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Aligning Parallel Paths:

Recommendations for US–Mexico Collaboration to Address the Root Causes of Irregular Migration from Northern Central America

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Acronyms

A4P: Alliance for Prosperity (*Alianza para la Prosperidad*)

AICD: Agencia Interamericana para la Cooperación y el Desarrollo (*Interamerican Agency for Cooperation and Development*)

AMEXCID: Agencia Mexicana de Cooperación Internacional para el Desarrollo (*Mexican Agency for International Development Cooperation*)

ARCO: Alliance for Root Causes and Opportunities (*Alianza para Causas Fundamentales y Oportunidades*)

CABEI: Central American Bank for Economic Integration (*Banco Centroamericano de Integración Económica*)

CAF: Corporación Andina de Fomento (*Andean Finance Corporation*)

CAFTA-DR: Dominican Republic–Central America–United States Free Trade Agreement (*Tratado de Libre Comercio entre República Dominicana, Centroamérica y Estados Unidos*)

CARI: Central American Regional Initiative (*Iniciativa Regional Centroamericana*)

CARSI: Central America Regional Security Initiative (*Iniciativa Regional de Seguridad en Centroamérica*)

CDP: Comprehensive Development Plan (*Plan de Desarrollo Integral*)

CIEMS: Comisión de Interconexión México-SIEPAC (*Mexico-SIEPAC Interconnection Commission*)

COMEXI: Consejo Mexicano de Asuntos Internacionales (*Mexican Council on Foreign Relations*)

CPI: Corruption Perceptions Index (*Índice de Percepción de la Corrupción*)

ECLAC: Economic Commission for Latin America and the Caribbean (*Comisión Económica para América Latina y el Caribe*)

ESG: Environmental, Social, and Corporate Governance (*Gobernanza Ambiental, Social y Corporativa*)

FAO: Food and Agriculture Organization (*Organización de las Naciones Unidas para la Alimentación y la Agricultura*)

FIPAMEC (also Yucatán Fund): Fondo de Infraestructura para Países de Mesoamérica y el Caribe (*Infrastructure Fund for Mesoamerican Countries and the Caribbean*)

GDP: Gross Domestic Product (*Producto Interno Bruto*)

GTI: Grupo Técnico Interinstitucional (*Technical Interinstitutional Group*)

IADB: Inter-American Development Bank (*Banco Interamericano de Desarrollo*)

ICEX: Spanish Foreign Trade Institute, (*Instituto Español de Comercio Exterior*)

ICO: Instituto de Crédito Oficial de España (*Spanish Official Credit Institute*)

IMSS: Instituto Mexicano del Seguro Social (*Mexican Institute for Social Security*)

INCAE: Instituto Centroamericano de Administración de Empresas (*Central American Business Administration Institute*)

MCC: Millennium Challenge Corporation (*Corporación del Reto del Milenio*)

MP: Mesoamerica Integration and Development Project, or Mesoamerica Project (*Proyecto de Integración y Desarrollo de Mesoamérica* or *Proyecto Mesoamérica*)

NAFTA: North American Free Trade Agreement (*Tratado de Libre Comercio de América del Norte*)

NGO: Non-Governmental Organization (*Organización No Gubernamental*)

OAS: Organization of American States, (*Organización de los Estados Americanos*)

ODA: Official Development Assistance (*Ayuda Oficial al Desarrollo*)

PPP: Puebla-Panama Plan (*Plan Puebla-Panamá*)

RICAM: Red Internacional de Carreteras Mesoamericanas (*International Network of Mesoamerican Highways*)

SG-SICA: Secretaría General del Sistema de Integración Centroamericana (*General Secretariat of the Central American Integration System*)

SIECA: Secretaría de Integración Económica Centroamericana (*Secretariat for Central American Economic Integration*)

SIEPAC: Sistema de Interconexión Eléctrica de los Países de América Central (*Central American Electrical Interconnection System*)

SRE: Secretaría de Relaciones Exteriores (*Mexican Foreign Ministry*)

UN: United Nations (*Organización de las Naciones Unidas*)

UNDP: United Nations Development Programme (*Programa de las Naciones Unidas para el Desarrollo*)

UNICEF: United Nations International Children's Emergency Fund (*Fondo de las Naciones Unidas para la Infancia)*

USAID: United States Agency for International Development (*Agencia de los Estados Unidos para el Desarrollo Internacional*)

USMCA: United States-Mexico-Canada Agreement (*Tratado entre México, Estados Unidos y Canadá*)

WTO: World Trade Organization (*Organización Mundial del Comercio*)

Executive Summary

The current Mexican and US presidential administrations led by Andrés Manuel López Obrador and Joseph R. Biden respectively made commitments to collaborate to address rising regional migration rates, especially those from El Salvador, Guatemala, and Honduras. In fact, in 2021, they formally announced the establishment of *Sembrando Oportunidades*, a bilateral framework **to improve coordination of resources and expertise between their international cooperation agencies** to address the root causes of migration.

Against this backdrop, and starting in the summer of 2021, the Mexico Institute of the Wilson Center and the *Consejo Mexicano de Asuntos Internacionales* (COMEXI) embarked on a collective thinking exercise around how the US and Mexico, working together, could **add value to their individual efforts to address the migration phenomenon**. This policy paper is the result of conversations and interviews with representatives of governments, international organizations, the private sector, civil society organizations, and academia as well as research and analysis conducted by the project team.

This paper has three substantive sections. The first one provides an overview of **historic migration patterns** from El Salvador, Guatemala, and Honduras into the US, an examination of the root causes that drive emigration from these countries, and an overview of the international development cooperation landscape in the subregion. This examination is founded on the fact that migration from Northern Central America has been steadily increasing, with the number of nationals living outside of these three countries reaching a historic high of 4 million in 2020, linked to various root causes, including lack of employment and economic opportunities.

The second section traces the US and Mexico's past individual and collaborative development efforts in the subregion. Both countries have been engaged individually in Northern Central America for a long time, with the US focusing on economic development, security, democratic governance, rule of law, and environmental sustainability, through vehicles such as the Millennium Challenge Corporation and the Opportunity Alliance. In contrast, Mexico has traditionally emphasized socio-economic development through trade facilitation and infrastructure projects under the Plan Puebla-Panamá, (rebranded as the Mesoamerica Project in 2008), and the **first specific attempt at pinpointing efforts in El Salvador, Guatemala, and Honduras through the Comprehensive Development Plan (CDP) in 2018.**

The main finding of this section is that both countries **started to coordinate their efforts** in the subregion during the last decade, with the 2014 unaccompanied minors crisis serving as catalyst for increased collaboration, notably through the Alliance for Prosperity (A4P). The most recent development that has also followed the previous collaboration trend is *Sembrando Oportunidades*. Additionally, we conclude that the CDP most accurately reflects the preferences of the countries in the region. **Aligning the bilateral efforts of the US and Mexico with the needs of El Salvador, Guatemala, and Honduras is pivotal to ensuring success.**

Finally, the third section presents five recommendations that fall **under a larger-scale, umbrella recommendation: that dialogue as the basis for coordination between the US and Mexican development agencies and governments with the Northern countries of Central America should be prioritized** as new administrations

take office in Washington, DC, and Mexico City in the coming months. These recommendations, based on the CDP, do not represent an inventory of all the needs of these countries, nor are they a list of all the issues on which the US and Mexico could work. Instead, they encompass the areas in which bilateral collaboration could have the largest impact. All of them are linked to sustainable development. As the project moved forward, the project team discussed whether to include areas such as security and violence. However, as the history of the engagement of the US and Mexico in the subregion shows, the overlap is in the socio-economic realm. Before expanding collaboration to other areas, it would be important to consolidate early achievements.

The success of joint engagement depends on the political will of leaders in the US and Mexico. For this reason, the five recommendations are ranked on a scale of the required effort and difficulty with the view that their implementation could add value to existing development efforts and create new pathways for development. The (1) **Youth and Employment** and (2) **Small Farmers and Profitable Crops** recommendations are the ones needing low effort. By continuing to foster **complementarities and alignment** between projects and programs implemented by USAID and AMEXCID in these two sectors, as well as by promoting private sector partnerships at the local level, additional job opportunities and sustainable supply chains can be created. Strengthening the evaluation of these programs could prove pivotal to preserving or improving them, or even attracting additional donors.

The **(3) Trade Facilitation** recommendation requires a medium level of effort to go beyond the current efforts through greater reliance on existing bilateral knowledge. The fact that the three Central American countries (whose priorities in the CDP do not always align) highlight trade facilitation as a need, suggests that a joint US-Mexico effort can have a sustainable impact in the subregion if it fosters a sense of ownership for Northern Central America. In the context of *Sembrando Oportunidades*, they could coordinate to identify relevant government agencies and authorities that can provide technical assistance for border modernization based on the experience of the 21st Century Border Management Process.

The two recommendations on **energy** are the ones that require the highest effort and would require a large amount of investment and most importantly, political will. Regarding (4) **Electrical Interconnection**, the **US and Mexico could talk to local actors in Guatemala** to promote the connection of Mexico to SIEPAC. Furthermore, they can use their good offices to help Northern Central American countries reach a deal regarding common energy procurement between themselves and Mexico, while accommodating Guatemalan concerns. As for the (5) **Gas Pipeline**, Mexico could go back to the original proposal of the prosperity pipeline connecting the Mexican system through Tapachula, Chiapas, on the border with Guatemala. Once this is done, together with the US, funding in Multilateral Development Banks could be secured.

Deepening the cooperation between US and Mexico provides an opportunity to ensure that both governments remain together in subsequent efforts in their quest to achieve sustainable development in the region, complementing each other's mechanisms and goals.

I. Introduction

The United States and Mexico have confronted irregular migration in their bilateral relationship for decades. In addition to the undocumented Mexicans crossing the border, there are other migrants who cross into the United States through the border with Mexico, especially coming from El Salvador, Guatemala, and Honduras.[1] The current Mexican and US presidential administrations, led by Andrés Manuel López Obrador and Joseph R. Biden, respectively, made commitments to collaborate to address rising regional migration rates.

This commitment to collaborate can be seen most clearly in the *Sembrando Oportunidades* initiative, launched in December 2021. Under this, the US Agency for International Development (USAID) and the Mexican Agency for International Development Cooperation (AMEXCID) are coordinating their efforts to tackle the structural drivers causing people to leave their homes in northern Central America.

In the summer of 2021, the Mexico Institute of the Wilson Center and the *Consejo Mexicano de Asuntos Internacionales* (COMEXI) embarked on a collective thinking exercise around how the United States and Mexico, working together, could add value to their individual efforts to bolster sustainable development in northern Central America. Three virtual plenary meetings were conducted under the Chatham House rule, and the project teams interviewed and had conversations with various stakeholders in government, international organizations, the private sector, civil society organizations, and academia to incorporate their visions.

Since the project began, events linked to US-Mexico bilateral collaboration in support of economic development in Central America confirmed the relevance of the issue. For instance, in June 2021 Vice President Kamala Harris held private talks in Mexico City with Mexican President Andrés Manuel López Obrador and expressed the intention for both countries to tackle irregular migration from Central America.[2] More recently, a February 28, 2024, Trilateral Migration Ministerial hosted by the United States with Mexican and Guatemalan representatives confirmed that visions have started to converge. US Secretary of State Antony Blinken talked about "a shared commitment to safe, orderly, humane migration" and mentioned that the three countries were "attuned to the importance of focusing on root causes." Mexican Secretary of Foreign Affairs Alicia Bárcena also referred to "a shared vision" and the relevance of "finding solutions…with a more regional perspective."

This policy paper—the result of the meetings, interviews, and conversations—is divided into three sections. The first provides an overview of the trends in migration from the subregion to the United States and Mexico over time to illustrate the significance of irregular migration. Next, it highlights the root causes of migration, which must be understood if they are to be addressed. Finally, the section provides an overview of international development efforts in the region. The root causes of irregular migration are varied, and thus, to comprehensively address them would require activities in the economic, environmental, political, and social spheres.

However, the meetings, interviews, and conversations conducted by the project team found that sustainable development was the area in which enhanced collaboration between both countries' development agencies, and the governments more generally, could be most productive. Although we recognize the importance of other root causes of irregular migration, such as corruption, violence, and poor governance, this paper and its recommendations

focus mainly on the socio-economic aspect, as this area offers the best opportunities for increased cooperation between the United States and Mexico.

The second section provides a historical perspective on US and Mexican engagement in the subregion, both individually and jointly. It describes the programs both countries have launched, as well as their thematic focus and the main issue areas they considered. These examinations make it possible to identify differences in today's collaboration model compared to past efforts and trace its evolution.

Finally, we present five recommendations for actions that the United States and Mexico can take to add value to subregional development efforts. They are neither an inventory of all these countries' needs, nor a complete list of issues that the United States and Mexico could work separately to address. Instead, they are carefully selected areas where both countries, working together, can make a difference in the development efforts of northern Central America. It should be noted that these recommendations are predicated on the preservation and prioritization of dialogue among the United States, Mexico and the three countries of the subregion.

As previously mentioned, the recommendations are limited to sustainable development and classified according to how challenging they may be to achieve. The first two refer to youth and employment, and to small farmers and profitable crops—two areas where it is possible to build on the current work of USAID and AMEXCID. The third recommendation refers to technical assistance in border management based on shared experience. The foundation of this recommendation is the possibility of a spillover effect in El Salvador, Guatemala, and Honduras from increased nearshoring investment in the North American region and the potential to expand value chains into Northern Central America. The last two recommendations, concerning energy, are the boldest, as they require political will and large sums of money. Addressing electricity and gas specifically, they are premised on the conviction that the availability of reasonably priced clean energy can be the basis for Central America's economic takeoff.

The analysis presented here is the result of a thorough examination of the possibilities that a joint effort between the United States and Mexico could produce in northern Central America. The intention is that, in the context of electoral processes occurring on both sides of the border, the incoming administrations can rely on this policy paper to help keep a collaborative dialogue and deepen their efforts to make them bolder and sustainable.

II. Background

A. Migration Out of El Salvador, Guatemala, and Honduras

Migration out of El Salvador, Guatemala, and Honduras has been characterized by high volumes and changing trends. In the past two decades, the number of people leaving these countries has significantly increased. From 2000 to 2020, the number of nationals from El Salvador, Guatemala, and Honduras living outside of their country of origin increased by 111%, from 1.7 million people to nearly 4 million people, the equivalent of 12% of the subregion's population in 2020.[3]

The United States is by far the most popular destination, with about 3.4 million migrants from El Salvador, Guatemala, and Honduras residing there as of 2020, which accounts for 86.3% of their total migrant stock, both regular and irregular, according to the UN Department of Economic and Social Affairs.[4] While many Salvadoran, Guatemalan, and Honduran nationals live in the United States legally, people from those countries make up the second-largest group of undocumented people living in the United States, with 55% of immigrants from the region estimated to be undocumented in 2015.[5] Despite the high number of undocumented immigrants from El Salvador, Guatemala, and Honduras, a large share of migrants do not make it past the US border. In 2021, Salvadorans, Guatemalans, and Hondurans made up 39.1% of the 1,865,379 noncitizen apprehensions at the border, a significant increase from 2012, when they made up less than 19% of the 795,735 apprehensions, indicating increasing encounters at the US border.[6]

While the United States has historically been the primary destination for migrants from the subregion, migration patterns have evolved and other countries have been growing in popularity. Mexico, for instance, has seen a significant increase in the number of migrants from these countries. A 2022 report by the Mexican government's Migration Policy Unit reported 27,245 Salvadorans, 69,515 Guatemalans, and 72,928 Hondurans in an irregular migratory situation in Mexico.[7] In that same year, Mexico returned 4,281 Salvadorans, 44,959 Guatemalans, and 40,700 Hondurans, totaling 84.8% of all returns from Mexico that year.[8] Mexico is no longer just a transit country, as more migrants from El Salvador, Guatemala, and Honduras have been choosing to make it their final destination. From 2000 to 2020, the migrant stock from the three countries documented in Mexico increased by 160.3% to 101,889 people, according to the United Nations.[9]

B. Drivers of Irregular Migration

The increased migration and shifting pattern of destination observed in the past 20 years demands a better understanding of underlying issues. Residents of El Salvador, Guatemala, and Honduras face high levels of corruption, chronic insecurity and violence, and poor governance, all of which impact a migrant's decision to leave. For minors, reunification with family members who have already emigrated is a major driver of migration. The subregion also exists within the Dry Corridor, an area that is particularly vulnerable to the effects of climate change and thus experiences high levels of food insecurity. Finally, economic insecurity is identified as a key driver of migration as well as the sector in which bilateral cooperation has the most potential to make a difference. By understanding the causes of irregular migration out of the region, it is possible to address those needs and then propose a new set of mitigation actions.

Underdevelopment in the subregion is impacted by high levels of corruption. The extent of corruption—which includes extortion, bribery, fraud, embezzlement, and favoritism—is, by nature, difficult to fully capture.[10] Therefore, measures of a country's corruption are dependent on the *perception* of corruption present. El Salvador, Guatemala, and Honduras have consistently fallen below the global average for their perceived level of public sector corruption in Transparency International's Corruption Perceptions Index since 2012—the first year with available data—indicating a highly corrupt public sector.[11] Additionally, all three countries had higher levels of perceived corruption in the public sector in 2022 than they had in 2012, indicating worsening corruption over

time.[12] Corruption in the region disenfranchises citizens and pushes them to migrate, according to a 2023 report by the Immigration Forum and Migration Policy Institute.[13] Corruption also has a negative impact on economic growth, poverty rates, political security, human rights, environmental protections, and rates of violence—all factors that motivate people to migrate.[14]

Chronic insecurity and violence are yet another factor that pushes people to migrate from El Salvador, Guatemala, and Honduras and seek asylum in the United States, Mexico, and other Central American countries.[15] Drug trafficking and gang activity pose security risks for people in all three countries, which are classified as having high criminality and low resilience against said criminality.[16] The region suffers from high homicide rates, with the three countries falling within the top 25 murder rates per 100,000 globally in 2021, though El Salvador's murder rate has been dramatically falling since 2015.[17] Notably, women face unique security challenges in the region. The femicide rates in these countries are higher than in other Latin American countries—in 2021, El Salvador had a femicide rate of 2.4 per 100,000 women, Guatemala had a rate of 1.6, and Honduras had a staggeringly high rate of 4.6, the highest in the region.[18] These various risks to personal safety and security drive many to migrate from the region, and violence and insecurity was cited as a main reason for migrating by returnees from Mexico in a 2017-2018 survey.[19]

Corruption and insecurity undermine good governance in the region. The World Bank found that in 2021, each of the countries ranked low in the following categories:

a) Government effectiveness, which looks at perceptions of the quality of public services and the civil service;

b) Regulatory quality, which examines "perceptions of the ability of the government to formulate and implement sound policies and regulations" in the private sector;

c) Voice and accountability, which measures perceptions of how free citizens are to express themselves and select their government."[20]

Low confidence in their government's development initiatives is found to be a driver of migration from El Salvador, Guatemala, and Honduras, and widespread narratives in the subregion persist that "emigration is a failure of the state to provide opportunities."[21] Overall, poor governance undermines trust and pushes migrants to seek more security and opportunities elsewhere.

Family reunification is also a core motivation for migration out of the subregion, according to a 2017-2018 survey.[22] A 2023 report by the Immigration Forum found that the desire to reunite with family members who are in the United States or Mexico can motivate people in the subregion to migrate.[23] Indeed, amongst the drivers of the wave of unaccompanied minors into the United States in 2014, family reunification was cited as the minors' key motivators.[24] Indeed, the Comprehensive Development Plan (CDP) developed by the UN's Economic Commission for Latin America and the Caribbean (ECLAC) cites family reunification as an important driver of unaccompanied minors' migration from the subregion into Mexico.[25]

The CDP cites vulnerability to climate change and natural disasters as a key driver of migration out of the subregion.[26] These countries are all part of Central America's Dry Corridor, a region vulnerable to extreme climate events, such as extended droughts and intense rainfall.[27] These conditions make Salvadorans, Guatemalans, and Hondurans particularly

vulnerable to the adverse effects of worsening climate change, which can manifest as severe droughts and storms, such as hurricanes Eta and Iota in 2020, which displaced at least 937,000 Hondurans and 339,000 Guatemalans.[28]

Agriculture is a significant source of employment in the subregion—15% in El Salvador, 29% in Guatemala, and 25% in Honduras as of 2021—making residents highly dependent on agriculture for their livelihoods.[29] The high reliance on agriculture and susceptibility to extreme weather conditions makes the subregion particularly vulnerable to food insecurity.[30] Indeed, the number of food-insecure people rose from 2.2 million in 2019 to a staggering 6.4 million people in 2021, according to the UN World Food Programme.[31] Additionally, 8 million people in the three countries, or 23.7%, were moderately or severely hungry in 2021.[32] These findings are significant, since people experiencing food insecurity in the region are more likely to commit to migration than their food-secure counterparts.[33]

While all these factors are noteworthy drivers of migration out of northern Central America, this paper will focus on the areas in which the United States and Mexico have the greatest potential to make a sustainable impact. In conversations convened by the Wilson Center's Mexico Institute and COMEXI, sustainable development was identified as the sector where bilateral cooperation is most likely to occur, as well as where that cooperation may have the largest impact on the subregion.

High poverty rates and the perception of limited economic opportunities represent major drivers of emigration from the region as well. A 2017-2018 survey found that unemployment or an economic crisis in their country of origin was the predominant motivation for migrants out of all three countries.[34] Low income and poor working conditions were also found to be drivers of migration in the survey. In a region with such high volumes of emigration mainly attributed to the search for economic opportunities unavailable in their own countries, the narrative of emigration as necessary has become deeply rooted. Thus, emigration became a viable option that is regarded as a respectable way to earn money for one's family, compared with attitudes toward emigration in other regions.[35] The high rates of remittances flowing into the three countries demonstrate the region's dependence on migration to improve economic well-being. Despite high remittance rates and low unemployment rates, high poverty rates persist, which strengthens the belief that emigration is required for financial survival.[36] Ensuring that citizens have access to adequate employment, healthcare, and educational opportunities is necessary to end this cycle.

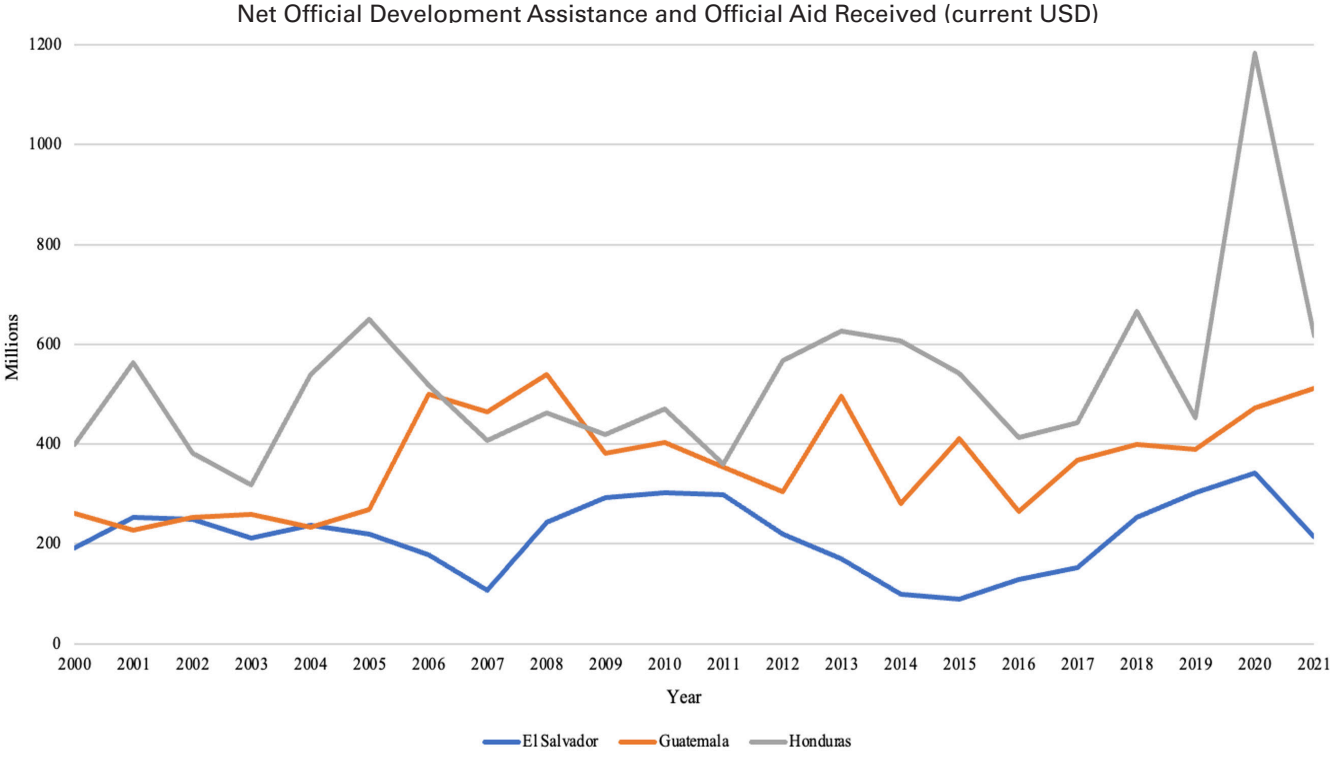
Table 1: Economic Indicators, 2020[37]

	El Salvador	Guatemala	Honduras
GDP (USD)[38]	24.6 billion	77.6 billion	23.8 billion
Poverty Rate (%)	26.2[39]	50.9[40]	57.7[41]
Multidimensional Poverty Rate (%)	7.9[42]	28.9[43]	19.3[44]
Informality Rate (%)[45]	68.8	79.0 (*2019)	82.6 (*2017)
Foreign Direct Investment, net inflows (% of GDP)[46]	1.5	1.3	1
Personal Remittances, inflow (% of GDP)[47]	24.1	14.7	23.5

C. International Cooperation in the Subregion

From 2000 to 2021, El Salvador, Guatemala, and Honduras received increasing levels of official development assistance (ODA) and official aid from the international community.[48] El Salvador received $221.6 million in net ODA and official aid in 2021, a 15.2% increase from 2000. Guatemala received $511.3 million in net ODA and official aid in 2021, an increase of 96.1% from 2000. Finally, Honduras received the most of the three countries in 2021, with $617 million in net ODA and official aid, a 54.3% increase from 2000.[49] While each country has received an absolute increase in aid since 2000, the amount of aid received has fluctuated from year to year, as can be seen in Figure 1. Variations can be due to changing priorities of the donor countries, disasters and emergencies in recipient countries, or changes in donor-recipient relations. The inconsistency of aid into the subregion demonstrates the need for greater coordination and cooperation between donor countries.

Figure 1: Net Official Development Assistance and Official Aid Received for El Salvador, Guatemala, and Honduras



Source: World Bank

Understanding the origins of this aid is important to help identify key stakeholders in the region. From 2020 to 2021, the largest donors of gross ODA in El Salvador were the United States ($148 million), Japan ($51 million), and Spain ($42 million). That same year, Guatemala's largest gross ODA donors were the United States ($204 million), the Inter-American Development Bank (IADB) ($145 million), and European Union institutions ($37 million). Finally, the top gross ODA donors to Honduras from 2020 to 2021 were the IADB ($272 million), the Central American Bank for Economic Integration ($205 million), and the United States ($137 million).[50] In all three countries, the United States is one of the top three donors of gross ODA, demonstrating its willingness to support development. Notably,

however, the ODA given to the three countries accounted for only 1.02% of total US ODA in 2021.[51] Mexico's contributions to the region are delivered as part of the Comprehensive Development Plan established by ECLAC in 2021 which envisaged an investment of $44.7 billion over the course of five years.[52]

Examining the sectors in which aid resources are invested can help identify national development needs and priorities. From 2020 to 2021, the most recent year of data available, the largest sectors of gross ODA receipts in El Salvador were other social infrastructure and services (31.5%), economic infrastructure (18.7%), and education (11.2%).[53] In the same period in Guatemala, the top sectors were other social infrastructure and services (23.2%), health and population (16.1%), and economic infrastructure (14.1%). Finally, during the same period in Honduras, the top sectors were other social infrastructure and services (26.8%), humanitarian aid (18%), and program assistance (14.5%).[54] From this data, social infrastructure and services emerge as a key sector, demonstrating the importance of addressing the basic needs and well-being of people in the region.

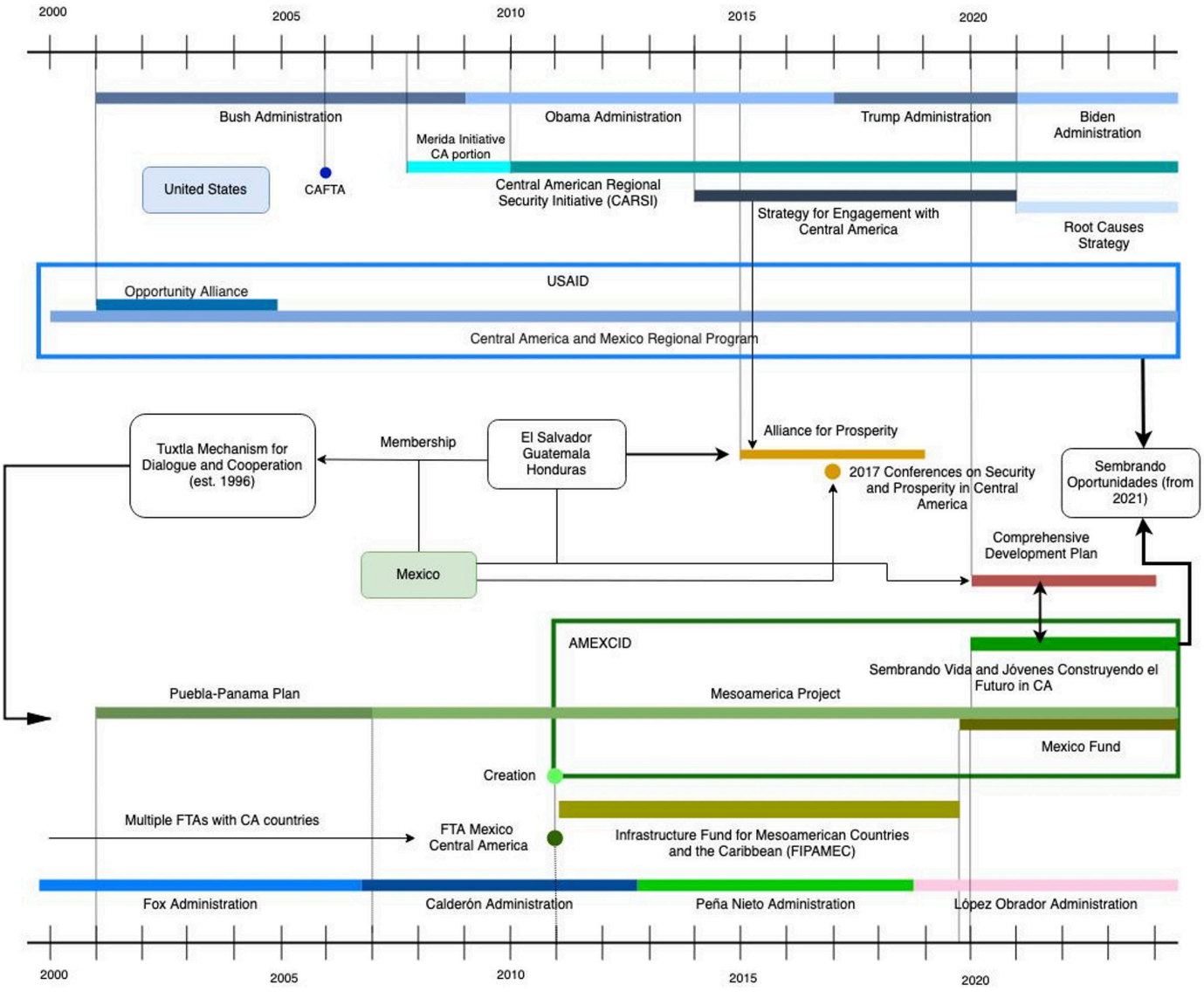
III. Parallel Paths: History of Mexico, US, and Bilateral Engagement with the Subregion

Over the past two decades, the United States and Mexico have promoted initiatives to encourage development in El Salvador, Guatemala, and Honduras, often in separate approaches and rarely through bilateral efforts. The following timeline provides an overview of these different initiatives. This is not a comprehensive overview of the international cooperation efforts of these two governments; it focuses only on those initiatives that included El Salvador, Guatemala, and Honduras, either on their own or as part of the broader Central American region.

Although the United States and Mexico have been active players in the efforts to promote Central America's development, a specific approach explicitly addressing the root causes of migration from the subregion is a recent development, despite some links between previous initiatives and efforts to curb irregular migration. US cooperation has addressed a wide range of topics aside from economic development and environmental sustainability, such as security, democratic governance, and rule of law, while Mexican initiatives have been generally confined to developmental issues and focused on areas like trade facilitation and infrastructure, although they have also incorporated other social issues like housing and food security, both of which are part of the social axis of the Mesoamerica Project (*Proyecto de Integración y Desarrollo de Mesoamérica,* also known as *Proyecto Mesoamérica*, MP) Despite a brief period in which security came to dominate cooperation between the United States and Central America (the first years of the Central American Regional Security Initiative, CARSI), economic and social issues have returned to the fore and were included in the US Strategy for Engagement in Central America, approved by the Obama Administration in 2014. To ensure the subregion's prosperity, going beyond the security sphere provided a common objective that may have served as fertile ground for increasing alignment of US and Mexico activities. Furthermore, the Biden administration launched the Root Causes Strategy in mid-2021, a comprehensive framework that includes activities to address the various underlying reasons of irregular migration divided into pillars, such as combating corruption and strengthening democratic governance, and tackling violence and insecurity. As one of its pillars, the Root Causes Strategy also includes addressing economic insecurity and inequality, which is also one of Mexico's priorities in the subregion.

A joint effort between the United States and Mexico is nonetheless a recent occurrence. Developed as a result of a Memorandum of Understanding signed by both countries in mid-2021 to enhance bilateral cooperation to address the root causes of migration in northern Central America, the *Sembrando Oportunidades* collaborative framework was formally launched in December 2021. The previous collaborative experience consisted of Mexico's alignment with the priorities and objectives of the Alliance for Prosperity (A4P), an initiative advanced in 2015 by the three northern Central American governments and backed by the United States.

Figure 2: Timeline of US and Mexico International Cooperation Activities in Central America



Source: Independent construction based on the research conducted by the team.

A. Mexican Engagement: Attempts at Fostering Development through Regional Integration

In 2001, Mexican President Vicente Fox promoted the creation of a regional initiative, the Puebla-Panama Plan (PPP), to spur development across the Mexican south-southeast and the seven countries of Central America. This initiative built upon previous bilateral and multilateral cooperation efforts undertaken by the Mexican government with the Central American countries during the 1990s, particularly through the Tuxtla Mechanism for Dialogue and Cooperation. Launched on June 15, 2001, the PPP advanced a framework intended to encourage consensus between governments on the design and execution of regional projects, and to facilitate their funding. For the design of the project portfolio itself, the Mexican and Central American governments enlisted the help of various international organizations and development banks, such as the IADB, the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the Central American Bank for Economic Integration (CABEI), among others.[55] These organizations were also included within the PPP as members of the Technical Interinstitutional Group (GTI, for its abbreviation in Spanish), whose main duties were to support the implementation and expansion of eight different initiatives.[56] Ultimately, the main focus of the PPP firmly rested on transport and energy initiatives,[57] which included projects that predated the PPP, such as the Central American Electrical Interconnection System (SIEPAC) and the International Network of Mesoamerican Highways (RICAM).

Between 2001 and 2007, the Mexican government contributed around $1 billion to the PPP, but only $100 million was allocated to projects and activities outside of Mexico, primarily the construction and renovation of sections of the RICAM in Honduras and Nicaragua. The rest was invested in the states of the Mexican south-southeast, while national governments ($400 million) and international donors, particularly the IADB ($1.3 billion) and the CABEI ($1.485 billion),[58] undertook funding for the Central American part of the PPP. However, by the end of 2007 none of the initiatives had completely met their funding goals, and only 3 investment projects (the construction of hospitals in southern Mexico) out of the 39 in the PPP's portfolio had been completed.[59]

The PPP was restructured and relaunched as the Mesoamerican Project for Integration and Development in 2008 to improve its effectiveness. Following criteria to reduce duplication and focus on the regional level,[60] the MP's portfolio was reduced to 22 projects—14 in execution and 8 in the design phase. Another reason behind this relaunch was the need to increase the importance given to areas such as health, housing, and food security.[61]

Regional cooperation within the MP framework had reached $6.3 billion in 2019[62] and $7.3 billion in 2020.[63] Multilateral institutions have been the chief sources of funding for the MP, with the IADB providing $3.9 billion and the CABEI $2.8 billion. Most of these funds have been allocated to energy and transport: by 2019 they had received $1.8 billion and $3.9 billion, respectively. Mexico has been an active donor under the MP framework, providing around $300 million for projects outside its territory through various financial mechanisms, including the Financial Cooperation Strategy for Mesoamerican Countries and the Caribbean.[64] Although other areas were not excluded, the focus of this strategy was on infrastructure projects and programs and on related goods and services, which would be supported with resources drawn from the Infrastructure Fund for Mesoamerican Countries and the Caribbean (*Fondo de Infraestructura para Mesoamérica y el Caribe,* FIPAMEC, also called Yucatan Fund). Both the cooperation strategy and the fund were established by decree in 2011. Between 2012 and 2018, through FIPAMEC, Mexico contributed $107.4 million for the construction of highways and bridges belonging to the RICAM in Belize,

Costa Rica, El Salvador, Honduras, Nicaragua, and Panama.[65] More recently, in 2019, the Mexican government added areas to the priorities of the cooperation strategy, including human capital development or the development of registration, control, and monitoring systems of migration flows.[66] In any case, Mexican financial cooperation has helped fund projects and programs in other areas, in addition to infrastructure. Amongst these is "Mesoamerica Hunger Free AMEXCID-FAO," an ongoing program implemented in collaboration with the UN Food and Agriculture Organization (FAO) to ensure food security and encourage rural development in the Mesoamerican region. AMEXCID contributed $15 million to this program between 2015 and 2022.[67]

Only very recently has the Mexican government purposefully developed an approach to specifically include El Salvador, Guatemala, and Honduras, in lieu of the whole Central American region, through the Comprehensive Development Plan (CDP), which also covers south-southeast Mexico, in line with the previous PPP/MP. This initiative represents an explicit effort to address the root causes of migration in this region, and it was announced on December 1, 2018, by the leaders of the four countries involved.[68] For its design, the signatories enlisted the support of ECLAC, which worked closely with national government agencies and more than 20 UN specialized agencies, funds, and programs operating in the subregion.

Following the presentation of ECLAC's proposals and of several drafts in 2019 and 2020, the CDP was launched on September 17, 2021. The overall objective of this initiative is to not only make migration an option rather than a necessity, but also to strengthen protection of the human rights of migrants in transit, as well as the regularization and integration in destination countries, under the UN Global Compact on Migration.[69] To achieve those objectives, the CDP proposes a portfolio of 15 programs and 114 projects organized into four thematic pillars (economic development, social well-being, environmental sustainability, and comprehensive management of the migration cycle), which represent a total investment of $45 billion over five years. Due to the close collaboration between ECLAC and national governments in developing the CDP, the plan reflects countries' preferences and the projects they seek to prioritize.

It is in this context, and in conformity with its overall objective of addressing the causes of irregular migration, that the Mexican government began implementing two flagship programs, *Jóvenes Construyendo el Futuro* and *Sembrando Vida* in El Salvador, Guatemala, and Honduras; both programs are part of the CDP. In early 2019, the Mexican government implemented these two programs in Mexico, *Jóvenes Construyendo el Futuro* through the Ministry of Labor and Social Welfare and *Sembrando Vida* through the Ministry of Welfare. *Jóvenes Construyendo el Futuro,* a conditional cash transfer program for youth aged 18-29 who are neither studying nor working, was launched in Mexico in 2019. Beneficiaries receive training in companies or the public sector for up to 12 months, during which time they receive a monthly stipend of around $370 (6,310 MXN) and medical insurance provided by the Mexican Institute for Social Security (IMSS). Tutors in the office where they are placed monitor their activities. Beneficiaries are expected to work 25 to 40 hours per week and can change their placement once. Upon completion of the program, they can either be hired where they have been working or join the National Employment Service, which is a program in the Ministry of Labor devoted to facilitating access to formal work opportunities.[70] More than 2.5 million people have directly benefited from this program in Mexico.[71] President López Obrador had claimed that half the participants have been hired by the companies where they were trained.[72]

Sembrando Vida's objective is threefold: tackling rural poverty, ensuring food security, and halting environmental degradation.[73] The program provides a conditional cash transfer to farmers older than 18 that live in the poorest rural areas of Mexico and who have 2.5 hectares or more available to implement an agroforestry project. Farmers receive plants and seeds to plant fruit and timber trees, technical assistance, and a monthly stipend of $360 (6,000 MXN). So far, there have been more than 455,000 beneficiaries, 31% of whom are women.[74]

Abroad, these programs are wholly funded by Mexico and implemented directly by AMEXCID. Both programs meet several of ECLAC's recommendations for the CDP, such as establishing sustainable agroforestry production systems, improving productive practices, providing technical agricultural support (*Sembrando Vida)*, and offering job training and economic incentives to young people while developing their technical skills to increase employability (*Jóvenes Construyendo el Futuro*).[75] Agreed upon in 2019,[76] the first phase of these programs in El Salvador and Honduras began in 2020 with a budget of $31 million per country provided by the Mexican government, although the amount allocated to each program varied. Due to the outbreak of the COVID-19 pandemic, the implementation of both programs in El Salvador and Honduras halted in early 2020 and resumed at the end of that year.[77]

Table 2: First Phase of Mexican Programs, Budget per Country and Program[78]

Program	El Salvador	Honduras
Sembrando Vida	$15.5 million	$20 million
Jóvenes Construyendo el Futuro	$15.5 million	$11 million
Total	$31 million	$31 million

Mexico and Guatemala agreed on the implementation of these programs Guatemala in May 2021.[79] Early statements by the Mexican government about its intentions to implement these flagship programs in the three countries of northern Central America mentioned a budget of around $30 million per country.[80] In the case of El Salvador and Honduras, the resources allocated by Mexico were drawn from the Mexico Fund, previously known as FIPAMEC (Infrastructure Fund for Mesoamerican Countries and the Caribbean).[81] Research by a multinational group of journalists showed that by May 2023 *Sembrando Vida* in Guatemala remained in the beneficiary registration stage, with $20 million from the Mexico Fund contemplated for the implementation of *Sembrando Vida* in Guatemala.[82] According to the 2022-2023 work report of the Mexican Ministry of Foreign Affairs published in September 2023, 6,000 beneficiaries were receiving technical assistance, while bio factories, agricultural packages, and bank cards that enabled receipt of the financial resources were being set up.[83] The governments of El Salvador and Honduras have expressed interest in continuing the implementation of these programs in their respective second phases; El Salvador committed to matching the Mexican contribution, although as of June 2023 the program remained in the planning stage.[84]

It should be noted that the internationalization of *Jóvenes Construyendo el Futuro* and *Sembrando Vida* by the Mexican government is not restricted to northern Central America. For instance, in agreement with the respective governments, AMEXCID has implemented *Sembrando Vida* in Haiti and Cuba. Furthermore, at the end of 2022, the Mexican government replaced the Financial Cooperation Strategy for Mesoamerican Countries and the Caribbean (which allowed for the funding of the aforementioned programs) with the Financial Cooperation Strategy for American Countries and renamed FIPAMEC as the Mexico Fund, both of which maintained their purpose but were given a much wider geographical scope.[85]

B. US Engagement: From Bilateral Efforts to a Subregional Framework

The United States has been involved for several decades in the development of northern Central America. In the past two decades, successive US governments have launched initiatives to help improve these countries' security, economy, and general prosperity. Like the Mexican efforts, these US initiatives have frequently been part of a broader approach to Central America. A focus on El Salvador, Guatemala, and Honduras is more recent and heavily linked to an increase of irregular migration from these countries to the United States.

In 2004, under the Bush Administration, the US government undertook measures to encourage the development of Central America along two axes: trade and international cooperation. The first was advanced by the signature on August 5, 2004, of the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR), whose advocates argued that it would increase employment opportunities and foreign direct investment inflows.[86] The second axis was advanced by Congress's creation of the Millennium Challenge Corporation (MCC), a bilateral foreign aid agency that seeks to "reduce poverty through economic growth" by providing aid to developing countries that agree to abide by good governance practices. Within the first few years of its creation, two of the three countries signed compact agreements with the MCC—Honduras for $215 million in 2005[87] and El Salvador for $461 million in 2006,[88] and both renewed these compacts in recent years.[89] Additionally, the MCC worked with the government of Guatemala from 2015 to 2021 on a $28 million threshold program intended to strengthen the country's economy.[90]

The MCC complemented the international cooperation efforts conducted by the US Agency for International Development (USAID). During the early 2000s, the bilateral cooperation activities of USAID in Central America included El Salvador, Guatemala, and Honduras, and covered a diverse range of topics, such as government reform, consolidation of democracy, and humanitarian assistance in the wake of 1998 Hurricane Mitch and the 2001 earthquake in El Salvador.[91] These countries, alongside Mexico, were also included in the Opportunity Alliance, a USAID strategy jump-started in 2002 that emphasized "trade-led rural competitiveness through diversification and penetrating agricultural niche markets," partly as a response to protracted drought and a collapse in coffee prices in the wake of Hurricane Mitch.[92] With a reallocation of $8.5 million in 2002 and a total allocation of $30 million in 2003, the Opportunity Alliance sought to increase the preparedness of the Central American countries to take advantage of the then-under-negotiation Free Trade Area of the Americas or a smaller free trade agreement with the United States, which was under consideration in the early 2000s. At the time, USAID authorities recognized the complementarity of the Opportunity Alliance with other initiatives, including the PPP, and underlined that it ultimately sought to address the root causes of irregular migration.[93] In parallel lanes, the United States and Mexico were taking steps to address the same issues.

By the end of the Bush administration, security and drug trafficking had become dominant topics in the United States' relationships with Mexico and Central America, which led to the announcement of the Mérida Initiative in October 2007. Originally, the proposal of assistance for law enforcement and security provided through the Mérida Initiative included Central America, but this portion was repackaged into the Central America Regional Security Initiative (CARSI).[94] From CARSI's inception in 2010 through 2015, Congress appropriated around $1.2 billion in assistance to Central American countries (including El Salvador, Guatemala, and Honduras) to assist law enforcement, build the capacity of law enforcement and the justice system, and advance community security programming.[95]

Despite these varied efforts to address the root causes of migration, including through improving security, a surge in the number of migrants arriving at its southern border created a humanitarian crisis for the United States in 2014. An estimated 70,000 migrants were unaccompanied minors, primarily from the countries of northern Central America.[96] This increase in irregular migration spurred the Obama administration to approve the US Strategy for Engagement in Central America in 2014.[97] This strategy represented a growing understanding of the importance of addressing root causes of migration and underdevelopment and "more than doubled annual foreign aid to the region."[98] The Strategy for Engagement's activities were grouped under three overarching goals: "promoting prosperity and regional integration, strengthening governance, and improving security."[99] Despite a suspension of assistance by the Trump administration between March 2019 and June 2020,[100] Congress allocated more than $3.6 billion for the Strategy's implementation between FY 2016 and FY 2021.[101]

Alongside the Strategy for Engagement, the Obama administration promoted and participated in the Alliance for Prosperity (A4P), whose underlying logic was for these countries' governments to take ownership of the initiative by playing a central role in its design and to become involved in its success by requiring they make their own financial contributions.[102] With support from the IADB, which served as the A4P's technical secretariat, the governments of northern Central America crafted a road map, the "Plan of the Alliance for Prosperity,"[103] and presented it on November 14, 2014, during a conference at the bank's Washington headquarters.[104] In early March 2015, Vice President Joseph R. Biden met with his counterparts of El Salvador, Guatemala, and Honduras and the president of the IADB to discuss progress on the A4P's plan,[105] which included four strategic lines of action: 1) invigorate the productive sector; 2) human capital development; 3) improve security and access to justice; and 4) institutional and transparency strengthening.[106] Between 2016 and 2019, the three governments of northern Central America pledged a total of $5.4 billion of their own funds, with technical support from the IADB and financial support from the United States, which pledged $750 million in support of the A4P in 2016.[107]

Growing concern over the increased migration from El Salvador, Guatemala, and Honduras led to the issuance in February 2021 of Executive Order 14010, which reflects an understanding that the United States "cannot solve the humanitarian crisis at [the] border without addressing the violence, instability, and lack of opportunity that compel so many people to flee their homes."[108] The order called for the development of what became the Root Causes Strategy, which was released in July 2021 and is led by Vice President Kamala Harris.[109]

The Root Causes Strategy has already resulted in increased investment and economic development in the subregion over the past two years. A Call to Action by Harris under the Strategy resulted in more than $1.2 billion in private-sector commitments to invest in El Salvador, Guatemala, and Honduras.[110] Additionally, the Root Causes Strategy prompted USAID to create the Central American Regional Initiative (CARI) program in 2021, which works with "local partners in El Salvador, Guatemala, and Honduras to increase community resilience."[111] CARI's priorities vary by country—in El Salvador, the emphasis is on increasing security and decreasing crime and violence rates; in Guatemala, the focus is on improving infrastructure and access to services; and in Honduras, the emphasis is on decreasing corruption and improving the safety of vulnerable groups.[112]

C. Joint Mexico-US Engagement to Address Causes of Migration in Northern Central America: From an Incipient Alignment to the Potential for Closer Collaboration

On June 8th, 2021, the United States and Mexico signed a Memorandum of Understanding (MoU) to enhance cooperation between both governments in addressing the root causes of migration in El Salvador, Guatemala, and Honduras, and to benefit these countries, particularly by deepening the collaboration between AMEXCID and USAID.[113] In December 2021, the governments of the United States and Mexico formally announced the establishment of *Sembrando Oportunidades*, a bilateral framework to improve coordination of resources and expertise between the USAID and AMEXCID in their efforts to address the root causes of migration.[114] Under this framework, USAID seeks to coordinate its activities with the projects implemented by AMEXCID (*Sembrando Vida* and *Jóvenes Construyendo el Futuro*) in Honduras, El Salvador, and Guatemala and identify and fund additional activities to enhance their impact.[115] This initiative builds upon the Biden and López Obrador administrations' commitments to jointly address irregular migration from northern Central America and its root causes through international cooperation for development, previously expressed in the MoU signed by both governments in June 2021,[116] and in the second pillar of the High-Level Economic Dialogue, relaunched in September 2021.[117]

In the past, Mexican and US efforts have indirectly coincided insofar as they addressed similar topics. For instance, some MCC funds provided to El Salvador during the early 2000s were used for the construction of some of the roads included in the RICAM, a project incorporated by the Mexican-led PPP.[118] Likewise, USAID highlighted that its 2002 Opportunity Alliance strategy complemented the regional PPP with its focus on promoting trade, which would lead to the creation of economic opportunities and market integration.

Alignment efforts became more intentional after the United States and Mexico took steps to respond to the 2014 unaccompanied minors crisis. The Mexican government participated in the March 2015 meeting in Guatemala City between President Biden, the leaders of El Salvador, Guatemala, and Honduras, and the president of the IADB in the context of the A4P.[119] Mexico did not formally join the alliance and thus did not make any official pledges to provide resources to fund its objectives. However, as the Plan of the A4P included topics such as trade facilitation and infrastructure development that Mexico had prioritized in its international cooperation with the subregion (undertaken by AMEXCID or as part of the MP and with mechanisms such as the FIPAMEC), Mexico did support, in a sense, the objectives of the A4P. Furthermore, the A4P envisaged projects that had long been mentioned in the context of regional cooperation and integration between Mexico and Central America, such as the construction of a gas pipeline and the interconnection between Mexico and the SIEPAC. In this way, the Mexican government involved itself with the A4P as a "partner" country and sought to support its objectives. President Peña Nieto hosted a High-Level Meeting of the A4P in Cancun in early May 2015 focused on energy issues, in the context of the 10th World Economic Forum for Latin America,[120] and the Mexican Foreign Minister participated in a meeting between the heads of state of the A4P in Washington in September 2016.[121] As both the United States and Mexico lent support to the Plan of the A4P, albeit in varying degrees, their international cooperation activities regarding the countries of northern Central America became aligned with these countries' priorities, expressed in the A4P.

Collaboration around the A4P continued under the Trump administration, as the United States and Mexico cohosted the first Conference on Prosperity and Security in Central America in June 2017. The conference brought together

not only representatives of the governments of the United States, Mexico, El Salvador, Guatemala, and Honduras, but also of the American and Latin American private sectors, and of international donors such as the European Union, the IADB, the International Monetary Fund, and the World Bank. Aside from reaffirming their willingness to cooperate with northern Central America in supporting sustainable development, this first conference, held in Miami, allowed participants to identify synergies and links between topics, partners, and their mechanisms, increase their coordination, and prevent duplication of efforts.[122]As a result of agreements reached at this conference, the IADB organized a meeting of the Mexico-SIEPAC Interconnection Commission (CIEMS) in April 2018 to advance Mexican interconnectivity to the SIEPAC,[123] and several US agencies, including USAID, participated in workshops co-organized by Mexico's Energy Ministry and AMEXCID to advance triangular international cooperation regarding natural gas in Central America.[124] The United States and Mexico convened the second Conference on Prosperity and Security in October 2018, this time in Washington, which provided an opportunity to review the progress on the commitments made in Miami 2017 and to advance new projects.[125] Although they revolved around the (broad) priorities identified by each government as part of the Plan of the A4P, the commitments and projects developed during these conferences were complementary to it and advanced through each country's relevant cooperation agencies and mechanisms (e.g., the USAID and the Strategy for Engagement with Central America for the United States, and AMEXCID, the MP, FIPAMEC for Mexico). This alignment could have continued in the context of the CDP's objective to address the root causes of migration in northern Central America. In late 2018, just after the CDP was announced, the Trump administration offered to support it with over $5.8 billion in private and public investments.[126] This financial backing, however, did not materialize.[127]

The *Sembrando Oportunidades* framework constitutes both an evolution and a departure in terms of past efforts. It is not an initiative including Mexico and the countries of Central America within a single framework for international cooperation. Instead, it builds upon Mexico's involvement in the A4P by enlisting its direct participation as a key player for the development of northern Central America. Furthermore, past experiences have often relied on support and coordination from multilateral institutions (the IADB in the case of the A4P, or the ECLAC in the CDP), but *Sembrando Oportunidades* fundamentally relies on the bilateral engagement of the United States and Mexico through their respective international development agencies. Nonetheless, it is necessary to keep in mind that the projects included in the CDP, because they were developed in close coordination with the governments of El Salvador, Guatemala, and Honduras, reflect their national priorities.

USAID and AMEXCID's productive relationship includes efforts to provide vocational and technical training and to work with small farmers to promote sustainable agriculture, enhance their access to the market, and establish value chains. Although the USAID missions in the subregion also address other topics, such as democracy and governance or security, the collaboration between USAID and AMEXCID falls into the economic development area, mostly because tackling economic hardship and thus improving livelihoods appear to be the priorities of the Mexican government in addressing the root causes of migration in the subregion, which, it bears repeating, are not restricted to the economic sphere. While USAID does not engage in direct cash transfer programs, as does AMEXCID, the two agencies exchange best practices and seek complementarities between their activities and programs.

For example, under *Sembrando Oportunidades,* USAID works with its country missions and implementing partners on the ground to identify opportunities for beneficiaries of the programs implemented by AMEXCID. Under this collaborative framework, beneficiaries of *Jóvenes Construyendo el Futuro* in Honduras have joined USAID's *Creando Mi Futuro Aquí*, a project that offers services for training and job placement. Likewise, in El Salvador, the USAID Economic Competitiveness Program has trained beneficiaries of *Sembrando Vida* to improve their harvest and meet the market's expectations.[128] AMEXCID has also engaged with USAID's Alliance for Root Causes and Opportunities (ARCO),[129] which aims to provide sustainable opportunities to youth and farmers in El Salvador, Guatemala, and Honduras. The Mexican Ministry of Foreign Affairs reported that by June 2023, around 1,400 beneficiaries of *Sembrando Vida* and *Jóvenes Construyendo el Futuro* in El Salvador and Honduras had benefited from the collaboration between these international development agencies. The benefits resulted either because AMEXCID referred the countries to USAID's programs or because activities carried out under the ARCO framework further developed the job capabilities of some beneficiaries of *Jóvenes Construyendo el Futuro* and provided technical training on agriculture and produce commercialization for some beneficiaries of *Sembrando Vida*.[130]

This type of bilateral collaboration is fairly new, although not wholly disconnected from previous efforts, and has delivered limited, though positive, results. AMEXCID has limited experience managing programs of this size, and as noted by Roberto Velasco, chief officer for North America at the Mexican Ministry of Foreign Affairs (SRE) during a meeting of the US-Mexico High-Level Economic Dialogue, the agencies have "different agendas but work well together." We believe that *Sembrando Oportunidades* offers an opportunity to increase coordination between the US and Mexican governments in their international development efforts in northern Central America. Some of the recommendations made in this policy paper seek to advance and improve the collaboration undertaken within *Sembrando Oportunidades*, while others explore options that go beyond the scope of this framework and build upon both governments' expressed willingness to work together to improve the livelihoods of the northern Central American people.

IV. Maintaining Dialogue, Advancing Current Initiatives, and Identifying New Collaboration Areas

As discussed in the previous section, deliberate joint endeavours are fairly recent, starting around the 2014 unaccompanied minors crisis when Mexican efforts aligned with A4P and subsequent conferences on prosperity and security in Central America took place. Collaboration has gone a step further in recent years as joint efforts through *Sembrando Oportunidades* and the ensuing ARCO initiative suggest an incipient process of institutionalization. Thus, there seems to be a slow yet progressive coordination trend. In fact, during the February 2024 US-Mexico-Guatemala Trilateral Migration Ministerial meeting hosted by the United States, Secretary Blinken recognized that these three countries "have a shared commitment to safe, orderly, humane migration." Similarly, Secretary Bárcena indicated that in terms of migration, the United States and Mexico "have a shared vision, and we have worked bilaterally."[131] The incoming administrations should capitalize on this trend by maintaining dialogue between the US and Mexican development agencies and with the governments of the subregion to strengthen existing common initiatives, and identifying new areas of interest around which the countries can coalesce. The CDP, which captures the priorities of all countries, can serve as the basis for such an effort.

A message that resonated in the conversations organized by the Mexico Institute and COMEXI was that dialogue between the United States and Mexico and with El Salvador, Guatemala, and Honduras cannot be taken for granted. While it is true it has started and continued in the past decade, keeping it alive should be a priority, especially with new administrations arriving in Washington, DC, and Mexico City in the coming months. The migration phenomenon cannot be addressed by one country alone; coordination is needed, and maintaining an open communication channel is crucial for this. Hence, **the recommendation is that dialogue as the basis for coordination between the United States and Mexico with the northern countries of Central America should be prioritized.**

However, dialogue must be supplemented with concrete action on specific initiatives. Another key finding is the need to prioritize the areas and/or projects where collaboration between the United States and Mexico could make a difference. Therefore, this section identifies five areas where joint bilateral work can add value in the development needs of the three countries in northern Central America, based on the CDP.

The following proposals do not represent an inventory of all these countries' needs, nor a list of all the issues on which the United States and Mexico could work separately. Instead, the recommendations reflect a careful selection of areas where collaboration between the United States and Mexico can have a greater impact on the development of these three countries than can be achieved individually. While we found widespread agreement that violence, corruption, and climate change are important drivers of migration, there is greatest overlap between the United States and Mexico in the area of sustainable development. Though the United States has supported efforts in security and economic development, Mexico has focused its efforts on development. Logically, therefore, alignment efforts should begin where there is already a convergence of focus before seeking to work on other root causes.

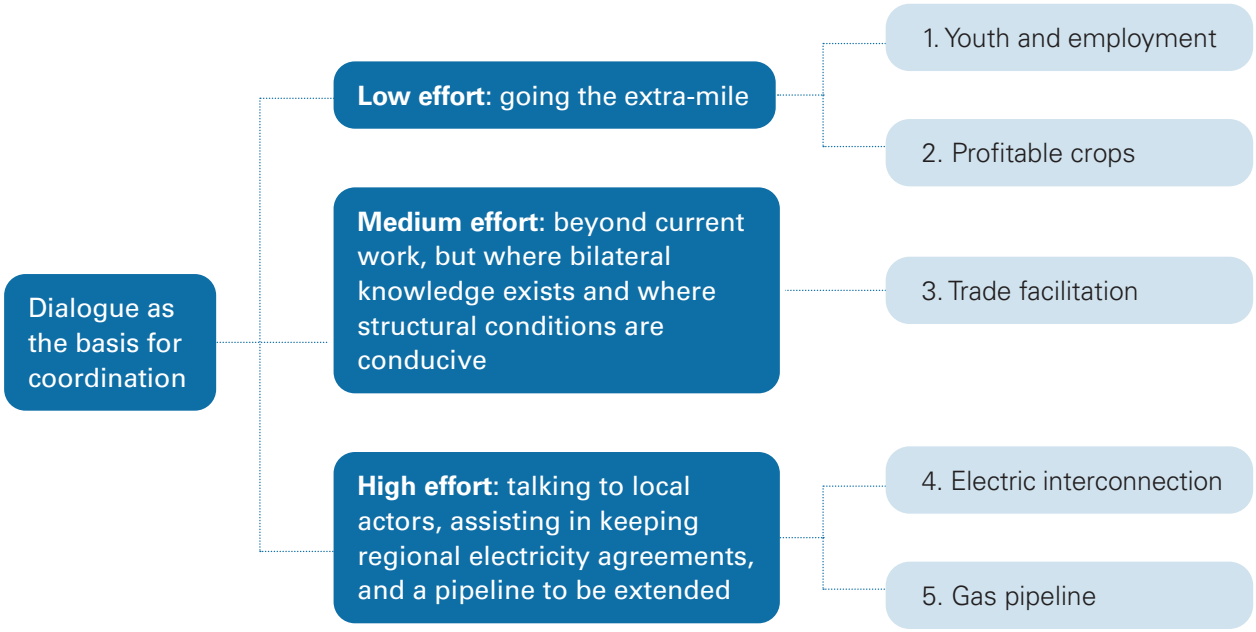
Furthermore, efforts cannot be limited to governments. Sustainable projects will require partnerships, especially with the private sector and civil society. Consequently, most of our recommendations envision some form of collaboration with domestic companies as well as American and Mexican firms operating in the subregion.

There are **five areas** where we believe US-Mexico collaboration can add value. They are organized according to how ambitious and challenging they are to achieve. The first and second areas are **youth and employment**, and **small farmers and profitable crops**. In both cases, the United States and Mexico have already started to complement each other's efforts, but going the extra mile can produce even better outcomes; thus, these areas are considered to require relatively low effort.

The rest are new areas of collaboration in which coordination could be expanded. The third is **trade facilitation**. Even considering the challenges, bilateral collaboration on the US-Mexico border can offer best practices for application between El Salvador, Guatemala, and Honduras. The reason we consider this recommendation somewhat ambitious is that it needs to go beyond the collaboration found in *Sembrando Oportunidades.* Nevertheless, the bilateral experience necessary to provide technical assistance already exists. Furthermore, trade facilitation can form a foundation on which regional value chains can be built so that the subregion could reap the benefits of nearshoring.

The fourth and fifth areas are **electric interconnection** and the construction of a **gas pipeline**. Both require considerable financial resources and joint advocacy efforts. Figure 3 summarizes the level of effort required, what bilateral cooperation would entail, and the specific areas.

Figure 3. Required Level of Effort and Potential Areas of Bilateral Cooperation



Source: Independent construction

A. Going the Extra Mile: Aligning Existing Development Projects while Ensuring Their Sustainability through Private-Sector Partnerships

Two of the most important activities in the realm of Mexican international development cooperation are the implementation of *Jóvenes Construyendo el Futuro* and *Sembrando Vida* in El Salvador and Honduras, as expressed in the joint press statement after the "Palenque Meeting for a fraternal neighborhood and with well-being" in October 2023. USAID and AMEXCID have been working together to increase the impact of both programs. Therefore, in the context of *Sembrando Oportunidades,* beneficiaries of the Mexican initiatives are starting to be supported by USAID.

The renewed commitment of the United States and Mexico to work together for the development of the subregion can go to another level if both countries, together, decide to go beyond their individual efforts and establish formal joint partnerships with the private sector. Efforts are already underway through Vice President Harris' Call to Action to the private sector to deepen investment in northern Central America. Mexico shares this view, as Secretary Bárcena confirmed during the February 2024 trilateral: she said it is necessary to help people find opportunities and that this is the reason "we need to mobilize our industrial sector. We need to mobilize the private sector and… all stakeholders involved."[132]

AMEXCID already works with the private sector to identify the work centers for *Jóvenes Construyendo el Futuro* and identify potential buyers for the crops produced through *Sembrando Vida*, among others. But more can be achieved if local companies, or US and Mexican companies, consider their collaboration with these programs in the context of their environmental, social, and corporate governance (ESG) initiatives. The number of beneficiaries

could be expanded and helped to thrive beyond the specific cooperation initiatives. Using the example of the TENTMexico initiative launched in February 2024, in which 50 companies joined efforts to create 10,000 jobs for migrants and refugees,[133] both countries could promote a private-sector alliance to increase opportunities for those participating in *Jóvenes Construyendo el Futuro* and find buyers for the crops produced in the context of *Sembrando Vida*. Potential actors include those participating in the Partnership for Central America, the NGO working with a coalition of private-sector organizations to advance economic opportunity in northern Central America, which serves as coordinating body of Vice President Harris' Call to Action to deepen investment in the subregion. The Mexican government could engage with the 15 largest Mexican companies in the subregion.[134]

This section explores the issues of youth and employment, and small farmers and profitable crops.

1. Youth and Employment

In 2019, *Jóvenes Construyendo el Futuro* was launched in El Salvador and Honduras. The program provides conditional cash transfers to youth aged 18-29 who are neither studying nor working, with training for up to 8 months and a monthly stipend of $180. The first phase of the program concluded in June 2022 with 20,000 beneficiaries.[135]

An independent evaluation carried out by the United Nations Development Programme (UNDP) identified several strengths. Participants said the experience obtained in their first encounter with the labor market helped them find a job or start their own business upon completion. Positive results were also found regarding women's access to work opportunities, suggesting that the program helps reduce the gender gap. Furthermore, the evaluation concludes that the program has a positive impact on reducing the intention to migrate.[136]

UNDP's evaluation indicates that the major challenge in the implementation of *Jóvenes Construyendo el Futuro* is ensuring that beneficiaries find formal employment at the conclusion of the program. Half of the beneficiaries are unemployed after their participation, so UNDP recommends developing strategies to create lasting links between trained beneficiaries and the productive sector.[137] This conclusion is consistent with the findings of the conversations hosted by the Mexico Institute and COMEXI, which noted that many similar development initiatives have been pursued in Central America and globally. Their main shortcoming has been that efforts are not sustained after the budget dries up and donors turn to other priorities. In this context, continued US-Mexico collaboration can add value by finding complementarities between their cooperation projects and by also ensuring the initiative is sustainable by strengthening the partnership with the private sector.

Initial efforts in this regard have started within the framework of *Sembrando Oportunidades,* which operationalizes the governments' shared vision to address the root causes of migration. For example, in the context of ARCO, USAID's projects *Creando Mi Futuro Aquí* in Honduras and *Becas para Oportunidades Educativas* in El Salvador are integrating graduates from AMEXCID's youth workforce project *Jóvenes Construyendo el Futuro*.[138] Yet, it is necessary to find ways for the private sector to incorporate these new entrants into the workforce through well-established and institutional channels.

The collaboration between the United States and Mexico could include launching a strategic alliance with local firms and international corporations present in northern Central America to help make *Jóvenes Construyendo el Futuro*

a sustainable initiative that leads to permanent employment for its beneficiaries. The United States and Mexico have consistently been among the top three investors in El Salvador from 2007 to 2022. Although Mexico is not a top investor in Honduras, the United States (with a few exceptions) was among the top five investors in the same period. In Guatemala, from 2008 to 2022, the United States was the primary investor, while Mexico was among the top 3 from 2008 to 2019 and the top 5 in 2021 and 2022.[139] Thus, building partnerships with subsidiaries of American and Mexican companies to create opportunities for *Jóvenes* participants is worth exploring, as it should increase opportunities for the beneficiaries to find jobs after completing the program.

Another area of opportunity in the implementation of *Jóvenes Construyendo el Futuro* is evaluating and determining whether this program reduces migration. The UNDP evaluation states, "The results of the program can show that it discourages the migration prospects of young people" but also that "it cannot be said that the reduction is solely a consequence of the implementation of *Jóvenes Construyendo el Futuro*."[140] It is necessary to go a step farther, however, because the evaluation is limited to measuring "prospects" or "intentions" to migrate; it would be pertinent to also measure other tangible results, such as how many of the beneficiaries remain in their countries after a certain period. USAID and AMEXCID could work on evaluation efforts that include these kinds of measurements. The results could help maintain the program, introduce modifications if necessary, increase its funding, and even invite additional donors.

Recommendation 1: Continue fostering complementarities and alignment between projects and programs implemented by USAID and AMEXCID devoted to youth and employment. Promote partnerships with the private sector at the local level, especially American and Mexican companies, in El Salvador, Guatemala, and Honduras, to create additional job opportunities for the beneficiaries. Additionally, collaborate on evaluation efforts to include measurements with other tangible results that could be pivotal for maintaining the program as it stands, introducing modifications if necessary, increasing its funding, and even inviting additional donors.

2. Small farmers and profitable crops

Sembrando Vida was launched in El Salvador and Honduras in 2019. In April 2022 the first beneficiaries were registered in Guatemala.[141] It is part of the CDP under the climate change pillar (specifically the program on climate change and nature-based solutions). The program is based on what has been implemented in Mexico. It is a conditional cash transfer for up to 8 months for $250. As in Mexico, farmers receive inputs and technical assistance. The first phase of the program ended in July 2022; 20,000 farmers were part of the project in both countries.[142]

UNDP's independent evaluation of the program indicates that one of the strengths of *Sembrando Vida* is that it replicates interventions that have been implemented in other contexts and that have proved effective in increasing rural incomes and the productivity of small farmers. Also connected to this outcome is the training provided. Providing beneficiaries with financial resources is not a common practice in other similar projects, but UNDP found that it greatly helped the small farmers, given their low incomes. The foundation and key success of the project is technical assistance, tailored to the needs of each farmer, that is provided to farmers through "*extensionistas*."[143]

The evaluation also suggests that it changes the migration preferences of the beneficiaries and those of their families. In fact, of the 80% of program participants who had not migrated before enrolling in the program, 24% in El Salvador and 33% in Honduras had considered it. After their participation in *Sembrando Vida*, the percentage was reduced to 2% and 4%, respectively.[144]

Nevertheless, UNDP identifies securing sustainable commercialization of the crops as the most important challenge of *Sembrando Vida*. At present, the excess production derived from the diversification of crops and increased productivity is being sold to neighbors, local markets, or intermediaries. Hence, there is an opportunity to find markets beyond the immediate surroundings so that income can increase.

This problem was also addressed during the sessions convened by the Mexico Institute and COMEXI. Participants noted that new supply chains can be created, but for them to be successful requires an anchor or committed final buyer of products and/or services. Since the learning curve of working with small farmers can be steep and private sector actors might not be willing to confront its cost, finding committed companies is determinant. Hence (and again), private-sector involvement is essential to sustain supply chains when the funding for international cooperation is exhausted. UNDP proposes to support the creation of cooperatives by small farmers that enable them to sell more products and give them negotiating power with retailers or intermediaries.[145]

These challenges are starting to be addressed within the *Sembrando Oportunidades* framework. Beneficiaries who have enrolled in *Sembrando Vida* have been integrated into USAID's Transforming Market Systems program in Honduras. Through this program, around 500 beneficiaries have been able to sell garlic and beans, and they have trademarked the "Ajo San Miguel" brand. In El Salvador, some *Sembrando Vida* participants have been supported by USAID's Economic Competitiveness program, which is designed to improve the quality and quantity of their harvest to meet buyers' standards and requirements.[146]

While these are important steps, the renewed commitment of the United States and Mexico to collaborate in Central America should go beyond the focus on international development and move into economic promotion. Similar to what could be done for youth and employment, the United States and Mexico could seek anchors to improve the sustainability of the supply chains that include small farmers and the local private sector, with US and Mexican companies operating in El Salvador, Guatemala, and Honduras. Companies that are part of the US Call to Action to deepen private-sector investment in the subregion could be approached, especially those in the coffee sector. Mexican companies in the maize industry could be potential targets. Additionally, there are already successful cases in the region that could serve as a guide.[147] Framing this in the context of private-sector efforts to advance ESG could be key to starting a dialogue with companies.

Similar to *Jóvenes Construyendo el Futuro*, USAID and AMEXCID could collaborate in evaluation, since the UNDP study analyzed only intentions to migrate. Extending the analysis to identify how many beneficiaries remained in the country could prove pivotal to keeping the program as it is or introducing adjustments, if necessary.

Recommendation 2: Deepen the complementarity of USAID and AMEXCID projects directed toward small farmers, and identify anchors in the private sector in El Salvador, Guatemala, and Honduras that, based on their ESG practices, could help establish, promote and maintain sustainable supply chains. At the same time, provide technical assistance to small farmers, including promoting the creation of cooperatives for the distribution of their excess crops. Moreover, USAID and AMEXCID could collaborate in evaluating the program so that it measures not only migration intentions, but also the number of beneficiaries who stay and the number who leave.

B. Beyond Current Work but Where Bilateral Knowledge Exists and Structural Conditions are Conducive

Given the geopolitical tensions between the United States and China, observers are talking about an imminent but progressive nearshoring of manufacturing that would favor Canada and Mexico by further strengthening regional value chains.[148] In this context, the United States and Mexico could integrate El Salvador, Guatemala, and Honduras into supply chains so that they can reap some of the benefits of nearshoring. Based on ECLAC data, a study on trade facilitation, economic development, and investment between Mexico and the countries of northern Central America identified several products and commodities that could be produced through regional value chains. They include flours, food preparations, cosmetics and essential oils, paper, milk-derived products, plastics, bottled water, rice, bananas, cardamom, pineapples, coffee, and cacao. Other, more complex products include video games, paints, pharmaceutical products, cotton products, and vegetable and synthetic fibers.[149] While perhaps not all of them can be integrated into a regional value chain with the United States, further analysis should be done to identify potential targets for integration.

Despite the opportunity nearshoring offers, there are practical challenges to taking advantage of it, especially because the infrastructure and procedures in the borders of the three countries, and between Mexico and Guatemala, would need to be revamped to make commerce easier.[150] Thus, trade facilitation becomes a *sine qua non* condition to expand regional value chains to northern Central America and create a spillover of the benefits derived from nearshoring.

3. Trade Facilitation

Scholars working on the economic relationship between Mexico and the countries of northern Central America have concluded that free trade agreements have not yielded the expected results. This is due, in part, to the lack of physical infrastructure and the absence of customs procedures that facilitate cross-border trade. Regarding the latter, the requirements for the transit of goods are too onerous, customs procedures are too expensive, and there is a lack of sufficient personnel. These impediments may explain the existence of so many informal border crossings. In 2013, there were 8 formal crossings and 56 informal ones throughout the border between Mexico and Guatemala. It is believed that by April 2020, there were 61 informal crossings that included vehicles.[151]

Trade facilitation has invariably been one of the main objectives of the cooperation projects between Mexico and Central America, including PPP and the MP. It was also included as part of the A4P and constitutes one of the

policy recommendations by ECLAC contained in the CDP.[152] Moreover, Guatemala and Honduras explicitly included projects related to trade facilitation as priorities within the CDP. For instance, Guatemala included the project *Muros de Prosperidad* aimed at developing cross-border regions.[153] Honduras incorporated the project called Customs Union between El Salvador, Guatemala, Honduras and Mexico.[154] Although El Salvador did not include specific trade facilitation projects as a priority, this issue is very much aligned with its economic take-off plan.

The priorities of each country within the CDP are diverse and not always aligned. Therefore, the fact that the three countries highlight trade facilitation suggests that a joint effort between the United States and Mexico can have a sustainable impact in the whole subregion if it fosters a sense of ownership for northern Central America. Furthermore, efficient borders are essential for the region to capitalize on the potential benefits of nearshoring and the development of regional value chains.

The United States and Mexico have shared experience in border modernization and management. Over the past several decades, major efforts have improved the efficiency of moving growing volumes of goods and persons (passenger and commercial vehicles and pedestrians), especially since the commencement of the North American Free Trade Agreement (NAFTA) in 1994 and its successor, the US-Mexico-Canada Agreement (USMCA). Over $1.25 million worth of goods cross the border each minute (based on US census information), along with 1 million daily authorized crossings of people. Management of the US-Mexico border has been institutionalized through the Twenty-First Century Border Management initiative, which was launched in 2010 and was designed to promote economic competitiveness and enhance border security.[155] Thus, trade facilitation is an area in which the United States and Mexico could join forces and provide technical assistance to El Salvador, Guatemala, and Honduras to acquire and install new technology and improve processing mechanisms to facilitate cross-border trade.

The United States and Mexico, in the context of *Sembrando Oportunidades*, could coordinate to identify relevant government agencies and authorities that can provide technical assistance for border modernization. Furthermore, they could build on USAID experience in the framework of the Central American Strategy for Trade Facilitation with an emphasis on coordinated border management,[156] and AMEXCID management of the Yucatán Fund that provided resources for border infrastructure between El Salvador and Guatemala.[157]

Recommendation 3: The United States and Mexico should identify the relevant authorities in charge of implementing the Twenty-First Century Border Management program between the United States and Mexico so they can provide technical assistance to replicate best practices applicable to the borders between El Salvador, Guatemala, Honduras, and Mexico.

C. Energy Infrastructure: Leveraging Local Engagement, Regional Electricity Agreements, and a Mexico Pipeline That Could Extend to Central America

For the past 20 years, reducing energy prices has been a constant among the solutions to improving the competitiveness of northern Central America. Two projects have been identified as pivotal in the PPP, CDP, the Mesoamerican Project, and the A4P: connecting Mexico to SIEPAC and constructing a gas pipeline. The renewed commitment of the United States and Mexico to the subregion could make a difference, but it is ambitious and will require considerable political will. It would need both countries to talk with actors in Guatemala and engage their good offices and cooperation to encourage Central American countries to reach an agreement on common electricity procurement with Mexico. A commitment to align the construction of gas infrastructure in southern Mexico with the development needs of El Salvador, Guatemala, and Honduras would also be required.

4. Electrical Interconnection

A major development in Central America in the past two decades has been the establishment and operationalization of the SIEPAC, a regional electricity market and the first regional transmission system spanning from Guatemala to Panama.[158] The first section of the SIEPAC line was connected in November 2010, and the last one in October 2014, making it fully operational.[159]

Yet, one of the pending tasks to make the market more competitive by reducing energy costs further is connecting Mexico to SIEPAC and constructing a second transmission line.[160] In fact, it was expected that Mexico would eventually become part of the system.[161] For at least the past 20 years, it has been part of the discussions in PPP, the MP, and the Plan of the A4P.[162] More recently, the CDP also included the connection with Mexico as one of the projects to discourage irregular migration, and it is also included as one of the policy recommendations.[163] Nevertheless, it is worth highlighting that no country identified connecting Mexico to SIEPAC as a priority among the 114 projects, although El Salvador and Honduras did include initiatives related to energy costs.

It has been argued that the main reason this project has not come to fruition is lack of political will.[164] On the one hand, the electrical interconnection between Guatemala and Mexico started operating in 2010,[165] but the regional regulation entity argues there needs to be a limit to the electricity sent from Mexico to Guatemala to avoid risking the operational security of SIEPAC as a whole.[166] Furthermore, the transmission towers are equipped to receive a second transmission line.[167] Constructing such an addition would be necessary to increase the amount of electricity flowing to the region while protecting the transmission system. An agreement to allow the institutions of the regional market to negotiate directly with Mexico on behalf of the six Central American countries has been elusive.[168] At the moment, only Guatemala can trade with Mexico.[169] This issue has become contentious within Central America, to the extent that Guatemala denounced the Framework Treaty for the Central American Electricity Market in July 2021 arguing, among other issues, that this is a bilateral issue between Mexico and Guatemala. Thus, Guatemala will withdraw from SIEPAC in 2031, after the 10-year waiting period established in the treaty has ended.[170] When making the announcement, the Minister of Energy and Mining was joined by private-sector representatives.[171]

Despite the complexity, the United States and Mexico could collaborate with the new Guatemalan government. Guatemala receives electricity from natural gas produced in the United States and then transferred to a plant in

Nuevo León, Mexico, owned by Energía del Caribe, a Guatemalan company. Here the natural gas is transformed into electricity and sent through the Mexican electricity network to the border in Chiapas under a 15-year contract.[172] However, capacity issues impose a limit on the amount of electricity that can be traded.

The United States and Mexico could communicate with Guatemalan authorities and private-sector representatives when they buy and transport natural gas. Furthermore, they could use their good offices to facilitate an agreement within SIEPAC regarding their common purchase of electricity from Mexico. This issue has become more pressing, since it is not only about making the subregion more competitive by further decreasing the price for consumers, but also ensuring there is no rollback with Guatemala's exit from SIEPAC, which could create additional and significant problems.

Recommendation 4: The United States and Mexico should jointly communicate with the new Guatemalan government and the private sector to connect Mexico to SIEPAC. They can use their good offices to encourage Central American countries to reach a deal regarding common procurement of energy between themselves and Mexico, while accommodating Guatemalan concerns.

5. Gas Pipeline

Similar to the connection of Mexico to SIEPAC, the idea of a natural gas pipeline connecting Mexico with Central America has been floating around for at least 20 years.[173] Several analyses making comparisons among liquefied natural gas, compressed natural gas, and the construction of a gas pipeline from Mexico have been carried out by the IADB and ECLAC.[174] Given its potential contribution to decrease energy prices in the region, the pipeline idea is also part of the CDP.

The gas pipeline confronts a cause-and-effect dilemma: it has not been constructed because the demand volume for natural gas does not exist, and it does not exist because there is no pipeline. The conversations convened by the Mexico Institute and COMEXI indicate that one way of tackling this problem would be to consider this project a "social pipeline" rather than a commercial one. It is still possible to make the financial case, but it entails having thermal power generation in Central America as the anchor, which means that the production of energy from natural gas would have to be the main "user" of the gas pipeline. This can be positive in environmental terms because some of the thermal power generation in the subregion comes from fossil fuels. While not renewable, natural gas is considered a transitional type of energy that does not pollute as much as oil. Additionally, as opposed to options such as liquefied and compressed natural gas, an installed pipeline can spur development across its path. Another advantage is that natural gas provided through pipes is cheaper than when it is transported by boat or over land.

Despite the foregoing analysis, this project depends on the construction of a gas pipeline in Mexico to connect Chiapas to the rest of Mexico's gas pipeline network so that it can be extended to Central America. The current Mexican administration's focus on the development of southern Mexico suggests that this may be feasible. The administration's five-year plan for the expansion of the national integrated system for transport and storage of natural gas 2020-2024 included the construction of the Prosperity Pipeline (*Gasoducto Prosperidad*) to connect

Tapachula, in Chiapas (which is the border between Mexico and Guatemala), through Ixtepec in Oaxaca.[175] However, when the five-year plan was revised in December 2021, the Prosperity Pipeline proposal included an alternative: the connection of Chiapas through Chiapa de Corzo (in the middle of Chiapas, not at the border with Guatemala) by extending the pipeline from Tabasco.[176] This option could further complicate the connection to Central America since it would require another extension to the border between Mexico and Guatemala.

Acting bilaterally, the United States and Mexico could make a difference with the current status quo. On the one hand, Mexico, following the commitment to the subregion, could confirm the Prosperity Pipeline will be constructed as originally envisaged. On the other hand, the United States could help find funding in multilateral development banks to ensure construction of the pipeline first in Mexico and then the extension to Central America.

Recommendation 5: Mexico reverts to the original proposal of the Prosperity Pipeline, connecting the Mexican system through Tapachula, Chiapas, on the border with Guatemala before working with the United States to secure funding via multilateral development banks.

D. Summary of Recommendations

Dialogue remains the main vehicle for keeping and deepening coordination. Thus, in the face of new administrations coming on both sides of the border, **the underlying recommendation of this paper is that dialogue be maintained and fostered**. Only by continuing dialogue will it be possible to go further with the current joint initiatives and find new areas of collaboration.

Guided by the CDP, which represents the best current available diagnosis on the needs of El Salvador, Guatemala, and Honduras, this document identifies areas where bilateral cooperation between the United States and Mexico can bring added value. Five areas are identified as having the potential to make a real difference, and they are categorized according to the level of effort required to achieve them. The idea of partnerships is emphasized, suggesting stronger collaboration with the local private sector, as well as with American and Mexican companies with presence in the subregion.

Recommendations requiring low effort refer to those where USAID and AMEXCID are already working but going the extra mile can increase benefits. They include **youth and employment, and small farmers and profitable crops**. The specific recommendations are:

1. Continue fostering complementarities and alignment between projects and programs implemented by USAID and AMEXCID devoted to youth and employment. Promote partnerships with the private sector at the local level, especially American and Mexican companies, in El Salvador, Guatemala, and Honduras, to create additional job opportunities for the beneficiaries. Additionally, collaborate on evaluation efforts to include measurements with other tangible results that could be pivotal for maintaining the program as it stands, introducing modifications if necessary, increasing its funding, and even inviting additional donors.

2. Deepen the complementarity of USAID and AMEXCID projects directed toward small farmers, and identify anchors in the private sector in El Salvador, Guatemala, and Honduras that, based on their ESG practices, could help establish, promote and maintain sustainable supply chains. At the same time, provide technical assistance to small farmers, including promoting the creation of cooperatives for distribution of their excess crops. Moreover, USAID and AMEXCID could collaborate in evaluating the program so that it measures not only migration intentions, but also the number of beneficiaries who stay and the number who leave.

Trade facilitation will require slightly more effort. With nearshoring becoming a reality, the United States and Mexico should explore inclusion of the subregion in this process. However, this requires identifying products for which regional value chains could be created. Furthermore, efficient borders are necessary to ensure the smooth flow of goods. The United States and Mexico have experience in border management that could be shared with the countries of the subregion. We therefore recommend:

3. The United States and Mexico should identify the relevant authorities in charge of implementing the Twenty-First Century Border Management program between the United States and Mexico so they can provide technical assistance to replicate best practices applicable to the borders between El Salvador, Guatemala, Honduras, and Mexico.

Finally, major effort is needed for infrastructure projects that can transform the competitiveness of the subregion. They will require not only resources but also the political will to leverage the necessary changes to finally connect Mexico to SIEPAC and make the gas pipeline a reality, after more than two decades of discussion. The specific recommendations are:

4. The United States and Mexico should jointly communicate with the new Guatemalan government and the private sector to connect Mexico to SIEPAC. They can use their good offices to encourage Central American countries to reach a deal regarding common procurement of energy between themselves and Mexico, while accommodating Guatemalan concerns.

5. Mexico reverts to the original proposal for the Prosperity Pipeline, connecting the Mexican system through Tapachula, Chiapas, on the border with Guatemala before working with the United States to secure funding from multilateral development banks.

The five proposals contained in this policy paper are in the field of sustainable development, since it is in this space where the United States and Mexico have worked in the subregion. Hence, before moving to more complex issues such as security, it would be better to consolidate good outcomes in areas where work is already being done. The new areas proposed and what can be done depend on the efforts the United States and Mexico want to put in their engagement in the development of the subregion. They are very specific and prioritize rather than expand on all possible areas. In this regard, the hope is that they can help shape bilateral engagement in the coming months and, potentially, beyond 2024, when both countries will have elections.

V. Conclusion

Since the start of the 2000s, the United States and Mexico have sought, in different ways and through different initiatives, to address the root causes of irregular migration from El Salvador, Guatemala, and Honduras. Lack of economic opportunities, the effects of climate change, violence, and corruption and weak governance are some of the factors that contribute to an individual's decision to leave their home in search of a better livelihood in the United States or more recently, in Mexico, often facing serious dangers on their journey.

The *Sembrando Oportunidades* framework, launched in December 2021, provides an opportunity to not only strengthen the collaboration between each country's international cooperation agency, but also to deepen and extend the cooperation between the United States and Mexico regarding development in northern Central America. The conversations held by the Wilson Center's Mexico Institute and COMEXI in preparation of this policy paper identified several ways in which the United States and Mexico could cooperate, some of which are beyond those currently considered by the two governments. Although *Sembrando Oportunidades* focuses on collaboration between AMEXCID and USAID around Mexico's two flagship programs, *Jóvenes Construyendo el Futuro* and *Sembrando Vida*, it sets a precedent for broader cooperation between the two governments. Closer contacts and formal commitments around a topic in which both governments have been involved in parallel until recently may incentivize the spillover of that collaboration into other areas, where the actions of each government could add value to the other's programs, if not present opportunities for jointly designed initiatives or activities.

The organization of the recommendations presented in this policy paper reflects the hopes for a deeper cooperation between the United States and Mexico regarding sustainable development in northern Central America. The recommendations start off with possible ways to add value to the ongoing efforts under the *Sembrando Oportunidades* framework around the Mexican programs in northern Central America. Expanding on these programs with support from USAID by opening additional job opportunities to youth trained through *Jóvenes Construyendo el Futuro* or by supporting links with local supply chains of the agricultural producers that participated in *Sembrando Vida* which can extend their benefits beyond the temporal scope of each one. The recovery and expansion of border-management experience between the United States and Mexico to improve Mexico's border with Guatemala can spur trade and allow opportunities to integrate northern Central America within regional value chains. Finally, the recommendations pertaining to electricity and gas imply a greater challenge for the United States and Mexico, in terms of political and financial commitments. However, achieving the electrical interconnection between Mexico and the SIEPAC countries and the construction of a gas pipeline have long been pipe dreams that have recurrently appeared as proposals, in one way or another, of different regional schemes, such as the PPP/MP, the A4P, and more recently, the CDP. With US backing and renewed interest from Mexico, these two projects could drastically improve the livelihoods of northern Central America's people by ensuring access to a cleaner, more affordable energy source.

All in all, this policy paper lays out recommendations for collaboration between the United States and Mexico in specific issue areas, notwithstanding that it could also be carried out in other ones, such as security or institutional strengthening to improve governance and fight corruption. The areas chosen reflect each country's profile, where

there is experience in cooperation, and current ongoing efforts. The areas were also chosen based on conversations between the Mexico Institute and COMEXI about where cooperation can add the most value, as well as which efforts align with the CDP. ECLAC developed the CDP with inputs from national governments to reflect their preferences and priorities, so the recommendations in this policy paper will resonate with the governments of northern Central America. Yet, previous efforts by the United States and Mexico have shown that priorities can shift between administrations, leading to initiatives with a different focus. Deepening the cooperation between the United States and Mexico also provides an opportunity to ensure that both governments remain united in their quest to achieve sustainable development in the region with subsequent efforts, complementing each other's mechanisms and goals.

Appendix: Relevant Statistics on the State of Northern Central American Countries

Figure 1. Corruption Perceptions Index[177]

	2012	2022
Global Average	43	43
United States	73	69
Mexico	34	31
El Salvador	38	33
Guatemala	33	24
Honduras	28	23

The Corruption Perceptions Index (CPI) is a tool created by Transparency International to rank each country's "perceived levels of public sector corruption." Scores rank from 0 to 100, with a lower score indicating higher levels of perceived corruption.[178]

Figure 2. Governance Indicators, Percentile Rank, 2021[179]

	Government Effectiveness	Regulatory Quality	Voice and Accountability	Control of Corruption
United States	88.5	90.4	74.9	83.7
Mexico	39.9	44.2	44.0	16.8
El Salvador	39.4	40.4	45.4	32.7
Guatemala	23.6	40.9	34.3	12.0
Honduras	20.7	33.7	32.9	14.4

Government effectiveness examines "perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies," regulatory quality examines "perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development," voice and accountability examines "perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media," and control of corruption examines "perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests."[180] Percentile rank ranges from 0 (representing the lowest rank) to 100 (indicating the highest rank) among all the countries included in the assessment.

Figure 4. Development Indicators, 2020

	El Salvador	Guatemala	Honduras
Expected Years of Schooling[181]	12.67	10.56	10.13
Health Expenditure (% of GDP)[182]	9.85	6.47	9.04
Child malnutrition, stunting (moderate or severe) (% under 5)[183]	11.2	42.8	19.9

Note: For consistency's sake, the data shown is from the most recent year that data is available for all three countries.

Figure 5. Trade Statistics, 2021

	El Salvador[184]	Guatemala[185]	Honduras[186]
Export Value (USD)	6.86 billion	14.2 billion	9.22 billion
Top Export Destinations	United States (38.9%), Guatemala (16.9%), Honduras (15.8%)	United States (31.5%), El Salvador (12.2%), Honduras (9.68%)	United States (50%), El Salvador (7.27%), Guatemala (6.24%)
Top Exports	Knitted clothing accessories, plastics, electrical machinery and electronics	Coffee, tea and spices, knitted clothing accessories, edible fruits and nuts	Knitted clothing accessories, coffee, tea, and spices, electrical machinery and electronics
Import Value (USD)	14.3 billion	25.2 billion	15.1 billion
Top Import Origins	United States (27.8%), China (16.4%), Guatemala (12.1%)	United States (32.5%), China (16.8%), Mexico (9.32%)	United States (38.5%), China (13.2%), Guatemala (9.1%)
Top Imports	Mineral fuels and oils, machinery and mechanical appliances, electrical machinery and electronics	Mineral fuels and oils, machinery and mechanical appliances, electrical machinery and electronics	Mineral fuels and oils, electrical machinery and electronics, machinery and mechanical appliances

Note: For consistency's sake, the data shown is from the most recent year that data is available for all three countries.

Endnotes

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