

US FOREIGN AID TO THE NORTHERN TRIANGLE 2014–2019:

Promoting Success by Learning from the Past



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Finally, to the millions of citizens of Central America who strive every day in the region and abroad to live with dignity and contribute however they can, despite conditions that would try the strongest society, this report was drafted with the intent of helping in a small way to improve their lives. What is good for the people of that vital region is good for the international community as a whole, especially the United States.

EXECUTIVE SUMMARY

Few regions of the world are more closely linked to the United States than Central America, especially the three countries known as the Northern Triangle: El Salvador, Guatemala, and Honduras. Their relationship with the United States—cultural, political, and economic—is far closer than it is with Mexico or any country in South America, in large part because of the millions of immigrants from the Northern Triangle who call the United States home. If geopolitical competition with the Soviet Union defined US relations with the Northern Triangle in the 1980s, there is no question that migration issues now dominate US policy deliberations related to the region.

Central American irregular migration eclipsed Mexican arrivals in the period between 2000 and 2020, most dramatically in the form of mass migration events in 2014 and 2019. The 2014 migration crisis included nearly 70,000 unaccompanied minors, mostly from the Northern Triangle countries, a phenomenon that surprised authorities and severely strained federal and state capacity to handle the flow of people. That episode convinced the Obama administration of the need to steer additional resources to promote improved conditions in Central America and address the underlying drivers of migration. This led to the establishment of the US Strategy for Engagement in Central America, which was the framework for assistance to the region from 2014 through the first half of the Trump administration. Northern Triangle countries and the Inter-American Development Bank established a complementary initiative—the Alliance for Prosperity—which combined the Northern Triangle’s and the bank’s resources to address constraints on growth in the region.

Foreign aid to Central America has evolved significantly since the political and military conflicts of the 1980s as successive US administrations and other international donors have experimented with various formulas to foster greater economic growth and improved social and security conditions. Despite significant improvements in some areas—such as greatly reduced inequality in El Salvador, lowered infant mortality rates in much of the region, and better access to clean water and sanitation in many communities—neither economic growth in the Northern Triangle nor foreign aid kept pace with sharply negative trends that buffeted communities that in many cases were still recovering



from earlier dislocations. Those trends included deteriorating security conditions brought about by the expansion of gangs and organized crime groups, record-high femicide rates in El Salvador and Honduras, the impact of natural disasters and climate change in both rural and urban areas, rapid population growth, political instability, and social and economic disruptions related to migration.

The US Strategy for Engagement in Central America acknowledged that previous US assistance had not altered structural deficiencies in the Northern Triangle, such as deep poverty; low investment in education; high levels of insecurity, corruption, and impunity; inequality and widespread social exclusion; and a lack of economic competitiveness. In this context, the US Strategy sought to address the root causes of migration from Central America by concentrating assistance in three categories: governance, security, and prosperity. Congress allocated \$2.6 billion over multiple years to support these efforts, channeling most of the funds to the US Agency for International Development (USAID) and the US Department of State. Implementation began in earnest in 2016. The Trump administration continued programs under the US Strategy until most aid to Central America was suspended in early 2019 on the grounds that the Northern Triangle countries had failed to stem migration, and then was partially restored in mid-2020.

The authors of this report interviewed current and former US officials and development practitioners who carried out US assistance in the 2014–19 period, as well as experts and beneficiaries in the Northern Triangle, to gain their insights regarding the overall efficacy of this assistance. Ideally, the lessons learned through this exercise will inform current and future efforts to promote sustainable, positive change in the three countries.

Key Findings

The authors argue that the most important contributing factor to limited growth and social progress in the Northern Triangle is resistance to anticorruption and good governance reforms by a small but powerful set of political and economic actors with a deep stake in maintaining the status quo. The centrality of governance issues for resolving the raft of challenges facing the Northern Triangle is not a new observation; but recent foreign assistance efforts and the circumstances surrounding the collapse of historic anti-impunity

initiatives in Guatemala and Honduras bring the fundamental challenges posed by corruption into sharp relief. *The authors contend that if donors, including the United States, do not make good governance and anticorruption their top priority in the Northern Triangle, progress related to economic growth and security will be fleeting at best.*

Governance

Many interviewees focused on the broad negative effects stemming from weak democratic governance and grand corruption, and they shared additional important observations:

- US foreign aid to the Northern Triangle is crucial for regional development and should be maintained, but US political support for reforms is even more important. The United States has the policy tools to both set a positive agenda and counteract those involved in corrupt efforts that could stymie reforms.
- At the same time, outside actors, including the United States, have a limited capacity to quickly transform deeply ingrained structural inequalities in the three countries, and thus they must be realistic, strategic with respect to development objectives, and committed to a long-term effort in the Northern Triangle.
- There are capable reformers both in and out of government in the Northern Triangle, but they need strong support from the international community, including for their physical safety in many cases.
- The lack of political will among many in the Northern Triangle's political class to carry out reforms is a major roadblock, but political will is not static. It can both be fostered with external support and dissipate when such support is withdrawn. US embassy engagement with economic and political elites can yield important allies in this regard.
- In the context of corrupt and ineffective governance, institutional reform efforts emerging from within government are often unsuccessful if they lack external support. Many interviewees emphasized the importance of strengthening civil society organizations capable of pressing for reform from outside government and over a long period.

- In all three countries, observers cited long-term US commitment to fostering the growth of civil society—including not only nongovernmental organizations but also private-sector organizations, professional groups, and religious organizations—as among its most successful and activities with the most impact.
- Although high profile anti-impunity initiatives in Guatemala, Honduras, and El Salvador were imperfect and were ultimately undermined by opponents of reform, they achieved historic successes and offer practical models to be emulated.
- The United States has the tools to both advance a positive agenda in the Northern Triangle and counteract those involved in corruption and other crimes, with US ambassadors serving as particularly important messengers of US values and priorities.

Security Cooperation

Many security programs under the US Strategy for Engagement in Central America are continuations of programs initiated under the Central American Security Initiative (CARSI) launched in 2008. The authors' findings with regard to security assistance build on previous observations related to CARSI:

- The clearest finding was that a narrow law-enforcement-only approach to security is insufficient, a view borne out by the more successful integrated efforts in some of the most violent communities in the Northern Triangle. Efforts that appeared to yield important positive results included community-focused programs based on solid data regarding criminal phenomena, coordination between donors and host country officials at multiple levels, and the application of programs aimed at changing social dynamics in affected communities.
- Some interviewees questioned the utility of homicide rates as a measure of overall citizen security, given the prevalence of other crimes, such as extortion and gender-based violence, that might be obscured by declining homicide rates. Proponents of focusing on reducing homicides noted the relative abundance of data on killings compared with other crimes and the fact that progress against homicides was often accompanied by other gains.

- Gender-based violence should remain a priority for both national governments and donors, given its extraordinarily negative social and economic impact and close relationship with other social ills affecting Central American populations.
- Special or vetted police units function well for specific tasks, but have limited capacity to spur broad institutional improvements. They are especially well suited for confronting crimes where corruption is either the target or has the potential to disrupt police operations. However, specialized units are vulnerable during political transitions and can become isolated within broader security bureaucracies.
- US drug interdiction priorities are not always shared by host governments, sometimes saddling the United States with long-term financing of certain components, for instance, patrol vessels for seaborne interdictions.

Economic Development

Those involved in using US assistance to promote increased prosperity and economic growth shared observations highly relevant to future aid planning:

- Improved governance and transparency are vital for improved economic performance in the Northern Triangle. Foreign and domestic investment is limited by concerns regarding undue influence by a small set of economic actors to maintain captive markets in key sectors, avoid taxes, and concentrate power in the hands of large companies at the expense of small and medium-sized enterprises.
- Proreform individuals and groups within the private sector, as well as groups representing small and medium-sized enterprises—which represent a significant portion of the labor force but lack political power—merit donor support as forces for positive change.
- It is about jobs. The economic development programs that had the most impact focused on job creation as opposed to training, which some observers suggested would be better placed in the secondary education system.

Aid Implementation

With regard to the delivery of US assistance to the Northern Triangle in the period immediately before and during the 2014–19 period studied for this report, the authors find that:

- Development practitioners gained significant knowledge regarding practices and approaches that contributed to successful programs in the Northern Triangle. These factors included extensive planning driven by reliable data, the involvement of planners informed by host country actors and others familiar with the intended beneficiaries of such programs, and extensive consultation with intended beneficiaries before and during implementation.
- Notable successes involving US assistance include community security efforts that featured close coordination between municipal officials, national-level officials, aid implementers, and beneficiaries, such as those carried out under Plan El Salvador Seguro. Place-based development strategies involving coordination by a broad range of stakeholders in a given location were promising but were not fully tested in practice.
- The United States won praise from host country observers for its long-standing support for civil society, assistance aimed at combating gender-based violence, and providing vital support for the launch of anti-impunity initiatives in all three Northern Triangle countries.
- Millennium Challenge Corporation programs were viewed positively across the three countries, as much for their role in promoting the growth of effective host country counterpart entities as for work financed through the corporation's compacts and threshold agreements.
- Both the Inter American Foundation and the National Endowment for Democracy are highly regarded by civic organizations and development experts in the Northern Triangle for their focus on locally driven, smaller-scale initiatives and for their flexibility and relatively simple oversight requirements. Both the foundation and the endowment have the potential to expand their reach in the region with additional resources.

Aid practitioners also encountered difficulties that underscore the scale of the structural challenges facing the Northern Triangle that merit study in the context of current and future assistance efforts:

- The lack of a clearly defined end-state vision for what the United States hoped to achieve through assistance to the Northern Triangle sometimes hampered US assistance efforts by confusing publics about the purpose of US assistance and limiting the ability of implementing agencies to establish clear metrics and timelines.
- One consequence of the lack of a clear vision for development objectives was a tendency by aid implementers to focus on aid outputs (the number of meetings held, numbers of people trained, etc.) rather than observable positive changes in conditions in the Northern Triangle as a measure of success.
- Some interviewees cited what they viewed as a lack of coordination, transparency, and flexibility on the part of agencies and organizations implementing US assistance in the Northern Triangle, blaming negative competitive incentives among contractors for some of those tendencies.
- Similarly, several US congressional staff members expressed frustration to the authors regarding the perceived unwillingness of US executive branch agencies to report negative outcomes involving aid programs and instead sharing overly optimistic assessments of the efficacy of such programs.
- Observers in the Northern Triangle said US politics sometimes appeared to interfere with US assistance to the region and stressed the importance of bipartisan support for reforms and reformers. The 2019 suspension and cuts in US assistance caused lasting damage to US efforts in the region and generated skepticism among some in the region regarding the United States' commitment to development in the Northern Triangle.

Many of the challenges related to aid implementation raised by interviewees were not specific to the Northern Triangle but appeared to result from previously documented aspects of the US assistance model itself:

- One factor cited repeatedly by local and international organizations familiar with US assistance was the high administrative burden associated with USAID oversight requirements. Despite efforts by USAID to reduce such barriers, such as the USAID Forward initiative, several organizations that had secured USAID funding in the past said they would not seek such support in the future because of difficulties getting accurate guidance on how to meet requirements and the cost and time involved with meeting these requirements.
- Another frequent criticism by those interviewed as part of this project was the reliance on US-based contractors to carry out many aid programs in the Northern Triangle, as opposed to working with smaller international and local organizations more familiar with local conditions and potentially more prepared to adjust programs as conditions changed. The perception among observers in the Northern Triangle was that the contractor model meant that significant portions of US assistance remained in the United States rather than reaching intended beneficiaries. They also expressed concern that contractors tended to crowd out local organizations vital to the sustainability of development efforts. US officials and others noted that only contract companies had the scale and administrative capacity to implement large-scale programs involving tens of millions of dollars.

Sources of US Leverage in the Northern Triangle

A wide range of interviewees expressed skepticism regarding the willingness of political actors and other leading figures in the Northern Triangle to carry out necessary structural reforms. As noted above, political will is not static and can be fostered (or diminished) to some extent by US policy. Practitioners and observers discussed the various tools at the disposal of the United States to encourage support for a positive agenda in the region:

- Northern Triangle governments are deeply attentive to US policy positions, and US embassies have disproportionate power to shape local opinions through public and private engagement. There are limits to the ability of the United States to convince political and economic elites to operate against their own perceived

interests, but when US executive branch and congressional views are aligned and embassies are empowered, US influence is a potent force.

- Cuts to development assistance are a poor source of leverage because most aid is routed through nongovernmental partners and governments do not view the cuts as affecting their core interests. Security assistance is an exception, because it is provided to governments.
- Extraditions resonate positively with publics angered by impunity and shape the behavior of criminal actors and those tempted to collaborate with them.
- US Treasury sanctions are effective against criminal actors and organizations and could potentially contribute to the promotion of institutional reforms.
- Visa sanctions can be effective in deterring illicit activity and can have a broad impact when applied strategically.
- Certification processes associated with US assistance are seen as a double-edged sword by practitioners—helpful when they contribute to embassy efforts to shape host government actions in a positive direction, but harmful when they disrupt the flow of resources to successful programs.
- US reform priorities in the Northern Triangle could be more closely aligned with US positions and votes in the multilateral development banks that have operations in the three countries.

OVERVIEW

Eric L. Olson and Ricardo Zúñiga

Few regions of the world are as closely intertwined with the United States as Central America, especially the three countries known as the Northern Triangle: El Salvador, Guatemala, and Honduras. The headline-grabbing aspects of that relationship over the last four decades—the United States’ efforts to oppose revolutions and support counterrevolutions, the flow of drugs to the north and guns to the south, gang violence, and mass migration—obscure the profound and positive familial, cultural, and economic connections between the United States and the Northern Triangle. These connections are more obvious in Central America, where remittances from the United States shape national economies and nearly everyone has a friend or relative living in the North. But Central America also touches the United States through the presence of immigrants in communities throughout the country and by providing a vital pool of seasonal workers, a presence that contributes to cultural and economic life in the United States. This close and dynamic relationship—geographic, cultural, and economic—means that events in the Northern Triangle can swiftly impact the United States, and vice versa.

In recent years, this reciprocal impact has revolved around Central American emigration to the United States, particularly mass migrations in 2014 and 2019 and their influence on US domestic politics and migration policy. These surges, and the general uptick in migration from the Northern Triangle, which proved disruptive and costly for the United States, have been driven in large part by high levels of violence and poverty in all three countries—made worse, in many cases, by ineffective government responses.

This overview chapter focuses on US assistance between 2014 and 2019 to the Northern Triangle that was aimed at alleviating the conditions driving Central American migration to the United States. The chapter is intended as a lessons-learned exercise to help identify interventions that proved successful, along with factors that reduced the efficacy of US aid.

Discussions about US foreign assistance in Central America have become absolutist: Either foreign assistance has failed, is wasteful, and must be ended; or the situation demands a “Marshall Plan” for Central America that vastly increases US financial aid for an extended period. Judgments about the utility of development aid to the region are much more complex, combining factors unique to Central America and elements related to the broader US foreign assistance model. Foreign aid, including that from the United States, has helped significantly improve key social indicators across the region, helped make communities more secure, and contributed to economic growth. What foreign aid has not done is overcome the entrenched resistance among a few key sectors to systemic reform that would lead to greater accountability and transparency, a core factor that we argue is at the heart of the Northern Triangle’s inability to achieve sustained, broad-based economic growth, improved security conditions, and stable democratic governance.

In this chapter, we seek to acknowledge the shortcomings of US foreign assistance to the region (and we focus much of our attention on that) as well as initiatives and approaches that have demonstrated hopeful and measurable results. We have attempted to look under the hood and have tried to identify the factors that contributed to success or exacerbated failure in foreign assistance. The achievements and setbacks have several things in common. They succeed or fail based on the level of engagement of multiple stakeholders: donors, host countries, and civil society. Ultimately, success or failure depends on an accurate assessment of the political dynamics in the country; the skillful deployment of diplomatic, economic, security, and development assistance tools by implementing agencies; and a clear understanding of the limits on the ability of the United States to alter the region’s deep-seated social, political, and economic dynamics.

As authors, we sought to approach the topic with the appropriate level of humility as well. We acknowledge forthrightly the limitations of our work. We view this endeavor as beginning a process of dialogue with policymakers and stakeholders, only one part of an iterative process to further our understanding of a complex set of problems that have resisted resolution for many years.

Other experiences have taken a much broader look at the relationship—namely, the Kissinger Commission in 1984 and the subsequent Sanford Commission in 1989.¹ Additionally, there have been numerous efforts by Washington-based think tanks, such as the



Council on Foreign Relations and the Atlantic Council.² Interestingly, some of the issues related to US efforts to promote improved conditions in the region highlighted in previous decades-old studies are still relevant today, which suggests that they are so chronic and ingrained that neither the United States nor Central Americans have managed to dislodge even well-understood barriers to progress in the Northern Triangle.

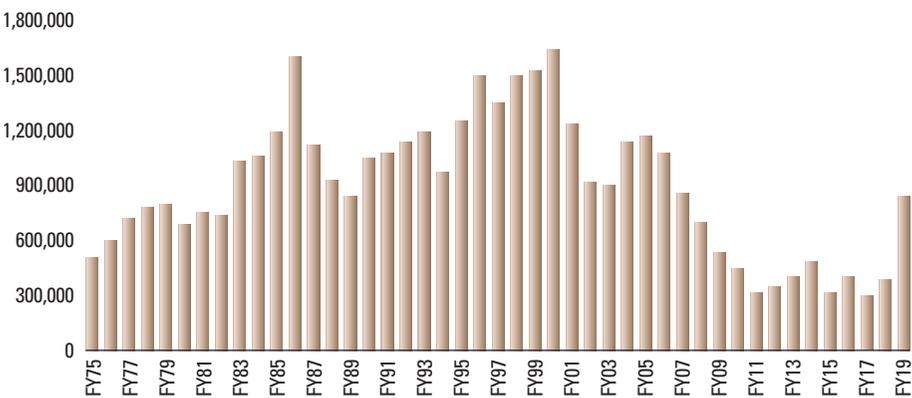
This report is not a comprehensive survey of the full range of factors influencing development outcomes in Central America. It touches only briefly on topics that merit their own reports, such as the extraordinarily pernicious impact of femicide and domestic violence in the Northern Triangle, challenges associated with displaced persons and marginalized communities within the region, or the potential opportunities that improved conditions could yield for US interests. Our aim was to use this exploration of how US assistance performed during a period of significant expansion after 2014 to offer future policymakers a starting point for discussions of how best to structure aid to contend with inevitable future emergencies in the region.

Our interviews revealed an extraordinary level of commitment on the part of local actors in the Northern Triangle to advance reforms and improve conditions for the citizens of their countries. We found a similar level of dedication among development practitioners, experts, and observers both in and out of government who generously shared the insights that made this report possible. We wish to thank them for their candid perspectives regarding opportunities and challenges around aid to the Northern Triangle. We also deeply appreciate the contributions of the many colleagues who reviewed and offered valuable feedback on early drafts of the report.

Introduction

El Salvador, Guatemala, and Honduras have moved back into focus for US policy in the Americas over the last decade, approaching the status they held in the 1980s as Cold War battlegrounds and in the 1990s after they were devastated by Hurricane Mitch. This time, however, their importance is linked not to geopolitics or to a natural disaster, but to their impact on US domestic interests, in particular through the mass migration of their citizens to the United States. The 2014 arrival of 68,000 unaccompanied minors from the three countries required a massive, costly response by the US federal government and states, drawing national attention to the simmering social crisis affecting the region. This crisis includes extraordinarily high crime rates in all three countries, including the highest femicide rates in the world; social and economic disruptions caused by climate change; extreme poverty, inequality, and lack of economic opportunity; political instability; and widespread corruption. These factors changed the rate of migration from a steady stream before 2010 to periodic spikes in migration since 2014. They also shifted the demographics of emigration from younger men seeking employment to children and family units seeking safety, better economic conditions, and in many cases reunification with relatives in the United States.

FIGURE 1:
Total Apprehensions at the Southwest Border, FY1975-FY2019



Source: U.S. Customs and Border Protection. FY1975-FY2018: "U.S. Border Patrol Fiscal Year Southwest Border Sector Apprehensions (FY 1960-FY 2018)," <https://www.cbp.gov/newsroom/media-resources/stats>; FY2019: "Southwest Border Migration FY2019," <https://www.cbp.gov/newsroom/stats/sw-border-migration/fy-2019>.

FIGURE 2:
Funding for the U.S. Strategy for Engagement in Central America by Country:
FY2016-FY2020

(Appropriations in millions of current U.S. Dollars)

COUNTRY	FY2016	FY2017	FY2018 (estimate)	FY2019 (estimate)	FY2020 (request)	% Change 2018-2019
Belize	1.2	1.2	1.1	0.0	0.2	-83%
Costa Rica	1.8	5.7	5.7	8.2	0.4	-93%
El Salvador	67.9	72.8	57.7	0.0	45.7	-21%
Guatemala	127.5	125.5	108.5	13.0	69.4	-36%
Honduras	98.3	95.3	79.7	0.0	65.8	-18%
Nicaragua	10.0	9.7	10.0	0.0	6.0	-40%
Panama	3.3	3.3	3.1	0.5	1.2	-61%
CARSI	348.5	329.2	319.2	290.0	250.3	-22%
Other Regional Assistance	91.4	42.1	29.5	215.9	6.0	-80%
TOTAL	749.9	684.8	614.5	527.6	445.0	-28%

The Trump Administration reprogrammed approximately \$400 million of bilateral and regional aid that it had previously allocated to El Salvador, Guatemala, and Honduras. Revised allocations are not yet available.

For FY2019, Congress appropriated most assistance for Central America as regional aid, giving the State Department flexibility in allocating the resources among the seven nations of the isthmus. Country-by-country allocations are not yet available.

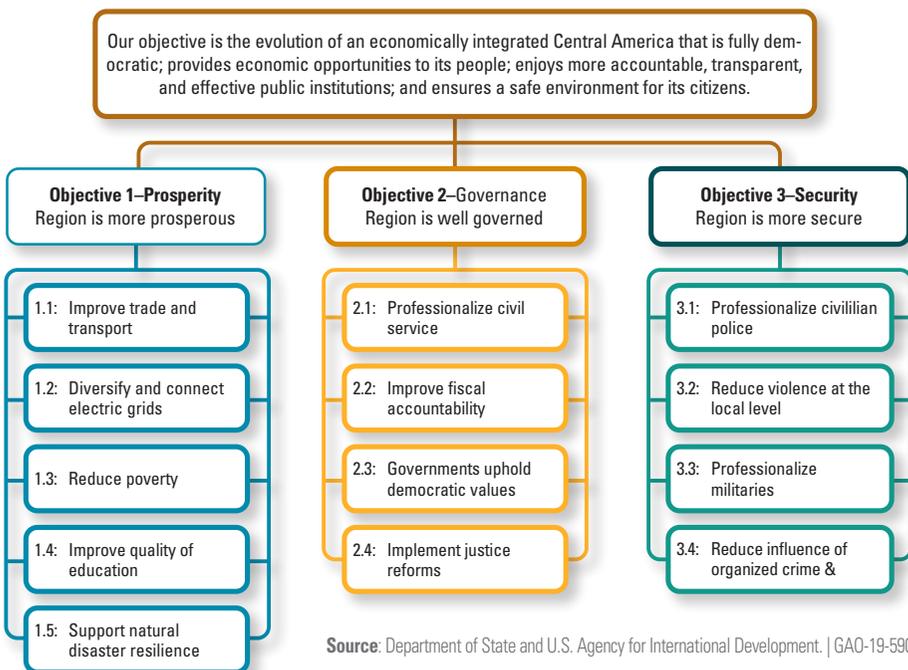
H.Rept. 116-9 stipulates that \$32.5 million of CARSI assistance is to be allocated to Costa Rica

Sources: U.S. Department of State, Congressional Budget Justifications for Foreign Operations, FY2018-FY2020, available at <https://www.state.gov/plans-performance-budget/international-affairs-budgets/>; and H.Rept. 116-9.

In the midst of the 2014 crisis for unaccompanied minors, observers noted that the United States was spending far more on enforcement efforts along the border and processing arriving migrants than it was on development aid to the Northern Triangle. The \$3.7 billion emergency appropriation the US president Barack Obama sought in July 2014,³ to contend with the mass migration across the southwest border—which does not count the funds previously appropriated for that purpose—compared with \$603 million in total foreign aid to the three countries in the same year, and \$342 million in 2014,⁴ and raised questions about the efficacy of focusing on the symptoms rather than the cause of instability in the Northern Triangle.

In an effort to address the poor social and economic conditions driving uncontrolled migration to the United States, the Obama administration secured \$750 million in congressional funding for fiscal year 2016 for the new US Strategy for Engagement in Central America, which was intended to yield sustained regional improvements over the medium to long terms in security, economic performance, and governance, especially in the Northern Triangle.⁵ Congress eventually appropriated nearly \$2.6 billion in foreign assistance between fiscal years 2016 and 2019 to support the implementation of the Strategy, with nearly all those funds going to the US Agency for International Development (USAID) and the Department of State.⁶ The Strategy went beyond foreign assistance to include US diplomatic efforts to improve governance, and commitments by host nations to enact reforms.⁷

FIGURE 3:
U.S. Strategy for Central America Objectives and Results Architecture



The 2014 Strategy for Engagement built upon decades of US development and security assistance to Central America and absorbed ongoing initiatives under the Central American Regional Security Initiative, which was itself established in 2009 as an outgrowth of US security efforts in Mexico during the George W. Bush administration under the

This report makes the case that events in El Salvador, Guatemala, and Honduras have such a profound impact on US interests at home and abroad that the United States has no choice but to promote improved economic, social, political and security conditions in those countries.

Mérida Initiative.⁸ The massive increase in US assistance in 2016–17 was only the latest in a cycle of increases and decreases in aid to the Northern Triangle since the 1980s, fluctuations driven by events such as natural disasters and the relative priority of the region for the United States.

The authors review the complex history and increasingly intertwined relationship between the United States and the 32 million people of El Salvador, Guatemala, and Honduras, known collectively as the Northern Triangle. This report makes the case that events in El Salvador, Guatemala, and Honduras have such a profound impact on US interests at home and abroad that the United States has no choice but to promote improved economic, social, political and security conditions in those countries.

Moreover, discussions with a wide range of experts, practitioners, and government officials leads to the conclusion in this report that there are deep structural challenges to governance, security, and economic opportunity in the Northern Triangle and that the main impediment to addressing these challenges is the resistance to reform by powerful actors with a stake in the status quo. Additionally, tackling the challenges of weak governance are paramount and necessary for addressing other challenges, including poor economic and security conditions. This dynamic calls for the steady application by the United States of various tools of statecraft—diplomacy, development aid, economic cooperation, strengthening civil society, and security assistance—to overcome the resistance to reform over time and support those in the Northern Triangle who are working toward sustainable improvements in the region.

US FOREIGN AID TO THE NORTHERN TRIANGLE 2014–2019

This report summarizes a broad set of findings based on interviews by the project team and separate chapters discussing each of the three countries in greater detail. This is not a technical review; it is a discussion of the efficacy of US efforts from the perspective of policymakers, development practitioners, informed observers, and beneficiaries. It is intended as a lessons-learned exercise to help those who design and implement policy related to the Northern Triangle prepare for the next crisis. This report discusses approaches that appear to yield outcomes consistent with US objectives in the Northern Triangle and approaches that appear less successful, or even counterproductive. The most important findings of the project team are outlined here and are discussed in greater detail later in this chapter.

Key Findings

The first key finding is that improved democratic governance must be the US priority in the Northern Triangle. The main impediments to sustained, broad-based economic growth and improved security in the Northern Triangle are the deep structural challenges related to corruption and weak democratic governance. The absence of strong democratic governance exacerbates weak government administration, which in turn leads to deepening poverty, widespread violence and crime, a lack of educational opportunity and basic health care, and a lack of economic competitiveness, among others challenges. Efforts to address these inequities have foundered in large part because of the entrenched resistance to reforms by small but powerful groups of political, economic, and (in some cases) criminal actors in each of the three countries.

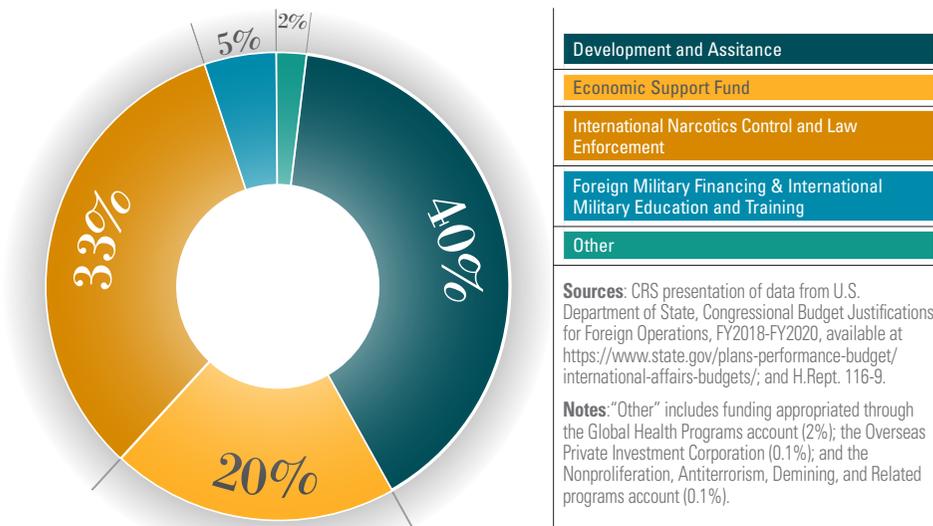
Those who resist reform and benefit from the status quo exercise their power through government institutions and the judiciary to protect their interests, including the maintenance of monopolies and oligopolies that detract from the competitiveness of the Northern Triangle. As long as such groups are

...there are deep structural challenges to governance, security, and economic opportunity in the Northern Triangle and that the main impediment to addressing these challenges is the resistance to reform by powerful actors with a stake in the status quo.

able to preserve and profit from the status quo by constructing systems of impunity, they will continue to shape conditions in the Northern Triangle. In turn, these conditions will continue to drive mass migration to the United States, making the continued power and influence of antireform forces over weak institutions deeply inimical to vital US interests. More transparent and accountable governments, where impunity and corruption are not tolerated and communities and citizens feel a sense of agency, are essential to restoring public faith in democratic institutions, improving security, and opening economies to greater investment and ensuring greater compliance with regulations related to health and safety, tax collection, and labor rights. These main points apply to this finding:

- *Governance programs should be prioritized to promote other development objectives.* The 2014 US Strategy for Engagement in Central America erred in proposing that governance, security, and prosperity programs are equally important (though they *are* mutually reinforcing). By prioritizing improved governance, progress in other areas can follow because greater government efficacy and transparency build public and investor confidence, increase the resources available to carry out basic government functions, and enhance the sustainability of security and economic development assistance programs. It would be unrealistic to hold back development and security programs until governance conditions are perfect, and many such programs clearly must be implemented in parallel with governance efforts. But prioritizing improved governance, transparency, and accountability will contribute to overall program efficacy and to the sustainability of other programs, while failure to address governance issues significantly diminishes the sustainability of foreign assistance. Where host governments or other local actors are expected to eventually assume responsibility for administering and funding an activity, early and intensive efforts to establish strong governance and transparency frameworks increase the odds of long-term efficacy.
- *Outside actors, including the United States, have a limited capacity to quickly transform deeply ingrained structural inequalities in the three countries. US policy frameworks in the region require strong doses of realism and humility.* Sustainable progress ultimately depends on actors from the Northern Triangle itself developing organic political and budgetary responses to the challenges the region faces and incorporating long-excluded communities. International assis-

FIGURE 4:
Funding for the U.S. Strategy for Engagement in Central America by Foreign Assistance Account: FY2016-FY2019



tance, including that from the United States, is crucial, but it is secondary and unlikely to result in sustainable improvements in the normal budget cycle of two to five years. A number of observers interviewed by the project team recommended both a recalibration of expectations for development work in the Northern Triangle and a longer timeline for implementation and evaluation, with an emphasis on evaluating the sustained systemic impact of US development aid.

- *The Northern Triangle does not lack for capable reformers, both inside and outside government, but they need political support.* There are actors in the Northern Triangle with the political will and technical capacity to implement vital reforms. Individuals in government, civil society, and the private sector, some of whom previously benefited from US assistance, have proven their capacity to lead effective anti-impunity efforts, increase government transparency and efficacy, and promote improved economic performance. However, many work in weak institutions or within political constraints that limit their positive influence. Nongovernmental reformers are often viewed suspiciously and with antagonism

by those resisting reform. Nevertheless, support for reformers appears to be among the most cost-effective and productive forms of US assistance in the Northern Triangle, although this is a serious political commitment that, if mishandled or abandoned midway, can lead to setbacks, even assassinations. Interviewees indicated that reformers are unlikely to overcome elements intent on preserving the status quo without strong international support, especially from the United States.

- *The lack of political will to address structural impediments is not terminal or static.* In contexts such as the Northern Triangle, where crime and corruption are deeply entrenched, individuals at all levels of society reconcile their own

...support for reformers appears to be among the most cost-effective and productive forms of US assistance in the Northern Triangle...

behavior to that reality, even if they would prefer a more transparent environment. US efforts to marshal diplomatic and financial tools to create incentives to tackle the structural impediments to more effective governance can help shift public perceptions that corruption is an immutable fact of life in the region. In cases where weak

governance and grand corruption predominate, a strategy will be necessary that is focused on strengthening partnerships with civil society, the private sector, independent journalists, and research institutions, and that provides strong coordination with donors.

- *Sustained engagement by US diplomats with political and economic elites in the Northern Triangle to encourage their active support for reforms can yield valuable allies and resources.* Some important figures among the leading economic and political classes in the Northern Triangle are supportive of efforts to improve overall conditions in the country. Given their power and influence, and their ability to either derail reforms or help make them possible, it is important to seek the support of these actors for sustainable and inclusive models of development in the Northern Triangle. The convening power of the region's US embassies is a vital asset in this respect.

- *Internationally backed bodies such as the International Commission Against Impunity in Guatemala (CICIG) and the Mission to Support the OAS-backed Fight Against Impunity and Corruption in Honduras (MACCIH), despite their respective shortcomings, were among the most effective mechanisms to date for combating impunity and corruption and provide useful lessons for future initiatives.* All three Northern Triangle countries saw anti-impunity and anticorruption bodies in recent years that combined host country jurists and investigators with differing forms of international support. For a time, all three countries witnessed some of the most successful prosecutions of powerful political and economic figures in the history of the Northern Triangle. The experience of CICIG and MACCIH in Guatemala and Honduras, respectively, demonstrates the importance of US engagement to the success or failure of such efforts.

The second key finding is that US foreign aid is crucial, but US political influence in support of reforms and reformers is even more important. These main points apply to this finding:

- *US assistance is vital to help Northern Triangle countries overcome the challenges noted above, but the positive impact of US investments is sharply limited by the inability of local actors, along with the United States and other donors, to diminish the influence of antireform elements.* US assistance and engagement provided crucial support to the region and helped strengthen civil society, improved conditions in violent communities, aided anti-impunity efforts, and increased local resilience in the face of climate change and other natural events, among other successes. The United States enjoys unique levels of prestige and influence in the region, and the perception of many observers in the Northern Triangle (whether it is accurate or not) is that the United States has the necessary political and economic leverage and potential allies to go further and require the three governments to adopt effective measures to combat corruption and impunity, if the United States has the political will to do so.
- *The United States has the tools both to set a positive agenda and to counteract those involved in corruption and other crimes, including prosecution, extradition, and visa restrictions.* The use of such tools requires close coordination between



US policy and foreign assistance—elaborating a clear, positive vision for US relations with Northern Triangle countries, the selective application of political leverage by the United States to promote reforms, and a disciplined approach to development aid based on a thorough knowledge of the region and consultation with host country stakeholders. Multiple interviewees stressed the particularly important role of US ambassadors in defining local perceptions of US priorities, for example by meeting with civil society groups and reformers in government to signal support. Interviewees noted that cutting most forms of foreign assistance is a poor source of leverage with Northern Triangle governments, a blunt instrument that has a disproportionate impact on actors and institutions working toward positive goals.

The third key finding is that exposure to natural disasters and economic shocks will remain a key vulnerability for the Northern Triangle. These main points apply to this finding:

- *The lack of progress in the Northern Triangle can partly be ascribed to the vulnerability of the three countries to natural disasters and climate change, their lack of economic competitiveness in the global marketplace, and social and economic distortions caused by emigration.* Efforts by both local and international actors to remediate these factors and build resilience are important; but again, they will be less successful and sustainable in the absence of improved governance in all three countries.

The fourth key finding is that the lack of clearly defined development and security objectives has hampered US efforts in the Northern Triangle. These main points apply to this finding:

- *The US Strategy for Engagement in Central America did not adequately describe the desired end state for the Northern Triangle, a gap that limited the ability of policymakers and development planners to establish metrics and timelines to assess progress and guide both implementers and host governments toward common objectives.* This lack of a clear vision generated confusion regarding whether the core US objective was improved conditions for residents or reduced migration.

- *The lack of meaningful metrics to measure the progress and impact of US development programs detracted from an assessment of the value of specific interventions and exacerbated public skepticism about US assistance. A September 2019 Government Accountability (GAO) report on US aid to the Northern Triangle found that implementers for State Department and USAID programs “did not consistently collect key information to evaluate progress towards outcomes.”⁹ (The State Department and USAID did not concur with the GAO’s findings in that report.) Observers both in and out of government told the authors that implementers tended to correlate the success and/or efficacy of programs with the amount of assistance delivered rather than the impact of that assistance. Implementation reports often focused on the number of training sessions given, the number of persons trained, or the number of events held as opposed to measuring how that assistance changed (or failed to change) the conditions targeted by US assistance. Implementing agencies, for their part, were often under enormous pressure from Congress and the administration to show results by disbursing large sums of money in unrealistic time frames, so efforts to measure “impact” were often reduced to counting activities. Such an unhealthy cycle leads to misplaced cynicism about foreign assistance. Instead, the complicated task of trying to understand the relative value of individual programs and to assess the overall impact of US government efforts should lead policymakers to clearly define the desired end states and high-level metrics for success in the Northern Triangle.*

Implementing agencies, for their part, were often under enormous pressure from Congress and the administration to show results by disbursing large sums of money in unrealistic time frames, so efforts to measure “impact” were often reduced to counting activities.

The fifth key finding is that implementers and beneficiaries of US development programs gained knowledge that can help guide future aid initiatives. These main points apply to this finding:

- *There is more than one formula for success, but the most effective US programs share similar traits.* Programmatic successes in the Northern Triangle share key characteristics, including well-informed analysis in the early stages and the involvement of host country actors in the planning stage and throughout the life cycle of the program. Effective programs are often data-driven assessments of where best to direct assistance and include planning for local integration of programs once US funding ends, and the strong public backing of US Embassy leaders, among other factors. In terms of promoting lasting positive outcomes in the Northern Triangle countries, programs and initiatives that targeted structural constraints to progress and fostered local capacity tended to have more of an impact.
- *A lack of coordination, transparency, and flexibility undermined US development efforts.* Certain criticisms leveled against the broader US development model also appeared in the Northern Triangle. Interviewees cited a number of factors as reducing the efficacy and reach of US assistance in the region: insufficient coordination among US government implementers; the elaboration of projects and requests for proposals designed without local consultation; inflexibility in changing programs to account for shifting conditions or poor program performance; negative competitive incentives among contractors; and the high administrative burden of working with US development agencies.
- *Cooperative agreements offer greater flexibility than contracts for local and regional organizations involved in aid implementation.* Local organizations and international nongovernmental organizations (NGOs) noted that cooperative agreements tend to allow for greater input by community stakeholders, the ability for implementers to adapt as conditions change and affect aid efforts, and reinforce the agency of civil society in development efforts. Contracts are better suited for situations where the US implementing agency seeks to provide greater direction to meet a clearly defined aid objective. Practitioners noted that cooperative agreements should include funding for impact evaluations to enable the US government to measure the efficacy of the model in terms of overall deliverables.
- *Some observers, including several US congressional staffers, expressed concern about the lack of transparency by both US agencies and implementers re-*

garding the efficacy of assistance programs, as well as a broad unwillingness to report negative outcomes of assistance programs or to adjust projects as conditions changed. Reluctance to share information related to program performance was ascribed partly to the competitive nature of the for-profit development model and partly to concern that negative outcomes would reflect badly on the implementing entities, triggering congressional criticism, funding cuts, or other repercussions.

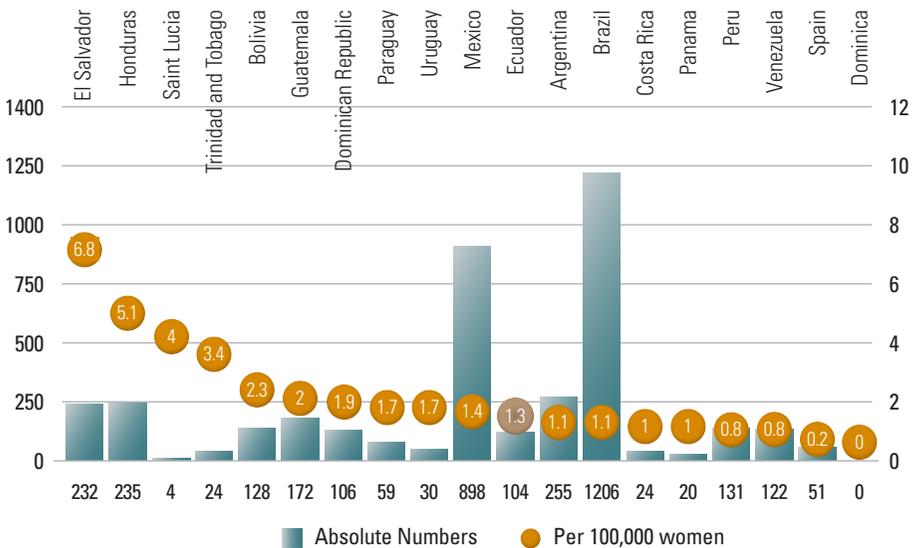
- *The administrative burden associated with USAID oversight requirements limits opportunities to develop the capacity of local organizations in the Northern Triangle.* Despite intensified efforts to channel resources directly to local organizations, especially under the 2010–16 USAID Forward reform agenda,¹⁰ several locally based groups interviewed during the project reported difficulty navigating USAID’s rigorous administrative, monitoring, and evaluation requirements and said they would not seek USAID funding in the future. Smaller-scale programs sequenced to take advantage of more conducive environments that emerge over time may represent a more productive approach, in the long run, to US assistance for the Northern Triangle. This may warrant a significant near-term investment to build the capacity of local organizations to not only work with USAID and other development agencies but also to develop independent funding streams and strengthen their internal administration. Local organizations that have worked successfully with external donors could play a particularly valuable role in expanding the capacity of other host country organizations.
- *A related challenge is one of trade-offs: choosing between the efficiency provided by large US contractors involved in aid implementation and need to build up smaller host nation organizations with less capacity but deeper local knowledge.* Given the Northern Triangle’s relatively small civil society and weak government institutions, US bilateral assistance is primarily channeled through US-based nonprofit and for-profit contractors. This approach is efficient from the perspective of executing large amounts of development funds through organizations familiar with USAID procedures and in possession of a wide range of capacities. Prime contractors also relieve the administrative burden on USAID missions of

monitoring dozens or even hundreds of subgrants. But they can also squeeze out smaller host country organizations, starving them of much-needed resources and competent staff members who are offered higher salaries by international contractors. As a result, national organizations with better local knowledge and a permanent presence, and therefore a greater likelihood of contributing to long-term resilience in the Northern Triangle, are at a disadvantage.

- *The homicide rate is an imperfect measure of how crime is perceived by many citizens.* The homicide rate is a widely used proxy for understanding crime and violence in the Northern Triangle but may not be the best measure of how citizens experience insecurity. Furthermore, progress in reducing homicides may obscure a lack of progress against high-impact crimes—such as extortion, gender-based violence, and kidnapping—which remain a significant source of insecurity for citizens throughout the Northern Triangle. Some observers expressed concern that homicide rates could be manipulated by host government officials to purposely distract from these other crimes. Perceptions of insecurity are also affected by citizens’ beliefs regarding the prevalence of corruption and impunity among their leaders and institutions. This is an important consideration because US planners tend to associate reduced national homicide rates with reduced pressure to migrate and focus resources on that objective in many communities; the reality is more complex. Several experts both in and out of government disagreed with this finding, noting that other metrics of insecurity are too difficult to measure to be meaningful from a policy perspective, and that homicides are themselves indicative of the prevalence of other forms of insecurity.
- *Efforts to combat gender-based violence are particularly important and worthy of investment.* El Salvador has the highest femicide rate in the world, with 6.8 killings per 100,000 women; and Honduras has the second-highest femicide rate in the Americas, at 5.1 murders per 100,000 women.¹¹ In El Salvador, nearly 70 percent of women report having experienced gender-based violence during their lifetimes; reports of such violence skyrocketed in El Salvador during the COVID-19 crisis, when people were largely restricted to their homes.¹² Although domestic violence is a long-established problem in all three countries, it is overshadowed in the public mind by gang violence, yet is clearly an important com-

ponent of perceptions of insecurity and a migration push factor. Social norms and a weak judicial responses—domestic violence allegations are rarely prosecuted—exacerbated widespread impunity related to such violence, increasing the number of women and youth seeking an outlet in the form of migration. Growing understanding of the deeply corrosive impact of femicides and domestic violence led to increased donor and host government attention on the issue.

FIGURE 5:
Latin America, the Caribbean and Spain (19 countries): Femicide or feminicide, most recent data available (In absolute numbers and rates per 100,000 women)



Sources: Gender Equality Observatory for Latin America and the Caribbean
<https://oig.cepal.org/en/indicadores/femicide-or-feminicide>

- *Place-based strategies are promising in concept, but not fully tested in practice.* Efforts aimed at deeply integrating separate development and security projects being carried out in the same communities represent a sound approach and became a favored approach in the Northern Triangle. There are promising examples of how it can work well—for instance in Zacatecoluca in El Salvador, where the mayor and other authorities were committed to the effort and assistance was data-driven—but place-based projects are difficult to engineer and have not been fully evaluated in terms of their impact. Some interviewees said place-

based initiatives remained more of an ideal than a reality because in practice they amounted more to information sharing among implementers rather than programs dovetailed to deliver sustainable progress for the intended beneficiaries. Others indicated that, even where different US agencies coordinated effectively, there was insufficient information sharing among contractors and partners involved in implementation to realize the potential of the place-based approach.

The sixth key finding is that US politics sometimes hampered US development objectives in the Northern Triangle. These main points apply to this finding:

- *Both US and Northern Triangle observers stressed the importance of having a bipartisan consensus in support of development efforts in the Northern Triangle.*

Given the strong cultural and family ties that bind our countries, migration is inevitable. Our priority should be to foster safe, legal, and orderly migration, not end it.

Although such a consensus seemed to emerge in the US Congress after the 2014 migrant crisis, political differences over issues such as migration and CICIG's mission in Guatemala enabled opponents of reform in the Northern Triangle to exploit these differences and diminish the influence of US embassies.

- *Foreign assistance should be judged based on outcomes produced rather than in amount disbursed.* The political process in Washington related to the budget process sometimes distracts from the need to focus on program efficacy. The success of individual programs correlates less with the amount of funding than with the practicality, adaptability, effective leadership, and durability of these programs. Funding levels are erroneously viewed in Washington as indicators of political commitment to the Northern Triangle.
- *Failure to produce ideal results does not condemn the entire foreign aid enterprise.* The simplistic argument that all foreign aid is a failure and should be ended does not account for the possibility that (1) there may have been design flaws, unrealistic expectations, or a multitude of other factors undermining a specific project; and (2) that there are often identifiable improvements at the community level that should not be upended by a sudden cutting off of aid. Due to the

complexity of executing large foreign aid budgets in difficult environments such as the Northern Triangle, the focus should be on the quality of assistance, as measured by outcomes, rather than the quantity of assistance, as measured by the amount of aid disbursed.

- *Although encouraging safe and regulated forms of migration and asylum for Central Americans is in the national interest, a narrow US focus on ending migration obscures other interests and distorts assistance priorities.* The disruption, cost, and political burdens associated with mass migration events originating in the Northern Triangle understandably dominate discussion of development priorities in the region. However, the complex motivations driving individuals to emigrate can limit the utility of aid directed at specific communities and demographic groups deemed likely to leave for the United States. Improved economic conditions in some communities can, paradoxically, promote migration in some instances. Given the strong cultural and family ties that bind our countries, migration is inevitable. Our priority should be to foster safe, legal, and orderly migration, not end it. But even more, policies aimed at promoting a Northern Triangle where citizens feel safe and have an opportunity to prosper, and that is politically stable, have the dual benefit of lessening the risk of uncontrolled migration and reinforcing other US objectives in the region. US resources and diplomacy can lessen the impact of both predictable and unanticipated migratory shocks by fostering hope, offering alternatives to migration, building community resilience, and, especially, by helping root out corruption.
- *The 2019 aid cuts caused lasting damage to US efforts to combat corruption, promote development, and ensure citizen security in the Northern Triangle.* The sudden drawdown in US assistance programs after the 2019 suspension of most aid to the Northern Triangle was damaging to beneficiaries, implementers, and US agencies involved in implementation. The termination of funding disrupted programs at various stages of execution, but few escaped the impact of the cuts and the lack of assessments (some because of the funding cuts themselves), making it difficult to assess the efficacy of significant US investments that had already been made in the Northern Triangle. The cuts generated skepticism among many sectors in the Northern Triangle regarding the reliability

of the US government as a partner, particularly in the wake of previous interruptions in aid due to process-related delays and congressional constraints on some elements of assistance. They also increased the appeal of alternative sources of financing, such as China, for Northern Triangle governments.

Finally, the seventh key finding is that the United States has multiple sources of leverage in the Northern Triangle. Observers frequently noted the challenges related to working with governments and other actors in the Northern Triangle that were central to efforts to promote structural reforms, but in many cases demonstrated a lack of political will to pursue reforms or actively opposed such measures. Interviewees shared perspectives on how the United States works to influence key actors:

- *Northern Triangle governments are deeply attentive to US policy positions.* The United States is the preponderant foreign actor in the region, and the views and actions of US government actors, including local US embassies, are perceived by publics as highly influential on the governments of the three countries. US influence is still greater when its development efforts—and key interactions with host governments—are coordinated with other key donors to the Northern Triangle.
- *Cutting development aid is a poor source of leverage.* Most US aid to the Northern Triangle is channeled through nongovernmental partners rather than the three governments, so interrupting such assistance is not viewed as a significant problem by these governments and does little to shape their behavior.
- *Security aid is an exception and is more important from the perspective of Northern Triangle governments.* Security assistance is generally delivered to governments in the form of training and equipment, and is viewed as important to their respective efforts to combat crime. The three governments are therefore sensitive to the conditionalities attached to such aid.
- *Extraditions have an impact and resonate with publics angered by impunity.* They are viewed by publics as a way to punish offenders that may have too much influence to successfully prosecute in the Northern Triangle. The threat of extraditions shapes the behavior of criminal actors, along with those tempted to collaborate with them.

- *US Treasury sanctions are effective against criminal actors and organizations.* Like extraditions, Treasury sanctions have the power to shape behavior and dissuade collaboration with criminals. However, Treasury designations have not yet been used as leverage to pursue institutional reforms.
- *Visa sanctions can be effective.* The deep connections between the United States and the Northern Triangle countries make the possibility of restrictions on entry—and the loss of prestige associated with visa revocations—a useful deterrent to illicit activity when such sanctions are applied strategically. Visa sanctions are less effective where the targets gain more from their illicit activity than they lose from access to the United States, so flexible authorities to increase the reach of visa restrictions make them have more of an impact.
- *Certification processes could be employed to a greater extent, but are viewed as a double-edged sword.* A number of US observers suggested that executive branch agencies make insufficient use of the leverage provided by congressionally mandated conditions on assistance to the Northern Triangle to shape the behavior of beneficiary institutions. Executive branch officials acknowledged the point but noted that certification requirements can also disrupt programs that are clearly beneficial to US interests.
- *US reform priorities in the Northern Triangle should be reinforced by US votes in the multilateral banks.* The US drive for structural reforms, fighting corruption, and improved governance should be reinforced by the US executive directors of the multilateral institutions. Lending operations should contribute to these fundamental priorities and should not be seen as separate or unrelated.

The Recent History of US Relations with the Northern Triangle

Despite its diminutive size and relatively small population, Central America has played an outsized role in the United States' relations with the hemisphere and the world. By some counts, the United States intervened directly or indirectly in Central America



nineteen times between 1898 and 1994, more than any other of the hemisphere's sub-regions.¹³ In addition to protecting US economic interests—such as the US intervention to secure the independence of Panama from Colombia and, thus, control of the Panama Canal—interventions were often weighted toward geostrategic concerns, especially during the Cold War.

The backdrop to the current crises in the Northern Triangle countries is a case in point. Beginning in the 1970s, armed insurgencies and revolutionary movements rooted in local struggles for land, justice, and cultural survival were absorbed into the global Cold War between the Soviet Union and the United States. By 1980, President Ronald Reagan had cast Central America as the new front line in great power competition, arguing that US national security was at stake.¹⁴ The ensuing roughly fifteen years saw the US presence increase dramatically with direct military presence and involvement in counterinsurgency campaigns, and large-scale development projects designed to ensure loyalty to US interests among political and economic elites, and to diminish the social and political pressures that had fostered revolutionary movements.

The Central American conflicts fueled a boom in migration from the region to the United States, the legacy of which is today's close relationship between the United States and the Northern Triangle and social and economic dynamics that continue to have a deep impact on developments in the three countries. In particular, the expansion of the Central American immigrant community in the United States from 350,000 in 1980 to over 3 million people by 2010 and abundant employment opportunities in the United States made emigration a logical choice for many citizens of the Northern Triangle, especially in the context of the violence and poverty wracking all three countries¹⁵.

During the 1990s, a new criminal phenomenon emerged that would become among the main sources of instability up to the present day. Youths who fled the conflict in El Salvador in the 1980s and settled in southern California became involved in gang conflicts and eventually formed their own criminal organizations, such as the Mara Salvatrucha and Barrio 18 gangs.¹⁶ Gang members deported back to El Salvador quickly expanded their reach across the Northern Triangle, where governments were unprepared to deal with the needs of impoverished and dislocated populations. Mass incarceration in Central America further inflamed the situation with prison gangs becoming major criminal actors

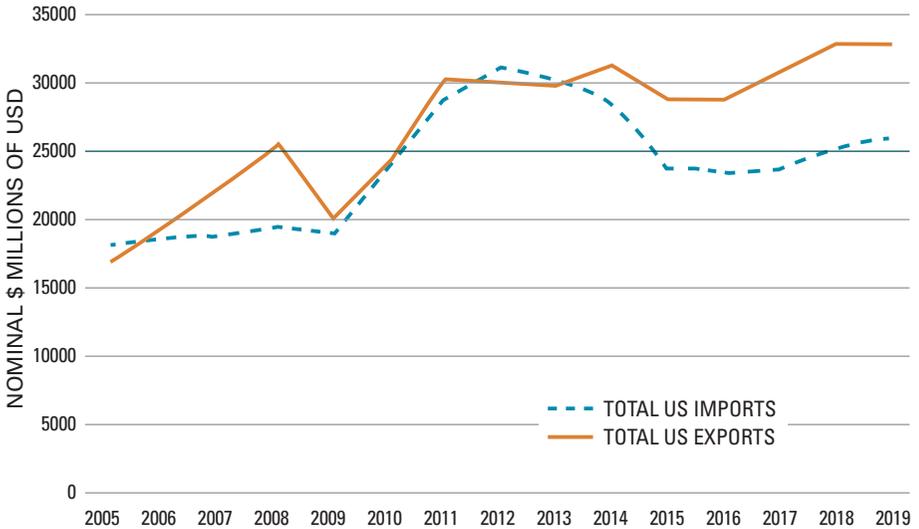
within and without penitentiaries. They would eventually exacerbate high homicide rates, widespread extortion, gun trafficking, and generalized insecurity across the region.¹⁷ The continued deportation of gang members from the United States over decades—while consistent with US judicial and law enforcement policy and public expectations—became a source of friction in the Northern Triangle, where many residents resented what they saw as the exporting of hardened criminals to their vulnerable societies.

Deep poverty and the lack of jobs significantly exacerbated instability in the Northern Triangle. Since the 1980s, the United States employed various trade instruments to support increased commerce with Central America as part of a broader effort to improve economic and social conditions in the region. The Caribbean Basin Initiative, launched in 1983 as the signature economic development effort of the Reagan administration in the region, comprises a series of trade arrangements with Central American and Caribbean nations “intended to facilitate the development of stable Caribbean Basin economies by providing beneficiary countries with duty-free access to the US market for most goods.”¹⁸ In the case of the Northern Triangle countries, eligibility for the Caribbean Basin Initiative was phased out upon joining the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR), which was signed in 2004 and came into force among all three Northern Triangle countries by 2006.

As described by the Office of the US Trade Representative, CAFTA-DR was “the first free trade agreement between the United States and a group of smaller developing economies,” and was intended to boost trade, but also improve the investment climate in the region through rule-of-law and business transparency provisions and improved labor rights enforcement.¹⁹ Two-way trade in goods between the United States and the CAFTA-DR region reached \$58.6 billion in 2019 (with a \$6.8 billion surplus in favor of the United States), making it the third-largest US export destination in Latin America after Mexico and Brazil.

In sum, since the early twentieth century, Central American countries, and the Northern Triangle countries in particular, have become accustomed to strong US influence and direct involvement in their internal affairs, especially when US economic interests or geostrategic security concerns are at stake. The United States, aware of the region’s impact on US interests, invested in its development and security, and promoted trade integration as a way to help stabilize economic and social conditions. The growing menace posed by

FIGURE 6:
U.S. Trade in Goods with DR-CAFTA, 2005-2019



Sources: <https://www.census.gov/foreign-trade/balance/c0017.html>

gangs and organized crime, as well as booming population growth, sharply limited gains delivered by increased trade, but this did not trigger a significant reappraisal of why US aid was not delivering the desired outcomes. Continuing problems with human rights, corruption, and impunity were often seen as part of the landscape in the region, and too resistant to reform to be worth making them top US priorities.

Looking Ahead

The United States and the countries of the Northern Triangle are being drawn closer together today than at any point in their respective histories. The full extent of this integration may not be evident to most US citizens; but for residents of the Northern Triangle, it is an inescapable and, for some, a largely positive phenomenon. Despite its complex history in the region, the United States is viewed favorably by significant majorities in Central America, in part because of the successful experience of so many immigrants to the United States.²⁰

This admiration is tempered by more skeptical views among some in the region regarding how the United States advances its interests in the Northern Triangle, but that does not diminish perceptions of the United States as a key partner for the three countries.

Central America's importance to the United States is unlikely to diminish over the next decades. Its geographic proximity, close cultural and economic ties to the United States, rapidly growing population, and impact on US and Mexican domestic interests all suggest that the region will continue to command Washington's attention, either by design or as driven by events as they arise. Recent history suggests that there is a high likelihood of continued—and perhaps increased—crisis conditions in the Northern Triangle.

As in other parts of the world, the COVID-19 pandemic brought into sharp relief the fragility of the social safety net in Honduras, El Salvador, and Guatemala and led to an elevated risk of major social and economic disruption. The pandemic not only devastated the health and economic welfare of the three countries; its impact in the United States had the additional consequence of sharply reducing vital remittances to the Northern Triangle.

Demographic trends will undoubtedly play an important role in the region's future as well, affecting, among other things, economic growth potential and decisions about migration. Predictions about the effects of demographic changes were hotly debated before the pandemic and have grown more complicated as the impact of the virus has intensified and eroded the economic outlook. For some, the region is on the threshold of a significant demographic cliff that will likely slow migration as fewer people are competing for jobs at home.²¹ For others, population growth is slowing, but reduced migration due to increased enforcement and a growing number of women entering the workforce will mitigate any potential demographic benefits.²² According to the latest population data available from the United Nations Economic Commission for Latin American and the Caribbean, the northern triangle countries will experience an average population growth rate of 1.2 percent in 2020, with El Salvador's population projected to increase the least by an estimated 0.5 percent during the year. This continues a multiyear trend of declining population growth for the region.

Given the economic impact of the pandemic on the economies of Central America, any potential benefit from reduced demographic pressures, whether precipitous or moderate,



will be overwhelmed by slowing economies and falling job creation. According to Mayorga, the foreign investment needed to propel economic growth to meet growing labor demands was showing a nearly 58 percent shortfall before the pandemic. With estimates of further economic decline in Central America and the region's most important external markets in Mexico and the United States, the prospects for economic growth and job creation have declined, meaning that whatever demographic benefits might be expected in the coming years will be further reduced. Depending how long and deep the current economic downturn persists, a significant demographic bonus appears unlikely in the medium term.

In this context, it is important to understand near-term variables that may have an impact on US relations with the Northern Triangle.

Migration Push Factors May Worsen Soon

There is a high potential for uncontrolled mass migration events originating in the Northern Triangle over the next several years. Economic forecasters predict negative growth across Central America during 2020, and the future does not look bright in 2021 and beyond, given the pandemic. The health care crisis and economic decline of 2020 will only exacerbate a number of existing structural impediments.

For example, in the case of Honduras and Guatemala, before the pandemic there already existed a significant threat of increased unemployment as a large youth cohort enters the workforce and economies struggle to create enough jobs to keep pace with the demographic surge. Given the coronavirus pandemic and its profound human and economic toll, these numbers could be surpassed significantly. A massive pool of unemployed youth would further strain social conditions and intensify pressure on those workers to seek opportunities in Mexico and the United States.

The cost of managing this migration through border security enforcement—and the related costs absorbed by federal, state, and local authorities—are exceedingly high. Processing children at the southwestern US border reached about \$1.6 billion in 2018 alone, while the US Congress appropriated about \$260 million in fiscal year 2018 for the Northern Triangle as part of the US Strategy for Engagement in Central America.

Security Cooperation: Organized Crime Remains the Dominant Factor

In recent years, about 90 percent of cocaine reaching the United States passed through Central America, much of it through Honduras and Guatemala. Ominously, cocaine processing laboratories have been reported in both Honduras and Guatemala, raising concern that they are no longer just transshipment countries.²³ Despite successful prosecutions and extraditions of major organized crime figures in Honduras and Guatemala, a patchwork of clans and organizations have maintained a steady flow of illegal drugs through the isthmus. Such organizations occasionally overlap with gang-related criminal enterprises, but their social and political effects are different. Drug-smuggling organizations have had a history of political influence in the region since the 1980s, but over the last decade this influence has expanded as such groups have funded political campaigns and otherwise consolidated control along smuggling routes.²⁴

The continuing connection between drugs and politics in the region was made clear by the conviction in October 2019 of Juan Antonio Hernández, brother of Honduran president Juan Orlando Hernández, by a US court on cocaine-trafficking charges.²⁵ Evidence presented at the trial included allegations that traffickers bribed government officials, including President Hernández and his predecessor Porfirio Lobo, to facilitate drug smuggling through Honduras; Juan Orlando Hernández steadfastly denied the charges, pointing to his cooperation with US extradition requests. In addition to penetrating regional political systems, drug money distorts local economies, and money laundering blurs the lines between licit and illicit economic activity throughout the Northern Triangle.

Gang activity, meanwhile, remains an even more visible and widely felt erosion of the rule of law in all three countries, but especially in El Salvador. Though statistics related to gang membership are notoriously inaccurate, the presence of 60,000 or more gang members in that country and their impact on millions of citizens through extortion and other crimes

...when police officers abuse their power by accepting bribes, mistreating citizens, and participating in criminal activities, people not only lose confidence in the police but also in the general regime.

represent a continuing challenge to the legitimacy of the state. In all three countries, and in the United States, solutions to the gang problem remain elusive and warrant the intense focus of recent years. An aggravating factor is the prevalence of US-sourced firearms used in crimes across the Northern Triangle. Nearly half of all firearms seized in

China’s no-strings-attached approach could have the perverse effect of locking in poor governance practices and corruption that ultimately damage US interests in the region and at home.

connection with crimes in El Salvador and Honduras and shared with the US government for tracing were originally sold in the United States.²⁶

Adding to this burden is a widespread lack of confidence in security forces because of their history of corruption and extrajudicial violence. For example, nearly 25 percent of

Hondurans expressed no confidence in the national police in a 2018 survey by Vanderbilt University’s Latin America Public Opinion Project.²⁷ This was a period when nearly a third of the Honduran national police were being purged due to corruption, illegal activities, or failing to meet minimum standards. As José Miguel Cruz has argued, “Data show that the more people (in Central America) face or witness police misconduct the less they trust the institutions of the regime and the overall political system. In other words, when police officers abuse their power by accepting bribes, mistreating citizens, and participating in criminal activities, people not only lose confidence in the police but also in the general regime.”²⁸

Apart from the corrosive impact of crime on the Northern Triangle societies, the United States has a fundamental interest in preventing the rise of powerful criminal groups capable of dominating countries close to US borders. In addition to driving increased migration, a combination of weak states and strong criminal groups in the Northern Triangle complicates the ability of the United States to protect against threats ranging from the spread of infectious disease to the transit of suspected terrorists. Instability in Central America also exacerbates the strength of organized criminal groups in Mexico, which pose even more direct threats to US strategic and economic interests.

A New Factor: Strategic Competition with China

A related policy issue that is important, but is not yet fully appreciated in Washington, is the fact that Central America is once again a region of strategic competition. This time,

rather than an ideological competition with the Soviet Union, the US confronts a more complex challenger in China, which has become an important economic actor and potential investor in the Northern Triangle. In El Salvador, the United States played a role in impeding China's pursuit of a ninety-nine-year lease of a massive swathe of the country to establish a logistical base as part of its Belt and Road Initiative.²⁹ State Department officials note that China continues to push its Belt and Road Initiative in El Salvador. President Bukele visited China in December 2019 and accepted a "nonreimbursable donation" of \$56.8 million from China for large projects, although not security-related projects, such as a national library, wastewater treatment, and water purification plants.³⁰ In response to US dissatisfaction with the trip and the acceptance of Chinese assistance, Bukele publicly emphasized the importance of the United States–El Salvador relationship, even though Chinese influence in El Salvador remains a concern. Separately, China made headway in recent years in eroding Taiwan's previously dominant position in Central America, partly through bribery of senior officials, increased development and security assistance to the region, and its increased economic presence in the Americas.

Chinese development assistance poses a counterintuitive risk for the United States: for the Northern Triangle governments, China's lack of governance requirements and conditionalities, and its readiness to export technology that allows governments to exercise greater control over their population, could make it a preferred alternative to US and European assistance. Although such aid from Beijing could address some of the urgent needs in the region—particularly in terms of infrastructure—China's no-strings-attached approach could have the perverse effect of locking in poor governance practices and corruption that ultimately damage US interests in the region and at home. China could reap the benefits of increased influence in Central America, while host countries—and the United States—shoulder the costs of the region's structural weaknesses.

Opportunities in the Northern Triangle

Although policymakers understandably focus on the risks to US interests, Central America is also a region of opportunities. As noted above, China appears to appreciate Central America's potential as a major logistics hub close to some of the largest markets in the world, as well as representing a growing market in its own right. Demographic trends in Mexico over the next decade may increase the appeal of a nearby source of labor in Gua-

temala and Honduras, which in turn would be an important resource for North American supply chains. For the United States, the expansion of bilingual call centers across Central America to support customers in the United States points to the growing importance of the region's service sector. Better-educated and socially and economically stable societies in the Northern Triangle with social indicators approximating those of Costa Rica and Panama would expand existing commercial opportunities in the region for the United States. In a post-COVID trading environment, opportunities to grow markets already well integrated into US supply and value chains will be at a premium.

Recent Trends in US Assistance to the Northern Triangle

Since 2014, policymakers in Washington have prioritized migration control in relations with the Northern Triangle and have concentrated new assistance on communities known for high levels of emigration or believed to be particularly vulnerable to the push factors that are driving large-scale migration. As envisioned by the US Strategy for Engagement in Central America, US agencies and embassies in Central America worked to link development and security objectives in the Northern Triangle together with complementary initiatives, particularly the Alliance for Prosperity led by the Northern Triangle governments and the Inter-American Development Bank. Between 2016 and 2017, the Northern Triangle governments spent about \$4.4 billion from their national budgets on initiatives associated with the Alliance for Prosperity.³¹ In the same period, the United States allocated \$1.4 billion for bilateral and regional programs intended to support the execution of the Alliance for Prosperity.³²

In the wake of the 2014 crisis, US agencies also sought to understand the interaction between development efforts in the region, migration enforcement measures undertaken by the United States and Mexico, and the pull factors drawing migrants to the United States that cannot easily be addressed through development efforts. The existence of over 330,000 Salvadorans and Hondurans in temporary protected status in 2019, who were unable to visit their home country under the terms of the program, specifically increased the pull factor of family reunification. The challenge for policymakers then, as now, was how to influence both the push and pull factors to promote conditions that alter

the prevailing logic and encourage the citizens of the three countries to seek a better life at home rather than in the United States.

FIGURE 7:
How is the Plan Financed?

Budgetary Resources Allocated to the Plan of the Alliance for Prosperity (US\$ millions)

Pillar	El Salvador			Honduras			Guatemala		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Productive Sector	587	239	317	289	364	317	318	366	408
Human Capital	286	123	475	528	438	475	345	464	409
Security and Justice	78	287	181	145	157	181	49	51	445
Institutions and transparency	11	151	9	3	10	9	9	10	59
Total budgeted	965	800	981	965	969	981	722	891	1320
Total executed	869	562	-	965	910	-	492	646	-

Resources allocated by the US Government to A4P (in millions of US\$)

Concept	FY2016	FY2017	FY2018 required
1. Bilateral Assistance			
Guatemala	127.5	125.5	108.5
El Salvador	67.9	72.7	57.7
Honduras	98.3	95.3	79.8
Rest of Central America	16.4	19.8	50.0*
2. Regional Security Strategy (CARSI)	348.5	329.2	319
3. Other regional assistance	91.4	12.5	-
Total	750	655	615

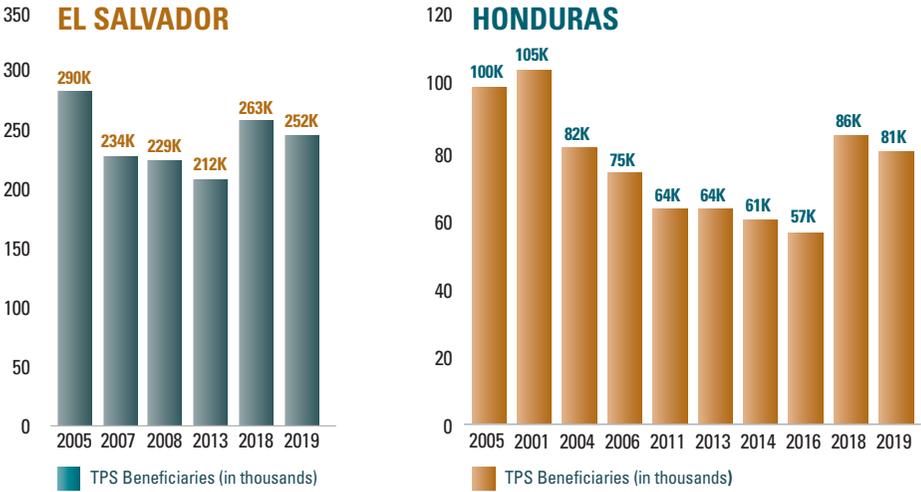
Sources: Technical Groups from each Northern Triangle country

The financial support provided by the United States for the Plan is embedded in the U.S. Strategy for Central America, and is channeled through its national agencies, such as the U.S. Agency for International Development (USAID) and the Bureau of International Narcotics and Law Enforcement Affairs (INL).

Notes: "Other" includes funding appropriated through the Global Health Programs account (2%); the Overseas Private Investment Corporation (0.1%); and the Nonproliferation, Antiterrorism, Demining, and Related programs account (0.1%).

The 2014 Strategy for Engagement in Central America was developed with this migration context in mind and was intended as a guiding framework for US policy, development, and security efforts in the region to promote "the evolution of an economically integrated Central America that is fully democratic; provides economic opportunities to its people;

FIGURE 8:
Estimated Number of TPS Beneficiaries



Sources: Author’s analysis of Temporary Protected Status announcements from Federal Register: The Daily Journal of the United States Government

enjoys more accountable, transparent, and effective institutions; and ensures a safe environment for its citizens.”³³ Crucially, the Strategy for Engagement asserted that the three pillars of US assistance—security, prosperity, and governance—were equally important and mutually reinforcing.

At the time planning began for USAID programs to support the Strategy for Engagement, USAID was in the midst of USAID Forward, a major reform effort that, among other key objectives, sought to increase sustainability by emphasizing the role of local partners, deliver results on a larger scale, and promote innovative solutions to deep-seated challenges.³⁴ USAID Forward was intended, in part, to overcome the types of aid delivery problems identified earlier in this report. USAID Forward seemed a good match for dealing with the entrenched development challenges facing the Northern Triangle and the principles of informed project development in the region.

The current framework guiding USAID’s strategic development approach is the Journey to Self-Reliance, a model aimed at reducing the need for foreign aid by fostering beneficiary countries’ ability to address their own development needs.³⁵ It is an approach that relies

heavily on metrics to inform and help guide development objectives. At this early stage in the implementation of the Roadmap, interviewees did not share significant feedback regarding this new approach.

Programs associated with the Strategy for Engagement began in 2015 (in many cases building on programs that predated the Strategy for Engagement), expanded in 2016 and 2017, and continued until early 2019, when most US aid to the Northern Triangle was suspended. As of this writing, some of this funding is slated to be restored in 2020.

Sources of US Leverage in the Northern Triangle

As noted above, one of the greatest challenges facing US policymakers is navigating the divergence of interests between reformers and their supporters (including the United States) and influential elements of the political and economic classes that are heavily invested in maintaining the status quo. The perception of publics, the media, and political actors throughout the Northern Triangle—whether accurate or not—is that US embassies wield power over important host government decisions, including whether to advance reforms and combat corruption. Current and former US officials acknowledged having a high degree of influence, but also noted its limitations when issues touched on the core interests of government leaders or their close allies.

Even in such situations—for example, former Guatemalan president Perez Molina's efforts to prevent CICIG's investigation of his administration—firm US resolve sometimes overcame high-level opposition and compelled reinforced adherence to activities that worked against the interests of those same leaders.³⁶ In 2019, work by the US Embassy in El Salvador to discourage legislation pursued by both the ARENA and FMLN parties' legislators that could have resulted in impunity for acts during the country's civil war was reportedly crucial to blocking that initiative.³⁷ US power and influence—economic, cultural, and political—serve as important assets for advancing US interests, and for assisting host country people and initiatives that advance those interests as well.

Interviewees noted that political buy-in and commitment to reforms are essential but do not always emerge naturally. Incentives to undertake reforms, a carrot-and-stick approach, and the expansion of support for reform across key social, political, and economic groups

are often important factors in building political will over time. They shared several observations important to understanding how the United States can make effective use of its influence and leverage:

- *US posture matters deeply to governments.* Host country interviewees returned frequently to US political and diplomatic stances and messaging as particularly important for the Northern Triangle governments, and effective at getting their attention. The activities of the chief of mission and embassy personnel, and statements to the media and the social media feed, are closely watched by a broad spectrum of observers, so US views about the host government influence public opinion. Importantly, most sectors of society in the Northern Triangle expect their governments to maintain positive relations with the United States, and US support for increased accountability and government efficacy tracks with popular aspirations in the region.
- *Development aid may not constitute useful leverage.* Nearly all interviewees both in and out of government asserted that threats to cut development aid to the Northern Triangle are not a credible source of leverage for the United States. Most US assistance is not managed by host governments and—because some US aid benefits critics of those governments in civil society—can be viewed as more of a liability than an asset. By implication, offers of development aid that do not support host government initiatives do not incentivize them either.
- *Governments care more about security aid.* One exception to this general dismissal of the importance of US aid to host governments is security and military assistance, which does directly benefit host government agencies. However, security assistance is already constrained by a series of congressional conditions on its use, and in many cases (notably support for interdiction efforts) it is seen as disproportionately beneficial to the United States rather than to host governments, so US agencies are reluctant to cut this aid.
- *Extraditions send a powerful message.* The expanded use of extraditions as a tool to dismantle criminal organizations appears to enjoy broad support, more than may have been the case in the past, when crime and violence were less widespread. Publics with little confidence in their government’s judicial system

view extradition as an effective response for countering impunity. However, some aspects of the US legal system, such as plea bargaining and parole, can confuse publics and foster a sense that guilty parties can avoid justice in the United States too. Extraditions are not a panacea; in Honduras, for example, the extradition of drug-trafficking organization leaders has sometimes disrupted, but not interrupted, the flow of cocaine through that country. The US government estimated that in 2019, about 120 metric tons of cocaine made their first stop in Honduras from South America.³⁸

- *US Treasury sanctions are an effective tool against criminal enterprises, but have less impact*

on institutional reform. The US Treasury's Office of Foreign Assets Control has designated nationals and organizations in all three Northern Triangle countries, including important political actors.³⁹ The risk of this office making a designation may help dissuade economic association with otherwise powerful and well-connected figures who straddle the line between legitimate and illegal enterprises. Designations are rarely used as leverage to bring about institutional change, but have the potential to generate powerful incentives to that end.

- *Visa sanctions can be effective, particularly with regard to elites.* Interviewees noted that the US government's use of visa revocations was an important tool where the individuals involved cared about their public image or the ability to shop, study, and travel in the United States. In this respect, economic elites were particularly sensitive to visa restrictions. Authorities exercised by the Department of State starting in 2019 may be particularly useful because they permit the release of the names of persons sanctioned and barred from entry into the United States.⁴⁰ Observers noted that the threat of visa restrictions was much less relevant in the case where illicit activities provided a greater benefit to corrupt individuals than did continued access to the United States. The new ability to publicly designate family members and permanently bar them from entry as well may have an impact on the calculation of some actors.

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- *Certification processes may be an underutilized tool.* Congressional staff and several executive branch officials suggested the United States had not made effective use of the leverage implied by the certification processes associated with countries' level of cooperation with the United States in antinarcotics efforts and compliance with congressional conditions on aid to the region. Several US officials noted the sparing use of certification mechanisms for leverage, in part because of reluctance to disrupt productive aspects of bilateral relationships and in part because decertification was viewed as too blunt an instrument to achieve a desired outcome. In their view, invoking certification exacerbated the common problem of disruptions to programs caused by intermittent interruptions to funding and highlighted the need to stabilize rather than further strain funding streams. This could potentially be resolved through the more focused and limited application of certification authorities to home in on specific problematic actor or organizations, but the flexibility to do so is not always available.
- *The Northern Triangle governments rely on US support in multilateral banks.* Although US assistance generally does not provide direct support to host government entities or support infrastructure spending beyond that funded through the Millennium Challenge Corporation, multilateral banks do, and governments are well aware of US influence in these banks. As noted above, however, competitors may decrease US leverage by providing other foreign aid options to the Northern Triangle governments, as Venezuela did under Chávez and China has attempted more recently.

These sources of leverage are important assets for US policymakers, but their positive value is limited in the absence of a strategic framework focused on fostering local capacity, resilience, and improved governance.

A Focus on Governance

Strengthening governance in Central America has been a priority of US policy for decades, yet in most cases the results of these efforts have been quite limited. Nevertheless, upon careful analysis, there are important takeaways about why many governance programs have not had a greater impact, and in the cases where limited success has been achieved,

the factors that have made it possible. This section summarizes three areas that have been at the center of efforts to strengthen governance in the Northern Triangle: the issue of political will, strengthening institutions and combating corruption, and support for civil society.

Political Will: Getting to the Bottom Line

Although most international experts familiar with assistance to the Northern Triangle interviewed by the project team agreed with the premise that improved governance should be prioritized, many also cautioned that reluctance by governments in the three countries to pursue increased accountability and transparency have meant that donors have effectively desired such an outcome far more than the governments being assisted. As several interviewees put it, “We can’t want it more than they do.” Indeed, the lack of political will among influential Northern Triangle political and economic groups to pursue fundamental reforms was frequently cited as among the most vexing challenges for the donor community and Northern Triangle publics, with many examples of well-intentioned and productive initiatives that enjoyed widespread public support but that ultimately fell short or were undermined—or actively opposed—by elements both in and out of government that did not value the activities.

The problem for the United States is that, though it may be true that it cannot *want* reforms more than the governments of the Northern Triangle, the United States appears to *need* such reforms more than they do because the United States pays a high domestic cost for the poor social and economic conditions in the region. In many cases, what the United States views as positive and supportive—that is, investing US resources to improve the efficacy and transparency of the state—is met with indifference or hostility by some elements among the leading political and economic classes precisely because it threatens the systems by which they rose to power. Such a divergence of interests may appear daunting to those working to advance US policy in the region, but the alternative is to simply accept subsuming US national interests to the interests of those with a stake in the unequal status quo in the Northern Triangle.

This perspective makes opposition to change a core challenge to be addressed through US support for local reformers as a precondition for more successful outcomes, and to be addressed with even greater vigor than has been the case in the past. Indeed, it calls

for organizing overall US relationships with the Northern Triangle governments to prioritize reforms and improved governance. These are long-standing US objectives in the Northern Triangle pursued across multiple administrations, but competing demands in US relations with the three countries—such as combating drug trafficking, seeking cooperation

...it calls for organizing overall US relationships with the Northern Triangle governments to prioritize reforms and improved governance.

in multilateral forums, or stemming mass migration—sometimes distract from or undermine the United State’ emphasis on improved governance.

One result is that development aid becomes fragmented and positive results tend to fade rather than being integrated into the normal operations of the beneficiaries or serving as a basis for further progress. In such an environment, implementers can legitimately claim success in the execution of a given program, but they have more difficulty attesting to the sustainability or broader impact of their efforts. (This dynamic is connected to challenges involving the metrics used to measure progress in the Northern Triangle, which are discussed in detail later in the report.) In such an environment, reformers cannot achieve more than limited success, and only at great risk to themselves.

Strengthening Institutions: Fostering an Environment Conducive to Reform

Strengthening governance has been synonymous with strengthening democratic institutions, which, in turn, relies heavily on training, technical advice and embedded advisers, and systemic reform. Although these are valuable tools, they do not exhaust all options. Greater transparency in government, increasing independent oversight, ending impunity, and strengthening investigative journalism and civil society are also invaluable tools that are often overlooked.

Weak institutions continue to be a primary obstacle to effective governance, despite spending millions on technical assistance. Some of the reasons for this failure and, conversely, what has contributed to improvements, however limited, are summarized in these items:

- *Weak institutions are not solely the result of poor capacity.* A widely held assumption is that weak institutions are the result of lack of capacity within the institutions and, thus, capacity building (often in the form of training) is the pre-

ferred solution. A lack of capacity is a problem in some cases, but training on its own has proven to be a poor strategy for improving capacity because even highly competent and highly trained officials continue to work within institutions where their skills cannot be put to effective use. In some cases, the political leadership of such institutions resists or even undermines sound technical or administrative decisionmaking. In other cases, entire institutions are sidelined by executive branch or congressional opponents of transparency. Other limitations include high turnover among personnel due to political transitions, poor pay, and weak or politicized senior-level management; noncompetitive personnel decisions; and a lack of clear civil service procedures, protections, and career paths. Would-be reformers also risk legal harassment by corrupt figures using contrived allegations and/or corrupt courts to pursue specious suits against government officials. These represent more serious constraints on development than the absence of capable personnel who are willing to advance reforms.

- In fact, the region has benefited from growing numbers of skilled professionals in the Northern Triangle with experience in government, the judiciary, the private sector, multilateral banks, international NGOs, and other institutions committed to improved conditions in their countries.* But potential reformers remain a minority in most government institutions, and many face serious institutional constraints, such as those described above. The right conditions need to be established to attract and retain such people to public service, including a merit-based employment system and demonstrated political commitment to prioritize professionalization over political loyalty. The United States has supported civil service reforms in the region across multiple administrations, and this represents a potentially valuable investment in clearing the way for capable administrators to deliver effective public service.

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Tackling Corruption

Fighting corruption is essential to strengthening democratic institutions and regaining public support for these institutions. Most successful efforts have included strengthening the political independence of the institutions responsible for oversight and accountability in government, including courts, prosecutors, and specialized oversight agencies. The international community, including the United States, has played an important role in the success of these government agencies by creating political space or a buffer from political manipulation. Both CICIG and MACCIH are good examples. Additionally, efforts to encourage coordination and communication among anticorruption agencies of government have improved their effectiveness and contributed to strengthening their capacity. In some cases, governments have sought to undermine the political independence of oversight mechanisms by reducing budgetary support, manipulating appointments of senior-level personnel, and undermining or restricting the institution's legal authority. The international community can play an important role in mitigating these efforts by providing additional funding; but even more important is a clear commitment by the United States and others to support and, if necessary, protect officials who risk their careers, and sometimes their lives, by pursuing greater transparency and accountability in government.

Successful efforts to undermine CICIG in Guatemala and MACCIH in Honduras demonstrate that even efforts that enjoy strong public support can be dismantled if the United States—as the principal external actor in the Northern Triangle—does not make the continuation of such missions a precondition for positive relations. This amounts to a significant concession by the United States, given the benefits that would accrue to both it and the region if all three of its countries were to improve internal administration by consolidating safeguards against corruption and impunity. Setting aside the success or failure of any particular governance programs, it is increasingly evident that broad-based economic growth and improved security conditions cannot be sustained in the region unless donors and host governments give primacy to intensified efforts to root out corruption, improve administrative capacity, and increase accountability on the part of the Northern Triangle governments.

This is particularly important with regard to excluded communities in the Northern Triangle—those vulnerable to the worst effects of the structural challenges described above. Women across the region, indigenous people, Afro-descendants, and children in many

parts of the region—including those working in the vast informal sector of the economy—require particular attention in the form of programs and policies intended to promote inclusion and social mobility. This is well understood by development professionals and their partners in government and civil society in the Northern Triangle, particularly with regard to efforts to reduce migration from certain communities.

The Implications of Anti-Impunity Efforts in the Northern Triangle

The UN-backed International Commission Against Impunity in Guatemala, the OAS-backed Mission to support the Fight Against Impunity and Corruption in Honduras, and the work of Attorney General Meléndez in El Salvador in the 2016–18 period represent landmark, combined efforts by government officials in Northern Triangle countries, civil society, and the international community to bring greater transparency and accountability to the region.

CICIG and MACCIH emerged after intense pressure by civil society actors on their respective governments associated with scandals that uncovered the extent of corruption at the highest levels—corruption that routinely went unpunished.⁴¹ Both bodies worked with host government investigators and judicial officials integrated into the existing judicial system and provided technical and material support to those officials. Both led to the highest-level anticorruption prosecutions in the history of their respective countries, with the political and material support of the United States, to include over \$50 million in contributions to CICIG over ten years. And both were eventually overwhelmed by elements in those countries threatened by their anticorruption missions.⁴²

According to government officials, CICIG and MACCIH represented among the most cost-effective investments in the region for the United States to combat impunity and corruption, and their dismantlement is a setback for US objectives. Although the mandate and institutional design were different in each case, they shared some elements in common that contributed to their positive impact on anticorruption and anti-impunity efforts in Guatemala and Honduras. Among these contributions, the project found that

- Both CICIG and MACCIH had important judicial effects in each country by supporting the investigation and prosecution of thousands of public officials allegedly involved in corruption. In the case of CICIG, they reportedly contributed to “1,574 indictments in 120 cases involving 70 illegal networks over 12 years.” In

the case of the MACCIH, which operated for 4 years, 15 criminal cases were prosecuted involving 133 individuals.⁴³

- Although both countries engaged in an unprecedented number of corruption prosecutions, the more important factor may be the extensive corruption networks these uncovered and the senior-level government officials accused in these prosecutions—including, in the case of Guatemala, the sitting president and vice president; and in the case of Honduras, dozens of members of congress, cabinet officials, and a former first lady.
- Each demonstrated that local prosecutors could bring charges against some of the most powerful political and economic actors in each country. Backing from the international community was crucial, insofar as it provided the technical, financial, and diplomatic support necessary for local prosecutors to engage in such sensitive cases. By creating a buffer between powerful corrupt interests and local investigators, prosecutors, and judges, both missions demonstrated

Both efforts enjoyed high levels of public support that began to restore a sense of hope among Guatemalans and Hondurans who had long felt abused, ignored, and powerless before corrupt authorities and institutions.

the existence of local political will and capacity, enabling them to flourish as long as the local actors could count on international support.

US government support for each of the two missions was crucial. The strong and consistent message from the US Congress, the Department of State, and the White House, until recently, sent unequivocal

messages to corrupt officials at every level of government. The subsequent and more recent decline in US diplomatic support for both mechanisms was, conversely, a devastating blow that encouraged forces that sought to weaken or remove both missions.

Both efforts enjoyed high levels of public support that began to restore a sense of hope among Guatemalans and Hondurans who had long felt abused, ignored, and powerless before corrupt authorities and institutions. Massive public demonstrations across economic, political, and racial lines contributed to the strengthening of both mechanisms and legitimized their efforts in the public eye. According to a public opinion survey released just

six months before it was shuttered, 72 percent of respondents expressed support for the work of CICIG. A November 2019 public consultation conducted by the Institute for Peace, Democracy, and Security at Honduras's National Autonomous University found that 75 percent of respondents believed MACCIH should continue to operate.⁴⁴ In addition:

- Both contributed to increasing the institutional capacity of local authorities to conduct specialized investigations, prosecutions, and court cases. This included providing international experts to support local investigations involving forensic accounting, analysis of cell phone usage, and telephone surveillance and analysis.
- Both contributed important legal analysis and advice on major legislative initiatives related to reform of the penal code, the laws and regulations governing campaign finance, and the penitentiary system among others.

Nevertheless, these experiences also brought to the fore important lessons to be learned. Among these are:

- The success of CICIG and MACCIH depended in large part on the partnership each constructed with the attorneys general and, in particular, the special anti-corruption units established in both countries. These units (FECl in Guatemala and UFECIC in Honduras) were allowed significant autonomy within the Public Ministry and benefited from the political backing of the attorney general. However, without support from the attorney general, these special units risk being disbanded (in the case of Guatemala), bringing an end to their anticorruption efforts in the country. The figure of the attorney general is extremely important in ensuring that anticorruption efforts continue as a priority.
- Given the complexity and sensitivity of the cases undertaken by CICIG and MACCIH, many touching the countries' most powerful actors, it is not surprising that a backlash would ensue from within the country's establishment. It led to unfounded accusations of overstepping the mandate, interference in sovereign matters, and pursuit of a broader "leftist" agenda. At the same time, in the case of CICIG, interviewees sympathetic to the work of the mission cited the lack of political acuity on the part of its leadership as having exacerbated the loss of local allies among elites. Failure to adequately prepare and defend



the missions on the part of the United States, and the Office of the Secretary General at the United Nations (in the case of CICIG) and the Organization of American States (in the case of MACCIH) eventually exacerbated the demise of both mechanisms.

- In both cases, civil society networks played an important role in their success. Civil society served as an important factor in demanding their formation, monitoring their work, pushing back against government inaction or attempts to undermine the mechanisms, and providing public support when they were under assault. Indeed, civil society was an important third actor between mechanisms and host governments that contributed to a favorable in-country political dynamic and increasing public support for both CICIG and MACCIH.
- Finally, the vulnerability that ensues for local hires when international support is withdrawn abruptly or prematurely can be devastating. Although international support, especially diplomatic and financial support from the United States, increased the effectiveness of each mission, US passivity—and, at times, indirect support for their demise—was extremely troubling. Investigators, prosecutors, and judges engaged in extremely sensitive corruption cases were suddenly exposed to major professional and financial retribution, including blacklisting and threats of physical harm, with impunity. This resulted in demoralization of government and civil society reformers, diminished prestige of and confidence in the US government, and greater public skepticism about the political will to make serious changes.

Despite the ultimate dismantling of both CICIG and MACCIH, the two missions demonstrated the potential of hybrid mechanisms combining local entities operating within national institutions with foreign assistance and protection to promote structural reforms in the Northern Triangle. The goal is not simply to replicate or reinstall these specific mechanisms, but they may be worth emulating or adapting to a new context not only in the judicial sphere but also in other sectors associated with the delivery of public services and oversight. They also demonstrated that hybrid missions may be useful vehicles for helping those with the political will and capacity to improve governance to circumvent obstacles raised by those vested in the status quo.

El Salvador's Anticorruption Attorney General

El Salvador did not invite a multilateral body to establish an anticorruption mission until recently, but the example provided by CICIG and ample evidence of high-level corruption across the political spectrum led to public pressure for a response. During the tenure of Attorney General Douglas Meléndez (2016–18), the Public Ministry of El Salvador succeeded in many high-level prosecutions and achieved similar levels of success as the two international missions considering the much shorter period. For example, during his tenure the Public Ministry created an elite Anti-Corruption Unit, strengthened financial crimes investigations with financial experts, and set aside the petty corruption cases to focus on the higher-level cases, ultimately obtaining over 100 indictments in corruption cases involving senior and mid-level officials. Most of the indictments were of former government officials, including mayors, legislators, three former presidents of El Salvador, and one former attorney general. The cases against the former presidents resulted in mixed success, as one of the former presidents died before his trial and another received political asylum after fleeing to a neighboring country to avoid prosecution. One of the three was successfully convicted and is currently serving ten years in prison after accepting a plea agreement.

The success of the Public Ministry under Meléndez depended, in large part, on international and local civil society support, the use of a wider range of prosecutorial and investigative methods, and the willingness of the attorney general himself to wade into difficult and politically sensitive prosecutions. The Public Ministry during this time received significant international support, including financial and political support from the United States through multiple projects funded by the US Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) and USAID. An active and engaged civil so-

In both cases, civil society networks played an important role in their success. Civil society served as an important factor in demanding their formation, monitoring their work, pushing back against government inaction or attempts to undermine the mechanisms, and providing public support when they were under assault.

ciety gave critical aid to the attorney general to fend off the inevitable political attacks and push through reforms. The Public Ministry used new strategies and tools to strengthen their investigation and prosecution including using telephone surveillance, plea bargains to leverage testimony against superiors, and asset forfeiture laws against all those convicted.

In his three years as attorney general, Meléndez had significant levels of success both in the number of investigations, indictments, and high-level prosecutions undertaken, proving what a determined attorney general with local and international support can accomplish even without an international mission.

Many of the lessons learned from CICIG and MACCIH apply to Meléndez’s anticorruption efforts. Much like the Honduran and Guatemalan cases, his efforts suffered from serious political backlash, resulting in his not being reelected by the Salvadoran Legislative As-

In the context of corrupt and ineffective governance, institutional reform efforts emerging from within government are often unsuccessful.

sembly at the end of his term in December 2018. Since his departure, the Public Ministry has continued to carry out some of the investigations and prosecutions initiated during his tenure, resulting in at least one conviction of a high-level former official. In late 2019, the Organization

of American States (OAS) and the Salvadoran government established the International Commission against Impunity in El Salvador (CICIES) to further work against corruption in the country, but it is too soon to know whether this will prove to be an effective tool to continue anticorruption efforts.

Strengthening Civil Society

In the context of corrupt and ineffective governance, institutional reform efforts emerging from within government are often unsuccessful. Many interviewees emphasized the importance of strengthening civil society organizations capable of pressing for reform from outside government and over a long period. In all three countries, observers cited long-term US commitment to fostering the growth of civil society—to include not only NGOs but also private-sector organizations, professional groups, and religious organizations—as among its most successful activities that have more of an impact. Though NGOs, advocacy groups, and academic centers remain relatively weak on an individual basis, collec-

tively they have driven significant policy changes and reforms throughout the Northern Triangle, expanding public access to information, promoting government accountability, and pressing for improved justice and police systems, among other accomplishments. US financial assistance has proven crucial at times, particularly in the early formation of organizations, but civil society leaders have frequently cited American political support—both from Washington and from the local US embassy—as especially important. Not only does such support offer legitimacy and a higher public profile in the case of some organizations, such as LGBTI groups in Honduras and elsewhere; in some cases, it confers protection from harassment, whether by government authorities or other elements in society.

US and other international support for the growth of civil society provided additional lasting benefits by creating ecosystems for technical specialists (economists, jurists, administrators) to hone their craft before entering government and providing leadership opportunities for more senior officials leaving government. In the case of El Salvador, US support for the establishment of FUSADES during the country's civil war created an outlet for business figures who wanted to break from more reactionary elements of the private sector and expand the scope of what the business community considered to be in the national interest. The organization became a talent pool from which successive administrations selected senior technocrats and cabinet officials.

Equally important is the emergence of independent media that plays a key role in holding those in power accountable and making public information more widely available. As of this writing, such outlets remain small and under pressure, but they have proven important allies of proreform forces in the Northern Triangle, often at great risk to the journalists and editors involved. This is especially important at a time when portions of the three governments have made effective use of social media to control information, dominate political discourse, and undermine political competitors.

A sustained US effort to support and strengthen civil society succeeded in bringing about significant reforms in the region. Civil society groups were the main force behind the establishment of anti-impunity and anticorruption entities in Guatemala and Honduras. Passage of El Salvador's access-to-information law is another case in point. Among other things, it required government officials to make public their asset declarations. Those successes, however, proved to be short term, because anticorruption entities in all three



countries were disassembled by the very targets of the anticorruption and protransparency work. In these and other cases, pioneering officials committed to reform were gradually replaced by their governments, leading to delays and setbacks in the implementation of reforms, leaving civil society groups to carry on the mission and making them even more important to the United States.

Interviewees cited a number of areas where US interaction with civil society proved particularly important to strengthening their legitimacy and influence:

- *Elevating civil society as protagonists.* US efforts to encourage civil society engagement in policy dialogue with government as subject matter experts or as political actors—and US encouragement to governments to accept them as such—has produced positive results. Efforts to encourage the development of coalitions and dialogue within civil society have also strengthened the viability of civil society organizations as effective promoters of reform. Despite the effectiveness of this approach, some interviewees perceived that the process of fostering relationships between civil society and governments is undervalued. Their view was that priority was given to specific activities such as public events at conference centers, instead of establishing and maintaining a policy dialogue between local governments and civil society.
- *Supporting lasting partnerships between civil society and US development implementers.* Success has been demonstrated where long-term partnerships between US contractors and local civil society have been fostered. These so-called legacy partnerships can elevate the capacity of local organizations, potentially enabling them to directly access US funding and manage those resources themselves in the future.
- *Promoting cooperation within civil society.* When prioritized, investments in well-planned processes to promote cooperative relationships between civil society groups, between civil society and government, between the private sector and government, and between municipalities and the justice system also add significant value. One private-sector leader in Guatemala noted that the US ambassador’s residence was sometimes the only place where he could

sit down and have a productive conversation with civil society groups that are critical of his organization.

Shortcomings in US Support for Civil Society

As important as US support to civil society may be in Honduras, Guatemala, and El Salvador, interviewees noted areas where they saw US engagement as counterproductive or in need of improvement. Many, but not all, of these concerns revolve around the difficulty of working as implementers for USAID and the Department of State, and they are discussed in the section of this report related to aid delivery, but some merit discussion with respect to the structural role of civil society in the Northern Triangle. Interviewees shared these observations:

- *Distortionary impact on local competition for talent.* Current aid delivery creates unhealthy competitive dynamics between local NGOs and US contractors by exacerbating salary gaps and creating incentives for capable nationals to work with US contractors rather than local organizations. This has distorted the market for such skilled personnel and has undermined US efforts to build capacity and sustainability in beneficiary communities.
- *Unequal compensation for US organizations compared with host nation organizations.* Many of the leaders of local NGOs described the relationship between themselves and US contractors as exploitive because the local NGO does most of the work while the contractor keeps the lion's share of the project funds. One organization leader in El Salvador described an instance in which a large US contractor hired his group to meet the requirement in the solicitation to have a local partner, only to have the contractor fire the Salvadoran organization after winning the bid.
- *Exclusive contracts bottle up local expertise.* The practice employed by a number of aid implementers to sign local experts in civil society and academia as well as local NGOs to exclusive contracts as consultants effectively limits the positive impact such actors could have in dealing with the social challenges targeted by US assistance and reduces information sharing.

- *A lack of donor support for core costs limits the viability of NGOs.* US assistance does not always foster the long-term viability of civil society groups in the region because it generally funds project costs rather than the core administrative costs borne by organizations that suffer from internal institutional challenges ranging from poor governance to precarious funding. The internal weaknesses of many local organizations is particularly relevant in light of the complexity of meeting the considerable oversight, monitoring, and reporting requirements associated with USAID-supported projects.
- *Mixed views within civil society regarding private-sector partnerships.* Broadly speaking, promoting a private-sector role in development in the Northern Triangle has a strong long-term rationale, according to development professionals interviewed as part of this project, and should be continued. A number of interviewees active in civil society noted USAID's increased focus on linking the work of NGOs to partners in the private sector. Although many understood the reasoning behind the trend—connecting NGOs to potential local supporters, making use of the resources and reach of the private sector, integrating economic development—some NGOs expressed concern that they would lack power and influence in any relationship with companies, with a limited capacity to shape programs. Several observers noted that much of the private sector does not see a role for itself in contributing to national development beyond job creation. One organization noted that parts of the private sector work against national development by preventing much-needed labor reforms and other policies that would promote improved social conditions.

Issues for Security Cooperation

Through experimentation and the application of models used to reduce community violence in other regions, US-funded programs appear to have contributed to a reduction in homicide rates in some localities. Although the complex set of factors surrounding such violence make it difficult to attribute reduced homicides to specific methodologies, interviewees expressed confidence that US-funded programs were an important factor. For example, US support for new interventions such as an expanded application of trau-

ma-informed interventions, like cognitive behavioral therapy, to individuals in communities affected by violence, made notable contributions to reducing violence indicators. Additional important observations regarding US security cooperation that emerged from project interviews include:

- *The homicide rate is an imperfect measure of how crime is perceived by many citizens.* The homicide rate is overused as an indicator and may not be the best measure of how citizens experience violence and crime. Progress in reducing homicides may obscure a lack of progress against high-impact crimes such as extortion and kidnapping, which remain a significant source of insecurity for citizens throughout the Northern Triangle. Multidimensional measurements of perceptions of insecurity—for example, measuring the prevalence of homicides, domestic violence, and extortion—though more difficult to track than homicide rates, provide a more accurate picture of public sentiment and offer a better sense of where to dedicate security resources.
- *A narrow, law-enforcement-only approach to security is insufficient.* Rights-respecting, community oriented, and trustworthy police are absolutely necessary for establishing security in the Northern Triangle. Nevertheless, law enforcement alone cannot solve all the problems of insecurity. Chronic problems—such as intrafamily violence, gang activity, and community trauma—require a different approach. Evidence informed programs to change social norms for domestic violence, counseling programs for families or individuals experiencing trauma or violence, and programs providing criminally active youth with off ramps to constructive alternatives have demonstrated success in reducing violence and preventing crime. Efforts at combining these approaches with community-oriented law enforcement, such as the placed-based strategies promoted by the United States, have demonstrated promising results in some instances.
- *Data collection and analysis are essential for effective policing, as well as violence reduction and crime prevention programs.* Although some strides have been made in gathering data on crime, violence, and social indicators at the local level, there is still much that can be improved. A US-funded, region-wide program, InfoSegura, was making major contributions in this regard by funding

data collection activities, as well as research and analysis that can inform policy choices and prioritize activities. But the program was put on hold after US assistance to the Northern Triangle was frozen in 2019. Efforts to depoliticize data collection and reporting, and increase public access to information, continue to be a challenge for researchers and experts, and undermine the formulation of credible alternatives or evaluate the impact of previous policies such as mass incarceration and iron-fisted law enforcement strategies.

- *Local consultation is vital to successful security programs.* US programs that supported host government initiatives developed in consultation with communities, such as Plan El Salvador Seguro, proved particularly effective in promoting sustained improvements in security conditions. By contrast, programs that did not incorporate community needs or were developed with insufficient information regarding conditions in the target communities faced greater challenges and were viewed as less effective by implementers and beneficiaries. The perception among some of those interviewed was that INL did not sufficiently engage communities or other stakeholders or use data effectively in determining where and how to target assistance.
- *The US focus on reducing femicide and tackling domestic violence has broad, positive implications.* Good analytical research and fieldwork demonstrated an important distinction between domestic violence and other forms of violence, such as gang activity, and helped shape US interventions to contend with this widespread, high-impact problem. Reorganizing the criminal justice system to better address the needs of victims, especially victims of gender-based violence, has proven helpful in countries like Guatemala. Anti-impunity programs focused on violence against women and assistance centers for victims of such violence have reportedly yielded impressive results in El Salvador. Furthermore, US programs have contributed to the implementation of new antifemicide legislation in El Salvador, demonstrating the capacity of US assistance to reinforce local reforms.
- *Special units function well for specific tasks but have limited capacity to spur systemic improvements.* Special or vetted units within an institution are often seen as a way to ensure sufficient capacity to carry out sensitive and essen-

tial operations without political interference or risks of corruption. Indeed, some have been very successful. The special anticorruption unit (UFECIC) working alongside MACCIH, and the specialized anticorruption judicial circuit in Honduras, are cases in point. Likewise, specialized and vetted law enforcement units have successfully captured high-value targets involved in organized crime and drug trafficking.⁴⁵ The units are important from a US agency perspective because they help meet congressionally mandated certification targets and other policy priorities, and because they help build a cadre of skilled host government partners. Nevertheless, unit-level successes do not automatically translate into stronger institutions and, at times, exacerbate unhelpful internal competition for limited resources and intra-institutional jealousies that weaken rather than strengthen the institution. Moreover, effective leaders of specialized units are often replaced during political transitions, reducing the unit's long-term impact and dissipating the value of their professional expertise.

- *The US focus on drug interdiction is not always shared by host governments in the Northern Triangle.* Although the governments of all three Northern Triangle governments welcome US support for antigang efforts and improved police capabilities, drug interdiction is seen as a US priority as opposed to an effort that benefits local populations. Given the fact that the vast majority of the cocaine reaching the United States transits Central America, especially Honduras and Guatemala, it makes sense to try to disrupt the flow through those countries and to also base broader interdiction efforts there. However, interviewees noted that host governments' relative lack of interest in the mission meant that the United States unexpectedly found itself providing resources for which host governments did not budget, such as gasoline for boats and spare parts for other equipment.

Economic Development

The 2014 Strategy for Engagement in Central America was informed by constraint analyses undertaken by US agencies, regional organizations, and multilateral banks, which identified the key factors limiting growth on the isthmus. Some of those constraints in-

cluded fragmented markets with high barriers to regional commerce, high energy costs, weak education systems, high levels of crime and corruption, harmful anticompetitive practices by politically influential entities, insufficient government revenues, and poor infrastructure. Constraint analyses prepared in connection with Millennium Challenge Corporation (MCC) compacts and threshold programs were useful in this regard because they had been in use in Central America since the 2004 launch of MCC and drew from analyses prepared by a range of entities.⁴⁶

Programs intended to boost prosperity in the Northern Triangle built on this previously acquired knowledge and focused on measures intended to increase the overall competitiveness of Central America by facilitating trade, improving education and access to employment, fostering resilience to natural disasters, reducing poverty, and reducing high energy costs.⁴⁷ The United States funded training and consultants for tax authorities and auditing bodies, and the Department of the Treasury deployed advisers to Guatemala's Ministry of Finance. US assistance funded poverty reduction programs, including through market access initiatives in high-emigration areas aimed at helping farmers avoid displacement and overcome the impact of climate change. The United States and other donors focused particular attention on the Dry Corridor of Central America, aid for which is discussed in greater detail in the country report chapters. USAID programs also funded job training and public-private partnerships that connected youth with employment opportunities.

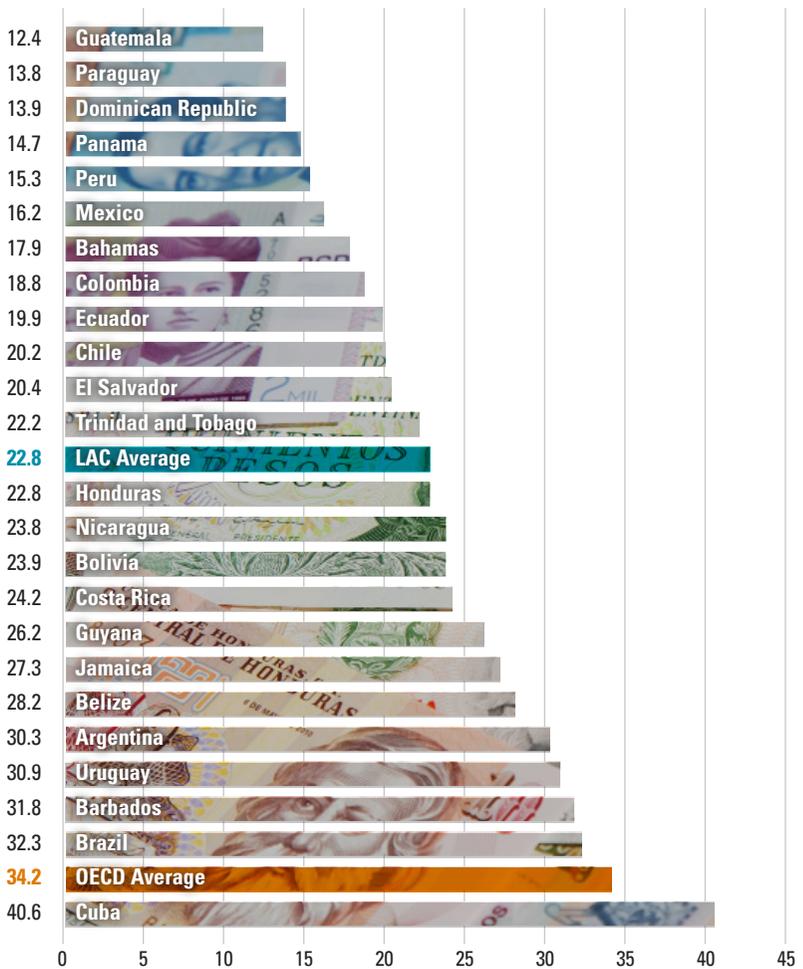
Though MCC supported some investments in infrastructure, much US assistance under the US Strategy for Engagement in Central America was intended to enhance the ability of host government and regional organizations, such as the Central American Integration System (known as SICA, after its name in Spanish) to finance and implement such initiatives using national or multilateral bank funding. The Alliance for Prosperity, a plan developed by the three Northern Triangle governments with the support of the Inter-American Development Bank and the United States, was intended partly as a regional complement to the US Strategy for Engagement with Central America. The Alliance for Prosperity, which is discussed in greater detail below, was viewed by Washington as both committing the resources of the Northern Triangle governments themselves to addressing the push factors driving migration and as a vehicle for improving their overall economic competitiveness by facilitating trade within the region.⁴⁸

Interviewees familiar with prosperity promotion programs offered the following key observations:

- *Improved governance is vital to improved economic performance in the Northern Triangle.* Governance issues are as important to the economic development of the Northern Triangle as they are to improved security and social conditions. Although some large companies and multinationals operate in compliance with local laws and regulations, important parts of the economy, such as government contracts, lack transparency, while other sectors, such as energy generation and cement, are effectively controlled by one or two companies that quash any competitors to keep prices artificially high. Monopolistic actors are themselves exacerbating corruption when they use anticompetitive and sometimes illicit tactics to prevent the entry of business rivals.
- *It is about jobs.* The outcome of domestic and foreign economic programs in the Northern Triangle that has the most impact is job creation. Although efforts aimed at improving economic competitiveness and stimulating trade contribute to this objective and are themselves positive, interviewees concurred that employment, especially stable employment, is the most important element for many citizens in deciding whether to emigrate. As noted below, efforts to assist small and medium-sized enterprises (SMEs) are particularly important in this regard.
- *Job-training programs require greater integration with other development programs.* Job-training programs, though positive, did not connect all the elements necessary to ensure the efficacy of such initiatives. Some observers suggested that donors focus greater attention on the secondary school system rather than job-training programs to have a more significant and lasting impact on the employability of youth. In other cases, the lack of information regarding job retention and other posttraining information limited understanding of the impact and efficacy of such programs.
- *Anemic tax revenues and tax evasion limit governments' ability to deliver basic public services.* Even with some of the lowest effective tax rates in the Ameri-

cas, tax evasion is rife in the Northern Triangle, depriving the state of vital revenues and having a negative impact on the delivery of most public services.⁴⁹ US technical assistance provided important support to tax authorities, but was too limited in scale to provide sustained improvements.

FIGURE 9:
Tax-to-GDP ratios (total tax revenue as % of GDP) in LAC countries, 2017



Sources: OECD/United Nations/CIAT/IDB 2019, Revenue Statistics in Latin America and the Caribbean 2019
<https://oe.cd/RevStatsLatam>

- *It is vital to support the private sector's proreform elements.* Interviewees noted that, to varying degrees, business leaders were more aware of the region's lagging competitiveness than in the past, and they saw a greater need for increased investments in infrastructure and education, but lacked confidence in the capacity of the state to deliver such outcomes through additional revenues because such funds would be sapped by graft and inefficiency. Private-sector representatives interviewed as part of this project acknowledged problems related to inequality and lack of opportunity and the need to address structural challenges as part of increasing the region's economic competitiveness. A number of private-sector figures in the Northern Triangle are pressing for greater transparency in government, increased regulatory compliance, and stronger anticorruption measures to improve the business climate and attract foreign investment, efforts that generally coincide with improved overall governance. However, many economic leaders benefit from privileged (and protected) positions in their national economies or from low tax rates and thus are loath to upset a status quo that favors these interests; in some cases, they have worked vigorously to undermine and ostracize reformers. As in other situations, visible US support for reformers and their initiatives is important and has an impact.
- *SMEs need greater representation and support.* Donors, including the United States, should focus on increasing the representation and leverage of SMEs, which represent a significant percentage of the labor force and the economy in the Northern Triangle but have little clout in comparison with chambers of commerce representing the wealthiest companies. The result is a continued concentration of power and political and regulatory influence among traditional economic elites.

Complementary Development Tools

Although this report focuses on the work of USAID and the Department of State, other US or US-supported entities play a vital role in delivering US economic development assistance to the Northern Triangle. Let us briefly consider the main such entities.

The MCC

The Millennium Challenge Corporation was established by Congress in 2004 as an alternative to traditional US development models. It “provides time-limited grants promoting economic growth, reducing poverty, and strengthening institutions.” The MCC’s five-year grants, or compacts, are issued on the basis of a competitive process involving constraint analysis and country-led proposals for investments intended to foster economic growth and reduce poverty. Countries that seek MCC support but do not meet the requirements for a compact may be eligible for threshold programs to improve institutional capacity. MCC’s overall objective in Central America is “to create the environment for faster economic growth by improving the climate for private sector investment, strengthening human capital to create jobs and opportunities in the region, and supporting better governance and more transparent financial management.”

All three Northern Triangle countries have MCC programs, which are discussed in greater detail in the country chapters. El Salvador is completing its second compact and is the largest MCC beneficiary in Central America, with \$738 million in total US investment in the two compacts and an additional \$88 million contribution from the Salvadoran government to the second compact.⁵⁰ MCC launched a \$28 million Threshold Program Guatemala in 2015,⁵¹ while in Honduras MCC implemented a compact that ended in 2010 and initiated a threshold program in 2013 aimed at improving governance and reducing corruption.⁵²

Interviewees praised the MCC model, particularly in the case of El Salvador, where it was credited with having stimulated improved administrative capacity. El Salvador’s MCC implementing arm, FOMILENIO, modeled good governance practices that had a positive impact on overall government efficacy. In Honduras, too, the MCC implementing body INVEST-H became a repository for technical expertise that provided valuable, sustainable capacity to the government. INVEST-H was implicated in 2020 in alleged misuse of emergency funds related to Honduras’s COVID-19 response, blemishing a largely positive reputation. The use of constraint analysis and conditional support proved largely effective in the Northern Triangle context and holds positive lessons for future assistance.

MCC’s performance, according to those familiar with its initiatives in the Northern Triangle, has not been perfect; and even strong supporters of its work have acknowledged certain shortcomings. In El Salvador, an MCC-supported highway in the northern part of the

country was seen as having contributed little to the country's economic development, for example. Some observers believed MCC was positive in concept and in implementation, but too limited in scope to deliver the type of governance improvements needed to drive sustained structural change in the region.

The Plan of the Alliance for Prosperity

According to the Inter-American Development Bank, "The actions implemented under the Plan's framework seek to foster the productive sector to create new economic opportunities, promote measures to develop human capital, improve citizen security and access to justice and strengthen institutions to increase the trust of citizens in the government."⁵³

"The Plan of the Alliance for Prosperity was structured around four strategic pillars: (i) fostering the productive sector, (ii) developing human capital, (iii) improving citizen security and access to justice, and (iv) strengthening institutions and improving transparency."⁵⁴

The Alliance for Prosperity addressed concerns expressed by all three Northern Triangle governments regarding the lack of direct US government resources for their domestic development priorities.

Like the US Strategy for Engagement in Central America, the Plan of the Alliance for Prosperity recognized the deep structural deficiencies constraining development in the three countries, not only internally but also with respect to intraregional commerce. At least in the initial phases, the alliance required greater coordination among senior planners in the three countries and attention to practical challenges, such as the need to dramatically improve customs procedures and increase regional energy integration. To a large degree, the work of the alliance was targeted on problems highlighted by the Inter-American Development Bank (IDB) and other constraints analyses and set well-founded objectives, and it did result in improved coordination for a time. However, most interviewees view the Alliance for Prosperity as having fallen well short of its objectives. Some of the reasons for the lack of progress include:

- *Lack of commitment by the Northern Triangle governments.* Rather than dedicating new resources to meet the targets set in the Alliance for Prosperity, the three governments largely took preexisting plans and budgets and earmarked those funds for use under the plan's four pillars and their corresponding lines of action.

- *Confusion about the distinction between the Alliance for Prosperity and US Strategy for Engagement.* Even within the US government and Northern Triangle governments, uncertainty about the differing roles of the US Strategy and the IDB–Northern Triangle states’ Alliance for Prosperity generated confusion and inaccurate expectations. The Alliance for Prosperity was intended to both require host government budgetary commitments to programs intended to contribute to regional economic growth and take advantage of the IDB’s ability to invest in infrastructure and other areas not directly supported by US resources. The misapprehension that the two initiatives were one and the same led officials in some countries to believe that funds requested from the US Congress by the Obama administration for US development efforts were intended to directly fund the Alliance for Prosperity and expressed frustration when US funds did not offer direct budget support to their countries.

The Role of the Development Finance Corporation

The 2018 BUILD Act consolidated US development finance authorities under a new entity, the International Development Finance Corporation (DFC). The DFC incorporated the Overseas Private Investment Corporation and USAID’s Development Credit Authority, and introduced additional tools to bolster its role as the US development bank.⁵⁵

Although this project did not examine the work of the DFC because it is too recent, most observers welcomed the model as a potentially valuable complement to US policy and development objectives in the Northern Triangle. Its focus on lower-income countries and ability to target support—such as loan guarantees in cooperation with banks in beneficiary countries, equity authority, and an ability to collaborate easily with multilateral development banks—could be useful to addressing the challenges facing individuals and SMEs in Honduras, El Salvador, and Guatemala.

Observers both in and out of the US government shared a number of concerns regarding the DFC:

- There is a perception that the DFC is viewed by some in Washington as a substitute for foreign assistance rather than a complement. The DFC would be ill suited to address the full range of US development and security priorities in

the Northern Triangle. Although the private sector is clearly an important partner in improving prosperity and governance in the three countries, DFC benefits should be delivered within a coherent policy framework. The private sector in the Northern Triangle is not homogeneous, and some elements are among the most resistant to reform and modernization, clinging to privileged positions to the detriment of their countries' competitiveness, productivity, and equitable growth.

- In a similar vein, the authors note the importance of the DFC as a potential incentive to strengthen dynamic sectors of the economy in the Northern Triangle, foster greater regulatory capacity and compliance, and less corruption consistent with US governance objectives. It is not yet clear how those priorities mesh with the DFC model.

Aid Delivery: Lessons Learned

Challenges Related to Aid Delivery

Despite the very real gains reflected in certain areas—such as access to clean water and reduced infant mortality—broad-based, systemic progress remains elusive. Not only do the three countries remain among the most violent on the planet, they have also proven unable to overcome the profound structural impediments to improved social, economic, and political conditions, impediments described at the beginning of this report. International donors, including the United States, have highlighted these structural deficiencies through various constraint analyses and have designed a portion of their assistance to address them.

Current and former US government and host government officials, US congressional staff member, implementers, and beneficiaries expressed varying degrees of frustration regarding the organization and delivery of US assistance in the Northern Triangle. Much of this frustration centered on the broader US assistance model and is not unique to the Northern Triangle, but the circumstances under which aid was deployed in the region after 2014, the close association between US assistance and efforts to counteract mass migration, and the shifting political context in the United States together exacerbated existing challenges related to the United States' approach to development. Some of the most frequently raised criticisms include:

- *Requests for proposals disconnected from the realities of the Northern Triangle.* Requests for proposals from the US government are often too narrowly focused on specific metrics that do not accurately reflect on-the-ground realities and do not build in sufficient flexibility to adapt to unexpected barriers. This is particularly true in the case of understanding local power dynamics and the time needed to establish activities in a given community.
- *Perception that development agencies and/or implementers lack transparency.* A frequently expressed concern among interviewees was the lack of information provided by US agencies and implementers regarding the execution and efficacy of development programs in the Northern Triangle. Concerns included:
 - ▶ Difficulty obtaining comprehensive impact analyses to help all implementers learn about successes and failures and guide future interventions. Although such information on US-funded programs was in some cases available through the online Development Experience Clearinghouse, it was often difficult to locate within that site and in some cases was missing altogether.
 - ▶ The treatment of program evaluations as proprietary information by US contractors despite their potential utility to other implementers and despite the fact that the contractors are implementing government-funded projects. This exacerbates problems such as the reinvention of solutions that already exist and the repetition of errors committed by earlier initiatives.
 - ▶ Among congressional staff, the perception that US agencies were unwilling to share information regarding the shortcomings of aid programs and only wanted to share success stories generated skepticism about the accuracy of official reporting on such programs.
- *Problems related to coordination within the US government and US coordination with implementers.* US officials interviewed by the project team recognized the importance of close collaboration between USAID and INL and cited various mechanisms employed to foster greater cohesion between the two at the embassy level, such as regular planning meetings, including quarterly meetings

between US ambassadors of the three Northern Triangle countries accompanied by their development teams. Related points:

- ▶ Within US embassies, it was clear that the ambassador should be the primary locus of embassy coordination, and coordination with other donors. Delegating these responsibilities to subordinates sets up interagency competition and rivalry.
- ▶ However, there was a perception among many implementing partners and host government officials that US agencies charged with carrying out development initiatives did not coordinate sufficiently.
- ▶ US agencies sometimes found themselves in competition for the time and attention of host country officials, such as police and municipal officials working with both USAID and INL and who were sometimes uncertain regarding which organization had the lead in a given community.
- ▶ A lack of coordination on rule-of-law programs has also been highlighted, resulting in redundancies and/or missed opportunities to leverage limited US assistance in this area. A recent GAO assessment of rule-of-law coordination in four countries found that existing embassy-level working groups for law enforcement coordination did not include all relevant U.S. government agencies. Furthermore, according to the GAO, “one of the key mechanisms used in-country to coordinate rule of law assistance is designed for other purposes, and, therefore, does not consistently include agencies that play a key role in providing rule of law assistance.”⁵⁶
- ▶ US funding was, at times, provided to multiple implementers to work on similar issues at the same location. This led to unnecessary competition for beneficiaries and between implementers, and to confusion among government counterparts. Multiple implementing partners expressed frustration with what they described as a lack of opportunities to collaborate with other implementing organizations operating in the same region or sector.

- ▶ Most interviewees focused on the desirability of improved coordination between the two bodies, as was seen during the implementation of the Partnership for Growth in El Salvador, and later during implementation of US support for Plan El Salvador Seguro.
 - ▶ The authors' perception was that coordination efforts must move beyond informational reporting sessions. Updating other donors or agencies of progress on a project is not a substitute for effective coordination at the strategic level, especially clear strategic direction (e.g., language in the appropriations legislation or policy guidance by the secretary of state). Those who participate in coordination efforts must have the seniority necessary to adjust strategy and ensure project coherence with that strategy.
- *Insufficient coordination with other international donors reduces the potential of US assistance.* Development experts from other countries and international organizations perceived US counterparts as insular and uninterested in collaboration. This was not the case across the board, and third-country interviewees noted that the level of interaction tended to wax and wane depending on the personality of the USAID mission leader and embassy leadership. Third-country interviewees said that insufficient collaboration tended to result in a duplication of effort, host governments playing donors off one another, and a diminished capacity of the diplomatic community to promote reforms and counter negative trends.
- **A lack of coordination on rule-of-law programs have also been highlighted, resulting in redundancies and/or missed opportunities to leverage limited US assistance in this area**
- *Insufficient support to help smaller implementers succeed.* Smaller and locally based organizations reported feeling at a significant disadvantage because the complexity of USAID reporting requirements made accepting US funding almost cost-prohibitive for them administratively and was not accompanied by sufficient training and information. A number of organizations told interviewers that they had implemented US programs in the past but would not do so again because of the difficulty of doing business with US agencies. Related points:

- Some of those difficulties included incomplete or shifting guidance regarding the process for submitting bids in response to requests for proposals; poor communication from USAID regarding the internal accounting and oversight procedures required of grantees/partners; shifting requirements regarding reporting requirements; and a lack of flexibility for contracted parties to shift their approach to account for new conditions.
 - ▶ A number of interviewees said that US development agencies placed an insufficient emphasis on establishing and maintaining a learning process based on prior programs, whether successful or not.
 - ▶ In general, host nationals and nongovernment implementers described INL as easier to work with than USAID because its reporting requirements were less onerous and because it was more responsive to requests for specific equipment and information. That view was not uniform, and one expert working in support of INL to improve police performance cited a preference for what he described as the “more strategic perspective of USAID” with respect to promoting better governance.
- *Reluctance to report negative outcomes.* Among the more troubling and counterproductive phenomena cited by interviewees both in and out of government was a reluctance to report negative outcomes with respect to assistance programs in the Northern Triangle. This stemmed from a broad perception that US agencies were not receptive to information that might draw congressional criticism, undermine support for future assistance, or might seem to contradict the logic of certain policy positions. Related points:
 - ▶ With respect to subcontractors, there was a perception by some that US contract companies did not want to be seen as falling short in meeting targets established in the requests-for-proposals process because that might put future contracts at risk.
 - ▶ The authors learned of instances where reports funded by the United States that yielded results deemed to be politically sensitive were set

aside or published without indicating that they had been funded by the US government.

- ▶ The perception that bad news, even bad news that had a clear bearing on the value of a given program, would be poorly received leads to several pernicious outcomes observed by the project team: It reinforced the emphasis on easily measured outputs rather than more ambitious outcomes that may be more difficult to quantify and defend. It discouraged implementers from taking risks that may be necessary to test approaches to dealing with deep-seated, structural impediments to progress. It increased the risk that implementers will not accurately report deficiencies related to priority programs that might be saved from failure by timely adjustments. It undermined the morale and confidence of personnel at all levels regarding the integrity and efficacy of programs they were charged with implementing. And it bred skepticism regarding the overall efficacy of assistance to the region.
- *Reluctance to modify programs to adapt to shortcomings or changed circumstances.* Multiple interviewees both in and out of government described the challenges involved in changing the course of a project once it was launched, even if conditions significantly altered the viability of a particular effort. This was seen as a particular challenge for implementers of USAID programs, which were viewed as tightly bound by requests for proposals and contracts that in some cases were finalized years before implementation. Related points:
 - ▶ One interviewee in El Salvador involved in a program aimed at improving municipal governance expressed incredulity that US planners did not account for government turnover in the Northern Triangle, even when election calendars were set and all involved understood that programs conceived during one administration would be executed under a new government.
 - ▶ A number of implementers voiced frustration with the unwillingness of USAID missions or decisionmakers in their own companies to take advantage of new opportunities identified by those executing development programs if such gains were perceived as falling outside the mandate of a particular project.

Challenges Related to Metrics—within the US Government and in the Field

Multiple assessments and reviews of US assistance programs for Central America have concluded that the lack of clear metrics makes it difficult to determine the effectiveness of these programs. For example, in its 2019 report assessing US assistance to Central America, the Government Accountability Office found that US agencies have “allocated billions of dollars to implement hundreds of projects, . . . yet little is known about progress on meeting broader objectives to improve prosperity, governance, and security in the region.”⁵⁷ As the GAO argues, individual projects and implementing agencies could demonstrate mixed results, but the impact on the overall goals of increasing security, prosperity, and good governance are more remote. (It is important to note that the State Department and USAID did not concur with the GAO’s findings because they disagreed with GAO’s methodology and the inclusion of Department of Defense and US Department of Agriculture aid programs in its evaluation, programs over which State and USAID had limited influence.)

Furthermore, in a context of crisis and urgency to disseminate funds expeditiously, the focus easily shifts to concluding specific activities required by the implementing contracts. In this instance, implementing agencies and contractors are far more likely to measure success in terms of funds executed, activities undertaken, and targets for performance indicators achieved than measuring overall effects on specific behaviors or outcomes. For example, improved governance and institutional strengthening become operationalized through training programs and professional training, with the number of trainees, mentorships, and professional exchanges being used as the criteria for judging success. According to the GAO report cited above, “USAID achieved 27 of 41 (66 percent) of its targets for performance indicators related to [judicial sector reform] for fiscal years 2013 through 2018.” US officials noted that in some cases, targets were achieved shortly after the previously established deadlines.

Many of the observers and implementers both in and out of government interviewed as part of this project expressed frustration that foreign assistance and the projects it funds are insufficiently focused on changing outcomes rather than the activities and budgets executed. Objectives that are more difficult to measure but are ultimately more meaningful, such as the sustained implementation of new practices or behavioral changes on the

part of a beneficiary institution, are sometimes not assessed. If contemplated outcomes are not being achieved through agreed-upon activities, then creating space to learn from these results and adapting the strategy for the future should be a priority. Evaluations should be comprehensive and not limited to a specific project or agency. These, too, are important; but a comprehensive evaluation will encourage greater cooperation to achieve outcomes across the board.

Policymakers noted the challenges inherent to any evaluation process that seeks to assign value to US programs and other forms of assistance. These are only one factor among many that influence outcomes in a given country. Justifying aid based only on a loose connection to a desired outcome is difficult, especially when it represents a long-term transformational goal that cannot be assessed with accuracy in the short time frames of the project planning and budgeting cycles. This factor lends support to the notion of undertaking impact evaluations for programs five years or more after the end of a program as a good practice for assessing the relative value of different interventions over time.

Alternative Models for Aid Delivery

Development professionals have long recognized the limiting effects of the challenges noted above and thus have experimented with solutions aimed at making assistance have more of an impact. In addition to USAID Forward, discussed earlier in this report, the United States also directs development aid through entities tailored specifically to assist communities and organizations at the local level.

The Inter-American Foundation Model

The Inter-American Foundation (IAF) is the smallest member of the family of US development agencies, but its mandate permits a high degree of innovation and flexibility. The IAF has led the way in community-based development initiatives in Latin America and the Caribbean for fifty years. With an annual budget ranging from about \$20 million to its current level of \$375 million and a staff of just over forty, IAF has leveraged its resources to support an active portfolio of nearly \$200 million total investment in the hemisphere, with nearly \$90 million concentrated in Central America.⁵⁸ Among the Northern Triangle countries, they have ninety-one local grantee partners that address the root causes of mi-

gration in more than 2,400 communities in medium- and high-sending departments.⁵⁹ IAF local partners support entrepreneurship, strengthen the capacity of community organizations, build participation and confidence in the democratic process, improve food security, catalyze peer-to-peer learning, and work to reduce violence and insecurity.

Many IAF projects tackle several of these fronts simultaneously. For example, the IAF partner Organization for Youth Empowerment provides youth leadership development, microenterprise training, and scholarships for at-risk youth near San Pedro Sula, Honduras. About 98 percent of youth in their comprehensive leadership development and micro-scholarships program have completed secondary school, compared with just 41 percent of youth in their region. Also, in an urban area with high rates of cross-border youth migration, less than 2 percent of Organization for Youth Empowerment scholarship recipients have subsequently migrated.

The IAF is unique among US development initiatives. Its grants are relatively small, averaging roughly \$70,000 per year for individual grants in the Northern Triangle. Their support goes directly to community-led initiatives, not through foreign government or intermediaries. As a result, overhead costs per grant are relatively small, at 8 to 14 percent, depending on the specific grant, which compares favorably with most other implementers. They also require recipients to make a significant complementary contribution to their own project, roughly \$1.30 for each \$1 in grant money, ensuring buy-in by the organization and reducing long-term dependency on foreign assistance. Finally, because of their size and methodology, they are more likely to be nimble, have more scope for innovation in their approach, and invest in organizations more so than activities.

The IAF's efficacy in the Northern Triangle environment makes it a logical target for scaling up. Furthermore, because the foundation is only able to fund about 10 percent of requests received, demand clearly outpaces supply. There is a risk, however, that rapid and unlimited growth could undermine the innovative strategies that characterize the organization. Pressures to disburse more money quickly may well weaken the IAF's community-led approach. Instead, a gradual increase in resources over the next few years to roughly \$100 million may be preferable so the IAF can grow carefully, while expanding access to vulnerable communities in the Northern Triangle.



It is important to note as well the limitations of the IAF's mission. Its purpose is to fuel the self-help efforts of the most vulnerable. It cannot work at the national level to promote structural change, but it can point the way to reform based on its experience in the field, and it performs a vital complementary role by directly helping communities contend with the same types of problems that other agencies seek to address on a larger scale.

The Partnership for Growth

The Partnership for Growth (PFG) was a partnership with four selected countries around the world, one of which was El Salvador, selected on the basis of their performance in the MCC selection criteria. PFG leveraged US government funds to support a shared development program to promote accelerated economic growth in the selected countries. Rather than provide new funds, PFG sought to engage government, the private sector, and civil society in a shared commitment to key institutional and regulatory reforms to attract new forms of investment, including foreign direct investment. Similar to the US Strategy for Engagement in Central America that followed it, PFG provided an overarching framework that oriented almost all US government assistance during the implementation period. A 2017 evaluation of PFG concluded that the two primary desired outcomes—a reduction in crime and a significant increase in economic activity—did not materialize but that PFG had a significant impact on the passage of legislation, the formation of institutions, and support for international agreements.⁶⁰ The legislation and institutions that PFG affected included legislation and institutions critical to public access to information that empowered successful efforts to hold government officials accountable and prosecute corruption. The evaluation concluded that the Growth Council would not be effective in the future due to low private-sector participation and limited national government interest.⁶¹ The evaluation concluded that PFG had a positive effect on the bilateral relationship with El Salvador and improved US agency coordination, but did not result in greater coordination among Salvadoran government agencies.⁶²

The Role of the National Endowment for Democracy

As a congressionally funded nongovernmental organization focused on building democratic culture around the world, the National Endowment for Democracy (NED) plays a vital role in Central America because of its flexibility and its mandate to contribute to all aspects of democratic life. In particular, NED has played an important role in sustaining

independent media at a time when such outlets are under pressure from governments and other actors. NED supports independent media through capacity-building programs, such as a Central America-wide project to support online investigative journalism in the region. Other NED projects in the Northern Triangle include supporting groups focused on labor rights, strengthening civil society organizations' ability to organize themselves and influence governing institutions, and supporting organizations representing marginalized sectors of society, among others.

NED supports projects by US-based organizations such as the International Republican Institute and the National Democratic Institute as well as a range of host country organizations throughout the Northern Triangle. Like the IAF, NED grants tend to be relatively small (with many in the \$30,000–\$50,000 range in the Northern Triangle), but they can also exceed \$500,000. Beneficiaries have praised the flexibility of NED as a donor, and the authors noted that the breadth of projects across the region allowed its funds to reach an expansive set of organizations. NED's ongoing projects in Guatemala funded in 2019, for example, supported grassroots efforts to increase youth involvement in the political process, programs intended to foster private-sector engagement in development initiatives, and projects aimed at increasing the capacity of Guatemalan legislators to promote reforms and increased transparency and accountability.

The Role of the US Congress

Congressional staff members were skeptical regarding the willingness of USAID and the State Department to transparently address shortcomings in the aid delivery process, expressing frustration with the difficulty they encountered in obtaining briefings on specific projects and concerns from these agencies. The perception of many congressional offices was that implementing agencies wanted to put the best possible spin on aid efforts rather than acknowledge where projects had fallen short or needed to be modified.

Although there is much that the Department of State and USAID can do to improve US foreign assistance programs, the US Congress also has an important role to play. Some of the bottlenecks and inefficiencies the authors highlight in this report are the result of congressional requirements. Congressional offices expressed the view that Congress has



provided the executive branch with the tools necessary to administer funds appropriated to the region in the form of sanctions authorities and certification requirements intended to be used as leverage by US agencies, but the executive branch makes insufficient use of such mechanisms. Some executive branch officials concurred that agencies had shied away from making full use of available authorities to contend with problematic aspects of the United States' relations in the Northern Triangle, generally because of a desire to avoid interrupting more positive elements of the relationship.

A complete overhaul of the foreign aid system is beyond the reach and scope of this study, but interviewees suggested a few areas where the US Congress could make important contributions to the effectiveness and efficacy of foreign assistance. Among these are:

- Emphasizing the bipartisan consensus in favor of improved governance, security, and prosperity in the Northern Triangle. Experienced figures in the region and in the US government noted the proven capacity of opponents of reform in the three countries to play US political actors off one another to diminish the influence of local US embassies and others working to improve conditions, if they could identify wedge issues to exploit.
- Ensuring that debates are focused on the strategy to be pursued and outcomes to be achieved rather than the amount to be appropriated. Appropriations are essential, but they should support a clear strategy rather than seeking to maximize or minimize the amount.
- Ensuring that oversight is focused on meeting strategic outcomes, not merely expenditures of funds.
- Supporting realistic timelines for accomplishing strategic priorities. Improving governance, fighting corruption, and creating economic opportunities are longer-term strategic goals that will not be attained in a one- or two-year funding cycle, especially when combined with a complex pre-obligation notification process that can slow implementation by one or two years.
- Consider multiyear authorizations for strategic priorities to ensure greater continuity in programming. Congress should preserve mechanisms for review and

oversight of progress; and it should delay funding streams if progress is not being made, host governments fail to meet specific requirements, or circumstances change dramatically. Nevertheless, defining and maintaining a realistic strategy and timeline for addressing chronic challenges are advisable.

- Adopting procedures and administrative requirements that are flexible and allow for greater flexibility for redirecting programs when a host government resists reforms, or an emergency arises. These should be based on appropriate consultations between the executive and legislative branches.
- Considering reforms that would allow for greater participation of in-country organizations in the design and implementation of projects, and thus ensure greater buy-in and increase local capacity, while benefiting from local expertise.



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EL SALVADOR COUNTRY REPORT

Kelly Josh

The Context

El Salvador emerged from a twelve-year civil war in January 1992 with a negotiated peace between the Salvadoran government and the Farabundo Marti National Liberation Front (FMLN). The peace accords reformed many of the primary institutions of elections, justice, police, and the military to secure peace, security, and governability—with the hope that economic development would follow. Security has proven to be an elusive goal, as gang violence has come to dominate many parts of the country and has hampered economic growth. The accords' most significant success was in governance. El Salvador became a stable, functioning democracy with an increasingly engaged civil society and multiple parties competing for every level of government. Still, the country failed to make significant strides against corruption until recently, and the gains in political stability have become more fragile with the election of President Nayib Bukele. Recent episodes in which the president has transgressed the Legislative Assembly's rights and ignored rulings by the Supreme Court have threatened to upset the constitutional order that has prevailed throughout the postwar period.

Economic Development

El Salvador struggled to develop a robust economy in the decades after the war. But the accelerated growth starting in the first three years after the war scarcely covered the growth lost during the war, with average annual growth of only 0.3 percent from 1979 to 1995.¹ After the postwar boom years, the economy averaged an anemic 1.75 percent annual growth from 1996 to 2010 but finally picked up to 2.5 percent from 2011 to 2018.²

Slow growth limited poverty reduction and resulted in only a moderate decrease, from 39 percent in 2007 to 29 percent in 2017. However, income inequality was significantly reduced, from a GINI index of 0.51 in 2001 to 0.38 in 2017, making El Salvador one of the most equal countries in Latin America.³ Crime and violence are significant factors constraining investment and growth; and, in turn, are exacerbating a vicious cycle of increased violence that further restricts the economy.⁴ Despite low growth rates and violence, El Salvador has made significant strides in increasing literacy rates, reducing child mortality, and expanding access to public services.⁵ It is too early to tell if the economic crisis created by the COVID-19 pandemic has permanently reversed these advances.

Security and Human Rights

Homicides in El Salvador reached 105 per 100,000 in population in 2015, deepening a security crisis that had been decades in the making. The Salvadoran government responded by doubling down on aggressive policing tactics against the violent gangs that operate in almost all of El Salvador's 264 municipalities.⁶ Gang membership in El Salvador was estimated to be 60,000 in 2015. However, this number varies greatly depending on the source, as does the proportion of homicides attributed to gang violence, with estimates ranging from 30 percent to 50 percent. Regardless of what percentage of the country's homicides gangs commit, gang violence dominates the political and media agenda, and it obscures all other sources of violence, including domestic violence and violence committed by organized crime. This attention may be justified because the gangs create instability and insecurity beyond what the murder rate conveys, with extortion, rape, beatings, torture, and social control methods that terrorize the poor and working-class areas they control. However, the intense focus on security, and particularly homicide rates by successive governments and the media, has given the gangs significant political leverage, and they often use their control over the number of homicides as a weapon for negotiation. The two most significant political parties and the current president have been accused of negotiating with the gangs, primarily to reduce homicides or to turn out votes during elections.⁷ The dramatic 60 percent drop in homicides since President Bukele entered office has fueled speculation of another negotiated deal between the government and the gangs, and these suspicions were reinforced by press reports in

September 2020 documenting discussions between gang leaders and government officials. The homicide rate of 36 per 100,000 reported for the first six months of the Bukele government is lower than the 40 per 100,000 homicides recorded during a controversial government-negotiated deal with the gangs.⁸

Human rights have been a constant concern for El Salvador in the years since the end of the civil war, with issues of impunity plaguing both past and current prosecutions. As efforts to combat gang violence have increasingly involved aggressive tactics, the police and the armed forces have been accused of serious human rights abuses, and cases against the alleged perpetrators rarely result in a conviction.⁹ However, impunity has a long history in the country and is not limited to those in authority. A 2007 study by two legal experts, Francisco Díaz and Sidney Blanco, evaluated the prosecution of all homicides in three cities during 2005 and found that only 4 percent were successfully prosecuted to conviction.¹⁰ In interviews conducted in 2019, both authors maintained that little has changed.

The failure to prosecute human rights abuses committed during the war is often blamed for the current state of impunity. An amnesty law passed immediately after the end of the war in 1993 meant that human rights abuses during the war went unpunished for decades, until the Supreme Court struck down the law as unconstitutional in 2016.¹¹ The ruling allowed cases against some of the worst human rights violations during the war to begin being investigated and prosecuted, and required the legislature to create a new law that would provide reparations for victims.¹² Under the guise of complying with the Supreme Court's order, legislators attempted to pass what many considered a new amnesty law in 2019. A coalition of Salvadoran civil society organizations led an international outcry that left the new legislation languishing in committee for months.¹³ In February 2020, human rights organizations widely denounced a new reconciliation law as another attempt to legislate amnesty for war crimes. The president vetoed the legislation—leaving the fate of the required law in limbo again.¹⁴

Governability

Corruption is a historical problem in El Salvador that has seen some advances in recent years, due to civil society organizations' persistent efforts and reform-minded government officials. These advances have also heightened the awareness of the problem and may

have fueled the populist backlash that resulted in the election of Nayib Bukele in 2019. El Salvador ranked 113 of 180 countries in the 2019 Corruption Perception Index (CPI), with a transparency score of 34.¹⁵ El Salvador's CPI score is better than all other Central American countries except Panama (36) and Costa Rica (44). Still, it is well below the average CPI score of 43 for the Americas as a whole.¹⁶ Although the perception of corruption in El Salvador has remained steady over many years, El Salvador has achieved notable progress in prosecuting high-level officials in recent years, including the prosecutions of three past presidents for corruption. The Access to Public Information Law passed in 2012 has given access to vital information, including the asset declarations of public officials that have provided critical information for corruption investigations. Civil society organizations advocated for the law and have fought attempts by the government to roll back access to information, including recent setbacks during the Bukele government.¹⁷ An international commission against impunity and corruption (known as CICIES) began work in 2020. Critics of the new commission assert that it does not incorporate the most effective features of the Guatemalan commission on which it was modeled, because it limits the commission to the role of technical advisers rather than investigators.¹⁸

El Salvador established a stable democracy in the decades after the civil war based on multiple competing parties, with the two largest parties dominating the competition for the executive branch. The rightist National Republican Alliance (ARENA) party retained control of the executive branch until 2009, when Mauricio Funes became president as the FMLN's candidate, changing the party in control of the executive branch for the first time in twenty years. In February 2019, Bukele—a former FMLN mayor allied with the Grand Alliance for National Unity (GANU) party—won the presidency. Bukele rode to power with 53 percent of the vote on a wave of populist anger at political elites for failing to deliver better economic results and lower crime and outrage over multiple corruption scandals.¹⁹ Within months, President Bukele's approval ratings rocketed to 95 percent—the highest of any world leader—and have stayed at this level for his entire first year of office. This gain came even as he disparaged and used the tools of state against critics and political opponents and ignored judicial determinations that he saw as limiting his authority. His popularity has led many to question whether the democratic reforms enacted over the last three decades have developed deep roots in Salvadoran society. Some observers have speculated that the Bukele phenomenon is evidence that the authoritarian nature

of Salvadoran politics was left intact even with the many institutional democratic changes achieved during the postwar period.

President Bukele evoked concerns about his potential authoritarian tendencies soon after taking office in June 2019. He used Twitter to fire public-sector employees and issue orders to his cabinet members. He frequently attacks the press and has been associated with troll centers and online news sites that attack his enemies and generate favorable coverage of his government. Current government employees interviewed for this report described a climate of fear inside government ministries that included constant surveillance of their activities. In the first half of 2020, President Bukele repeatedly challenged the constitutional order by forcibly taking over the Legislative Assembly, ignoring a Supreme Court ruling denying him the ability to arrest people without legal cause, and suspending a session of the Legislative Assembly, generating fears that the current government is threatening democratic institutions.

It is within this general context of a low-performing economy, high violence and corruption, the precarious rule of law, and increasing threats to democratic norms and institutions that the US government provides assistance. US assistance focuses on economic development, security, and governance issues to remediate the circumstances that have led thousands of Salvadorans to vote with their feet over the past decade by immigrating to the United States and other neighboring countries.

Recent US Assistance Efforts

US bilateral assistance of \$496 million was allocated to El Salvador from 2013 to 2018 to support security, economic development, and governance objectives.²⁰ However, in March 2019, the Trump administration suspended aid to Guatemala, El Salvador, and Honduras. Although most of the 2017 allocation was reinstated, almost all the \$125.7 million for 2018 was reallocated to other countries.²¹ Given this, the amount disbursed to fund projects in El Salvador from 2013 to 2018 is likely to be closer to \$350 million. This amount does not include the Millennium Challenge Corporation funds of \$277 million from 2015 to 2020.

US assistance to El Salvador adheres to the US Strategy for Engagement in Central America, which organizes funding from all US agencies into an integrated approach. Its stated

objective is “the evolution of an economically integrated Central America that is fully democratic; provides economic opportunities to its people; enjoys more accountable, transparent and effective institutions; and ensures a safe environment for its citizens.”²² The strategy grew out of a concern that US assistance to the region functioning under multiple US agencies and initiatives like the Central American Regional Security Initiative (CARSI) and the Millennium Challenge Corporation (MCC) lacked sufficient integration and coordination to have the intended impact. The strategy builds upon the whole-of-government approach implemented as part of the Partnership for Growth and is an overarching framework for all US government work in Central America.²³ Despite the efforts to coordinate US assistance, a US Government Accountability Office report in 2019 found these efforts to be lacking.²⁴ Many of the people interviewed for this report confirmed that US agencies working in El Salvador routinely fail to coordinate.

The Millennium Challenge Corporation

MCC and the government of El Salvador signed the first five-year compact for \$461 million in 2006 to invest in the northern zone of El Salvador. The compact invested in education, public services, agricultural production, rural business development, and transportation infrastructure.²⁵ Unlike most US assistance, MCC funds are implemented by FOMILENIAL, the Salvadoran agency that oversees the distribution of funds, contracts the work, and evaluates progress. More than half the compact funds were used to build a highway connecting the northern departments of El Salvador; however, they did not construct the planned network of roads to connect rural communities to the highway due to cost overruns.²⁶ A former Salvadoran government official hailed the fact that the highway exists but said it is the most expensive highway to maintain due to the poor quality of the materials. He blames problems with the contractors and the bidding process for the cost overruns that left the northern communities unconnected from the new highway. A new MCC compact for \$277 million signed in 2014 went into effect in 2015. This agreement focuses on education, regulatory reform, improvements in public services, and improvements to El Salvador’s coastal highway.²⁷

The Partnership for Growth

The Partnership for Growth (PFG) was a group of four countries around the world chosen based on their performance in MCC selection criteria. PFG leveraged US govern-

ment funds to support a shared development program to promote accelerated economic growth in the selected countries. Rather than provide new funds, PFG sought to engage government, the private sector, and civil society in a shared commitment to key institutional and regulatory reforms to attract new forms of investment, including foreign direct investment.²⁸ Like the US Strategy for Engagement in Central America that followed it, PFG provided an overarching framework that oriented almost all US government assistance during the implementation period. A 2017 evaluation of PFG concluded that the two primary desired outcomes—a reduction in crime and significantly increased economic activity—did not materialize. However, it recognized that PFG had a considerable impact on the passage of legislation, the formation of institutions, and support for international agreements.²⁹ The legislation and institutions PFG affected included those critical for the public access to information that empowered successful efforts to hold government officials accountable and prosecute corruption.

US Assistance to El Salvador: Key Considerations

Security

The two most significant sources of US government funding for security in El Salvador are the US Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) and the US Agency for International Development (USAID). The USAID / El Salvador funding portfolio for projects in the area of citizen security was \$105 million in 2018, spread over four projects that spanned between 2013 and 2023 in the areas of crime and violence prevention (\$40 million), training and services for at-risk youth (\$53 million), and civil society engagement in citizen observatories (\$12 million).³⁰ Adding the \$31 million destined for the Justice Sector Strengthening Activity, which USAID classifies as a governance project, total USAID funding rises to \$131 million.³¹ A senior INL official reported that INL spending from 2014 to 2019 was \$94 million on a range of projects that included justice-sector reform, community policing, border security, place-based strategies for violence prevention, vetted units, anticorruption, and asset forfeiture.

Outcomes. Many of the INL and USAID projects reviewed in the area of security are part of the Place-Based Security (PBS) strategy that coordinates US assistance in selected municipalities. The plan identified three municipalities to receive six project interventions,

three funded by INL and three funded by USAID, including the Justice Strengthening Activity (JSSA) and the Crime and Violence Prevention Project.³² No final evaluations of the projects are available, but an indication of the long-term impact of the projects may become more apparent when the end-line survey of the PBS strategy becomes available.

Without project evaluations available for the security projects, it is difficult to calculate the outcomes of projects. Homicides have been reduced since 2015, but it is difficult to attribute the reduction to work directly associated with US assistance. It is unrealistic to consider any single assistance project or even a series of projects as capable of changing the overall security context in El Salvador. The implementers, beneficiaries, and US officials who were interviewed all pointed to aspects of the projects they feel moved the needle on key security issues and contributed to improving the overall context.

El Salvador's former chief of police, Howard Cotto (2016–19), and former attorney general, Douglas Meléndez (2016–18), highlighted the impact of INL's support for the asset forfeiture strategy and the elite prosecutorial anticorruption units. These two efforts led to the seizure of \$150 million in assets from gangs and organized crime and the prosecution of three former presidents for corruption. INL officials in El Salvador also highlighted the success of the Model Police Precinct (MPP). This community-policing program seeks to move Salvadoran policing from reactive to proactive patrols and improve relationships with the community. The Salvadoran police commanders who were interviewed agreed that the MPP pilot work is promising, but that the program would need to be scaled up to achieve a significant impact on the way the force works. The police commanders emphasized the benefits of the INL-sponsored police athletic league (PAL) and gang resistance (GREAT) programs in improving the relationship between police officers and young people. They expressed appreciation for the INL-sponsored community police program that trains officers to engage community members more actively. Mayors and municipal employees interviewed in Zacatecoluca and San Vicente agreed that PAL, GREAT, and community policing helped change the police's relationship with the young people in their community but recognized that there is a long way to go to repair that relationship.

The objective of JSSA was to support the Salvadoran government in reducing impunity and improving citizens' trust in government institutions.³³ JSSA was the sole project included in the Place-Based Justice strategy, a similar approach to the PBS that focused on

coordinating work in the justice sector. Both the former attorney general and the former police chief credit the project with significant infrastructure improvements for their institutions and the development of new policies and laws. Sidney Blanco, a former Supreme Court judge, lauded the project for strengthening the Probity Division, a part of the Supreme Court that processes the asset declarations of public functionaries and is critical for fighting corruption.

The USAID-sponsored Crime and Violence Prevention Project, implemented from 2013 to 2019, predated the government-led Salvadoran Security Plan (known by the Spanish acronym PESS) by almost two years. The project worked in the most violent communities in El Salvador, as defined by homicide rates. It sponsored youth outreach centers, community infrastructure projects, professional development centers, youth orchestras, conflict resolution centers, crime observatories, and municipal crime prevention councils. According to USAID, PESS contributed to a historic 61 percent decrease in crime within El Salvador's most violent communities from 2015 and 2017, compared with a 41 percent decrease nationwide.³⁴ Site visits to Mejicanos, San Vicente, and Zacatecoluca confirmed the continuing operation of most of the project's primary benefits, and interviews with mayors and city officials indicated that they highly valued PESS's work. Outreach centers, youth orchestras, and several other programs initiated by the project continue. However, municipal workers in San Vicente and Zacatecoluca admitted that funding for activities is limited and that the municipality suspended some programs due to a lack of funding after the project ended. Officials in all three cities claimed that the violence prevention work had made their cities safer and that the coordinated actions between the city, national government, and police had changed the dynamic in their communities.

Technical validity. Salvadoran government officials and US government officials and contractors agreed that El Salvador is well past the point where providing training in the capital is the best way to deliver training to police and prosecutors. Several people interviewed agreed that it would be more useful to provide train-the-trainer projects or embedded coaching projects like MPP so that training happens in local police and prosecutors' offices. Meléndez hoped that police and prosecutors working in the same area could be trained together to strengthen their work as a team. Both the former attorney general and the former chief of police felt that INL and USAID training is of good quality and is adapted to the environment, but that there are too many training programs offered

on too many different issues to be effective. Both preferred programs that focused on one or two strategic issues at a time, with significant follow-ups that thoroughly incorporate new practices.

US agencies have widely touted place-based strategies as more efficient and as having more of an impact than each of the projects separately. The concept is appealing, but the evidence of this so far is elusive. One USAID contractor believed that the strategies had resulted in greater coordination among Salvadoran institutions and gave examples of concrete improvements in security results that were attributable to them. However, the Salvadoran officials who were interviewed described their struggles to coordinate a dizzying array of offers of US assistance from multiple agencies. In numerous interviews, veteran US government contractors cited the lack of coordination between US agencies as an ongoing problem that directly affected their projects.

The mayors and municipal workers who were interviewed complemented the methodology of the Crime and Violence Prevention Project. They believed the work of the project and the broader PESS effort had changed their municipalities. Municipal employees in Mejicanos and Zacatecoluca cited that their cities had been the third- and fourth-most-violent cities in 2015, but were now much lower on the list. Three people interviewed described the youth outreach centers' success as a mixed bag and stated that some centers had closed or were unwanted by the community. One observer, who works in the security area, said that eight of the centers had been taken over by gangs after they opened, forcing the centers to close or move closer to the local police posts. Several people doing violence prevention work considered the taboo of working with gang-involved individuals to be a problem for the effectiveness of violence prevention work. According to them, most of the projects working to prevent violence, including those run by the police, have to work with youths who have some relationship with the gangs because they cannot be effective without involving them.

Innovation and technical excellence often start in smaller projects with a higher tolerance for risk. A small INL-funded project pioneered an innovative cognitive-behavioral curriculum to help incarcerated prisoners control their thoughts, emotions, and actions. A random control study carried out by the Central American University José Simeón Cañas demonstrated a statistically significant impact in six of the nine psychological constructs



of the curriculum that were evaluated. One beneficiary who was interviewed claimed that the program had changed his life, and graduates of the program are credited with successfully stopping a prison riot. The program has been so successful that the General Directorate of Prisons has officially recognized the curriculum as part of its rehabilitation program. Judges have recognized successful completion of the program as one of the factors to consider an individual for early release.

Political context and political will. Human rights organizations have accused the National Civil Police and the armed forces of lacking the political will to discipline their own, and argue that prosecutors do not aggressively prosecute police and military officers accused of crimes. The Salvadoran legislature's refusal to reelect the outgoing attorney general, Douglas Meléndez—who successfully presided over the prosecution of numerous high-level corruption cases during his tenure—was viewed by many as proof that the political parties lack any interest in confronting corruption. One US official stated that Meléndez was simply too effective at prosecuting corruption to be reelected by the legislators. A criminal court judge called the horse-trading in which legislators engaged to avoid reelecting the attorney general as a disgrace that added to the insult of underfunding the institution.

Although the anticorruption efforts suffered from a lack of political will, the violence prevention work enjoyed an abundance of it in the last five years. One former US government official described USAID's violence prevention work as having been ignored by the administration of President Saca, accepted by President Funes, and wholesale adopted by the government of President Sánchez Cerén in PESS. Mayors from both the FMLN and ARENA said that they received significant support from the national government under PESS, but have felt abandoned since the new administration took office. Everyone interviewed agreed that changes in the national and local governments constitute the primary danger to the continuance of the violence prevention work.

Governance

USAID is the primary US agency working in the area of governance. The USAID / El Salvador funding portfolio for projects in the area of governance was \$172 million in 2018, spread over twelve projects that spanned between 2013 and 2023 in the areas of improving child protection and juvenile justice systems (\$15 million), justice sector strengthening

(\$31 million), government integrity and anticorruption (\$20 million), strengthening human rights protections (\$15 million), assistance for returning immigrants (\$17 million), local governance strengthening (\$37 million), improving fiscal management (\$28 million), and civil society engagement and the elections system (\$9 million).³⁵ For this report, JSSA's \$31 million funding has been included in the section on security. The governance portfolio is the largest USAID portfolio of the three areas, even after deducting JSSA funding.

Outcomes. USAID has supported transparency in El Salvador for several decades, prioritizing judicial-sector reforms, local governance modernization, institutional reforms, support for semiautonomous government oversight entities, support for legislative changes that enhance transparency, and support for civil society organizations advocating greater transparency in government. A recent transparency project focuses on both national and local government institutions and strengthening civil society organizations' ability to monitor government transparency and accountability.³⁶ The project strengthens the governmental Access to Information Office and the Government Ethics Tribunal, works with thirty municipalities to improve integrity and accountability, promotes the professionalization of the civil service, and grants funds to civil society organizations to promote transparency and citizens' monitoring of public resources.³⁷ According to people with knowledge of the project, several key successes have generated an impact, including the strengthening of civil society organizations and the creation of a working group of government institutions. The strengthening of civil society organizations and consortiums has led to an increase in monitoring corruption by national and local groups, including an alliance of universities that constructed an anticorruption agenda presented to all the 2019 presidential candidates and an organization that advocates for a civil service reform law. The project promoted the creation of the Institutional Anti-Corruption Working Group, known as GTIAC. It represents the first effort to organize all the public institutions that work on transparency and accountability into a working group, and the first time these institutions have come together to collaborate on these issues.³⁸

The current USAID governance portfolio includes five projects supporting civil society organizations to engage in public policy advocacy and includes multiple projects that explicitly focus on human rights.³⁹ Civil society leaders, veteran contractors, and other observers interviewed all agreed that civil society has developed significantly since the end of the war and has been a crucial factor in many of the most critical issues for dem-

ocratic development. Sidney Blanco, a former Supreme Court Justice, credited civil society with advocating for vital electoral reforms and the Access to Information Law, using the access to information to pursue corrupt officials, and actively opposing backsliding on these issues. A veteran USAID contractor with decades of experience in El Salvador stated that civil society has developed significantly over the past fifteen years and has become a force to be reckoned with nationally. The development of an active, engaged, and sophisticated civil society sector capable of engaging legislators, the executive branch, and municipalities—both as thematic experts able to draft policies and legislation and as active political actors capable of influencing the debate and mobilizing public opinion—is one of the most resounding successes of the postwar period. USAID provided critical assistance that promoted and accelerated this development through multiple projects over the past two decades.

Technical validity. In interviews discussing aspects of fifteen separate projects, two common technical considerations emerged—the need for excellent processes and for better data. Numerous US contractors said the need to invest in well-planned processes that bring institutions, organizations, and people who have never had a relationship with each other together to work for a common outcome was a critical factor for success. Interviews with beneficiaries reinforced the benefits of good processes to foster cooperative relationships, particularly in situations where tension had built up for many years. This was particularly true for projects supporting civil society development but was equally cited by contractors working to build new configurations of government entities, those working to create sustainable relationships between municipalities and the justice sector, and those brokering relationships between the private sector and government. The contractors and beneficiaries of these processes often considered the new relationships built during these processes as the most sustainable outcome of the project.

US agencies have invested significant resources in a project that produces detailed data on security issues, which has significantly improved data on security. The project highlights the need for good government data and the scarcity of it. The need for accurate national data was a common theme for several contractors that said the lack of reliable data affected their ability to plan, implement, and measure projects' results. One contractor said incorrect national data overestimated the project's target population threefold, re-

quiring a significant adjustment to the project during implementation. Another contractor suggested that successive governments had failed to develop these capabilities because they were afraid that better data would make them look bad.

Political context and political will. Corruption has historically been the area where political will breaks down, and according to many interviewed, every national party views anti-corruption advances as a threat. Multiple observers from civil society noted significant progress in fighting corruption over the past few years. They considered the 2012 Access to Information Law to be watershed legislation that has enabled most, if not all, of the subsequent prosecutions. These same observers noted significant reversals in the last two years in the elections for Supreme Court justices and the attorney general that replaced public officials who had shown independence and commitment to the fight against corruption with new officials who exhibited less enthusiasm for anticorruption-focused work. These concerns remain despite recent decisions by the Supreme Court challenging President Bukele that give reason to hope the Court will maintain some independence. Multiple observers criticized budgets that kept the principal institutions responsible for fighting corruption underfunded and overworked. Several of the people interviewed considered the fact that the average number of cases per prosecutor is over 1,000 to be an example of the government's lack of commitment to combat corruption and impunity. A senior US official highlighted that Salvadoran officials who are effective at rooting out corruption must be protected both during and after the end of their terms because the persecution of these former officials after they leave office discourages the same level of diligence in all future officials.

Economic Development

The two most significant sources of US government funding for economic development in El Salvador are the Millennium Challenge Corporation and USAID. The USAID funding portfolio for projects in the area of prosperity was \$113 million in 2018, spread over nine projects that spanned between 2014 and 2022 in the areas of education (\$50 million); agriculture (\$10 million); strengthening micro, small, and medium-sized enterprises (\$50 million); and youth entrepreneurial development (\$2.9 million).⁴⁰ MCC funding from 2015 to 2020 was \$277 million for economic development projects in human capital—primarily in

education (\$100 million), regulatory reform (\$43 million), and transportation infrastructure development (\$103 million). The remaining funds are associated with the administration of the funds and the evaluation of the projects.⁴¹

Outcomes. MCC and its Salvadoran partner agency, FOMILENIO II, manage the largest funds dedicated to economic development in El Salvador. The second MCC compact ends in 2020. No evaluations are yet available, making discussions of outcomes difficult at this time. Education is a primary focus of the agreement, which rebuilds schools and creates educational centers that serve several schools offering libraries, vocational training, and after-school activities. Other priorities include improving regional connectivity by upgrading parts of the southern interregional highway and reducing regulations for every ministry and most government transactions. MCC works only through the Salvadoran partner agency FOMILENIO II and builds local capacity for program implementation. The MCC resident country director, Martha Keays, considered MCC an alternative model for assistance that is unique in the practice of US assistance in El Salvador, as compared with the direct administration of funds by other US agencies. William Pleitez, the executive director of FOMILENIO II, highlighted the partnerships with the private sector that multiplied the investment by as much as three to one in some projects. He asserted that FOMILENIO II blended the needs of the private sector, local communities, municipal governments, and the national government. An organization working with communities affected by one MCC project claimed that community interests were not always well represented and that impoverished communities see their communities as bearing the infrastructure projects' burdens without significant gains. A high-level official of the former government applauded the overall work of FOMILENIO II; he thought that they had learned from the lessons of FOMILENIO I, particularly in the contracting process, and hoped it would have a significant impact in the country.

Of the USAID projects in the economic development portfolio, those interviewed noted that two were completed projects, one of which had an external evaluation. One project strengthened the higher education sector and fostered a relationship with the private sector to increase research and development with the goal of promoting economic growth. Another supported the revitalization of the cacao industry. Both projects exhibited significant outcomes upon completion. In many ways, they represent US government-funded projects at their best. They are both innovative projects that foster relationships between

sectors and groups of people that were previously nonexistent and instigate new ways of working on a problem that might never have happened without the project. Interviews with participants and beneficiaries in each of the two projects revealed that though the tangible benefits and funding were significant, bringing different participants together and forging an alliance between them was the most substantial and lasting outcome.

Two participants in the higher education project, an entrepreneur in the plastics industry and a professor at the Central American University José Simeón Cañas, described the relationship between the sectors as distant at best and adversarial at worst before the project, making collaboration all but impossible. The project bridged this gap and cemented a relationship between the sectors through an organizational model that yielded research and development directly aimed at solving industry problems. Under the auspices of the project, universities improved their research methods, created new areas of studies, additional laboratories, and career development centers. Industry received research-and-development assistance with some of their thorniest technical barriers to innovation. Although it is only a beginning, and the project requires further investment, the project's outcomes give hope for collaboration between academia and industry that could spur much-needed economic growth.

Participants in the cacao revitalization project agreed in many ways with the higher education project participants that though they needed the tangible benefits of cacao trees and equipment, the most significant outcome was the sector's organization. One mid-sized chocolate producer said that the most valuable aspect of the project connected cacao farmers with chocolate producers and helped them align their interests on the need for high-quality cacao. The president of a small cacao cooperative stated that the best impact had been from organizing small producers into cooperatives and a consortium of small producers that allowed them to increase their production and become more sustainable. The project significantly contributed to the revitalization of the cacao industry and the recognition of Salvadoran cacao as one of the best cacaos in the world at the Cocoa of Excellence competition in 2017, but the work of establishing a thriving industry has only just begun and requires continued support from both the private and public sectors.⁴²

Technical validity. Most of the projects selected for interviews did not seem to have significant technical failures or design flaws. One project complained that the metrics of the

project were technically unfeasible. Attempts to negotiate a correction of the parameters to align with industry standards were unsuccessful, but the project enjoyed relative success despite the conceptual design flaws. A small project to create business opportunities for at-risk youth did not have the same outcome. According to people familiar with the project, the original project proposal planned to train youth with a sixth- to ninth-grade education and transform them into entrepreneurs who would create microenterprises. This premise proved impossible to implement. After two years of unsuccessful attempts to get the project off the ground, a new project manager negotiated an entirely new set of beneficiaries and programmatic goals with USAID and brought in new leadership. Just as the newly reminted project was set to launch, the Trump administration cut nearly all development assistance for the region. The reformulated project was never able to prove itself. However, it generated significant investment from the private sector for one component of the project and interest from the new economic minister before it ended due to the lack of funding.

Political context and political will. None of the projects cited issues with a lack of political will. Some of the projects achieved the legislation and policy reforms planned during the project, while others did not. Those that did not get their policies passed blamed political and bureaucratic time requirements for the delays, but fully expected the approval of the pending policy or legislation in the future and continued to work toward that goal. Although some current and former US government officials complained about the lack of interest of the Salvadoran government during the last ten years in working with the private sector, the former Salvadoran government officials who were interviewed found this characterization perplexing and cited numerous examples of cooperation with the private sector, US agencies, and the US Embassy. The relative success of FOMILENIO I, the acceptance of FOMILENIO II, and the success of numerous projects working with the private sector seem to indicate a functional level of cooperation.

Aid Delivery

Many of the Salvadoran nationals who were interviewed voiced concerns about the costs of US aid programs. This criticism was across the board for all assistance, not just one agency. A former high-level Salvadoran government official who worked closely with US aid programs and recognized the many benefits they provide also criticized the excessive cost of having US consultants and US companies working on projects. He estimated

that no less than 40 percent of the project's total cost remained with the contractor, and the US implementing agency lamented that so much of the project was lost for the intended development. A former contractor who had worked with FOMILENIAL II cited numerous examples of wasted resources and of improvised projects designed at the last minute to spend funds before they expired, and he described the agency as significantly overstaffed. He considered the model to have been incredibly wasteful financially and an inefficient mechanism for delivering aid.

The answer to wasteful spending on large, mostly US-based contractors for many Salvadoran organizations and observers is to contract more local or at least locally based organizations to do the work. Many local organizations have a significant level of expertise and a deep understanding of the context. To its credit, USAID has actively given more direct grants to local counterparts in recent years. Interviews with several Salvadoran-based grantees revealed both the benefits and difficulties of these grants. Local counterparts felt that the 10 percent overhead allowed under these grants did not cover all the extra cost of administering the grant activities under USAID rules and expressed concern that they had been asked to justify the expenses of the overhead funds. Both grantees and other observers commented that the local grantees receive far less funding from the grants and are much less able to withstand the unpredictability of working with US agencies. The recent cut in all US aid to the region caused much more severe conditions for local grantees than it did for large US-based contractors. Local grantees are not all prepared to implement projects. USAID has not always clearly recognized which organizations have the needed capacity and which ones will require significantly more support to propose and implement a technically sound, professional project. Several Salvadoran grantees, which between them have participated in dozens of US-funded projects, vehemently criticized what they described as the exploitation of local organizations by US contractors that subcontract with local organizations to do most of the substantive work. Most of the people interviewed lauded USAID for working with local grantees. Many said they had excellent relationships with the agency, but recognized that it would need to adjust its practices somewhat if local grantees are to become primary actors in delivering aid.

Several contractors and grantees complained that many projects are flawed starting from the requests for proposals (RFP) stage. They complain that RFPs seem to be written by

people unfamiliar with the technical area of the project and the country. They described the RFPs as overly prescriptive, leaving little room for input from the implementing organizations, and as often requiring unachievable metrics. Two contractors with deep local roots complained that beyond the unrealistic parameters in the RFPs, they had to compete with contractors with no local knowledge that propose unachievable results and win contracts with aspirational proposals that inevitably fall short of their goals. The general sense from both local grantees and Salvadoran government beneficiaries was that US assistance projects try to do far too much and disperse their efforts too widely to have the best impact. Compounding this problem, USAID, in particular, lacks flexibility in changing the parameters of projects after approval, according to most of the contractors interviewed. Several veteran contractors asserted that USAID focuses so much on numbers that it completely distorts the project to focus on the metrics of activities and beneficiaries to the exclusion of lessons learned or quality processes. They contrasted this with other large donors that focus more on lessons learned, sustainability, and outcomes, rather than project metrics.

Many people interviewed expressed concern about the lack of local knowledge in US agencies and US-based contractors. Numerous people interviewed criticized US-based contractors with little understanding of the country that, as some put it, “formulate proposals in hotels in San Salvador.” Even people who worked for US-based contractors agreed with this criticism and considered it a problem that limited the effectiveness of the resulting projects. According to one US official, US agency personnel rarely stay in El Salvador long enough to develop familiarity with the context and rely on local staff members to resolve that lack. This solution ignores the power dynamics of working for a US agency as local staff members, most of whom do not have enough job security to challenge their bosses or visiting experts. The same official observed that too many foreign experts believe they know the issues because they have studied them elsewhere, but completely overlook and underestimate the impact of the reality on the ground in El Salvador.

The destructive nature of the competitive environment among grantees and contractors repeatedly came up in all interviews with veterans of contract and grantee organizations. The contracting-and-grant process creates unhealthy competition among the participating organizations that fosters an environment where sharing and learning from other projects are discouraged and creates competition for beneficiaries, private-sector partners, and

job placements that is counterproductive. Contractors and grantees described the competitive environment as one that creates a disincentive to criticize US agencies' policies and practices or even tell the truth about their project when the lessons learned are not all positive. One veteran contractor said she would love to sit down with others working on the same issues and talk about the problems with which they are struggling, but cannot because it could put her organization at a disadvantage in a future competitive process. A US government official described a culture of patting oneself on the back rather than focusing on lessons learned and what should improve.

The damage of the competitive environment is compounded by the fact that data, methodologies, and other intellectual products created during the project and paid for with US funds are allowed to stay with the contractor or grant organization rather than becoming the property of the US government and used for the benefit of all future projects. This lack of sharing of work product makes it difficult for new projects to build upon previous projects' work. One contractor described not even getting the evaluation of the previous project until the new one was well under way, making it impossible to use the past projects' successes or failures to formulate a better one.

Former Salvadoran government officials, high-level US officials, and the majority of staff members of contractor and grantee organizations interviewed cited a lack of coordination among US government agencies working in the country as a problem. A high-level US official described the Herculean efforts needed to wrangle different US agencies to cooperate even for a single project and concluded that these efforts could produce only temporary results because they do not change how the agencies work over the long term. Former Salvadoran government officials spoke of an inundation of visits, requests, programs, and training by competing US agencies during their tenure in the government and the difficulty of fielding and coordinating just the US offers. Contractors and grantees of multiple US agencies recounted the lack of coordination between US agencies working in the country and voiced concerns about how that puts their project at odds with others working on the same issue. Some contractors gave examples of having to resolve contradictions between different US agencies themselves because the agencies did not speak with each other, even though they were located in the same building. One experienced contractor stated that he would prefer a situation with mandatory coordination headed by

the USAID mission director or the ambassador that required all US government agencies, contractors, and grantees to have functioning coordination groups.

Several people interviewed described host country corruption as a problem that affected project effectiveness. One employee of a US-based contractor described occasionally seeing petty corruption at the municipal government level erode the benefits of the project. A mayor interviewed commented on how frequently companies offered him kick-backs to approve bloated proposals with inferior products for municipal contracts. A US official felt that the aid delivery system discouraged contractors from reporting corruption issues that affected their projects because reporting it could jeopardize their funding. A senior US official stated that without dealing with corruption, everything else the United States does in the country could only make marginal improvements.

Several contractors said they had to advocate consistently with USAID for the funding and time needed to implement processes between beneficiaries and create lasting relationships between government, civil society, and private entities. They observed that the effort and funds invested in processes were undervalued and considered extras, while they considered them a critical foundation for the project. One US contractor felt that US agencies prioritized showy events like training and conferences in hotels and underestimated the much more substantial work of building consensus, cooperation, and relationships that are more likely to last well beyond the end of the project.

Key Findings

US assistance is critical for development in El Salvador, and it has had a significant positive impact during the postwar period. The most substantial result has been in governability and democratic development, particularly when it fosters and supports critical government and civil society partnerships. Many of the projects reviewed seemed to have positive outcomes that may grow over time, and at the very least most were steps in the right direction. Most of the projects seemed to have good technical foundations, and some used excellent, evidence-based methodologies with rigorous testing and adaptation to the context. However, most projects lacked formal evaluations, which makes a definitive determination of outcomes and technical validity difficult. US assistance has supported

and sometimes proposed bold new methodologies, but it has not been successful in fostering an overall environment of innovation and learning that could generate more significant progress toward development goals. Accomplishing this would require rigorous ongoing evaluations of all projects, more flexibility to modify plans and methodologies, and a substantially reduced competitive environment that prioritizes honest sharing and learning among projects. This would imply that projects would need to have the latitude to fail, evaluate, and correct, which the current environment of US assistance greatly discourages by insisting on constant success from every project.

The overall political environment in El Salvador remains a serious determining factor in the overall success of US assistance. Although most of the projects reviewed enjoyed acquiescence or support from the Salvadoran government and the political and economic elite, those projects that limited corruption and increased accountability met with significant—if not always open—opposition from multiple sectors and political parties. The refusal to reelect the former attorney general, attempts to limit the Access to Information Law, and the refusal to pass legislation providing real accountability for the crimes committed during the war all illustrate the pernicious effects of a political system that is threatened by accountability and limitations on elite power. President Bukele’s repeated threats and violations of the constitutional order create additional concern for the rule of law and democratic institutions, in which the United States has invested heavily over the past quarter of a century. Significant US attention and support for proreform sectors will be required to safeguard the advances obtained. US assistance must continue to play a strategic and pivotal role in these efforts while recognizing that this reality will simultaneously circumscribe the success of US assistance.

All the stakeholders interviewed strongly believe that US assistance has greatly benefited El Salvador and is critical for the country’s future, and they are committed to the objectives that US assistance projects are trying to achieve. Most of those interviewed are current or former employees of one or more US-funded projects. The findings and suggestions for aid delivery are general suggestions for all US assistance projects. The overwhelming sense from the collection of interviews was that enormous projects with tens of millions of dollars in funding do not produce better results, nor are they more cost-effective than smaller ones. The prevailing view was that the large contractor business model that prolif-



erates in Washington is very much a part of the problem, not the solution to it. To summarize the key findings and recommendations:

- *Proposed projects and RFPs are too often conceptualized and written without local consultation and knowledge:* Consulting RFPs widely within the country with issue experts, the relevant Salvadoran government agencies, and organizations working in the area would better ground RFPs in the Salvadoran context.
- *Contractors are not required to demonstrate knowledge of the local environment:* External contractors should be required to demonstrate significant experience in the country as a prerequisite for grant or contract awards. Experience in the local context should be valued as highly as knowledge of the issue area in proposal evaluation.
- *Salvadoran organizations are not given a high priority in the contracting process:* Salvadoran nongovernmental agencies have gained a high degree of expertise in many critical issue areas, and contracting local organizations rather than foreign entities should be a high priority for US-funded projects. Many US contractors already subcontract with Salvadoran organizations under what local organizations call exploitive financial arrangements to gain local expertise. Local providers should be given priority in bidding processes to discourage an exploitive environment and build Salvadoran institutions and organizations.
- *Innovative projects are not rewarded:* Too often, the grantee or contractor that pioneered a methodology has their project awarded to another contractor in the next bidding cycle. This creates a disincentive to innovate and seems to punish grantees and contractors that are more willing to take the risks that innovation requires. US agencies should find ways to work with pioneering contractors and grantees to avoid requiring them to have their innovations pad the balance sheets of larger, wealthier contractors as they are scaled up.
- *The competitive environment privatizes what should be public information:* US agencies should not allow contractors to develop proprietary information during a project funded with taxpayer dollars. The agency should both contractually and practically own or co-own every project's work and make it available to the public.

- *The competitive environment reduces learning and sharing:* Competition among contractors creates enormous disincentives to share methodologies, work product, and lessons learned.
- *Complicated issues require a learning environment:* Issues like corruption, judicial reform, building excellent educational services, job creation, reducing poverty, income inequality, and violence do not have clear resolutions anywhere in the world, and they evolve within a specific context over decades. Tackling these issues requires a learning environment that allows experimentation and requires clear documentation and learning from both successes and failures. US agencies need to allow for flexibility in projects when a methodology or concept is not working or the environment has changed. At the same time, contractors and grantees need incentives to be honest in their evaluations and share both their failures and successes so that others can learn from their experience. This means that US agencies need to allow for some level of failure in projects and emphasize learning and correcting errors and misjudgments agilely rather than ignoring them.
- *Projects are required to focus on too many different areas of work to guarantee real results:* Contractors, grantees, and beneficiaries expressed the sense that US assistance tries to do too much in too little time, limiting the impact of the work. Both former government officials and contractors and grantees agreed that projects need more in-depth work rather than broader work.
- *US government agencies do not coordinate with each other, despite multiple efforts to improve coordination:* Much of the development work funded by US agencies attempts to coordinate Salvadoran government, civil society, and private sectors, but this work is diminished when US government agencies are actively seen as not coordinating with each other. Real coordination needs to start with US government agencies in the country. The country setting should be considered the ultimate place-based strategy, and all US government agencies should be required to coordinate, share, and strategize together under the auspices of the embassy. Competing projects sponsored by multiple US gov-



ernment agencies should be eliminated or combined, and successive projects should be required to show how the new project builds upon other work.

- *US contractors and grantees do not coordinate with each other:* Contractors and grantees should be required to participate in a coordinating group for their issue area. They should be incentivized to coordinate places of work and beneficiary populations and to share materials, lessons learned, and challenges with other members from the issue area.
- *Projects often set up a competition among beneficiaries:* Projects should be built around solid processes that encourage different sectors to work together and cooperate within the same sector. Priority should be given to contractors and grantees that can demonstrate the ability to create processes that bring people together and achieve real collaboration toward a common goal. The creation and strengthening of cooperatives and consortiums of interest should be a high priority in project proposals.
- *Too few projects are evaluated:* All US-funded projects with over \$5 million in funding should be evaluated and include a baseline and an end-line report.
- *Project evaluation emphasizes a very short-term view:* Evaluations five years after the project has ended would enhance knowledge of what remains and what has developed from the project activities over time. Evaluations of multiple projects in the same issue area over many years would contribute to knowledge of how new projects build or fail to build on past work and cumulatively affect the issue over time.
- *Evaluations are too focused on numbers and metrics:* Evaluations need to include a significant focus on lessons learned that incorporates the views of the contracting or grantee organization, Salvadoran government agencies, and the ultimate beneficiaries.

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GUATEMALA COUNTRY REPORT

Kristen Sample

The Context

Guatemala continues to reflect many of the legacies of the thirty-six-year civil war that ended when the Peace Accords were signed in 1996.¹ These include fragile governance institutions that do not effectively administer public goods for the entire population or cover the whole national territory; continued social exclusion of significant populations, including Mayans and non-Mayan peasants, who, in total, represent the majority of the citizenry; high levels of insecurity and violence, which, though vastly reduced when compared with the assassinations and genocide of the civil war, deter public engagement by citizens; and continued economic polarization, whereby the benefits of growth are not equitably distributed among large segments of the population.² The combination of these factors has resulted in Guatemala posting some of the lowest human development outcomes in the region.

These long-term governance weaknesses have been further exacerbated in the intervening decades by the exponential growth of the international illicit narcotics trade, which has penetrated Guatemalan institutions and society at all levels, including the security forces responsible for interdiction.³ The private sector has successfully resisted attempts to be regulated by the government or submit to higher tax revenues, which would allow the emergence of a Guatemalan state capable of promoting the welfare of its citizens.⁴

This combination of historic social exclusion, narco-corruption, and resistance to the development of a capable state with sufficient resources to be effective critically limits Guatemala's ability to provide expanded goods and services related to citizen security and social development, even if elected officials were intent on doing so.⁵

Governance Fragility by Design: The Continuity of Security and Human Rights Challenges

One of the most powerful legacies of the repeated de facto military governments during the thirty-six-year civil war from 1960 to 1998 was the evisceration of state capacity. Civilian leaders, who were continually under threat of violence to themselves and their families, were unable to provide the leadership needed for responsive governance. Guatemala is today the inheritor of long-term deficiencies in its institutions of pluralistic democratic governance, including checks and balances available in independent legislative and judicial entities; capable civilian police; and an inclusive voting system—all of which were cited more than two decades ago as challenges to sustained peace by the Guatemalan Truth Commission.⁶

In the decades after the Peace Accords, a number of former combatants connected to the Guatemalan military transitioned to the narcotics businesses, which engendered continued infiltration of the state to shield these activities from judicial scrutiny. These same actors control criminal organizations, which are now the primary source of citizen insecurity, in a vertically and regionally integrated network that dominates weak state capacity despite enormous investments by US justice and drug interdiction agencies.⁷

These “hidden powers” (*poderes ocultos*) were a principal target of the International Commission Against Impunity in Guatemala (CICIG),⁸ an independent United Nations entity lobbied for by Guatemalan civil society and supported by the United States (discussed below).⁹ CICIG made important advances early in its tenure, including hundreds of prosecutions, solving a complex murder that threatened one sitting president and eventually supporting prosecution of another for corruption. Yet not-so-hidden powers were able to convince the previous president, Jimmy Morales, to expend tremendous political capital, resisting initial US pressure and public advocacy by two ambassadors, to terminate CICIG in 2019.¹⁰ CICIG’s final report lamented the “‘capture’ of the state by a ‘mafia coalition’ and recommended the ‘profound restructuring of the Guatemala State.’”¹¹

Continued efforts to utilize state powers to protect these interests is evident to this day, including recent efforts by congressional deputies to ensure impunity for war crimes last year,¹² and a law on nongovernmental organizations restricting freedom of assembly and threatening Guatemalan civil society organizations with excessive bureaucratic oversight

approved in recent months.¹³ Impunity continues to be the norm for human rights and criminal cases, including gender-based violence and murders of indigenous and LGBTI rights advocates.¹⁴

Exclusionary Economic Development: A Social Development Debacle That Fuels Migration

High levels of corruption debilitate the capacity of the state in Guatemala to lead equitable economic development. Guatemala continues to fall among the bottom tiers of corruption perception rankings, despite years of anticorruption support by international agencies including and beyond the CICIG.¹⁵ (See box 3.1.)

3.1. La Plaza Protests Inspire a Historic Rejection of Corruption at the Highest Levels

One outstanding exception, though short-lived, to the rule of continued corruption and the potential of Guatemalan citizens to unite against corruption is noteworthy. In 2015 public protests in the Central Square in Guatemala City after revelations of then-president Otto Pérez Molina's involvement in pilfering the Customs and Social Security agencies led to his impeachment and imprisonment. Closure of CICIG, however, has reduced expectations of continued scrutiny of corruption in government and setting higher standards for accountability.¹⁶

Economic stability, a strong private sector, and relatively robust growth rates have not translated into the equitable gains that would be needed to reduce poverty. Guatemala continues to be among the countries with the highest income inequality in the region; and indigenous populations, some 44 percent of the total, are twice as likely to be poor than nonindigenous sectors.¹⁷ Building capacity to transform these realities has been impeded as Guatemala continues to collect the lowest taxes revenues as a percentage of gross domestic product (GDP) among the 24 countries in the Latin America and Caribbean region studied by the Organization for Economic Cooperation and Development.¹⁸ According to an International Monetary Fund database, Guatemala ranked 188 of 192 countries for public spending as a percentage of GDP.¹⁹ A self-fulfilling thesis that because the state is incompetent and predatory it therefore should not be allowed to expand through tax revenues comparable to other countries ensures that the capacity to promote public welfare

and social development will not be developed. Although efforts over the last decades to decentralize governance capacity may eventually yield results, the simultaneous transfer of opportunities for corruption to the local level has been problematic.²⁰

The combination of an ineffective state and an export and extractive-led economy based on social exclusion and denial of labor rights has produced some of the lowest human development outcomes in Central America. (See box 3.2.)

3.2. The Bleak Realities Regarding Food Security and Chronic Malnutrition in Guatemala

Guatemala has the fourth-highest level of chronic malnutrition in the world and the highest in Latin America and the Caribbean; about 50 percent of Guatemalan children younger than five years of age are stunted due to chronic food insecurity. Within indigenous areas, nearly 70 percent of the population is chronically malnourished.²¹

Stark levels of human development opportunities—coupled with high rates of crime and insecurity, especially related to gang control of and recruitment in local neighborhoods—have led many Guatemalans to build their future, or at least support their families, by moving elsewhere. Just under 10 percent of the total population of Guatemala now lives in the United States,²² with 470,000 being apprehended at the United States–Mexico border during the Morales government (2016–20) alone.²³ Remittances have become the principal motor of economic development for poor Guatemalans in certain regions, representing over 12 percent of GDP.²⁴ Guatemala’s contracting economy after stay-at-home measures imposed during the COVID-19 pandemic will be doubly damaged by the decline in remittances in these same regions where funds from relatives working in the United States have become critical for survival.²⁵

The absence of state leadership and capacity has effectively relegated these endeavors to the multilateral and bilateral aid donors and cooperating agencies that orient and fund the vast majority of national social development efforts, including much of the humanitarian response related to migration. The United States has been a principal investor in this realm.

US Foreign Assistance to Guatemala

Since 2014, US assistance to Guatemala has been coordinated through the US Strategy for Engagement in Central America to ensure integration of US security, governance, economic development, and immigration efforts, as well as coordination with the governments of El Salvador, Guatemala, and Honduras. The strategy envisioned over \$1 billion in US assistance, to be matched by \$5.4 billion in local funding from the three countries in northern Central America, partly through the Alliance for Prosperity in the Northern Triangle, an initiative coordinated by the Inter-American Development Bank.²⁶ Implementation has not been seamless. (See box 3.3.)

3.3. Congressional Scrutiny of US Assistance to Guatemala

Congress placed numerous conditions on aid for Guatemala—and El Salvador and Honduras—in each of the foreign aid appropriations measures enacted since fiscal year 2016. Through the Consolidated Appropriations Act, 2018 (PL 115-141), Congress withheld 25 percent of aid to the three central governments until the US secretary of state certified that conditions relating to limiting irregular migration were met. Congress conditioned another 50 percent of aid until the governments addressed another twelve concerns, including combating corruption; countering gangs and organized crime; increasing government revenues; supporting programs to reduce poverty and promote equitable growth; and protecting the rights of journalists, political opposition parties, and human rights defenders to operate without interference. The US State Department certified that these conditions were met in 2016 and 2017; the first set were met in 2018, but not the second.²⁷

In Guatemala, the United States has worked since the 1996 Peace Accords to address the governance voids inherent in a fragile, postconflict state. Since 2001, the United States has provided just under \$2.6 billion in foreign aid to Guatemala, which climbed from \$78 million obligated that year to a high of \$297 million in 2017.²⁸ The annual amount has declined to only \$2 million obligated and \$27 million disbursed reported in 2020, after the Trump administration's decision to freeze assistance based on a lack of progress in mitigating migration flows to the United States.²⁹

A range of US agencies have invested foreign assistance funds in Guatemala, employing a variety of strategies with each successive government. The US Agency for International Development (USAID) has implemented the majority of the funds. Selected signature programs and initiatives agreed on with the Government of Guatemala are highlighted in the subsections here.

The Central America Regional Security Initiative

In 2008 the Obama administration developed the Central America Regional Security Initiative (CARSI) as an evolution of an original commitment to regional security under the George W. Bush administration known as the Mérida Initiative, which allocated \$400 million to Mexico and \$65 million to Central America.³⁰ CARSI was implemented primarily by the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), and it worked to improve narcotics interdiction and weaken criminal networks, eventually growing to an outlay of \$1.2 billion. CARSI has worked directly with national security forces and judiciaries, providing training and equipment. It was largely folded into the US Strategy for Engagement in Central America in an attempt to improve interagency coordination for regional security outcomes and integrate them with development initiatives.³¹ Despite the high levels of funding, publicly available information on CARSI's projects and their impact is limited.³² Although interviewees were able to highlight achievements at the level of individual projects, CARSI is still perceived to be a collection of "stove-piped programs" largely disconnected from each other.³³

The Western Highlands Integrated Program

The USAID Country Development Cooperation Strategy (2012–16) projected "strategically programming the majority of its resources in the Western Highlands—the Western Highlands Integrated Program—to achieve improved results as part of an integrated development model in Guatemala's region of greatest need."³⁴ A mid-line evaluation published in 2019 indicated that "although there is no statistically significant program impact on household consumption, poverty, or hunger, these indicators are moving in the expected direction, consistent with the program's theory of change." It is worth noting, however, that the evaluation was limited only to the first two years of program implementation and

may not accurately assess the program's impact over the full period as the bulk of funding arrived after the period considered.³⁵

The Millennium Challenge Corporation

Since 2015, the Millennium Challenge Corporation's (MCC's) Guatemala Threshold Program centers on the implementation of a \$28 million program that includes \$5.8 million to increase tax revenue collection efficiencies and reduce corruption as well as \$19.7 million to strengthen secondary education to ensure youth competitiveness in the labor market.³⁶ MCC provides oversight and monitoring of Guatemalan agencies, including the National Competitiveness Program (PRONACOM), Ministry of Education, and Superintendence of Tax Administration.³⁷ MCC differs from the USAID development model, particularly in terms of its selective approach to choosing partner countries and its explicit use of incentives as leverage for policy reforms. Activities are implemented through a project management office that involves detailed tracking according to an established scorecard and, according to one interviewee, a degree of co-implementation between the Guatemalan and US governments and more "handholding" than other types of US assistance. MCC is known for commissioning rigorous independent evaluations, but these had not yet been conducted for the still-ongoing activities in Guatemala.

The International Commission on Corruption

Over the course of its twelve years (2007–19) of existence, the International Commission on Corruption (CICIG) assisted in filing more than 120 cases, implicating more than 1,540 individuals.³⁸ In partnership with the Attorney General's Office, CICIG achieved the convictions of more than 400 people, including the former vice president and other high-ranking officials.³⁹ The United States provided critical financial support (\$44 million), and, perhaps even more important, diplomatic support at the highest levels, including Vice President Joseph Biden's interventions when then-president Pérez Molina initially considered allowing its mandate to expire.⁴⁰ For many years, the commission was a pillar of US commitment to resolving Guatemala's pervasive corruption. When support for CICIG wavered under the Trump administration, President Morales was finally able to terminate its mandate. Within months of the termination of CICIG, there have already been numerous signals that corrupt elements within the country's elites and political class are coalescing to reverse many of its core achievements.⁴¹

The Alliance for Prosperity

The Alliance for Prosperity (A4P) was launched in late 2014 as an initiative of the three governments of the Northern Triangle in Central America—El Salvador, Guatemala, and Honduras—in cooperation with the United States and the Inter-American Development Bank. Since 2016 Guatemala has allocated \$3.7 billion to A4P. Though its objectives complement the US Strategy for Engagement in Central America, A4P includes more support for infrastructure and less for civil society.⁴² A4P was seen as an important opportunity to engage Central America’s leaders in a shared analysis of the region’s needs and priorities, particularly as it related to the root causes of migration. Most observers agree, however, that its promise has gone unfulfilled. A4P’s goals were ambitious and required long-term financial investment and political support; however, the Trump administration’s budgets included cuts in funding to Central America for each fiscal year.

Journey to Self-Reliance

In October 2018 the USAID administrator launched the Journey to Self-Reliance concept to ensure the national ownership of development initiatives.⁴³ USAID/Guatemala has prepared a Roadmap for Self-Reliance framework with seven parameters for monitoring progress in the areas of economic development, security, and governance, with a special focus on inclusion and accountability in the latter.⁴⁴ Beyond metrics, the Journey has important implications in terms of prioritizing local capacity, identifying strategic sectors, and activities and revamping messages and concepts.⁴⁵ Given the brief amount of time elapsed and erratic levels of US government support, it is still too soon to tell whether the Journey will contribute to stronger commitment and ownership on the part of the Guatemalan government and other stakeholders.

Ruta hacia la Prosperidad—Alianza entre los Pueblos

The Ruta hacia la Prosperidad—Alianza entre los Pueblos (Route to Prosperity—Alliance between Peoples) is an initiative led by the Guatemalan National Competitiveness Program (PRONACOM) with strong support by USAID and the US Embassy. The program began with dialogue sessions between these development agencies and representatives of indigenous peoples in the departments of Quetzaltenango and Huehuetenango. Ongoing goals include developing better coordination between local and central government de-

velopment efforts, public–private partnerships for community development, better public security outcomes, and the development of local human capital and productivity.⁴⁶

Sectoral Breakdown

It should be noted that the initiatives listed above are focused on three priority sectors: citizen security, governance, and economic development. As is discussed here, in many cases, a project or initiative integrates multiple sectors:

- *Security:* At present, USAID is supporting nine projects in the area of citizen security, with a particular focus on both urban and rural scenarios, youth at risk, violence prevention, and institutional linkages. Total projected funding is estimated to be over \$215 million.⁴⁷ INL sponsors programs to address narcotics interdiction, combat gang activity, support justice and penal institution reform, and to provide forensics and border security to the police and judicial interlocutors.⁴⁸
- *Governance:* USAID currently finances six projects in the area of governance, including accountable governance and leadership, electoral reform, labor rights, and community development. Total projected funding is estimated to be over \$112 million.⁴⁹
- *Economic development:* USAID is supporting more than twenty projects in the area of prosperity, including agricultural value chains, food security, vocational training, health, income generation, biodiversity, and natural resources management. Total projected funding is estimated to be over \$600 million.⁵⁰

Findings

This section integrates findings across the three priority sectors given the common themes identified in terms of challenges and lessons.

The US Government’s Policy Dimensions of Assistance to Guatemala

To a greater extent than perhaps anywhere else in the world, US assistance in the Northern Triangle is particularly subject to US domestic politics. These connections are especially evident in the case of US migration debates, which have not only affected whether

the US provides assistance to Guatemala (as evidenced by President Trump's tweet in June 2019), but also the types of projects that may be funded and the communications strategies related to US assistance.⁵¹ These dynamics and challenges are highlighted by these interviewee quotations:

Since 2017, the lens is migration. China is a very distant number 2.

If you want funding, your request has to make the link to migration. We write up memos connecting the dots between our projects and migration and highlight success stories related to curbing migration.

No matter how hard you make the case (connecting projects to migration root causes), if there is news of another caravan heading north, our funding is over.

Though the intensity of the focus on migration has certainly increased during the Trump administration, previous administrations also designed programs aimed at curbing the flow of migrants from Guatemala to the United States. The Alliance for Prosperity, developed and supported by the Obama administration beginning in 2014, was at least in part a response to the surge in unaccompanied children arriving at the southern US border. A4P aimed to address the structural causes of migration through enhanced economic prosperity and security.

Alongside migration, assistance to Guatemala has also been driven by perceived linkages to the US drug and crime crises, particularly since the end of the George W. Bush administration.⁵² The Mérida Initiative and CARSI were launched in fiscal year 2008 and fiscal year 2010, and were designed to reduce the influence of organized crime and gangs and curb transnational drug flows.

Due to US objectives aimed at reducing transnational crime and drug flows, CICIG was a centerpiece of US security and governance assistance; it was the recipient of over \$44 million over its twelve-year existence from 2007 to 2019.⁵³ The program was also featured as an element of US migration reduction strategy because crime and impunity were identified as drivers of migration. However, the US position on CICIG shifted dramatically in recent years. By early 2018, officials in the Trump administration were sending clear political signals of diminished support for CICIG. Though the reasons were never

publicly offered, multiple news reports link the policy switch to the Morales's government's decision to move the Guatemalan Embassy to Israel to Jerusalem in concert with high-profile consultations between the Government of Guatemala, the White House, and even a Republican donor.⁵⁴

Two other key areas where US domestic political debates influence assistance to Guatemala are climate change and sexual and reproductive rights. Whereas the Obama administration supported the global Climate Change and Development Strategy, US policy took a sharp turn in 2017, when White House budgets began consistently and drastically reducing USAID budgets for environmental programming.⁵⁵

This dramatic shift affected other core US concerns in Guatemala: interviewees reported that links between climate change and migration have been downplayed in recent years. Reports on the impact of this policy shift vary. According to one interviewee, climate change projects are still under way, but rebranded as "environmental resiliency." ("Instead of carbon, we report on reforestation.") However, one interviewee highlighted that US ideological shifts away from environmental conservation are reflected in controversial policies under consideration for US-supported tourism investments in the Maya Biosphere.⁵⁶

The United States' polarizing domestic debates on women's sexual and reproductive rights have also altered US assistance policies in Guatemala. When the Mexico City policy—also known as the "Global Gag Rule"—was put in place the day after Trump's inauguration, USAID support for the local International Planned Parenthood Foundation affiliate in Guatemala was cut, which in turn reduced ongoing programming for maternal and child health.

The highly political nature of US assistance to Guatemala has important implications for the quality and focus of the development programs:

- *Though US assistance to Guatemala has always been influenced by US domestic politics, these connections have become decisive and even existential under the Trump administration.* The 2019 tweet from President Trump made clear that assistance to Guatemala was wholly subject to progress on the migration front. Reliance on the single metric of apprehensions at the US border drives

decisionmaking regarding funding assistance in terms of who, what, and where to support. Interviewees viewed the recent suspension of nearly all assistance as highly damaging to US interests and influence in Guatemala—highlighting, for instance, missed opportunities for building relationships with the new government. Others perceived that the dramatic shifts diminished the US government’s credibility not only vis-à-vis the government of Guatemala but also in terms of the private sector and civil society.

- *The recent “feast or famine” approach to US assistance flows presents challenges for effective programming.* According to one interviewee, “CARSI and Central America Engagement Strategy meant a big push to spend and there was chaos. Congress and the White House do not understand there is inevitably a lag time between funding approval and expenditure.” In addition to the time needed for the practical steps of staffing up, designing, and adjudicating projects, decades of experience demonstrate that sustainable development assistance requires contextual understanding, and community engagement/empowerment. None of these processes are compatible with the US government’s recent tendency to have wildly fluctuating funding flows and time frames.
- *The focus on migration has implications for the number of US government actors involved in decisionmaking as well as the relative weight of each.* The influence of the US Department of Homeland Security is perceived to have increased, perhaps at the expense of the State Department and USAID. According to one interviewee, “Of the three Ds, diplomacy and defense are heard, but the development voice is lost. USAID is not at the table when decisions are made.” These shifting dynamics are seen as further affecting the types of projects that are greenlighted for funding.
- *The unpredictability (in funding and focus) and political nature of assistance to Guatemala contrasts with the steadfast and bipartisan support for Plan Colombia.* Although some interviewees point to Plan Colombia as the model for US government assistance in the security sector, they were also quick to point out that Plan Colombia enjoyed more funding, longer-term support (more than fifteen years) and commitment from both sides of the US political divide.

- *Approaches taken during the Trump administration have diverged from the assistance priorities of other development providers—particularly European donors and the United Nations system. This split is widely seen as having diminished the international community’s political leverage with regard to the fight against corruption and respect for international human rights obligations.*

Guatemalan Political Will

As highlighted in chapter 1 of this report, the principal brake on Guatemalan economic, social, and democratic development is “entrenched resistance to reforms by small but powerful groups of political, economic, and in some cases criminal actors”:

The level of Guatemalan resistance to the reforms championed by the US government varies depending on the sector and focus of the project. In some areas, US assistance providers may find highly motivated Guatemalan state partners. This has been the case, for instance, in economic development projects. Conversely, projects that seek to empower Guatemalans by limiting the influence of powerful business figures or reducing impunity for corrupt economic and political actors are likely to generate a stiff backlash. CICIG is a recent and well-documented example, with important lessons regarding political will. CICIG made important contributions to increasing the capacity of justice agencies and even national stability during the Colom (2008–12) and Perez Molina (2012–15) administrations. The positive political momentum was short-lived, however. When corruption investigations began to include certain members of the private sector and members of the president’s family, the Guatemalan government launched a bitter campaign to oust the hybrid agency, which was opposed by the UN secretary general and US ambassadors.⁵⁷ During this period, the United States and other international actors successfully applied enough pressure on Guatemalan entities to “protect” CICIG. Public Ministry leadership and staff members working with CICIG might have proven sufficient to stave off the anti-CICIG forces until a change in government if the Trump administration had not ended US support in 2018.⁵⁸

Progress on reforms is also highly dependent on the interests and incentives of high-level Guatemalan leaders. During the 2018–19 tenure of Interior Minister Enrique Degenhart, US–Guatemalan cooperation in the security sector was largely suspended and the relationship became “antagonistic.” In addition to shifting resources away from ongoing

anticorruption programs, Degenhart fired and transferred national police leadership “vindictively in order to sabotage US efforts” and blocked other ministry staff from working with the embassy, according to interviewees.

Like much of the rest of the world, *Guatemala has seen increasing levels of polarization, particularly about some of the hot button issues that the US has supported in recent years.*⁵⁹ In addition to CICIG, the Obama administration’s support for LGBT rights was also controversial in some sectors of Guatemalan society. In the country’s highly polarized context, previously unobjectionable terms (judicial certainty, anticorruption) become divisive and have been used by elites as an instrument of backlash. Running through many of these cases of polarization is a strong undercurrent of nationalism and resistance to international influence, which has the effect of not only diminishing US leverage but also portraying civil society groups as agents of the international community.

If securing political will during the life of a project is difficult, *sustaining it for months or years after the conclusion of a project is often a monumental challenge.* Though CICIG only concluded in August 2019, just a few months later, observers in Guatemala doubted that the Public Ministry would see ongoing cases to their conclusion. According to one interviewee, political and economic elites involved in corruption who had felt threatened by CICIG’s actions were emboldened for having “defeated” CICIG and had already reverted to their “old practices,” such as seeking political favors and demanding impunity from prosecution.

Diverging US government and Guatemalan government interests are also evident in the security sector. Although the Guatemalan government seeks progress on security indicators such as homicides and extortion, US interests are increasingly centered on issues with transnational dimensions, such as drugs, gangs, and immigration.⁶⁰ US assistance to counter transnational crime and combat drug trafficking has faced limited explicit resistance from Guatemalan officials. INL, in particular, has touted successful collaboration in the areas of antigang projects and maritime interdiction.⁶¹ However, *a lack of deliberate resistance is not the same as genuine political will and commitment.* Decades of experience with the US Drug War have demonstrated that the Guatemalan government may engage in projects aimed at limiting the volume of drugs transiting through Guatemala. However, these efforts are seen as a priority for the United States, not the Guatemalan government, particularly given the infiltration of the Guatemalan

state by drug-trafficking interests.⁶² Some forms of antidrug cooperation, particularly interdictions, continue only as long as the United States covers the cost. As explained by one US interviewee, “In order for the Guatemalan government to sustain these activities after our funding ends, they have to want it more than us. And this is not the case for drugs, migration, or corruption.”

*Securing Guatemalan government agreement to become a “safe third country,” despite insufficient infrastructure to receive and support asylum seekers, may remove the visibility of the problem from the US border but is also likely to produce disastrous human consequences.*⁶³ During the pandemic, the US policy of deportations has continued, despite press reports that about 15 percent of Guatemala’s coronavirus cases have been brought by deportees being flown back from the United States.⁶⁴

In a number of projects, *US government support has centered on civil society advocacy as a mechanism for increasing political will.* Although the explicit focus of the support may be funding and capacity building, US political leverage also comes into play. This appeared to be the case, for instance, in 2018, when it was reported that the US Embassy supported civil society advocacy in order to exclude allegedly unscrupulous candidates from the attorney general selection process. Not surprisingly, US–civil society coordination centers on reforms linked to US Embassy concerns, for instance, drug trafficking, trafficking in persons, and gang activity.

Though INL engagement with Guatemalan civil society is generally limited, the agency has recently experimented with increasing stakeholder input and engagement in some of its projects. In a juvenile corrections facility project, for instance, INL has supported the creation of a *patronato* model that includes the creation of a high-level advisory board, including high-level civil society and private-sector representatives.⁶⁵ According to interviewees, this model shows promise for improving the quality of design and decision-making and as a potential lever for pressure on the government for enhanced reform and management of the prison.

In recognition of the critical role that local governments play in ensuring development, security, and governance, *USAID, and occasionally INL, have developed capacity-building programs at the municipal level.* These efforts may also serve to decrease reliance on the national level and could potentially enable local governments to serve as a check and

balance more closely connected with citizen's realities. Though efforts are still ongoing, reporting from USAID projects seems to indicate that a combination of municipal government capacity building and citizen engagement was contributing to increased tax collection by mayors and improved water services.

Another lesson learned related to political will is the need for flexibility and adaptive management. As explained by one interviewee, "You don't know how far you can go with reform, until you begin the process. With each step, you need to measure the political temperature and shift your programming as new opportunities emerge." Although interviewees in Guatemala recognized that US government assistance providers were understanding of the need for adaptive management of programming, contracting and reporting mechanisms often impeded the needed changes for programming responsive to the evolution of challenges.

The Millennium Challenge Corporation provides a particular model for addressing and sustaining political will. MCC funds are delivered through a project and linked to a specific policy reform. Projects are managed through a co-implementation model, with MCC staff working side-by-side with Guatemalan government staff in a project management unit. *MCC's joint implementation ("handholding," as expressed by one interviewee) allows for close monitoring and collective problem solving.* Prospects for sustainability are not assured, however—particularly because, according to the MCC model, the project management unit is dismantled upon completion of the project.

Although most interviewees perceived that CICIG was a watershed anticorruption initiative, some asserted that *efforts aimed at curbing systemic corruption should be complemented by a greater focus on service delivery accountability.* Similar to an MCC project in Honduras, other elements of US development support could include conditionalities that involve monitoring and maximum transparency.⁶⁶ Linking anticorruption efforts to development outcomes or public service delivery could have a more direct impact on the lives of Guatemala's most vulnerable citizens.⁶⁷

The Guatemalan private sector has a long history of deep conservatism and skepticism regarding the capacity of the Guatemalan state or civil society. Though the private sector should, in theory, welcome efforts aimed at bolstering the rule of law and reducing corruption in the country, the principal economic groups—led by the Comité de Asociaciones

Agrícolas, Comerciales, Industriales, y Financieras (CACIF)—are fierce opponents of anti-corruption efforts and generally adopt an adversarial approach to the civil society sector. *There have been a few emerging (yet scattered) groups of elite entrepreneurs with a different vision for the role of the private sector in the country.* For the most part, USAID's engagement with the private sector has centered on economic development projects. Active engagement of potential reformist business allies for democratic governance reform or security-sector programming is still limited. One interviewee highlighted the potential for the US Embassy to use its political leverage to play a bridging role in facilitating dialogue between open-minded private-sector representatives and civil society.

Program Design

*Ample evidence exists that the starting point for program design should be a deep understanding of the country reality and the challenges faced, rather than a donor's ideals regarding best practices.*⁶⁸ In recent years, USAID/Guatemala has invested resources in co-creation processes and in context analyses to inform program design and learning. Broad agency announcements convene potential national and international partners to share analyses and project ideas around a stated goal.⁶⁹ (See box 3.4.) Of particular note are recent USAID efforts to ensure that activities are grounded in a deep understanding of Guatemala's multiple realities and are inclusive of women and indigenous groups, which historically were excluded from partnerships in development programming initiatives.⁷⁰ Observers consider that these processes have helped to improve program quality. Although INL has carried out assessments to gauge institutional capacity and political will in some of its projects, these diagnostic tools are not being consistently implemented as standard practices in project design.⁷¹

In addition to assessments, *USAID has taken a number of additional steps to ground its program design in Guatemala's cultural diversity, though a sustained outcome has proven elusive.* One of the most important has been the development of the Western Highlands Integrated Program (WHIP), beginning in 2012 and aimed at concentrating USAID resources in a region with some of the lowest social development levels in the world. Though an evaluation of the strategy was not available to review, observers perceived that the focus on the WHIP had diminished by 2016. USAID never opened a planned office in Quetzaltenango to facilitate WHIP's access to the targeted region. A number of

USAID-funded projects, however, located the base of their operations for implementers in Quetzaltenango. Finally, USAID/Guatemala is the only USAID mission in the world to have an indigenous adviser on its staff, who was hired in 2018, for support in ensuring the cultural relevance of design and implementation.

3.4. Co-Creation

A broad agency announcements issued by USAID/Guatemala in 2015 generated more than 200 concept notes from 100 organizations. From this pool, the 7 organizations invited to participate met monthly over 18 months to develop a joint workforce-readiness program (Puentes Project). In the end, World Vision was selected to lead the eleven-member Puentes consortium. Though participants found it challenging to let go of their own individual ideas in support of a cohesive and integrated approach, the co-creation process was perceived to include a number of positive aspects, including generating creative solutions; facilitating the participation of new, less-established civil society organizations; and increasing the sense of ownership among consortium members.

Another important element of design is the choice of civil society implementing agencies and partners. *Though most USAID projects are implemented by US contractors or nongovernmental organizations, nearly all follow a consortium model that includes the participation of civil society organizations.* Most commonly, the civil society partners of choice are specialized organizations based in Guatemala City. Although these civil society organizations may have experience working with USAID and the administrative and financial systems needed to fulfill USAID reporting and accountability requirements, they often lack understanding, access, and credibility in target communities. When USAID does incorporate grassroots, Highlands-based organizations in its projects, these groups often struggle with regulatory and accounting burdens associated with assistance provided by USAID. Delays in approvals and abrupt changes in donor strategic directions were also cited as problematic challenges for local implementers that impeded effective results of investments.

The preference for USAID projects to be structured along consortium-based models has produced mixed results. Spreading out competence and resources is often effective as

multiple organizations may offer varied and tailored expertise, with diverse opportunities for learning (when and if efforts are made to extract learning from activities). Coordination challenges between USAID, “prime” contractors, and subrecipients, which can range to more than half a dozen organizations (a current project has eleven partner organizations) have often led to self-defeating tensions. Local civil society organizations complain of inequitable treatment and a lack of participation in management decisions, and prime implementers often feel constrained by donor directives that have to be translated to their partners. This is another of the many development challenges mentioned herein that warrant systematic reflection.

The learning about adaptive management is not just applicable to project implementation but is also relevant to donor-led strategies. The increasing emphasis on civil society and community ownership of development processes has been noted as a key challenge for US government assistance. Civil society, local communities, and identifiable segments of the population, especially indigenous communities and women, have been excluded historically in Guatemala through overt realities of racism and even femicide and genocide. Supporting the creation of safe spaces for their inclusion in decisionmaking is nothing short of revolutionary, yet is critical for the sustainability of social development efforts. This requires a long-term strategy that transcends normal project development cycles. The United Nations Development Program worked with the Guatemalan government’s National Secretariat for Planning (SEGEPLAN) to develop a culturally pertinent consultation and long-term strategy for social development, titled K’atun 2032, which was published in 2014.⁷² This strategy continues to be referenced by donors and has been adapted to cohere with Agenda 2030 Sustainable Development Goals, but it has not evolved into the envisioned socially cohesive pillar of development (in part, given the divergence of bilateral donor priorities, including the reality that the US strategy is driven by US domestic political concerns). K’atun 2032 is, however, illustrative of a form of engagement for effective partnership with and devolved ownership of the social development agenda to Guatemalan civil society and communities. Although not feasible at the moment, given existential threats to USAID assistance by the current administration, a multidecade K’atun-2032-type strategy is an important model for an eventual US government to consider in its programmatic design and adaptations for stronger returns on its investments in Guatemala.

Since 2019, the US Embassy has invested considerable energy and political capital in “The Route to Prosperity” dialogues between the government of Guatemala and indigenous leaders. This effort was initiated by INL as part of its security portfolio, but was soon championed by the ambassador to work across sectors. According to interviewees, the process was a reflection of the US government’s commitment to promoting inclusion and generating stronger Guatemalan government commitment and capacity to work with and in support of the country’s indigenous population. The US government acts as a convener and facilitator but will not allocate resources to implement projects arising from the dialogues. Although interviewees were positive regarding the commitment and facilitation support provided by the embassy, there is some concern that the process will raise participant expectations that the Guatemalan government will not meet.

USAID projects consistently incorporate monitoring, evaluation, and learning (MEL) plans aimed to document and adapt for greater impact. USAID has also employed a contractor to support its MEL processes for implementing agencies and itself. The system is designed to feed disparate project efforts into the development objectives defined by USAID for its Country Development Cooperation Strategy (2012–20). Interviewees highlighted the need for an enhanced shared learning environment in which project participants, implementing partners, and US government agencies systematically create, exchange, and reflect on how to improve development outcomes, while also lamenting that these activities were the first line items cut from implementer budgets after the suspension of aid in 2019.

INL has made important strides in strengthening its MEL capacity as regards CARSI-funded programming and the Model Police Program, in particular, though it has yet to standardize it to other projects. (See box 3.5.) The gap between MEL best practice and INL current practice is particularly evident in the area of training,⁷³ because INL does not appear to consistently measure course quality through instruments such as pretests and posttests, performance reviews, and trainee follow-up surveys.⁷⁴

Through the US-Colombia Action Plan on Regional Security Cooperation, INL has drawn on the support of Colombian law enforcement officials in Guatemala. Engagement includes both short-term training and long-term mentoring through embedded advisers. Interviewees consulted saw this partnership with Colombia as a positive development in

Guatemala, providing access to on-the-ground expertise, regional understanding, and the potential for enhanced transnational collaboration.

3.5. Monitoring and Evaluation

The Model Police Precinct Project, funded by INL and implemented by the Research Triangle Institute, stood out for its use of sophisticated monitoring and evaluation methodologies. Microstudies focused on specific communities were used to highlight particular crime prevention strategies (i.e., camera monitoring centers and other technologies) and to delve deeper into specific social issues (i.e., youth suicide in the Ixil Region). The project also produced generalizable research on the considerable challenges of deportee reintegration. Additionally, the project's baseline and end-line surveys demonstrated a 6.7 percent decrease in the perception of the effects of crime on the individual respondent's quality of life during the same period. Trust in the national police also showed statistically significant gains in the targeted Model Police Precinct communities.

An important feature of program design and implementation is monitoring the security situation. Given that US government projects affect the interests of Guatemala's political and economic elites involved in illicit activities, violence is a constant threat. *High levels of insecurity make an impact on all aspects of project implementation, just as they do on all aspects of daily life in Guatemala.* Program design considers this in terms of security plans for each project, which are developed by the implementing partner (usually US nongovernmental organizations or contractors). These are approved by USAID liaisons for each project; yet it is not clear that individual plans add up to a greater whole within the US government's security strategy for aid implementers, nor has there been activity to date beyond periodic meetings to ensure a coherent approach to the security of projects and implementing partner personnel or for communities, individuals, or organizations participating in project activities.

Given the dearth of public spending and tremendous demographic growth, ensuring the provision and functioning of basic community infrastructure is an overwhelming challenge. Infrastructure requests are made repeatedly by communities both in and outside targeted geographic areas for support across Guatemala. *Though highly valued by communities,*

failure to develop a sense and system of local ownership has relegated many of these infrastructure investments to redundancy once maintenance or life-of-service challenges go unanswered. Rigorous environmental compliance standards have also made many of these infrastructure efforts untenable in terms of timely approvals. In a sense, US government agencies and other donors are trapped by the gross negligence of an underfunded state that does not provide basic public goods and respond to the humanitarian debacle that this produces. Although the US government would do well to urge that the Guatemalan state prioritize its responsibilities in this area, the cycle identified above of failed partnerships is not encouraging.

US Government Coordination

USAID and INL have frequent meetings to exchange information on their programming priorities and activities. Beginning more than five years ago, the two agencies designed a place-based strategy (PBS) aimed at integrating separate development and security projects carried out in the same communities. In Guatemala, Villa Nueva, a city south of Guatemala City, is perhaps the best example of this initiative. USAID and INL worked with central government and municipal authorities in Villa Nueva to reduce violence, including by promoting community-based policing and establishing youth centers in gang-afflicted neighborhoods. *Although interviewees were unanimous in recognizing the logic and value of PBS, they also perceived that the experience had not yet fulfilled its promise.* Among the reasons cited were the wild fluctuations in US government assistance over the period in question, the lack of joint USAID-INL analysis and planning mechanisms, and the differences in project and budget cycles.

USAID has developed diverse programming strategies to address the complexity of development challenges, though coordination and competition between implementing partners continues to challenge projects' overall impact. Although a comprehensive evaluation of programs, particularly WHIP, was unavailable, interviewees noted both positive and negative aspects of USAID's adapted programming. Projects that addressed multiple challenges through integrated initiatives were seen as particularly effective. For example, community development projects benefited from having multiple components, ranging from agricultural value chains to natural resource management. Food security efforts in-

corporated cash transfers. The integration of a rule-of-law component within an environmental project was seen as highly effective. (See box 3.6.)

3.6. Integration

By straddling the security and governance sectors, the Security and Justice Sector Reform Project, implemented by Checchi and Company Consulting, is an example of effective program integration. As evidence of this integrated approach, project counterparts include the Judicial Branch, Attorney General's Office, National Civilian Police, Public Defense Institute, and National Institute of Forensic Science. In partnership with other organizations, the project's integrative approach expanded into the natural resource sphere, by supporting the establishment of the country's first Environmental Court and Prosecutor's Office charged with investigation and prosecution of environmental crimes in the Maya Biosphere Reserve.

Implementing partners did note, however, that periodic coordination meetings among them were insufficient to foster a sense of participating in a concerted team strategy. One notable exception was an April 2019 Democracy and Governance meeting that reviewed how partners could add value to the Journey to Self-Reliance initiative developed by the USAID administrator at the time. *Effective coordination, exchange, and cooperation between the gamut of USAID implementers requires sustained focus and support by the mission, because the implementing partners compete among themselves for USAID resources and, as such, generally have limited incentives to work together.*

Concluding Thoughts

When well designed and consistently implemented, US assistance can make a positive difference for Guatemalan development. Many of the projects reviewed seemed to have solid technical foundations and were using excellent, evidence-based methodologies with adaptation to the context. Both formal evaluations and input from interviewees demonstrate numerous cases where projects had achieved their stated objectives at the community level by the project's end.

Accomplishments in sustainability and broader-scale change, however, are more elusive. These persistent challenges highlight the difficulties associated with achieving institutional change and an overall environment of innovation and learning. This is not dissimilar from other countries in the region that are emerging from protracted civil wars with gross human rights violations, which continue to struggle with rampant violence, which is often directly related to the regional illicit narcotics trade; impunity for criminal activities of all types; concentration of wealth and economic opportunities; and corrupt governance practices instead of service to the public. These factors continue to produce minimal human development and firmly anchor long-term paradigms of social exclusion in place.

Each program of US government investment made sense in the logical framework of the moment, responding to the overlapping challenges of regional security (CARSI) and often leading forward-thinking strategies to focus resources in the most vulnerable region (WHIP) or build justice capacity to prosecute entrenched criminality (CICIG). Yet many often seem to fall short, due to a lack of sustained support from the United States, a lack of buy-in and investment from the Guatemalan government, or because they were based on objectives more related to domestic US politics than Guatemalan social development. This is not meant to represent an after-the-fact critique of the efforts of many committed professionals. It is more of a reality check that raises questions worthy of reflection, which are summarized in the next subsections.

Partnership Reset

Does the United States and the Central American countries need to reset their partnership? The cycle of changing administrations and their priorities in the United States and Guatemala have often ended up appearing to be a cat-and-mouse game of nominal cooperation for resources than a sustained partnership for regional security, drug interdiction, or human development. Can the United States develop an integrated strategy that resonates with the citizens of Guatemala beyond incentives for them to not migrate illegally? If the Guatemalan government is not a reliable partner, are there others available at regional, municipal, civil society, or community levels? Does a private sector that pays the lowest taxes and enforces among the lowest labor standards in the hemisphere warrant US support and partnership and designation as the motor of development?

Learning Is Imperative to Strengthen Results

Are US agencies really able to commit to the uncertainties and risks to be innovative and practice adaptive management as real management principles? Can the US lose its fear of admitting setbacks are part of project learning necessary for improvement?

Coordination Is Required for Cohesive Outcomes

Because US policy in the region is complex and is informed by the needs to accomplish multiple goals, is it possible to balance the diverse agendas of US agencies investing in mandate-driven portfolios? Is there a whole-of-government-agencies approach that can transcend these boundaries for a more unified strategy? Can one learn from prior attempts, like CARSI's place-based strategy?

Effective Partnership Depends on Humility and Sustained Commitment

Is it now time to consider a more egalitarian partnership based on shared values and not driven, as has been evident over time (communism, drugs, migration), by domestic US policies? Is there a K'atun 2030 version of US foreign policy that balances strategic, governance, economic, and social objectives with defined goals and responsibilities?

Notes

- 1 The author thanks the more than twenty-five individuals in Guatemala and Washington who participated in interviews as well as Eric Olson, Wayne Pitts, Milburn Line and others for their review and observations.
- 2 See <https://www.insightcrime.org/news/analysis/2019-homicides-latin-america-capital/>.
- 3 See <https://www.reuters.com/article/us-guatemala-election-feature/drug-cartels-ties-to-politics-in-spotlight-as-guatemala-votes-idUSKCN1TF0B6> and <https://www.insightcrime.org/investigations/guatemala-elites-and-organized-crime-introduction/>.
- 4 See <https://www.americasquarterly.org/node/3396>.
- 5 It is important to note that the development of an effective state is additionally challenged, given that many key institutions have existed for a relatively short period. The national police, for instance, was created in 1997.
- 6 See <https://www.usip.org/publications/1997/02/truth-commission-guatemala>.
- 7 See <https://www.insightcrime.org/guatemala-organized-crime-news/guatemala/>.
- 8 See <https://www.wola.org/analysis/hidden-powers-in-post-conflict-guatemala/>.
- 9 CICIG aimed to investigate illegal security groups and clandestine security organizations in Guatemala—criminal groups believed to have infiltrated state institutions, fostering impunity and undermining democratic gains in Guatemala after the end of the country's armed conflict in the 1990s; see <https://www.un.org/undpa/es/node/183334>.
- 10 See <https://www.insightcrime.org/news/analysis/5-takeaways-cicig-guatemala-anti-corruption-experiment/>.
- 11 See <https://www.theguardian.com/world/2019/aug/28/guatemala-corruption-mafia-coalition-jimmy-morales>.
- 12 See <https://www.ijmonitor.org/2019/09/in-defiance-of-court-rulings-guatemalan-congressional-leaders-push-amnesty-bill/>.
- 13 See <https://www.reuters.com/article/us-guatemala-corruption/guatemala-approves-civil-society-restrictions-despite-us-pressure-idUSKCN20L2VX>.
- 14 See <https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/guatemala/>.
- 15 See <https://www.transparency.org/country/GTM>.
- 16 See <https://www.nytimes.com/2015/09/06/world/americas/guatemalans-ousted-the-president-now-what.html>.
- 17 See <https://www.cgdev.org/sites/default/files/CGD-Working-Paper-397-Cabrera-Lustig-Moran-Fiscal-Policy-Inequality-Ethnic-Divide-Guatemala.pdf>.
- 18 See <https://www.oecd.org/tax/tax-policy/brochure-revenue-statistics-latin-america-and-caribbean-2019.pdf>.
- 19 See http://icefi.org/sites/default/files/crecimiento_economico_english.pdf, 27.
- 20 See <https://www.americasquarterly.org/content/when-decentralizing-leads-corruption>.
- 21 See <https://reliefweb.int/report/guatemala/guatemala-food-assistance-fact-sheet-updated-september-30-2018>.
- 22 See <https://www.pewresearch.org/hispanic/fact-sheet/u-s-hispanics-facts-on-guatemalan-origin-latinos/>.
- 23 See <https://www.theguardian.com/world/2019/jun/13/guatemala-election-corruption-creeps-in-again-four-years-after-uprising>.
- 24 See <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=GT>.
- 25 See <https://www.latimes.com/world-nation/story/2020-04-07/coronavirus-crisis-cuts-off-billions-of-dollars-sent-to-the-worlds-poor>.

- 26 See <https://www.state.gov/wp-content/uploads/2018/12/U.S.-Programs-and-Engagement-Promote-a-Prosperous-Secure-and-Well-Governed-Central-America.pdf>.
- 27 See <https://fas.org/sgp/crs/row/R42580.pdf>.
- 28 See https://explorer.usaid.gov/cd/GTM?fiscal_year=2020&measure=Obligations.
- 29 See <https://www.ft.com/content/f3cd73d2-9135-11e9-aea1-2b1d33ac3271>.
- 30 See https://www.wilsoncenter.org/sites/default/files/media/documents/publication/FINAL%20PDF_CARSI%20REPORT.pdf, 3.
- 31 See <https://fas.org/sgp/crs/row/R44812.pdf>.
- 32 See <https://www.insightcrime.org/news/analysis/are-us-anti-crime-programs-central-america-working/>.
- 33 Eric L. Olson et al., *Crime and Violence in Central America's Northern Triangle: How US Policy Responses Are Helping, Hurting, and Can Be Improved*, Reports on the Americas 34 (Washington: Woodrow Wilson International Center for Scholars, 2014).
- 34 See https://www.usaid.gov/sites/default/files/documents/1862/GuatemalaCDCS_0_updated20202.pdf, viii.
- 35 See <https://www.measureevaluation.org/resources/publications/tre-18-010>, 14.
- 36 See <https://fas.org/sgp/crs/row/RL32427.pdf>.
- 37 See <https://www.mcc.gov/news-and-events/release/release-040815-mcc-to-invest>.
- 38 See <https://www.wola.org/analysis/cicigs-legacy-fighting-corruption-guatemala/>.
- 39 See <https://www.wola.org/analysis/cicigs-legacy-fighting-corruption-guatemala/>.
- 40 See https://www.washingtonpost.com/world/the_americas/how-us-apaty-helped-kill-a-pioneering-anticorruption-campaign-in-guatemala/2019/06/14/cc4f464a-1e5e-11e9-a759-2b8541bbe20_story.html.
- 41 See <https://www.wola.org/analysis/guatemalas-corrupt-threaten-historic-anti-corruption-legacy/>.
- 42 See <https://fas.org/sgp/crs/row/R44812.pdf>, 17.
- 43 See <https://www.usaid.gov/news-information/press-releases/oct-4-2018-administrator-mark-green-launch-usaid-self-reliance-roadmaps>.
- 44 See <https://selfreliance.usaid.gov/country/guatemala>.
- 45 See <https://www.cgdev.org/blog/journey-self-reliance-practice-examining-usaids-efforts-operationalize-its-new-agenda>.
- 46 See <https://www.pronacom.org/ruta-hacia-la-prosperidad-alianza-entre-los-pueblos/>.
- 47 See https://www.usaid.gov/sites/default/files/documents/1862/Guatemala_Country_Fact_Sheet.pdf. In the case of each of the three sectors, projected funding totals are subject to sharp reductions following the Trump administration's decision to cut funds to Guatemala in 2019.
- 48 See <https://www.state.gov/bureau-of-international-narcotics-and-law-enforcement-affairs-work-by-country/guatemala-summary/>.
- 49 See https://www.usaid.gov/sites/default/files/documents/1862/Guatemala_Country_Fact_Sheet.pdf.
- 50 See https://www.usaid.gov/sites/default/files/documents/1862/Guatemala_Country_Fact_Sheet.pdf.
- 51 E.g., US government employees and implementers reported being directed to use terms such as “illegal migration” and “illegal migrants” rather than “irregular migration” or “undocumented migrants.”
- 52 See <https://fas.org/sgp/crs/row/R44812.pdf>.

- 53 See https://www.washingtonpost.com/world/the_americas/how-us-apaty-helped-kill-a-pioneering-anticorruption-campaign-in-guatemala/2019/06/14/cc4f464a-1e5e-11e9-a759-2b8541bbbe20_story.html.
- 54 See https://www.washingtonpost.com/world/the_americas/how-us-apaty-helped-kill-a-pioneering-anticorruption-campaign-in-guatemala/2019/06/14/cc4f464a-1e5e-11e9-a759-2b8541bbbe20_story.html.
- 55 See <https://www.newyorker.com/news/news-desk/trumps-cuts-in-climate-change-research-spark-a-global-scramble-for-funds>.
- 56 See <https://teenaclipston.com/richard-d-hansen-and-what-they-dont-know-in-washington/>.
- 57 See <https://lahora.gt/arreaga-la-cicig-eje-esfuerzos-guatemala/>; <https://foreignpolicy.com/2019/01/26/guatemalas-slow-motion-coup-rolls-onward/>; and <https://www.insightcrime.org/news/analysis/5-takeaways-cicig-guatemala-anti-corruption-experiment/>.
- 58 See <https://foreignpolicy.com/2019/01/26/guatemalas-slow-motion-coup-rolls-onward/>.
- 59 See <https://carnegieendowment.org/2019/10/01/how-to-understand-global-spread-of-political-polarization-pub-79893>.
- 60 Though immigration is a long-standing feature of the United States–Guatemala bilateral affairs, President Trump has linked it to the security agenda to a far higher degree than previous administrations.
- 61 See <https://docs.house.gov/meetings/FA/FA07/20191023/110138/HHRG-116-FA07-Wstate-GreenR-20191023.pdf>.
- 62 See <https://www.justice.gov/eoir/file/889611/download>.
- 63 See <https://www.reuters.com/article/us-usa-immigration-guatemala/guatemalas-shortcomings-raise-doubts-about-u-s-migration-deal-idUSKCN1UQ2I5>.
- 64 See <https://www.latimes.com/world-nation/story/2020-05-04/u-s-deportation-flights-to-guatemala-resume-with-assurances-of-coronavirus-testing>.
- 65 See <https://www.sbs.gob.gt/apoyan-el-nuevo-modelo-de-gestion-juvenil/>.
- 66 One example along these lines are “integrity pacts” focused on civil society procurement monitoring. See <https://www.transparency.org/en/tool-integrity-pacts>.
- 67 See <http://asjhonduras.com/webhn/tag/mcc/>.
- 68 See https://www.odi.org/sites/odi.org.uk/files/resource-documents/appp-synthesis-report-development-as-a-collective-action-problem-david-booth-oct-2012_1.pdf.
- 69 See <https://www.edu-links.org/learning/successes-and-challenges-project-co-creation>.
- 70 See <https://www.usaid.gov/documents/1862/usaidguatemala-gender-analysis-final-report-september-2018>; and <https://www.usaid.gov/documents/1862/guatemala-conflict-vulnerability-assessment>.
- 71 As outlined in Step 4 of the INL “Guide to Project Design,” program development should include a feasibility analysis encompassing technical feasibility, political feasibility, stakeholder analysis, institutional and sustainability analysis, and other analysis areas such as conflict, social, and economic.
- 72 See <https://observatorioplanificacion.cepal.org/es/planes/plan-nacional-de-desarrollo-katun-nuestra-guatemala-2032>.
- 73 See INL’s “Guide to Program Design,” “Guide to Results Frameworks,” and “Guide to Developing a Performance Measurement Plan” for guidance on performance monitoring and evaluation.
- 74 See <https://www.gao.gov/products/GAO-18-618>.

HONDURAS COUNTRY REPORT

Jeff Ernst

Background

A little over a decade since the 2009 coup that ousted then-president Manuel Zelaya, of the Liberal Party, Honduras has yet to overcome the consequent debilitation of public institutions and extreme polarization of the political sphere that have left the country in an omnipresent crisis of governability. The US State Department decided not to push for the return of Zelaya, and instead attempted to ensure a fair process in the coming election. That decision, and the State Department's reluctance to use the word "coup," have hung over United States–Honduras relations ever since, leading to a suspicion of, and likely having a detrimental effect on, US-backed efforts in the country. A widespread boycott of the subsequent November 2009 election and the splintering of the Liberal Party—which led to the creation of Zelaya's LIBRE Party and the end of roughly a century of two-party dominance—resulted in the ruling National Party gaining a level of control over the government not seen since the country returned to democracy in 1982. Such dominance—which current president Juan Orlando Hernández, of the National Party (2014–present), has expanded to a scope rivaled only by the country's past dictators—has resulted in a period of social and economic stagnation, high rates of crime and homicide, and increased outward migration.

In 2019, 59.5 percent of Honduran families lived in poverty, compared with 60 percent in 2010.¹ This is true despite an expansion of the social welfare system, particularly under Hernández, who critics argue has adopted clientelist practices, with government resources that have little or no effect on long-term poverty indicators.² With scant economic opportunity—and a historic lack of structural mobility—an increasing number of Hondurans have been forced to seek out opportunities abroad. Consequently, remittances have bal-

looned in recent years, increasing to the equivalent of over 20 percent of gross domestic product (GDP) in 2019, roughly equal as a share of GDP to what it was in 2006 after the first wave of Honduran migration to the US after the devastation caused by Hurricane Mitch in 1998. Remittances have stimulated an otherwise-lackluster economy and have helped offset the prohibitively high cost of the basic basket of consumer goods, which, relative to the average wage in Honduras, is among the highest in all of Latin America.³

The October 2018 migrant caravan that captured the world's attention was the most visible example of recent trends in migration from Honduras. But the caravan represented only a small percentage of total migration from the country. In fiscal year 2019, apprehensions of Hondurans along the southwestern US border reached a record high—more than double that of any previous year, and outpaced only slightly by its much more populated neighbor to the north, Guatemala (253,795 from Honduras vs. 264,168 from Guatemala).⁴ Albeit the number of Hondurans apprehended is far short of the total number who migrated that year, it represents nearly 3 percent of the total 9.2 million population. Three percent of the US population would be equivalent to the entire population of Michigan. The COVID-19 pandemic—and the extensive restrictions on movement imposed throughout the region—have led to a significant drop in migration. Experts say, however, that the economic recession caused by the pandemic will likely result in an increase in migration when the restrictions are lifted and the risk of infection is viewed as less than that of staying in place.

Such is the calculation already for many. Beyond health and economic considerations, many continue to flee due to the ongoing security crisis. Although the national homicide rate roughly halved after its peak in 2011, the rate ticked upward in 2019—from 41.4 to 43.7 homicides per 100,000 population—for the first time in eight years, and the country remains among the most violent in the world.⁵ Its second-largest city, San Pedro Sula, was the fifteenth most violent city in the world, while Tegucigalpa came in at thirty-third, despite a slight reduction in homicides locally.⁶ Four out of five cities where the United States employed a place-based strategy to prevent violence saw a rise in homicide rates, including drastic rises in San Pedro Sula and neighboring Choloma (the country's third-largest city, and most violent one). The national homicide rate is also double that of Guatemala, and the gap between Honduras and El Salvador continues to expand. Furthermore,



there is no evidence to support the idea that other forms of violence—such as extortion, one of the primary push factors cited by migrants headed north—has ever declined.

Diverging theories about why the homicide rate declined make it difficult to attribute responsibility, and thus, evaluate the efficacy of violence prevention programs. Analysts and academics suggest that likely a number of factors contributed. The fact that the decline in homicides was a regional phenomenon suggests that there are external forces involved. A purge of the national police—an effort supported by US foreign assistance—led to a more professional police force and might have reduced the homicide rate, in part by firing many officers who were committing murder themselves. The extradition agreement between Honduras and the United States, signed in 2013 under heavy diplomatic pressure from the State Department, certainly made the country more hostile to drug traffickers and required them to maintain a lower profile. Many theorize that the region went through a period when gangs were growing exponentially and imposing their rule in new territories, leading to more violence as a tool to establish control over the population. Whereas before some might have resisted paying “taxes” to the gangs, now most pay up, close up shop, or flee. A study by the United Nations noted that the kind of *mano dura* (iron fist) policies employed by the Hernández administration can have the unintended consequence of increasing violence and might strengthen gangs rather than eradicate them.⁷ Observers in Honduras who study violence noted that the policies might have contributed to short-term gains in violence reduction, but that the gains are unsustainable.

Corruption—what many consider the root cause of the country’s ills—has also increased as a result of the complete lack of checks and balances. A study by the National Anti-Corruption Council, a grantee of the US Agency for International Development (USAID), and the economic think tank FOSDEH, estimated that the total economic loss owing to corruption during Hernández’s tenure exceeds \$10.5 billion—nearly equivalent to the annual operating budget for the government—and has increased in total amount and as a percentage of GDP during each year.⁸ Since 2015, Honduras has lost 5 points on Transparency International’s Corruption Perceptions Index, placing it at number 146 globally for 2019, tied with Guatemala for third-worst in Latin America.⁹

Social and political tensions in Honduras were exacerbated by Hernández’s controversial decision to run for reelection in 2017. Presidential reelection is explicitly prohibited in the

Constitution. Hernández, however, used a dubious ruling by a Supreme Court that had been stacked with allies that said that the prohibition was a violation of human rights, paving his path to another term despite the Constitution explicitly stating that only Congress has the power to amend it.

Given the questionable legality surrounding Hernández's reelection in November 2017, the political crisis that followed was predictable. A host of irregularities—including inexplicable and extended pauses in the transmission of results—led to widespread accusations of fraud. The ensuing unrest begat brutal repression by state security forces, including at least sixteen extrajudicial killings, according to the United Nations.¹⁰ The electoral observer mission of the Organization of American States (OAS) declared that the results could not be validated, and the organization's secretary general, Luis Almagro, called for a new election.

Less than a week later, however, the US government recognized Hernández's victory, leading other nations to follow suit and Almagro to drop his grievance. The US government's failure to denounce widespread irregularities in the election and the extrajudicial killings that followed, as well as its subsequent recognition of Hernández as the victor, further harmed the country's reputation in Honduras.

A year later, the president's brother, the former legislator Tony Hernández, was indicted on drug-trafficking and weapons charges by US federal prosecutors.¹¹ As a result, it was revealed that President Hernández has been under investigation for drug trafficking by the US Drug Enforcement Administration (DEA) since 2013, and he was named an unindicted co-conspirator in his brother's drug-trafficking case, along with other officials of the ruling National Party, including former president Porfirio Lobo (2010–14),¹² whose son was convicted of drug trafficking by US prosecutors in 2017.¹³

During the trial of Hernández's brother, prosecutors laid out what they called "state-sponsored drug trafficking," which depended largely upon the political connections and power of President Hernández, who prosecutors accused of receiving millions of dollars in bribes from drug traffickers.¹⁴ Cooperating witnesses called by the prosecution placed into question Hernández's commitment to extradition—which was approved during the administration of Lobo but first employed under Hernández—detailing promises and attempts by Hernández to protect allies from such a fate.



President Hernández remains out of reach of justice, for now, because the US Department of Justice does not, as a general rule, seek indictments of foreign presidents while in office. This situation could change, however, after Hernández's current term expires in January 2022. The next general election is scheduled for November 2021, and President Hernández has vowed not to run for another term, something he promised during his first term. Meanwhile, the Department of Justice has continued to build a case against Hernández. Since Tony Hernández was convicted of drug trafficking in October 2019, at least four more co-conspirators have been captured, all of whom could someday end up testifying against the president in court, including about an alleged million-dollar payoff from the notorious former leader of the Sinaloa Cartel, Joaquin "El Chapo" Guzman.

Whoever wins the next election will face a difficult situation while also having the opportunity to reshape the government through appointments to replace expiring terms for the Supreme Court, attorney general, and public auditor's office. For the United States, the outcome of the election could present opportunities to work with new partners in the Honduran government and reshape its own strategy. With so much at stake, how the United States—with its outsized influence in the country—approaches the election politically and directs its efforts afterward will be a major determinant of the future of Honduras.

Recent US Development Efforts

In the 1980s, Honduras was a primary staging ground for the United States and US-backed forces, owing to the presence of a large US air force base and the country's proximity to Cold War hotspots in neighboring El Salvador, Guatemala, and Nicaragua.¹⁵ Consequently, foreign assistance centered on countering Soviet influence and serving US security interests in the region.

After the Cold War, Honduras, and much of Central America, faded into the background until November 1998, when Hurricane Mitch ravaged the country. The category five hurricane was the deadliest to hit the Western Hemisphere in over two hundred years, causing more than 11,000 deaths and over \$5 billion in damage in Central America, with Honduras suffering the brunt of the devastation.¹⁶ More than two decades later, Honduras has yet to fully recover. In terms of discourse, the immediate response from the international community was strong, with pledges of aid pouring in of roughly \$9 billion. But according to

the Center on International Cooperation at New York University, “most of that money never materialized.” Furthermore, half the aid that was delivered came in the form of loans.¹⁷

Of the aid pledged to Central America for hurricane relief, roughly \$2.5 billion was destined for Honduras.¹⁸ The post–Hurricane Mitch recovery experience is a salient example of the shortfalls and limitations of aid, many of which continue to be unaddressed. At a conference held in Stockholm in May 1999, international donors “set transformation, not just reconstruction, as the objective for the recovery phase.” A 2004 World Bank report on lessons from the recovery, however, notes that there was not a “significant transformation” in any of the target areas and outlined challenges—“perceptions of high levels of corruption”—and lessons—the need for “mutually supportive relationships between INGOs [international nongovernmental organizations] and national NGOs (as opposed to mere subcontracting of national counterparts)” —that are as relevant today as when the hurricane hit.¹⁹

When the George W. Bush administration took office in 2000, US aid policy toward Central America shifted to increasing economic growth and trade in the region. As such, in January 2003 negotiations began regarding the Central America Free Trade Agreement (CAFTA). The agreement was signed into law in August 2005, and it then entered into force on a rolling basis, beginning the following year with El Salvador, Honduras, Nicaragua, and Guatemala. Although CAFTA did contribute to significantly increased bilateral trade, with US exports to Honduras up 71 percent between 2007 and 2017 and Honduran exports to the United States up 25 percent since the pre–free trade agreement period,²⁰ critics cite negative consequences from the CAFTA as well, such as “the region’s pervasive social and economic inequality, poor working conditions, and inadequate enforcement of labor laws.”²¹ In Honduras, critics noted that the massive quantity of subsidized wheat, rice, and corn imported from the United States during the first ten years of the agreement caused an income loss for small and medium-sized farmers who could not compete. Furthermore, while the textile industry has increased in size and employment, for every job created in a factory, many more have left the country during the same period.²²

In continuance of the Bush administration’s free market approach, in June 2005, Honduras became one of the first countries to sign a compact with the Millennium Challenge Corporation (MCC). The compact with Honduras was valued at \$215 million over

five years and was designed “to focus on alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs.” Most funding went to road construction and maintenance projects, the most visible of which was the reconstruction of the highway between the two largest cities, Tegucigalpa and San Pedro Sula. In 2010 the compact was not renewed due to failures by the Honduran government to meet qualifying conditions.²³

Ultimately, \$10 million of the \$215 million was not delivered “due to serious concerns about the country’s commitment to democracy” after the 2009 coup. Nevertheless, the program was considered a success, including not for “*what* the agency funded but *how* it funded it.”²⁴ In other words, the structure set in place in Honduras to manage the compact proved to be efficient, was country-driven, and survives to this day—now known as INVEST-H.²⁵

During the 1990s and 2000s, drug-trafficking routes shifted from the Caribbean to Central America, and street gangs born in the United States were progressively exported to the region after a 1996 change to immigration law that expanded the repatriation of foreign nationals who were convicted of crimes.²⁶ The increase in drug trafficking and gang activity brought forth a wave of violence and crime in the region. In 1995, the homicide rate in Honduras was estimated at 28.8 per 100,000 inhabitants.²⁷ By 2010, the rate had nearly tripled, to 77.5 homicides per 100,000 inhabitants.²⁸

Consequently, US foreign assistance increased its focus on drug trafficking and violence under the Mérida Initiative, and the United States–Mexico security cooperation framework that included some support for Central America. In 2010, the Central America Regional Security Initiative (CARSI) introduced a more dedicated security program for the region that included both law enforcement–oriented programs as well as crime prevention and violence reduction interventions that attempted to address the root causes of violence and crime. The subsequent US Strategy for Central America Engagement introduced in 2014 expanded the focus to include economic and governance factors driving migration while maintaining programs to improve law enforcement capacity and increasing funding for crime prevention efforts.

Running concurrent to the latter is the Alliance for Prosperity in the Northern Triangle, “which was drafted with technical assistance from the Inter-American Development Bank . . . and announced by the Salvadoran, Guatemalan, and Honduran governments in Septem-

ber 2014. Originally envisioned as a five-year, \$22 billion initiative, the Alliance for Prosperity aims to accelerate structural changes in the Northern Triangle that would create incentives for people to remain in their own countries.” From 2016 to 2019, the Honduran government allocated \$3.8 billion to the plan, but has failed to fulfill many of its commitments.²⁹

US assistance efforts in Honduras have been met with many challenges since the 2009 coup that have made it difficult to achieve development objectives. Inconsistencies between foreign policy and development program objectives has been a further detriment to the latter. Programs reviewed for this report demonstrate successes, failures, limitations, and opportunities that provide a road map for future cooperation between the United States and Honduras.

Case Studies

A series of case studies were conducted on programs that represent the three focus areas of the US Strategy for Central American Engagement—governance, prosperity, and security. These case studies provide a deeper look at individual programs in order to help inform future decisions. They do not attempt to evaluate the efficacy of the programs as much as glean what lessons can be learned.

Anticorruption Efforts

The US Strategy for Central American Engagement came with a greater focus on anticorruption efforts across the region. In Honduras, this included new, innovative programs that achieved unrivaled success while also revealing their own limitations, and programs with a more traditional approach that had a more measured impact.

In 2015, when details emerged of a massive embezzlement scheme that diverted hundreds of millions of dollars from the national health system, the Honduran public appeared to have arrived at a breaking point.³⁰ Tens of thousands of protesters joined for weekly demonstrations called the “Torch Marches” and demanded the creation of a United Nations–backed anti-impunity commission, such as Guatemala’s CICIG.³¹ Eager to palliate protests, President Hernández entered into negotiations with the OAS to establish a similar hybrid body providing for international collaboration with Honduran investigators and prosecutors. The result was the creation of the Support Mission Against Corruption and

Impunity in Honduras, or MACCIH, as its known from its Spanish initials, which began its four-year mandate on January 19, 2016. The relative debilities of MACCIH's mandate and structure compared with CICIG led critics to argue that it was designed to fail.³²

For nearly two years, MACCIH worked quietly to establish a foundation, including the creation of a new anticorruption court circuit and a special prosecutor's unit inside the public prosecutor's office that would serve as its partner and prosecutorial arm, called the Special Prosecutor Unit Against Impunity and Corruption, or UFECIC, as it was known from its Spanish initials. The judges, prosecutors, and other staff for the court circuit and special prosecutor's unit were vetted by MACCIH and independent civil society organizations.

In December 2017, MACCIH presented the first of fifteen cases that it would bring forward in collaboration with UFECIC. The case, known as the "Network of Legislators," involved the embezzlement of funds from a social welfare fund through a shell nonprofit by five outgoing legislators. Though it appeared insignificant—the amount embezzled was relatively small and the legislators were of low stature—Congress took an extraordinary step the following month to block the indictment and any future ones related to the management of public funds by legislators with a reform of a budget law that legislated protections that amounted to impunity for corrupt officials. As a result, the case brought by UFECIC was thrown out by the presiding judge.

It was eventually revealed that the case represented merely the tip of the iceberg, with as many as 360 politicians—including President Hernández—allegedly implicated in the embezzlement of potentially hundreds of millions of dollars through shell nonprofits. The law meant to block anti-impunity efforts was later ruled unconstitutional; but undeterred, Congress passed another nearly identical change to the law in October 2019.

The Network of Legislators case, and response to it by much of the political class, was symptomatic of several of the chronic issues that have hindered anticorruption efforts in Honduras. First, there is the lack of political will to truly address the problem. Congress moved swiftly to obstruct the cases with the implicit approval of President Hernández, who could have vetoed either of the attempts to legislate impunity. Furthermore, actionable evidence of corruption had been in the possession of government institutions for years, yet nothing happened until the case was picked up by MACCIH.³³

Second, government institutions appear designed to fail in their efforts to combat corruption. The key element of the laws passed by Congress to shield its members from prosecution was to require that any cases involving the use of public funds first be investigated by the public auditor's office, known as the TSC for its Spanish initials, and that only if that office were to find evidence of criminal responsibility could prosecutors take up the case. Congressional leaders were eager to route cases through the TSC because they exercised sufficient control over that institution to enable them to derail corruption investigations at their inception.

Numerous international missions—including USAID and INL—have supported programs aimed at building the capacity of the auditor's office with the objective of increasing transparency and strengthening the institution's anticorruption efforts. A European Union–funded program called EuroJusticia, or EuroJustice, and in particular an unusually blunt evaluation of it, provides a salient example of the limitations of such a strategy.

EuroJustice made a grant of \$500,000 to the public auditor's office that was intended to “strengthen the institutional capacities of the TSC for the fight against corruption and impunity, and support of transparency.” A final report from the auditor's office claims that the program achieved its goals and that the institution was strengthened as a result.³⁴ An independent evaluation of the EuroJustice program, however, found otherwise. According to the evaluation, at the time of its publication in October 2019, the progress achieved in meeting the objectives was “null.” Guides and manuals that were created to assist auditors with the assignment of responsibility for irregularities encountered had not yet been implemented, despite the subgrant having finalized more than two years prior. “Although it is true that the actions, for the most part, were carried out, the planned goals were not achieved,” the evaluation states. The case of the auditor's office was similar to what transpired in other beneficiary institutions that are crucial to the fight against corruption. According to the evaluation, the means—such as training, equipment, and manuals—that were supposed to lead to substantially improved conditions—such as a stronger institutions and greater capacity to combat corruption—ultimately became ends in themselves.

The third chronic issue exposed by MACCIH is the myth of a lack of capacity, or that capacity building will in itself strengthen troubled institutions. In two years, the mission produced more than a dozen far-reaching indictments that implicated numerous high-pro-



file politicians. But the persons doing the brunt of the work were UFECIC's prosecutors and investigators.³⁵ The role of the international prosecutors and investigators at MACCIH in advancing specific cases was largely advisory. Above all, the success of UFECIC was due to the unprecedented independence that was afforded to the unit to investigate possible violations and apply Honduran laws as they were intended. MACCIH contributed to that by providing the unit—and the attorney general, who had to approve the cases—the political cover needed to undertake high-impact cases. UFECIC proved that though capacity-building programs are helpful, many interviewees noted that the real impediment to these kinds of cases was not a lack of capacity but, as was outlined in the first two points, a lack of political will and institutions that were designed to protect the corrupt rather than combat corruption.

The anticorruption court circuit provides further evidence of what local capacity can do when unobstructed. The cases that were presided over by the new circuit moved swiftly and produced the only conviction during MACCIH's mandate—that of a former first lady who was convicted in a scheme to divert funds from a social welfare program.³⁶

The anticorruption court circuit and UFECIC are models of sustainability, in part because their staff members were hired based on qualifications, and therefore the institutional capacity acquired is less likely to be lost due to political whims or changes of administration. Even after MACCIH's mandate expired, both remain—albeit threatened. To resolve an issue of the legality of UFECIC, whose creation was tied to an agreement with the OAS, the attorney general created a new unit, called the Special Prosecutor's Unit Against Networks of Corruption (UFERCO), which absorbed UFECIC's entire staff.³⁷ The move theoretically allows the prosecutors to continue their work on twenty-four high-impact cases and, importantly, retains the capacity acquired during the time that the unit worked with MACCIH. Nine months later, however, the rebranded unit is yet to present a single new case, owing greatly to the pandemic, but also perhaps in part to the loss of the support provided by MACCIH personnel.

MACCIH—and by consequence UFECIC and the anticorruption court circuit—is widely considered the most successful anticorruption initiative supported by the international community in Honduras. The mission had a ripple effect that extended far beyond the indictments. Before its arrival, corruption was done practically “out in the open.”³⁸ The

work of the mission also helped fortify other anticorruption efforts, notably the work of the National Anti-Corruption Council (CNA).

The CNA received a five-year, \$5 million grant from USAID to strengthen the institution and conduct at least 100 investigations.³⁹ After years of having presented investigations to the public prosecutor's office with no resolution, the CNA finally found a willing and able partner in UFECIC. The corruption scheme that involved the former first lady and led to her conviction was first uncovered by the CNA.⁴⁰ The funding provided to the CNA by USAID amounts to over half its annual operating budget. The political coverage provided by being a grantee of the US government is perhaps of equal importance, now more than ever, with the attacks that were for a time directed at MACCIH now barreling down on the council. "If we didn't have the economic support, as well as the political backing [from the US embassy], the CNA would no longer work, it would no longer exist," said Gabriela Castellanos, director of the CNA.⁴¹

Beyond the support for MACCIH and the CNA, the US government, through INL and USAID, has supported anticorruption efforts aimed at multiple government institutions that play key roles in the justice system. But just like the EuroJustice program, US-backed efforts to combat corruption by strengthening these institutions have produced mostly lackluster results.

The problem with government institutions appears to be not a lack of capacity but a lack of political will and institutional independence, which makes them, by design, destined to fail when it comes to anticorruption efforts. This realization, and the fact that the primary driver of corruption in the country at this moment appears to be the president and his party, has many development organizations and foreign missions operating in the country reconsidering their strategies.⁴² On one hand, development experts note that to achieve structural reforms and systemic change it is necessary to work with the government. But on the other hand, given the current political environment in Honduras, it is difficult to consider it a sound investment to work with government institutions on the issue of corruption.

New and Vetted Units

A model that has demonstrated success as well as dispelled myths about local capacity is the creation of new and vetted units that work within the government but operate dis-

tinctly from established units. Funding of—and a watchful eye over—these units by the international community has been key to their relative success.

The special prosecutor's unit UFECIC and the anticorruption court circuit discussed above are two examples of new government units or institutions that were created instead of opting for the more arduous task of reforming established units or institutions. Another example is the Special Investigations Unit (SIU), which is a unit within the National Police structure that was created in 2012 and cooperates with, and is vetted by, the DEA. The SIU has been instrumental in the collection of intelligence that has led to the extradition of twenty-two Hondurans charged with crimes by US courts and the capture of numerous others abroad.⁴³ Although there are questions regarding whether the so-called kingpin strategy is the most effective way to combat drug trafficking, in Honduras it has not led to the same sort of turf wars among criminal organizations as seen in Mexico. Furthermore, the value of the intelligence collected by the SIU to the efforts of the DEA and federal prosecutors is clear in the high percentage of guilty pleas and convictions. Without the SIU, the agreement that legalized extradition would have likely not been accompanied by as many captures and extraditions as we have seen to date. Some analysts believe that the extraditions have forced drug traffickers in the country to maintain a lower profile, resulting in fewer homicides related to the trade.⁴⁴

Another new unit or institution created with the assistance of the international community is the office created to manage the country's MCC compact. Honduras is one of only a handful of countries to sustain the structure charged with implementing the compact, known as the Millennium Challenge Account (MCA), after the completion of the compact. Today, the office is known as INVEST-H, or INVEST-Honduras. This rebranded office has been dedicated to managing funds from international organizations, beginning with infrastructure projects financed by international lenders. In 2014, the office began implementing projects for USAID, specifically to combat the effects of climate change through the Alliance for the Dry Corridor. The grant provided to INVEST-H from USAID is the only one from the development agency that employs a Honduran government institution as the primary implementer.

Meanwhile, Honduras was awarded a \$15.6 million threshold program that was implemented by INVEST-H between 2014 and 2019, and that "focused on improving the trans-

parency and efficiency of public financial management . . . and public–private partnerships . . . by providing technical assistance to key government institutions.” The idea behind threshold programs is to help a country become eligible for compacts (Honduras has been ineligible since 2010). The results of this program, however, were mixed. A preliminary evaluation of the program noted, among numerous impediments to success, a “lack of buy-in” and “insufficient ownership” from government institutions and also that “closing the loopholes that allow for corruption will require ongoing, long-term support.”⁴⁵ In short, the threshold program was hindered by many of the same issues encountered by other anticorruption efforts previously detailed in this report.

Nevertheless, INVEST-H has until recently enjoyed “a reputation for sound program management and a solid track record of efficient implementation” while administering well over \$1 billion in funding.⁴⁶ In roughly fifteen years of operations, the office has experienced remarkably low turnover, with many of the persons in leadership positions having worked there from the beginning.⁴⁷ This continuity owes in part to agreements that give funders a say over certain personnel decisions, but also to a historic lack of political interference in the office. Staff members are also hired based on merit and are competitively compensated. This likely owes in part to a recognition on the government’s part of the need for foreign assistance and the political gains to be had from the projects they fund. In public remarks, President Hernández often makes the claim that his administration will leave Honduras with the best highways in Central America.⁴⁸ Although this claim is debatable, what is not is that a significant percentage of these improvements have been implemented by INVEST-H. According to a report by the CNA, they have also been built at the highest cost per mile in the region, suggesting that price inflation might have gone undetected.⁴⁹

Recently, INVEST-H and its longtime director have become embroiled in a scandal over the management of COVID-19 funding, leading to the director’s resignation and the opening of a criminal investigation. US foreign assistance grantees the CNA and A More Just Society, or ASJ for its Spanish initials, released damning reports alleging that purchases were made at grossly inflated prices,⁵⁰ most notably a number of mobile hospitals that were overvalued by nearly \$2 million each.⁵¹ Furthermore, a report from ASJ outlined grave errors that were made in the purchase of COVID-19 test kits that resulted in serious testing deficiencies for the first two months of the pandemic.⁵² According to the report,

established protocols that govern large purchases were bypassed, a common issue in Honduras, where often the problem is not the law but adherence to it. The revelations of apparent mismanagement by INVEST-H raise questions about the depth of past audits, which might not have caught previous examples of price inflation or political favoritism. They have also caused serious, perhaps irreparable, harm to the unit's reputation. Before the pandemic, few in the country were even aware of the unit, much less its director. But now both have become household names as symbols of the corruption and ineptitude that have plagued the Honduran government's response to the pandemic. This could present a new challenge for any future projects implemented through the unit. Nevertheless, international lenders have few alternatives within the government. Relative to its counterparts, such as the Public Works Ministry—which is plagued by allegations of unfinished projects, money laundering, and links to drug traffickers—INVEST-H has performed well, if not as well as its funders might have hoped.

UFECIC, the anticorruption court circuit, the SIU, and INVEST-H—all government units or institutions staffed entirely by locals—dispel the myth of a lack of capacity as an impediment to progress. Although these special units operate as islands within the government, which is a concern for long-term development, and they are not immune to problems, the current political context in the country appears to largely exclude other options.

Strengthening Civil Society

US assistance efforts have attempted since at least the 1980s to strengthen civil society in Honduras. Approaches have ranged from laissez-faire management of large disbursements to extreme oversight of microgrants, with mixed results. Successful programs demonstrate opportunities for a change of approach.

Compared with El Salvador and Guatemala, Honduras is generally considered to have the weakest civil society in the region. In the 1980s, US foreign assistance tried to address this weakness by helping to found nonprofit organizations—a few of which operate to this day—and by providing grants with few strings attached. The results, however, were mixed, and some of the funding was allegedly misused. Consequently, the strategy changed with time to awarding contracts instead to US-based contractors that provide small subgrants to local civil society organizations (CSOs). Often, the contractors have been tasked with strengthening civil society, but these results have also been mixed. To-

day, only two CSOs in Honduras are direct implementers of USAID contracts—the National Anti-Corruption Council and FUNADEH, which was founded in 1983 with US support. In order for the goal of strengthening civil society to be achieved, a healthy medium between the strategy employed in the 1980s and that of more recent times will need to be found.

One example of such a strategy is the transition of management of outreach centers, a component of a program called *Alianza Joven Honduras* (Honduras Youth Alliance), from the US contractor Creative Associates to the Honduran organization FUNADEH, what Creative calls a legacy program. Although finding a local organization to carry on the management of the outreach centers was not one of the program’s original objectives, very early Creative began the process of searching for a legacy partner in order to improve upon the sustainability of past projects. The two organizations first began collaborating when FUNADEH saw an opportunity to conduct some of its training programs at the outreach centers. After observing FUNADEH’s work, Creative suggested that they build an outreach center together, and then it later provided subgrants for the management of more centers. The end goal was to test FUNADEH’s potential.

At first, there were issues of organizational capacity. Ultimately, the biggest difference maker came when FUNADEH received a funding boost from USAID, which awarded the organization its own grant and made it a direct implementer. This increased funding allowed it to hire more qualified staff, including the eventual absorption of several employees from Creative’s team. Key to obtaining the grant was help provided by Creative staff members in the proposal process, which is notoriously complicated for local CSOs. The grant provided to FUNADEH ran concurrently with that of Creative’s for the outreach centers for at least one year, allowing the organizations to work together to ensure a smooth, gradual transition. In contrast to other programs without a legacy partner, instead of Creative winding down a project in its final year, efforts were spent on ensuring the program’s long-term sustainability. In all, the transition process was spread out over three to four years.

Since the transition, FUNADEH has capably managed the outreach centers, made further strides for their sustainability, and even opened several new locations. FUNADEH has developed more alliances with municipalities, the private sector, and community leaders that have made the outreach centers largely sustainable without significant external fund-

ing. Although some question the effectiveness of the outreach centers in meeting the objective of reducing violence, clearly lessons can be learned from the legacy partnership for strengthening civil society, building local capacity, and fulfilling the goal of working with more local actors.

The experience of FUNADEH compared with recent efforts to strengthen civil society highlights some of the shortfalls of other methods. A number of programs provide subgrants and training to local CSOs. But in the end, although subgrantees were appreciative of the grants and training provided to them, they noted that the grants were too short term and too small to have a sustained impact on the strength of their organizations. Small, short-term grants help the organizations “survive,” but they do not necessarily offer a long-term advantage.⁵³ When the grants end, many organizations are left with roughly the same capacity with which they began. Often, the organizations hire consultants to help fulfill the deliverables for the subgrant, but they lose that added capacity at the end of the grant period. When asked to describe what kind of program would have had a greater long-term impact on their organizations, local CSOs essentially described the relationship that developed between Creative and FUNADEH. Many CSOs recognized their organization’s limitations and expressed a desire for a program that would help them improve sustainably. To achieve this, they cited the need for larger, multiyear grants that provide funding for administrative expenses and for hiring more qualified staff members. They also wanted help with identifying additional revenue streams to become more financially sustainable. One development expert proposed what he called “a mothership” that would operate much like Creative did in its relationship with FUNADEH, guiding the CSOs along the path toward growth with increasing funding and intensive training and assistance.⁵⁴ Such an approach would involve no more risk than other programs and would seem to represent a healthy medium between the strategies engaged in the 1980s (which offered greater freedom to beneficiary organizations) and the more constrained approach of recent years. The local organization ASJ was considered a risky investment by some development practitioners when it received its first subgrant less than a decade ago, but it is now considered by many one of the preferred local partners of USAID and INL.⁵⁵

ASJ is also an organization that has successfully implemented programs similar to those of contractors. An example is ASJ’s Gedeon Project, with funding from INL and Creative Associates’ Proponte Más. Both programs offer intensive counseling to youth who are at risk

of joining a gang or engaging in other destructive behaviors, such as consuming drugs and alcohol. The Gedeon Project, however, works with youth in small groups, while the Propon-te Más program sends trained counselors to work with families. The projects also differ in sustainability. The Gedeon Project remains despite cuts from INL, and ASJ has trained several community groups in the curriculum and methods developed for its program, leading to several self-sufficient replication sites. Propon-te Más, conversely, closed up shop upon the completion of the grant period. Although it is not inherently necessary for all programs to continue beyond the grant period, the successful implementation of the Gedeon Project demonstrates that there are local CSOs capable of implementing large-scale and complex programs, potentially at a reduced cost and with greater sustainability.

It should also be noted that the success of international contractors in the country further dispels the myth of a lack of local capacity. Since the 1980s, the number of highly educated individuals in Honduras has grown exponentially. That international contractors are able to build capable teams made up primarily of locals is evidence in itself. Many who have worked for contractors have acquired a great deal of capacity that could be an asset at local CSOs. But this calls to attention one of the unintended consequences of the presence of the international contractors—local CSOs are unable to compete with contractors for employees when contractors can offer a much more competitive salary. This also leads to heated competition among contractors for staff. As one contractor noted in a quarterly report, “The program has continued to lose administrative and financial staff to other implementing partners with new programs. This quarter, the program lost half of its staff from the Grants Unit.”⁵⁶ The biggest losers in such a bidding war for talent are the local CSOs, which cannot compete with the salaries offered by contractors, which also inflate the salary expectations of top talent long after the contractors leave.

An added benefit of making a more sustainable investment in civil society would be that in Honduras, CSOs are one of the few sectors with merit-based employment, as opposed to employment based on personal or political connections. As such, CSOs are incubators of the next generation of leaders in the country, who will someday become government ministers, legislators, or leaders of civil society. By investing more in local CSOs, more money will make it to Honduras and more, good jobs—the kind that are most difficult to find in the country—will be created. The recent cuts to aid led to the termination of hundreds of these important jobs. A return of the aid with a greater share targeted toward

local CSOs would bring those jobs back and more. In Honduras, the perverse reality is that the higher a person's level of education, the more likely they are to be unemployed. Civil society plays an important role in improving structural mobility.

Efforts to Reduce Violence and Crime

The security situation in Honduras has been the focus of foreign assistance efforts for the better part of this century. CARSI commenced a shift in approach from enforcement to prevention that coincided with the homicide rate peaking as the highest in the world. The rate has since fallen to almost half its peak, but the country remains among the world's most violent. Although some foreign assistance programs have demonstrated success on a micro level, it is difficult to assess their influence on macro-level gains.

In 2011, the homicide rate in Honduras peaked at 86.5 per 100,000 inhabitants. Two main causes of violence have received the most attention from the international community—drug trafficking and gangs. But it is difficult to attribute causes to many of the murders due to the high impunity rate, lack of investigative capacity, and historically poor record keeping. Consequently, there are many divergent theories behind the reduction in the homicide rate in Honduras. The government of Honduras focused on a heavy-handed, *mano dura* approach focused on punishment instead of prevention, creating a new military unit to police the streets, an anti-extortion court circuit and a special antigang task force. As a consequence, nearly 5,000 alleged gang members were detained between 2013 and 2018, and the prison population of the country has swelled to record levels.⁵⁷ Observers noted that the focus on enforcement might have contributed to a short-term reduction in homicide rates, but that without addressing the root causes, it is an unsustainable gain and the long-term harm could be worse. The fact that the homicide rate rose in 2019 for the first time since 2011 suggests that the *mano dura* approach has reached its ceiling. Some analysts point to the cyclical nature of violence, suggesting that a certain amount of the reduction owes to a natural ebb and flow. Others theorize that Honduras, along with the region, went through a process of submission as gangs extended their reach throughout the country. At first, many resisted paying the taxes imposed by the gangs, leading the gangs to demonstrate their power through violence. Now, instead of resisting, people simply pay the tax, close up shop, or flee. In response to the Hernández administration's *mano dura* tactics, the gangs appear to have made the strategic decision to lay low in

terms of violence while focusing on income-generating activities, which includes low-level drug trafficking and extortion, valued at roughly \$200 million annually.⁵⁸ Although statistical evidence is scarce owing to the fact that the crime of extortion is vastly underreported, it is widely believed that extortion has continued unabated even as homicides have decreased. In 2019, the antigang task force reported its highest number ever of formal criminal complaints of extortion. Many believe that drug traffickers made a similar calculation to reduce violence and lay low in light of the extradition agreement signed with the United States. Recent revelations regarding the involvement in drug trafficking by members of the Honduran state suggest that there could also be some sort of a pact between the government and certain drug traffickers to keep violence at a minimum, similar to what has been seen in the past in Mexico.

Several evaluations show modest success for CARSI programs in terms of violence reduction metrics. The homicide rate in Honduras, however, began to decline before CARSI programs could have made an impact; and experts, implementers, and observers note that the statistical data are insufficient to draw conclusions regarding the overall effectiveness.⁵⁹ Furthermore, a significant increase in homicide rates in 2019 occurred in four of the five cities where the US government has employed a place-based strategy under the Strategy for Engagement in Central America. But just as there are insufficient data to determine the overall effectiveness of CARSI, there are insufficient data to evaluate any relationship between the increase in violence and the efficacy of place-based strategies, which were focused on specific neighborhoods, not entire cities.

InfoSegura, or Safe Info, a regional program financed by USAID and the United Nations, has the objective of “improving the quality of information on citizen security at the national and regional levels.”⁶⁰ In Honduras, this is particularly important because there has been a historic lack of available data compared with its neighbors. Although the Violence Observatory at the National Autonomous University of Honduras has been compiling data on violent crimes for years, the public has never had access to data with the same amount of detail that will soon be made available by InfoSegura. Such data would allow, for example, an analysis of the homicide rate or other crime indicators in the neighborhoods where the place-based strategy has been employed. The user-friendly database created by InfoSegura will help inform and evaluate future projects by local CSOs as well as international

missions and will also be a valuable tool for journalists who report on the issues of crime and violence. InfoSegura has also helped streamline the process for collecting data by creating working groups composed of representatives of multiple government institutions as well as the Violence Observatory. It should be noted, however, that in recent years many have questioned the validity of the data collected on crime and violence, and that without more representation from independent actors in the working groups, the questions will likely continue.

One program that has a clear track record of success is INL-funded Rescate, or Rescue, a program created by ASJ, the local CSO. The program addresses another endemic and severely underreported problem—sexual abuse—and it has achieved demonstrated success in both the prosecution and conviction of sex offenders as well as the enactment of structural changes, including the construction of Gesell Chambers, which “allow victims of sensitive crimes like interfamily violence, sexual abuse, or sexual assault to give their testimony before a court—without the fear, shame, and anxiety of appearing in a courthouse.”⁶¹ The Gesell Chamber is similar to the interrogation rooms that are common in the United States, with two rooms separated by a mirrored window. On one side sits the survivor with a psychologist, who asks the questions posed by the judge; and with prosecutors and lawyers on the other side, taking care to formulate the questions in a way that is sensitive to the survivor’s trauma. The program originally began by assisting overworked prosecutors with the investigation of sex crimes involving minors. A team of attorneys—and, crucially, psychologists—helped collect evidence and testimony that aided with the prosecution of sex offenders while also caring for survivors’ mental health. The program then went further, training educators in the prevention of sexual abuse; and training police, prosecutors, and judges in best practices for attending to victims of sexual abuse, advocating for the creation of Gesell chambers and subsequent training of judges, prosecutors, and forensics in their proper use. This led to the adoption of a sexual abuse curriculum and also to the discovery of more cases. To date, there are at least nine chambers across the country; and as a result, survivors of sexual abuse are not repeatedly revictimized by having to testify as many as eleven times.⁶² There is little doubt that many of the sex offenders who were convicted with the help of the Rescate program would have otherwise evaded justice. The program is also an example of a local initiative created to address a problem, as opposed to one developed in response to a call for proposals.

Efforts to Adapt to Climate Change

The early effects of climate change have had a dramatic impact on the incomes and food security of subsistence farmers located within the Central American Dry Corridor. Young adults who grew up in the area are migrating en masse to Honduran industrial hubs or abroad. Low-cost and effective solutions to mitigate the effects of climate change exist, some of which US foreign assistance programs have already begun implementing.

Due to the large portion of the Northern Triangle being located within the Central American Dry Corridor, the region has been one of the most affected thus far by the effects of climate change. Shifting weather patterns that have resulted in more frequent and extended droughts, as well as more flooding when it does rain, have hit subsistence farmers in rural regions the hardest. In recognition of the growing problem, USAID has joined the Alliance for the Dry Corridor, along with other international missions, lenders, and the government of Honduras. To date, the United States has focused its efforts in six departments in Western Honduras, although the Dry Corridor covers roughly the southern half of the country, from its western border with Guatemala to its eastern border with Nicaragua. The United States has supported multiple programs aimed at increasing agricultural productivity, improving nutrition, and watershed management. The results have thus far been mixed, owing perhaps in part to the concentration of activities in coffee-growing regions and the historically low wholesale price of coffee in recent years. An evaluation by the Feed the Future Initiative noted that in Honduras, there has been little to no progress on poverty reduction, but some positive gains in the nutrition levels of young children.⁶³

On the issue of watershed management, there is more clarity. Despite more frequent and extended droughts, annual precipitation levels in Honduras have been largely stagnant. This causes problems such as flooding, because when it does rain, it rains even harder, but also offers opportunities. Thanks to the country's mountainous geography, Honduras is well situated to capture rainwater using the natural canals carved into the mountainsides. With farmers no longer able to depend on the rainy seasons that historically came in May and August of each year, the capture of rainfall is the most effective measure one can take to guard against crop loss.⁶⁴ Through INVEST-H, USAID has financed the construction of large-scale water reservoirs that capture rainfall to be used to irrigate

crops. The construction of the reservoirs has been aided by the development of a tool that analyzes the geography of an area to identify the optimum spot to construct a water reservoir as well as calculate the requisite size and output. The tool was developed under the Support Project for Local Water Planning Project, financed by USAID and implemented by the International Center for Tropical Agriculture with a subgrant to the Zamorano School of Agriculture in Honduras. Zamorano is considered the top agricultural school in Central America and due to its location within the dry corridor, it is also ground zero for experiments in adaptation to climate change. The reservoirs represent a significant initial investment, but they can endure for decades, and without a method for capturing rainfall, farmers who have been experiencing crop loss over the last several years will eventually give up and leave. The greatest challenge with the reservoirs thus far has been one of governance. It is not sufficient to just build the reservoir; farmers need to be educated in its proper use and rules need to be set to avoid conflicts among neighbors. INVEST-H is working on a new strategy to improve the education provided as well as the framework for the communal use of the water.⁶⁵

Reservoirs can also be built on a small scale. Farmers whose fields are in the mountains could dig artisanal reservoirs within natural canals that could be lined with cheap, heavyweight plastic to capture rainfall. If the reservoirs are located at a higher altitude, then farmers could irrigate their fields using only gravity. This is a low-cost, high-reward method developed by Zamorano, but few farmers in the dry corridor have been educated about it. As one interviewee noted, scientists have yet to develop a seed that does not require photosynthesis, and therefore access to water must be the foundation of all other efforts to adapt to climate change. The enduring economic downturn caused by the COVID-19 crisis will only increase the importance of agriculture and food security programs in the coming years.

Summary of Key Findings

To Increase Transparency, Model Transparency

The level of transparency offered by US foreign assistance institutions and the international contractors hired to implement their projects leave much to be desired. Part of this owes to the current hostile environment created by the Trump administration, which has

left the entire aid sector reluctant to discuss development efforts that fall short, out of concern that they might inadvertently promote a narrative that foreign aid is ineffective. But much of the lack of transparency is long established. Contractors often refused to provide financial information that would have allowed for a comparison of the cost for a project to be implemented by contractors or by local CSOs or to calculate the amount of overhead from contractors that never leaves the United States, an aspect of the aid delivery system that is often criticized. Many contractors also appear to have been inconsistent in uploading documentation to the public USAID Development Experience Clearinghouse, a site intended to facilitate access to comprehensive information regarding foreign assistance programs. Information about the projects implemented by contractors is generally difficult to obtain, making it nearly impossible for any form of local oversight. Even many programs that have the explicit goal of promoting transparency in the Northern Triangle lack transparency themselves.

Support and Pressure from the International Community Can Help Combat a Lack of Political Will by Elected Officials

US foreign assistance initiatives are often undermined by local politicians acting out of their own personal interest and who lack the political will to enact changes to the status quo. Recent efforts show that the support of the international community for initiatives and reforms demanded by the people of Honduras can help combat the lack of will from elected officials. A case in point is the international anticorruption commission known as MACCIH, which was demanded by the people, supported by the international community, and achieved unrivaled success in the fight against corruption until support from the United States for the initiative wavered, opening a pathway for obstruction and, ultimately, the disintegration of the commission. Experts say that any future attempts to combat corruption that involve government institutions could be strengthened by requiring further proof of the political will needed for success. In the case of MACCIH, this could have included long-sought-after structural reforms, such as the passage of a plea bargain law; the abolition of the Law of State Secrets, which maintains an unjustifiably large portion of public spending as classified; or changes to the hierarchical structure of the public prosecutor's office that would provide greater autonomy to prosecutors.



The Conditions Placed on Aid through the Strategy for the Engagement of Central America Are Too Broad and Ambiguous

The announcement at the height of the 2017 postelectoral crisis that the US government had certified the progress made by Honduras on the conditions set by Congress drew widespread criticism because of the broad sense that the elections had been tarnished by irregularities. Although some of the criticism owed to a lack of understanding of the conditions and the tense atmosphere of the moment, there were legitimate arguments to be made that the country had not achieved sufficient progress at that moment to warrant certification. Fears among some in the US government that disrupting assistance to Honduras could have had counterproductive consequences might also have been a factor. Many interviewees point to the more streamlined approach to conditions for eligibility adopted by MCC as an example to follow that would make the conditions clearer and less subjective. Congress has proposed a similar streamlining of conditions that would reduce the number of conditions to five, as opposed to the current sixteen.⁶⁶ Others suggest that the conditions should be even more specific and tied to the passage of certain laws or reforms that would create more optimal conditions for the country to develop and aid programs to be successful.

The Cohesion, or Lack Thereof, Between Foreign Policy and the Objectives of Foreign Assistance Programs Affects Outcomes

Local and international observers of US relations with Honduras note the frequent tension—and lack of coordination—between development and policy objectives. Even as the United States seeks to press for greater accountability, it continues to interact normally with a president who gained reelection through questionable means and was credibly linked in a US courtroom with involvement in drug trafficking. This dynamic conveys the sense that long-standing development and governance objectives in Honduras—including efforts to combat impunity—have been subordinated, and that as long as the Honduran government bends to the migration enforcement policies of the United States, it enjoys *carte blanche* to do what it wants. This has left several US-backed programs without the political coverage required for success. The highest-profile example of this diplomatic withdrawal is the departure of MACCIH. The US government was quiet during most of the negotiations, only to suddenly become vocally in favor of MACCIH and then once again

go quiet when the negotiations entered their most crucial stage. If the United States had maintained diplomatic pressure in line with its programs and objectives to fight corruption, it is arguable that MACCIH would have remained.

Heavy-Handed Law Enforcement Policies Have Likely Reached Their Limit on Violence Reduction

Although US foreign assistance has shifted toward prevention, pulling the Honduran government in the same direction, local funding and efforts still go mostly to enforcement. In 2019, the national homicide rate rose for the first time since 2011. Notably, the homicide rate rose in four out of the five cities where the US government has employed a comprehensive, place-based approach. Furthermore, there is no evidence to suggest that other forms of violence, such as extortion, have ever been reduced. Local observers suggest that any temporary reductions in violence that might have been achieved by President Hernández's heavy-handed *mano dura* approach likely reached their limit.

Foreign Assistance Should Have More Flexibility to Respond When Opportunities Arise

The upcoming November 2021 general election will have a major effect on the foreign assistance programs to be carried out in Honduras in the coming years. The outcome of the election could present new opportunities or harden the impediments to progress that are currently in place. The current structure of US foreign assistance allows little flexibility to respond to a country's changing political context. Grouping together the three countries of the Northern Triangle makes the process all the more rigid and fails to recognize the numerous differences between the countries. Designating funds to projects in Honduras before knowing the result of the next election and without allowing for substantial flexibility could lead to lost opportunities and programs whose designs are not anchored in the political reality of the moment.

The Proposal-and-Bidding Process Should Be Made More Accessible to Local Organizations

Just as many foundations in the United States are exploring how to make their grant-making process accessible to a more diverse set of organizations, US foreign assistance

needs to examine how it could make its own process more accessible to local CSOs. One relatively easy solution would be to translate all relevant documents into Spanish and accept proposals in Spanish. Beyond that, it is necessary to do a better job of publicizing grant opportunities locally and educating CSOs on how to compile a successful bid or grant application.

Efforts to Strengthen Civil Society Require a Change in Strategy

Without funding that permits CSOs to do more than just “survive,” they will not be able to hire highly qualified staff members or retain the capacity acquired as a result of program participation. The transition of one project from a US contractor to a local CSO provides a potential model. The success of other organizations that have received larger subgrants or become a direct implementer show that there is a foundation of capacity on which to build in local CSOs. Furthermore, the fact that US contractors are able to staff their local offices with highly qualified individuals dispels any myth of a lack of capacity.

Evaluations Should Be More Focused on Outcomes, Rather Than Deliverables, and Should Continue for Several Years Beyond the Project

For a program that has the objective of strengthening civil society, an evaluation should be more focused on whether civil society emerged demonstrably strengthened rather than how many members of civil society received training. The former is more difficult to measure than the latter, and it requires a commitment that endures several years beyond the program’s completion. MCC, which conducts follow-up evaluations at six-month intervals for several years after a project’s completion, is a model to be followed.

The US Government’s Damaged Reputation in Honduras Has Harmed Development Efforts

The US government’s tepid response to the 2009 coup, its validation of the disputed 2017 election, and its unwavering support of President Hernández despite serious corruption and drug trafficking allegations have damaged its reputation in the eyes of many in Honduras. As a result, some CSOs have enacted, as a matter of policy and principle, to refuse any funding from the US government. Organizations that have received US funding have been criticized to the detriment of their programs.

There Is a Lack of Coordination Between International Missions and the Honduran Government

Representatives of international missions noted that the Honduran government has been excluded from Group of Sixteen working groups. In other countries, they explained, the local government has a representative in each working group that is usually a minister whose department is related to the theme. The lack of local representation is symptomatic of the widespread distrust of the Honduran government. Furthermore, there is little coordination between the international missions, which often appear unaware of their counterpart's activities, even when the activities pertain to the same cause.⁶⁷

Conclusion

The current political environment in Honduras presents serious challenges for US foreign assistance programs and objectives, particularly in the priority areas of governance and security. With greater local buy-in, efforts to promote prosperity suffer from fewer impediments. A more holistic approach focused on root causes, adopted first under CARSI and then expanded under the Strategy for Central American Engagement, has produced promising results as well as lessons that can be learned from and built upon. Failures and shortfalls also provide valuable insight. The efficacy of some programs could be immediately improved by an alignment of US foreign policy with the objectives of US foreign assistance. With many programs prematurely cut in 2019, or winding down their grant periods at the end of 2020, the US general election in November 2020 and a highly consequential general election in Honduras a year later, opportunity abounds to reshape the US government's approach to foreign assistance in the country. The COVID-19 pandemic presents new challenges and makes programs aimed at increasing food security and adapting to climate change all the more important. The pandemic and global economic recession augment the importance and immediate need of foreign assistance. In general, future programs should place an emphasis on equitable partnerships with local actors that nourish the latter's growth. They should take care to be anchored in the political reality of the moment and avoid the pitfalls of the past. They should enjoy sufficient flexibility to respond to opportunities. The State Department should learn from the mistakes made

during past elections in Honduras and the full weight of the US government should be leveraged to ensure a free and fair election in November 2021. The consequences of another election marred by allegations of fraud would reverberate for at least a decade. An election that enjoys widespread legitimacy would lay a strong foundation for successful future programs and should arguably be considered the top priority. US policymakers must also reconcile the appearance of acting at cross purposes with respect to President Hernández. Honduran citizens are understandably confused when US officials interact normally with a leader identified by US prosecutors as a potential co-conspirator in a drug trafficking case, and who would appear at risk of indictment in the future. That probability is not lost on Hernández, and any actions taken by his government during its final months should be viewed with that context in mind. As long as foreign policy and foreign assistance objectives and actions continue to diverge, the efficacy and impact of both will be less than what they could be. In few countries is this gulf—and its consequences—more evident than in Honduras.

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Photo credit: Honduran Farmer presenting his pineapple crops on a local market. Shutterstock/ JKom, 2013.

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