

Excellency

Michelle Bachelet

United Nations High Commissioner for Human Rights
Geneva.-

Of our gravest concern,

The analysis of the complex humanitarian emergency in Venezuela would be incomplete without considering that its main cause is the huge embezzlement of state funds through the establishment of a pattern of Grand Corruption, which started effectively in 2003. In Venezuela, corruption is directly and indirectly causing the deaths of many Venezuelans and is forcing millions to desperately cross the country's borders in order to survive. We regret that this fundamental aspect of the crisis was not explicitly mentioned in the closing statement of your visit to Venezuela.

The pattern of Grand Corruption in Venezuela has been implemented systematically and widely, and has had atrocious consequences for the country. Monopolies were established and key state sectors, such as justice and comptroller branches, were seized by the government; corruption incentives, such as currency exchange and price controls, were established under discretionary allocations and the enactment of unjustified punishments; public spending became secret since 2010 and was used for political support and coercion; military presence in all state branches was consolidated; there was an overuse of emergency decrees; contracts were directly allocated through obscure procedures; systems of checks and balances were eliminated; accountability processes and basic public information were suppressed via the legalization of an information hegemony through 64 new or reformed norms; and criminal networks, of international scope, were established.

This pattern of Grand Corruption has undermined all sectors, and this has resulted in hardship for Venezuelans, who suffering today because of food and medicines scarcities, structural failures of public services (water, electricity, transport, security, domestic gas), and disruptions of fuel supply.

The pattern of Grand Corruption has become evident in cases such as the popularly known as PUDREVAL. In 2009 it became known that state company Venezuelan Producer and Distributor of Food (*Productora y Distribuidora Venezolana de Alimentos*, PDVAL), a subsidiary of Venezuela's oil company *Petróleos de Venezuela* (PDVSA), left more than 160,000 tons of imported food products to decompose, at a time when Venezuelans were starting to feel the brunt of scarcities. Clodosbaldo Russián, then General Comptroller of the Republic, declared that the case was a confirmation of the risks he had warned about a year before.¹

Since 2016, there have been allegations of corruption related to imports of food for the government Supply and Local Production Committees (*Comités Locales de Abastecimiento y Producción*, CLAP.) In 2018, the Office of the Attorney General of Mexico sanctioned a business network for selling overpriced and low-quality food to the Venezuelan food distribution program.²

¹ <https://www.noticias24.com/actualidad/noticia/167162/russian-reitera-que-advirtio-sobre-irregularidades-de-pdval-en-su-informe-de-2008/>

² <https://politica.expansion.mx/mexico/2018/10/18/pgr-desarticula-red-que-vendia-alimentos-a-sobrepeso-en-venezuela>

That same year, Colombia seized 400 tons of expired food products which were to be distributed in Venezuela.³ In June 2019, an oversight from Argentina's National Auditing Office (*Sindicatura General de la Nación de Argentina, SIGEN*) revealed overpricing of food exports to the Venezuelan public sector, duplicated payments, and several other irregularities.⁴ The president of the Venezuela's National Assembly Comptrollership Commission, Freddy Superlano, exposed irregularities in the purchase of food for US\$ 15 billion.⁵

Serious corruption cases have also been denounced in the healthcare sector, this has caused scarcity and have encouraged the development of a black market of expired or uncertified medicines, according to a United Nations report on Venezuela. In 2011, Clodosbaldo Russián⁶ revealed that large amounts of pharmaceutical products imported from Cuba were not required in Venezuela, and added that in 2008 and 2009, 566,590 kilograms of expired medicines had to be incinerated. A 2013 report by the Venezuelan Office of the Comptroller General of the Republic⁷ stated that in eight healthcare centers, one hundred contracts had been signed for construction projects with serious contract, implementation, and payment irregularities. In 2014, former Health Minister, Eugenia Sader, was charged, but never convicted, for graft related to contracts for hospital reforms and the purchase of medicines.

In 2018, Carlos Rotondaro, former president of the Venezuelan Social Security Institute (*Instituto Venezolano de los Seguros Sociales*) was publically accused of irregularities in the purchase of medicines and was removed from his public position. He revealed the existence of official obstacles in the purchase of medical treatments, the discretionary distribution of pharmaceuticals as part of political controls, and the presence of corruption chains in the import of medical goods and medicines.⁸

The electric energy sector, essential for daily life and economic development, has also been mired by this pattern of corruption. Courts in Spain and in the United States are currently prosecuting the Venezuelan former Vice-Minister of Electric Energy, Nervis Villalobos,⁹ and the former Vice-Minister of Electric Development, Javier Alvarado Ochoa, for laundering US\$ 2.4 billion, according to sources from Andorra. The United States is also investigating the former president of the National Electric Corporation (*Corporación Eléctrica Nacional, CORPOELEC*), Luis Motta Domínguez, who, in complicity with several businessmen, signed overcharges of millions of dollars for the purchase of transformers, generators, and other equipment.

CORPOELEC was one of the 441 companies created, expropriated, or confiscated by the government between 2007 and 2011 in order to increase its control. Also seized by the government were dairy products, meat products, coffee, plastics, aluminum, steel, cement, and transport, companies, among others. Even as the resulting network of state companies received

³ <https://www.semana.com/nacion/articulo/decomisan-casi-400-toneladas-de-alimentos-que-iban-a-ser-enviados-a-venezuela/567480>

⁴ <https://www.lanacion.com.ar/politica/detectan-sobrepuestos-de-hasta-90-por-ciento-en-ventas-a-venezuela-nid2255962>

⁵ http://www.asambleanacional.gob.ve/noticias/_superlano-15-mil-millones-de-dolares

⁶ https://transparencia.org.ve/wp-content/uploads/2016/07/INFORME_COMPLETO.pdf

⁷ <https://transparencia.org.ve/wp-content/uploads/2016/07/Informe-Gesti%C3%B3n-CGR-2013.pdf>

⁸ <https://www.ntn24.com/america-latina/colombia/entrevista-expresidente-del-ivss-carlos-rotondaro-105003>

⁹ <https://www.justice.gov/criminal-fraud/file/1062266/download>

important budget transfers, since 2008 the majority of these companies has reported a steep decline of production and has been exposed for alleged irregularities.

The cases of corruption in all these areas are innumerable, and most trace their origin to the state oil company PDVSA, which reported earnings of a quintillion dollars during a decade of very high oil prices. One of the most important of these cases was the process substantiated for a United States court called Operation Money Flight.¹⁰ This process referred to a corruption mechanism which operated for four months and resulted in the loss of 1.2 billion dollars. Another noteworthy case is related to the PDVSA worker's pension fund, deposited in weak and high risk financial institutions following the payment of bribes.¹¹

In the last two decades in Venezuela, democratic institutions have been attacked to the point of being coopted by the government, which has been shielded by impunity. In 2012, the magistrate of the Venezuelan Supreme Tribunal of Justice, Eladio Aponte Aponte, having been removed from his post because of his links to the drug trafficker Walid Makled, handed himself over to the DEA, claiming he had been under pressure "to conduct investigations in a way that were favorable to the government," in specific cases.¹²

Resolutions issued by the Inter-American Commission on Human Rights (IACHR) have clearly stated that there is a link between corruption and human rights violations:

*Resolution 1/17*¹³: The fight against corruption is inextricably linked to the exercise and enjoyment of human rights. Impunity fosters and perpetuates acts of corruption. Therefore, the establishment of effective mechanisms to eradicate corruption is an urgent obligation in order to achieve effective access to an independent and impartial justice and to guarantee human rights. (...) "Essential elements of representative democracy include, inter alia, respect for human rights and [...] access to and the exercise of power in accordance with the rule of law [...] Transparency in government activities, probity, responsible public administration on the part of governments, respect for social rights, and freedom of expression and of the press are essential components of the exercise of democracy." (p. 1)

*Resolución 1/18*¹⁴: Corruption in the management of public resources jeopardizes the capacity of governments to comply with their social rights obligations, including health, education, water, transportation or sanitation, which are essential for the realization of economic, social, cultural and environmental rights and in particular, of the most vulnerable populations and groups. (p. 6)

In its 2018 report about Venezuela, the IACHR states that "impunity has strengthened corruption structures and those that denounce are subjected to attacks to the personal integrity and freedom: justice agents, journalists, human right defenders, and social and student leaders."¹⁵

¹⁰ <https://www.justice.gov/criminal-fraud/file/1119981/download>

¹¹ <https://www.justice.gov/usao-ct/pr/connecticut-hedge-fund-adviser-sentenced-13-years-federal-prison-running-massive-ponzi>

¹² https://elpais.com/internacional/2012/04/21/actualidad/1334961346_724709.html

¹³ <https://www.oas.org/en/iachr/decisions/pdf/Resolution-1-17-en.pdf>

¹⁴ <https://www.oas.org/en/iachr/decisions/pdf/Resolution-1-18-en.pdf>

¹⁵ <https://www.oas.org/es/cidh/informes/pdfs/Venezuela2018-es.pdf>

The Secretary-General of the United Nations, Ban Ki-moon, declared in 2016 that “corruption undermines democracy and the rule of law. It leads to violations of human rights. It erodes public trust in the government. It can even kill, for example, when corrupt officials allow medicines to be altered”. And former UN High Commissioner for Human Rights, Navanethem Pillay, said last year: “Let us be clear: corruption kills.”¹⁶

As described above, it is not possible to consider the complex humanitarian emergency in Venezuela and the impact on the economic crisis and sanctions without making reference to the serious harm caused by the pattern of Grand Corruption during the tenures of presidents Hugo Chávez and Nicolás Maduro. The consequences of the Grand Corruption should be considered, in fact, as part of the regular job in the Office of the United Nations Commissioner for Human Rights in Venezuela.

Mrs. High Commissioner, with the greatest respect we ask that this issue be included in the report you will present on July 5th, as well in the following procedures of the Human Rights Councils on Venezuela.

With respect and with consideration,

Work Group against Impunity in Venezuela:

Almudena Bernabeu

Jan-Michel Simon

Katya Salazar

José Carlos Ugaz Sánchez-Moreno

Mercedes De Freitas

¹⁶ <https://city-press.news24.com/Voices/corruption-kills-heres-what-we-can-do-to-address-the-rot-20180316>