezzlement, and procurement scandals, which have undermined healthcare accessibility and efficiency. With a well-structured and compelling case, their support would be unwavering, as they have a vested interest in ensuring transparency and accountability in the allocation of funds.

Similarly, Honduran civil society and the general population would be strong advocates for this reform, as they are the primary victims of a failing healthcare system plagued by resource shortages, mismanagement, and corruption. The widespread demand for better access to medicine, medical supplies, and healthcare services makes this alternative highly viable from a grassroots perspective, as it aligns with the urgent needs of the people. Additionally, since this measure targets structural accountability rather than direct political opposition, it poses minimal risk for public supporters in terms of government retaliation. Furthermore, if whistleblower protections are in place, politicians may be more incentivized to target their adversaries for their own benefits. These acts, although chaotic, may have positive implications for the procurement processes.

However, the primary obstacle lies in **political resistance from Honduras' ruling elite**, particularly those loyal to the Castro-Zelaya administration. Many politicians remain deeply entrenched in patronage networks and benefit from the current lack of transparency, making them unlikely to support reforms that curtail their power and financial interests. Unless there is significant external pressure, either from international donors threatening to withhold funds or from domestic mobilization forcing political accountability, it is unlikely that they will willingly endorse such a measure. Thus, while the alternative holds strong international and public support, its feasibility remains contingent on the ability to create leverage that compels political actors to act against their vested interests.

Alternative 2: Penalties for Corruption

Effectiveness

This alternative would be ranked **medium** in effectiveness. In theory, the repeal of existing decrees that enable money laundering, obstruct investigations, and weaken internal oversight has created an environment that promotes greater financial integrity and access to resources. However, these legislative changes have yet to be fully leveraged to benefit the Honduran people from the lack of sustained pressure and further reform. A decisive intervention by IAD demanding the repeal of Decree 117-2019 and revisions to Criminal Code 130-2017 would apply significant pressure on healthcare officials and policymakers, forcing them to confront the structural weaknesses that enable corruption and financial mismanagement. By minimizing the prevalence of money laundering, this alternative could help ensure that public funds are directed toward essential healthcare infrastructure rather than siphoned off through fraudulent schemes. The resulting reduction in financial and bureaucratic barriers would enhance the efficiency of healthcare spending and increase the availability of critical medical supplies and services.

However, while this alternative represents an essential next step in combatting systemic corruption, it does not directly legislate improvements to healthcare quality or service delivery, particularly for rural and underserved populations. Without **complementary reforms** that channel recovered funds into tangible healthcare improvements, its impact on patient outcomes and service expansion would remain indirect. Therefore, while this measure is a crucial component of a broader reform strategy, its fullest potential of effectiveness hinges on additional policy actions that translate financial accountability into concrete healthcare improvements.

Costs

Costs associated with this alternative are associated with pushing reforms and the greater burden on the criminal justice system to prosecute cases and imprison offenders. The calculation of this estimate would encompass how much it would cost the Honduran government to respond to crime. This includes the cost of the law enforcement's efforts to investigate the crime, judicial processing matters, the Public Ministry/prosecutor, public defense, and prison administration. This total would then be the 1% of the country's GDP that is in response to crime and used to determine the cost per person based on yearly imprisonment rates. (World Prison Brief, 2021) All calculations demonstrated in the Appendix are converted from 2010 into 2025's inflation rates. A rough estimate signifies that it would cost the government **\$39,380 plus an extra \$25,592.27 per person** based on prior conviction and imprisonment rates associated with corruption. (Jaitman, 2015, p.53)

Political Feasibility

This alternative is ranked **low** in political feasibility due to the deep-seated political dynamics and climate of fear that hinder open support for reform. The greatest resistance would come from Honduran politicians in Congress, many of whom remain firmly loyal to the Castro-Zelaya administration and prioritize political survival over governance reforms. Even lawmakers who do

not fully align with the administration would likely face immense pressure and potential repercussions if they publicly endorsed this initiative, making their support highly unlikely without **significant** external leverage.

A similar challenge exists among Honduran citizens and civil society groups, who are already suffering under a repressive government that fails to provide basic public services. While many individuals may privately support greater transparency and accountability, publicly aligning with this initiative could pose severe personal risks. Given the history of political retaliation in Honduras, citizens would reasonably fear for their safety and that of their families if they were seen as advocating for a measure that challenges entrenched political interests. This fear of state-driven intimidation and reprisal would likely suppress grassroots mobilization, further diminishing the political viability of this alternative.

The only stakeholders immune to domestic political consequences are international organizations, which hold the greatest capacity to push for reform. Given their longstanding involvement in governance, anti-corruption efforts, and human rights advocacy in Honduras, organizations such as the United Nations and OAS have both the credibility and influence to exert diplomatic and financial pressure on the government. These entities have intervened in similar crises before on behalf of the Honduran people and would likely be willing to do so again if presented with a compelling strategy for action. However, even with strong international backing, domestic political resistance remains a formidable obstacle, requiring a multi-pronged approach that combines external pressure, strategic legal action, and public awareness campaigns to gradually shift the political landscape in favor of this type of reform.

Alternative 3: Watchdog Probed Units

Effectiveness

This alternative is ranked **high** in effectiveness. The CICG has already proven that these units are successful in holding the relevant departments accountable for their actions related to corruption. Implementing specialized probe units within the Ministry of Health and the IHSS would provide targeted oversight in key areas of the healthcare system. While a broader Anti-Corruption Commission may not materialize in the near future due to political inaction from the administration, this smaller, more agile solution offers an immediate path forward. The IHSS unit would play a critical role in reducing financial barriers by preventing overpricing scandals and ensuring insurance funds are allocated efficiently, while the Ministry of Health unit would oversee the development of hospitals and medical centers, particularly in underserved rural areas. By proactively monitoring healthcare infrastructure and financial flows, this alternative creates a layer of accountability that is both practical and impactful in improving healthcare access and reducing corruption. Strengthening these oversight mechanisms would increase transparency, reduce financial waste, and improve healthcare accessibility for the Honduran people.

Costs

Assuming that the costs in Honduras would be similar to the 2020 budget for an Auditing Unit in Guatemala was, the total cost would be roughly \$2.44 million (Otaola, 2021)

Political Feasibility

This alternative is ranked **medium** in political feasibility due to the anticipated resistance from government officials whose unchecked control over decision-making would be significantly reduced. Given the deep-seated ties many politicians have to corrupt networks and financial pipelines, they would likely oppose an oversight mechanism that threatens their influence. However, international stakeholders, particularly those involved in Guatemala's anti-corruption efforts, would strongly support this initiative. Having witnessed both the successes and shortcomings of past interventions, they now have an opportunity to apply lessons learned and drive meaningful change in Honduras, a country with weaker institutional defenses against corruption. Civil society would also back this initiative, as it would introduce a new layer of accountability without directly exposing them to government retaliation. While they may not have formal authority over the oversight process, they could play a crucial role in supporting investigations, amplifying findings, and mobilizing public awareness to strengthen the unit's impact.

Alternative 4: Commission a Healthcare Study

Effectiveness

This alternative ranks **high** in effectiveness as the study would be strategically designed to fulfill all key criteria, ensuring that the final recommendations are both impactful and actionable for improving the health and safety of the Honduran people. The study would serve as a critical tool for reform, meticulously crafted to enhance transparency and accountability, eliminate financial and bureaucratic barriers, and increase the availability and quality of medical services nationwide. By leveraging **data-driven insights** and **targeted analysis**, this approach would provide a comprehensive roadmap for strengthening Honduras' healthcare system.

Costs

Costs per event, travel, lodging, and research collaboration have yet to be received and calculated from the client. It is relevant to note that it is expected to be a relatively low cost compared to the other alternatives.

Political Feasibility

This alternative ranks **low** in political feasibility because commissioning a study that conducts a deep investigation on the levels of corruption within the healthcare system will have significant pushback.

Although it presents an opportunity for political officials to collaborate with the IAD in a way that allows them time to prepare and adjust, it also gives the officials times to derail or discredit the finding. Whether they choose to rectify existing corruption schemes or implement genuine reforms to improve their public image, the study would create a pressure mechanism that compels action, the question lies in the direction of this action. Regardless of their motivations, if the findings reach the targeted audience, it would be presented transparently and publicly, ensuring accountability.

Most importantly, IAD's strong partnerships with influential multilateral organizations such as the OAS, Development Bank of Latin America (CAF), and the IDB make it highly likely that these institutions would lend their support. Their history of collaboration, including op-eds, fireside chats, investigations, and policy seminars, demonstrates a shared commitment to driving meaningful change through rigorous research and policy recommendations.

Finally, civil society would strongly support this initiative and deeply appreciate the attention it brings to their struggles but have the awareness that very little will come from this. By documenting real stories and systemic issues in Honduras, the study would serve as a powerful tool for advocacy, ensuring that the voices of the Honduran people are heard, but the issue is that their voices were silenced so long ago that there is no hope a study will change these realities. Ultimately, this study alone will not empower civil society to take any action until they see real changes in their medical care.

Outcomes Matrix

	Effectiveness	Costs	Political Feasibility
<u>Alternative 1:</u> Reform Pharmaceutical Procurement	High	~US\$400,000 per year for preparation, implementation, and monitoring	Medium
<u>Alternative 2:</u> Penalties for Corruption	Medium	~\$25,596.27 a year plus \$19,689 per person as average # of convictions increases	Low
<u>Alternative 3:</u> Watchdog Probe Units	High	Auditing Units- roughly US\$2.44 million	Medium
<u>Alternative 4:</u> Commission a Healthcare Study	High	Undetermined	Low

Figure 4. This outcome matrix summarizes the merits of each alternative proposed according to each criteria point.

Recommendation

The Inter-American Dialogue should prioritize advocacy for the reestablishment of Honduras' Integrity Pact model to reform the country's pharmaceutical procurement system. This approach aligns with the evaluation criteria of effectiveness, cost, and political feasibility, making it a strategic policy alternative to combat corruption and improve healthcare accessibility. In its short-lived years, between 2017 and 2021, the Integrity Pact successfully proved to increase supplier competition, stabilize medicine prices, and improve procurement transparency. By reestablishing this initiative, Honduras can enhance accountability, reduce bureaucratic barriers, and improve healthcare access, particularly for underserved populations. Given its proven success, this policy ranks high in effectiveness and offers a cost-efficient alternative to unchecked corruption losses.

The Integrity Pact's implementation costs, such as training officials and setting up monitoring mechanisms, would be lower than the financial drain caused by corruption. International organizations like the World Bank and UNOPS could provide technical and financial support, easing the burden on the Honduran government. Politically, the initiative would likely receive strong backing from civil society and international partners, though government resistance may pose challenges. Engaging President Xiomara Castro's administration and emphasizing the policy's prior success will be key to overcoming political barriers.

Additionally, the Inter-American Dialogue should use its study on how corruption has affected the healthcare system to complement its push for policy change. This study, which was rated medium in effectiveness and political feasibility, provides valuable evidence that reinforces the need for procurement reform. By leveraging this research alongside advocacy for the Integrity Pact, the Dialogue can present a compelling case for systemic change. Moreover, presenting the findings in Spanish would personalize the impact, making the study accessible and relatable to those it seeks to empower.

In conclusion, the Inter-American Dialogue is well-positioned to advocate for the Integrity Pact's reinstatement as a viable, cost-effective, and impactful strategy to reform pharmaceutical procurement in Honduras. By combining research with strategic advocacy, the Dialogue can restore procurement integrity, improve healthcare delivery, and establish a model for transparency across Latin America.

Implementation

Stakeholders and Their Roles



Figure 5. Logos for Ministry of Health, ASJ, and IHSS

Successfully reinstating the Integrity Pact will require collaboration among key stakeholders. The Government of Honduras, particularly the Ministry of Health, IHSS, and the National Congress, must take legislative and executive actions to reauthorize and enforce transparency measures. (Miller, 2023) ASJ would resume its critical role in monitoring procurement and reporting irregularities while strengthening its position in the country as a civil society watchdog. International development organizations, including the World Bank, IDB, and UNOPS, can provide technical assistance and financial resources to strengthen procurement standards.

Pharmaceutical suppliers will need to comply with reformed bidding procedures, and the Honduran public, particularly healthcare advocacy groups, will benefit from improved access to essential medicines while holding the government accountable. Domestic allies would include el Consejo Nacional Anticorrupción (CNA) and el Colegio Médico de Honduras. The CNA is an independent anti-corruption watchdog created under Decree No. 07-2005 that has investigated high-profile corruption cases in Honduras and could provide additional oversight and advocacy support (Quiénes Somos, 2025). Colegio Médico de Honduras is a professional association that ensures optimal conditions ranging from technology to academics so that Honduran doctors can professionally practice to their fullest potential (*MISSION* - Medical College, 2025).

Steps for Implementation and Timeline

The reform process should be phased strategically to build momentum and ensure sustainability. In the **initial three months**, the Inter-American Dialogue should engage key stakeholders, convene discussions between the Ministry of Health and ASJ, and secure commitments from international development organizations. A public awareness campaign should also be launched to highlight the past success of the Integrity Pact and the need for its reinstatement. This campaign would be launched by new allied domestic partners.

From **months four to six**, policy development and legislative action will be necessary. This phase includes drafting and advocating for legal reforms that introduce pre-qualification standards for vendors, competitive bidding processes, and a public procurement database. Political allies must be secured to champion these changes in Congress, while an official Memorandum of Understanding (MoU) should be developed between the Ministry of Health and ASJ to formalize oversight responsibilities. (Tegucigalpa, 2024) In order to create an effective reform, lessons learned from CICIG would guide investigative mechanisms. If possible, collaboration with the former lawyers and forensic accountants/specialists who worked under Guatemala's anti-corruption commission. (*Fact Sheet: The CICIG's Legacy in Fighting Corruption in Guatemala*, 2019)

During **months seven to twelve**, implementation and monitoring efforts should commence. The reinstated Integrity Pact should grant ASJ full access to procurement documents, ensure procurement integrity training for public officials, and establish a real-time public procurement database to track spending. Transparency must be reinforced through quarterly reports on procurement integrity. ASJ and CNA would be tasked with auditing and validating these reports before public release. An open data format would be used to allow organization such as el Colegio Médico de Honduras and other research organizations willing to take a watchdog role to track and flag corruption risks.

The final phase, covering **months twelve to eighteen**, will focus on evaluation and potential expansion. Stakeholder feedback will be gathered to refine the Integrity Pact framework, address challenges, and explore expansion into other areas of healthcare procurement. (Integrity pacts around the world, 2025)

Stakeholder Perspectives and Mitigating Resistance

While civil society organizations, international development partners, and healthcare advocacy groups will likely support these reforms, political actors with vested interests in opaque procurement practices may resist them. Some pharmaceutical suppliers accustomed to non-competitive procurement may also be hesitant. To mitigate resistance, the Inter-American Dialogue should emphasize the benefits of increased competition, lower drug prices, and improved public trust. It should also leverage international funding and technical assistance as incentives for government cooperation. (UNODC, 2019) Additionally, the supervising coalition should partner with independent media outlets and investigative journalists to expose and shame individual legislators. These outlets would be responsible for publishing data-driven reports highlighting who is receiving backing from questionable pharmaceutical suppliers and how they are obtaining it. Public pressure through media and advocacy campaigns will further encourage political will for reform.

Leadership and Strategic Advocacy

The Inter-American Dialogue must exercise strong leadership by acting as a neutral convener, providing evidence-based policy recommendations, and maintaining sustained engagement with stakeholders. Diplomatic outreach to international partners will be critical in securing necessary support. To ensure the greatest reach, partners such as the OAS, CAF, IDB, and the United States government should be contacted, due to their previous investments in the Honduran Healthcare system. Transparency and accountability should be at the forefront of the advocacy strategy to ensure long-term success.



Figure 6. *Demonstrating past collaborations between the most important international partners at their yearly conference to support Latin America and the Caribbean.*

Conclusion

Systemic corruption has severely undermined healthcare delivery in Honduras, disproportionately affecting rural, low-income, and marginalized communities. Despite constitutional guarantees, access to quality healthcare remains elusive for much of the population due to entrenched patronage networks, opaque procurement practices, and the diversion of public funds. In response, this report makes a compelling case for the reestablishment of the Integrity Pact model as a targeted, evidence-based solution to strengthen transparency and accountability in pharmaceutical procurement.

The Integrity Pact offers a high-impact, cost-effective strategy that aligns with the key evaluation criteria; effectiveness, cost, and political feasibility. Its prior success between 2017 and 2021 demonstrates its potential to increase supplier competition, stabilize medicine pricing, and improve trust in public health institutions. By reinstating and institutionalizing this mechanism, Honduras can take a meaningful step toward restoring integrity in its healthcare system and improving service delivery for those most in need.

The Inter-American Dialogue is uniquely positioned to lead this effort. Through a combination of strategic advocacy, stakeholder coordination, and evidence-driven research, the Dialogue can catalyze legislative and institutional reform. Its study on the effects of corruption in the healthcare sector provides a critical foundation for building public and political will. Moreover, by presenting the findings in Spanish and amplifying them through civil society and independent media, the Dialogue can foster local ownership and public pressure for change.

Ultimately, the successful reimplementation of the Integrity Pact would represent more than a procurement reform, it would signal a broader commitment to good governance and social equity in Honduras. If effectively championed and sustained, this initiative can serve as a replicable model for anti-corruption reform throughout Latin America, proving that systemic change is possible when international cooperation, political courage, and civic engagement align.

Appendix A: Estimating Alternative Costs

Reform Pharmaceutical Procurement

IP Infrastructure costs range between \$50,000 and \$200,000. This alternative would have two separate projects in the Ministry of Health and the IHSS, meaning the total cost would roughly be **\$400,000 maximum combined**.

Penalties for Corruption

Response to Crime in 2010	In Millions of U.S. Dollars	2025 Inflation Conversion
Police	46.3	63.0
Judicial Matters	47.5	64.6
Public Ministry/Prosecutor	23.0	31.28
Public Defender	0 (free)	0
Prison Administration	41.0	55.76
Total cost of crime	157.8	214.61

Figure 5. (Jaitman, 2015)

Access to reliable data on **criminal justice costs, prosecution rates, and imprisonment records** in Honduras remains limited. Among the available sources, **2010 was the only year with credible and consistent data**. That year, the cost of responding to crime was estimated at **1%** of Honduras' GDP (Jaitman, 2015).

With Honduras' 2010 GDP recorded at \$15.84 billion, this translates to an estimated **\$158.4 million** spent on crime response, closely aligning with the **\$157.8 million** shown in the chart above. (Honduras Data Commons)

In 2010, the total number of convictions across all crimes was **11,846**. (Honduras World Prison Brief, 2021)

However, when examining corruption cases specifically, data from ASJ's seven-year review of the criminal justice system reveals stark inefficiencies. Between 2008 and 2015, 3,741 corruption reports were submitted to the Ministerio Público (MP). Of these cases, 283 investigations were formally opened, 189 individuals were charged, and only 9 were convicted, averaging just **1.3 convictions per year** for corruption. (Sabet, 2020, p.28)

The following outlines the **estimated costs** associated with prosecuting and imprisoning an individual for corruption, providing insight into the financial burden of an underperforming judicial system.

$$158.4 \text{ million} \div 11,846 = \$13,371 \text{ per person,}$$

$$\text{Yearly rate: } 13,371 \times 1.3 = \$17,382.3$$

2025 Conversion: ~\$25,596.27 a year plus \$19,689.44 per person

Watchdog Probe Units

Assuming the cost of the Honduran Probe Units would be relatively close to the Guatemalan Units, we would multiply \$1.22 million by two for the Ministry of Health and the IHSS. This would be a rough estimate of **\$2.44 million**.

Commission a Study on the Impact of Corruption on Healthcare

Total cost calculations are still undetermined but would include travel costs for meetings, field research/surveys, media & public awareness campaigns, workshops/stakeholder meetings, or anything within the Dialogue's power.

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