

# An Alliance for Prosperity 2.0

By Dan Runde, Linnea Sandin, Elena Méndez Leal, Laura Guerra

---

Over the past two decades, the Northern Triangle countries of El Salvador, Honduras, and Guatemala have undergone significant change and have faced a multitude of political, environmental, economic, and security challenges. Many of these challenges reinforce each other and include gang violence and insecurity, high levels of public debt, poverty, natural [disaster](#) vulnerability, corruption, weakened economic growth, and irregular migration issues. The Covid-19 pandemic has also greatly impacted the Northern Triangle and the larger global economy, for example in [global supply chains](#) and infrastructure development.

Following the pandemic, there will be many opportunities for the United States to engage with development efforts in the Northern Triangle, including collaborating with allies to address the root causes of migration, bolster institutional capacity, fight corruption, protect human rights issues, and foster an enabling economic environment. The Biden administration has already [committed](#) to increasing U.S. foreign policy in the region, not to mention President Biden's considerable experience working with the Northern Triangle countries. As vice president, he led the Alliance for Prosperity (A4P) initiative and made several trips to the region. An effective strategy in the region from the Biden administration can boost economic resiliency, stem migration to the United States, mitigate the impact of organized crime, and enhance citizen security.

## HOW HAS THE REGION CHANGED IN RECENT YEARS?

Recently, El Salvador and Guatemala changed political leadership. El Salvador ended its two-party post-civil war system after two decades, electing [Nayib Bukele to lead](#) in 2019, and Guatemala elected [Alejandro Giammattei](#) of the conservative Vamos party in 2019 after former president Jimmy Morales of the National Convergence Front left office. Honduras, on the other hand, held a [contentious and controversial election in 2017](#), re-electing president Juan Orlando Hernández, who has continued to be mired in controversy since the election.

The region continues to experience weak institutional capacity with an average index score of 0.45 in [rule of law](#). [Corruption](#) and threats to democratic governance represent some of the most formidable challenges in the Northern Triangle. Past anti-corruption initiatives have had moderate success, such as [the International Commission Against Impunity in Guatemala](#) (CICIG) which operated for 12 years, toppled former president Otto Pérez Molina, and helped institute charges against former president Morales. However,

CICIG was expelled after it brought charges against Morales and it ultimately collapsed in 2019. It was accompanied by the breakdown of a similar initiative in Honduras (The Mission to Support the Fight Against Corruption and Impunity in Honduras or MACCIH). El Salvador, through presidential decree, established a [new anti-corruption initiative](#) in 2019, the International Commission Against Impunity in El Salvador (CICIES). However, CICIES currently lacks the autonomy to conduct investigations independently.

The Northern Triangle lacks economic opportunities in the formal sector, with an [estimated 70 percent](#) of the population working in the informal sector without any access to social benefits and safety nets. Fostering sustainable economic growth is crucial to reach a threshold of [\\$8,000 Gross National Product \(GNP\) per capita](#), which typically decreases interest in migrating. In 2019, [Guatemala](#) had a GNP per capita of \$4,610, [El Salvador](#) had a GNP per capita of \$4,000, and [Honduras](#) had a GNP per capita of about \$2,390.

The Northern Triangle has some of the [highest rates of homicide and organized crime](#) in the world and criminal organizations are strong and very present in the region. In 2019, 50 percent of El Salvador's homicides were gang related. Nonetheless, rates of violence have [decreased over the last decade](#), partly due to improvements in, and U.S. assistance in, facilitating judicial and police reforms and community-targeted programming. For instance, Honduras' crime rate peaked in 2011 at 89 deaths per 100,000 people. Though the crime rate [decreased](#) in the following years, it has been [increasing](#) since 2018, reaching 56 deaths per 100,000 people in 2020.

Finally, poverty, gang violence, food insecurity, and lack of economic opportunities fuel migration away from the Northern Triangle—mostly to the United States, where many migrants have family ties. In 2014, approximately 239,229 people from the Northern Triangle were apprehended at the U.S.-Mexico border and in 2019, apprehensions at the border almost [tripled](#) to 609,775 people. Nonetheless, migration rates have actually [slowed down](#) in 2020 to 103,818 apprehensions in part because of the Covid-19 pandemic and largely due to the [Migrant Protection Protocols](#) instituted under the Trump administration to halt asylum seekers. Although there was a sharp decline in migration in 2020, the prospects of a less prohibitive border policy from the Biden administration have already stirred positive expectations that will likely lead to an influx of migrants at the border in 2021.

#### **HOW HAS COVID-19 IMPACTED THE REGION? WHAT OPPORTUNITIES HAVE EMERGED?**

Many of the challenges faced by the Northern Triangle countries have been exacerbated by the Covid-19 pandemic and hurricanes Eta and Iota, which both struck in November 2020. The total economic damages of the hurricanes were an [estimated \\$9 billion dollars](#), further impacting the region during the pandemic, which had already decreased economic activity (e.g., [drops in tourism](#) and remittances). However, income from remittances has [increased since June](#), particularly in Guatemala.

Although the three governments of El Salvador, Honduras, and Guatemala established Covid-19 response strategies relatively quickly—such as quarantine measures, limits on movement, and prison reforms—weak institutions have restricted the provision of public services and medical and economic relief and the pandemic has negatively impacted communities and exacerbated poverty rates.

The Covid-19 response measures resulted in a temporary [reduction of criminal activity and the rate of violence](#) in the Northern Triangle, with March recorded as the least violent month in recent years. However, certain criminal organizations [adapted to the changes imposed by the pandemic](#) and used the crisis to consolidate strength and increase control of territory. For instance, some organizations and gangs leveraged the pandemic to increase influence and reputability by enforcing quarantine measures, supplying aid, and donating face masks to public authorities. In fact, as quarantine measures have loosened, levels of

homicide have begun to increase back to [pre-pandemic rates](#). As the pandemic subsides, governments may have an opportunity to address these violent actors and organizations while the nature of criminal activity has changed and remains lower than average.

The pandemic may also create [opportunities](#) for the region with regard to nearshoring and re-localization of global value and supply chains to the Western Hemisphere. Several factors like the pandemic and the U.S.-China trade war have forced companies to reevaluate moving global supply chains closer to the United States to de-risk against potential global shocks. Regional trade agreements such as the [Dominican Republic-Central America Free Trade Agreement](#) (CAFTA-DR) offer an established framework for trade, economic growth, and [long-term](#) economic resilience for the Northern Triangle.

### **WHAT ARE RECENT APPROACHES TO FOREIGN POLICY IN THE NORTHERN TRIANGLE FROM THE UNITED STATES AND OTHER INTERNATIONAL ACTORS?**

Recent U.S. foreign policy in the Northern Triangle include the Obama administration's [Alliance for Prosperity \(A4P\)](#) and the Trump administration's [U.S. Strategy for Central America](#).

Launched in late 2014, the A4P was intended to be a comprehensive approach implemented in collaboration with the El Salvadoran, Guatemalan, and Honduran governments, as well as regional organizations such as the Inter-American Development Bank, to generate improved governance, transparency, institutional capacity, prosperity and human capital development, personal security, immigration law reform, access to justice, and overall stability. Then-Vice President Biden helped lead the initiative and Congress approved [\\$750 million for the A4P in FY 2016](#). A4P targeted security, governance, and development issues to address the root causes of migration and assist asylum seekers.

Nevertheless, despite the Alliance for Prosperity's holistic design, it is widely regarded as being unable to stem the flow of migration from the region to the United States and is considered by some human rights organizations to have contributed to [insecurity in the Northern Triangle](#). Its impact is difficult to measure, however, since most assistance for its programs did not reach the region until 2017 and was curtailed by the Trump administration in early 2019.

The Trump administration's [U.S. Strategy for Central America](#) (USSCA) focused on leveraging foreign assistance as a political tool to influence U.S. national security interests in halting unauthorized asylum seeker arrivals to the U.S.-Mexican border. The Trump administration did not believe foreign aid to be effective and as early as 2017 [reduced foreign aid to Central America](#) by 75 percent.

Similar to A4P, the USSCA aimed to promote institutional reform, anti-corruption initiatives, security reform, and economic development. In 2018, approximately \$401 million in foreign aid was provided to the region, primarily for security. In early 2019, the Trump administration froze \$450 million in foreign aid to Guatemala, Honduras, and El Salvador because of migration from those countries. Following the suspension of aid in early 2019, development and economic relief programs shut down, many of which were under the purview of the U.S. Agency for International Development (USAID), along with a variety of partner nongovernmental organizations (NGOs). Overall, the Trump administration has steadily diminished aid to the region each year, reducing the budget from \$750 million in FY 2016 to \$377 million in FY 2021.

In December 2020, Congress passed the U.S. Northern Triangle Enhanced Engagement Act which requests the creation of a five-year strategy from the secretary of state and USAID administrator on efforts to advance prosperity, fight corruption, strengthen democratic institutions, increase citizen security

and human rights, and halt irregular migration. In order to access part of the aid, the Northern Triangle countries will need to fulfill certain requirements such as informing their citizens of the dangers of the migration to the United States, combatting human and drug trafficking, and strengthening anti-corruption efforts. The act also requires the creation of a list (known as the “Engel List”) of senior officials who committed or participated in corruption in El Salvador, Guatemala, and Honduras. These officials would be barred from entering the United States. The legislation also authorizes property-blocking sanctions for members of the Engel List.

The Inter-American Development Bank (IDB) has been a significant player in the development of the Northern Triangle. Under its past leadership the IDB was a critical partner for the United States under the previous A4P initiative. In December 2020, newly elected president Mauricio Claver-Carone [expressed interest](#) in working with the Biden administration on a renewed Alliance for Prosperity and increasing the economic prosperity and development of the Northern Triangle.

China has also greatly expanded its influence and economic involvement in the Northern Triangle, bringing the dynamics of the great power competition into regional and international politics. As of mid-2019, China had invested [\\$2 billion](#) in Central American infrastructure projects. Furthermore, under Chinese pressure, El Salvador severed diplomatic ties with Taiwan in 2018. Honduras and Guatemala continue to hold official diplomatic ties with Taiwan.

Mexico also has played a key role in the development of the Northern Triangle and its partnership is essential to addressing migration challenges. Mexico has implemented a sustainable development plan (“[El Plan de Desarrollo Integral](#)”) for El Salvador, Guatemala, Honduras and the southeast region of Mexico to facilitate economic growth, improve human rights, climate change resilience, and migrant rights. The plan was [developed](#) in partnership with the Economic Commission for Latin America and the Caribbean (CEPAL), participant governments, and larger multilateral organizations such as the United Nations. Colombia has played a helpful role in training Central American police and security forces.

#### **WHAT SHOULD THE PRIORITIES BE FOR THE BIDEN ADMINISTRATION?**

The Biden administration will have to learn from the successes and shortcomings of the Obama and Trump administrations’ initiatives and design a foreign policy strategy for the region that not only provides funding but creates measurable, effective, and persistent positive change. A digital transformation agenda, pandemic and hurricane recovery strategy, increased trade facilitation, holistic security approach, massive private sector-led job creation, and strengthening the rule of law will need to be priorities to transform and increase progress in the Northern Triangle.

The Biden campaign outlined a [partnership strategy](#) reminiscent of the Alliance for Prosperity, seeking to increase security and economic prosperity in Central America and the Northern Triangle. The Biden administration plans to engage the international community and regional governments to aid and foster self-reliance and economic development in the Northern Triangle. This plan intends to address migration, food insecurity, economic growth and private sector investment, corruption and institutional capacity, the effects of climate change, security and violence, and poverty. The administration’s plan includes a four-year, \$4 billion investment from the U.S. government to address these challenges. Special attention should be placed on cross-border infrastructure projects like roads, airports, and ports.

A 60-day [comprehensive review](#) of U.S. policy in the Northern Triangle evaluating the effectiveness of past U.S. and international assistance programs and their overall successes and failures would help establish lessons learned and better inform future policy initiatives. A review process can also include a public-pri-

vate study group and evaluation metrics that aim to cover a range of issues including aid, security, human rights, rule of law, tax revenue, and governance in the Northern Triangle.

The Biden administration should support the Northern Triangle countries in ensuring that corrupt and undemocratic actors in the region face consequences, and the Engel list could be an important tool to use in that process. The administration should also ensure that there are clear criteria for adding undemocratic and corrupt individuals to the Engel list. The absence of guidelines could potentially allow for misuse and even human rights violations.

The Biden administration should also promote further and frequent inter-governmental dialogue and partnership to help stimulate economic growth and overall development in the region. It should begin by virtually convening the heads of state of the Northern Triangle within the month and meet on the sidelines of the Summit of the Americas. Likewise, the Biden administration should seek to renew partnerships with regional partners, allies, and organizations. However, some regional support may be harder to achieve with potential allies facing their own challenges. Mexican president Andrés Manuel López Obrador may be incentivized to help in the Northern Triangle if development aligns with his priority of **creating progress and economic growth** in Chiapas, the poorest region in Mexico that borders Guatemala, and expanding on existing initiatives such as El Plan de Desarrollo Integral.

In addition, the Biden administration should leverage the impacts of the pandemic for **nearshoring** and relocate global value and **supply chains** to make these more resilient and adaptive to external shocks. If U.S. companies reallocated their manufacturing companies in the Western Hemisphere, using the trade benefits already existing under CAFTA, they could also bring much needed formal job opportunities and disincentivize emigration. Similarly, the Biden administration should work with the private sector, the IDB, other multilateral development banks (MDBs), Development Finance Institutions (DFIs), and government entities to help improve the business environment to be flexible, resilient, and low risk.

The Biden administration should also determine how quickly and when it would like to partner with the Inter-American Development Bank. The United States and IDB governors must decide what kind of relationship the United States will have with the IDB and its new president Mauricio Claver-Carone.

From a geopolitical perspective, a Biden strategy should consider China's increasing presence and role in Central America and the Northern Triangle and what actions are in the United States' best strategic interest. The United States ought to also provide economic and business alternatives to Chinese funded projects, for example, on 5G technology projects. The Biden administration should review previous initiatives like América Crece to determine whether some of those policies can be further developed.

Given that the Covid-19 pandemic has inhibited migration movement during most of 2020, it is very possible that Biden's promises for more human-centered immigration policies will encounter a high influx of migrations in his first twelve months. The administration should anticipate this scenario and work in collaboration with the Northern Triangle governments and Mexico to plan accordingly and expand efforts to mitigate a crisis at the border.

The Biden initiative should also assist with pandemic recovery efforts and preparation for future pandemics in the Northern Triangle, including vaccine distribution and addressing vaccine inequality. Lastly, the United States should **continue** to work with the governments of the Northern Triangle to promote climate change adaptation policies and disaster risk reduction strategies to foster sustainable and resilient infrastructure.

Ultimately, the decisions of these countries are in the hands of their respective political leaders and communities. Institution and capacity building will take a long time; effective and sustained political will and technocratic leadership will facilitate significant growth and progress in the region.

Together, these efforts will serve not only the interests of the Northern Triangle countries but also those of the United States, especially concerning national security, development, and international leadership and engagement. ■

***Daniel F. Runde** is senior vice president, director of the Project on Prosperity and Development (PPD), and holds the William A. Schreyer Chair in Global Analysis at the Center for Strategic and International Studies (CSIS) in Washington, D.C. **Linnea Sandin** is the associate director and an associate fellow with the Americas Program at CSIS. **Elena Méndez Leal** is an intern with PPD. **Laura Guerra** was an intern with the CSIS Americas Program.*

*This report is made possible by general support to CSIS. No direct sponsorship contributed to this report.*

**This report is produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).**

**© 2021 by the Center for Strategic and International Studies. All rights reserved.**