

# Foreign Aid Can't Stem Illegal Immigration: The Case of Guatemala

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## Foreign Aid Can't Stem Illegal Immigration: The Case of Guatemala

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### Summary

The three Northern Triangle countries—Guatemala, Honduras, and El Salvador—account for at least one-third of all U.S. southern border encounters, totaling more than 500,000 illegal migrants from the region every year. In 2022, nearly half came from Guatemala. With a 600-mile porous and densely forested border with Mexico to the north and borders with Honduras and El Salvador to its south, Guatemala is a geographic chokepoint, a linchpin “second U.S. southern border” for northbound migration, drug trafficking, and human trafficking. If the United States wants to reduce illegal immigration from Central America, it must secure the border, enforce U.S. immigration laws, and revive its border agreements with its southern neighbors. Foreign aid is not the solution to the border crisis

### Key Takeaways

Since 2021, U.S. policy toward Guatemala has been largely driven by the Administration’s “root causes” strategy—which increased foreign aid.

Expanding foreign aid while maintaining failed border policies, however, has not curbed illegal immigration, nor drug trafficking and human trafficking.

Instead of just continuing foreign aid, the U.S. must secure its border, enforce its immigration laws, and revive its border agreements with its southern neighbors.

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Since 2021, U.S. policy toward the countries of the so-called Northern Triangle—Guatemala, Honduras, and El Salvador—has been largely driven by the Biden Administration’s “Strategy to Address the Root Causes of Migration.”<sup>REF</sup> This strategy includes a robust U.S. foreign aid package with Vice President Kamala Harris’s 2021 “Call to Action” to promote U.S. investment as the long-term solution to stemming illegal migration to the United States.<sup>REF</sup>

The Administration’s root causes strategy, announced in February 2021, is in fact a placeholder for abandoned U.S. efforts to secure the border, enforce existing U.S. law, and advance cooperation agreements with U.S. partners amid the border crisis. In December 2022, total border encounters for the year soared to the highest number ever recorded in U.S. history—251,487 southwest land-border encounters—and fiscal year 2023 encounters, specifically from the Northern Triangle, remain higher than in the months before President Joe Biden took office.<sup>REF</sup>

Expanding foreign aid while maintaining failed border policies, however, has not curbed illegal immigration, nor has it stemmed lethal drug-trafficking and human-trafficking flows.<sup>REF</sup> Moreover, the Biden Administration’s aid efforts have failed to meet its own criteria of addressing the economic push factors of illegal migration while being misused to export its progressive radical ideology.

This Backgroundner’s analysis and recommendations are based on the authors’ recent research trips to Guatemala made over the past year and dozens of interviews conducted with civil society, think tank, media, faith, and business leaders, as well as government officials.

**Why Guatemala and the Northern Triangle Matter**

Given their proximity to the United States, the three Northern Triangle countries account for at least one-third of all U.S. southern border encounters, totaling more than 500,000 illegal migrants from the region every year.REF In 2022, nearly half came from Guatemala. With a roughly 600-mile porous and densely forested border with Mexico to the north and borders with Honduras and El Salvador to its south, Guatemala is a geographic chokepoint, a linchpin “second U.S. southern border” for northbound migration, drug trafficking, and human trafficking.

With a gross domestic product (GDP) of \$86 billion, Guatemala is Central America’s largest economy and largest recipient of U.S. foreign aid. In 2021, Guatemala received a record \$15 billion in remittances, largely from immigrants in the U.S., both legal and illegal, dwarfing the amount that the U.S. and other donors give in foreign aid and constituting 18 percent of Guatemala’s GDP—a key disincentive for the government to pursue pro-growth and inclusive economic policies.

That said, Guatemala is the only one of the three countries that has never been led by far-left allies of the dictatorships in Cuba and Venezuela and that has been a steadfast ally of the United States. In addition, Guatemala followed America’s lead in recognizing Jerusalem as Israel’s capital and in designating Hezbollah as a terrorist organization,REF and it was the first country in the region to send a head of state to visit Ukraine after Russia’s invasion.REF Conservatives will note its staunch pro-life government policies.REF Today, Guatemala is a key partner in countering China’s growing influence, as the largest country in the world to formally recognize Taiwan. This contrasts sharply with El Salvador, which switched recognition from Taiwan to China in 2018, and from Honduras, whose leftist president vowed to switch over this March.REF

### **“Root Causes” and the Partnership for Central America**

In February, Vice President Harris announced \$4.2 billion in private-sector commitments as proof that the Administration’s root causes strategy is working. The Vice President also announced the Central America Forward framework, the latest in a series of root causes measures since being charged by President Biden with managing the border crisis. In 2021, she announced the Partnership for Central America (PCA) with the aim of mobilizing the private sector to invest in the region.REF A closer look reveals a far more modest record of achievement than touted by the Administration.

The framework’s stated objective to “create and secure jobs for one million individuals by 2032”REF in the three countries is an example. That objective would be roughly 300,000 to 350,000 jobs created in each country within a decade. The problem with the math is that Guatemala alone, with a population of more than 17 million, sees an additional 200,000 individuals enter the labor market every year, while the economy generates only 30,000 additional formal sector jobs annually. If the Administration’s aim is to curb emigration, 350,000 possible jobs in Guatemala over 10 years will not stop the other hundreds of thousands entering the labor market from emigrating.

Even then, \$4.2 billion in new U.S. private investment would still be an amazing feat. But it is unclear that this is actually the case. These are “commitments,” not finalized deals, expressing an intent to invest, not actual investments. Worse, several companies and private-sector officials described that they had been invited to participate in the Call to Action, but this simply meant that their pre-existing investment plans would count toward “commitments” to the PCA. Most of the firms listed were already operating in the region. While the PCA may be drawing some investors, the full list of commitments released by the Administration has little to do with Administration policy.

Finally, the Administration said that it will use the U.S. International Development Finance Corporation (DFC), a development bank launched by the Trump Administration to compete with China, to finance private-sector-led projects. After slow-rolling the Trump Administration’s America Crece (Growth in the Americas) Program, a hemispheric initiative to catalyze large-scale private-sector investment in energy and infrastructure projects, including \$1 billion in DFC loans just for Guatemala, only \$200 million of the funds have since been released.REF

### **Foreign Aid and Woke Funding**

Since 2021, the Biden Administration has disbursed more than \$1 billion in combined foreign aid to Northern Triangle countries. While branded as part of its new strategy, these aid programs are reminiscent of the Obama-era Alliance for Prosperity (A4P), launched in 2014 to similarly “attend to the structural causes of irregular migration” through a smorgasbord of aid programs for governance, human rights, security, economic aid, and anti-corruption efforts. A4P was launched amid the crisis of unaccompanied minors at the U.S. southern border that year largely from the three countries. It, too, failed to curb illegal immigration, which would not drop until the Trump Administration’s border policies came into effect.REF

A4P also had a troubling record of funding leftist organizations that created local distrust of U.S. foreign aid that still acutely resonates today.REF Between 2010 and 2014, for example, the U.S.-funded Inter-American Foundation provided \$395,000 to the Committee for Peasant Development (CODECA), a radical leftist activist group previously led by socialist presidential candidate Thelma Cabrera.REF CODECA seeks to “nationalize all goods and services privatized in the country,”REF a communist tenet and an approach inconsistent with economic growth. CODECA has been implicated in criminal activity including electricity theft in rural Guatemala.REF The A4P poured millions into ideology-driven programs related to gender activism, climate, and “reproductive health” that alienated deeply religious Guatemalans.REF

Since 2021, the U.S. has disbursed \$476 million in foreign aid to Guatemala. These funds are disbursed through multiple federal agencies, mostly the U.S. Department of State and U.S. Agency for International Development (USAID), but are implemented through for-profit contractors, international nongovernmental organizations (NGOs), and United Nations agencies. There are many similarities between A4P and the current strategy. Despite years of American assistance, more than half of the children in Guatemala still suffer from chronic malnutrition, one of the highest rates in the world.REF Guatemala lags behind in economic freedom, particularly in property rights, rule of law, and labor.REF Notably, there is a direct relationship between poor economic performance and migration in these countries. Current aid efforts have not catalyzed economic reforms that will put the country on a path to growth, while millions are spent on woke ideology-driven initiatives.

Climate. Since 2021, the United States has obligated roughly \$30 million in climate and environment-related programs in Guatemala. This includes programs designated for categories unrelated to climate according to U.S. Foreign Assistance data.REF One example is Save the Children, which receives U.S. funding for education, while its programs promote radical climate activism in classroom programs for young children, calling climate change a “grave threat.”REF While the Administration boasts jobs created from U.S.-funded conservation programs, most of these are short-term seasonal jobs. Russia, meanwhile, has made significant gains in Guatemala’s mining sector, including the Izabal Biosphere Reserve with large deposits of nickel needed for powering electric vehicles as well as uranium to fuel clean nuclear power.REF

Identity-Based Activism. Aid dollars are supporting identity-based activism. The Consortium for Elections and Political Process Strengthening receives funding for electoral reform projects in Guatemala as the country prepares for national elections later this June.REF While it is indeed important to support electoral transparency in Guatemala amid recent news of election interference from China and Russia in other countries of the hemisphere, USAID’s Deputy Administrator publicly boasts that the project promotes LGBTQI+ and “intersex” legal reforms and partners with gender activists.REF

Under “education,” USAID financed Asociación Lambda, which has trained hundreds of political leaders on gender identity and sexual orientation.REF Against the country’s conservative norms, Guatemalan judges now use a “gender perspective” for legal cases.REF Similarly, according to congressional sources, the State Department listed a \$909,690 grant in 2022 to the LGBTQ+ Victory Institute, which trains and supports leftwing candidates in several Latin American countries, including members of the Guatemalan congress. Another large recipient of U.S. foreign aid, CARE International, is building a regional \$50 million center in the region to promote “gender equity.”REF CARE, including its current CEO, is known for maintaining intimate ties to Democratic Party leaders, promoting strict racial quotas in its hiring policies, and defining gender as “nonbinary.”REF Widespread polling and research show that Guatemalans emigrate primarily for economic or security reasons, not because of gender identity or discrimination.REF

Abortion and “Reproductive Health.” Last year, Guatemala declared itself “the pro-life capital of Latin America.”REF Nevertheless, that year about \$11 million in U.S. foreign assistance to the country went to NGO-led “reproductive health” programs. Guatemala has a constitutional ban on abortion.REF While this makes funding for abortion illegal, the lack of transparency in U.S. aid programs, such as not publicly listing subaward recipients, raises the question of potential pro-abortion activities being supported under the rubric of reproductive health as abortion advocates equate the availability of abortion with reproductive health.REF

Other U.S.-funded initiatives, such as Health Policy Plus, focus on sexual and reproductive health. In September, the Biden Administration announced an additional \$50 million for the U.N. Population Fund. Both groups promote abortion. One USAID partner, Banyan Global, delivered a study in 2018 with recommendations for the Guatemalan government to promote “reproductive rights in education.”REF Over the past decade, USAID has also partnered with U.N.-funded organizations to promote a National Condom Strategy and other divisive education manuals advocating “reproductive rights” and “sexual health.” These programs blatantly contradict religion-based norms in the 95 percent conservative Catholic and Protestant country.

Supporting the Left. Partnering with organizations like Forests for All Forever and the FSC Indigenous Foundation, USAID has also actively supported initiatives promoting ancestral land claims that could undermine Guatemala's already weak property rights system. Politically directed land invasions run rampant in the country and undercut major job-generating development projects, especially in rural areas where poverty is most acute.REF Only 4 percent of municipalities have completed land records, a situation that benefits illicit actors who can exploit untitled land as key trafficking routes. The country's weak property rights disproportionately affect poor Guatemalans who hold small plots of land, but, without title, are unable to leverage them as working capital.REF Strengthening Guatemala's property rights would be a boon to the country's poor and help to transition the country away from international food aid.

In January 2021, USAID headlined an event to discuss a "plurinational constituent assembly," in line with the "indigenist" agenda of leftist radical groups. Plurinationalism has been manipulated by leftwing governments in Chile and Bolivia to undermine democratic constitutions.REF While the Administration claims to address the root causes of migration, supporting leftwing NGOs and activists undercuts pro-U.S. allies in Guatemala and sustains ideologies that are anathema to market-based economic growth.

Strategic Concerns. Meanwhile, China and its allies are expanding their influence in the Northern Triangle. China has invested more than \$700 million in Guatemala's technology sectorREF and its state-affiliate Huawei is rapidly dominating the cellular device market transforming Central America into an exclusive Chinese IT zone. In 2020, despite Guatemala's ties to Taiwan, Huawei inaugurated a telecoms tower with the Guatemalan government to train technicians for 4G and 5G spectrum networks, laying the groundwork for China to win future spectrum bids.REF

While the U.S. Treasury Department recently issued individual sanctions against two Russian and Belarusian nationals linked to Russia's major mining operations in Guatemala, their business activity continues.REF Similarly, the Cuban dictatorship has maintained hundreds of indentured doctors, infiltrated by Cuban intelligence agents, across Guatemala since 1998, for which the Guatemalan government pays Havana \$4.6 million a year.REF In all these cases, the Biden Administration is failing to leverage hundreds of millions of dollars in aid to promote its strategic interests as U.S. adversaries expand their footprint.REF

### **Recommendations for the United States**

The U.S. government must revise its foreign aid approach in Guatemala and the region. To do so, Congress should: Decouple foreign aid from border security. More foreign aid will not reduce illegal immigration. While foreign aid can encourage economic reforms that create jobs at home and expand markets for U.S. goods and services, Congress should reject further aid requests until the Administration revives Trump-era border policies that stemmed illegal immigration.

Conduct oversight on climate, gender, reproductive health, and other 'woke' ideology-driven aid programs. These programs alienate locals—to China's strategic advantage—lack bipartisan support, and waste taxpayer dollars. Congress should freeze all aid programs until USAID and the State Department provide a comprehensive list of program partners and subaward recipients to determine the extent to which foreign aid is being misused as a vehicle to promote the Administration's woke agenda. In addition, Congress should ask USAID's Office of the Inspector General to audit the effectiveness of U.S. aid programs in Northern Triangle countries to promote private investment.

Hold the Biden Administration accountable for the slow pace of DFC disbursements to Guatemala. Congress should ask the Administration to report on the status of the \$1 billion in DFC funds committed in 2020 to support private-sector investment in Guatemala and include a list of actual investments made, not committed, as the metric of effectiveness of its foreign aid strategy in the country.

Require the State Department to report on China's and other malign actors' activities. Poverty in Central America provides opportunities for America's strategic adversaries to threaten U.S. national security. The report should include Communist China's commercial and military activities in the region, Russia's mining operations, and Cuba's "medical missions."

Prevent election interference in Guatemala's 2023 elections. Congress should ask the State Department to report on the potential risks of external election interference in Guatemala, including by hemispheric actors. It should examine if U.S. government election support programs are being misused to promote social reengineering of a conservative society.

### **Conclusion**

If the United States wants to reduce illegal immigration from Central America, it must secure the border, enforce U.S. immigration laws, and revive its border agreements with its southern neighbors. More foreign aid is not the solution.

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