



# **Plan of the Alliance for Prosperity in the Northern Triangle: a Road Map**

Regional Plan of El Salvador, Guatemala and Honduras

# Challenges Facing the Countries of the Northern Triangle

The pace at which El Salvador, Guatemala and Honduras (the countries of Central America's Northern Triangle) have progressed in improving their citizens' quality of life has been insufficient to bring about a significant enhancement in the opportunities available to a mostly young and growing population. In recent years, poverty, lack of opportunities, economic informality, and violence have become the main causes to emigration from these countries.

In recent years the countries of Central America's Northern Triangle have witnessed a constant and growing flow of emigration: about 9 percent of the population has migrated.

This 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 proper documentation and unaccompanied by an adult.

That circumstance stems, on the one hand, from a level of economic growth that is insufficient to reduce poverty, create job opportunities, and generate productive activities with higher value added. On the other, it springs from the recent upsurge in levels of violence and insecurity.

## Compared with the other Central American countries MIGRATION



there are **five times** more migrants

## VIOLENCE



murder rate is **three times** higher

- Rest of Central America (CA)
- Northern Triangle

## INFORMALITY



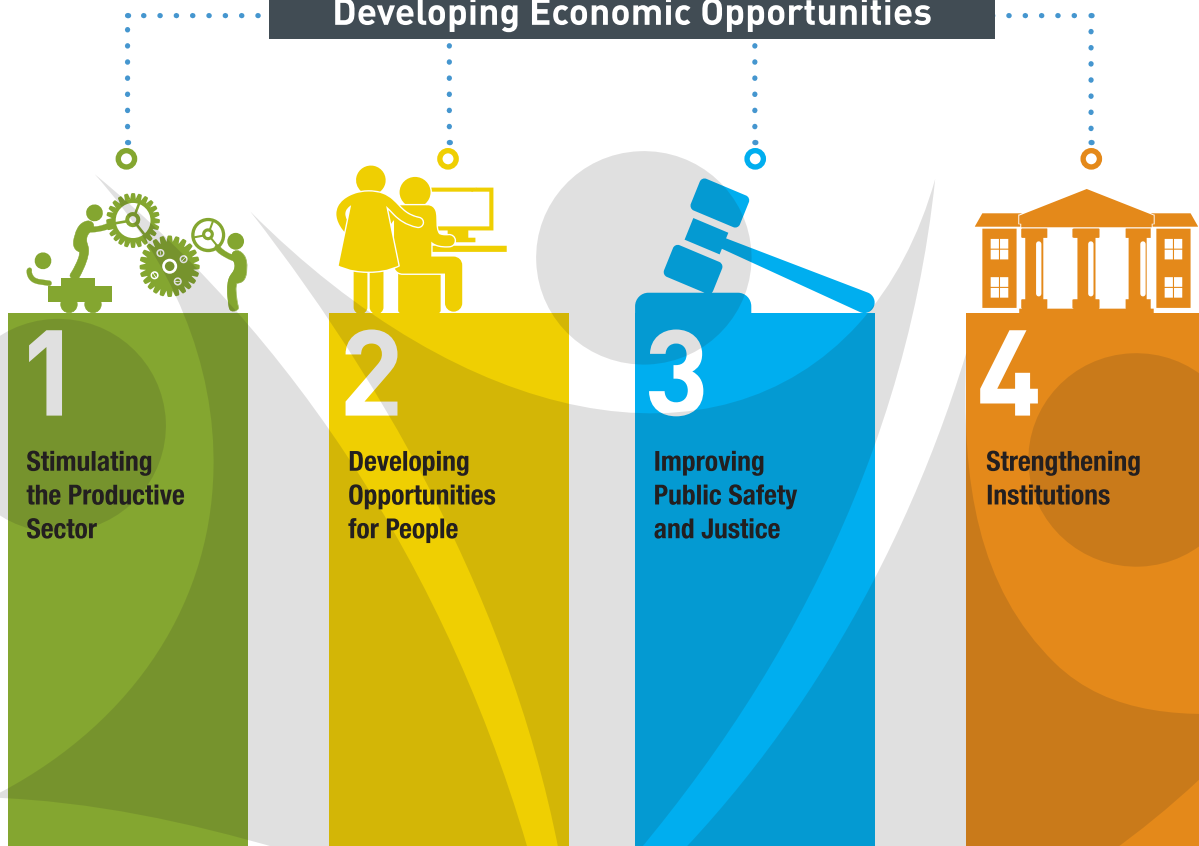
**27 percentage**points higher

# The Plan's Objectives and Strategic Lines

The particular problems facing these three countries have led their governments to devise a joint, medium-term Plan that offers structural solutions and guides the priority actions to create the economic and social conditions that foster more and better opportunities for the population, especially youths.

## OBJECTIVE

Developing Economic Opportunities



Strategic Lines

# 1. Stimulate the Productive Sector

In order to foster growth and create jobs it is crucial to attract investment and promote strategic sectors. Coordinated actions at the regional level that help build a platform for an enlarged market, upgrade infrastructure, and improve the business environment will spur growth and stimulate real integration with the rest of the world.

## Lines of Action

### Modernizing and expanding infrastructure and logistics corridors

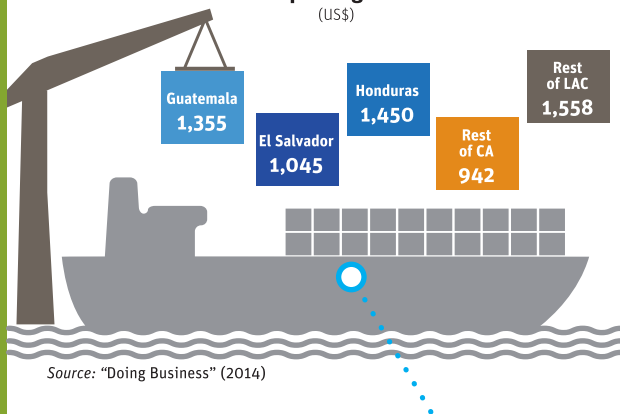
The coverage and quality of multimodal transport infrastructure (highways, seaports, airports, and railways) will be improved, with emphasis in projects that reinforce regional integration. The coverage of the secondary and tertiary networks will be expanded and upgraded, so as to take account of standards of adaptability to the risks of climate change. These investments will center on nine logistics corridors that have been identified by their potential.



### Reducing energy costs and improving the reliability of electricity supply

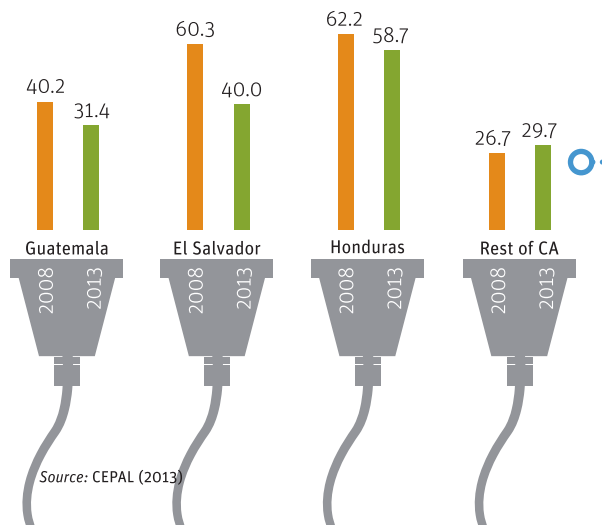
Access to energy sources will be expanded, so as to offer more diversified and integrated networks and boost supply as demand for energy grows. Priorities include consolidating the Regional Electricity Market, doubling the capacity of the Central American Electrical Interconnection System (SIEPAC), investing in national upgrades of transmission networks, introducing natural gas to the regional market, and strengthening institutions in the energy sector.

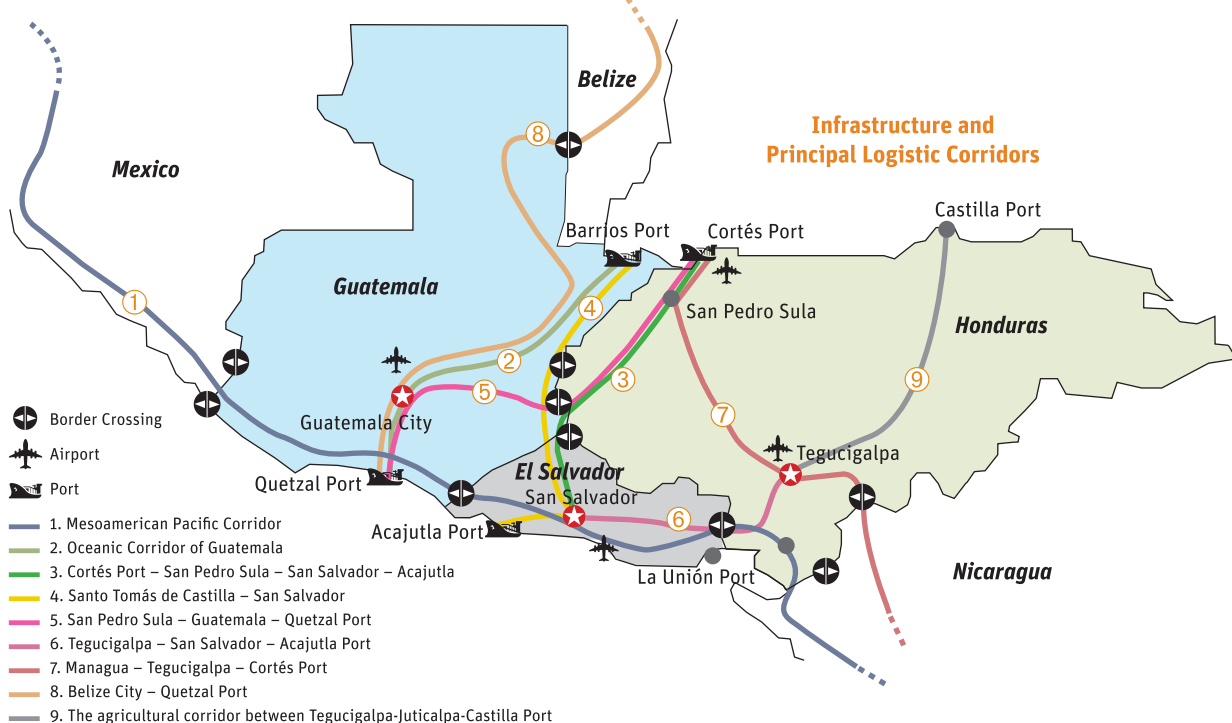
### Cost of exporting a container (US\$)



### Electricity production with non-renewable resources

(% total production)





**2,642 km** of highways to be upgraded

**2,560 km** of rural roads to be improved



**4 ports** with logistical infrastructure to be improved



**4 airports** with logistical infrastructure to be improved



**10 border crossings** with infrastructure to be improved with upgraded management systems

### Fostering coordinated border management

The successful integration of value chains demands that companies in the region be able to move their goods reliably, fast, at low cost, and within a regulatory framework that ensures efficiency at border controls, including customs, migration, and health and safety controls. Hence, coordinated border management will be instituted with a view to increasing the effectiveness of control procedures and ensuring that proper infrastructure is in place. At the same time, the collection of customs revenue and security at border checkpoints will be improved.

### Facilitating and boosting international trade

To ensure that the afore-mentioned actions lead to a real increase in the countries' competitiveness, complementary steps have to be taken to fully exploit the available trade opportunities. Consequently, priority will be given to strengthening quality-control systems and consolidating trade-promotion agencies.

## 2. Developing Opportunities for People

To create economic, educational, and social opportunities, as well as jobs, the links between the needs of the private sector and labor-force training must be strengthened. The aim is to ensure more effective and permanent integration into the workforce, especially among youths. Moreover, the development of future generations will depend crucially on improvements in education, healthcare, nutrition, and quality of life.

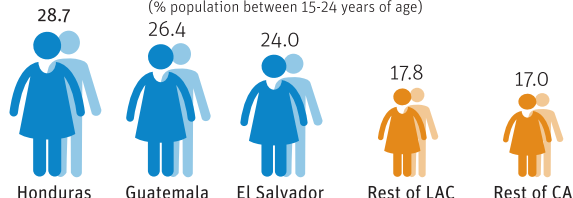
### Lines of Action



More than **60** percent of families have no home or live in substandard housing

### Young people who neither study nor work

(% population between 15-24 years of age)



Source: IDB (2012)

### Improving technical and vocational training for employment and integration in the labor force

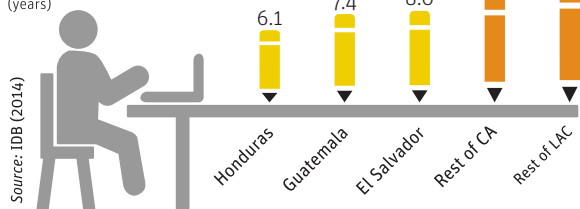
To create greater opportunities for quality employment, closer links will be forged between the education system and the productive sector. At the same time, efforts will be made to strengthen vocational technical training, pre-workplace training, internships and extra-curricular apprenticeship programs that build links to the private sector and expand the economic participation of youths, women, and returned migrants.

### Broadening coverage and quality of secondary education

Efforts will be made to improve school infrastructure, access to education, teacher quality, and school curricula in socioemotional skills. Similarly, measures to encourage students to stay in school will be implemented, alongside conditional transfer programs and other complementary initiatives.

### Average years of education of the economically active population

(years)



Source: IDB (2014)

### Improving housing and basic services

A comprehensive approach to human-capital development demands an improvement in housing conditions and in the coverage of basic services. Efforts in this field will include improving access to better housing, neighborhood upgrade programs, infrastructure enhancements to ensure access to drinking water, treatment of waste water, street lighting, and road access.

### Promoting health, nutrition and early childhood development

It is a priority to improve early-childhood nutrition, healthcare and development. To that end, the coverage and quality of current programs to improve access to healthcare and nutrition will be expanded. Governments will also promote nutrition and childcare programs for pregnant women and infants, as well as sexual and reproductive health programs that especially target adolescents in an effort to avert unplanned pregnancies.

**30 percent**  
of the region's children suffer chronic malnutrition

# 3. Improving Public Safety and Access to the Justice System

It is urgent to take a comprehensive approach to tackling the problems of insecurity and violence. That goal demands efforts in all realms of socialization (family, school and community), so as to safeguard children and youths from exposure to violent settings. It also requires continuing the fight against drug trafficking, human trafficking, and organized crime.

## Lines of Action

### Strengthening anti-violence programs

Efforts will be made to strengthen prevention programs based on the family, school and community, as a first step toward reducing domestic violence, violence against women, femicide, and street gang activity. Most particularly, efforts will be made to institute programs that foster peaceful coexistence and safety in schools and on school bus routes in areas where violence is most prevalent.

### Counseling centers for at-risk youths

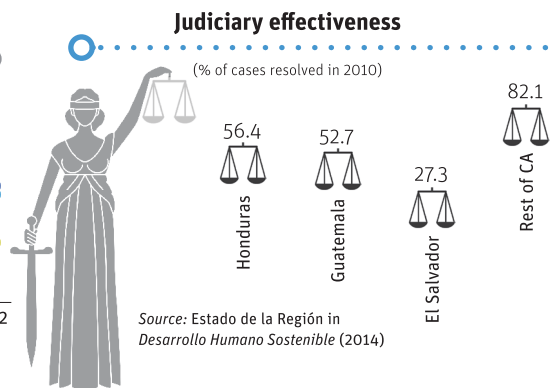
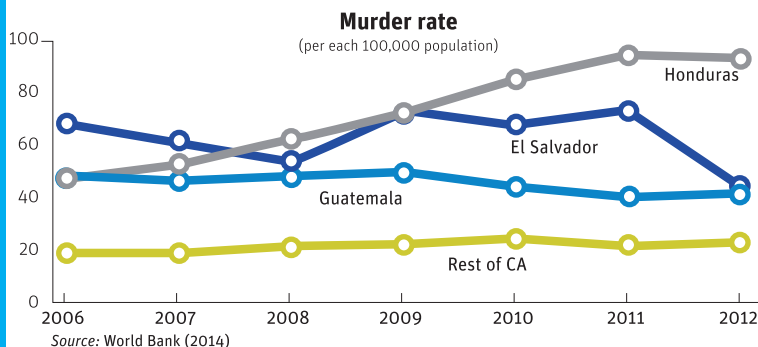
A coordinated and/or comprehensive approach will be taken to youths who are at risk or very likely to emigrate. It entails creating and strengthening counseling centers that offer essential social services for teenagers and youths. These services will be inter-coordinated and will make it easier for young people to gain access to specialized services appropriate to their age and risk circumstances.

### Strengthening the institutions responsible for public safety

Fighting crime and criminality is a priority. Hence, efforts will be made to strengthen the management skills of police forces. This endeavor will include training, skill-building, professionalization, and upgrades in equipment and information systems. Additionally, regional, national and local coordination will be improved, so as to ensure greater synergy in preventing and controlling crime.

### Modernizing the justice system

Improvements will be made to heighten the effectiveness of the justice system, by expanding access to justice, reducing the number of backlogged legal cases, creating and applying mechanisms to guarantee impartiality in trials, and strengthening the investigation, penalization and judicial resolution of femicide and sexual violence.



# 4. Strengthening Institutions

For the efforts envisioned in the Plan to continue over time, steps will have to be taken to strengthen public finances and public-debt management, enhance the efficiency of spending, and institute more effective mechanisms of accountability and transparency.

## Lines of Action

### Strengthening the state’s financial capacity

An increase in tax revenues must be matched by a strengthening of tax systems and tax administrations. To that end, efforts will be made to improve management systems and procedures, as well as the professionalization of human resources in tax and customs administrations, with a view to boosting performance, enhancing transparency, and simplifying tax systems.

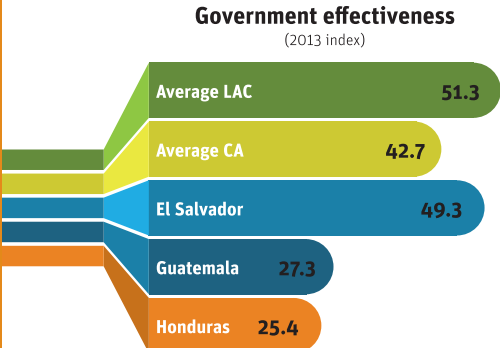
Central to the Plan is greater progress in public-debt management and effective management of the risks arising from natural disasters, so as to ensure policy sustainability, opening the space for the investments needed.

### Improving efficiency in spending

To expand the fiscal space that allows for greater public investment, the state’s financial management systems will be modernized, covering the entire cycle from the formulation and execution of the budget to the assessment of spending and its control, with a multi-annual focus. Additionally, national public investment systems will be strengthened, so that they can be integrated into governments’ strategic planning, thereby facilitating the design, monitoring, and assessment of investments.

### Enhancing transparency

Transparency in public financial management, including design and execution of the budget and of information will be crucial pillars of the Plan. The governments will strengthen systems of procurement, purchases and tenders for public works projects, so as to allow for greater monitoring of and transparency in the management of public funds, as well as financial control and auditing. The fight against money laundering will be crucial in tackling drug trafficking and is fundamental in preventing and detecting illicit resources entering the countries’ economies.



Source: World Bank (2014)





# Implementation of the Plan

The Plan builds on efforts already underway in the three countries and the priorities set out in their National Development Plans, which offer a baseline for further progress.

## Executing the Plan

Implementation of the Plan will take a territorial focus that maximizes the impact of the initiatives and activities described above. The most effective means of meeting the Plan's goals is to apply broad-based and multi-sectoral solutions that target particular geographic areas.

This territorial approach will be a key strategy to scale up and ensure synergies between sectoral actions that help attract private-sector investment and investment in human resources.

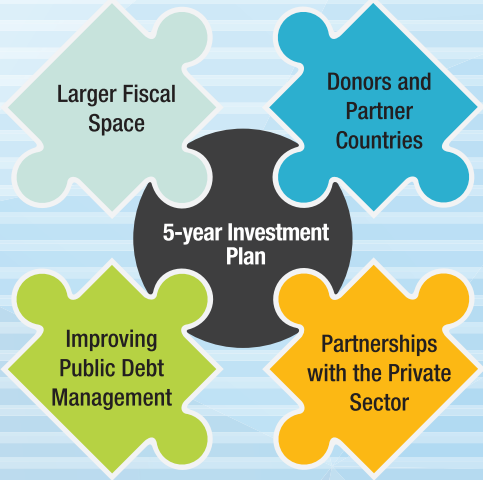
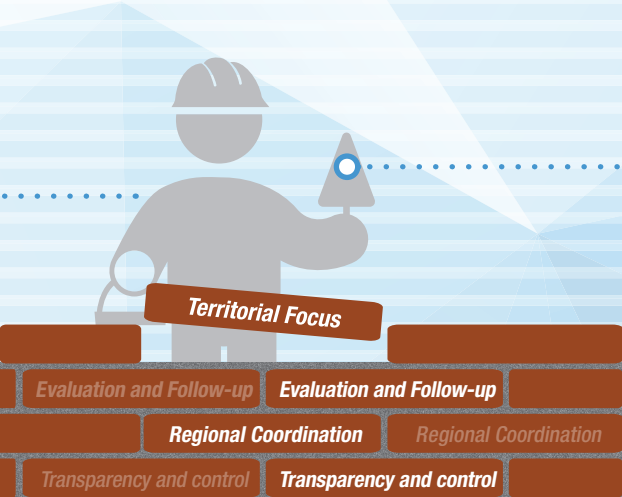
The Plan will adopt a results-based implementation model that encompasses private-sector participation and fosters regional coordination, so as to optimize the impact of the measures taken.

## Financing the Plan

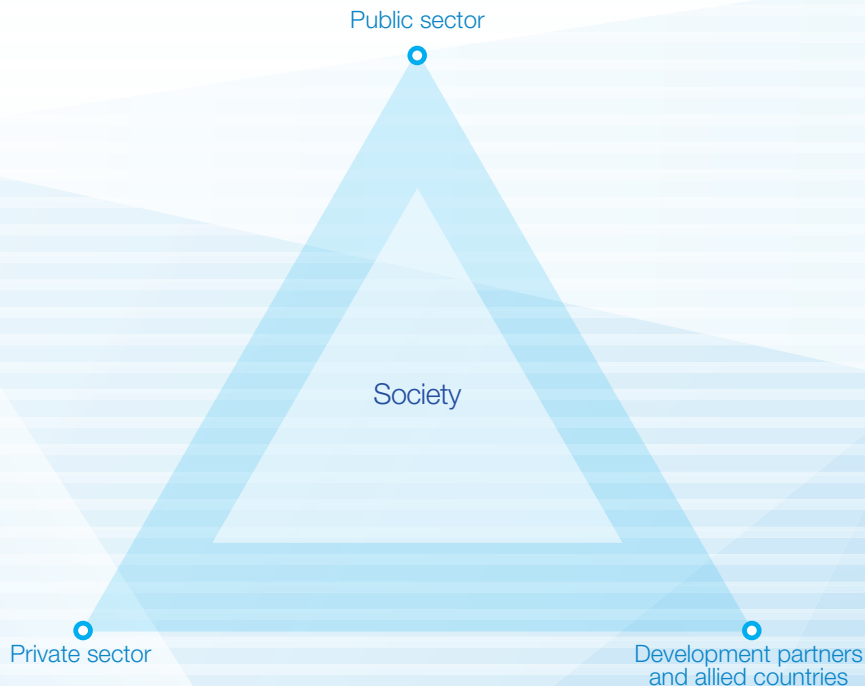
The resources needed to implement the Plan's surpass their financial capacity and their ability to assume more debt.

For that reason, their own fiscal efforts and their improvements in spending efficiency must be complemented by alternative financial instruments to bridge the funding gaps—such as debt-reduction mechanisms that allow resources to be targeted at development goals, using performance-based donations as with the Mesoamerican Health Initiative, and public-private partnerships.

Additionally, it will be crucial to ensure the active participation and joint endeavors of other partner countries, multilateral organizations and development partners in the region, so as to achieve the goals proposed herein over the medium term.



*The success of this Plan depends  
on the commitment and work of all*



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