



# The Northern Triangle: Building Trust, Creating Opportunities

Strategic Actions of the Plan of the Alliance  
for the Prosperity of the Northern Triangle  
El Salvador, Guatemala and Honduras

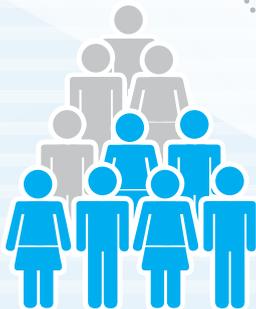
# The main challenge we face is the lack of opportunities

The pace of economic growth in El Salvador, Guatemala and Honduras (the countries of Central America's Northern Triangle) has been low, and has not made it possible to bring about a substantial change in the generation of opportunities for progress available to a mostly young and growing population. This non-inclusive growth, the lack of opportunities, and the upsurge of violence and insecurity have become the main drivers of emigration from our countries.



**Low and non-inclusive**  
economic growth

**Low growth and poverty**



**57 percent** of the population live in poverty, with marked territorial disparities



**Three times** more vulnerable to natural disasters than the rest of Latin America

**Lack of opportunities for young people**



**30 percent** of youths aged 14–25 (1.7 million people) **neither study nor work**

The outflow of migrants assumed particular significance in 2014, when there was a substantial rise in the number of minors arriving in the United States without documentation and unaccompanied by an adult. This emergency situation has led us to take immediate, short-term steps to propose a solution to the structural causes of this migration.

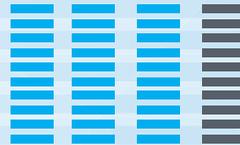


**65 percent** of the population in the three countries is **under the age of 29**, and about 10 million of those are youths between the ages of 15 and 29

### High levels of violence

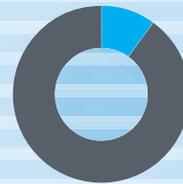


The number of people who have **decided to emigrate is more than five times greater** than in the other countries of Central America



The **homicide rate is three times higher** than the rest of Central America

### High rates of migration



**9 percent** of the total population has decided to migrate in recent years

**91 pregnancies** per 1,000 girls between the ages of 15 and 19 are evidence of the high rates of **teenage pregnancy**, a rate that exceeds the Central American average of 75 and the average for medium/low-income countries of 47



# The Plan and its strategic lines of action

To tackle these challenges, the three countries have proposed the **Plan of the Alliance for the Prosperity of the Northern Triangle**. This promotes the coordination and inter-linkage of actions over a five-year horizon (2016–2020), and seeks to **give people incentives to stay in their own countries** by means of structural change that offers **economic opportunities** and transforms our citizens' **quality of life**, mainly in regions affected by the highest rates of poverty, migration and vulnerability.

## A 3 x 3 alliance: three countries and three key partners

**The three countries of the Northern Triangle comprise a region with great economic potential**, invaluable cultural wealth and abundant human capital. Investment in our people's development offers the possibility of transforming the structure of our societies and embarking on a path towards inclusive and sustainable prosperity.

### The Northern Triangle is:



**13<sup>th</sup> in land area**



**9<sup>th</sup> economy in the region**



**9<sup>th</sup> exporter**



**30 million inhabitants**

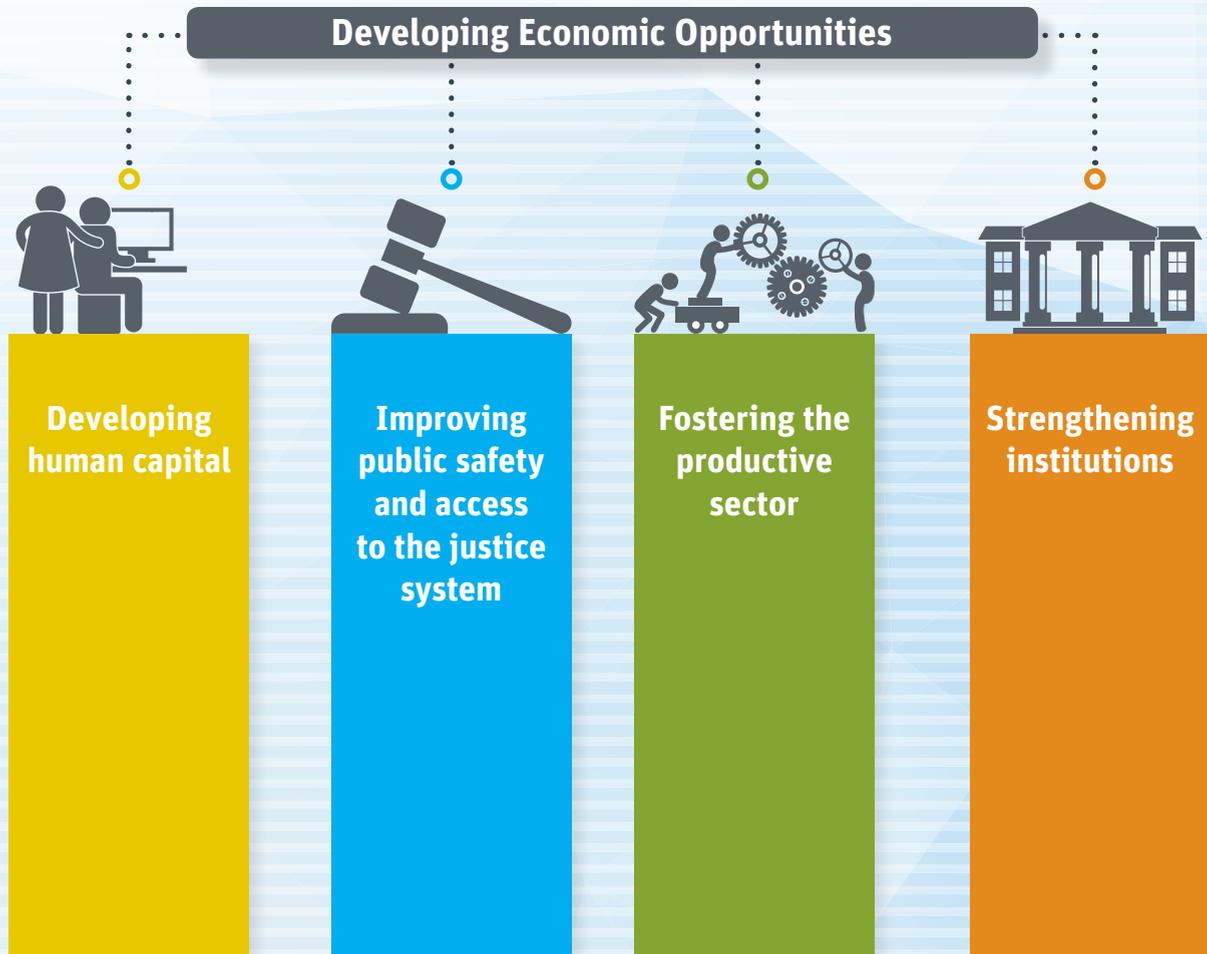


**4<sup>th</sup> exporter of manufacturing**

### **The alliance with the private sector, cooperation partners and civil society is crucial.**

Growth, job-creation and an improvement in the quality of life will only be possible if the private sector invests decisively and continuously in the region, if our cooperation partners take steps that complement our own efforts, and if civil society takes part in these endeavors and monitors them.

# Strategic Lines

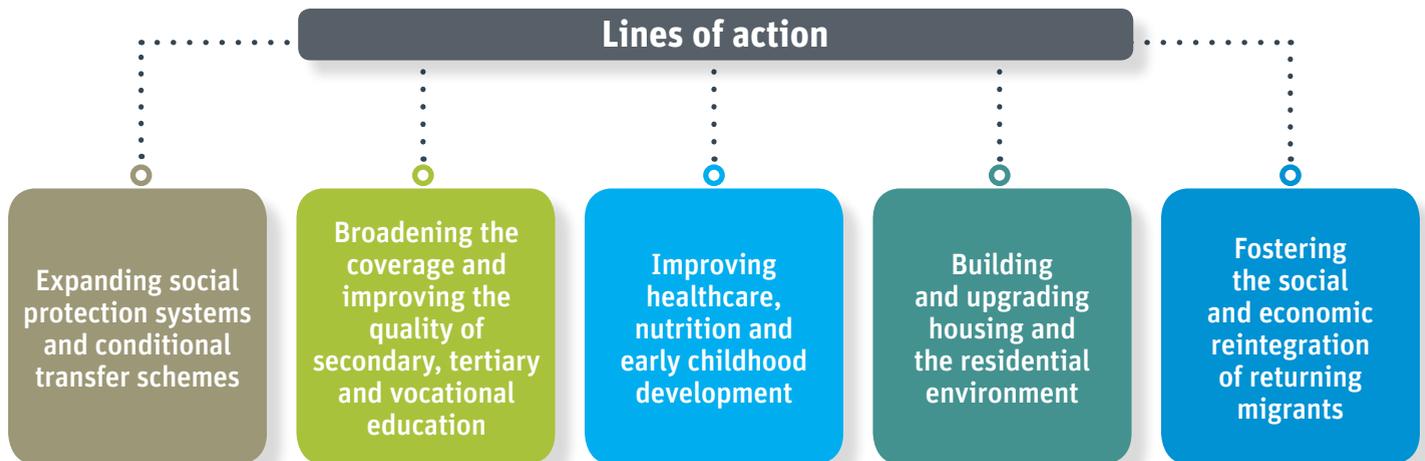






# Developing human capital

To develop human capital, especially among children, youths and women, steps will be taken to improve the coverage and quality of education, primary healthcare, sexual and reproductive health, nutrition, and early childhood development. These actions will be complemented by the construction and upgrading of housing and the residential environment, and by targeted interventions geared to the social and economic reinsertion of returning migrants.



Expanding social protection systems and conditional transfer schemes

We will seek to maximize the impact of conditional transfer programs, paying particular attention to measures that aim to keep youths aged 14–18 in school. This strategy will be linked to other programs geared to averting teenage pregnancies, introducing youths into the labor force, and preventing youth violence.

#### STRATEGIC ACTION

##### **300,000 youths**

between the ages of 14 and 18 in priority areas will be included in transfer programs that emphasize their staying in school

*The Plan seeks to expand the coverage of secondary education in the priority regions from 73 percent to 92 percent by 2020*

Broadening the coverage and improving the quality of secondary, tertiary and vocational education

The operational experience of conditional transfer schemes shows that their effectiveness depends fundamentally on the quality of the supply of social services. Hence it is essential to expand the coverage and improve the quality of educational programs.



#### STRATEGIC ACTIONS

##### **800,000 secondary school students**

to benefit from the construction and upgrading of classrooms, the introduction of alternative methods of education, and the use of innovative technology in schooling

**1 million youths** with vocational training to benefit from strengthening workforce training centers, job centers, the training of trainers, and youth enterprise schemes

**150,000 teachers** trained in priority subjects, and improvements in monitoring, assessment and incentives in the teaching career

Improving healthcare, nutrition and early childhood development

Malnutrition and late entry into the education system have severe consequences for students' cognitive development and usually affect their path through school and into the labor force in adulthood. Hence nutrition, access to healthcare, and early childhood care and development are crucial to making a significant change to the quality of our human capital.



### STRATEGIC ACTIONS

#### 7.4 million people

to benefit from expanding the coverage of maternal and child healthcare and nutrition, and the construction and equipping of hospitals and healthcare centers

#### 1 million youths

benefitting from sexual and reproductive health programs through educational centers and the network of healthcare centers

#### 260,000 children

to benefit from alternative programs for childcare, building and upgrading classrooms and community spaces at the preschool level

Building and upgrading housing and the residential environment

Housing conditions and the residential environment affect the life quality of our population, as do their access to economic opportunities and their vulnerability to social problems. Hence access to housing and an improvement in the quality of the residential environment are essential.

### STRATEGIC ACTIONS

#### 220,000 families

to benefit from the construction of new housing or the refurbishment of existing dwellings



**71,000 families** to benefit from access to clean drinking water, treatment of waste water, and electricity supply

Fostering the social and economic reintegration of returning migrants

It will be a priority to attend to and protect returning migrants. They will be provided with coordinated and integrated attention that seeks to protect their rights and ensure their social and economic reintegration.

### STRATEGIC ACTION

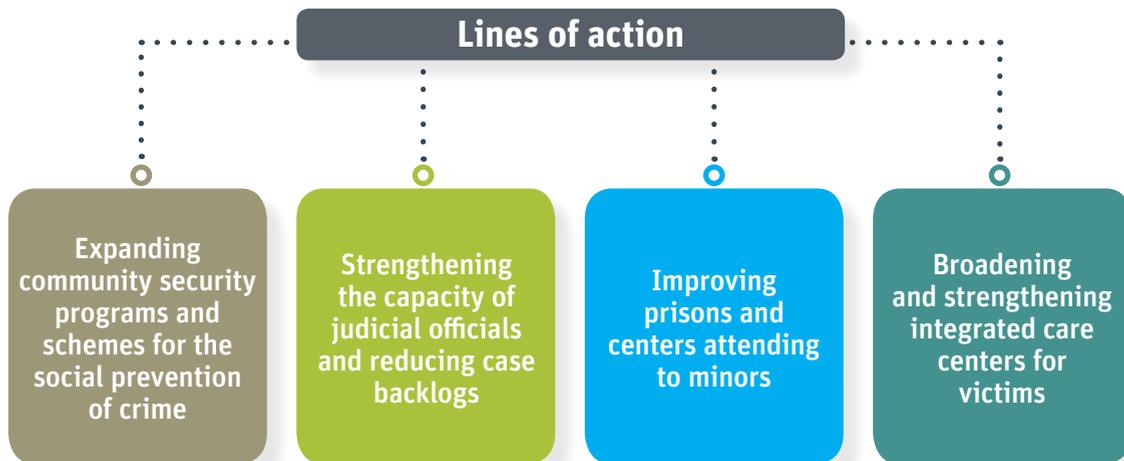
**Returning migrants** will encounter better levels of protection, social reinsertion, vocational training, and productive employment relationships





# Improving public safety and access to justice

A comprehensive response to the problem of insecurity and violence will be provided. Strengthening prevention schemes, through citizen participation, and the construction of safe spaces; supporting vulnerable populations; and ensuring that justice is accessible to all so the rights and duties of every citizen are effectively guaranteed.



Expanding community security programs and schemes for the social prevention of crime

A model of security and crime prevention, which emphasizes improving people's living conditions, especially among sectors at social risk.

### STRATEGIC ACTION

**7.4 million people** to benefit from expanding the coverage of community security programs and local centers that monitor violence, making coordinated efforts with communities and schools, and upgrading public and community spaces

*The Plan seeks to lower the murder rate by about 10 percent a year between 2016 and 2020*

Strengthening the capacity of judicial officials and reducing case backlogs

We will improve efficiency and effectiveness in preventing and dealing with crime, and improving the effectiveness of the judicial system, thereby allowing actions to be taken in a more timely manner and enhancing public perceptions and confidence.

### STRATEGIC ACTIONS

**70,000 police officers** trained and a renewal of the teaching staff in the police education system, department of internal affairs, transparency and trust

**The institutions responsible for investigating crime**  
Modernization and strengthening of technical, scientific and forensic tools at the national level and in priority regions

**Consolidating the fight against street gangs and "maras," drug trafficking, extortion, and the smuggling and trafficking of people,** using best international practices according to the priority regions

**Reducing judicial case backlogs**  
Expanding the Integrated Judicial Centers and strengthening the capacity of human resources so as to streamline and simplify the processing of case files; promoting use of alternative dispute settlement mechanisms

Improving prisons and centers attending to minors

We will improve the governance of prison systems and upgrade their infrastructure, with a view to facilitating the social reinsertion of inmates and guaranteeing their human rights, while at the same time eradicating crime within prisons.

### STRATEGIC ACTIONS

#### 6 prisons

and youth detention centers will be built, and in **15 existing centers** the infrastructure will be upgraded and the management and control of human resources will be improved

#### 10,000 young offenders

will be subject to alternative programs such as safeguarding of teenagers, and centers for training and social/workforce reinsertion

#### 100 percent

effective and sustainable suppression of the use of communications devices (such as cellphones and internet services) without the required administrative approval

#### New mechanisms to assess and classify

the accused and convicted according to their level of risk, and a system of transfers that allows inmates to be grouped according to the level of danger they pose and the time remaining on their sentences

Broadening and strengthening integrated care centers for victims

An integrated model of caring for women who are the victims of various kinds of violence, especially intra-family and gender violence, and to ensure women's economic empowerment.

### STRATEGIC ACTIONS

**300,000 women and teenagers** will receive care services against violence; sexual and reproductive healthcare; and economic empowerment through integrated care centers

**11,000 women** will benefit through the provision of women's shelters



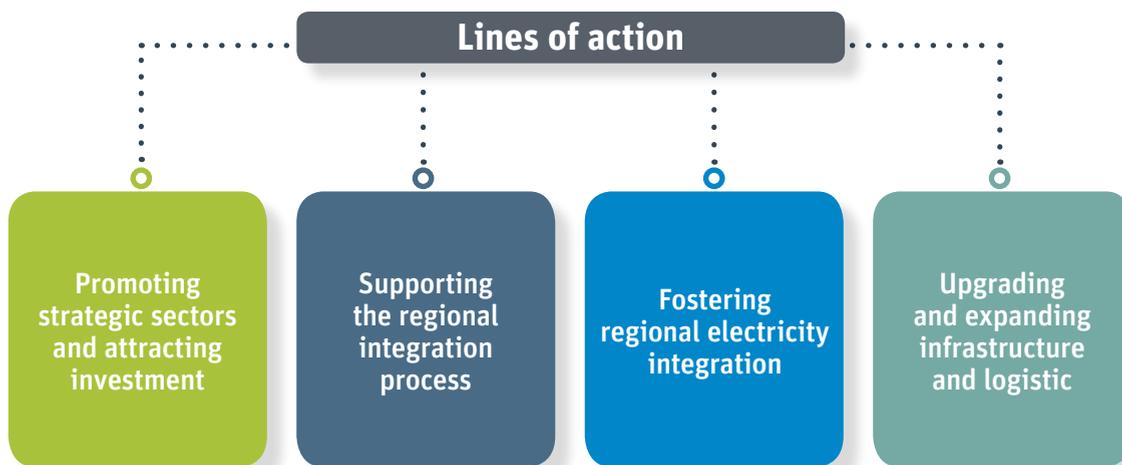
*The Plan will increase  
GDP growth by between  
2.4 and 3.5 percent, and  
will create 600,000 new  
jobs by 2020*





# Fostering the productive sector

To create quality jobs, it is crucial to improve the conditions under which the productive sector operates, and to reach the most vulnerable socioeconomic levels. To that end we will take coordinated actions at the regional level to bring about an enlarged market, reduce logistical costs and times, and improve conditions in each country so as to attract greater investment and deepen integration with the rest of the world.



**Promoting strategic sectors and attracting investment**

Efforts will focus on policies and actions to promote strategic sectors –tourism, textiles, light manufacturing, agro-industry, forestry and high-value services– that allow for the successful insertion of micro, small and medium enterprises (MSMEs) into value chains, and that create quality jobs.

**STRATEGIC ACTIONS**

**180,000 micro, small and medium entrepreneurs**

to benefit from MSME development programs and integration into production chains

**US\$900 million**

available to allow MSMEs to access financing, especially those run by women and young entrepreneurs

**500,000 families**

in priority regions— especially those living in subsistence and those vulnerable to drought or climate change—to benefit from financing, technical assistance, and technology

**Attracting investment**

establishment of one-stop services for registering foreign and national investment; introduction of special economic zones, and development of a regional trademark

**Supporting the regional integration process**

To consolidate an expanded market and facilitate access to value chains, investments in logistics infrastructure will be complemented by measures to ensure that goods are able to move reliably, fast and at low cost.

**STRATEGIC ACTIONS**

**Trade facilitation**

Upgrading regulations and improving quality, sanitary and phyto-zoosanitary control systems to facilitate the movement of goods through border crossings and deepen the Central American Integration System

**Customs union**

Plan for the implementation and start-up of the Honduras-Guatemala customs union, including the establishment of periphery customs controls and convergence of tax and trade regulations

**Trade agreements**

Taking advantage of free trade agreements, especially the CAFTA-DR accord and the partnership agreement with the European Union

**Customs controls**

Investment in technology and the training of customs officers so as to guarantee the effectiveness and efficiency of security and control procedures for trade and migrant flows



Fostering regional electricity integration

If we are to enhance our countries' competitiveness, it is crucial to reduce the costs of generating electricity, promote regional energy integration, expand generating capacity, and diversify the energy matrix so as to create economies of scale and make projects and investments economically and socially viable.

*The Plan seeks to reduce the cost of energy by 35 percent by 2020*

## STRATEGIC ACTIONS

### **Expanding the Regional Electricity Market**

(MER) by promoting fair, competitive and transparent commercial transactions; and improving regulation and contracts so as to bring about competitive prices

### **Doubling the capacity of the Electrical Interconnection System (SIEPAC)**

from 300MW to 600MW, though national efforts to boost transmission and to adapt regulations

### **Promoting the region's gas connection**

with Mexico, by formalizing commitments and moving forward with structuring the financing for the interconnection project

### **Diversification of Energy matrix**

Legislative and regulatory changes, as well as investments, to promote renewable energy sources such as windpower, geothermal energy, biomass, gas and solar energy; and providing incentives for energy efficiency

Upgrading and expanding infrastructure and logistic

We will upgrade logistics infrastructure so as to reduce the cost of international trade of our products, consolidate the integration of regional markets, and guarantee the productive sector's greater access to export markets.



## STRATEGIC ACTIONS

### 1,550 km of road network

will be prioritized for construction, upgrading, maintenance of priority logistics corridors and strengthening of the land transport network

### 2,500 km of rural roads

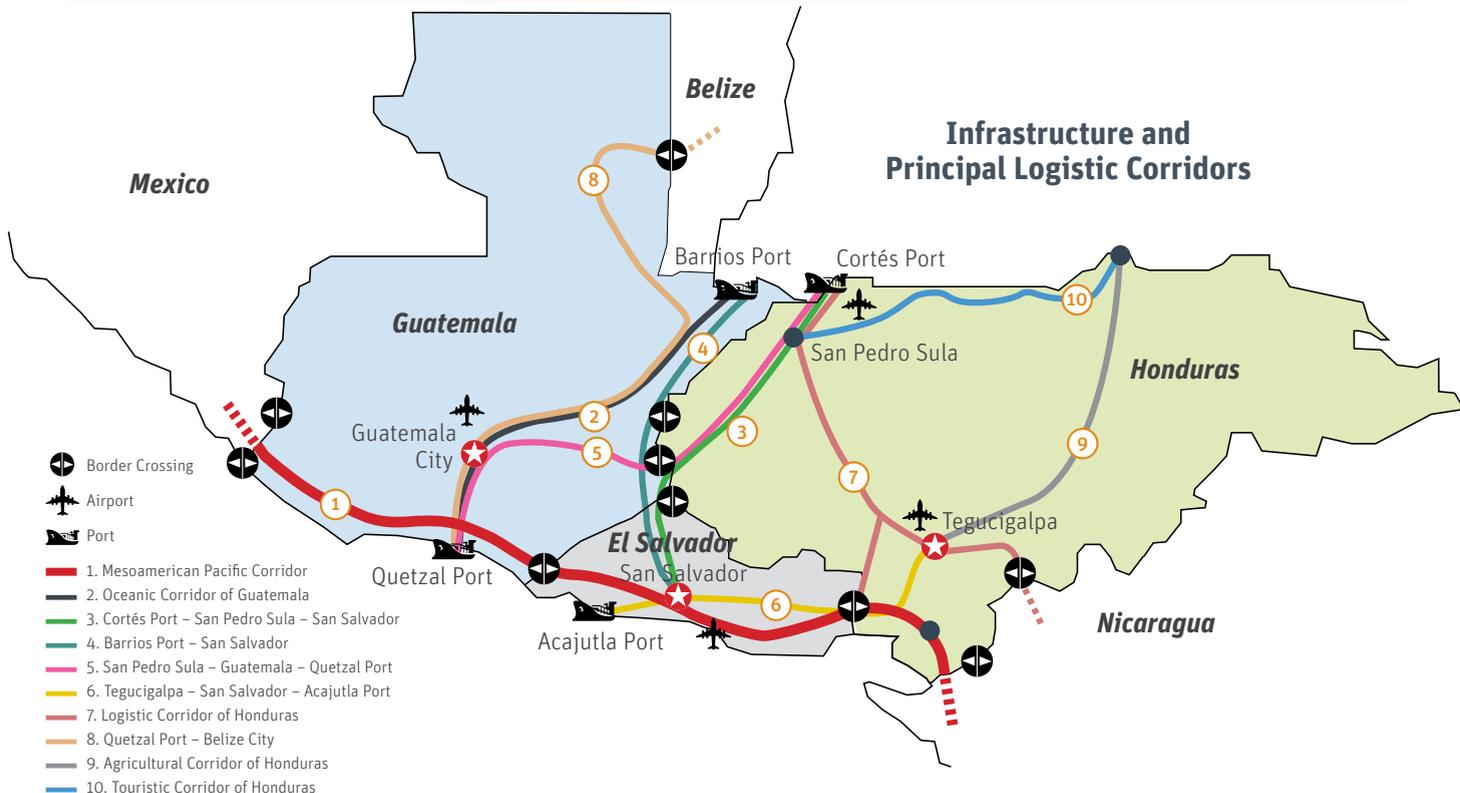
to be improved

### Ten border crossings

to be improved with optimized management

### Four seaports and four airports

to have their infrastructure expanded and upgraded





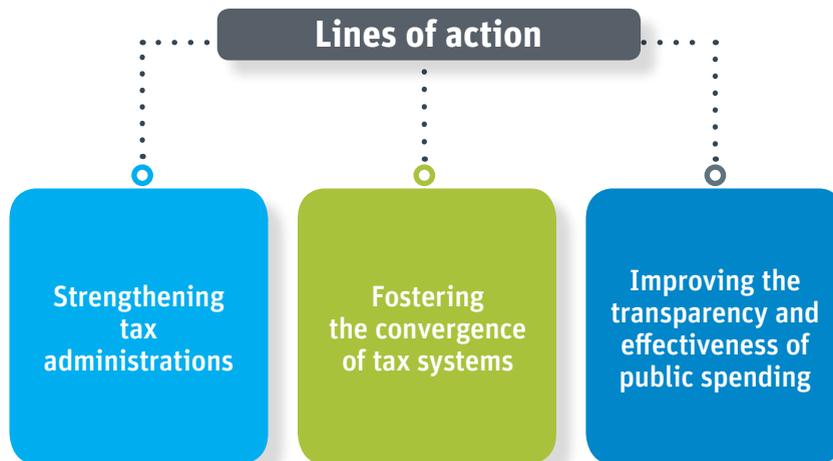
*The Plan seeks an 80 percent reduction in the time it takes for goods to move through border crossings, from an average of 11 hours to less than three*





# Strengthening institutions

To increasing the efficiency and transparency of the public administration, results-based management and accountability are crucial. The introduction of the highest international standards of quality and transparency in government procurement, oversight and control, and fiscal and financial planning, will guarantee the sustainability of our institutions and the public's trust in them.



## STRATEGIC ACTIONS

### Tax collection

legislative reforms and actions geared to the fight against tax evasion, and rationalization and control of tax expenditures

### Human resources

reorganization of tax administration structures, and strengthening of the processes of staff recruitment, management, assessment and retirement

### Simplification of tax systems

legislation will be drawn up to facilitate the payment of taxes, reducing uncertainty about tax obligations

### Access to and exchange of information

signing of information-exchange agreements between the three countries, the United States and other countries, together with a strengthening of public records and regulatory frameworks

### Strengthening tax administrations

Our countries' tax administrations will invest in the services and actions needed to make it easier for taxpayers to comply with their tax obligations, and they will strengthen the capacity of their human resources and take the necessary steps to eliminate corruption.

Fostering  
the convergence  
of tax systems

If regional integration and trade facilitation are to be effective, they require initiatives in the areas of standardization, harmonization, convergence, and administrative and regulatory exchange.

### STRATEGIC ACTION

#### Harmonization of tax frameworks

we will move forward in strengthening the institutional and regulatory apparatus to increase tax revenues at a regional level, especially VAT and income tax



### STRATEGIC ACTIONS

**State effectiveness** upgrading technical equipment, as well as the processes for planning, implementation and accountability in spending, procurement and public tenders

**Professionalization of the civil service** improving the quality and oversight of processes governing the recruitment, professional development, assessment and retirement of public officials

**Strengthening local governments** progress will be made on further decentralization, increasing the financial and management capacities of local governments, and enhancing accountability, transparency and oversight

Improving the  
transparency and  
effectiveness of  
public spending

Transparency in budgetary, financial and information management will be crucial pillars of the Plan. We will work in an integrated manner to strengthen all public management processes and to make them more transparent.



# Implementation scheme

The Plan will use a responsive implementation mechanism with an independent institutional setup and regulatory framework, and with clear processes that ensure efficiency, transparency and accountability in the use of financial resources. This approach will involve the best international practices and standards, such as those of the *Millennium Challenge Corporation* (MCC), and will guarantee the participation of the private sector and civil society.

The principles underlying the implementation scheme will be:



**Efficiency**



**Monitoring  
and  
evaluation**



**Institutional  
capacity**



**Participation**



**Territorial  
targeting**



**Transparency**

## Financing the Plan

The development challenges and the financing of the actions covered by the Plan call for sizeable resources that surpass our countries' financial and fiscal capacity, as well as our borrowing capacity. Hence it will be crucial to not only improve the efficiency of public spending and to increase fiscal revenue as to generate the necessary fiscal space, but also ensure the active participation and joint endeavors of other allied countries, the national and international private sector, multilateral organizations and development partners in the region, so as meet the proposed goals over the medium term.



*The three countries of  
the Northern Triangle are  
committed to implement this  
Plan with our own resources*



**Plan of the Alliance  
for Prosperity in the  
Northern Triangle**



**Document Prepared by the Governments of El Salvador, Guatemala and Honduras.**