

A New Social Contract for the Northern Triangle

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The Northern Triangle of Central America (NTCA), made up of El Salvador, Honduras, and Guatemala, has experienced overwhelming economic, political, and security challenges in recent years. A combination of domestic challenges, including anemic economic growth, high rates of violence, and few jobs in the formal economy, have had international repercussions, such as an influx of unaccompanied minors (UACs) entering the United States in the summer of 2014 and the ongoing migration crisis at the U.S.-Mexican border.¹

The United States remains a major partner for these three countries, disbursing over \$401 million in foreign aid in FY2018, with strong bipartisan support for approving appropriations of \$1.8 billion for FY17-19.² The NTCA countries also attract considerable foreign direct investment (FDI), surpassing \$3.1 billion in 2017.³ While the United States has always played a powerful role in the NTCA region, the coverage in Washington tends to be erratic in its grasp of Northern Triangle issues. The region is portrayed as having insoluble problems with little in the way of progress. **There is neither a “magic bullet” nor an “out of the box” solution to the problems of the Northern Triangle. Most of the solutions are relatively straightforward but politically hard and involve a mixture of economic, development, political, and security reforms. The problems of the region are, in fact, solvable, but they require sustained attention from the United States, political will in the NCTA countries, including cooperation rather than obstruction from elites in these societies, and ultimately strong and inclusive economic growth to go with strengthened governance.**

The United States has had a sporadic relationship with the NTCA, tending to focus on the region only when there is a crisis. When the crisis subsides, the United States turns its focus elsewhere. Illustratively,

1. Peter J. Meyer, “U.S. Strategy for Engagement in Central America: An Overview”, Congressional Research Service, January 3, 2019, <https://fas.org/sgp/crs/row/IF10371.pdf>.

2. “U.S. Foreign Aid by Country: Honduras, Disbursements,” USAID, 2018, https://explorer.usaid.gov/cd/HND?fiscal_year=2018&measure=Disbursements; USAID, “U.S. Foreign Aid by Country: Guatemala, Disbursements,” 2018, https://explorer.usaid.gov/cd/GTM?fiscal_year=2018&measure=Disbursements; “U.S. Foreign Aid by Country: El Salvador, Disbursements,” USAID, 2018, https://explorer.usaid.gov/cd/SLV?fiscal_year=2018&measure=Disbursements.

3. “Foreign direct investment: Inward and outward flows and stock, annual,” UNCTADSTAT, 2018, <https://unctadstat.unctad.org/wds/>.

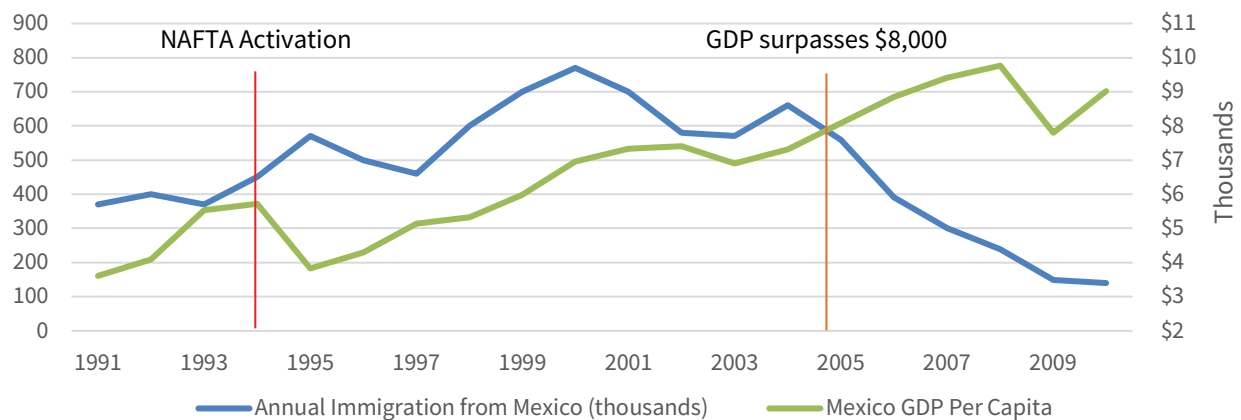
there have been significant declines in migration from El Salvador since 2015, thanks to targeted programs in high-violence municipalities, but this trend reversed when official borders were threatened to close. These are the trends that the United States needs to pay attention to. It should double down on the programs that are working and be mindful that migration to the United States will not halt completely, especially for family reunification purposes. Moreover, there is no strong and ongoing discussion of economic, governance, and environmental issues in the NTCA in Washington.

Mass migration from the Northern Triangle to the United States will significantly decline when: **1) GNP per capita reaches around \$8,000, which is slightly over double the current GNP per capita; 2) transnational crime, drug trafficking, and gang violence and activity are significantly reduced; and 3) the social contract is reset and basic needs such as jobs, education, health, infrastructure, and power are reliably delivered.**

CASE STUDY: MEXICO

Mexico was once a country of origin for legal and illegal migrants journeying into the United States. Now, more people are crossing to Mexico from the United States than vice versa. While Mexico is still a country of origin, it is increasingly a country of transit and destination for Central American migrants.

Figure 1: Immigration from Mexico to the United States vs. GDP growth



Source: Pew Research Center and World Bank Development Indicators

A variety of factors have contributed to this declining migration flow. One theory is that emigration decreases when countries reach a certain level of wealth, around \$8,000 GDP per capita.⁴ Mexico surpassed this level of GDP per capita in 2005, which corresponds to the beginning of major decreases in Mexican-U.S. migration (see Figure 1).⁵ Other economic factors include increased trade and employment. For example, NAFTA (signed in 1994) had a positive impact on Mexico’s development, global exports, and foreign direct investment in the long term.⁶ Furthermore, the recession of 2007-2009 led to a decrease

4. Michael A. Clemens and Hannah M. Postel, “Can Development Assistance Deter Emigration?” Center for Global Development, February 2018, <https://www.cgdev.org/sites/default/files/can-development-assistance-deter-emigration.pdf>.

5. Jeffrey S. Passel, D’Vera Cohn, and Ana Gonzalez-Barrera, “Net Migrations from Mexico Falls to Zero – and Perhaps Less,” Pew Research Center, April 23, 2012, <https://www.pewhispanic.org/2012/04/23/net-migration-from-mexico-falls-to-zero-and-perhaps-less/>; World Bank Development Indicators, “GDP per capita (current US\$), Mexico,” <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=MX>.

6. Daniel Lederman, William F. Maloney, and Luis Servén, *Lessons from NAFTA for Latin America and the Caribbean Countries* (Washington, DC: World Bank, 2003), <http://siteresources.worldbank.org/DEC/Resources/BookNAFTAWorldBank.pdf>.

in jobs in construction and other sectors in the United States where illegal immigrants tended to work, which diminished incentives to migrate illegally.⁷ Demographic and social factors have also played a role in decreased migration, such as lower birth rates and perceived hostility towards Mexicans. Additionally, crossing the border into the United States is increasingly difficult, due to increased security and border enforcement, and dangerous, due to human trafficking and organized crime.

Challenges and Progress

The region suffers from a myriad of social, economic, political, and security issues, including:

- 1. Violence and criminal activity:** Violence has lingered from the aftermath of unresolved violence in the 1960s and 1970s and outright civil war in the 1980s and has persisted due to weak governance and corruption.⁸ El Salvador and Honduras have some of the highest homicide rates in the world for countries not at war (see Figure 2).⁹ In El Salvador, recent policies have combined comprehensive and targeted violence reduction programs along with more effective policing. This represents a change in tactics after “mano dura”—hardline policies for crime and violence—had produced only limited impact. Consequently, the homicide rate in El Salvador decreased from 105 to 51 per 100,000 people from 2015 to 2018, but criminal activity remains rampant and forced migration high.¹⁰ In Guatemala alone, criminal extortion leads to an annual loss of \$60 to \$400 million, more than 3 percent of GDP.¹¹ Drug trafficking through Honduras and Guatemala has continued to endanger lives there and ultimately in the United States as well. Gender-based violence is another important driver of migration. El Salvador has the highest femicide rate in Latin America, at 10.2 per 100,000 women as of 2017.¹² In 2017, 46 percent of Latinobarometro respondents agreed that violence against women is one of the most damaging types of violence in the NTCA.¹³

7. Passel, Cohn, and Gonzalez-Barrera, “Net Migrations from Mexico Falls to Zero – and Perhaps Less,” Pew Research Center, April 23, 2012, <https://www.pewhispanic.org/2012/04/23/net-migration-from-mexico-falls-to-zero-and-perhaps-less/>.

8. Rocio Cara Labrador and Danielle Renwick, “Central America’s Violent Northern Triangle,” Council on Foreign Relations, June 26, 2018, <https://www.cfr.org/backgrounder/central-americas-violent-northern-triangle>.

9. Tristan Clavel, “InSight Crime’s 2017 Homicide Round-Up,” InSight Crime, January 19, 2018, <https://www.insightcrime.org/news/analysis/2017-homicide-round-up/>; Chris Dalby and Camilo Carranza, “InSight Crime’s 2018 Homicide Round-Up,” InSight Crime, January 22, 2019, <https://www.insightcrime.org/news/analysis/insight-crime-2018-homicide-roundup/>; “Intentional homicides (per 100,000 people),” World Bank Development Indicators, <https://data.worldbank.org/indicator/VC.IHR.PSRC.P5>.

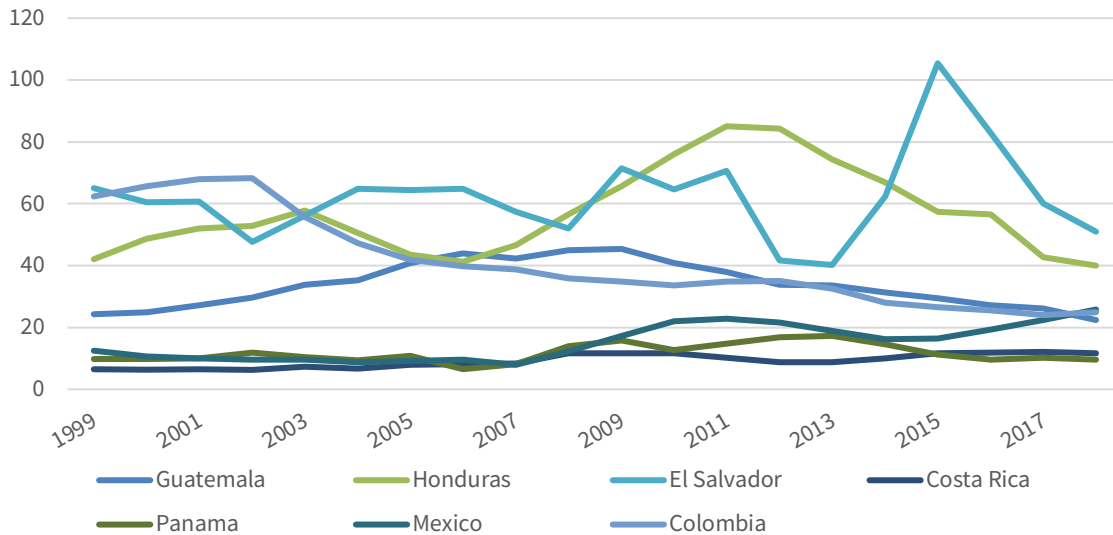
10. “Intentional homicides (per 100,000 people),” World Bank Development Indicators; Dalby and Carranza, “InSight Crime’s 2018 Homicide Round-Up.”

11. “Addressing the drivers of illegal immigration: USAID results in the Northern Triangle,” USAID, 2018, https://www.usaid.gov/sites/default/files/documents/1862/USAID_NT_Results_FINAL_08.31.2018.pdf.

12. Gender Equality Observatory for Latin America and the Caribbean, “Femicide or femicide,” United Nations, 2017, <https://oig.cepal.org/en/indicators/femicide-or-femicide>.

13. “Latinobarometro Analisis de datos,” Latinobarometro, 2017, <http://www.latinobarometro.org/latOnline.jsp>.

Figure 2: Intentional Homicides (per 100,000 people)



Source: World Bank Development Indicators and InSight Crime

Violence is also perpetuated by large and growing gangs that are financed by extortion and links to cartels supplying illicit drug for U.S. consumption and empowered by U.S. extradition policies. The largest gangs in the NTCA, MS-13 and M-18, have 85,000 members combined.¹⁴ In a 2017 Latinobarometro survey, 70 percent of respondents from the NTCA said that gang violence was one of the most damaging types of violence—more than any other countries in Latin America.¹⁵ Violence is a direct driver of migration. Research from the Inter-American Dialogue finds that a 1 percent increase in homicides corresponds with respective increases in migration of 120 percent, 100 percent, and 188 percent in Honduras, Guatemala, and El Salvador.¹⁶

- Poor Economic Performance:** NTCA countries feature low levels of economic growth and inadequate economic policies. The average GDP per capita of El Salvador, Guatemala, and Honduras was \$3,613 in 2017, which is considerably lower than the Latin America and Caribbean (LAC) average of \$9,244 (see Figure 3).¹⁷ NTCA countries have not taken full advantage of trade agreements such as the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Moreover, NTCA countries, together with Haiti and Venezuela, remain some of the poorest in the Western Hemisphere.¹⁸

14. Labrador and Renwick, “Central America’s Violent Northern Triangle.”

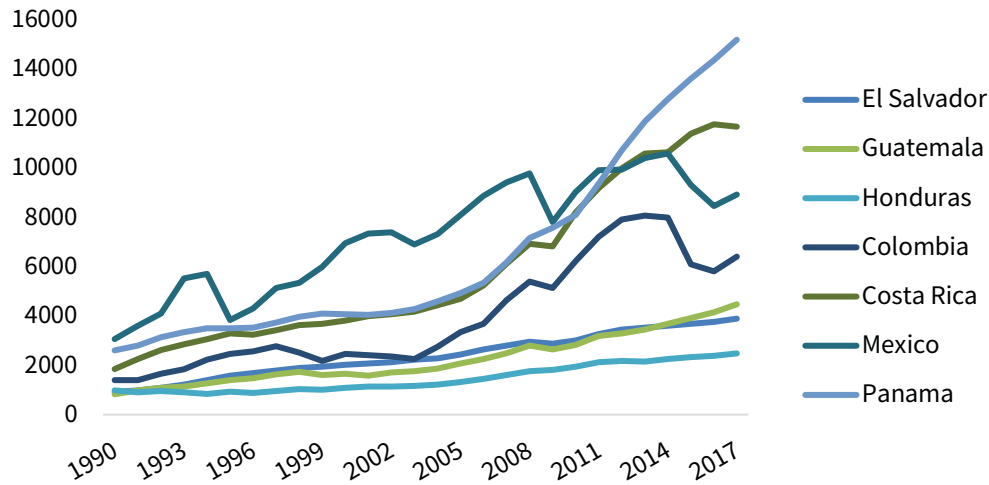
15. “Latinobarometro Analisis de datos,” Latinobarometro.

16. Manuel Orozco, “Recent Trends in Central American Migration”, Inter-American Dialogue, 2018, <https://www.thedialogue.org/wp-content/uploads/2018/05/Recent-Trends-in-Central-American-Migration-1.pdf>.

17. “GDP per capita (current US\$),” World Bank Development Indicators, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ZJ>.

18. Daniel Runde, “The United States Has a Lot Riding on the Honduras Election,” *Foreign Policy*, November 14, 2017, <https://foreignpolicy.com/2017/11/14/the-united-states-has-a-lot-riding-on-the-honduras-election/>.

Figure 3: GDP per capita (current US\$)



Source: World Bank Development Indicators

- 3. Weak Governance and Social Services:** The countries of the NTCA have weak governance structures with high levels of corruption. Corruption in all three countries undermines trust in government, diverting public funds to private pockets. Recently, former presidents, ministers, and elected representatives have been jailed or indicted thanks to high civil society pressure and external support to public prosecutors. There is little or no political consensus, and there is a noticeable lack of state presence in many parts of these countries, especially in terms of judicial institutions. In turn, there is insufficient infrastructure and poor electricity. There are myriad other problems: many populations suffer from health, nutrition, and agricultural challenges; law enforcement and security sectors are inadequate; family systems are disintegrating due to violence and migration; and economies feature high unemployment and informality. All of these factors create an enabling environment for crime and gangs. The elites, rather than trying to alleviate these issues by supporting tax reform to raise revenues to finance public services, find “work arounds” to safety and social problems, protecting themselves and the upper echelons of society with vast private security networks and private hospitals.
- 4. Demography and Employment:** The population of the NTCA region was 32.5 million people in 2017, with half of the population under the age of 25.¹⁹ The population is expected to reach 40 million by 2030, with 70 percent living in urban areas.²⁰ It is important to address the challenges of crime, weak governance, and poor economic performance before they become even more pronounced as the population increases and becomes more urban. Providing adequate employment to youth and managing labor informality are interrelated challenges. 73 percent of non-agricultural workers were informally employed in Guatemala in 2017.²¹ This figure is also high in Honduras and El Salvador, at 71 percent and 64 percent, respectively.²² This has important implications for migration, as economic informality has been shown to drive migration by up to 27 percent in El Salvador, 12 percent in

19. UN DESA Population Division, *World Population Prospects 2017* (New York: United Nations, 2017), <https://population.un.org/wpp/>.

20. Agustin Maria et al., *Central America Urbanization Review* (Washington, DC: World Bank, 2017), <https://openknowledge.worldbank.org/bitstream/handle/10986/26271/9781464809859.pdf?sequence=2&isAllowed=y>.

21. “Informal employment (% of total non-agricultural employment),” World Bank Development Indicators, <https://data.worldbank.org/indicator/SL.ISV.IFRM.ZS?locations=SV-GT-HN>.

22. Ibid.

Honduras, and 4 percent in Guatemala.²³ The Fourth Industrial Revolution (4IR) has the potential to either alleviate or aggravate the employment situation. Currently, the NTCA region is losing ground in productivity and competitiveness due to its slow adoption of 4IR technology and its focus on governance issues rather than innovation and the future of work. The potential of 4IR needs to be taken into consideration in long-term development plans to ensure it can be harnessed to empower the growing population and rising demand for labor.

In spite of these problems, the three countries have made some progress over the last 10 years, but the gaps remain large and challenging.²⁴ While progress varies from country to country, there are notable commonalities:

- 1. Energy:** The percentage of population with access to electricity has increased considerably since the 1990s (see Figure 4) due to a series of power market reforms.²⁵ In May 2016, for example, the Mexico and Central America Interconnection Commission was established to enhance the integration of the electricity market with the help of the United States.²⁶
- 2. Domestic resource mobilization and remittances:** The United States and other donors have sought to help these countries improve financial management, but there remain important gaps in areas such as tax collection and evasion, fiscal and procurement transparency, public spending effectiveness, and partisan rather than merit-based public sector employment.²⁷ The NTCA collects similar levels of tax revenues as other Central American countries (see Figure 5) but is far from other Latin American countries such as Brazil and Argentina, whose tax revenues average 30 percent of GDP.²⁸ Levels differ within the NTCA as well. El Salvador collects the highest tax revenue of all three NTCA countries (as a percentage of GDP) and is making efforts to increase government funding as well. Additionally, NTCA countries have significant remittance flows (see Figure 6), which fuel the consumption of goods and services.²⁹ In El Salvador, remittances totaled \$5.4 billion in 2018—equal to 21 percent of GDP.³⁰ Honduras collected remittances totaling \$4.7 billion, almost 20 percent of GDP, and Guatemala saw remittance inflows worth \$9.5 billion, or 12 percent of GDP.³¹

23. Orozco, “Recent Trends in Central American Migration.”

24. “Plan of the Alliance for the Prosperity of the Northern Triangle: Main Progress and Achievements 2017-2018,” Inter-American Development Bank, 2018, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-1694733848-5>.

25. “Access to electricity (% of population),” World Bank Development Indicators, <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS>.

26. “U.S Strategy for Central America,” U.S. Department of State, 2018, <https://www.state.gov/p/wha/rt/strat/>; Inter-American Development Bank, “IDB salutes Central American nations’ progress towards forming a Regional Electricity Market,” April 18, 2018, <https://www.iadb.org/en/news/idb-salutes-central-american-nations-progress-towards-forming-regional-electricity-market>.

27. Mark L. Schneider, *South-South Cooperation in Transparency, Anti-Corruption, and Citizen Security* (Washington, DC: CSIS, January 2019), https://csis-prod.s3.amazonaws.com/s3fs-public/190403_Transparency.pdf; U.S. Department of State, “U.S Strategy for Central America.”

28. “Tax revenue (% of GDP),” World Bank Development Indicators, <https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS>; “Latin America and the Caribbean: Tax revenues continue to rise despite low economic growth,” OECD, March 23, 2017, <http://www.oecd.org/tax/latin-america-and-the-caribbean-tax-revenues-continue-to-rise-despite-low-economic-growth.htm>.

29. “Migration and Remittances Data,” World Bank, 2019, <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>.

30. Ibid.

31. Ibid.

Figure 4: Access to Electricity (% population)

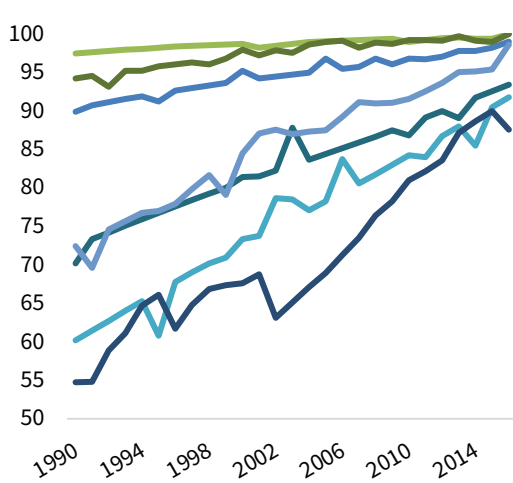
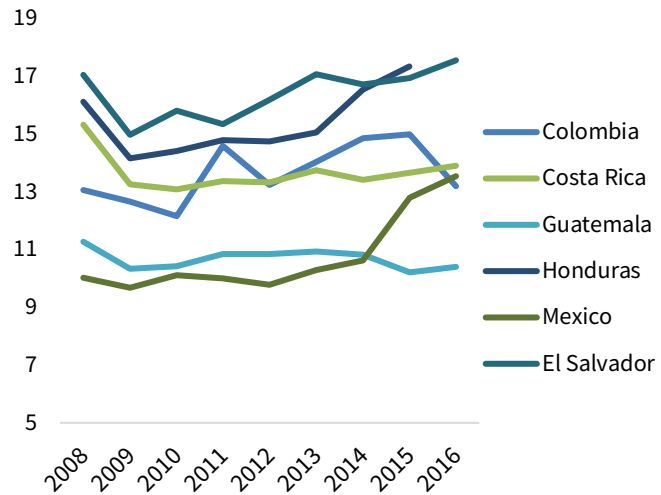
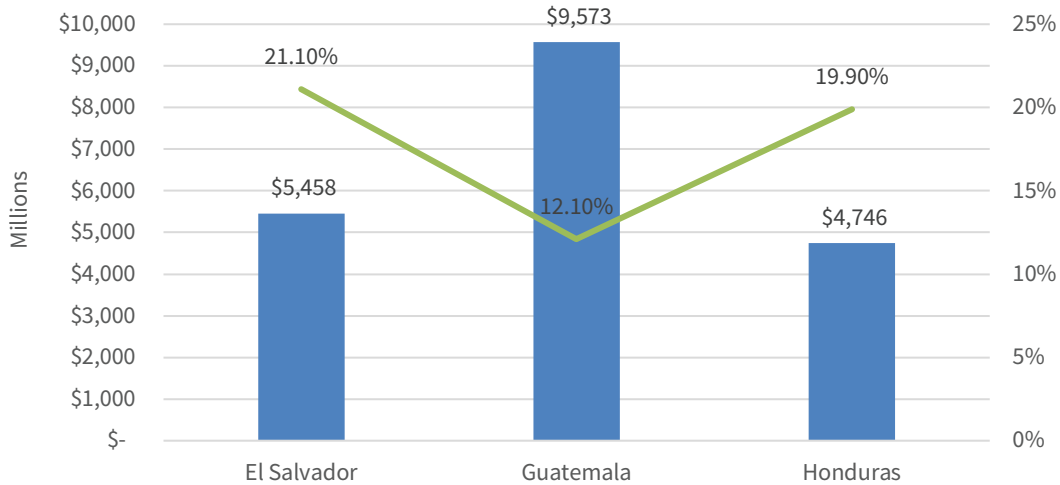


Figure 5: Tax Revenue (% of GDP)



Source: World Bank Development Indicators

Figure 6: Remittances to NTCA (US\$ millions and as % GDP, 2018)



Source: World Bank, Migration and Remittances Data

3. Security: The NTCA countries have some of the highest homicide rates in Latin America and the Caribbean, only surpassed by Venezuela.³² Nevertheless, homicide rates have been decreasing in recent years (see Figure 2). U.S. assistance in support of justice reforms, professionalizing police, and community violence prevention have had a positive and measurable impact on improving security and reducing violence and homicide rates.

32. Dalby and Carranza, "InSight Crime's 2018 Homicide Round-Up."

U.S. Engagement to Date

The United States has contributed foreign assistance to the NTCA since the 1940s. Notably, in 1961, President John F. Kennedy launched the Alliance for Progress with the purpose of establishing economic cooperation, social development, and democratic reform between the United States and Latin America. However, Alliance for Progress funds were also used to create counterinsurgency programs and to train paramilitary forces to stop the spread of communist influence in Latin America.³³ In the 1980s, the United States provided significant funds to heavily militarized Latin American regimes, despite repression, massacres by security forces, and violations of human rights, to counter leftist insurgencies and prevent Soviet influence in the region.

In the late 1980s and 1990s, with the end of the Cold War, the United States supported UN and OAS facilitated peace processes throughout Central America that brought an end to civil conflicts and then helped finance major post-conflict reconstruction efforts. More recently, the United States and the Inter-American Development Bank helped develop the Alliance for Prosperity (A4P) plan launched by the three Northern Triangle countries.³⁴ The Alliance for Prosperity Plan is a five-year initiative aimed at addressing the factors that incentivize Central Americans to migrate. During 2016-2018, the governments of the NTCA allocated \$7.7 billion to the plan.³⁵ The bipartisan U.S. Strategy for Central America added \$2.5 billion in appropriations from FY 2016-2019.

Since FY2016, the United States has allocated approximately \$2.5 billion to Central America, with 40 percent going to NTCA.³⁶ The Trump administration has proposed lesser amounts each year, but a bipartisan Congress rejected those cuts, including in the FY 2019 omnibus bill. Vice President Pence stated at the June 2017 Northern Triangle conference in Miami that “The United States stands with the nations and the people of the Northern Triangle.” However, at the end of March 2019, President Trump announced that he intended to cut aid to the region, ending FY 2017 and FY 2018 foreign assistance programs and also not spending FY19 monies because of the failure of these countries to curb the migration crisis.³⁷ There already has been Congressional pushback, including a recent letter signed by the chairman and ranking member of the House Foreign Affairs Committee.³⁸

U.S. Engagement Moving Forward

The challenges in the Northern Triangle require economic growth, good governance, and social progress, and the private sector needs to be front and center in its development.³⁹ These challenges must be addressed with a mixture of economic, development, political, and security reforms. Most of the work must happen in-country, and progress will take at least 10 to 15 years of consistent attention and commitment. **Ultimately, the Northern Triangle needs to achieve enough economic growth to reach approximately**

33. “Alliance for Progress,” John F. Kennedy Presidential Library and Museum, <https://www.jfklibrary.org/JFK/JFK-in-History/Alliance-for-Progress.aspx>.

34. “U.S Strategy for Central America,” U.S. Department of State.

35. Meyer, “U.S. Strategy for Engagement in Central America: An Overview.”

36. Ibid.

37. Dara Lind, “Trump’s decision to cut off aid to 3 Central American countries, explained,” Vox, April 1, 2019, <https://www.vox.com/2019/4/1/18290443/aid-central-america-mexico-guatemala-immigration-border>.

38. Committee on Foreign Affairs, “Engel, McCaul Urge Administration to Reconsider Aid Cuts to Central America,” U.S. House of Representatives, April 23, 2019, <https://foreignaffairs.house.gov/2019/4/engel-mccaul-urge-administration-to-reconsider-aid-cuts-to-central-america>.

39. Christina Perkins and Erin Nealer, *Achieving Growth and Security in the Northern Triangle of Central America* (Washington, DC: CSIS, December 2016), <https://www.csis.org/analysis/achieving-growth-and-security-northern-triangle-central-america>.

\$8,000 per capita, and with far less income disparity than is currently present.⁴⁰ This growth can only come about with real citizen security, reduced gang violence, and a new social contract that brings together all sectors of society and government. There needs to be a high level of political commitment from elites in these countries: the NTCA political parties need to sign a 10-year commitment with business leaders and unions and set bold goals for 2030.

Sustainable development in the region will also require continuous, long-term U.S. engagement and partnership that build upon and complement the Alliance for Prosperity plan. NTCA countries view stability, security, economics, and governance as the major issues plaguing their societies. And yet, the United States views immigration and drugs as the core of the issue. To ensure success in long-term development, the United States should consider these differing needs and make greater efforts to incorporate the NTCA's in-country needs in its regional policy.

The best thing to happen would be for Republicans and Democrats to make a 10 to 15-year authorization similar to the one that the United States made in the Nunn-Lugar nuclear demobilization or the commitment made to fighting HIV/AIDS and malaria. Even though HIV/AIDS remains a world challenge, the United States' bipartisan, long-term commitment has significantly helped ameliorate the crisis. The United States has made a similarly long-term commitment to Plan Colombia, which has made astounding progress even if some work remains to be done. We should expect that the Northern Triangle, which is home to some of the poorest countries in the Western Hemisphere, will still be a work in progress 10-15 years from now, but with long-term U.S. commitments, it can make significant inroads in development.

What should U.S. engagement look like in the next 10-15 years? First, at the political level, the United States is going to have to create mechanisms to maintain attention and engage Republicans. To do so, the United States must identify a high-level administration champion or create a Presidential-level commission for the NTCA. U.S. policymakers can work with their NTCA counterparts to set conditions for policy reform and concrete development targets under the Alliance for Prosperity. U.S. funding levels could be dependent on the progress towards these goals: the more progress, the higher the funding levels. Mexico should also become an equal partner to the United States in its engagement with the NTCA, providing advice, funding, and help for security forces in these countries. For example, the North American Development Bank (NADB) charter could be revised to include the NTCA.

Second, in terms of security and justice reform, the NTCA must invest more resources in gang prevention, community safety, corruption control, transnational crime, and drug and human trafficking, both in the short term and long term. The United States should build on the experience of the International Commission Against Impunity in Guatemala (CICIG) and the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH) to bring robust international support, including South-South cooperation, to those combatting corruption. The region must also further efforts on violence and crime prevention, partly by creating sufficient economic and social opportunities. The United States can contribute to this effort by providing added support to professionalize and stem corruption in the police, justice, and military in the NTCA. In all three countries, the "mano dura" policy—deploying military into the streets and using harsh and extreme sentencing—has been tried in different ways but has not been demonstrated to be an effective response over time. The army is not trained for police work, and it tends to come in with heavy weapons. All too frequently abuses—even if only a small minority—undermine confidence in the military as an institution and trust in the government overall.

40. Michael Clemens, "Does Development Reduce Migration?" Center for Global Development, March 18, 2014, <https://www.cgdev.org/publication/does-development-reduce-migration-working-paper-359>.

In this context, replicating the kinds of programs that have shown impact in homicide reduction make the most sense. USAID, State Department, and Justice Department programs in El Salvador, and to a lesser extent in Honduras and Guatemala, have shown impact in recent years. They need replication and expansion, particularly when so many migrants apprehended on the southwest U.S. border identify fear of violence as a major driver of their exodus. Successful programs have emphasized investing in preventive measures dealing with education, inequality, youth employment, and school retention. A clear strategy focused on high-risk places, people, and behavior is needed, addressing persistent inequality, youth unemployment, weak security and justice institutions, and organized crime. Additionally, it is essential to strengthen the capacity of the police, prosecutors, and judiciary in ways that are inclusive of communities, rather than approaching communities in armored personnel carriers. Investment focused on deterrence and problem-oriented policing is important. The United States should also think about innovative financing mechanisms such as social impact bonds targeting criminal justice reform, domestic violence prevention, and recidivism reduction.

Moreover, the United States can help diminish drug-related criminal activity by taking measures to decrease drug demand in the United States. As long as there is high drug demand in the United States, nefarious actors from the NTCA and elsewhere will find means to import drugs into the country. Even if the United States closes its southern border, migration, drug-trafficking, and the illegal flow of weapons will continue. To prevent this, the United States needs to invest both in domestic drug-prevention initiatives and in cooperation with Mexico and Central America to control the flow of money and weapons from the United States, which also fuels gang-related and other types of violence in the NTCA.

Third, the United States needs to continue economic programs that help governments increase their tax bases so that they are able to fund investments in security, education, and infrastructure. Big investments will be needed in cities; after Africa, Central America is the fastest urbanizing region in the world. By 2050, 70 percent of the Latin American population will be living in cities, essentially doubling the region's urban population as of 2017.⁴¹ USAID, in partnership with the new International Development Finance Corporation (USDFC), national governments, and the private sector, will need to devote more program resources in urban areas, supporting sectors with high employment potential through technical assistance, equity investments, and loans. For example, investments in tourism will require new skills and training, such as English language proficiency.

Absent U.S. engagement and long-term commitment in the NTCA, other powers such as China will look for investment and geopolitical opportunities in the region. Of the NTCA countries, only El Salvador has severed diplomatic ties with Taiwan in favor of China. Honduras and Guatemala still retain diplomatic ties with Taiwan, but President Juan Orlando Hernandez of Honduras has expressed that China's presence in the region presents an opportunity.⁴² China could plausibly extend its Belt and Road Initiative to Central America, increasing Chinese influence in the region and offering potentially unfavorable infrastructure deals.

Dreaming Big: What Does Success Look Like for the NTCA?

What could the Northern Triangle look like in 10 to 15 years if there were greater regional cooperation and investment, continued U.S. assistance, and a renewed social contract? The NTCA needs to set bold quantitative targets for 2030, creating an "SDG Agenda for the NTCA" to hold countries accountable for

41. Maria et al., *Central America Urbanization Review*.

42. Dave Graham, "Honduras president laments U.S. aid cuts, eyes role of China," Reuters, September 24, 2018, <https://www.reuters.com/article/us-honduras-politics/honduras-president-laments-u-s-aid-cuts-eyes-role-of-china-idUSKCN1M42R6>.

results, measure progress, and monitor success. The region needs to make concrete commitments in the areas of security, governance, and economics.

In terms of economic growth, NTCA countries should strive to double GDP per capita by 2030 by investing in infrastructure, education, and training in promising sectors such as tourism, textiles, and BPO. NTCA countries should aim to achieve a tax-to-GDP ratio closer to the hemispheric average. Regarding poverty alleviation, meeting SDG targets 1.1 (eradicating extreme poverty) and 1.2 (halving the national poverty line) would be necessary to achieve more inclusive societies. Targets such as halving homicide rates and human trafficking are just as attainable. Ultimately, if these targets are met, the number of migrants coming to the United States would decline and inspire the NTCA diaspora in the United State to return home, start businesses, and contribute to the economic and social fabric of their countries.

NTCA countries should look to their regional peers and strive to become like Panama or Costa Rica in the next 10 years. By 2030, the NTCA may still be a work in progress, but GNP per capita could reach well beyond \$8,000—enough to deter irregular migration to the United States if accompanied by significant reductions in gang activity, crime, and corruption. Reduced violence is not implausible with a joint and sustained U.S., Mexican, and regional commitment and could lead to greater citizen trust in and engagement with their governments. To succeed, a U.S. long-term commitment in the NTCA needs to be balanced with real and measurable country ownership and political, economic, and foreign policy commitments across the region.

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