



# Alternative Governance in the Northern Triangle and Implications for U.S. Foreign Policy

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*Finding Logic within Chaos*

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# Contents

Acknowledgments	iv
Executive Summary	v
1. Introduction and Overview	1
2. The Growing Role of Non-State Actors	10
3. The Border Corridor: The State as a Peripheral Actor	17
El Paraíso: An Emerging Paradigm of the Narco-Municipality	22
Additional Structures Representative of the State as a Peripheral Actor	27
4. Formal Border Crossings and Urban Areas: The State as a Partner	33
El Florido: Corruption and Partnership on the Border	33
San Pedro Sula: The Alliance of Gangs and Law Enforcement	39
5. Recommendations and Conclusions	48
U.S. Policy in the Region	49
Principal Challenges and Policy Recommendations	51
Appendix A. Conceptualizing Alternatively Governed Spaces: A Brief Review	57
Appendix B. Methodology	61
Appendix C. Experts Workshops Participants	63
About the Authors	64

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# Executive Summary

In the post-9/11 world, the predominant initial paradigm that emerged to describe geographic spaces outside of state control was that of “ungoverned spaces,” but there is a growing consensus that this framework is incorrect. While in much of the Northern Triangle<sup>1</sup> of Central America the state is either absent or a secondary power, it is clear that “ungoverned spaces” are in fact governed by one or more of the proliferating non-state actors that control specific geographic space.

Rather than a territorial space in anarchy, regions such as those examined in this study operate under unwritten rules governing the social, financial, economic, and political behavior of the inhabitants. This is true in both rural and urban regions. These rules are not part of the nation’s legal canon, but violating them often leads to violent retribution against the individual or the individual’s family. As a result, there is a logic amidst the seeming chaos that is the fabric of these societies: fragmented societies where unspoken laws and social norms are understood and obeyed and where justice, job creation, social services, and the power of life and death are in the hands of non-state actors.

This study examines different forms of alternative governance in the absence of a strong state presence, either positive or negative, along part of the Guatemala-Honduras border. Its purpose is to shed light on the complex and interwoven issues that drive the current crisis of governance in the region and spill over with increasing frequency into strategic issues for the United States. The region is now notorious for its soaring homicide rates, corruption, violence, and emigration to the United States.

We address the following questions: How and why do territories become governed by alternative structures? What are the identifiable characteristics of those territories, particularly relating to newer forms of power exercised by non-state armed actors in the Northern Triangle of Central America? How does the nation-state interact with these alternative structures, and what benefits accrue to each side?

The goal is to contribute a more nuanced understanding of the multiple issues that are driving the retreat of the state in an area of vital strategic interest to the United States, and the implications of the different types of failure of the nation-state that drive the violence and serve as push factors driving hundreds of thousands of people to illegally seek refuge

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1. This region is composed of El Salvador, Guatemala, and Honduras.

in the United States. Furthermore, the study uses field research to develop strategies both to mitigate the effects of and regain control from illicit actors, as well as to develop preventative strategies before or in the early stages of falling into alternative governance structures. Lastly, the findings of this study can be used to assess where further erosion of state sovereignty may occur.

The Northern Triangle is one of the most violent regions in the world. Even when the state is present it is often not the predominant power. State actors, if present, often enjoy far less legitimacy, firepower, and economic resources than the alternative power structures. This “evaporation of the state,” as one analyst described it, has left expanding power vacuums where non-state actors have replaced the state in almost every aspect of state responsibility.

Although the United States allocated \$642 million for the Central America Regional Security Initiative (CARSI) from 2008–2013, the region’s security conditions have continued to deteriorate. The most dramatic demonstration of the security situation’s sharp downward spiral was the 2014 mass exodus of tens of thousands of unaccompanied minors from the Northern Triangle across the U.S. border. The crisis of governance is currently seen in the mass protests, the most widespread and persistent in decades in the region, demanding an end to the pervasive corruption that touches every aspect of life and the impunity that allows the corruption to flourish.

## Methodology and Findings

This report is composed of case studies under two general typologies, examining different examples of state interaction with non-state actors in governing specific geographic spaces. Most are in rural areas where alternative governance models are more identifiable and relatively stable. One looks at the phenomenon of gang control in San Pedro Sula, a key transit point for most major drug trafficking organizations in Honduras, offering a volatile, chaotic environment.

- *State Role—Peripheral Actor*: The focal point is the town of El Paraíso, Copán, Honduras, and includes the Chiquimula-Zacapa region on the Guatemalan side. The national state is largely absent and the illicit actors provide governance at the municipal level. The focus of illicit actors is on controlling municipalities, often as elected mayors, mostly in their hometowns. The illicit actors are then able to govern according to their own laws rather than national laws and enhance their legitimacy by comingling the municipal resources with their own illicit profits to provide employment, social and municipal services, and judicial remedies. Despite the widely held knowledge that the municipal leaders in these towns derive their wealth and power from activities viewed as illicit by the nation-state, these actors are viewed, in the local context, as more legitimate than the state and more deserving of citizen loyalty. This structure also provides a mechanism for the illicit actors



to launder money, ensure their own impunity, and perpetuate themselves in power. Over time, it allows them to establish a broader political protection structure through financial contributions to congressional and gubernatorial candidates who are allies, thus ensuring an even greater level of impunity. However, they do not aspire to national governance.

- *State Role—Partner*: At formal border crossings, which are geographically and politically distant from the central government (in this case, El Florido between Guatemala and Honduras), the nation-state works as a partner with illicit groups by providing services in exchange for economic benefits. The state does not exercise full control but has enough power to extract significant economic gains from the alternate groups in order for state agents to profit. The illicit groups do not have the power to fully control the territory either, and seeking to exercise direct control over a formal border crossing would force the state to take repressive action. There is a constant negotiation over the price and condition of moving illicit products across the border.

In the urban center of San Pedro Sula, the state plays a similar but more complex role. More than half of the neighborhoods are under the control of transnational gangs. Here, the national police (agents of the state) act as a violent repressor of gangs, often at the behest and in favor of other gangs. The state plays the role of partner but has the added value of providing militarized engagement on behalf of different actors. Violence is often extremely high. Corruption is extremely high. Impunity is extremely high.

The shrinking of the positive presence of the nation-state presents numerous policy and security challenges to the United States, where the lens for analyzing the world remains largely state-centric. The current situation not only directly impacts national counter-narcotics efforts, but it also impacts the illicit flow of weapons, human beings, money, and the democratic fabric and stability of a region in close geographic proximity to the United States. The ongoing strengthening of alternative governance structures will drive transnational criminal activities, immigration flows, and economic chaos, further weakening the position of the state.

These typologies are not comprehensive, but illustrate a broad spectrum of alternative governance structures and the urgent need to rethink traditional policy and security issues in the region. This study is an attempt to provide a basis for such an evaluation.

## Recommendations and Conclusions

The case studies and analysis of alternative governance in rural and urban regions of the Northern Triangle make clear that the growing crisis in the region is a multifaceted problem that will require serious attention over a sustained period of time. In this research a number of themes repeatedly surfaced. This report's evaluation of the governance issues in

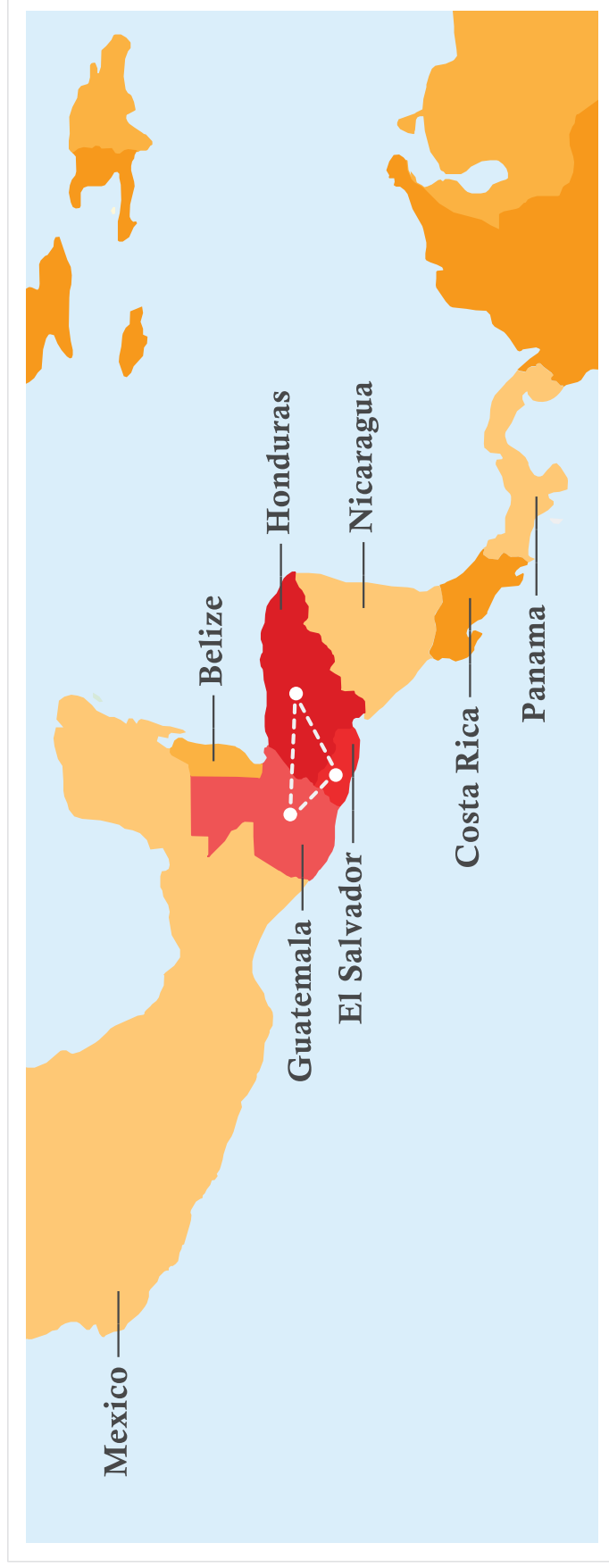
the border areas point to three main problems that afflict the region and are worthy of significant policy attention:

- Weak governance and rule of law;
- The lack of opportunities in the formal economy; and
- Poorly regulated borders.

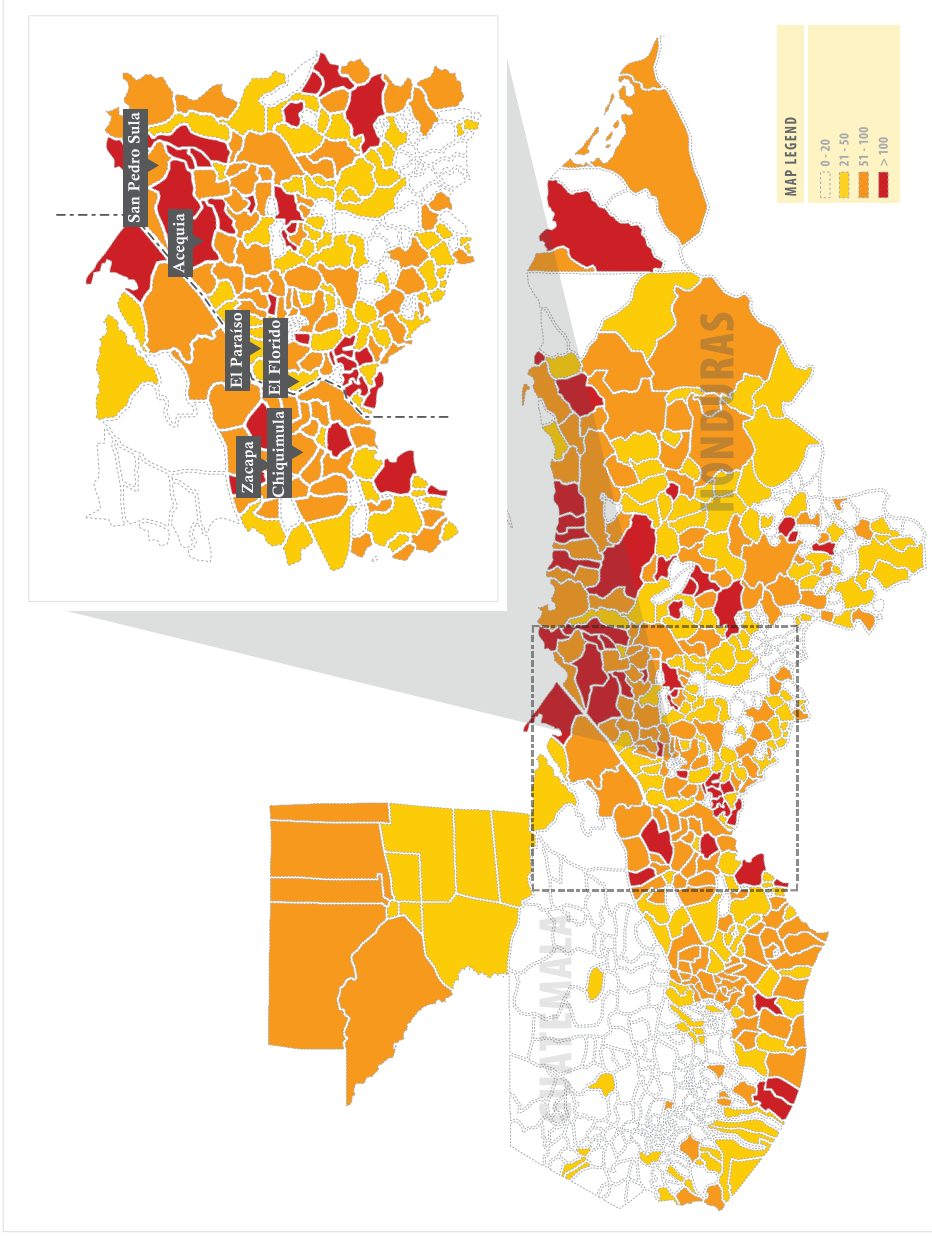
With those challenges in mind, we recommend that U.S. policy toward the Northern Triangle countries do the following:

1. Prevent criminal activity by improving economic conditions;
2. Monitor achievement of U.S. policy goals through effective metrics;
3. Assist in expanding state presence throughout border regions and in urban areas where the state has retreated/weakened from gang presence;
4. Assist with the creation of new, international commissions in the Northern Triangle, modeled on the United Nations-sponsored Comisión Internacional contra la Impunidad en Guatemala (CICIG) in Guatemala, and condition U.S. assistance to the region on the acceptance by the government of such commissions;
5. Assist with the improvement of regional coordination by promoting an arbitration/mediation forum to resolve border disputes and promote regional interoperability along shared borders among the Northern Triangle countries and create a transnational border enforcement mechanism that promotes licit trade while mitigating the potential for illicit trade;
6. Bolster border enforcement through professionalizing customs and border control; and
7. Work with civil society to strengthen the monitoring of human rights, the robust rule of law, and legitimate political control.

Central America's Northern Triangle, Highlighting the Area under Study



## Homicides per 100,000 Persons in Guatemala and Honduras (2013)



Sources: Eguizábal et al., "Crime and Violence in Central America's Northern Triangle: How U.S. Policy Responses are Helping, Hurting, and Can be Improved," Wilson Center (2015), [http://www.wilsoncenter.org/sites/default/files/FINAL%20PDF\\_CARS%20REPORT\\_0.pdf](http://www.wilsoncenter.org/sites/default/files/FINAL%20PDF_CARS%20REPORT_0.pdf) (crediting Carlos Mendoza and team, with data from Policia Nacional Civil [PNC], Guatemala; Policia Nacional, Honduras; and Fiscalía General de la Republica [FGR] and Policia Nacional Civil [PNC], El Salvador); and United Nations Office of Drugs and Crime (UNODC) Threat Assessment, 2012, [https://www.unodc.org/documents/data-and-analysis/Studies/TOC\\_Central\\_America\\_and\\_the\\_Caribbean\\_english.pdf](https://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf).

# 1 Introduction and Overview

In the years following the end of the Cold War and the successful negotiations that halted the proxy wars in Central America in the early 1990s, most students of the region predicted an era of democracy and prosperity. Resources previously used for conflict were supposed to be redirected for education, health, law enforcement, and judicial reform. And the environment, after years of armed conflict, seemed ripe for transformation. The dream, however, was short-lived because foreign aid was reduced rapidly and most of the promised reforms failed to fully take root. A significant number of indicators, from development indexes to homicide rates, incarceration rates and levels of impunity, show that the Northern Triangle of Central America is likely to be worse off in many ways now, than it was during the conflict.

While assessing homicide rates is an imperfect way to measure overall violence, it is a valuable indicator for assessing the level of chaos in the Northern Triangle where all three countries have consistently ranked among the top ten in the world since 2010.<sup>1</sup> Honduras has usually topped that list with the number one spot, although El Salvador is on course in 2015 to surpass even the highest indicators posted in the region over the past decade.

Along the Honduras-Guatemala border region, as the International Crisis Group reported, “The murder rate is among the highest in the world. The absence of effective law enforcement has allowed wealthy traffickers to become de facto authorities in some areas, dispensing jobs and humanitarian assistance but also intimidating and corrupting local officials. Increasing competition over routes and the arrest or killing of top traffickers has splintered some criminal groups, empowering new, often more violent figures.”<sup>2</sup>

San Pedro Sula, the commercial capital of Honduras, remains the most violent city. It has a homicide rate of 90.4 per 100,000 inhabitants, compared to the worldwide average of 6.2 murders per 100,000 people.<sup>3</sup>

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1. United Nations Office of Drugs and Crime (UNODC), “Global Study on Homicide Report,” 2010–2014, <https://www.unodc.org/gsh/>. All five reports were necessary to compare the rankings of each Northern Triangle country.

2. International Crisis Group, “Corridor of Violence: The Guatemala-Honduras Border,” June 2014, [http://www.crisisgroup.org/~media/Files/latin-america/Guatemala/052-corridor-of-violence-the-guatemala-honduras-border.pdf](http://www.crisisgroup.org/~/media/Files/latin-america/Guatemala/052-corridor-of-violence-the-guatemala-honduras-border.pdf).

3. Alberto Arce and Eduardo Castillo, “Global murder rates drop, but Americas still ‘very violent,’ UN study finds,” Associated Press, April 10, 2014, [http://www.thestar.com/news/world/2014/04/10/global\\_murder\\_rates\\_drop\\_but\\_americas\\_still\\_very\\_violent\\_un\\_study\\_finds.html](http://www.thestar.com/news/world/2014/04/10/global_murder_rates_drop_but_americas_still_very_violent_un_study_finds.html).

## Northern Triangle Development Indicators

	Human Development Index (HDI) Rank out of 187, 2013*	Life Expectancy at Birth (years), 2013*	Mean Years of Schooling (years), 2012*	GINI 2011**	Poverty Headcount Ratio at National Poverty Lines (% of population), 2011**	Poverty Headcount Ratio at \$1.25 a day (PPP) (% of population), 2011**
El Salvador	115	72.6	6.5	42.4	40.6	2.8
Guatemala	125	72.1	5.6	52.4	53.7	13.7
Honduras	129	73.8	5.5	57.4	61.9	16.5

Sources: UNDP, "Human Development Report 2014," <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>; World Bank, "World Bank Open Data," <http://data.worldbank.org/>; and World Bank, "GINI Index (World Bank estimate)," <http://data.worldbank.org/indicator/SI.POV.GINI>.

Note: Most recent data available for El Salvador, Guatemala, and Honduras as of June 30, 2015.

\* Data from United Nations Development Programme (UNDP).

\*\* Data from the World Bank.

## Northern Triangle Homicide, Impunity, and Corruption Statistics

	Homicides per 100,000, 2014*	Prison Population Rate (per 100,000 of national population), 2014**	Rule of Law (score -2.5 to 2.5), 2010***	Rule of Law (percentile rank), 2010***	Control of Corruption (score -2.5 to 2.5), 2010***	Corruption Perceptions Index Score (out of 100), 2014***	Corruption Perceptions Index Rank (out of 175), 2014***
El Salvador	60+	465	-0.87	23	-0.22	39	80
Guatemala	30+	117	-1.04	16	-0.53	32	115
Honduras	65+	196	-0.87	23	-0.86	29	126

Sources: Adriana Beltrán of WOLA, “Citizen Security in Central America: Latin America on the Rise Briefing Series,” June 1, 2015, <http://www.farr.house.gov/index.php/latinamerica/ontherise-briefingseries/1173-citizen-security-in-central-america>; ICPS, “World Prison Brief,” <http://www.prisonstudies.org/map/central-america>; and Transparency International, “Corruption by Country—Data,” <http://transparency.org/country>.

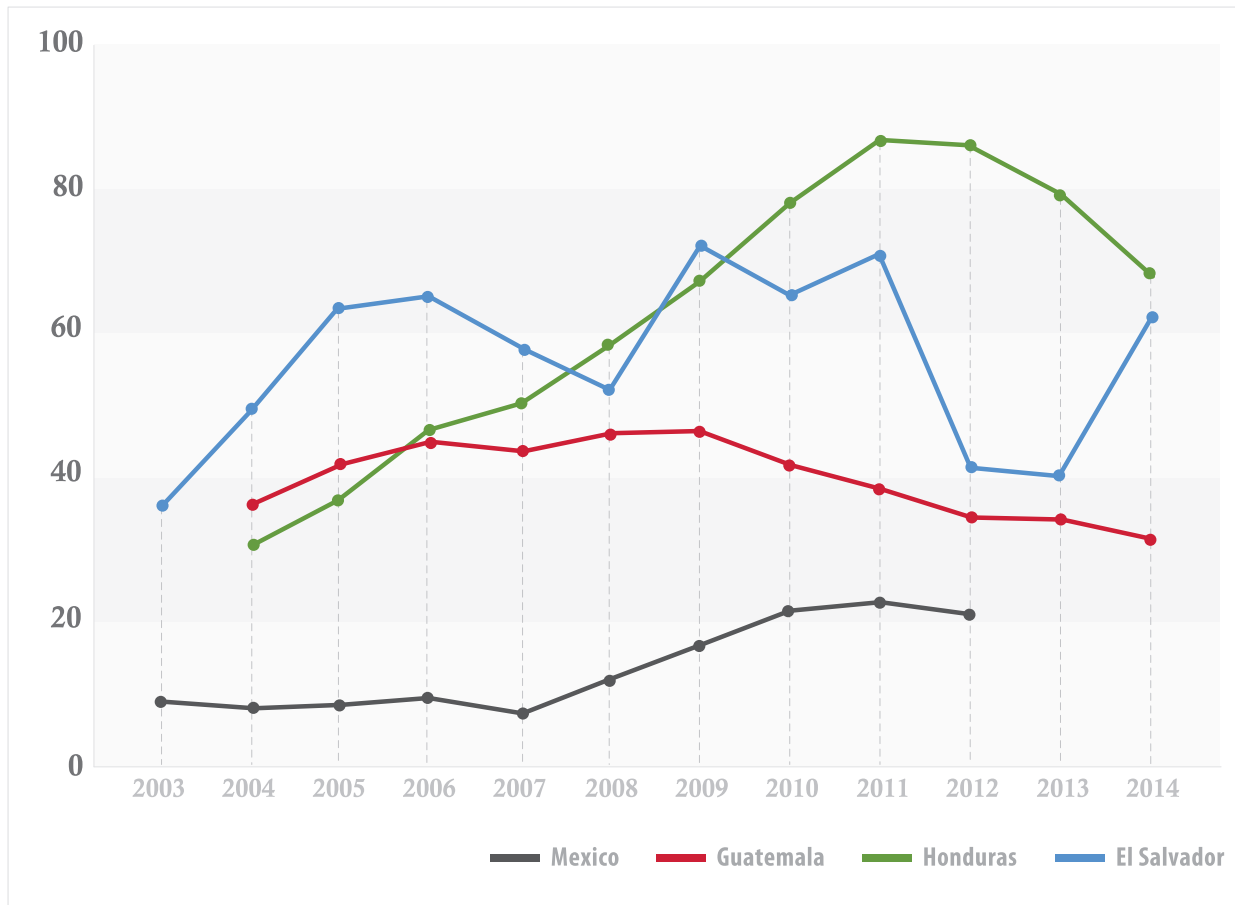
Note: Most recent data available for El Salvador, Guatemala, and Honduras as of June 30, 2015.

\* Data from Washington Office on Latin America (WOLA).

\*\* Data from International Centre for Prison Studies (ICPS). El Salvador and Guatemala's rate based on 2015 population data; Honduras' rate based on 2014 population data.

\*\*\* Data from Transparency International.

## Northern Triangle and Mexico's Homicide Rates per 100,000, 2003–2014



Source: Data presented by Adriana Beltrán of WOLA, “Citizen Security in Central America: Latin America on the Rise Briefing Series,” citing Instituto Universitario de Opinión Pública (El Salvador), Central America Business Intelligence, CABI (Guatemala), Instituto Universitario en Democracia, Paz y Seguridad (Honduras), and United Nations Office of Drugs and Crime (Mexico). Used with permission.

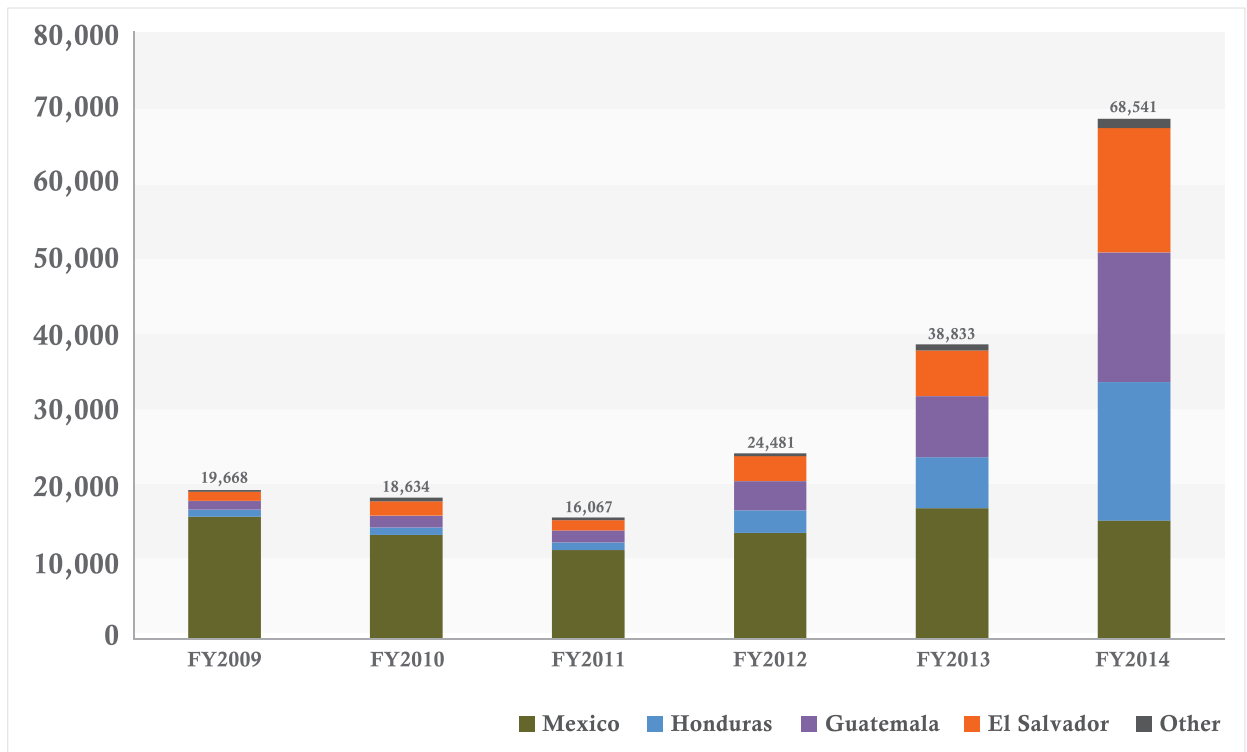
The destabilizing levels of violence largely drove the 2014 crisis involving the mass migration of tens of thousands of unaccompanied minors from the Northern Triangle to the United States, which highlighted the strategic importance of the region for the United States. Most of the children making the arduous trek claimed to be fleeing the uncontrolled, spreading violence that has enveloped much of the Northern Triangle. The migration occurred despite the fact that the United States had allocated \$642 million on the Central America Regional Security Initiative (CARSI) from 2008 to 2013.<sup>4</sup> The Obama administration has requested an additional \$1 billion in fiscal 2016 to help create prosperity, promote security, disrupt the criminal activities, support capable governance, re-establish effective state presence, and foster regional cooperation.<sup>5</sup> This represents a tripling of the

4. U.S. Department of State, “The Central America Regional Security Initiative: A Shared Partnership,” fact sheet, March 5, 2014, <http://www.state.gov/p/wha/rls/fs/2014/223804.htm>.

5. Associated Press, “Obama Wants \$1 Billion to Curb Central American Immigration,” *New York Times*, February 2, 2015, [http://www.nytimes.com/aponline/2015/02/02/us/politics/ap-us-budget-immigration.html?\\_r=0](http://www.nytimes.com/aponline/2015/02/02/us/politics/ap-us-budget-immigration.html?_r=0).



## Unaccompanied Children from Central America Apprehended in the United States, 2009–2014



Sources: Peter J. Meyer et al., “Unaccompanied Children from Central America: Foreign Policy Considerations,” Congressional Research Service, February 10, 2015, <https://fas.org/sgp/crs/homesecc/R43702.pdf>, citing U.S. Border Patrol, “Unaccompanied Children (Age 0–17) Apprehensions, Fiscal Year 2008 through Fiscal Year 2012,” February 4, 2013, and U.S. Customs and Border Protection, “Southwest Border Unaccompanied Alien Children (FY2014),” press release, October 2015.

previous year’s allocation. If implemented it would be the first time U.S. aid has significantly shifted from a primarily counternarcotics effort to a sharper focus on governance and other forms of citizen security.

Among the multiple reasons for this dangerous and tragic turn of events in the post-war Northern Triangle, three inter-related factors stand out:

- The peace processes in El Salvador and Guatemala (and where Honduras was a significant player as a staging ground for the U.S.-backed Contra rebels fighting in Nicaragua and the Farabundo Martí National Liberation Front [Frente Farabundo Martí para la Liberación Nacional; FMLN] rebels fighting in El Salvador) failed to fully uproot the clandestine structures of the armed groups in the conflicts. Rather than joining the nascent democratic processes, remnants of each faction used the skills acquired in the wars and the clandestine pipelines they developed during the conflicts to engage in criminal activities. These activities range from kidnapping to cocaine and weapons trafficking to human smuggling. With the Cold War over, these groups were able to join forces with skilled groups that had been ideological enemies

but could now be business partners. A UN investigation of post-conflict armed groups in El Salvador in 1994—only two years after the civil war ended—found that the “illegal armed groups” operating after the war had “morphed” into more sophisticated, complex organizations than had existed during the war. As self-financing entities they had a strong criminal economic component, as well as a political aspect, to their operations.<sup>6</sup> In Guatemala, the “hidden powers” (*poderes fácticos*) of The Brotherhood (La Cofradía) and others have comingled the powers of former military officers, economic elites, and transnational organized crime groups, including former Marxist guerrillas.<sup>7</sup> In Honduras, which did not have the international oversight that El Salvador and Guatemala did in the initial post-war period, there was even less pressure to carry out even the minimal reforms enacted in the other countries, leaving the well-established criminal and smuggling networks untouched.

- Significant and sustainable law enforcement, as well as judicial and political reforms, were not implemented to root out deep-seated corruption. New police forces proved largely unable to escape the entrenched webs of corruption and abuse that had characterized their predecessors. Judicial systems remained highly politicized and deeply corrupt, while impunity rates for homicides and other serious crimes stayed between 85 and 95 percent. This, in turn, has been one of the main drivers of rising homicide rates and the disillusionment with the democratic process. In July 2015, the UN-sponsored International Commission Against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala; CICIG) issued a blistering investigation into electoral finances in that country, concluding that “corruption has become the central element of political financing.”<sup>8</sup>
- Hundreds of thousands of gang members were deported from the United States to their countries of origin in Central America, beginning in the mid-1990s. Stagnating and failing to carry out significant social reforms, this influx of hardened criminals completely overwhelmed the fragile and dysfunctional judicial and police structures

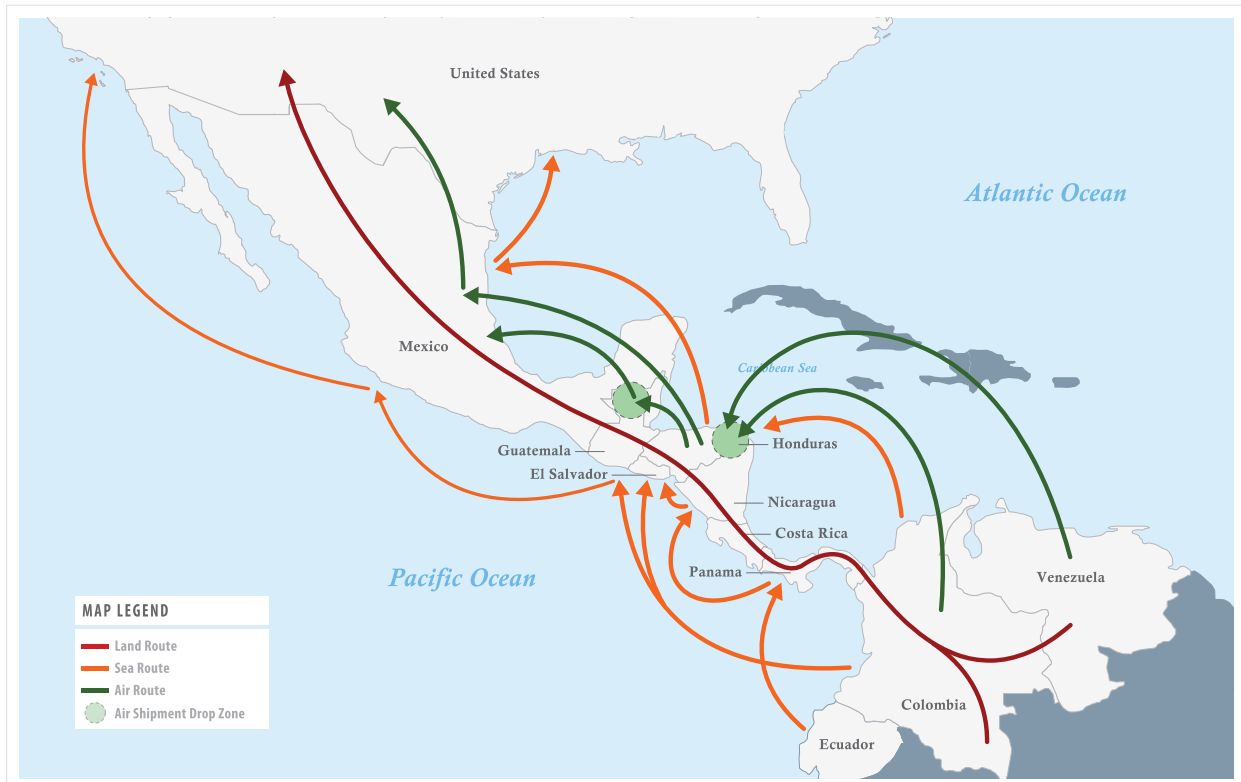
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6. The investigation was carried out by a special commission formed in 1992, composed of the nation’s human rights ombudsman, a representative of the United Nations Secretary General, and two representatives of the Salvadoran government. The commission was formed by a political agreement among all the major parties due to a resurgence in political violence after the signing of the historic peace accords. See “Informe del Grupo Conjunto Para la Investigación de Grupos Armados: Ilegales con Motivación Política en El Salvador,” Universidad Centroamericana, July 28, 1994, <http://www.uca.edu.sv/publica/idhuca/grupo.html>.

7. Susan C. Peacock and Adriana Beltrán, “Hidden Powers in Post-Conflict Guatemala: Illegal Armed Groups and the Forces Behind Them,” Washington Office on Latin America (WOLA), 2003, <http://www.wola.org/sites/default/files/downloadable/Citizen%20Security/past/Hidden%20Powers%20Long%20Version.pdf>.

8. Comisión Internacional contra la Impunidad en Guatemala (CICIG), “El Financiamiento de la Política en Guatemala,” July 16, 2015, [http://www.cicig.org/uploads/documents/2015/informe\\_financiamiento\\_politicagt.pdf](http://www.cicig.org/uploads/documents/2015/informe_financiamiento_politicagt.pdf). The CICIG was formed in 2006 under an agreement between the United Nations and the government of Guatemala to provide international support to “investigate the existence of illicit security forces and clandestine organizations that commit crimes that affect the fundamental human rights of the citizens of Guatemala, and identify the illegal group structures (including links between state officials and organized crime), activities, modes of operation and sources of financing,” as well as provide support to the attorney general’s office and the judicial system. See [www.cicig.org](http://www.cicig.org). The organization has led many high profile investigations, including the corruption scandal that led to the resignation of Vice President Roxana Baldetti. While the CICIG has been proposed as a model for similar institutions in El Salvador and Honduras, the governments of both countries have rejected the idea.

## Northern Triangle Air, Land, and Sea Routes for Illicit Trafficking to the United States



Sources: Information for this map was derived from National Public Radio (NPR), “Mexican Cartels Spread Violence to Central America,” May 30, 2011, <http://www.npr.org/2011/05/30/136690257/mexican-cartels-spread-violence-to-central-america> (crediting Stephanie d’Otrepe/NPR and Strategic Forecasting, Inc. [STRATFOR]); and the 2010–2014 UN World Drug Reports, <http://www.unodc.org/wdr2014/en/previous-reports.html>.

that were already under stress while creating a large pool of unemployed, violent youth with few employment opportunities. This mass deportation of gang members was the genesis of the current gang structures and resulting crisis in El Salvador, Honduras, and Guatemala.<sup>9</sup>

Into this volatile mix came the emergence of the Northern Triangle as a major transshipment route for cocaine flowing from producing and transshipment countries in the south (Colombia, Ecuador, Bolivia, Peru) to the United States, the world’s largest cocaine market. The shift occurred as U.S. counternarcotics efforts in the Caribbean became more successful, pushing the trafficking routes to Central America, primarily the Northern

9. For a detailed look at the policies and history of the gang deportations and enormous difficulties this policy has caused in Central America, see Ana Arana, “How Street Gangs Took Central America,” *Foreign Affairs* 84, no. 3 (May/June 2005): 98–110. For a look at how the gangs have developed into political structures and expanded their ties to transnational drug trafficking organizations, see Douglas Farah and Pamela Philips Lum, “Central American Gangs and Transnational Criminal Organized Crime: The Changing Relationship in Times of Turmoil,” International Assessment and Strategy Center, February 2013, [http://www.ibiconsultants.net/\\_pdf/central-american-gangs-and-transnational-criminal-organizations-update-for-publication.pdf](http://www.ibiconsultants.net/_pdf/central-american-gangs-and-transnational-criminal-organizations-update-for-publication.pdf).

Triangle, and Mexico. The emergence of Venezuela as a safe harbor for cocaine flights to Central America, particularly Honduras and Guatemala, also helped move the flow of cocaine to the region.

In the 2015 International Narcotics Control Strategy Report (INCSR), the U.S. government estimated that approximately 83 percent of the cocaine leaving South America for the United States in the first half of 2014 moved through the Mexico and Central America corridor.<sup>10</sup>

This flow is undoubtedly a major contributor to the growing chaos in Central America and the Northern Triangle, although it is far from the only one. In addition to the flow of cocaine, tens of thousands of illegal migrants move through this corridor, along with bulk cash shipments, weapons, and other illicit products. But across Central America, and in particular the border regions, the “culture of illegality” has thrived for generations. The state is viewed as the illicit interloper and local political structures have virtually no ties to or response from the central government. This made adding another, albeit a far more lucrative, product to the contraband network easy and relatively safe.

The results have been devastating across the Northern Triangle. Using Robert H. Jackson’s seminal discussion of positive and negative state presence, it is clear the state has lost internal and external sovereignty. The Northern Triangle states cannot provide immunity from outside interference, a monopoly on the use of force, or a positive presence for their citizens that would legitimize the state structure and engender loyalty from its citizens.<sup>11</sup>

We chose parts of the Honduras-Guatemala border for study because over the past five years the areas have been among the most violent in Central America. The two nation-states have failed to exercise sovereignty over extensive areas of their national territories. As the United Nations Office on Drugs and Crime (UNODC) noted in a 2012 study, “Some of the most dangerous places in Central America lie in a swath between the north-western coast of Honduras and the south-western coast of Guatemala.”<sup>12</sup> More recently, the International Crisis Group noted, “The absence of effective law enforcement has allowed wealthy traffickers to become de facto authorities in some areas, dispensing jobs and humanitarian assistance but also intimidating and corrupting local officials. Increasing competition over

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10. Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report: Volume 1: Drug and Chemical Control* (Washington, DC: U.S. Department of State, March 2015), <http://www.state.gov/documents/organization/239560.pdf>.

11. Robert H. Jackson, *Quasi-states: Sovereignty, International Relations and the Third World* (New York: Cambridge University Press, 1990). Jackson defines negative sovereignty as freedom from outside interference, the ability of a sovereign state to act independently, both in its external relations and internally, toward its people. Positive sovereignty is the acquisition and enjoyment of capacities, not merely immunities. In Jackson’s definition, it presupposes “capabilities which enable governments to be their own masters” (29). The absence of either type of sovereignty can lead to the collapse of or absence of state control.

12. UN Office on Drugs and Crime (UNODC), *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment* (Vienna: UNODC, September 2012), 37, [https://www.unodc.org/documents/data-and-analysis/Studies/TOC\\_Central\\_America\\_and\\_the\\_Caribbean\\_english.pdf](https://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf).

routes and the arrest or killing of top traffickers has splintered some criminal groups, empowering new, often more violent figures.”<sup>13</sup>

Border areas offer particular challenges. As Espach and Haering noted regarding Central American borders,

Border communities in the region tend to be cut off from most national services and systems due to poor transportation and communications infrastructures. Residents tend to focus on events, people, opportunities, and politics in the local region—including just across the border—more so than those at the national level. For many residents of border communities, those national borders are not porous—they are nonexistent. People will cross the border a few times a day to work; to visit families or friends; or to buy or sell grains, flour, livestock, or gasoline at a better price. The economic character of these communities rests on this activity, and in some cases (e.g., when services such as medical care or electricity can be accessed only across the border) depend on it for their survival. In many cases the economies of border communities are more closely linked to markets and supplies on the other side of the border than they are to those within the same country.<sup>14</sup>

Our study examines several border communities largely under the control of illicit non-state actors or where the state partners with illicit non-state actors to better understand how they function in the context of state and non-state control. In addition, we look at gang-controlled neighborhoods in San Pedro Sula, including an urban setting where the dynamics are unique but similar in some ways in which the state partners with non-state actors. Each case study looks at areas that are, in essence, entities unto themselves. We address the following questions: How and why do territories become “other governed”? What are the identifiable characteristics of those territories, particularly relating to newer forms of power exercised by non-state armed actors in the Northern Triangle of Central America? How does the state interact with these alternative structures, and what benefits accrue to each side?

The goal is to contribute a more nuanced understanding of the multiple issues that are driving the retreat of the state in many areas of the world, focusing on case studies in the Northern Triangle. Furthermore, the study uses field research to develop strategies both to mitigate the effects of illicit actors and to regain control, as well as to develop preventative strategies before or in the early stages of territories falling into alternative governance spirals. Lastly, the findings of this study can be used to assess where further erosion of state sovereignty may occur.

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13. International Crisis Group, “Corridor of Violence.”

14. Ralph Espach and Daniel Haering, *Border Insecurity in Central America’s Northern Triangle* (Washington, DC: Migration Policy Institute and Woodrow Wilson International Center for Scholars, November 2012), <http://www.migrationpolicy.org/research/RMSG-CentAm-border-insecurity>.

## 2 | The Growing Role of Non-State Actors

The primary role played by the family-based networks engaged in illicit activity is that of facilitator or transporter of the products across geographic spaces, including borders. Across the Northern Triangle these groups are known as *transportistas*. The *transportistas* have control over geographic and political space along lucrative trafficking routes used to move cocaine, humans, weapons, bulk cash and other products.<sup>1</sup> The addition of cocaine to the illicit pipeline began as a trickle in the late 1990s but reached new levels in the mid-2000s as cocaine flows shifted to the region in a significant way. Over the past decade these groups have been using their almost unlimited resources to create a growing space where they, rather than the nation-state control territory, command the loyalty of the population, provide social services, foster employment opportunities, and mete out justice.<sup>2</sup>

As Carlos Dada, a noted investigative journalist in El Salvador observed, the power of the *transportistas* has increased “because they own policemen, judges, congressmen, local mayors, etc. So they charge drug cartels for crossing that territory free of threats from security forces—because they manage everything. So you pay them—if you are a drug cartel, you pay them. And you have a free pass from Honduras to Guatemala.”<sup>3</sup>

While state presence in border regions and transit routes has been weak for generations, the resources available because of drug trafficking has accelerated the “evaporation of the state” in these regions, said Victor Meza, a prominent researcher and former minister of interior of Honduras. Because the *transportistas* often “fix roads, fix schools and

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1. While the most active drug trafficking organizations and other illicit actors are transnational in that their activities cross a border, they are more accurately understood as regional *transportista* networks that move multiple products across Central America. In cocaine trafficking, these groups usually turn over the product to the Mexican owners in Guatemala, and the Mexican organizations then take control of the shipments for delivery in the United States. For the fullest discussion of the *transportista* typologies, see Steven S. Dudley, “Drug Trafficking Organizations in Central America: *Transportistas*, Mexican Cartels and Maras,” Working Paper Series on U.S.-Mexico Security Collaboration, Woodrow Wilson International Center for Scholars, May 2010, <http://www.stevendudley.com/pdf/Wilson%20Center%20Central%20America%20Dudley%2005%2017%2010.pdf>.

2. Antonio Mazzietelli, “Mexican Cartels Influence in Central America,” Western Hemisphere Analysis Center, Florida International University, Paper 45, September 2011, <http://digitalcommons.fiu.edu/whemsac/45>.

3. Jason Beaubien, “El Salvador Grapples With Upswing in Drug Traffic,” NPR Morning Edition, May 31, 2011.



provide a network of social services, they make the state invisible, and the state doesn't care."<sup>4</sup>

Leticia Solomon, an academic studying violence in Honduras, observed that this legitimized non-state actors in the eyes of the people in the non-state groups control because “when there is no state, everything is privatized. Dark forces begin to resolve people’s problems, and this generates popular support in their towns. People like them.”<sup>5</sup> One of the things people most appreciate, as described below, is the ability of the *transportistas* to keep gangs from expanding into their communities, often by simply executing those suspected of gang membership.

Border communities are particularly attractive and necessary to *transportista* groups because control of those geographic spaces is especially valuable. “The municipal governments along the border are almost all clearly financed by drug trafficking,” said one recently retired senior Guatemalan judicial authority. “The ties of the mayors are very clear and demonstrable. But neither state is willing to take action to change that dynamic.”<sup>6</sup>

International gangs, such as MS 13 and Calle 18, in the Northern Triangle are also increasing their territorial control in urban areas at a time when the state sovereignty over or control of a geographic space is being lost. The gangs primarily finance themselves through extortion, kidnappings, and working as enforcers or hitmen for the *transportista* groups in and around major urban areas. The gangs have a long-standing war between themselves, fighting for control of different neighborhoods, particularly those where cocaine is moved. Because revenues depend largely on territorial control, the gangs often ally with the state, through their police structures, to expand their control. The police often work with one gang to eliminate the rival gangs. Each gang has strong ties to law enforcement. Through symbiotic relationships with parts of the state, the gangs exercise a different type of autonomy and control of territory than other groups.

Ironically, the *transportistas* do not allow the gangs to operate in the border regions they control. The *transportistas* are forced to deal with the gangs in and around the San Pedro Sula and Tegucigalpa urban centers because the gangs control the territory the illicit products move through. Beyond these circumscribed urban areas gangs are not tolerated by the *transportista* groups on both sides of the border.<sup>7</sup>

The growth and convergence of these non-state armed groups in the Northern Triangle is transforming the presence of illicit non-state actors from a debilitating factor in the region to parallel power structures that are increasingly displacing the state and state functions. This combination of factors has generated a phenomenon of criminal cooptation,

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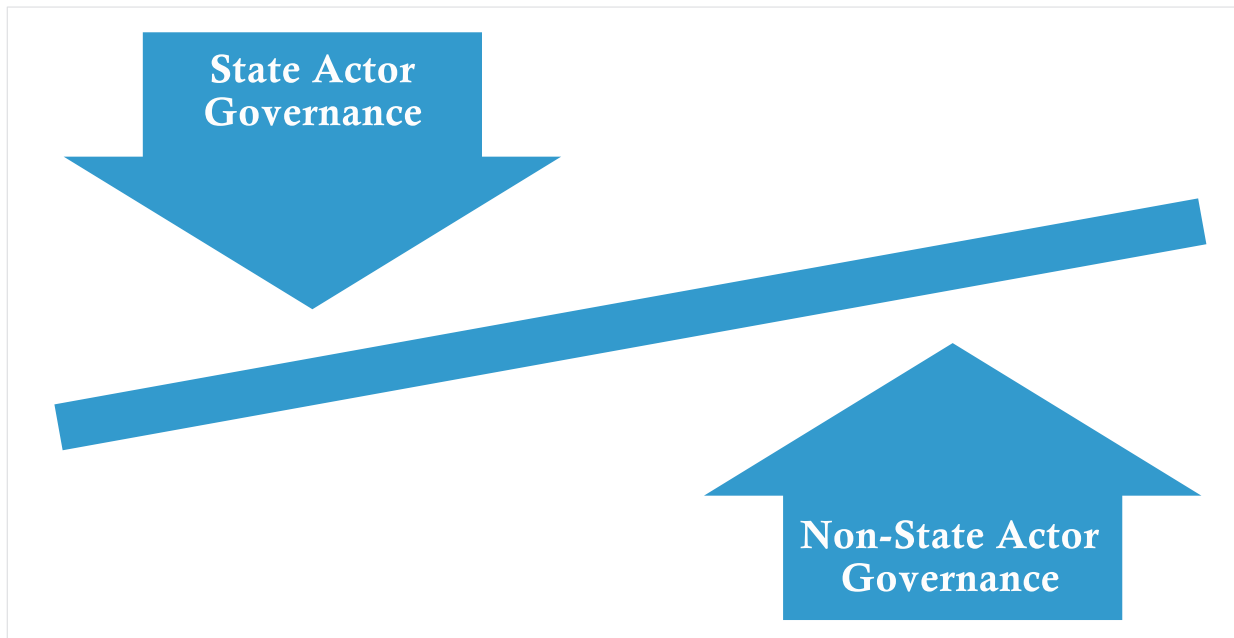
4. Author interview with Victor Meza, director of the Centro de Documentación de Honduras, Tegucigalpa, Honduras, January 13, 2015.

5. Author interview with Leticia Solomon, director of Scientific Investigations, National Autonomous University of Honduras, Tegucigalpa, Honduras, January 12, 2015.

6. Author interview, Washington, DC, December 17, 2014.

7. Multiple author interviews in San Pedro Sula and rural areas. Both gangs, along with smaller groups, do maintain a presence in other parts of both countries, but not the border region.

## Imbalance of Governance



Source: Conceptualized and created by Liana Eustacia Reyes.

corruption, and intimidation that has left the Northern Triangle governments with a crisis of authority, legitimacy, and democratic governance while undermining the fragile licit economies.<sup>8</sup>

Local headlines, even from the intimidated media, paint a daunting picture. Roxana Baldetti, the flamboyant vice president of Guatemala, was forced to resign in the midst of a massive corruption scandal while President Otto Perez faces growing calls to step down.<sup>9</sup> The son of a recent president of Honduras was arrested on cocaine charges in Haiti.<sup>10</sup> The president of Honduras admitted his party received money from corruption during his campaign.<sup>11</sup> Anti-corruption prosecutors are killed with impunity.<sup>12</sup> Judicial systems all

8. The Obama administration recognized this trend in its 2011 “Strategy to Combat Transnational Organized Crime: Addressing Converging Threats to National Security,” noting that transnational organized crime networks “are proliferating, striking new and powerful alliances, and engaging in a range of illicit activities as never before. The result is a convergence of threats that have evolved to become more complex, volatile and destabilizing.” The strategy document can be viewed at <http://www.whitehouse.gov/sites/default/files/microsites/2011-strategy-combat-transnational-organized-crime.pdf>.

9. Sophia Menchu, “Guatemala Vice President resigns amid customs corruption scandal,” Reuters, May 8, 2015, <http://www.reuters.com/article/2015/05/09/us-guatemala-corruption-idUSKBN0NU00V20150509>.

10. Lauren Riesenfeld, “Son of Honduras Ex-President Arrested for Drug Trafficking,” InSight Crime, May 22, 2015, <http://www.insightcrime.org/news-briefs/son-of-honduras-ex-president-arrested-for-drug-trafficking>.

11. “‘Mi campaña recibió dinero de la corrupción’: presidente de Honduras,” Reuters, June 3, 2015, <http://www.eltiempo.com/mundo/latinoamerica/presidente-honduras-admite-que-su-campana-recibio-fondos-vinculados-a-corrupcion/15883500>.

12. Steven Dudley, “Honduras Murders Spark Fear of Extradition Backlash,” InSight Crime, May 7, 2013, <http://www.insightcrime.org/news-analysis/honduras-murders-sparks-fear-of-extradition-backlash?highlight>



the way to the supreme court are manipulated by organized crime.<sup>13</sup> A damning report from the UN International Commission Against Impunity found that 25 percent of the money fueling Guatemalan politics comes from drug traffickers.<sup>14</sup> Policy and military corruption scandals are endless, along with thousands of bodies dumped on the streets with absolute impunity. The crisis in governance and the dysfunction of the state led in mid-2015 to the first sustained mass protests in decades against the Guatemala and Honduras governments.

In recognition of this lack of state control along its shared border, the presidents of Guatemala and Honduras—with significant U.S. Department of Defense funding<sup>15</sup>—in March 2015 inaugurated Task Force Maya-Chortí (Fuerza de Tarea Maya-Chortí) to beef up law enforcement along this corridor. Each nation is to provide 200 policemen and 190 military personnel to carry out coordinated enforcement activities. In addition, each side is to have immigration officials, prosecutors, and intelligence officials assigned to the unit.<sup>16</sup> Multiple visits by the lead CSIS investigator and his team to the area where the task force is reportedly operating found no indication of significant activity on either side of the border, or any change in the basic *transportista* structures since the task force began operating.

The typologies developed here posit that non-state franchises operate in, and control, specific geographic territories that allow them to function in a relatively safe environment in order to merge licit and illicit activities to consolidate economic and political power. These pipelines, or recombinant chains of networks, are highly adaptive and able to move a multiplicity of illicit products that ultimately cross U.S. borders undetected thousands of times each day. The actors along the pipeline form and dissolve alliances quickly, occupy both physical and cyberspace, and use both highly developed and modern institutions, including the global financial system, as well as ancient smuggling routes and methods.<sup>17</sup>

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13. Steven Dudley, “Justice and the Creation of a Mafia State in Guatemala,” InSight Crime, September 15, 2014, [14. Sonia Perez D., “UN: Criminal groups fund 25 percent of Guatemala’s politics,” Associated Press, July 16, 2015, \[15. The U.S. Southern Command has contributed at least \\\$13.4 million to supporting the Maya-Chortí task force, in addition to more than \\\$20 million to support another task force that has not yet begun to perform up to expectations. For a fuller look at the task forces and funding, see Gillian S. Oak, \\*Building the Guatemalan Interagency Task Force Tecún Umán: Lessons Identified\\* \\(Santa Monica, CA: RAND, 2015\\), \\[http://www.rand.org/content/dam/rand/pubs/research\\\\_reports/RR800/RR885/RAND\\\\_RR885.pdf\\]\\(http://www.rand.org/content/dam/rand/pubs/research\\_reports/RR800/RR885/RAND\\_RR885.pdf\\)\]\(http://bigstory.ap.org/article/548e1fad0dc94994934de4c5d4bb95e4/un-criminal-groups-fund-25-percent-guatemalas-politics.”</a></p></div><div data-bbox=\)](http://www.insightcrime.org/investigations/justice-and-the-creation-of-a-mafia-state-in-guatemala?highlight=WyJndWF0ZW1hbGEiLCJndWF0ZW1hbGEncyIsIidndWF0ZW1hbGEiLCJndWF0ZW1hbGENiIiwicG9saWNlIiwicG9saWNlJ3MiLCIncG9saWNlJyIsIidwb2xpY2UiLCJjb3JydXB0aW9uIiwiJ2NvcnJ1cHRpb24iLCJjb3JydXB0aW9uJyIsImd1YXRlbWFsYSBwb2xpY2UiLCJndWF0ZW1hbGEGcG9saWNlIGNvcnJ1cHRpb24iLCJwb2xpY2UY29ycnVwdGlvbIjd.”</a></p></div><div data-bbox=)

16. Eddie Fernández, “Presidentes de Guatemala y Honduras inauguran ‘Fuerza de Tarea Maya-Chortí,’” *Diario de Centro América*, March 23, 2015, [http://www.crisisgroup.org/~media/Files/latin-america/Guatemala/052-corridor-of-violence-the-guatemala-honduras-border.pdf](http://www.dca.gob.gt/index.php/nacional/item/27343-presidentes-de-guatemala-y-honduras-inauguran-fuerza-de-tarea-maya-chorti%C3%AD.”</a> See also International Crisis Group, “Corridor of Violence: The Guatemala-Honduras Border,” June 2014, <a href=).

17. For a more comprehensive description of the paradigm, see Douglas Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security Priority*

The growth of these alternatively governed spaces, coupled with the increasing criminalization of the states themselves presents a growing and direct challenge to U.S. national security interests. The demise of the state also presents numerous policy and security challenges to the United States, where the lens for analyzing the world remains largely state-centric. The current situation not only directly impacts national counternarcotics efforts, but it also impacts the illicit flow of weapons, human beings, money, and the democratic fabric and stability of a region in close geographic proximity to the United States. The continuing emergence and strengthening of alternative governance structures will drive immigration flows, transnational criminal activities, and economic chaos, further weakening the position of the state.

The United States and other nations, particularly in Western Europe, are acknowledging the multiple challenges that non-state actors pose to their strategic interests and the general world order. The most public recognition was the Obama administration's 2011 "Strategy to Combat Transnational Organized Crime: Addressing Converging Threats to National Security." This recognition of these new threats is important but only ultimately matters if there is a corresponding shift in resources and a willingness to move toward a less state-centric view, which is vital for dealing with the new world order where non-state actors have governing abilities equal to their nation-state counterparts. Such fundamental shifts have been slow to follow the articulated strategy.

As this crucial transit area for the flow of cocaine, weapons, humans, and potentially weapons of mass destruction (WMD) fall into the hands of non-state armed actors, the opportunities for harm to the United States grow. Gen. John F. Kelly, commander of the U.S. Southern Command, noted in his most recent posture statement,

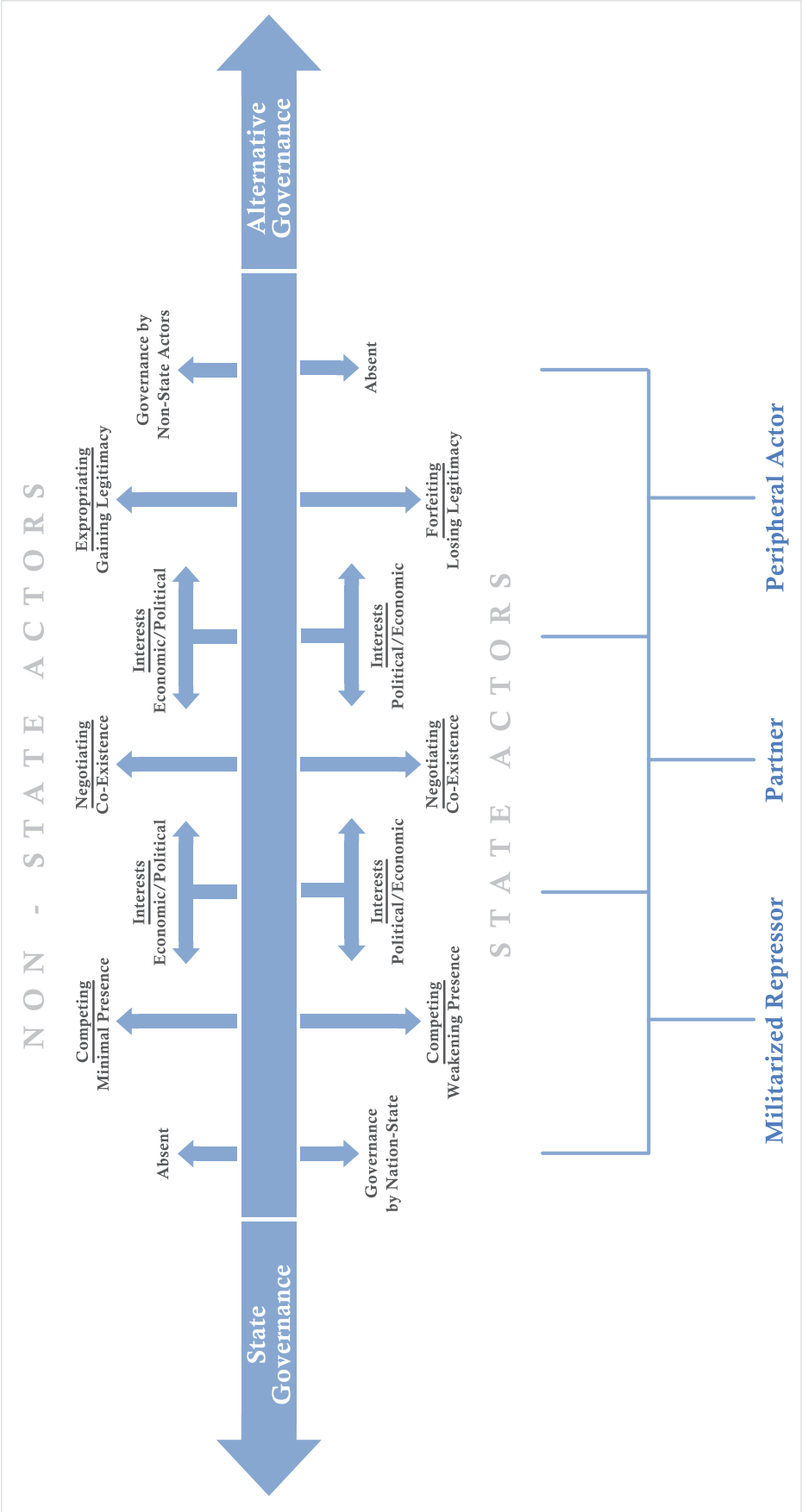
The spread of criminal networks is having a corrosive effect on the integrity of democratic institutions and the stability of several of our partner nations. Transnational criminal organizations threaten citizen security, undermine basic human rights, cripple rule of law through corruption, erode good governance, and hinder economic development. Second, illicit trafficking poses a direct threat to our nation's public health, safety, and border security. Criminal elements make use of the multitude of illicit pathways in our hemisphere to smuggle drugs, contraband, and even humans directly into the United States. . . . The third concern is a potential one, and highlights the vulnerability to our homeland rather than an imminent threat: that terrorist organizations could seek to leverage those same smuggling routes to move operatives with intent to cause grave harm to our citizens or even quite easily bring weapons of mass destruction into the United States.<sup>18</sup>

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(Carlisle, PA: Strategic Studies Institute, August 2012), <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1117>.

18. General John F. Kelly, commander, U.S. Southern Command, Posture Statement Before the 113th Congress House Armed Services Committee, February 26, 2014. While many regional experts doubt Central American smugglers would traffic in terrorists or WMD to the United States, others, including the authors, believe such routes could be used without the terrorists identifying themselves as anything other than illegal aliens and their cargo as anything other than those routinely handled by the smuggling networks. While knowingly smuggling terrorists or WMD would likely be shunned in recognition of the potential retaliatory capability of the United States, there would likely be no reason for the smuggler to know who or what he was moving.

**Governance by Non-State Actors in Relation to State Actors**



The continuum of governance depicts the relationship between non-state actor governance and state actor governance. This study's two main typologies (partner and peripheral actor), along with a sub-typology (militarized repressor) lay along the continuum.  
 Source: Conceptualized and created by Liana Eustacia Reyes.

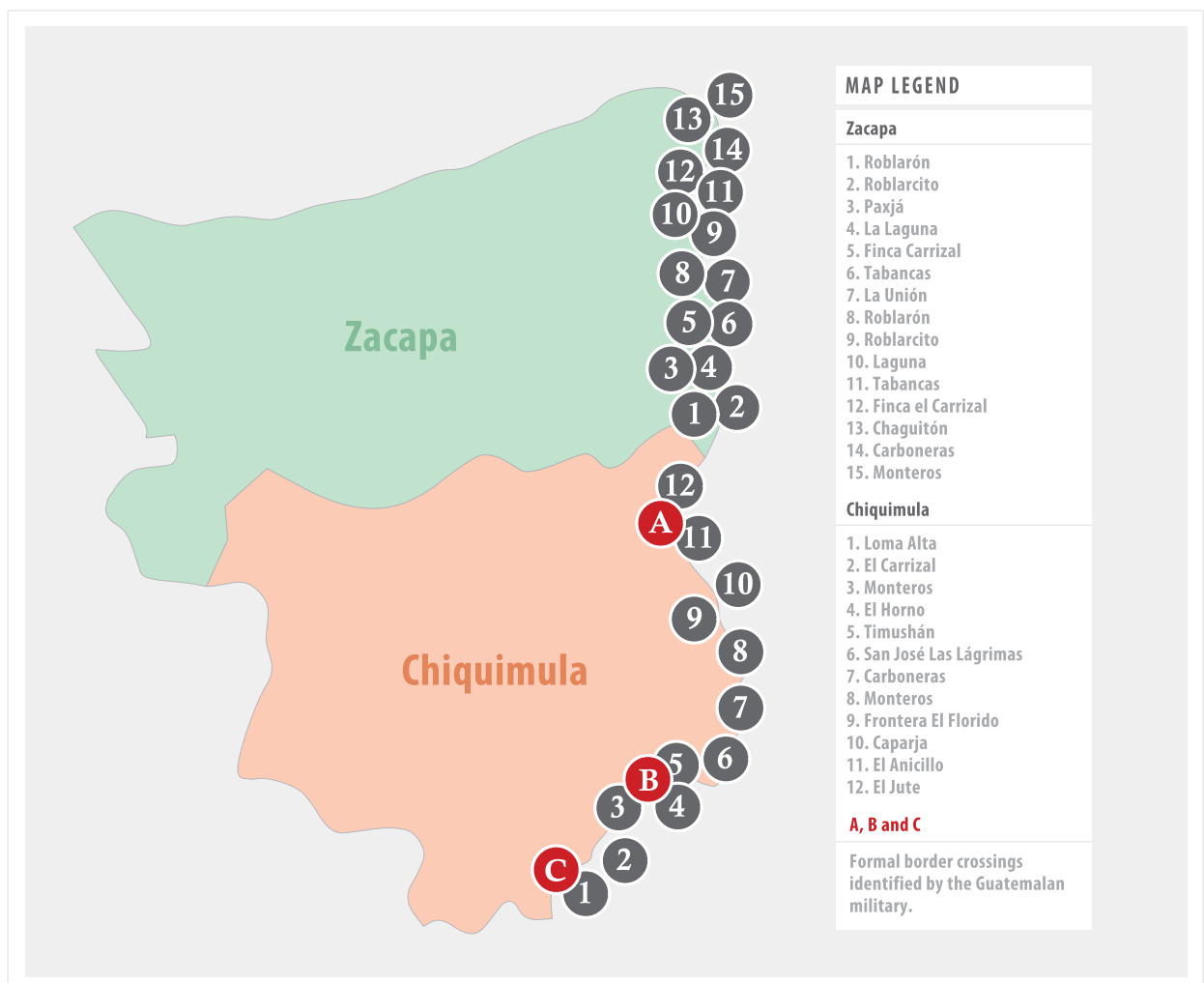
Once state sovereignty or control over a geographic space is lost, the cost of recouping that space and reestablishing a functioning, positive state presence is enormous and complicated. Colombia is discovering this in its consolidation phase. The United States is observing this in Afghanistan and Iraq as the central government authority wanes.

This study seeks to provide an understanding of the types of alternative governance that emerge and the state's relationship to those governance structures. The governance continuum is a fluid relationship between state governance and non-state governance, dependent on each actor's present situation and its constraints, opportunities, interests, and motivations.

A clearer understanding of the two typologies (partner and peripheral actor) being studied offers state and their international peers the possibility of developing new tools to prevent the consolidation of non-state governance in contested areas. It can also allow states and their international partners to take a proactive approach rather than solely reactive action to both prevent consolidation of non-state actors and reestablish positive and sustainable state control in areas that have long been outside of state governance.

# 3 | The Border Corridor: The State as a Peripheral Actor

## Informal Border Crossings Identified by the Guatemalan Military in Zacapa and Chiquimula



Source: Map provided by Guatemalan police official, in possession of author.

The city of El Paraíso, Copán, is located in northern Honduras, near Guatemala's southern border. It is the heart of a string of small towns that have become fiefdoms operating under the control of inter-related *transportista* networks known for trafficking cocaine, people, weapons, and cash. The town, and others like it on both sides of the violent corridor from La Acéquia to the famed ruins of Copán in Honduras through Chiquimula and Zacapa in Guatemala, demonstrates how an area infused with new resources generated by the illicit trafficking of lucrative products and neglected by a mostly absent state governing apparatus gives rise to political, economic, and social dynamics of governance in which the state plays little role.

Part of the reason is that these areas, while not far from the capital in actual distance, are hard to reach because of terrain and lack of infrastructure. While the Copán region of El Paraíso is only 240 miles from Tegucigalpa, it is at least an 8-hour drive over mostly deteriorated roads. Five years ago, before the roads were improved, the trip could easily take 10 hours under good conditions. Chiquimula is only 105 miles from Guatemala City but is at least a 4-hour drive.

As Espach and Haering note,

The problem of border insecurity in northern Central America is not new, though recently high levels of drug trafficking and violence in the region have brought new attention to the dilemma. Rooted in long-standing regional quandaries—a paucity of resources; weak and corrupt governments; highly concentrated economies and political systems that systematically neglect rural, peripheral regions; and a lack of regional coordination—these problems will not be solved quickly.<sup>1</sup>

Here the state is a peripheral actor, one with little real power used to create a veneer of legality. While it provides some minimal service, such as funding rudimentary education and health systems, the state is almost always present in a passive way and non-state actors often supplement such minimal services. As noted, the reality of the state's abandonment of areas outside the urban centers dates back centuries. What has changed is the amount of resources non-state actors now have, largely derived from the cocaine trade, to step in and assume state functions in significant ways.

These non-state actors are wealthy men (and their families) known collectively as Los Señores—an almost entirely male group whom everyone knows but whose names are rarely spoken. Each of them wields tremendous power in this corridor, often through control of the municipal government.

Although El Paraíso and its neighboring hamlets, such as El Espiritu, are difficult to reach, they are the source of numerous fantastic stories, some of which end up being true, about the power and impunity wielded by the wealthy *narco* elites: A mayor's office in a remote hamlet that is an enormous replica of the White House (true); a mayor's office in a

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1. Espach and Haering, *Border Insecurity in Central America's Northern Triangle*.

neighboring town that is a replica of the Pentagon (unverified); regular visits by Sinaloa cartel leader Joaquín “El Chapo” Guzmán before his February 2014 arrest (true); *narco*-funded visits by some of the region’s most popular music groups to play at local fiestas that sometimes last for days (true); and the dispersal by suitcases of cash over impoverished rural towns (true).

In this construct the justice system intentionally chooses not to function and the mayor is not subject to any laws outside of those he chooses to create and abide by. The results of municipal elections are known before any ballots are cast because, as described below, Los Señores can punish those who oppose them and reward those who support them through control of the job market, which is largely comprised of hiring on as a farm hand or cattle worker, control of financial institutions, and the use of force. Municipal budgets are approved but money is dispensed according to the desires of a small minority. Unwritten laws are followed to the letter and laws on the books are routinely ignored.

If the police and courts even exist, they function as ancillary arms of the *de facto* power groups. The central state apparatus is absent in almost every sphere of daily life, replaced by individuals and families who control the illicit trade that transits through the region. In two separate conversations policemen on each side of the border described how the local *narcos* provided the police forces in towns under their control with gasoline for their patrol cars, spare parts, and “supplemental” salaries they could send home to their families. In return, the police either ignored all illicit activity or participated in the activities to repay the kindness of the local hosts.

“It is like this,” said one policeman on the Honduran side of the border. “If you need a battery for your patrol car, you can ask headquarters and it will take six months and may never come, and then the bosses will try to make you pay for it. Or the local *señores* have someone give you a new battery, put in new brakes, fill the tank with gasoline, as long as you don’t bother them. We park where they tell us to park. We look where they tell us to look. No one has any trouble.”

The near absolute control is exercised through the ability of the *transportista* groups to merge territorial control with local political power. Unlike cocaine-producing countries where the value lies in the product produced, here the sole economic value of the region depends on its position along the pipeline used for moving a lucrative product to its final market. Hence, territorial control results in economic gain for those who control the territory because illicit trafficking groups seeking a guaranteed safe passage through a specific geographic space will pay handsomely for that guarantee. This geographic control, however, can only be exercised if the owner of that territory has a monopoly on the use of force and can enforce control with impunity.

This helps explain both the acquisition of enormous properties and the need for political control at the municipal level, where enforcement action would have otherwise been initiated. Many of the main *transportistas* own adjacent properties on both sides of the border, often incorporating *puntos ciegos* (literally meaning blind spots, the phrase is used



to describe informal border crossings where there is no border control) into their land holdings.<sup>2</sup>

This is not intended to be an extensive history of the smuggling routes or any ongoing wars and jockeying for power that different cartel-related groups have had among these routes in the region. However, it is worth noting that the conflict has waxed and waned, greatly affecting the levels of violence in the region at any given time, which highlights another reality in the region: the drop in homicide rates is almost always entirely divorced from law enforcement activity or other state activities. Violence rises when challenges arise to the existing power structure and drop again when one of the sides has won that particular battle. The drop in homicide rates is almost always a sign of the consolidation of one group after a military triumph.<sup>3</sup>

A brief overview of the recent history of drug trafficking is necessary to understand the current situation. On the Honduran side of the Guatemala-Honduras corridor the most important transport network moving cocaine through the area, in alliance with smaller groups, over the past decade has been the Valle Valle clan.<sup>4</sup> On the Guatemalan side, the Valle Valle clan worked closely with the *transportista* network run by Mario Ponce Rodríguez, based in Izabal, the town on the other side of the border from El Paraíso. The Valle Valles also reportedly allied with the Berganza, Lorenzana and León clans in Zacapa and Chiquimula.<sup>5</sup> While all of these organizations have suffered setbacks in the past year, remnants of their organizations continue to operate and new groups have emerged to fill the void.

Almost all the major *transportista* groups, including the Ardón clan discussed below, emerged from a history of smuggling, cattle rustling, and commercial contraband to avoid paying taxes. This has been a way of life in this border region for generations. Cross-border smuggling and its ancillary activities enjoy widespread cultural acceptance as legitimate ways to earn a livelihood in a poor region where the formal economy offers few opportunities. Adding cocaine and other lucrative products to an existing system did not require the

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2. For a look at the lavish homes the *narcos* often build in their hometowns, see Miriam Wells, “Guatemalan Authorities Seize Luxury Narco-Mansions,” InSight Crime, April 23, 2013, <http://www.insightcrime.org/news-briefs/guatemalan-authorities-seize-luxury-narco-mansions>.

3. This analysis is shared by many, but not all, law enforcement and intelligence sources consulted for this work. Since none of the groups involved in the cocaine trade can function if perceived as weak or indecisive, challenges to the existing order are almost always violent, and almost always answered with violence.

4. The U.S. Drug Enforcement Administration (DEA), in conjunction with Honduran officials, have arrested and extradited numerous members of the Valle Valle clan since mid-2014. The U.S. Department of Justice charged two brothers, Miguel Arnulfo Valle and Luis Alonso Valle, with importing multi-ton loads of cocaine to the United States. See Department of Justice, “Leaders of Honduran Drug Cartel Face Federal Drug and Money Laundering Charges in the Eastern District of Virginia,” December 19, 2014, <http://www.justice.gov/usao-edva/pr/leaders-honduran-drug-cartel-face-federal-drug-and-money-laundering-charges-eastern>.

5. These families have a long history of alliances and feuds. In one of the most famous cases, in 2008 an alliance of *transportista* groups, including the Lorenzanas, authorized a bloody hit against Juan “Juancho” León, once an ally, because León had begun stealing loads of cocaine from other groups, including the Zetas in Mexico. For a more complete look at the Lorenzana clan and the local leadership structures they fostered, see Julie López, “Los Lorenzana se quedan sin Patriarca. Quién tomará su lugar?,” Soy 502, March 18, 2014, <http://www.soy502.com/articulo/extraditan-waldemar-lorenzana-quien-era-y-quien-lo-sucedera>.



creation of entirely new networks, only the simple addition of a product to a pipeline that was already successfully delivering multiple products across the border numerous times a day.

Most of the tons of cocaine transiting through this border region, known as the “Road of Death,” are ultimately owned by the Mexican cartels, primarily the Sinaloa organization, and to a lesser degree the Zetas and other smaller groups. The cartels do not directly coordinate their cocaine shipments. Rather, they rely on a relay on the aforementioned network of *transportista* groups moving the cocaine from Colombia, across Central America, to Mexico and the United States. When the cocaine is warehoused in Guatemala, the Mexican organizations take charge of the product.

The Zetas cartel is known for its extreme violence and strategy for controlling large geographic spaces. The Sinaloa syndicate is known for being less overtly violent but still ruthlessly efficient in ensuring its loads are delivered on time and without interference from outside groups. The two Mexican organizations have been at war against each other for the past decade.

The movement through this border region was a natural outgrowth of the expansion of these Mexican organizations into Central America as well as the region’s history. The flow of cocaine, which began as a trickle around 2005 then exploded following the 2009 coup d’état against President Manuel Zelaya, has brought both bounty and violence to the region.<sup>6</sup> The Zetas gained an early advantage, especially on the Guatemala side of the border, but over time were pushed back and the Sinaloa cartel became the predominant external actor in the region.

Today the Zetas retain control of only a handful of border crossing points and routes, particularly in and around Chiquimula, Guatemala. They do not have the military strength to challenge most of the major networks, which are allied with the Sinaloa cartel. This consolidation by Sinaloa and its allies has reportedly dropped the homicide rates in the region to among the lowest in recent years.<sup>7</sup>

While overall violence is high, there are periods when the killings decreases sharply. For example, according to the International Crisis Group (ICG), “On the Honduran side of the border, murder rates have been highly volatile. The neighboring departments, Copán and Ocotepeque, together had 533 homicides in 2012, with a combined rate of 102 per 100,000 well above the national 85 per 100,000. But they had 181 fewer killings in 2013, bringing their combined rate down to 71 per 100,000, slightly below the national rate of 79.”<sup>8</sup>

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6. For a more comprehensive look at how the political turmoil led to the explosion of drug trafficking in Honduras, see James Bosworth, “Honduras: Organized Crime Gaining Amid Political Crisis,” Woodrow Wilson Center for International Scholars, Working Paper Series on Organized Crime in Central America, December 2010, <http://www.wilsoncenter.org/sites/default/files/Bosworth.FIN.pdf>.

7. Author interviews.

8. International Crisis Group, “Corridor of Violence: The Guatemala-Honduras Border,” June 2014, 3, <http://www.crisisgroup.org/~media/Files/latin-america/Guatemala/052-corridor-of-violence-the-guatemala-honduras-border.pdf>.

The primary reason for fluctuations is that the violence accompanies wars over specific trafficking routes. As the UNODC noted, “the key driver of violence is not cocaine, but change: change in the negotiated power relations between and within groups, and with the state.”<sup>9</sup> The violence drops in many cases because one side has won the battle for the territory and the other side is forced to retreat. The drop in violence can surge again in very short order as new efforts are made to displace the group in control.

## El Paraíso: An Emerging Paradigm of the Narco-Municipality

Several things distinguish the town of El Paraíso, Copán, Honduras from other hardscrabble and impoverished towns along the Honduras-Guatemala border. The first is the audacity of the town’s long-time mayor Alexander Ardón.

Ardón reportedly began his career as a cattle smuggler with a knack for contraband as well. Despite his humble beginnings, in his only published interview he stated emphatically that, “I am the king of the town.”<sup>10</sup>

It would appear that way. First elected as mayor in 2005, Ardón, who publicly boasted of his fifth-grade education and youthful poverty, encapsulates the trans-border phenomenon of illicit actors emerging to replace the state in many spheres, including the provision of basic services, where illicit actors can gain greater legitimacy in the eyes of the local population than the national government.

He was publicly identified as the head of an important *transportista* network known as the “Alex Cartel” and allied with the Sinaloa cartel.<sup>11</sup> To show his defiance of the U.S. Drug Enforcement Administration (DEA), in 2010 he constructed, and reportedly paid for, a new mayor’s office as a replica of the White House, complete with pillars, a landing pad for helicopters and spacious offices.<sup>12</sup> The “White House” was observed on a research trip in January 2015.

As one news report noted, despite his “bad reputation,” Ardón, the mayor of “a forgotten little town,” was able to receive some of the country’s most powerful politicians and businessmen at the inauguration of his famous “White House” mayor’s office in 2010. It has

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9. UNODC, “Global Study on Homicide Report,” 2010–2014.

10. “Soy el rey del pueblo,” *El Heraldo*, July 25, 2011, <http://www.elheraldo.hn/inicio/381733-331/soy-el-rey-del-pueblo>.

11. Steven Dudley and Marguerite Cawley, “In Historic Action, Honduras Arrests Member of Prominent Drug Clan,” *InSight Crime*, October 3, 2014, <http://www.insightcrime.org/news-analysis/in-historic-action-honduras-arrests-prominent-trafficker>.

12. Author interviews with town residents in January 2015. A few stories of Ardón and his alleged narcotics ties have been published. This report, in addition to the author’s field visit and interviews, is based on the following: “Honduras, paraíso de la impunidad,” *Revista Proceso* (Mexico), December 23, 2013, <http://tercera.informacion.es/spip.php?article61959>; Óscar Martínez, “La frontera de Los Señores,” *El Faro* (El Salvador), August 14, 2011, [http://www.salanegra.elfaro.net/es/201108/cronicas/5018/?st-full\\_text=1](http://www.salanegra.elfaro.net/es/201108/cronicas/5018/?st-full_text=1); “Soy el rey del pueblo,” *El Heraldo*.

## The Mayor's Office



Mayor Alexander Ardón's office, a replica of the White House, in El Paraíso, Copán, Honduras.  
Source: Photograph taken by Douglas Farah.

been noted that “one of the most efficient mechanisms to assure one lives in peace, and one’s well-being as one of the lords of the border, is to fund candidates for state and national office. That way, any little problem can be solved with one call to your friendly politician.”<sup>13</sup>

In addition to the White House, on the other side of the town’s main plaza, a crumbling church is being repaired. Located on a third side of the town’s main plaza is a lush small soccer field, covered with artificial turf and a clipboard for teams to reserve the field. The town’s streets, for decades little more than dusty or muddy ruts, are now cobblestone and passable year-round. Electricity, which was spotty for years, is now almost always on. And residents still remember the day in May 2013 when the internationally famous musical group K-Paz de la Sierra, known for its *narco corridos*, or ballads praising drug traffickers, played a free concert that drew thousands from the surrounding areas.<sup>14</sup> “In El Paraíso,

13. Oscar Martínez, “Honduras: Un Tigre en El Paraíso,” *El Puercoespín* (Argentina), October 8, 2011, <http://www.elpuercoespín.com.ar/2011/10/08/honduras-un-tigre-en-el-paraiso-por-oscar-martinez>.

14. James Bargent, “Honduras’ Druglord Heartland Enjoys ‘Narco-Concert,’” *InSight Crime*, May 9, 2013, <http://www.insightcrime.org/news-briefs/narcocorrido-band-concert-honduras?highlight=WyJlbCIslidlbCIslIn>

only the Church is left because the *narcos* have bought everything else,” Bishop Luis Santos told a reporter in 2011.<sup>15</sup>

None of the aforementioned progress resulted from the generosity or policies of the state. Ardón and his family brought all of these benefits to the remote town that sits in a valley at the end of a winding dirt road that bears no road signs telling you it is there. The Ardón family owns most of the surrounding land extending up from the valley floor. Viewed from a rise before the descent into the valley, one can see the verdant pastures and villas spread below.

Ardón, representing the governing National Party (Partido Nacional), left town in 2014 as the DEA began investigating and arresting members of the Valle Valle clan, reportedly his largest providers. Rumors of his whereabouts place him anywhere from Belize to Brazil, but there is little doubt he remains a dominant presence.

Before his departure, his political reach and ability to provide patronage were greatly enhanced when his brother Hugo was named head of the nation’s Highway Fund (Fondo Vial) in 2009. The fund handles millions of dollars a year in public money.<sup>16</sup> Alexander reportedly left the reins of the municipality in the hands of a relative and his family’s companies continue to win virtually every municipal contract sent out for bid, particularly road contracts, in part because local residents know better than to bid against them.

In the 2013 elections, when Ardón was still in town and mayor, 23 election monitors of the opposition Libre Party in Copán were rounded up at gunpoint and held against their will for several hours before being taken back to the provisional capital of Santa Rosa de Copán. The observers were never allowed to do their job.<sup>17</sup>

Ardón’s election as mayor, in some of the most lavish and expensive electoral campaigns for municipal elections in Honduran history, at first appears to negate the thesis that the nation-state is practically absent in this model.<sup>18</sup> However, Ardón, and others discussed later, use municipal offices primarily for furthering their own interests, operating in their own self-interest and outside of national laws and nation-state control.

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15. Martínez, “La frontera de los Señores.”

16. Hugo Ardón resigned his position in June 2015. See Dudley and Cawley, “In Historic Action, Honduras Arrests Member of Prominent Drug Clan”; and “Renuncia director del Fondo Vial y asume el cargo Oscar Cruz,” *Proceso Digital*, June 5, 2015, <http://www.proceso.hn/component/k2/item/103709-renuncia-director-del-fondo-vial-y-asume-el-cargo-%C3%B3scar-cruz.html>.

17. This account is taken from one of the few serious looks at the influence of drug money and *narco* power in and around El Paraíso. It was conducted by the Centro de Documentación de Honduras, a nongovernmental organization. The study of the 2013 elections documented the enormous sums spent, violence, intimidation, and possible voter fraud in El Paraíso. While unable to quantify how much drug money had entered the regional campaigns the report concluded it was an important sum that represented “a threat to democracy.” See Victor Meza et al., “Honduras 2013: Proceso electoral, financimiento y transparencia,” Centro de Documentación de Honduras, June 2014.

18. *Ibid.*

As described below, the political power is used to consolidate a family hold on power to operate the family business, not to further the interest of residents or carry out the will of the people. Therefore we argue that this is a usurpation of traditional state form in order to carry out non-state sanctioned activity, rather than state control.

The model Ardón constructed is operating in towns across the region, where political control and territorial control are interlocked. The *transportista* families invest heavily in both, creating a seamless circle where they control access to almost all sources of employment (municipal jobs or rural agricultural employment), municipal power (through elections in which threats and economic inducements are used to ensure victory, and control of municipal contracts to dispense favors and launder money), and military power and law enforcement (through private armies that replace the police forces).

Area residents are therefore almost entirely dependent on *patrones* or *señores* for every aspect of life. If one needs employment, only the *patron* can provide it. If one needs a loan or charity for a medical emergency, the *patron* is virtually the only recourse. If a neighborhood needs street repairs, getting it done will be entirely dependent on the wishes of the *patron* and how he chooses to allocate his co-mingled personal and municipal funds. The historic prevalence of activity designed to avoid state control and legal structures has “led to an acceptance of illegal activities and created networks wherein everyone has direct or indirect relations” with the illegal groups.<sup>19</sup>

The result of the *transportistas*’ growing power is similar to what Van Dun described in her experience with drug traffickers in Peru:

Because of the *firmas*’ domination over the cocaine industry and the large involvement of the villagers, drug producing/trafficking became socially accepted behavior, and gave way to an explosive growth of criminal underground activities. The cocaine industry was a normal part of daily life, wherein the negative stigma of the cocaine industry eroded and the villagers did not identify the presence of *patrones* as socially disruptive. The illegal industry did create a local economical elite, which included the *patrones* and their families, large-scale *traqueteros*, owners of large coca fields, and cocaine producers. Wealth acquired in the cocaine industry brought with it prestige and respect.<sup>20</sup>

If one exchanges *transportistas* for *firma*, and illicit pipelines for cocaine industry, the parallels are striking.

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19. The quote, and many of the underlying concepts of how illicit groups gain legitimacy in the eyes of the local populations, is based on Mirella van Dun, “Exploring Narco-Sovereignty/Violence: Analyzing Illegal Networks, Crime, Violence, and Legitimation in Peruvian Cocaine Enclave (2003–2007),” *Journal of Contemporary Ethnography* 43, no. 4 (2014): 395–418. Many other groups are also known for their largess with their local communities. The once dominant Lorenzana clan in Guatemala, many who are now convicted and in prison in the United States, were famous for throwing toys and food to villagers at Christmas time. When the first Lorenzana family members were arrested, hundreds of local townspeople marched through the town to attack local police stations in protest of the arrests.

20. Van Dun, “Exploring Narco-Sovereignty/Violence,” 402.



The most visible sign of the growing wealth (aside from the faux White House) of the *transportista* clans and the new elites is the purchasing of enormous pieces of property, often thousands of acres of land. The properties house lavish mansions, thoroughbred racehorses, prime cattle, and even exotic animals imported from other parts of the world. Most of the opulence is hidden behind enormous walls for protection and to keep out prying eyes. But work on the properties is often the only viable employment for *campesinos* who live in the area. Those who work on the properties often live there as well, and they and their families are well known to the illicit actors. This arrangement offers multiple advantages and control mechanisms to the landed elite. If one family member betrays the *patron*, punishment can be exacted on the family members that remain behind.

Because their jobs are entirely dependent on the *patron*, or landowner, the workers generally closely adhere to the unwritten rules of loyalty, voting for the designated candidate of the *patron* (often the *patron* himself), almost never speaking the names of the owner, never discussing what is seen on the property other than vague topics like cattle or licit crops, and shying away from being seen as talking to strangers.

This arrangement also offers a very powerful early warning system to the landowners in order to stay several steps ahead of law enforcement or their rivals. As witnessed on every research trip, those watching the roads would either send a child scampering off to notify someone of the presence of an unknown vehicle full of strangers, or would pull out their cell phones and hastily dial in a notification.

On the drive into El Paraíso, on two occasions motorcycles roared up on both sides of the vehicle; the drivers made no attempt to hide the fact they were staring at those in the car. After passing a checkpoint to get into the town, a vehicle with darkened windows and a Guatemalan license plate followed the researcher's vehicle everywhere it went, and noted everyone who spoke to any of them. Virtually nothing of interest passed the lips of the inhabitants, some of who visibly trembled when they were approached by strangers.

The *narco* activity in the region is largely ignored by the central government. Occasionally international pressure prompts some action, though seldom successfully. An investigative journalist from El Salvador recounted the story of driving to El Paraíso on a supposedly secret raid with the Honduran police chief and an elite police force when the United States was pressing for action. By the time the troops arrived, the town was virtually abandoned. Hours earlier the alert had gone out that the police were on their way. The raid, he noted, was “a complete failure.”<sup>21</sup>

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21. Martínez, “La frontera de Los Señores.”

# Additional Structures Representative of the State as Peripheral Actor

## LA ACÉQUIA, HONDURAS

Few places offer such a visible case of alternative structures replacing the state as El Paraíso and few *señores* show the same civic spirit as Ardón. On both sides of the border there are powerful networks that exercise political and territorial control but are often more intermingled with the state, and/or less willing to invest the illicit profits into tangible benefits for the population.

El Paraíso enjoys a reputation as a *narco* “party town,” as one resident described it, where Mexican drug lords can visit and where there are almost no territorial disputes because of the dominance of the Ardón brand and the popularity and legitimacy engendered by the investments made in the community.

But many other areas tend to be more violent and far less settled. In some of those places the police have episodic success in attacking the structures. This is usually not the result of police investigative prowess or political will. When these successes take place it is often because a rival gang has provided the police with information and a financial incentive to eliminate an adversary.<sup>22</sup> When the action is successful, a new order emerges. When the actions fail, as happens with some frequency given the intelligence networks each group operates, there is often bloody retribution.

Such is the case of the town of La Acéquia in Honduras. The small farming community sits amidst vast estates reportedly owned mostly by *testaferros* (those acting on behalf of a drug trafficker so the trafficker’s name does not appear on any documents). There are no policemen in the town, no judges, and no one can be identified as a representative of the national government.

From the road one can catch glimpses of the huge villas, thoroughbred racehorses in lush, fenced green pastures, and private airstrips—as seen in as in El Paraíso. The *señores* here are clearly aligned with the Sinaloa cartel. Sources living in the area said private aircraft often carry prized passengers such as “El Chapo” and his family, who would fly in to celebrate birthdays, holidays, or just to party.

One resident recounted an unexpected meeting with El Chapo when he went to a local boss’ house to ask for work. “Do you know who this is,” asked the local boss, to which the resident, despite knowing who the guest was, answered no. “Good,” the local boss replied. “He is nobody. And don’t ever forget that. He is nobody, but he is everywhere.”

Despite the visible opulence surrounding it, La Acéquia shows no signs of municipal improvements. On a visit in February 2015, the dirt road into town was rutted, the town’s

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22. Author interviews with law enforcement officials and non-state actors in Guatemala and Honduras, September 2014 to June 2015.

soccer field was an overgrown patch of weeds, and barefoot children gawked at outsiders. However, the few adults that passed on the road, mostly riding bicycles, immediately stopped and pulled out their cell phones to notify someone of the approaching unknown vehicle.

When the vehicle parked so the guide could look for the local boss, four young men armed with AK-47s quietly appeared and took up positions behind the visitors. Only when the boss emerged to greet the researcher's guide, an old friend of his, did the men relax and lower their weapons.

Residents said the unnamed *señor* who owned much of the surrounding land was nervous and jumpy because a rival had been sending armed groups into the region and several people had been executed. No one wanted to discuss the details, but several noted that there was gunfire near the town almost every night.

"Some idiot is trying to change the order of things," one resident said. "People are sneaking around at night with guns, checking security, trying to take some land, shooting to scare people. Who knows how it will all end?"

La Acéquia is not totally bereft of amenities. In 2013, residents say, El Chapo flew in a famed *narco-corrido* band to play at one of the local mansions. The day after the gig, the band was flown by helicopter to La Acéquia to play a free concert. The town was hosting the championship game of a regional women's soccer tournament, so there were many visitors from nearby hamlets and ranches.

After playing on a hastily constructed stage on the soccer field, the band climbed back aboard the helicopter to depart. As the helicopter lifted off, the band members opened suitcases full of cash for the crowd below, sending thousand of bills swirling in the down-draft of the helicopter blades and setting off a mad scramble below.

"People dropped everything for the next three days to look for the money," said one witness. "The bills had blown everywhere. No one worked or went to school until we were sure we had collected all the money. It was like a dream. We have never had an experience like that before."

## CHIQUIMULA, GUATEMALA

While the Honduran state remains weak and fragmented, the criminal activities in Guatemala involve both *transportista* groups and a more highly organized criminal structure with the government itself, including the military, police, and political allies. InSight Crime, a respected investigative website focused on organized crime in Latin America, has dubbed Guatemala a "mafia state," in part due to the elaborate system organized crime groups have devised to control the judicial system.<sup>23</sup>

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23. Steven Dudley, "Justice and the Creation of a Mafia State in Guatemala," InSight Crime, September 15, 2014.



As previously noted, the nation's vice president was forced to resign for alleged involvement in a massive scheme to steal custom tax money. Her office was suspected of providing political cover for multiple *transportista* networks, including some of those discussed below, to operate with impunity.<sup>24</sup>

This close tie the *transportista* groups have to distinct parts of the state structure, while exercising significant local control of territory and politics, differs somewhat from the models seen in the border region of Honduras, where most of the political power is local, with only a few tentacles to broader state structures.

Guatemalan law enforcement officials, as well as local residents and media reports identified the most powerful *transportista* leader on the Guatemalan side of the border as Manuel López Morales, also known as “Ché” or “Chema.” López Morales is the owner of two large mansions, a construction company, and several gas stations in Chiquimula. His home base is San Juan Ermita, on the outskirts of the city, where he enjoys strong political protection. He is reportedly the nephew of a prominent regional politician.<sup>25</sup>

On September 26, 2014, the Guatemalan police and DEA mounted a joint operation to arrest López Morales, but ended up only arresting his wife and seizing dozens of weapons. López Morales reportedly escaped in an ambulance that the police failed to inspect. Several of the businesses linked to López Morales were in his wife's name.<sup>26</sup>

“López Morales is not well known but international agencies and the governments of Guatemala and Honduras consider him to be the most important leader in the region as far as moving drugs,” said Guatemalan minister of government Mauricio López Bonilla at a press conference after the operation. “Our information is that he leads a complex operational structure, with the capacity to act across the region, with partners on both sides of the border.” The minister admitted that, until the Valle Valle organization had been targeted by the DEA a few months earlier he had never heard of López Morales.<sup>27</sup> However, López Morales's protection may not be durable due to a new round of internal bloodletting that has nothing to do with law enforcement activities or changes brought on by the aggressive moves against the Valle Valle organization in Honduras.

One of López Morales's chief political allies, José Antonio Vanegas, the mayor of Concepción Las Minas, on the outskirts of Chiquimula, almost died in an assassination attempt in October 2014 while visiting the drug trafficking center of Metapán in neighboring El

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24. Author interviews in Guatemala with senior intelligence officials, local and regional law enforcement officials, and diplomatic sources.

25. “Se oyen pasos de animal grande: El Cartel de narco Valle Valle empieza a caer,” *El Periódico* (Guatemala), May 10, 2014, <http://www.elperiodico.com.gt/es/20141005/pais/2854/Se-oyen-pasos-de-animal-grande-El-Cartel-de-narcos-Valle-Valle-empieza-a-caer.htm>.

26. “Atacan en Metapán a un alcalde guatemalteco,” *La Prensa Gráfica* (El Salvador), October 21, 2014, <http://www.laprensagrafica.com/2014/10/21/atacan-en-metapan-a-un-alcalde-guatemalteco>.

27. “José Manuel López Morales: Persona de Interés,” Organized Crime and Corruption Reporting Project, <https://www.personadeinteres.org/personas/1501>.

Salvador.<sup>28</sup> This followed the arrest of several of Valle Valle group members. Vanegas was also reportedly a close ally of Ardón.

Like the Ardón clan, López Morales reportedly had deep ties to the Valle Valle group, and in turn to the Sinaloa cartel. While having no overt political career, he is the only one of the current, publicly identified leadership on the Guatemalan side that appears to give something back to his community.

Residents in Chiquimula describe López Morales as low key, given that he drives around in battered old pickup trucks and dresses poorly, even though he is always accompanied by a contingent of heavily armed bodyguards. “He has helped many members of the community,” said one resident near his hometown of San Juan Ermita, contrasting his generosity to other *transportistas* in the area who are known for being stingy in their communities.

The most visible sign of López Morales’s civic help is an open-air coliseum in his hometown that proudly bears his name. Field researchers were strongly warned not to visit San Juan Ermita, but were able to find video footage of the structure bearing his name.

Esduin Javier Javier is another person who reportedly runs a significant transportation network and is seeking a more direct political role in his hometown of Ipala. Known in the region as “Tres Quiebres” or “3k,” his nickname refers to the three assassination attempts he weathered in recent years, partly as a result of an ongoing feud with López Morales. Publicly named by López Bonilla, the minister of government, as a major *transportista* on the Honduras-Guatemala border region, Javier has been arrested and freed under suspicious circumstances, cited for suspicious money movements, and found with numerous illegal high-powered weapons.

While the government of Guatemala has taken some steps to arrest some drug traffickers, none of the state actions has slowed Javier down or had a significant impact on the non-state actors in the border region. A well-known motocross enthusiast who owns a construction company with significant municipal government contracts, Javier on November 2014 announced that he was running for mayor of his hometown of Ipala.<sup>29</sup> Since then he has inaugurated a series of civic actions, including medical donations to a local clinic, improvements of local roads, and construction projects.

Constantly surrounded by armed bodyguards and usually wearing a weapon himself, Javier has been in almost constant motion, declaring himself the savior of the Chiquimula region. Oddly enough, one by one his four opponents dropped out of the race. The last to go was Roel Pérez, who had served five terms as mayor of Ipala, as well as governor of

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28. David Gagne, “Was Attack on Guatemala Mayor Linked to Drug Trafficking?,” InSight Crime, October 21, 2014, <http://www.insightcrime.org/news-briefs/guatemala-mayor-attack-chiquimula-drug-route?highlight=WyjjaGUiLCJtYW51ZWwiLCJsb3BleiiImxvcGV6J3MiLCJsb3BleiciLCJtYW51ZWwgbG9wZXoiXQ>.

29. “‘3 Kiebres’ para alcalde de Ipala,” *El Periódico*, November 23, 2014, <http://www.elperiodico.com.gt/es/20141123/elpeladero/5253/EI-%E2%80%9C3-Kiebres%E2%80%9D-para-alcalde-de-Ipala.htm>.



Esduin Javier Javier inaugurates a plaque honoring himself for a construction project. The plaque includes his “3K” nickname.

Source: “El ‘3 Kiebres’ para alcalde de Ipala,” *El Periódico*, November 30, 2014, <http://bdc.elperiodico.com.gt/es/20141206/elpeladero/>. Used with permission.

Chiquimula department. He refused to give a personal statement of the reasons for his early June 2015 withdrawal but on Facebook wrote of receiving constant death threats and the destruction of his campaign propaganda. Javier is now the sole candidate.<sup>30</sup>

These multiple cases show the deep inter-relationship of *transportista* groups across an international border, as well as the different ranges of political control of key nodes along the illicit trafficking pipelines that traverse the region. While not operating as a single network, all have been allied with the same principal overarching structures, the Valle Valle group and the Sinaloa cartel. Because each of the groups below the main groups controls a relatively small piece of the overall traffic, they seldom rise to the level of significant attention of national and international law enforcement agencies that are still largely focused on going after “kingpins” in the drug world. Yet the resources derived by each

30. “Candidato a alcalde por Ipala, Chiquimula, renuncia,” *El Periódico*, June 5, 2015, <http://www.elperiodico.com.gt/es/20150605/pais/13353/Candidato-a-alcalde-por-Ipala-Chiquimula-renuncia.htm>.

group give them enough relative wealth to dominate a specific town and surrounding region, and supplant the state in important ways.

Another common denominator among these groups is their zero tolerance policy for gangs. Because they operate outside of the nation's legal framework and exercise political control and legal control in their territories, gang members or suspected gang members are almost always detected immediately and eliminated. Across the border region, any questions asked about gang presence were almost always met with a laugh or a patronizing smile indicating there is no issue.

"These people have one great virtue," said one resident of El Paraíso, referring to the Ardóns. "If you play by the rules, nothing happens to you. You can leave your car unlocked. You can leave your house unlocked. It is not like the cities, with gangs and shooting. Here, if someone shows up who may be a gang member, he is reported and he never returns. I don't know what happens, but they cannot set foot here without consequences."

The most effective, in terms of retaining the loyalty of the population, and thus diminishing risks and violence while maximizing profits, is the Ardón model in El Paraíso, where wealth is shared, at least to some degree, and political power is attained both through genuine loyalty of the population and the ability to tacitly or overtly control a potential voter's access to work and security. The combination of control over the local political structure, surrounding territory, and access to government contracts sometimes given to the municipalities by the national government creates a self-reinforcing dynamic where the ability of the state to exercise any kind of control is very limited.

In the case of La Acéquia, political control is less overt and territorial control is prized. Little money is invested back into the community, meaning the *transportista* presence is tolerated because of fear and intimidation, rather than good will engendered by the traffickers. The illicit pipelines offer some of the few opportunities for employment, but violence is higher than in El Paraíso.

In San Juan Ermita and Ipala, the cases are less clear, partly because there is less information available and partly because the structures themselves overlap, allowing for less clear distinctions. Neither the political nor the territorial domination is as complete as on the Honduran side, but it is enough to make the presence of the state an episodic irritant rather than a major power to be confronted.

# 4 | Formal Border Crossings and Urban Areas: The State as a Partner

## El Florido: Corruption and Partnership on the Border

At El Florido, one of the three formal land border crossings between Honduras and Guatemala, large tractor-trailer trucks carrying everything from perishable goods to electronics and construction material, line the winding highway for well over a mile on each side. Drivers, who often sleep in hammocks hung underneath their trucks while they wait, say they are delayed on average from 24 hours to 36 hours at each border crossing.

The delays at legal border crossings in the Northern Triangle are a major structural bottleneck to economic growth. Moving products to a place in a neighboring country only a few hundred miles away is currently inefficient and expensive.

As a recent World Bank study noted,

While traditionally trade tends to be boosted by proximity, the presence of a border between two Central American countries can represent a burden rather than an advantage for trade. In most of the world, trade between neighboring countries tends to be higher. . . . [I]n Central America, adjacency (e.g., sharing a border) has a negative impact on the amount of goods and services exchange[d] by countries. This is likely due to infrastructural deficiencies, time consuming procedures and border congestion that create bottlenecks to trade, even for short distances. This is further suggestive evidence that there continue to be significant barriers to trade within Central America, despite the significant tariff reductions achieved in recent years.<sup>1</sup>

As noted by a different study, while “in principle counterintuitive . . . Central American common borders serve as ‘barriers’ rather than as ‘points of encounter and exchange.’”<sup>2</sup>

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1. Barbara Cunha and C. Felipe Jaramillo, “Trade and Logistics in Central America: A Survey of Recent Analytical Work Sponsored by the World Bank,” World Bank, February 2013, <http://www10.iadb.org/intal/intalcdi/PE/2013/11505.pdf>.

2. Darwin Marcelo Gordillo, Aiga Stokenberga, and Jordan Schwartz, “Central America’s Intra and Extra-Regional Potential: A Gravity Model Approach to Understanding Regional Integration,” World Bank, May 2010, 10, [http://siteresources.worldbank.org/INTRANETTRADE/Resources/Central\\_America\\_Intra\\_Extra\\_Regional\\_Trade\\_Potential\\_Gravity\\_Model.pdf](http://siteresources.worldbank.org/INTRANETTRADE/Resources/Central_America_Intra_Extra_Regional_Trade_Potential_Gravity_Model.pdf).



## Informal and Formal Border Crossings in Guatemala



Source: Guatemalan police document, in possession of author.



A driver sleeps underneath his truck while waiting for customs at a border crossing.  
Source: Eoingrosch, "Honduras" *Roadbone* (blog), July 24, 2009, <http://roadbone.org/wordpress/?cat=14>.

The results border on the absurd. One regional businessman estimated his merchandise moved by truck across the Northern Triangle at an average speed of 4 mph because of the border delays. In contrast, merchandise moves across the European Union at about 60 mph and across the U.S.-Mexico border at about 45 mph.

In September 2014, the three governments of the Northern Alliance presented a joint plan to address the region's security and economic conditions, in large part to stem the flow of illegal immigrants to the United States. Among the priorities listed in the plan is the need for "border controls based on integrated risk management, simplification and strengthening of customs, and modernization of border infrastructure and equipment."<sup>3</sup>

There are few visible signs of progress at El Florido, despite the fact the border crossing is listed as a high priority area of reform. A major reason for the enormous delays and

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3. "Plan for the Alliance for Prosperity in the Northern Triangle: A Road Map: Regional Plan Prepared by El Salvador, Guatemala and Honduras," Inter-American Development Bank, September 2014, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39224238>.

resulting economic cost is that, while the overall economy suffers enormously from the status quo, a power group of individuals benefit handsomely from the current situation. Border crossings are where fortunes can be made quickly, where officers of the state have the power to negotiate with illicit actors rather than being ignored by them, and where almost every crossing is a choreographed dance involving the illegal exchange of cash for services rendered. In addition, money-laundering activities are easy because each of the small countries retains its own currency, and exchanging vast amounts of cash at the border is largely uncontrolled.

It is worth noting that former Guatemalan vice president Roxana Baldetti was forced to resign because an international investigation overseen by CICIG found that her private secretary had reportedly set up a secure telephone line that transporters could call in order to avoid legal tariffs at the border by paying her office a smaller amount. The scheme reportedly netted her tens of millions of dollars.<sup>4</sup>

In formal border crossings, the state cannot or will not impose absolute control and displace non-state actors. The crossings are generally poorly staffed and have little equipment.<sup>5</sup> At the same time, given the need to maintain at least a semblance of border control, the state retains enough of a presence to keep non-state actors from exercising total control, unlike in the informal *pasos ciegos*, where the state has no presence.<sup>6</sup> Here, the state and non-state actors become partners in the lucrative business of border control.

El Florido is no exception. In numerous interviews with truck drivers and border officials in Guatemala and Honduras, the border-crossing ecosystem was described as one of constant negotiation. None of the parties has any real interest in the legal formalities of paying taxes on the products that are being moved. All have an interest in striking the best possible economic deal. For state authorities this means extracting the most from each cargo without driving business away, while for the transporter it means seeking the lowest cost and the quickest time.

At the El Florido border crossing, according to multiple interviews during two separate visits, the talk is not only of cocaine and weapons being trafficking through, but also multiple products of legitimate commerce that are taken across the border in violation of the laws of the states on either side. While well-connected *narcos* have access to moving their products through the border crossings, so do those handling electronics, cloth, foodstuffs, automotive products, and anything else that is carried across the border.

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4. Associated Press, "Guatemala vice president Roxana Baldetti resigns amid corruption scandal," *New York Daily News*, May 8, 2015, <http://www.nydailynews.com/news/world/guatemala-vice-president-resigns-corruption-scandal-article-1.2216056>.

5. International Crisis Group, "Corridor of Violence."

6. According to a recent Guatemalan military study, in the departments (states) of Chiquimula and Zacapa, abutting El Paraiso and Copán in Honduras, there are 27 identified illegal crossing points (*puntos ciegos*), compared to three legal border crossings. Study in the possession of the lead author.



As with the non-formal border sector, the culture surrounding the operations of formal border crossings has developed over many decades, if not centuries, out of efforts to escape state taxation. And, like the non-formal sector, the culture embraces contraband commerce as a legitimate activity because the state is viewed as having provided virtually nothing to those living in these far-flung regions. Cocaine, humans, and weapons are viewed simply as lucrative products to be added to the contraband cargo shipments that are the lifeblood of the local economy, rather than an escalation in illicit activities.

“If you have been a police official that has been loyal to the right people, and you are lucky, you are assigned to a border crossing for your last two years of active service,” one police official said. “It is your opportunity to make money to retire. If you are a senior commander, you can bring in some of your friends. It is understood that this will be your last assignment, and you are expected to be able to live well by the time you finish.”

According to those interviewed at El Florido, the customs officials are often alerted by a network of informants when a particularly lucrative cargo will be crossing, usually including the license plate number of the truck. If the vehicle is carrying cocaine, a price may already be established between the *transportista* handling the load and the border authorities on both sides of the border. Depending on the flow and regularity of the shipments, the price per kilo can vary from \$500 to \$1,000. The driver, or more often someone accompanying the driver representing the *transportista*, will carry the money and make the appropriate payment on both sides of the border before returning home.

At this border crossing there was one young “expediter,” a person who makes a living helping people navigate the border region, known to be the person who meets the vehicles carrying cocaine for the Zetas organization. Given advance notice by cell phone of what truck to look for, he then shepherds it toward the front of the line to avoid long waits and to ensure its safe passage. Other groups reportedly have similar arrangements.

Merchants moving what would normally be considered legal products face similar hurdles. Border “taxes” are often collected from the merchandise on board the shipment, particularly TVs and other electronic equipment, either to be sold on the local market or for personal use by customs agents.

When actual taxes are collected, the money is often distributed by percentage among border officials; a percentage, usually less than half, is put in state coffers. This robs the state of hundreds of millions of revenue a year but creates functioning local economies in specific regions. Merchants often significantly undervalue their products in their official tax declarations, in part because they know additional fees will likely be charged at the border, even if a trucker arrives with all the necessary papers in order and taxes pre-paid. Enormous unnecessary paperwork is layered into the documents needed to cross, in order to allow more officials to collect fees for signing off on any particular permit.

One driver showed an investigator a manila folder the size of a book containing all of the paperwork he had to fill out to cross the Honduras-Guatemala border. He said neither he nor the civil servants who handled the documents had any real idea of what they were for. They were simply guideposts as to who to see in order to make a small payoff to get the necessary signature. “Even if everything is in order, it takes hours to go get everything stamped and signed,” the driver said. “Everyone needs a little, \$5 or \$10, depending on who is there and what time of the month it is. Later in the month, when salaries have been spent, prices go up. It can take a full day to do the paperwork on both sides of this border.”

The control mechanism on the prices officials charge for their services is competition. If officials on either side of a border crossing begin to charge more than the market can bear, the truckers simply reroute to another crossing. Such a rerouting can be costly and uncertain, but it can be done. “It is really quite purely supply and demand, what the market forces dictate,” said one academic in Tegucigalpa who has studied the border regions. “Prices fluctuate but not wildly, unless there is some event that triggers great uncertainty.”

Ironically, those who spend the longest amount of time in the lines to cross the border are the least well-connected and most likely to be carrying legitimate commerce that could be inspected and taxed. They do not have the political or financial resources to expedite the crossings. According to police sources, those who cannot or will not pay the necessary bribes to move their products are the ones most often submitted to secondary inspections, passage through passive inspection machines, and other forms of harassment.

As noted, there are multiple options to crossing the border illegally. Dozens of *pasos ciegos* exist along the border, where customs formalities and negotiations with border officials is unnecessary. So an obvious question is why so many transporters bother with the formal crossing considering the multiple complications involved in doing so?

The answer is security, which is a key part of this partnership and symbiotic relationship. Truck drivers said that, once proper arrangements have been made, crossing the formal border is relatively safe. For those who play by the rules of the border, there are few robberies or other losses because all sides have a vested interest in stability and security. But *pasos ciegos*, while they can be much quicker, are also much riskier.

“Here, I pay and I go, eventually,” one driver said. “If I go to a *paso ciego* I may get across. But I may also run into people who just steal my whole load and either kill me or leave me in the middle of nowhere. A *narco* might think I work for his enemies, or a customs official may think you are trying to cheat him, or maybe someone just sees an opportunity to get rich. And then what are you going to do? Call the police?”

This mutual dependency between state and non-state actors undergirds the partnership that keep borders operating at a suboptimal level for the national interest while maximizing the benefits to both groups in a territory that belongs to neither.

# San Pedro Sula: The Alliance of Gangs and Law Enforcement

## THE STATE AS PARTNER AND REPRESSOR: GANGS IN SAN PEDRO SULA

San Pedro Sula, the industrial capital of Honduras, is home to about 80 percent of the gang activity in the country.<sup>7</sup> Here, elements of the state act as a partner to the gangs for specific illicit activities, while also acting as a repressive agent at times. The gangs have created a significant alternatively governed space in the form of neighborhoods under their control, where neither the national government nor local government can exercise effective power. But the gangs are also not entirely independent of the state; they coordinate with law enforcement agencies, which can act as either a partner or repressor, depending on multiple factors. This makes the state a partner—an unreliable but a necessary one under certain conditions. Based on the continuum of governance discussion (see Chapter 2), this would fall somewhere between the state as partner and the state as repressor.

Although transnational gangs have largely been kept out of both the formal and informal border regions, they control significant territory in and around the Honduran commercial capital of San Pedro Sula, as well as the political capital of Tegucigalpa, and other urban regions. San Pedro Sula, in particular, is a crucial crossroads for illicit money flows as well as meeting ground for members of the Mexican drug cartels and regional *transportista* groups, so the gang activities here are directly tied to illicit trans-border activities.

Interviews over eight months with gang members from both major gangs (MS 13, Mara Salvatrucha; and Calle 18), active duty and retired policemen, gang experts, journalists, and human rights workers paint a complex picture of the state, through its national police forces, as a fragmented mercenary force. Different police units are paid by different factions of these gangs to attack another gang in the enclaves of where these gangs battle each other. The same police units often rent weapons and uniforms to one faction or another of the gangs in order to help that faction wage war against its enemies, carry out kidnappings for ransom, or extort people and businesses. While the violence touches every region of the city, it is largely concentrated in the poorer neighborhoods, which ring the urban center and are home to the poorly paid workforce that works in international garment factories or other low skill jobs.

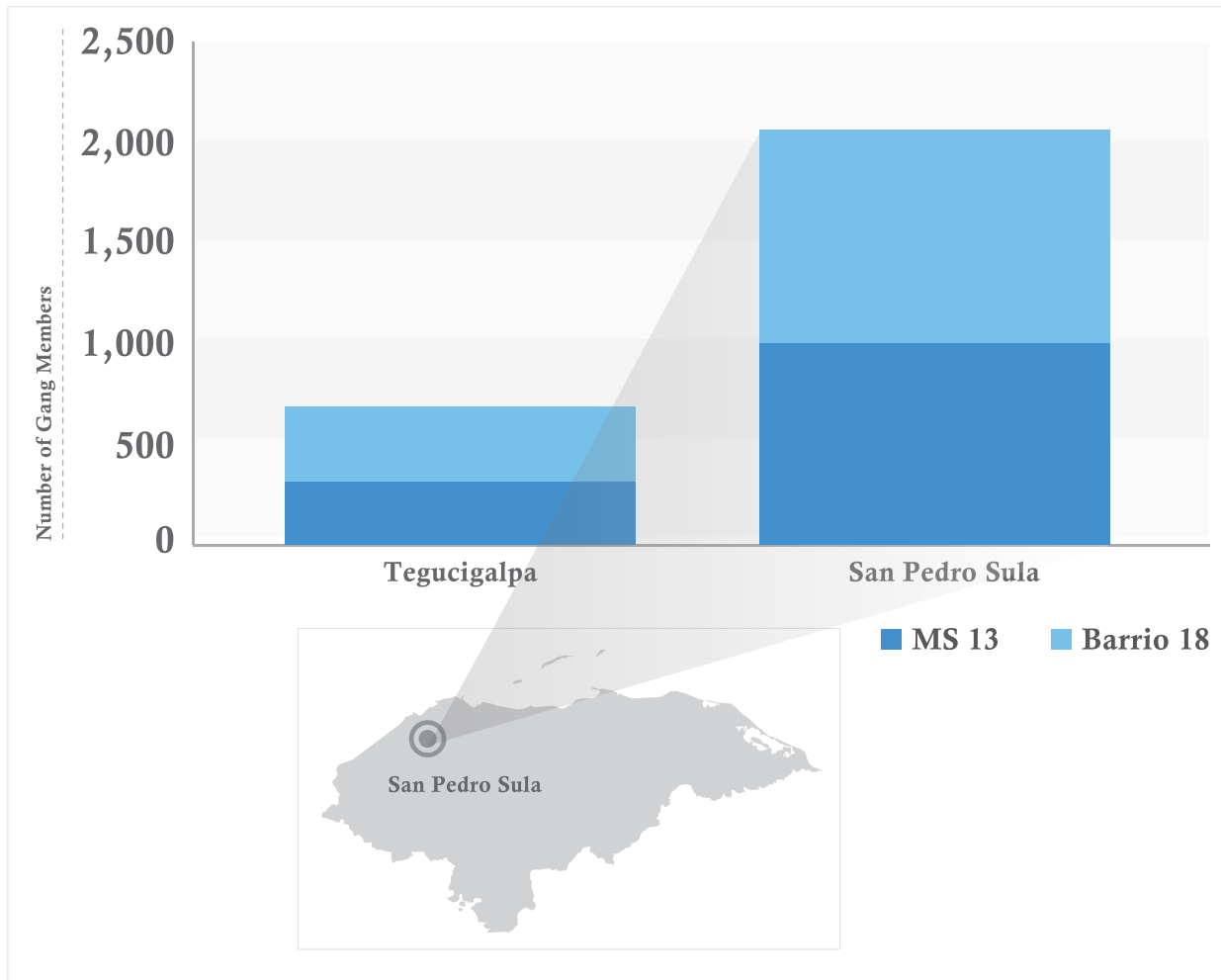
A 2014 Human Rights Watch report stated,

Honduras suffers from rampant crime and impunity for human rights abuses. The murder rate, which has risen consistently over the last decade, was the highest in the world in 2013. Perpetrators of killings and other violent crimes are rarely

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7. This is not intended to be a complete overview on the founding of the gangs, their histories or their structures, but rather a look at how the state interacts with these groups in terms of governance. For a more complete look at the history of the gangs, see Arana, “How Street Gangs Took Central America.” For a more comprehensive view of the gang structures and growing political power, see Farah and Lum, “Central American Gangs and Transnational Criminal Organized Crime.”

## MS 13 and Barrio 18 (Calle 18) in San Pedro Sula, Honduras



Source: Kyra Gurney, “A Snapshot of Honduras’ Most Powerful Gangs,” February 2, 2015, <http://www.insightcrime.org/news-briefs/snapshot-of-honduras-most-powerful-street-gangs>.

brought to justice. The institutions responsible for providing public security continue to prove largely ineffective and remain marred by corruption and abuse, while efforts to reform them have made little progress. . . . Impunity for serious police abuses is a chronic problem. Police killed 149 civilians from January 2011 to November 2012, including 18 individuals under age 19, according to a report by Honduras’s National Autonomous University. Then-Commissioner of the Preventive Police Alex Villanueva affirmed the report’s findings and said there were likely many more killings by police that were never reported.<sup>8</sup>

This places the police, the only entity of the state that consistently engages with the gangs because of the extraordinary territorial control the groups exercise, primarily as an

8. Human Rights Watch, *World Report 2014: Events of 2013* (New York: Seven Stories Press, 2014), 260, [https://www.hrw.org/sites/default/files/wr2014\\_web\\_0.pdf](https://www.hrw.org/sites/default/files/wr2014_web_0.pdf).

instrument of repression. However, much of the violence used by the police is not done on behalf of the state, but on behalf of non-state armed actors.

This is not to say that all police are corrupt in Honduras or San Pedro Sula. Nor are the police the only ones struggling to function. A U.S. State Department report outlined some of the enormous challenges noting that in 2014,

Following the Congressional review, the Minister of Security and the head of the Ministry's internal affairs office resigned. The Honduran Congress determined that the performance of the Attorney General's Office was unacceptable and suspended the Attorney General and his deputy—both of whom subsequently resigned. The Congress appointed an intervention commission composed of leading Honduran legal scholars to propose reforms for the Attorney General's office and manage it for an interim period. In August, the National Congress appointed a new Attorney General and Deputy Attorney General through a process that critics charged was adjusted to favor particular candidates. The new Attorney General took steps to restructure his agency and moved personnel to new positions, as had the intervention commission.<sup>9</sup>

Corruption within the police has reached such a significant point that Honduran president Juan Orlando Hernández has designed a controversial strategy (not unique to Honduras) of using the military for internal law enforcement missions, including the Military Police. The idea, according to senior Honduran officials interviewed, is to have a less corrupt force on the streets while the Honduran National Police are completely reconstituted. Labeled as the permanent Military Police force, the idea was rejected by the Honduran congress even though the group continues to operate.<sup>10</sup>

By the end of 2014, some 2,000 military personnel were deployed as Military Police and the number is expected to rise to 5,000 in 2015. That would place almost half of the Honduran military, with a long history of serious human rights abuses on the streets as law enforcement officials.<sup>11</sup> And it is not difficult to understand why. Multiple national and international reports have documented the issues that plague the police force and resulting limited success of multiple reform attempts.<sup>12</sup>

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9. Bureau of International Narcotics and Law Enforcement Affairs, *2014 International Narcotics Control Strategy Report: Country Report: Honduras*, U.S. Department of State, 2014, <http://www.state.gov/j/inl/rls/nrcrpt/2014/vol1/222904.htm>.

10. "Diputados no ratifican rango constitucional de la Policía Militar," *La Prensa*, January 24, 2015, <http://www.laprensa.hn/honduras/788396-410/diputados-no-ratifican-rango-constitucional-de-la-polic%C3%ADa-militar>.

11. "Honduras: Country Profile," InSight Crime, <http://www.insightcrime.org/honduras-organized-crime-news/honduras>.

12. See for example: Adriana Beltrán and Geoff Thale, "Police Reform in Honduras: Stalled Efforts and the Need to Weed Out Corruption," Washington Office on Latin America, August 26, 2013, [http://www.wola.org/commentary/police\\_reform\\_in\\_honduras\\_stalled\\_efforts\\_and\\_the\\_need\\_to\\_weed\\_out\\_corruption](http://www.wola.org/commentary/police_reform_in_honduras_stalled_efforts_and_the_need_to_weed_out_corruption); and Michael Lohmuller, "\$3 Mn Spent in 2 Years of Failing Honduras Police Reform," InSight Crime, January 16, 2014, <http://www.insightcrime.org/news-briefs/3-mn-spent-in-2-years-on-failing-honduras-police-reform>.

For example, in 2013, all 1,400 members of the elite police investigative unit—about 10 percent of the entire police force—were suspended simultaneously over alleged ties to corruption and drug trafficking.<sup>13</sup> Before that, the vice president of the National Congress had publicly stated that 40 percent of the police force was involved in organized crime.<sup>14</sup> And senior police officials estimate that more than 20 percent of the national police on state payroll do not exist, but instead are phantoms put on the payroll so officers can collect an extra salary each month. The result of this extremely weak institutional capacity is that much of the police force in San Pedro Sula operates at the behest of and executes orders from non-state actors rather than the state.

Gangs are a primary driver of violence in the urban spaces they reside in, and their relationship with the police is a significant enhancer of that violence. Gang warfare centers control specific neighborhoods, and within these territories they exercise almost absolute power through a combination of terror, violence, and family loyalties. The only way outside groups can come in is if they are heavily armed and prepared for a pitched battle, or through a negotiated permission to be there.

A member of this study's research team knew some of the local gang leaders and arranged for interviews with them, but only at the time and place of the gang's choosing. Every entry into gang territory was gingerly negotiated with two or three intermediaries, who spoke incessantly into their cell phones describing the visitors and their vehicle, before finally reaching the leader who had agreed to speak.

Some meetings were held in fast food Chinese restaurants because the gangs did not trust the researchers enough to allow them on the gang's home turf. Chinese food from specific restaurants is considered by all of the groups visited to be a special treat.

The neighborhood gang structures are the *clica* (MS 13) and *tribu* (Calle 18). They operate under a rigidly hierarchical structure from the national leadership on down.

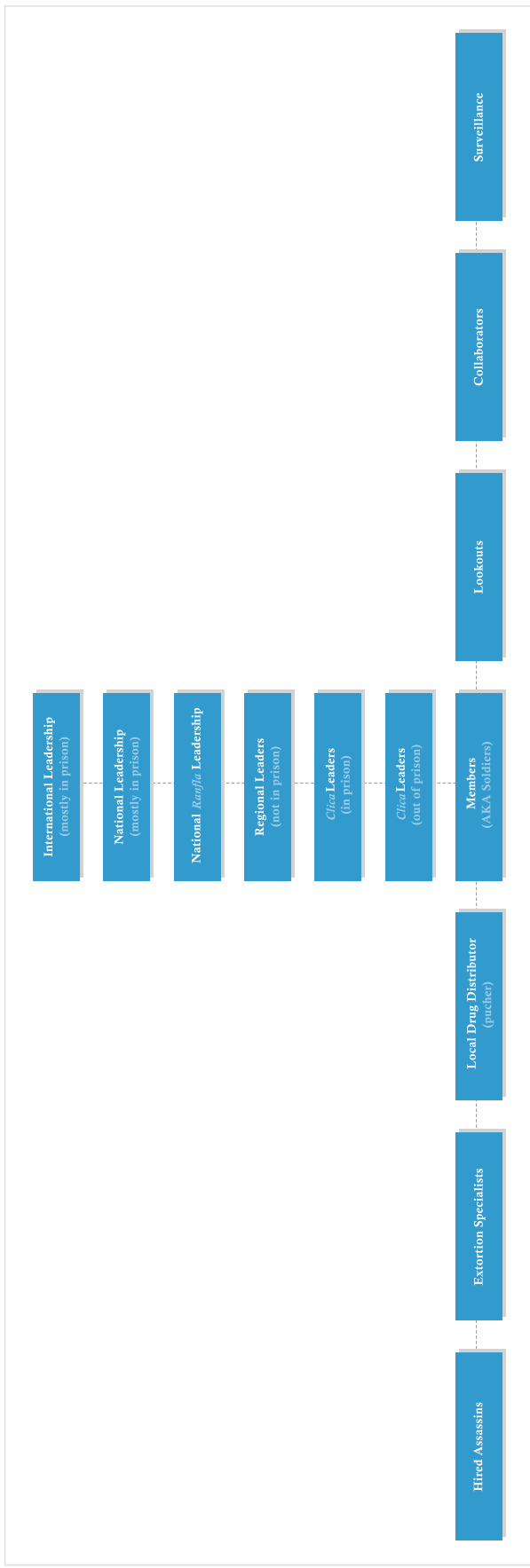
Extortion of the neighborhood is the primary source of revenue for each *clica* or *tribu* and each group is responsible for its own financial well-being. These "taxes," often referred to as *la renta* (the rent), are levied on everything that moves in the neighborhood: from homes to local businesses, to beer trucks who enter to deliver their products, to water tankers that dispense water in neighborhoods without running water, to public transportation. Workers who toil in the textile and clothing plants (known as *maquilas*) are extorted when going to and returning from work.

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13. Marguerite Cawley, "1,400 Honduras Police Suspended for Links to Organized Crime," InSight Crime, June 6, 2013, <http://www.insightcrime.org/news-briefs/1400-honduras-police-suspended-for-links-to-organized-crime?highlight=WyJob25kdXJhcyIsImhvbmR1cmFzJyIsImhvbmR1cmFzJ3MiLCInaG9uZHVyYXMiLCJwb2xpY2UiLCJwb2xpY2UncyIsIidwb2xpY2UiLCIncG9saWNlJyIsImNvcnJ1cHRpb24iLCInY29ycnVwdGlvbiIsImNvcnJ1cHRpb24nIiwiaG9uZHVyYXMcG9saWNlIiwiaG9uZHVyYXMcG9saWNlIGNvcnJ1cHRpb24iLCJwb2xpY2UgY29ycnVwdGlvbiJd>.

14. "Vicepresidente del Congreso: 40 por ciento de la Policía está infiltrada por el crimen," *Proceso Digital* (Honduras), July 19, 2011, <http://www.proceso.hn/component/k2/item/49717.html>.

## MS 13 Command Structure



Source: Salvadoran National Police study on gangs, in possession of the author.



In their urban enclaves, the *clicas* individually and the gangs collectively exercise at least the same degree of control over every facet of the lives of those in their territory. However, while the *señores* in the border regions offer some benefits in return for territorial and political control, the gangs offer virtually nothing positive in exchange for their presence. They create no jobs, provide no social services, raise the cost of living among the city's poorest residents, and are a source of constant extortion, conflict, and violence. At the same time, they keep the state, usually more functional and beneficial in an urban setting than a far-flung border town, at bay. It was, as one sociologist noted, a "lose-lose-lose" proposition for most people.

The consequences of refusing to pay taxes or otherwise crossing the unwritten rules of behavior (for example, refusing to join a gang, talking to the rival gang, talking to outsiders without permission, talking to the police) are swift and brutal. The offender can face beatings, stabbings, and almost certain death. If the person manages to escape the neighborhood, the local gang will often seek retribution by kidnapping a family member or close friend until the person returns to be punished. If that is unsuccessful, the person's entire family may be killed.<sup>15</sup> This has led to a little studied phenomenon of massive internal migration, where tens of thousand of people have simply abandoned their homes in gang territory because living conditions became unbearable. In some gang turf, almost entire blocks of houses are abandoned and taken over by gang members.

"These are people who are poor but put together enough money in their lifetimes to buy a small house or put together a small business or little store," the sociologist said. "With the gangs, their lives are so bad that they feel it is better to abandon everything they have and start with nothing. Can you imagine what it takes to make that decision? Where do they go? Back to poverty, back to unemployment? It is a human tragedy."

The territorial control of the gangs has put the groups in closer proximity to the *transportista* groups that operate in the region. While the gangs make no effort to hide their desire to become more directly involved in the cocaine trade, so far they appear to be primarily protecting loads that move through their territories. Gangs also assist with carrying out assassinations on behalf of different groups. The jobs are often paid in product, which can only be turned into cash by retail selling small amounts in the city's growing internal market, a transaction known as *narcomenudeo*.

This growing retail business has given the gangs, particularly the MS 13, access to growing revenue streams, which are used to buy increasingly sophisticated weapons. And the more territory controlled, the more useful the gangs are to the *transportistas* and the bigger the retail market access.

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15. The accounts of gang operations are drawn not only from gang members, but from numerous victims of gang violence who have fled to the United States and are seeking political asylum. Those living in gang-controlled territory are generally watched and are under the very real threat of being punished if known to be talking about gang operations to outsiders.



This is why the relationship of each gang to the police is so important. If one can neutralize or co-opt the state law enforcement machinery—the only entity that could counter the gangs militarily—then one’s operational range expands rapidly.

“Every major *clica* (clique or local neighborhood gang group) has their own police officer,” said one MS 13 leader who had recently lost several members in attacks by the 18 group. “Every *programa* (program, meaning a larger grouping of numerous *clicas*) has its own colonel.” The MS 13 leader said he had lost his *hommies* in recent days because the colonel that protected his group had been transferred. The new officer already had a financial arrangement with the 18, he said, and had allowed his enemies to mount a surprise attack on the MS 13 at night, making sure the police did not interfere or warn them.

Both major gangs have access to weapons, many stolen or purchased from the military and police. While the aforementioned MS 13 leader noted a recent loss in human resources, MS 13 as a whole is clearly winning the inter-gang war, and the key difference is their ability to exploit the police force. According to gang members in both gangs, as well as human rights workers who work in the areas visited, the MS 13, traditionally much smaller and less active than the Calle 18 gang, has been successful with pushing their rivals out of key strategic communities.

The reason, those interviewed allege, is that the MS 13 has negotiated a broad deal with several senior police commanders to operate against the Calle 18 and other, smaller gangs, with police protection and without interference. Several gang members and human rights workers independently told how police units would identify a Calle 18 group, arrest them, and turn them over to the MS 13 to be killed. In other cases, those interviewed said, the police would locate a group of Calle 18, telephone the information to an MS 13 leader, and then make sure the Calle 18 group could not bring in reinforcements by blocking off access points.

“If you look across the city, you see the MS 13 has made enormous strides in the past six to eight months in taking territory from the Calle 18,” said one retired policeman who monitors gang activity for an international security firm. “It is not just in San Pedro Sula, but in Tegucigalpa as well. They now have most of the main retail cocaine sales, and they are aggressively looking for a ways to expand in the cocaine trade.”

“Sometimes, the police will kill for us, if we need a job done where we don’t have access, and that costs more money,” an MS 13 leader said. “Usually we just tell them, ‘If you hear some shooting in this sector or that sector of the neighborhood tonight, don’t worry about it. Don’t send patrol cars or respond to calls for help. Give us time to clean things up before you come in.’”<sup>16</sup>

Another common tie between gang members and police officers involves gang members arranging to rent police uniforms, badges, and guns from local police officers to mount roadblocks and inspection points in different parts of the city. This is often done to kidnap

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16. Author interview in San Pedro Sula, January 2015.

a specific target that is believed to be transiting the gang's route. But gang members and police both noted that some nights the gangs would often maintain the roadblock for several hours simply to rob the passing vehicles to raise extra money. In May 2015, the going rate for a police badge, uniform, and gun was \$400 per night.

When police units do attempt to counter the gangs, violence almost always ensues but not always in favor of the state. The full firepower of the gangs was on display in October 2014, when special police units were sent in from Tegucigalpa to arrest members of the Calle 18 suspected of killing two federal prosecutors a few days before. The gang members were thought to be in the 18 stronghold of Suyapa, Chamalecón neighborhood.

It remains unclear exactly why the two prosecutors, both women who were handling high-profile cases, including those related to gangs as well as government corruption, were gunned down in their vehicle the night of October 9, but it was a carefully coordinated assassination. Two vehicles, each with multiple gunmen, pulled up on each side of the prosecutors' vehicle in the commercial section of San Pedro Sula, fired dozens of rounds into the vehicle, and sped off into traffic.<sup>17</sup> One of the prosecutors was shot more than 50 times.<sup>18</sup> She was head of the district attorney's homicide unit and formerly led their organized crime unit.

When the special police units arrived within a few blocks of where the alleged hitmen were thought to be hiding, an intense firefight broke out as gang members, holding the high ground and rooftops, ambushed the police. During our research visit the following day, residents pointed out hundreds, if not thousands, of bullet marks on the walls of the houses, as well as thousands of spent bullet casings on the ground. The following day, residents said in interviews that the battle had lasted three to four hours, with the police unable to enter the perimeter the gangs had established. In the end, the gang members called a Roman Catholic priest to come and negotiate, and two gang members accompanied the priest out of the area to be questioned by the police. No one disputed that the gang members had likely carried out the murders. What impressed everyone far more than the gangs' murderous ability though was the gang's ability to hold off a well-armed and well-trained police force.

"It was like a civil war here," one resident said, showing some of the pictures he took with his cell phone during the shooting. In one picture, a gang member with an AK-47 assault rifle was reloading a 60-shot clip of ammunition. Several of the gang members were wearing bulletproof vests and were using grenade launchers. "The police were shouting and swearing because they couldn't believe the force of the gangs. They are a military force."

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17. "Asesinan a dos fiscales en el norte del país," *El Tiempo* (Honduras), October 10, 2014; "La Loba' habría planificado asesinato de fiscales," *La Tribuna* (Honduras), October 13, 2014, <http://www.latribuna.hn/2014/10/13/la-loba-habria-planificado-asesinato-de-fiscales/>.

18. Elyssa Pachico, "Honduras Prosecutors 'Killed by Barrio 18 Gang,'" *InSight Crime*, October 13, 2014, <http://www.insightcrime.org/news-briefs/honduras-prosecutors-reportedly-killed-by-barrio-18>.

This is perhaps the typology that most approaches Phil Williams's grim assessment of what the New Dark Age would look like.<sup>19</sup> Non-state armed groups that are essentially parasitic in nature and respond violently to very narrow self-interests while controlling a relatively small geographic area, are exercising real power that the state cannot match. No positive benefits accrue to the population in this typology, where the rule of law is non-existent and the state is a direct participant in the violence.

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19. Phil Williams, *From the New Middle Ages to a New Dark Age: The Decline of the State and U.S. Strategy* (Carlisle, PA: Strategic Studies Institute, June 2008), ix, <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB867.pdf>.

# 5 | Recommendations and Conclusions

The preceding case studies and analysis of alternative governance typologies in Northern Triangle border regions make clear that the growing crisis in the region is a multifaceted problem that will require serious attention over a sustained period of time. Over the course of this research and subsequent analysis, a number of themes repeatedly surfaced regarding the challenges in the Northern Triangle. This report's evaluation of the governance issues in the border areas points to three main problems that afflict the region, all of which require significant, long-term policy attention:

- Weak governance and rule of law;
- Poorly regulated borders; and
- The lack of job opportunities in the formal economy.

The United States has a strategic interest in resolving these problems for many reasons. First, located between South American drug producers and U.S. consumers, Central America has recently become the main transit point for over 80 percent of drugs traveling into the United States.<sup>1</sup> The emergence of powerful non-state actors and areas of alternative governance have together eroded democratic institutions and formal state governance in much of the region. In its place, widespread corruption and violence have taken root, generating severe public insecurity. Ultimately, this has created a breeding ground for transnational crime to flourish.

That insecurity, in turn, forces people to leave their homes—indeed, their countries of origin—increasing the flow of migrants to the United States. Countering the flow of illegal goods, reducing criminal activity and violence, fostering transparent and democratic governance, and alleviating the movement of people require Washington to establish a clear strategy that works to expand economic opportunities, improve the rule of law, and effectively control borders in the region.

We seek to explain those strategies, what they entail, and why they are so pivotal to U.S. and Central American interests. After an overview of past and upcoming U.S. policy in the

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1. Peter J. Meyer and Clare Ribando Seelke, "Central America Regional Security Initiative: Background and Policy Issues for Congress," Congressional Research Service, May 6, 2014, <https://www.fas.org/sgp/crs/row/R41731.pdf>.

region, we detail the main problems the region faces and our recommendations for U.S. policy that possibly could address these real and pressing challenges.

## U.S. Policy in the Region

The problems of corruption, drug trafficking, and violence in Central America (and especially in the Northern Triangle countries) are not new in Latin America. Indeed, the majority of U.S. foreign aid to Latin America has been dedicated to countering drug production, trafficking, and distribution since the end of the Cold War. Still, despite the influx of billions of dollars in U.S. aid to the region since the “War on Drugs” officially began in the 1970s, results have been mixed. Below we outline the major U.S.-led initiatives in the region that offer important insights into how the U.S. government might proceed with defining its strategy for the Northern Triangle.

### PLAN COLOMBIA (1999)

Plan Colombia is a bilateral initiative between the United States and Colombia, developed in 1999, to work cooperatively in fighting the left-wing guerillas and drug cartels that contributed to violence and citizen insecurity in much of Colombia’s territory. The initiative’s mission was twofold: reduce the production and trafficking of cocaine and end the decades-long conflict. U.S. training and financial assistance in this effort was extensive, but the Colombian government took on the lion’s share of the burden.

Through the project, Colombia vastly improved its counternarcotics capabilities and expanded government presence throughout the Colombian countryside. It is also improving the quality of life for the country’s most vulnerable citizens by strengthening national security and rule of law, providing social and economic opportunities, and improving public security. From 2002 to 2005, for example, guerilla attacks against rural towns decreased by over 90 percent. Between 2002 and 2008, homicides decreased by 44 percent, kidnappings by 88 percent, and terrorist attacks by 79 percent.<sup>2</sup>

Plan Colombia has, by most accounts, proven highly successful—but it still has its critics. Despite the positive figures, the initiative has been criticized for focusing too much on so-called “hard” components, such as the military and coca eradication practices, and too little on “soft” components, including social development programs and the protection of human rights.<sup>3</sup> And significant challenges remain as the central government seeks to establish a viable, permanent presence in areas that have been abandoned to the control of non-state actors for decades. While the task is daunting, it can likely provide important and transferable insights and lessons the Northern Triangle could draw from.<sup>4</sup>

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2. Embassy of the United States in Colombia, “Plan Colombia,” <http://bogota.usembassy.gov/plancolombia.html>.

3. Amnesty International, “U.S. Policy in Colombia,” <http://www.amnestyusa.org/our-work/countries/americas/colombia/us-policy-in-colombia>.

4. For a fuller discussion of the challenges and lessons learned in Colombia, see Carl Meacham, Douglas Farah, and Robert Lamb, *Colombia: Peace and Stability in the Post-Conflict Era* (Washington, DC: CSIS, March 2014), [http://csis.org/files/publication/140304\\_Meacham\\_Colombia\\_Web.pdf](http://csis.org/files/publication/140304_Meacham_Colombia_Web.pdf).

## MÉRIDA INITIATIVE (2008)

As Plan Colombia demonstrated its success, the United States developed a similar undertaking with Mexico: the Mérida Initiative. It was created to combat organized crime and violence while protecting human rights, strengthening the rule of law, and creating strong communities. Through the assistance of U.S. intelligence, training, equipment, and funding, the program has strongly emphasized improving border security and bolstering democratic institutions, with a particular focus on reforming the judicial system, police, and civil society organizations.

So far, the U.S. Congress has appropriated upwards of \$2 billion to this initiative—a significant investment.<sup>5</sup> And though recent scandals, including the July 2015 escape of top drug kingpin Joaquín “El Chapo” Guzmán and increasing revelations of corruption at the highest levels, have called its gains into question, the initiative is largely seen as helping Mexico move in the right direction. Still, like Plan Colombia, there remains criticism of the ongoing project for its insufficient efforts to protect human rights in Mexico.<sup>6</sup>

## CENTRAL AMERICA REGIONAL SECURITY INITIATIVE, CARSI (2010)

Under the Mérida Initiative, U.S. efforts focused primarily on Mexico. Two years later, in 2010, the U.S. government launched the Central American component of Mérida as a stand-alone program: the Central America Regional Security Initiative (CARSI). CARSI’s mission was to create safe streets, reduce the movement of criminals and contraband, build strong and accountable governments, establish an effective state presence, and develop regional cooperation among Central American countries. To achieve these objectives, CARSI worked to facilitate justice sector reforms, fund social and economic crime prevention strategies, and support local law enforcement and interdiction operations through training, equipment, and technical assistance.

Between 2008 and 2014, the U.S. government spent \$803.6 million on aid to Central America through CARSI and the Mérida Initiative.<sup>7</sup> Despite the extensive aid, violence has continued to worsen in the region, with homicide levels on the rise.<sup>8</sup> And the additional surge of unaccompanied children—most of whom originated in the Northern Triangle countries—that arrived at the U.S.-Mexico border in 2014, serve as a public reminder of the very real consequences of the Central America crisis for the United States.<sup>9</sup>

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5. U.S. Department of State, “Merida Initiative,” <http://www.state.gov/j/inl/merida/>.

6. Clare Ribando Seelke and Kristin Finklea, “U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond,” Congressional Research Service, May 7, 2015, <https://www.fas.org/sgp/crs/row/R41349.pdf>.

7. Meyer and Seelke, “Central America Regional Security Initiative.”

8. Cristina Eguizábal et al., *Crime and Violence in Central America’s Northern Triangle* (Washington, DC: Wilson Center, 2015), [http://www.wilsoncenter.org/sites/default/files/FINAL%20PDF\\_CARSI%20REPORT\\_0.pdf](http://www.wilsoncenter.org/sites/default/files/FINAL%20PDF_CARSI%20REPORT_0.pdf).

9. Peter J. Meyer et al., “Unaccompanied Children from Central America: Foreign Policy Considerations,” Congressional Research Service, February 10, 2015, <https://fas.org/sgp/crs/homesec/R43702.pdf>.



## **OBAMA'S RECENT \$1 BILLION REQUEST (2015)**

In the wake of the child migrant crisis at the U.S.-Mexico border, the Obama administration requested an additional \$1 billion in aid to Central America for fiscal year 2016. This recent proposal would triple U.S. aid to Central America, focusing resources on the particularly troubled countries of the Northern Triangle.

A shift from earlier U.S. policies, the proposed strategy prioritizes development assistance over military and security support. Although it is yet unclear how much money the U.S. Congress will actually allocate to the program, the details of the aid package have not yet been fully disclosed. The new budget request is part of a U.S. effort to significantly scale up its presence in Central America and the Northern Triangle by addressing the root causes of insecurity and violence in the region.

## **Principal Challenges and Policy Recommendations**

The primary challenges facing the Northern Triangle countries—and the challenges that U.S. policy must address—are threefold:

- Weak governance and rule of law;
- Poorly regulated borders; and
- The lack of job opportunities in the formal economy.

This section unpacks the nature of each of these challenges, explores the extent to which existing U.S. policies seek to tackle them, and proposes a set of policy recommendations for mitigating each.

### **WEAK STATE GOVERNANCE AND RULE OF LAW**

This report's case studies clearly illustrate the crisis of authority and democratic governance in the Northern Triangle, particularly in border regions where the balance of power is often skewed toward non-state actors and in urban areas where gangs have co-opted sectors of the police and asserted their dominance in specific enclaves. This important issue has fed off the federal government's weak presence in remote areas and urban centers and has accelerated the rise of corruption in the region.

Many governments in the Northern Triangle do not have a state presence in their outer regions, thus enabling the emergence of alternative forms of governance. In the absence of the state, wealthy drug lords are able to control large swaths of land, infiltrate municipal politics, raise large armies and police forces, provide basic public goods and services, direct the justice system, and monopolize the job market. These sophisticated governing structures come to replace the state. Drug traffickers and other criminal organizations fully take over one of the state's most valuable assets: territory. As a result, local populations



become entirely dependent on these powerful governance systems for every aspect of life, as exemplified by the case study of the Honduras-Guatemala border.

Even where the federal government is not completely absent, the enormous power of criminal organizations continues to drive corruption. Since loyalty to the influential criminal groups affords personal and economic security, state actors at all levels of government receive compensation from criminals in exchange for protection and impunity. As a result, many local officials are loyal to illicit actors rather than to the federal government, which does not provide benefits at the same rate. Endemically corrupt justice systems are especially problematic as they fail to uphold the law, spreading impunity. In some cities, police officers side with certain gangs in exchange for money, even going as far as renting out their uniforms to gang members and killing on demand.

Unfortunately, weak state governance enables violence as well. Regions in which the state is not the dominant actor are riddled with violence as power relations among criminal groups continuously fluctuate. In cities like San Pedro Sula, in particular, gangs regularly extort, kidnap, and assassinate local residents with impunity. In these environments, battles between cartels and gangs pose the greatest challenge to public security. This violence forces people to abandon their homes and businesses, leaving deserted urban areas completely overrun by gangs and sparking a wave of mass emigration from the region.

The \$1 billion proposal by the Obama administration is a good start to addressing poor governance because it plans to dedicate 80 percent of the total aid package to reforming civil institutions, improving civil society, and bolstering economic growth in the region.<sup>10</sup> Still, it may not sufficiently address the issue of alternatively governed territories in remote locales. Rural areas deserve a greater emphasis in any U.S. strategy in the Northern Triangle because they are increasingly playing host to powerful non-state actors that now rival—and in some cases supersede—the state.

- *Recommendation: Expanded State Presence in Border Regions.* The U.S. government should support the improvement of transportation and communication infrastructure for the national government to easily and effectively communicate with its outer regions. By upgrading these vital elements of infrastructure, the national government would expand its reach and better fill the vacuums of power that are characteristic of many border regions.

This initial step would help with its follow-up step: U.S. development projects should focus on expanding the physical presence of the national government in historically neglected border regions. The presence of the state could be established through law enforcement personnel, justice systems, or vital infrastructure such as running water, paved roads, utility poles, lampposts, and access to the Internet. The provision of bolstered services in those areas—from schools to health care—would

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10. Ibid.

further erode the population's dependence on non-state groups. Both the United States and Inter-American Development Bank could be responsible for funding these projects if organized under the umbrella of the Alliance for Prosperity. Ultimately, the development of a strong state presence in rural border areas would increase the population's trust in the federal government and undercut citizens' loyalty to criminal organizations.

- *Recommendation: Anti-Corruption and Pro-Rule of Law.* We recommend that U.S. policy establish new and/or fund the expansion of existing international commissions to fight corruption and impunity in the Northern Triangle. The formation of a United Nations commission, such as the International Commission Against Impunity in Guatemala (CICIG), which was launched by the United Nations and Guatemala, would help to improve the rule of law and amplify government transparency in the region. The U.S. Senate has already allocated \$2 million for the establishment of such a commission in Honduras. And Thomas Shannon, counselor to Secretary of State John Kerry, has specifically advocated for the formation of these commissions in Central America. Although the Guatemalan government has been hesitant to extend the CICIG, and the Salvadoran and Honduran governments have been resistant to the idea of launching a similar commission within their borders, the United States should condition its aid to the region on the creation of such internationally backed committees to combat the corruption deeply rooted in these countries.

We also recommend that the U.S. government set aside resources for assisting with the formation and further development of civil society groups that serve as watchdogs for corruption. For example, in the case of Honduras, the United States should provide Transparency International with the resources it needs to effectively enforce its anti-corruption agreement with the government.

Ultimately, the only way to effectively eliminate corruption in the Northern Triangle is from within—domestic organizations must complement the establishment of international commissions. These nongovernmental organizations would promote strong governance, thus raising the cost of corruption.

## **POORLY REGULATED AND POROUS BORDERS**

This report's discussion of the free flows of illicit goods through both formal and informal border crossings indicates a major problem: the lack of government regulation at the region's borders. Given the location of the Northern Triangle at the crossroads between drug producers in South America and drug consumers in North America, this problem is of particular importance to the United States.

The border problem in the region must be address two suboptimal types of borders: informal border crossings and understaffed/inefficient formal border crossings.

Informal border crossings, known as *pasos ciegos*, lack government presence entirely, whereas formal border crossings count on a small, but corrupt government presence. *Pasos*

*ciegos* exist in rural areas where borders are poorly defined and people regularly transit from one country to another. Traffickers take advantage of this situation by buying territory on both sides of the “border” to control drug trade routes and ensure the safe passage of smuggled goods.

Formal border crossings, on the other hand, are poorly staffed and largely inefficient with little equipment and deficient infrastructure. Because neither the government nor the criminal organizations hold absolute control, state border agents and traffickers enjoy a symbiotic relationship where agents receive monetary compensation in exchange for the expedited, secure passage of contraband.

As a result of the failure to control the borders, the government loses a significant source of taxation while customs agents pocket bribes. Additionally, drug traffickers travel through largely unimpeded. Meanwhile, the corrupt environment of the formal border crossings undermines legitimate commerce because carriers of legal merchandise who abide by the law (that is, not providing bribes) are forced to wait 24 to 36 hours before crossing the border. Carriers are therefore discouraged from engaging in legitimate transnational trade.

- *Recommendation: Prioritization of Border Control.* In concrete terms, the United States should expand programs that train customs agents and create professional, specialized, and well-paid cadres for deployment to border crossings. These programs are currently run mainly by the U.S. Customs and Border Protection (CBP) and the U.S. Immigration and Customs Enforcement (ICE), and are a component of CARS. These programs should be prioritized and further developed to better establish background checks, increase salaries, carry out extensive training, evaluate performance to reduce corruption, and improve control at national borders.
- *Recommendation: Greater Enforcement.* The United States should launch a program that trains customs agents and creates professional, specialized, and well-paid cadres for deployment to border crossings. This program would resemble the formation of vetted police units that is a core component of CARS. The focus of the program would be on establishing background checks, increasing salaries, carrying out extensive training, evaluating performance to reduce corruption, and improve control at national borders.
- *Recommendation: Improved Regional Coordination.* We recommend that the U.S. government support and encourage arbitration through the International Court of Justice (ICJ) (Guatemala has previously pursued this route with Belize) or mediation through or under the supervision of the Organization of American States (OAS), with particular reference to the OAS Permanent Council. Either arbitration or mediation with an objective third party would provide a healthy forum to manage any and all border disputes to properly delineate national land borders between the Northern Triangle countries. Both would provide binding solutions for the countries involved, although arbitration from an international organization versus a regional one may be perceived as further detached from any bias.

Without mutual agreement on the location of land borders, regionally coordinated efforts to secure them will be futile. OAS or other third-party arbitration or mediation would resolve the ambiguity surrounding land borders and would set the groundwork for further cooperation on border control.

In an effort to improve communication between neighboring nations, the United States could also help establish direct lines of communication between the different customs agencies through improved technology. By developing modern communication tools at the borders, countries would be able to more efficiently coordinate law enforcement policies at border checkpoints. This could lead to a degree of interoperability among the three country's security forces, which has the potential to dramatically amplify their joint capacity.

Ultimately, regional cooperation would best be achieved through the formation of bilateral or trilateral commissions to coordinate regional border policy. These commissions could build on the concept of the Grupo de Alto Nivel de Seguridad Fronteriza (GANSEF) bilateral border policy groups of Mexico-Belize and Mexico-Guatemala. Some important policies on border issues require significant multinational coordination and as a result can only be achieved with meaningful international engagement on border issues through such commissions. For example, an agreement on law enforcement interoperability across borders would facilitate the interdiction of illicit goods crossing multiple borders and require extensive coordination by parties on all sides of the borders to accomplish. Similarly, although the deployment of a tri-national security force on shared borders would contribute to a shared sense of regional responsibility for border control, it would also necessitate synchronized security cooperation from multiple countries.

In the end, the United States should condition its aid to the region on the development of bilateral and trilateral commissions to enhance regional cooperation and devise complex policies to regulate the borders.

## **ECONOMIC GROWTH AND JOB CREATION**

As previously described in this report, the lack of opportunities for job growth in the formal economy has been one of the main drivers of gang-related violence and involvement in other illicit activities in the border regions. It is unsurprising that weak local economies make the drug trade and other smuggling activities attractive. Job opportunities in legal trades are scarce and not nearly as lucrative. In many cases, legitimate businesses cannot compete with those that engage in illicit activities. Moreover, as narco-traffickers and gangs provide the only paying jobs in some areas, employment in these illicit activities has become culturally acceptable, further eroding any popular resistance to the omnipresence of criminality.

- *Recommendation: Economic Development and Prevention Strategies.* Given this challenging backdrop, U.S. policy must focus on improving economic conditions and providing local citizens—especially youth—with enticing job prospects in the formal economy. Since law enforcement efforts have often proven ineffective, sometimes

even promoting violence by splintering criminal groups and inciting bloody struggles for power, a development-first approach would avoid intensifying internal violence and would strip gangs and traffickers of their primary recruiting tool, which is offering newcomers a decent wage.

In specific response to the increasing power of gangs in urban environments, we recommend supporting measures that focus on crime prevention and rehabilitation, as well as security-focused measures. A particular model that could be emulated is El Salvador's reinsertion program, which pays young gang members to leave behind their gang affiliations in exchange for formal employment. But such programs are often sorely lacking in resources. Steady funding for this type of anti-violence measure would help deter violence and facilitate truces between gangs.

Furthermore, we recommend that development projects have a specific emphasis on improving economic conditions in border regions. As mentioned previously, expanding the state's presence and local development efforts must go hand in hand to be effective.

The Obama administration's \$1 billion proposal is an important first step toward addressing the root economic causes of the violence and instability that plague the Northern Triangle. Specifically, the proposal aims to tackle the lack of economic opportunity in the region that is leading many young people to join gangs and other criminal organizations. Over half of the proposed aid plans to focus on trade, energy, vocational education, job programs for at-risk youth, and basic government services.<sup>11</sup> What is still lacking, however, is sufficient attention to general assessment and impact evaluations.

- *Recommendation: Clarity of Goals and Results.* In developing its policies, the U.S. government must ensure that its economic development projects are closely monitored in order to achieve sustained success. One of the biggest drawbacks of CARSI remains that, with the exception of the U.S. Agency for International Development (USAID) crime and violence prevention program, impact evaluations were not carried out—at least not as publicly available data. The failure to release information for public and private analysis hindered the assessment of specific projects and made the evaluation of the initiative's overall effectiveness impossible.

Therefore, we recommend that U.S. development efforts in the Northern Triangle announce quantifiable goals, establish clear metrics for measuring ongoing progress, and review programs at regular intervals. Although this recommendation applies to governance projects as well, such as justice sector and law enforcement reforms, it is most easily employed in local economic development efforts where goals are generally quantifiable and range from improvements in local salaries to the number of youth trained at job centers. This change would generate a process of organizational feedback that would inform project adjustments and help to maximize the effectiveness of U.S. funds.

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11. Adam Isacson, "What's in the Billion-Dollar Aid Request for Central America?," Washington Office on Latin America, February 3, 2015, [http://www.wola.org/commentary/a\\_walk\\_through\\_the\\_billion\\_dollar\\_us\\_aid\\_request\\_for\\_central\\_america](http://www.wola.org/commentary/a_walk_through_the_billion_dollar_us_aid_request_for_central_america).

# Appendix A. Conceptualizing Alternatively Governed Spaces: A Brief Review

There has been a growing consensus that the initial paradigm, which emerged in the post-9/11 world, used to describe geographic spaces outside of state control as “ungoverned” is incorrect. While in much of the Northern Triangle, and in particular the areas examined here, the state is either absent or a secondary power, it is clear that “ungoverned spaces” are in fact governed by one or more of the proliferating non-state actors that use specific geographic space in order to function successfully.

Defining this region and others like it as “ungoverned” or “stateless” inaccurately connotes a territorial space in anarchy. In reality there are very strict rules governing the social, financial, economic, and political behavior of the inhabitants of these areas, both rural and urban. The laws are not part of the nation’s legal canon but violating any of the norms often leads to violent retribution against the individual or the individual’s family. As a result, there is a logic amidst the seeming chaos that is the fabric of these societies—fragmented societies where unwritten rules are understood and obeyed and where justice, job creation, social services, and the power of life and death are in the hands of non-state actors.

In these settings the state is only one of many actors, and not the most powerful one.

The graphic highlights the phenomenon of multiple governing actors, state and non-state, within the jurisdictional territory of a single sovereign state. While the central government is present in some areas, its ability to exercise real authority over the entire territory is limited and is particularly sparse throughout the border region.

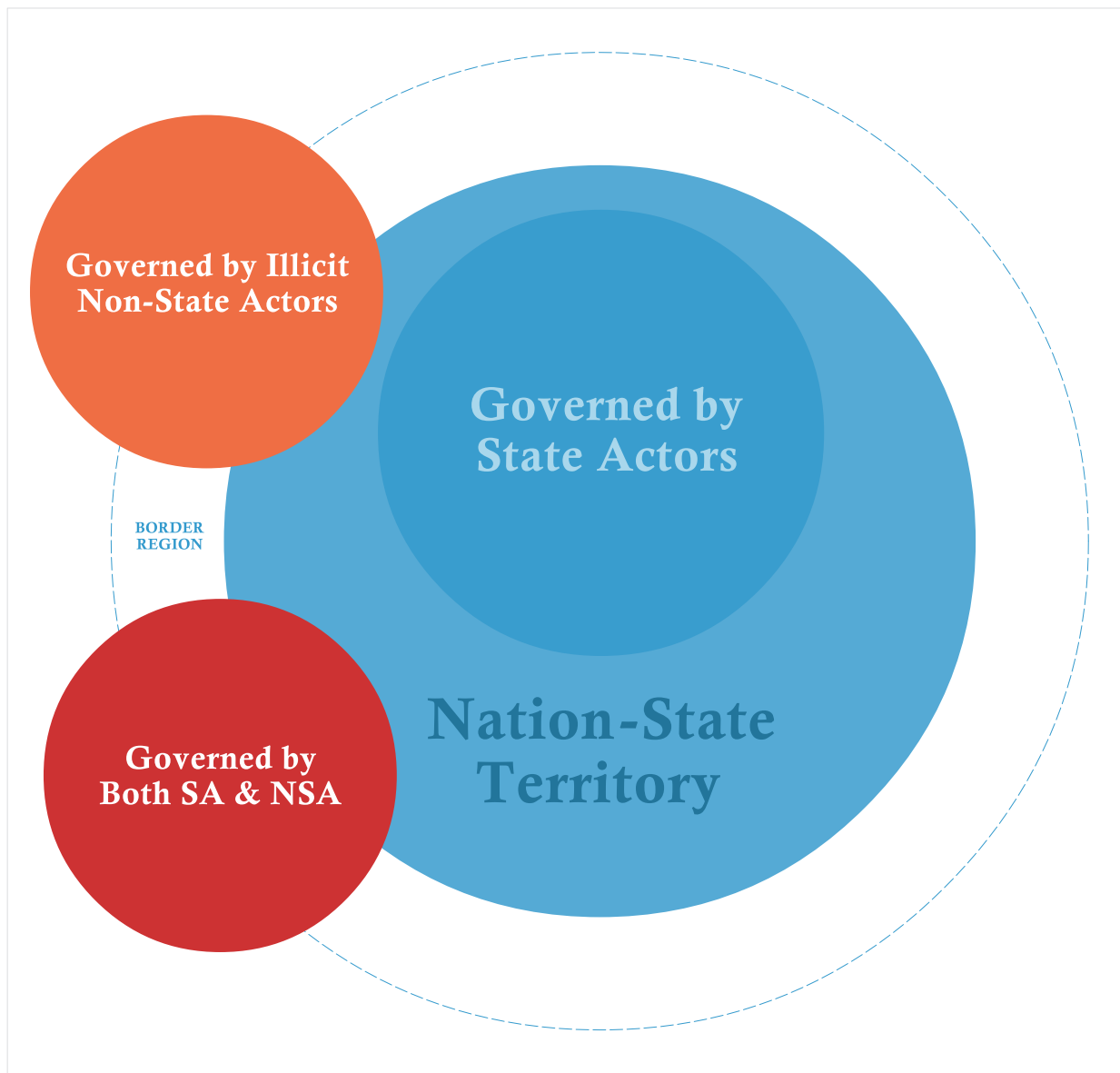
As a result, non-state actors exploit the limited abilities and minimal presence of the state by governing or co-governing the areas they conduct business in, which at times overlaps into the territory of neighboring states. As Espach and Haering noted, throughout Central America “in most border communities away from major highway crossing points, the formal rule of law does not exist.”<sup>1</sup> A more precise alternative governance paradigm

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1. Espach and Haering, *Border Insecurity in Central America’s Northern Triangle*, 5.



## Governing Actors in a Nation-State Space



This Venn diagram depicts territorial space when different governing actors are present within a jurisdictional territory of a single sovereign state.

Source: Conceptualized and created by Liana Eustacia Reyes.

has emerged based on this more realistic understanding of what happens on the ground in such places as Central America’s Northern Triangle.

As Clunan and Trinkunas noted in their important 2010 writings on this issue, “in reality, many so-called ungoverned spaces are simply ‘differently’ governed.”<sup>2</sup> For the authors,

2. Anne L. Clunan and Harold A. Trinkunas, “Conceptualizing Ungoverned Spaces,” in *Ungoverned Spaces: Alternatives to State Authority in an Era of Softened Sovereignty*, ed. Anne L. Clunan and Harold A. Trinkunas (Stanford, CA: Stanford University Press, 2010), 17.



The essential issue . . . is not lack of governance per se, but rather who governs the spaces. Governance de facto exists in areas frequently claimed as ungoverned spaces, such as feral cities, failed states, offshore financial markets, marginally regulated reaches of the internet and tribal areas such as those found on the Afghanistan-Pakistan border, yet it is mostly exercised by non-state actors ranging from insurgents to warlords to clans to private corporations.<sup>3</sup>

To this list one can add two other illicit actors in the Northern Triangle: gangs, who control enormous swaths of territory, including parts of many cities; and local and regional *transportistas*. Both groups control significant territory where the state cannot enter except as an occupying armed force. The *transportista* groups are also municipal authorities who provide employment, rudimentary justice, basic medical care, often brutal enforcement of their laws, road repair, and, in some cases, educational services and a host of other goods and services.

Others have added to current understandings of ungoverned or alternative governance and its impact on the global economy and global security. A partial list of these important works include Angel Rabasa et al.'s *Ungoverned Territories: Understanding and Reducing Terrorism Risk* (Santa Monica, CA: RAND, 2007),<sup>4</sup> Moisés Naim's *Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy*;<sup>5</sup> Stewart Patrick's *Weak Links: Fragile States, Global Threat and International Security*;<sup>6</sup> Michael Miklaucic and Jaqueline Brewer's *Convergence: Illicit Networks and National Security in an Age of Globalization*;<sup>7</sup> and Louise Shelley's *Dirty Entanglements: Corruption, Crime, and Terrorism*.<sup>8</sup>

While useful in defining the problem and its growing scope, most of these studies remained staunchly in the camp that the Westphalian state would remain the predominant model in most of the world, and that the current system is being stretched, not fundamentally transformed. But the governance phenomenon in the Northern Triangle is different from “failed state” or “captured state” phenomena. Non-state actors have not captured the state, but rather have become their own state; the traditional states themselves are hamstrung by corruption and widespread disillusionment with formal governance due to their inability to “meet the needs of their citizens, [alongside] the persistence of alternative loyalties, the rise of transnational actors, urbanization and the emergence of alternatively governed spaces, and porous borders.”<sup>9</sup>

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3. Ibid., 19.

4. Angel Rabasa et al., *Ungoverned Territories: Understanding and Reducing Terrorism Risk* (Santa Monica, CA: RAND, 2007), [http://www.rand.org/content/dam/rand/pubs/monographs/2007/RAND\\_MG561.pdf](http://www.rand.org/content/dam/rand/pubs/monographs/2007/RAND_MG561.pdf).

5. Moisés Naim, *Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy* (New York: Anchor Books, 2006).

6. Stewart Patrick, *Weak Links: Fragile States, Global Threat and International Security* (New York: Oxford University Press, 2011).

7. Michael Miklaucic and Jaqueline Brewer, eds., *Convergence: Illicit Networks and National Security in an Age of Globalization* (Washington, DC: National Defense University Press, 2013).

8. Louise Shelley, *Dirty Entanglements: Corruption, Crime, and Terrorism* (New York: Cambridge University Press, 2014).

9. Williams, *From the New Middle Ages to a New Dark Age*, ix.

Therefore the cases examined in this CSIS report fall much closer to what Phil Williams insightfully described as the current retreat of the Westphalian state, one that could mark an historic and fundamental restructuring of the world order. In its place is the rising chaos of what he describes as potentially a New Dark Age.<sup>10</sup>

Williams argues that the New Dark Age could be the subsequent paradigm after the current era, which he describes as the New Middle Ages, where much of “global politics are now characterized by fragmented political authority, overlapping jurisdictions, no-go zones, identity politics, and contested property rights.”<sup>11</sup> In this construct, Williams argues that the state is not the only relevant actor; if these forces are not managed or controlled, the result will be a New Dark Age, where chaos proliferates and cases like Iraq become commonplace across the globe. Williams foresaw strong legitimate states continuing to exist, but their existence would struggle alongside large parts of the globe governed by other violent non-state actors. This framework accurately describes the Northern Triangle and is particularly applicable to El Paraíso, El Florido, and San Pedro Sula.

Field experience offers useful insights. In studying Brazilian *favelas*, for example, Christopher Marc Lilyblad found something very similar to the gang phenomenon in the Northern Triangle, noting that

drug gangs possess the necessary socioeconomic means, coercive violence, and social legitimacy to institute informal governance structures, or norm and rule-based behavior, shielding both their illicit networks and favela society from state interference within those territories. . . . [T]he the social dynamics beholden to Rio’s favelas empirically corroborate how illicit authority underpins informal institutions establishing governance that contests state-perpetrated government.<sup>12</sup>

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10. Ibid.

11. Ibid.

12. Christopher Marc Lilyblad, “Illicit Authority and Its Competitors: The Constitution of Governance in Territories of Limited Statehood,” *Territory, Politics, Governance* 2, no. 1 (2014): 82.

## Appendix B. Methodology

The methodology used in this study was a combination of intensive fieldwork—meaning repeated visits by investigators to areas of interest over a period of 10 months, building on previous decades of experience in the region—coupled with a broad literature review in both English and Spanish, open source research, and interviews with academics, journalists, human rights workers, law enforcement officials, and diplomats. The objective was to report, from the ground, what alternative governance looks like, how it operates, and how people view the legitimacy of both state and non-state actors exercising governance.

The project included two small roundtable discussions hosted by CSIS with a group of experts to review and discuss key findings and assessments drawn from the research. The roundtables were extremely useful in refining concepts while fieldwork was being conducted. The experts provided key insights into the analytical framework, sources to reference on the ground and in open sources, and case studies. Additionally, two outside readers, Clare Ribando Seelke and Peter Meyer, both of the Congressional Research Service, provided valuable comments and critiques of the report.

Lead investigator Douglas Farah visited the region five times, including three trips on both the Honduran and Guatemalan sides of the border. This included visits to La Acéquia, El Paraíso, Cofradía, Santa Rosa de Copán, Copán, El Florido, San Pedro Sula, and other areas. Farah visited and crossed the border at El Florido twice legally, and once through a *paso ciego* or informal crossing. Farah also conducted all field interviews referenced in this study.

In addition, his research team members visited the Chiquimula-Zacapa corridor of Guatemala twice to conduct interviews and observe the interaction among different actors. Farah and members of his research team also carried out three extensive visits to gang-controlled areas in and around San Pedro Sula to interview gang leaders and community members. The sectors visited included the Choloma/Cortes neighborhood, Prado 2 neighborhood and Chamalecón.

Much of the report is based on what was observed and reported during these trips by the lead researcher, his team, and local residents (including those who are part of the illicit structures). As a result, the report is largely anecdotal. Field researchers for this project were granted access to many areas that are considered dangerous or risky, but only approached these areas using trusted intermediaries who could vouch for the researchers based on many years of working together. These bonds of trust open many doors and at the same time make it impossible to either name the intermediaries or those interviewed.

Furthermore, there is an enormous gap in published field research both on this subject and on the regions visited. The reason is not complicated. There is a self-reinforcing cycle of silence where journalists cannot report what they know because of the very real threat that hangs over them. Researchers lamented not only the danger of doing fieldwork but of the threat perceived by their institution for financing such research.

Honduras, for example, ranks as one of the most dangerous places in the world for journalists to work, both in terms of threats and physical violence endured by journalists. San Pedro Sula, specifically, is the most dangerous for journalists. Those who issue threats or commit violent acts, including homicide, against journalists enjoy a very high degree of impunity. The police and military are generally viewed as part of the problem, not protectors of journalists, and are often the source of those threats.<sup>1</sup>

As a result, academics and human rights workers, who often rely on media reports as entry points for their research and statistical analysis, lack data with which to work. Even when fieldwork and interviews are possible, almost no one will speak on the record, leading to the use of data that cannot be readily verified by other researchers. The overall effort to find meaningful statistics is compounded by the ongoing efforts of both the Honduran and Guatemalan governments to protect an image of an improving situation in order to counteract the narrative senior government officials from Honduras see as relentlessly negative. Since 2014, for example, the government of Honduras has changed the methodology for compiling homicide rates, leading to official figures showing an important drop in the overall murder rate; many human rights groups say the statistics now significantly under-report homicides.

Yet a remarkable amount of work is ongoing, undertaken by journalists and researchers at a considerable personal risk. In discussions with journalists and human rights workers in the area, it was found that they were deeply knowledgeable about the alternative governance structures, the social codes, and the growing power of non-state actors. They are simply unable to disseminate the information without risking retaliation against themselves or their families. Being in the field and having the opportunity to speak with them in person was beneficial for the project but it also highlights the difficulty these journalists and researchers have with making their knowledge and experiences available to a broader audience.

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1. The Committee to Protect Journalists says 17 journalists have been killed in Honduras since 2010, of which three are confirmed to be retaliation for reporting and 14 are believed to be related to the journalist's reporting. See Sara Rafsky, "Who is Killing Central American Journalists?," Committee to Protect Journalists, September 2014, <https://cpj.org/reports/2014/09/who-is-killing-central-americas-journalists-impunity-violence-murders-unsolved.php>. The Latin American Working Group says a much higher number of journalists, 46 since 2010, have been killed but do not give details of the methodology. See Lisa Haugaard, "Unrelenting: Constant Peril for Human Rights Defenders, Members of LGBT Community and Journalists in Honduras," Latin America Working Group, February 11, 2015, <http://lawg.org/action-center/lawg-blog/69-general/1418-unrelenting-constant-peril-for-human-rights-defenders-members-of-the-lgbt-community-and-journalists-in-honduras>.

# Appendix C. Experts Workshops Participants

Adriana Beltrán, Washington Office on Latin America

Juan José Daboub, Daboub Partnership

Steven Dudley, InSight Crime

Douglas Farah, IBI Consultants

Robert Lamb, National Defense University

Carl Meacham, Center for Strategic and International Studies

Jillian Rafferty, Center for Strategic and International Studies

Liana Eustacia Reyes, IBI Consultants

Todd Rosenblum, IBM and the Atlantic Council

Daniel Runde, Center for Strategic and International Studies

## About the Authors

**Douglas Farah** is senior associate at the Americas Program at the Center for Strategic and International Studies (CSIS) and president of IBI Consultants, LLC. He also works as a consultant and subject matter expert on security challenges, terrorism, and transnational organized crime in Latin America, both for the U.S. government (DAS-D CN&GT, Department of Homeland Security, and others) and the private sector. Farah frequently guest lectures at universities and military and government audiences on the crime-terror nexus, and has testified before Congress more than a dozen times.

For the two decades before consulting, Farah worked as a foreign correspondent and investigative reporter for the *Washington Post* covering the civil wars in Central America, the drug wars in the Andean region, conflicts and the illicit diamond trade in West Africa led by Charles Taylor, radical Islam, and terrorism financing. He won numerous awards for his international reporting. Farah left the *Post* in 2004. He continues to research the convergence of transnational organized crime and terrorism; transnational gangs; changing methodologies and structures in drug trafficking; and the presence of extra regional actors in Central America. Farah is the author of two books as well as dozens of articles and monographs in peer-reviewed journals and the media.

**Carl Meacham** is director of the CSIS Americas Program. He joined CSIS from the Senate Foreign Relations Committee (SFRC), where he served on the professional staff for Senator Richard Lugar (R-IN) for over a decade. He served as the senior adviser for Latin America and the Caribbean on the committee, the most senior Republican Senate staff position for this region. In that capacity, he traveled extensively to the region to work with foreign governments, private-sector organizations, and civil society groups. He was also responsible for managing the committee's relationship with the State Department regarding the Western Hemisphere and overseeing its \$2 billion budget.

Before he joined SFRC, Meacham worked on the staff of two Democratic senators. Prior to his Senate work, he served at the Department of Commerce as special assistant to the deputy secretary, at the Cuban Affairs Bureau of the Department of State, and at the U.S. embassy in Madrid. Meacham is a native speaker of Spanish and was partly raised in Chile, his mother's country of origin. He received his B.A. from the University at Albany, State University of New York, and holds M.A. degrees from American University and Columbia University.





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