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document 1 of 1

# CENTRAL AMERICA: Politics strain weak institutions

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## Abstract

The outlook for political stability in Central America.

Political tensions are straining weak institutions in Central American countries. This undermines the regional response to increasing security challenges, including drug-trafficking and gang violence.

## Full Text

**SUBJECT:**The outlook for political stability in Central America.

**SIGNIFICANCE:**Political tensions are straining weak institutions in Central American countries. This undermines the regional response to increasing security challenges, including drug-trafficking and gang violence.

**ANALYSIS:** Impacts.

Political tensions across Central America have intensified

Government capacity to respond to security challenges remains limited

A regional response to drug trafficking and gang violence is unlikely in the short term

Weak institutions in the region are facing further pressure due to intense political polarisation, deteriorating electoral standards, corruption and high levels of violence.

El Salvador. President Mauricio Funes of the left-wing Frente Farabundo Marti para la Liberacion Nacional (FMLN) lost control of Congress to the opposition Arena party in parliamentary elections earlier this year (see EL SALVADOR: FMLN suffers electoral setback - March 29, 2012). Since then a stand-off between the President and Congress over the appointment of senior judges has become increasingly intractable, with calls for UN intervention. The fiscal deficit has increased and the IMF agreement has gone off-track. Renegotiation of a new agreement and initiatives to deal with ongoing security challenges will be frustrated by conflict between political institutions.

Guatemala. President Otto Perez Molina came to power this year promising a firm stance against violence and crime (see GUATEMALA: Perez Molina will target organised crime - January 30, 2012). A Pact for Peace and Security has been signed with all three branches of government. Historically, proposals for major institutional change involving reform of state institutions, taxation reform and measures to tackle corruption and impunity have stalled in the face of factionalism in parliament and clientelism in state institutions. Perez Molina is likely to face similar challenges over the remainder of his period in office.

Honduras. The Supreme Electoral Tribunal is already experiencing problems in registering new opposition parties ahead of primary elections due to take place in November. Attacks on journalists continue and have been described by UN Special Rapporteur Frank La Rue as "the most alarming violation of the freedom of expression in the world". Along with high inflation and weak economic performance, the continued violence will intensify political polarisation and further hurt the capacity of institutions weakened after the 2009 coup ( see HONDURAS: Lobo struggles to maintain control - March 8, 2012).

Nicaragua. The relative stability enjoyed by the second administration of Daniel Ortega has been upset by a more belligerent stance from the US embassy. Washington has denied the 'waiver' on fiscal transparency this year, meaning that aid will be lost. For now, a second 'waiver' on the confiscation of property has been granted. Without this, international financial institutions will come under pressure from US representatives to withdraw their funds from Nicaragua. Business groups are extremely concerned about the deterioration in economic relations with the United States. Municipal elections scheduled for November are expected to provoke further controversy after accusations of fraud in the 2008 municipal elections, which led to the cancellation of EU aid and criticism of the 2011 general elections from international observers ( see NICARAGUA: Ortega victory masks governance fractures - December 1, 2011).

Costa Rica. Democratic institutions remain robust, but the government of President Laura Chinchilla has become increasingly unpopular, facing a series of political crises including corruption scandals and mass protests against public sector reforms. Chinchilla failed to secure tax reforms that were the centrepiece of her policy agenda, signalling that the rest of her term in office is unlikely to lead to major policy changes or leadership in regional affairs.

#### Security challenges.

With attention focused on national political issues, regional responses to drug-trafficking and gang violence will remain fractured (see CENTRAL AMERICA: Regional drug responses fall short - April 26, 2012). Celebrations marking the 25th anniversary of the 1987 Esquipulas regional peace agreement have been muted. The US-led response to regional security issues is underfunded. Bilateral relations with individual countries dominate, and intervention will continue to be ad hoc and selective, depending on political changes in each case.

El Salvador. Notable reductions in homicide rates have come as the result of a fragile truce between rival gangs in place since March. However, the sustainability of the truce will be determined beyond the remit of state institutions and the control of the government.

Guatemala. An emulation of gang truces in neighbouring El Salvador and Belize has been rejected. Attempts to forge a regional consensus behind proposals for drug legalisation failed in the face of US opposition earlier this year. Since then Perez Molina has concentrated on national policy responses, and new police recruits have been announced as part of a drive to increase state capacity to deal with crime.

Honduras. President Porfirio Lobo also rejected negotiating a gang truce. Instead, further proposals to reform the police force to overcome corruption and to deal with security challenges have been introduced. The involvement of US agents in anti-drug-trafficking operations has brought results, but also raised human rights concerns. The militarised response to the land conflict between landowners and peasants in the Aguan valley has intensified with disarmament. However, Lobo so far has resisted declaring a state of emergency.

Nicaragua. Increased drug-trafficking activity has prompted a greater state response. Cooperation with the United States on security will be affected if economic relations deteriorate. Regional responses have been inhibited by an ongoing border dispute with Costa Rica.

Costa Rica. The country remains relatively unaffected by the increased violence associated with drug-trafficking in the region. As a result of border tensions, Costa Rica has withdrawn from the System for Integration for Central America (SICA) while Nicaragua holds the pro-tempore presidency until the end of the year, stalling regional policy processes.

#### Outlook.

Political tensions and institutional weaknesses in the countries of the region will continue to strain the capacity of governments to respond to national and regional challenges:

UN intervention may bring about resolution of an institutional crisis in El Salvador, but it will provide only brief respite to President Funes in dealing with a hostile opposition in Congress.

Upcoming primary elections in Honduras and municipal elections in Nicaragua will intensify political polarisation.

Guatemalan President Perez Molina will face constraints in delivering his security policy promises, while the capacity of President Chinchilla in Costa Rica to deliver major policy changes will also be limited.

**CONCLUSION:** The prospect of strengthened institutions in the region will remain a distant goal. Periodic political crises can be expected to continue, and will be further challenged by poor economic performance and persistent violence.

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