

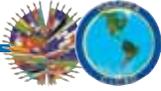
OEA/Ser.L/XIV.6.1
MEM/INF.2004 Add.19

ORGANIZATION OF AMERICAN STATES
Inter-American Drug Abuse Control Commission (CICAD)

Multilateral Evaluation Mechanism (MEM)
Governmental Expert Group (GEG)

HONDURAS

EVALUATION OF PROGRESS IN DRUG CONTROL
2003-2004



INTRODUCTION

Honduras has a total area of 112,492 km² and 1,520 km of border (to the north with the Caribbean sea, to the south and east with Nicaragua, 922 km; to the southwest with the Pacific ocean and El Salvador, 342 km; and to the west with Guatemala, 256 km), with 820 km of coastline. The country has a population of 6,823,568 (2004) with the following main ethnic groups: mestizo, Amerindian, black, and white, and a literacy rate of 79.7% (2003). Honduras is a democratic constitutional republic that is divided into 18 departments, which are divided in independent municipalities. The country has a GDP per capita of US\$714 and an inflation rate of 7.7% (2002). Honduran exports total US\$1,370 million annually, which is 28.12% of the GDP (2003) relying on the principal exports of coffee, bananas, shrimp, lobster, meat, zinc, and lumber.

I. INSTITUTIONAL STRENGTHENING/NATIONAL ANTI-DRUG STRATEGY

A. National Anti-Drug Plan and National Commission

Honduras reports that its National Anti-Drug Strategy was approved on November 9, 2000, updated in May/June 2002, and expires on December 31, 2006. Its budget source is the central government, government ministries, self-financing and international cooperation. The budget covers the following areas: institutional framework, demand reduction, supply reduction, control measures and program evaluation. The National Anti-Drug Trafficking Council is the central coordination authority and its budget is allocated through a budgetary transfer by the Ministry of Interior and Justice and international cooperation financing.

The country reports that the budgets for the implementation of the National Anti-Drug Strategy and the National Anti-Drug Trafficking Council are insufficient.

**Budget Assigned to the National
Anti-Drug Trafficking Council**

Year	Presupuesto Approved (US\$)	Total Budget Received (US\$)	Percentage Allocated by the Government	Percentage Contributions from Civil Society
2002	178,777.77	178,777.77	100%	N/A
2003	148,385.50	173,385.50	85.58%	N/A
2004	173,385.50	173,385.50	100%	N/A

CICAD notes an important increase in the budget allocation for the national strategy and the National Anti-Drug Trafficking Council during evaluation period 2003-2004. However, it notes with concern that, in spite of this, the country's needs to deal with the problem are not satisfied.

B. International Conventions

Honduras has signed and ratified the following Conventions:

- Inter-American Convention against Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials (1997).



- Inter-American Convention against Corruption (1996).
- The United Nations Convention against Transnational Organized Crime (2000).
- The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988).
- The United Nations Single Convention on Narcotic Drugs (1961), as amended by the 1972 Protocol.

The Inter-American Convention on Mutual Assistance in Criminal Matters is pending ratification. The country has also not ratified the United Nations Convention on Psychotropic Substances of 1971.

Additionally, the country has not ratified any of the three additional Protocols to the United Nations Convention against Transnational Organized Crime of 2000.

The country has signed bilateral agreements related to the drug problem with Argentina, Mexico, Spain, United States, and Venezuela.

CICAD considers that it is necessary for the country to ratify the three additional Protocols to the United Nations Convention against Transnational Organized Crime, the Inter-American Convention on Mutual Assistance in Criminal Matters, and the United Nations Convention on Psychotropic Substances. The foregoing is important for the purposes of strengthening the country's institutional framework.

RECOMMENDATIONS:

1. RATIFY THE UNITED NATIONS CONVENTION ON PSYCHOTROPIC SUBSTANCES OF 1971, A RECOMMENDATION REITERATED FROM THE FIRST EVALUATION ROUND, 1999-2000.
2. RATIFY THE 1992 INTER-AMERICAN CONVENTION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS, A RECOMMENDATION REITERATED FROM THE FIRST EVALUATION ROUND, 1999-2000.
3. RATIFY THE FOLLOWING PROTOCOLS OF THE UNITED NATIONS CONVENTION AGAINST TRANSNATIONAL ORGANIZED CRIME, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002:
 - A) THE PROTOCOL AGAINST THE SMUGGLING OF MIGRANTS BY LAND, SEA AND AIR.
 - B) THE PROTOCOL AGAINST ILLICIT MANUFACTURING OF AND TRAFFICKING IN FIREARMS, THEIR PARTS AND COMPONENTS AND AMMUNITION.
 - C) THE PROTOCOL TO PREVENT, SUPPRESS AND PUNISH TRAFFICKING IN PERSONS, ESPECIALLY WOMEN AND CHILDREN.

C. National Information System

The country reports that the Honduran Observatory on Drugs (OHSD) was not operational in the first quarter of 2003, owing to a lack of interagency coordination, incompatibility of computer platforms, and inconsistency in the format of the tables used by the agencies. The OHSD resumed its activities in July 2003 with an evaluation of its current situation, and the design of a plan of action. Additionally, it is using the methodologies of the Inter-American Drug Use Data System (SIDUC) and the Uniform Drug Supply Control Statistical System (CICDAT).



The country reports that a lack of financial and technical capacity and inadequate inter-institutional coordination prevents it from compiling, analyzing and reporting statistics on drug use and the control of supply. In view of the foregoing, the country's ability to disseminate general information on drugs is deficient. The country uses web pages, libraries, universities and research institutes, national publications, press media, e-mail and fax services, publications and reports from the national anti-drug authority to disseminate information.

CICAD recognizes the efforts of the country to improve the system for generation, collection, analysis, and distribution of information. CICAD notes that the country faces limitations such as the lack of financial and technical capacity and inadequate inter-institutional coordination.

RECOMMENDATION:

4. **STRENGTHEN THE HONDURAN OBSERVATORY ON DRUGS IN ORDER TO ENSURE ITS EFFECTIVE OPERATION.**

II. DEMAND REDUCTION

A. Prevention

Honduras reports that a series of drug abuse programs has been implemented in key populations during the 2003-2004 evaluation period. These programs have been directed at schoolchildren and college students, out of school youths, parents, and other groups at risk. The country reports that it has not envisioned the development of prevention programs targeting indigenous populations.

Number of Participants in Prevention Programs in Target Populations

Target Population	2003	2004
Schoolchildren and university students	62,792	79,079
Primary	35,309	33,539
Secondary	27,483	44,891
University	0	649
Community programs for youth	1,550	401
Out of school youths	1,025	70
Child workers	90	0
Street children	435	331
Community programs for adults	8,203	9,671
Parents	8,103	9,671
Women	100	0
Indigenous groups	0	0
Prisoners	0	0
Other groups at risk	3,859	2,070
Heavy-truck drivers	76	106
Community leaders	30	130
Police	1,585	1,049
Teachers	2,145	658
Firemen	23	75
Judges	0	52



Honduras informs that no drug abuse prevention program evaluations have been carried out during the years 2003-2004, due to a lack of resources and methodologies.

The country reports that four resident physicians in psychiatry, 30 officials from NGOs, and eight officials of the Honduran Institute for the Prevention of Alcoholism, Drug Addiction and Drug Dependency (IHADFA) took part in refresher courses. Courses that include subjects on drug-related prevention and/or treatment are covered by the Faculty of Medicine, and the School of Nursing and Public Health of the National Autonomous University of Honduras (UNAH); and the School of Auxiliary Nurses under the Ministry of Health. Two professionals are in the process of graduating from the Ibero-American Online Master's Degree in Drug Dependency run by Costa Rica, and another is taking the Ibero-American Online Master's Degree in Drug Dependency at Universidad Miguel Hernández Alicante, Spain. The country reports that training courses provided during the evaluation period do not satisfy the country's needs.

CICAD notes with concern that Honduras is not developing prevention programs in key populations such as adults in the workplace, prison inmates, and specifically for indigenous populations, given that this group represents 7.2% of the general population. However, it recognizes the efforts made on implementing programs for schoolchildren and university students, and community programs for adults, where an increase in their coverage can be noted.

RECOMMENDATIONS:

5. IMPLEMENT THE NATIONAL ANTI-DRUG PLAN IN THE AREA OF DEMAND REDUCTION, FOCUSING ON POPULATIONS AT-RISK.
6. CARRY OUT EVALUATIONS OF DRUG ABUSE PREVENTION PROGRAMS.

B. Treatment

Honduras reports that minimum standards on the treatment of substance addicts have been set, are mandatory, and were approved by the IHADFA Board Meeting on February 10, 2004. It has not been possible to use these standards in evaluating existing programs, due to the lack of human and financial resources. IHADFA is the institution responsible for registering, accrediting, supervising and assessing services and programs, and keeps records of treatment centers and programs.

Honduras reports that there are seven programs for outpatients, one public and six private, which offer treatment to adults of both sexes; and nine residential programs, three public and six private, which only serve adult males. Social Reinsertion and Follow-Up schemes are private with nationwide coverage. The country informs that there are two private programs specifically for persons involved in maras or gangs. During the evaluation period, 2,489 persons received treatment in 2003 and 7,047 in 2004. The country reports that no record is kept of individuals who sought treatment but did not receive it because treatment centers care for everyone who seeks treatment.

CICAD recognizes the efforts made by the country in the establishment of minimum standards of care for drug dependent persons and encourages the country to develop mechanisms to fully implement them.

RECOMMENDATION:

7. IMPLEMENT MINIMUM STANDARDS OF CARE FOR DRUG DEPENDENTS, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.



C. Statistics on Consumption

Honduras reports that no studies have been conducted on the prevalence of drug use among the general population during the evaluation period 2003-2004. No impact and/or effectiveness evaluations of the different treatment and rehabilitation programs were implemented due to a lack of financing. With respect to prevalence in specific populations, the country provides data obtained from a survey carried out in 2002, targeting secondary school students aged 15 to 20. This survey establishes 16 years as the average starting age for the use of alcohol, tobacco, solvents or inhalants, marijuana, hallucinogens, cocaine HCL, crack, amphetamines, tranquilizers, sedatives and depressants.

During the evaluation period, the country has not made any estimates on students in secondary education who perceive drug use as harmful. Consequently, IHADFA and the Department of Education are in the process of implementing the Project on the Extent of Drug Use in young Honduran students, which has a budget allocation from CICAD/OAS and will be conducted using the SIDUC methodology.

The country reports that it has registered eleven cases of drug-related deaths. In nine cases the victim was male and in two the victim was female; most deaths were attributed to the use of alcohol. No information was provided on drug-related morbidity and new trends in drug use.

Honduras reports that it has estimated data and records on drug-related crimes and accidents, but does not provide these figures.

CICAD expresses its concern regarding the lack of studies on drug-related morbidity, mortality, crime, and accidents connected with drug use and abuse.

CICAD notes that there is a lack of statistical data on drug consumption by drug dependents interned in treatment centers.

RECOMMENDATIONS:

8. CARRY OUT STUDIES TO DETERMINE THE EXTENT AND CHARACTERISTICS OF DRUG USE IN THE GENERAL POPULATION.
9. CARRY OUT DRUG USE AND ABUSE MORBIDITY AND MORTALITY STUDIES, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.

III. SUPPLY REDUCTION

A. Drug Production and Alternative Development

Honduras reports that 6 and 2 hectares of cultivated areas of cannabis have been detected in 2002 and 2003, respectively. No data were provided on potential production of raw material and drug production because the country does not have a "baseline" that would enable it to make such a measurement. No coca or poppy growing zones have been detected.

Plans to introduce development programs include an integral development project prepared for the border zone of La Mosquitia, which has a high volume of drug movement. The project has been submitted to international organizations and cooperating countries with a view to obtaining financing.



The country also reports that no cannabis grown indoors has been detected. Four hectares were manually eradicated in 2002; while 2 hectares were left uncultivated in 2003. The cost of eradication amounted to US\$40,000 (2002) and US\$35,000 (2003).

The country indicates that a method employed to conceal illicit plantations is to use the foliage of other crops. It also reports that there is no mechanism for detecting illicit crops.

Honduras reports that no illegal laboratories for the production or manufacture of illicit drugs have been detected.

CICAD notes the lack of appropriate mechanisms for monitoring illicit crops.

RECOMMENDATION:

10. IMPLEMENT A SYSTEM TO REGISTER INFORMATION ON THE EXTENT OF ILLICIT CROPS AND POTENTIAL PRODUCTION.

B. Supply Reduction and Control of Pharmaceutical Products and Chemical Substances

Pharmaceutical Products

The Section for the Control of Narcotics and Other Dangerous Drugs, under the Department of Pharmacy of the Ministry of Health is the national agency responsible for controlling the export, import, production and distribution of all pharmaceuticals listed in the United Nations Conventions. The country reports that the main factors preventing the Section from fulfilling its responsibilities are insufficient human resources, lack of coordination, outdated regulations and insufficient authority. The country has started a process to increase the awareness of drug control and inspection mechanisms at the political and administrative levels of the Health Ministry, with regard to the chain of production (pharmaceutical laboratories), and consumption (distribution outlets: drug stores and pharmacies). Licensing and inspection activities are conducted to evaluate the effectiveness of these entities.

Honduras reports the existence of controls and regulations on the use and distribution of pharmaceutical products for health professionals: Provisions have been made in the national laws for criminal, civil and administrative sanctions against the diversion of pharmaceutical products. During the evaluation period, 49 administrative sanctions were applied during 2003, and 8 sanctions in 2004. There is no formal mechanism to evaluate the effectiveness of use and distribution control, as resources are limited, regulation is poor, and authority insufficient. The control process is being strengthened by updating the legal framework and the control and inspection processes to prevent these products from being diverted. There were no seizures of pharmaceutical products during the evaluation period.

CICAD recognizes that the country is updating its laws and regulations to control pharmaceutical products. However, it is necessary for the country to effectively strengthen the existing juridical framework and the responsible agencies in order to surpass the limitations indicated by the country.

RECOMMENDATIONS:

11. IMPLEMENT A PROGRAM TO EVALUATE CONTROLS AND REGULATIONS ON PHARMACEUTICAL PRODUCTS.



12. ENSURE THE EFFECTIVE OPERATION OF THE SYSTEM FOR PREVENTING THE DIVERSION OF PHARMACEUTICALS, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.

Controlled Chemical Substances

The institutions responsible for the control of chemical substances are the Section for the Control of Narcotics and other Dangerous Drugs of the Ministry of Health, and the Customs Department of the Executive Directorate of Revenues (DEI). These authorities are responsible for the control of licenses, follow-up of distributions, investigations, regulatory control, administrative sanctions, registration of license holders and pre-import/export notifications. The Ministry of Health is responsible for controlling imports/exports and making inspections, and the DEI is responsible for the control of transportation. The country also has licensing and inspection mechanisms to evaluate the effectiveness of these entities. The main problems faced are: limited resources, poor regulation, insufficient authority and deficient inter-institutional coordination. To surpass these weaknesses, the country is establishing measures to strengthen the existing legal framework and the regulatory function of the Ministry of Health.

The country has national laws and/or regulations in place (criminal, civil and administrative) for the control of chemical substances. These are contained in the Law against the Misuse of and Illicit Trafficking in Narcotics and Psychotropic Substances, Regulations of the Pharmaceutical Law of the Republic of Honduras, Pharmaceuticals Law of the Association of Chemists and Pharmacists of Honduras, Regulations for the Control of Heroic Drugs and Narcotics, and the Health Code. No penal, civil, or administrative sanctions were applied during the evaluation period for chemical substance diversion. During years 2003 and 2004, weaknesses were detected in the control and inspection of these substances, due to poor national coverage. To solve this problem, a census of all companies was conducted during the second half of 2004, with support from the World Bank.

During the evaluation period, no exports of chemical substances were authorized, and no pre-import notifications received; neither were there any seizures of controlled chemical substances.

CICAD recognizes that Honduras has in place legal and regulatory standards on controlled pharmaceutical and chemical products; however, it needs to revise the law to strengthen the existing legal framework, as well as strengthen the responsible entities, in order to remedy weaknesses as regards human resources and the lack of coordination.

RECOMMENDATION:

13. ENSURE THE EFFECTIVE OPERATION OF THE SYSTEM FOR PREVENTING THE DIVERSION OF CONTROLLED CHEMICAL SUBSTANCES, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.

IV. CONTROL MEASURES

A. Illicit Drug Trafficking

Honduras reports the number of drug seizures and amounts seized, showing a significant increase compared with the previous evaluation period 2001-2002, in substances such as cocaine base, cocaine HCL, crack, cannabis plants, and cannabis leaves. The Criminal Code states that when toxic drugs, narcotics or psychotropic substances are seized, the jurisdictional body shall order their destruction, retaining sufficient samples for any tests or research that may later be necessary.



The country reports that the drugs seized are incinerated.

Number of Illicit Substance Seizures

Type of drug	Number of Seizures		
	2002	2003	2004
Heroin	0	2	2
Base cocaine	3	6	11
Cocaine HCL	83	135	216
Crack	32	45	81
Cannabis plants	11	28	15
Cannabis herb	343	423	320
Cannabis seed	1	0	1

Quantity of Illicit Substances Seized

Type of drug	Unit of Measure	Amount		
		2002	2003	2004
Heroin	Kilos	0.00	14.00	10.38
Base cocaine	Kilos	15.00	1,318.00	3,929.60
Cocaine salts	Kilos	76.00	5,648.00	3,932.60
Crack	Stones	708.00	2,357.00	3,991.00
Cannabis plants	Plants	41,402.00	365,881.00	79,169.00
Cannabis leaves (herb)	Kilos	415.30	1,473.23	1,465.75
Cannabis seeds	Kilos	13.62	9.30	0.91
Marijuana cigars	Units	1,127.00	5,398.00	3,762

Honduras reports an increase in the number of persons arrested and tried for illegal drug trafficking between years 2002 and 2003. Illegal drug trafficking is criminalized and sanctioned under the Law against the Misuse of and Illicit Trafficking in Narcotics and Psychotropic Substances.

Number of Persons Arrested, Tried and Convicted for Illicit Drug Trafficking

Year	Number of Persons Arrested	Number of Persons Tried	Number of Persons Convicted
2002	722	254	133
2003	1,094	459	130
2004*	285	399	12

* Partial data up to May, 2004

The country reports an increase in the number of people tried and convicted for illicit possession of drugs between years 2002 and 2003. The Law against the Misuse of and Illicit Trafficking in Narcotics and Psychotropic Substances does not state the exact amount of drugs that determines possession for personal consumption. The technical standard used to determine personal use is the opinion of the Forensic Medicine Laboratory of the Office of the Attorney General, which considers that the limit for personal use of cocaine is five grams. The Code of Criminal Procedure establishes measures to substitute the penalty. These can be applied if criminal action is suspended. For instance, 30 days imprisonment and a fine for the first offence; 30 to 90 days imprisonment and a fine for the second; if it is determined that the person is drug dependent, he or she will be admitted for treatment, rehabilitation and social reinsertion.



**Number of Persons Tried and Convicted
for Illicit Possession of Drugs**

Year	Number of persons Tried	Number of Persons Convicted
2002	18	12
2003	72	39
2004*	3	12

* Partial data up to May, 2004

The country reports that the methods used to foster the exchange of operative and inter-institutional information on the control of illegal drug trafficking are: joint operations, joint training and inter-institutional information systems. There is no formal mechanism to evaluate the effectiveness of the established methods. The obstacle faced is a lack of coordination between the many participating agencies, which belong to different government institutions. Starting in 2003, a team of anti-drug operators has been trained through a multi-agency effort. Information is exchanged on an international scale with anti-drug agencies in different countries.

Honduras reports that in order to promote or facilitate the timely exchange of operational information and collaboration between authorities, the country uses joint operations, training courses, and inter-institutional communication networks. These measures do not have any evaluation mechanism. As regards the investigation and prosecution of drug traffickers, a request was made in 2003 and two requests were received from Colombia in 2003. The corresponding documentation is in the process of being authenticated.

Honduras reports that it has not made or received extradition requests for cases of illicit drug trafficking during the evaluation period.

CICAD views with satisfaction the increase of actions to control illicit drug trafficking. However, it observes a lack of coordination between the responsible agencies.

B. Firearms and Ammunition

Honduras reports that authority to grant and cancel licenses and permits for the import, transit and export of firearms, ammunition and explosives, resides with the Defense Ministry through the Armed Forces of Honduras. The Ministry of Security, through the General Directorate of Preventive Police, is the entity responsible for controlling the possession, ownership, use and trafficking of firearms, ammunition, explosives and related materials. An inter-institutional committee handles the mechanisms for exchanging information and inter-agency cooperation through joint forces, joint training and exchange of official information. The effectiveness of the participating entities is assessed at inter-institutional meetings; information has been standardized to resolve special cases through the exchange of information on verified records. The main obstacle is the lack of a complete nationwide database.

The country reports the existence of the Law on the Control of Firearms, Explosives and Related Materials, Decree No. 30-2000 of 2000. During the evaluation period, Legislative Decree 101-2003 was passed to control the possession, use of and traffic in firearms, ammunition, explosives or related materials. The Criminal Code, reformed by Decree 125-2003 and in force as of January 16, 2004, defines the crimes of manufacture of and traffic in war materials, weapons and ammunition.

Honduras reports that Decree 30-2000, in force as of January 1, 2001, regulates the authorization of import or transit permits for firearms, ammunition, explosives and other related materials.



The current legal framework was created to prevent and control the diversion of firearms, ammunition, explosives, and other related materials, and regulates their import, transit, and export. However, Honduras indicates that it is not an exporter of such items and only records the movement of such materials in-transit. There is no record of export permits granted or refused in the 2003-2004 evaluation period.

In January 2004, a mining company's request for permission to manufacture 300 tons per month of ANFO (a mixture of ammonium nitrate with diesel) was denied; similarly, on August 30, 2004, permission was refused for importation of a shipment of firearms.

Also, the country reports that its legislation establishes administrative controls to prevent the diversion of firearms, ammunition, explosives, and other related materials. However, no administrative sanctions were imposed in the period under evaluation 2003-2004.

Honduras reports that four persons were arrested and three convicted in 2003 for possession of and illegal traffic in firearms and ammunition.

The country confiscated 141 firearms and 447 ammunitions in 2002; 83 firearms in 2003; 20 firearms in 2004; but provides no information on the number of arrests or operations carried out for illicit trafficking of firearms, ammunition, and explosives related to illicit drug trafficking.

Number of Seizures of Firearms, Ammunition, and Explosives in Connection with Illicit Drug Trafficking

	2002	2003	2004	Total
Firearms	113	13	7	133
Ammunition	266	74	6,222	6,562
Explosives	-	-	1	1

Honduras informs that its national laws require the marking of firearms when they are manufactured, when they are imported and for official use after they have been seized or confiscated.

The country reports that the Directorate of Criminal Investigations (DGIC) of the Secretariat of Security inaugurated the National Firearms Registry on June 14, 2004, and reports that a total of 97,360 weapons of different calibers were registered in the seven regions of the country.

Honduras reports that the Armed Forces, Defense Ministry, Directorate of Preventive Police and the DGIC are the entities responsible for the exchange of information and collaboration with institutions from other countries. The exchange of information is done through official requests for information.

The country does not report on the number of requests made to other countries to obtain information related to shipments of firearms, ammunition, explosives and other related materials.

CICAD recognizes the progress made by Honduras as regards adoption, broadening, and application of laws on firearms and ammunition. It is important for the country to systematize information on firearms and ammunition in order to increase the effectiveness of the responsible entities.



RECOMMENDATIONS:

14. CREATE A DATABASE ON ARRESTS, OPERATIONS AND SEIZURES RELATED TO THE ILLICIT TRAFFICKING OF FIREARMS, AMMUNITION, EXPLOSIVES, AND OTHER RELATED MATERIALS IN CONNECTION WITH ILLICIT DRUG TRAFFICKING.
15. ESTABLISH A REGISTRY OR DATABASE WITH INFORMATION ON LICENSES, IMPORTATIONS, EXPORTATIONS, AND TRANSIT OF FIREARMS, AMMUNITION, EXPLOSIVES, AND OTHER RELATED MATERIALS.

C. Money Laundering

Honduras reports that the Law against Money Laundering criminalizes this offense with regard to the following predicate offenses: illegal drug trafficking; trafficking in firearms, trafficking in persons, trafficking in human organs, influence peddling, theft or robbery of vehicles, theft from financial institutions, financial fraud in public or private activities, kidnapping, terrorism and related crimes, and the laundering of money not resulting from a legal financial justification or cause, and their financing and fraud.

The country informs that, according to its legislation, the crime of money laundering is considered by the judicial bodies as autonomous from any other offense contained in the country's legal framework or its special penal legislation.

The country reports that the Law against Money Laundering regulates the following actions for combating this crime: police operations, undercover investigations, electronic surveillance, use of informants, controlled deliveries, and sentence reduction for cooperating witnesses.

The country's legislation covers administrative controls for private and State banks, financial organizations, exchange bureaus, stock exchanges, insurance companies, casinos, cross-border movement of cash or securities, lotteries, savings and loan cooperatives, and money remittance companies. However, the following are not regulated: offshore banks, real estate agencies, attorneys, notaries and accountants.

The country provides information on persons arrested, tried and convicted for money laundering, presented in the following table:

**Persons Arrested, Tried, and
Convicted for Money Laundering**

Year	Number of Persons Arrested	Number of Persons Tried	Number of Persons Convicted
2002	15	20	0
2003	18	16	4
2004	40	40	5

The country's laws on money laundering require financial institutions and other responsible entities to report suspicious or unusual transactions, report large transactions, maintain customer records, verify customer identities, record transactions, keep registers, and prohibit anonymous accounts. Also, these institutions must have compliance officers, independent auditors, "know your client" policies and "know your employee" policies. The law exempts financial institutions and others responsible from liability for reporting suspicious transactions.



Honduras reports that the institutions required to report to the Financial Intelligence Unit (FIU) provided information on 45 suspicious transactions. The Money Laundering Unit of the Organized Crime Prosecutor's Office has initiated the investigation of all of these suspicious transactions. Of all the suspicious transactions reported in 2002, 2003 and 2004, prosecution has been initiated in only two cases, one in 2003 and the other in 2004.

The country reports that, in the period under evaluation, no sanctions were imposed in relation to suspicious transactions. Four sanctions were reported in 2003 for failure to comply with money laundering regulations.

The country reports that it is possible to obtain financial records and documents; these may be requested in accordance with current legislation on the matter for purposes of financial intelligence and lawsuits. Money laundering investigations are conducted through a request to lift bank secrecy and are made through the FIU. These requests for information were made to 97 institutions distributed in 16 private banks, 2 State banks, 9 financial organizations, 29 savings and loan cooperatives, 9 currency exchange bureaus, 16 money transfer companies, 12 insurance companies, 1 credit card issuer, 1 savings and loan association and 2 lotteries.

Year	Number of Cases of Money Laundering	Number of Requests to Obtain Documents from Banks or Other Financial Institutions	Number of Cases in which Financial Records and Documents were Obtained
2002	57	57	57
2003	169	169	169
2004	166	166	166

As of July 2004, the requesting system was changed in relation to the terrorism lists. Previously, information was requested by a decision of the National Banking and Insurance Commission and it was compiled, analyzed and disseminated by the FIU. Currently, the request is made directly by the FIU. From July to December 2004, requests on 10 lists related to terrorism were addressed.

When information is requested by the Prosecutor General's office, a case is opened and, often, complementary information is subsequently requested on the same case, particularly when analysis reveals that other individuals are linked to those originally investigated. During 2004, the FIU addressed 123 requests for information complementary to 2003 and 2004 cases and suspicious transactions.

Honduras reports the existence of the Office of Seized Assets (OABI) by legal mandate under Decree Law # 45-2002. Cash amounting to approximately US\$2.6 million was seized in 2003 and cash amounting to US\$2.3 million was seized in 2004.

The country reports the existence of an entity that manages and/or disposes of seized and confiscated assets from illegal drug trafficking. This Recoveries Department comes under the Office of the Attorney General of the Republic. There is another entity responsible for managing and/or disposing of the property seized from money laundering, called the Seized Property Administration Office. This entity comes under the Prosecutor General's Office.

The country reports that the Financial Information Unit (FIU), which comes under the National Banking and Insurance Commission's Superintendency of Compliance and Special Regimes, is in charge of analyzing, regulating, sanctioning, receiving and communicating conclusions: The FIU can request to see all the transactions made by an individual or entity in the Institutions under obligation to report transactions, and obtain documentation to support them. It shares information with other state institutions and similar foreign institutions.



The FIU has nine officials and its own budget, which amounts to approximately US\$710,000.

Activities of the Financial Intelligence Unit

Year	Number of Financial Reports/Cases Analyzed or Investigated
2002	62
2003	223
2004	334

The country reports that the FIU is not a member of the Egmont Group; however, it participated as a FIU observer at the Egmont plenary in 2003 and 2004 and has signed a memorandum of understanding enabling it to exchange information with 11 countries, although the regulations allow information to be shared without having signed a memorandum.

Honduras reports that during the evaluation period 2003-2004, no extradition requests have been made to, or received from, other countries regarding money laundering. The Supreme Court of Justice is the body responsible for extradition proceedings; the legislation in force provides for extradition of foreigners, but without exception, nationals may not be extradited.

The country reports that the Prosecutor General's Office and the Supreme Court of Justice are the central authority that receive requests for preventive embargos. No requests for preventive embargos of property from money laundering were received during 2003 and 2004.

Honduras reports that during the period 2002-2004, it implemented procedures to obtain bank documents and financial records from other countries. Five requests were made in 2002, seventeen in 2003 and six in 2004, receiving replies to all of them.

As regards special training on administering money laundering cases, the country reports that during the evaluation period 2003-2004, 42 trial judges, 79 professional judges, 17 appeals court magistrates and 33 prosecutors were trained; 4 appeals court magistrates, 28 trial judges and 47 professional judges of those trained continue to perform the same functions.

The country reports that, during the evaluation period, the 11 administrative officials of the Financial Intelligence Unit and other agencies responsible for the money laundering regulatory agencies have been trained continue to perform the same functions.

Honduras has a system for prevention and control of money laundering that meets the basic standards contained in the CICAD Model Regulations. However, CICAD considers that the country should update its laws in order to add new predicate offences for money laundering and increase the sectors subject to administrative controls.

CICAD recognizes the efforts made by Honduras to provide training in the application of anti-money laundering standards to judges and civil servants.

RECOMMENDATIONS:

16. EXPAND THE SCOPE OF THE LAW AGAINST MONEY LAUNDERING TO INCLUDE PROSTITUTION, PORNOGRAPHY, EXTORTION, AND CRIMES AGAINST PUBLIC ADMINISTRATION AS PREDICATE OFFENSES FOR MONEY LAUNDERING.
17. EXPAND THE SCOPE OF THE LAWS IN FORCE ON MONEY LAUNDERING TO ENCOMPASS OFFSHORE BANKS, REAL ESTATE AGENCIES, LAWYERS, NOTARIES AND ACCOUNTANTS.



D. Corruption

Honduras reports that, in relation to corruption, during the evaluation period 2003-2004, Decree 10-2002-E was passed which came into force on January 20, 2003, together with the National Accounts Tribunal Law, which refers to the deviation of property administered by government officials for personal gain.

The remaining acts of corruption according to the Inter-American Convention against Corruption are determined in the Code of Criminal Procedure under the heading Crimes against Public Administration which entered into effect before the evaluation period and contains the following offenses: Abuse of Authority and Infringement of the Duties of Government Officials, Bribery, Misappropriation of Public Funds, Participation in Negotiations Incompatible with Public Functions, Fraud and Illegal Exaction, and Breach. The country provided information on the number of government officials arrested, tried and convicted for corruption during the evaluation period:

Officials Arrested, Tried, and Convicted for Corruption

Year	Number of People Arrested	Number of People Tried	Number of People Convicted
2002	5	4	2
2003	7	6	3
2004	37	37	6

CICAD considers that Honduras has made efforts to strengthen and broaden the scope of criminal laws on corruption, as is reflected in the information provided, and urges the country to continue strengthening its legal framework.

E. Organized Crime

As regards organized crime, Honduras reports that common criminal groups have become more specialized and have increased assets. It also reports that new trends have been identified such as: an important increase in murders and kidnappings related to drug trafficking and the complexity of their investigation.

Honduras reports that measures have been adopted to counteract these trends, such as strengthening operational border control forces; improving the anti-drug intelligence structures, tightening criminal and procedural legislation in force, and modernizing justice administration systems.

The country reports that it has established legal mechanisms in this area, such the Anti-Drug Law and the Anti-Money Laundering Law, reform of the Criminal Code with the aggravating circumstance of unlawful association; penalization of unlawful possession of weapons ammunition and war explosives, and the ratification of conventions against transnational organized crime.

The institutions responsible for applying laws against organized crime are: the Joint Information Center (CEINCO), the Special Prosecutor's Office for the suppression of Organized Crime (FESCCO), the Directorate for the Fight against Drug Trafficking (DLCN), the Judiciary, the General Directorate of Criminal Investigation (DGIC), the General Directorate of Special Services (DGSEI), and the General Directorate of Preventive Police (DFPP).



The country reports that the areas in which training is most urgently required are: basic investigative techniques (training of new agents), basic procedural legal instruction (to strengthen and align the processes already developed by the police forces), control of chemical precursors (to strengthen and align the processes already developed by the police forces), specialization in money laundering investigation techniques, specialized electronic surveillance procedures, methodology for the analysis and production of intelligence, focus on suspicious passengers and/or containers at ports, airports and customs, and basic training on canine detection techniques for guides as well as for dog trainers.

CICAD recognizes that Honduras has made progress in the fight against organized crime, by strengthening its laws, which include provisions on money laundering and corruption, seizure and confiscation, interdiction operations, and protection and assistance for victims; and encourages the country to improve the training mechanisms for the agencies responsible for enforcing the law against organized crime.



V. CONCLUSIONS

CICAD notes that Honduras has continued to make efforts to confront the drug problem, with its National Anti-Drug Strategy and the National Anti-Drug Council. Nonetheless, the budget allocated is insufficient to deal with the problem.

In the area of prevention, Honduras is developing programs in the education sector. Also, the country has made progress during the evaluation period with the development of diplomas, undergraduate programs, and professional training on drug use prevention, treatment, and research. The country has also facilitated regional and international exchange training programs for professionals in this area. However, the country shows weaknesses in the development of programs for key populations such as in the workplace, for indigenous populations and for women.

CICAD recognizes that Honduras has approved the minimum standards of care for treating drug abuse and that implementing them effectively in the short-term is a challenge for the country.

CICAD recognizes the steps taken toward conducting the study on the extent of drug use in young Honduran students. However, the country shows weaknesses with respect to the overall information system and research on drug abuse in other population groups, and in its inter-institutional cooperation. To surpass this problem, the country should improve its information platform, by homogenizing the databases used by the institutions involved. CICAD encourages the country to consolidate its national system, so it can be used as a base to analyze the drug problem in the country.

Honduras has legal and regulatory standards for the control of pharmaceuticals and controlled chemical substances. However, it must ratify the United Nations Convention on Psychotropic Substances and review the law to strengthen the existing legal framework to enable it to exercise more effective control.

CICAD notes the steps taken by the country to establish a team of operatives in anti-drug issues for the development of drug seizure operations and for the preparation of trial investigation processes. The country is establishing a closer working relationship between the different institutions involved, in order to unify criteria and resources, both material and human, to control illicit drug trafficking. CICAD encourages the country to continue strengthening this team, so it can collaborate in the efforts to exchange operative information in the area of illicit drug trafficking.

CICAD also notes that progress has been made in adopting legislation in the area of firearms, ammunition and explosives. An inter-institutional committee was formed that coordinates operations, develops joint training courses and exchanges information.

The country has a money laundering prevention and control system that meets the basic standards established in the CICAD Model Regulations. However, it should expand the legislation on money laundering to consider the predicate offenses of prostitution, pornography, extortion and crimes against the public administration. Similarly, it should expand current legislation in order to regulate off-shore banks, real estate agencies, lawyers, notaries and accountants.

The country has trained judges and administrative officials in the application of money laundering laws.

CICAD recognizes the efforts made within the MEM and encourages Honduras to continue its progress toward implementing its strategy to combat the drug problem.



VI. SUMMARY OF RECOMMENDATIONS

The following recommendations are assigned to Honduras in order to assist the country in strengthening its policies to combat the problem of drugs and related activities and increase multilateral cooperation in the Hemisphere:

INSTITUTIONAL BUILDING

1. RATIFY THE UNITED NATIONS CONVENTION ON PSYCHOTROPIC SUBSTANCES OF 1971, A RECOMMENDATION REITERATED FROM THE FIRST EVALUATION ROUND, 1999-2000.
2. RATIFY THE 1992 INTER-AMERICAN CONVENTION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS, A RECOMMENDATION REITERATED FROM THE FIRST EVALUATION ROUND, 1999-2000.
3. RATIFY THE FOLLOWING PROTOCOLS OF THE UNITED NATIONS CONVENTION AGAINST TRANSNATIONAL ORGANIZED CRIME, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002:
 - A) THE PROTOCOL AGAINST THE SMUGGLING OF MIGRANTS BY LAND, SEA AND AIR.
 - B) THE PROTOCOL AGAINST ILLICIT MANUFACTURING OF AND TRAFFICKING IN FIREARMS, THEIR PARTS AND COMPONENTS AND AMMUNITION.
 - C) THE PROTOCOL TO PREVENT, SUPPRESS AND PUNISH TRAFFICKING IN PERSONS, ESPECIALLY WOMEN AND CHILDREN.
4. STRENGTHEN THE HONDURAN OBSERVATORY ON DRUGS IN ORDER TO ENSURE ITS EFFECTIVE OPERATION.

DEMAND REDUCTION

5. IMPLEMENT THE NATIONAL ANTI-DRUG PLAN IN THE AREA OF DEMAND REDUCTION, FOCUSING ON POPULATIONS AT-RISK.
6. CARRY OUT EVALUATIONS OF DRUG ABUSE PREVENTION PROGRAMS.
7. IMPLEMENT MINIMUM STANDARDS OF CARE FOR DRUG DEPENDENTS, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.
8. CARRY OUT STUDIES TO DETERMINE THE EXTENT AND CHARACTERISTICS OF DRUG USE IN THE GENERAL POPULATION.
9. CARRY OUT DRUG USE AND ABUSE MORBIDITY AND MORTALITY STUDIES, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.



SUPPLY REDUCTION

10. IMPLEMENT A SYSTEM TO REGISTER INFORMATION ON THE EXTENT OF ILLICIT CROPS AND POTENTIAL PRODUCTION.
11. IMPLEMENT A PROGRAM TO EVALUATE CONTROLS AND REGULATIONS ON PHARMACEUTICAL PRODUCTS.
12. ENSURE THE EFFECTIVE OPERATION OF THE SYSTEM FOR PREVENTING THE DIVERSION OF PHARMACEUTICALS, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.
13. ENSURE THE EFFECTIVE OPERATION OF THE SYSTEM FOR PREVENTING THE DIVERSION OF CONTROLLED CHEMICAL SUBSTANCES, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.

CONTROL MEASURES

14. CREATE A DATABASE ON ARRESTS, OPERATIONS AND SEIZURES RELATED TO THE ILLICIT TRAFFICKING OF FIREARMS, AMMUNITION, EXPLOSIVES, AND OTHER RELATED MATERIALS IN CONNECTION WITH ILLICIT DRUG TRAFFICKING.
15. ESTABLISH A REGISTRY OR DATABASE WITH INFORMATION ON LICENSES, IMPORTATIONS, EXPORTATIONS, AND TRANSIT OF FIREARMS, AMMUNITION, EXPLOSIVES, AND OTHER RELATED MATERIALS.
16. EXPAND THE SCOPE OF THE LAW AGAINST MONEY LAUNDERING TO INCLUDE PROSTITUTION, PORNOGRAPHY, EXTORTION, AND CRIMES AGAINST PUBLIC ADMINISTRATION AS PREDICATE OFFENSES FOR MONEY LAUNDERING.
17. EXPAND THE SCOPE OF THE LAWS IN FORCE ON MONEY LAUNDERING TO ENCOMPASS OFFSHORE BANKS, REAL ESTATE AGENCIES, LAWYERS, NOTARIES AND ACCOUNTANTS.