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An aerial photograph of a city at dusk or dawn. A large highway with multiple lanes and overpasses runs through the center-right. A river or canal winds through the city. The city is densely packed with buildings and streets. The sky is a mix of orange and blue.

EXTORTION AND FORCED DISPLACEMENT IN CENTRAL AMERICA

Opportunity for a new US agenda in the region

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ABOUT COALITIONS FOR RESILIENCE

To better understand the illicit economy created by extortion, as well as its impact, the Coalitions for Resilience project against extortion (established by the GI-TOC in 2018), has documented and analyzed extortion trends in the region, and fosters dialogue among a network of over 100 members; see www.globalinitiative.net/extortion.

Additionally, through the Resilience Fund, the GI-TOC is focusing on extortion and has selected 10 grantees to discuss and develop community responses in the region and worldwide. Through our work in fostering resilience against extortion at the municipal and community level for the past three years, we have learned how criminal governance and extortion act as critical underlying factors for community erosion, economic decline, institutional distrust and forced displacement.

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Cover: An aerial view of the Río Bravo natural border between Mexico and the US. © *Pedro Pardo/AFP via Getty Images*

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‘Judith’, who for her own safety requested anonymity, was being extorted by the Mara Salvatrucha (MS-13) gang. She was paying US\$500 a month to the gang in exchange for keeping her restaurant open. When the gang decided the fee was not enough, they killed her son-in-law. She left almost immediately with her daughter and grandson for the United States to request asylum. They were denied entry at the US border and deported to Guatemala. Feeling unsafe in Guatemala and unable to return home, they crossed to Mexico, where they now stay. This story of extortion, violence, fear, flight and exile is a fate shared by many across the Northern Triangle countries of Central America.¹

Criminal governance and extortion are key causes of forced displacement in Guatemala, El Salvador and Honduras. In many communities, extortion has become an assumed way of life. It can happen to anyone and there is a shared sentiment that there is no place to turn for justice or a remedy. Most people perceive they have only two options if they are to ensure their safety: pay the extortion fees or leave. On a larger scale, extortion suppresses the development of local economies while strengthening illegal economic activity, and it generates fear, secrecy, insecurity, and mistrust in state institutions and among the community itself.

This policy note responds to the renewed attention in the Biden administration on US policy in Central America, and recommends that the US agenda should include a focus on the interrelated factors of criminal governance and extortion as key drivers of migration.



IS US POLICY ON MIGRATION SET TO CHANGE?

▲ Vice President Kamala Harris meets to assess the immigration crisis in the region. © Alex Wong/Getty Images

A new surge in migration at the United States southern border has put policy with its southern neighbours high on the political agenda once again. In March 2021 alone, about 170 000 migrants were apprehended at the US–Mexico border.² Given the intense politicization of immigration in the US domestically and abroad, the Biden administration is eager to act quickly, but many are wondering what will be done differently.³ The Department of Health and Human Services is charged with attending to migrants at the border, but is already under fire for not moving children and teenagers out of detention quickly enough.⁴ The administration has moved quickly on border controls with Central American countries and Mexico, and appointed Vice President Kamala Harris to work with the countries in the region on stemming migration.

In mid-April, the US, Mexico, Guatemala and Honduras reached an agreement on border security, which, depending on the country, will maintain or increase a military presence along the respective borders. In the past, these kinds of pacts have not proven to significantly reduce movement across the region, but merely deflect migrants towards more dangerous routes, and increase the risks migrants face, including robbery, kidnapping and sexual violence.⁵

Harris will lead on working with countries in the region on the root causes of migration, in particular Honduras, Guatemala and El Salvador. At the moment, reports indicate she is considering her policy options and is slated to visit Guatemala and Mexico in mid-May. The agenda appears to be wide-sweeping in scope, from investment to anti-corruption.⁶ Vice President Harris is likely to revert to a whole-of-governance

approach, but she will have to balance her agenda with the need for quick wins domestically, the propensity for military and security solutions favoured by the US and the need for government support in partner countries.

This policy note recommends that the US agenda should include a focus on the interrelated factors of criminal governance and extortion as key drivers of migration. Extortion has been identified in US policy documents as a having 'a [great] impact on the daily lives and security of citizens'.⁷ These two issues are not only prevalent across the region at the community level, but also they have an enormous impact on the macro driving factors often outlined as the root causes of migration: poor economic growth and development, failures in safety and public security, and the erosion of community resilience. Drawing from research conducted by the Global Initiative Against Transnational Organized Crime (GI-TOC) in the region on the extortion economies, as well as its work on promoting resilience in communities living with organized crime, the paper offers several recommendations as the US develops its renewed agenda.

Root causes for migration are complex. We recognize that criminal governance and extortion are related to a much larger picture of illicit economies in the Central America region – to a long history of political conflicts, the US-led war on drugs, the forced migratory flows of people, the availability of arms, and the consolidation of gang control across the region. Furthermore, lack of economic development, systemic violence, citizen insecurity, institutional weaknesses, political corruption and natural disasters all combine to force the displacement of thousands of citizens from Central America. Compounding these drivers, this most recent surge in migration has been particularly stimulated by the COVID-19 pandemic's economic and criminal⁸ impacts, and by two Category 5 hurricanes in November 2020, which devastated already poor regions in Honduras and El Salvador.

Within this complex amalgam of push factors, criminal governance and extortion deserve renewed attention in any US initiative with Central American countries.

Migrants cross the Rio Grande river to reach Roma, Texas.

© Tayfun Coskun/Anadolu Agency via Getty Images





THE VARIED IMPACTS OF EXTORTION

▲ A neighbourhood watch volunteer stands guard outside her tortilla business in Peronia, Guatemala.
© John Moore/Getty Images

Criminal governance refers to the control exerted by a criminal group over a territory or community, where it exercises a quasi-governmental role, assuming power where the state cannot or will not assume the monopoly on the use of force.⁹ Common characteristics of criminal governance are the use or threat of violence; the targeting of women, girls and young people; efforts to control or capture economic activity and resources; and influence over political and judicial recourse for ordinary citizens.

Within this context of criminal governance, extortion is one of the most prevalent and normalized crimes in the Northern Triangle countries. Extortion feeds on the fear of violence, corruption within governments and institutional limitations on the provision of safety to citizens who are threatened with violence by extortionists. In Central America, extortion has become so widespread and normalized that it has become part of common parlance, and is known as ‘the rent’ in El Salvador or ‘war tax’ in Honduras.

The extensive reach of the extortion economy across the region, coupled with its role in destabilizing the most basic aspects of daily community life, makes it a critical area for intervention, but also provides opportunities for impact and new partnerships for the US as it moves forward with its immigration agenda. Below, we summarize the relationship between extortion and three macro push factors for migration. This is followed by a set of recommendations based on this analysis, which we think will help Harris’s team better understand the issues and advance ‘smart’ policies.

Economic growth and development

Not only is extortion a widespread crime, but it has also become a major obstacle to economic growth in the Central America region. Extortion fees account for an estimated 1.7 per cent of El Salvador's GDP, 1 per cent of Honduras's, while the extortion economy accounts for US\$60 million a year in Guatemala.¹⁰ This is lost tax revenue to these countries' treasuries, but also represents money that should have been disbursed for the benefit of local economies, business owners and consumers, but instead goes into the pockets of gangs.

The impact is economically detrimental to all spheres of society, from the family unit to international corporations, some of which are known to have set up their own 'call centres' to negotiate extortion fees with gang members. In the region, people from all walks of life and professions, and all manner of businesses, large and small, have been victims of extortion and gang violence. Reportedly, business owners attempt to disguise their success by not upkeeping their store fronts in an attempt to avoid unwanted scrutiny from gangs.

Extortion punishes hard work, disincentives success and has knock-on effects, with business owners hiring fewer employees, meaning that less money circulates in the community. As a result of its stifling economic impact, for many in the region their main goal is to make enough money to leave with their family for the US.

Public security

Extortion is an illegal economy whose benefactors encompass large, organized transnational cartels, small local gangs, public-sector officials vulnerable to corruption, and even members of communities and neighbourhoods who mimic gangs to demand money from one another. In this, it has the effect of breaking the social and familial fabric in communities across Central America. While gangs continue to generate revenue from illegal trafficking, extortion allows them to exert authority through violence, or the threat of it, at the local level. In El Salvador, the MS-13 gang has an estimated weekly income of US\$600 000.¹¹ This revenue enables gangs to enforce territorial control in neighbourhoods, with a devastating impact on personal and family safety, and community cohesion. The cash pays for gang members' livelihoods, and covers expenses such as incarcerated members' legal fees.

The threat of lethal, physical and sexual violence for failure to pay extortion fees (payments are made in cash and in kind) is one of the main drivers of forced migration within the region. In Guatemala City, the National Police have identified more than 400 abandoned houses, whose owners have fled to other parts of the country or abroad to avoid paying extortion.¹² Those who are forced to leave their countries and migrate north via Mexico are often subjected to further extortion en route by smugglers, traffickers and security agents.

Assessing the magnitude of this crime is difficult because it is grossly under-reported due to lack of trust in law enforcement, and corruption. Often, citizens

The threat of lethal, physical and sexual violence for failure to pay extortion fees is one of the main drivers of forced migration within the region.

who report extortion face police officers who are in collusion with gangs, which can put their lives at risk. Although there are efforts to develop special anti-gang police units (in Guatemala and Honduras, for example), arrests tend to concentrate on the lower levels of the gang hierarchies, such as those responsible for collecting payments, and not on the kingpins who order and mastermind extortion activities, which increases pressure on a weak and corrupt prison system.

There have been efforts to create special judicial units known as anti-extortion tribunals in Guatemala and Honduras, but they are overwhelmed with cases and lack adequate protocols to protect victims or provide psychological support. Addressing extortion at the community level therefore requires responses to institutional failures and corruption, which are also critical push factors for migration.

Community resilience

Extortion erodes community resilience and social cohesion, sowing distrust among community members, neighbourhoods and co-workers, and even within families. Everyone feels at risk, which has the effect of a wholesale degeneration of trust within communities. In return for avoiding or reducing extortion payments, for example, community members are willing to leak information to MS-13 or Barrio 18 gangs on the income of other community and even family members.

Extortion has become such a major criminal enterprise that a second form – called copycats – has emerged. Posing as gang affiliates, the ‘copycat’ extortionists are known to extort fees from businesses and individuals. Police analysis from Guatemala and el Salvador has shown this form of extortion could account for up to 70 per cent of all reported incidents.

The role of women in extortion schemes is increasing, which has an additional negative impact on families, and exposes children to gang recruitment. Extortion has become one of the leading causes of incarceration of women in Guatemala as gang members in prison often use the bank accounts of girlfriends and wives to gain access to extortion fees, which under Guatemalan law inculpates women as part of the extortion scheme.¹³ In some cases, women are becoming more involved as ringleaders of extortion rings or as hired assassins.¹⁴ Conversely, when women (and their families) are the victims of extortion schemes, they are often threatened with sexual violence as a form of payment. Sextortion, an online form of extortion that threatens to release a victim’s intimate images, is also on the rise across the region.

As such, extortion, has fractured community relationships as it creates fear, despair and distrust as it has been normalized across the regions as an ubiquitous form of crime that not even local security institutions can contain or provide protection to citizens.



CONCLUSION AND RECOMMENDATIONS

This next phase of policymaking builds upon previous US government initiatives across the region, including the Obama administration, which doubled financial support to governments in Central America from 2014 to 2016 after a spike in migration, from US\$305 million to US\$750 million.¹⁵ Subsequently, the Trump administration slashed project funding, pressuring regional governments to stop migration even by military means, and agree to becoming a ‘safe third country’ for those seeking asylum in the US (under which Trump negotiated agreements with Central American countries that would require asylum seekers travelling through a particular country to seek protection there, as opposed to in the US).

Shortly after assuming office in January, Biden announced a budget of US\$4 billion to address the root causes of migration in Central America.¹⁶ The plan’s summary references criminal gangs, but neither extortion nor criminal governance are mentioned. In the context of violence reduction, the Biden plan will support therapy, juvenile justice reform, restorative justice and workforce development. Although these are key elements in the migration strategy, there is also an opportunity to work at the community level on extortion. Programming on extortion should engage local communities and leaders while confronting larger systemic challenges related to rule of law, the economy and criminal governance. It also presents an opportunity to work across borders and across sectors to identify opportunities for action.

Combating extortion is an extremely complex and dangerous task, and any policy needs to acknowledge the fear, risk of violence and lack of effective institutional response faced by extortion victims, like Judith. Policies will need to address two parallel tracks: firstly, institutional responses and, secondly, community resilience. In

▲ **Central American migrants in Mexico.** © Christopher Rogel Blanquet/Getty Images



People shop at an open-air market in Tegucigalpa, Honduras. © Meridith Kohut/ Bloomberg via Getty Images

many neighbourhoods, trust in state institutions has dwindled away. It is therefore critical to build capacity among agencies willing to work with and respond to communities' needs. If people subjected to extortion agree to come forward, they need to know they will be protected. In the face of slow-to-no institutional responses, international responses will have to look towards communities themselves.

As the US updates its policy in the region, we offer the following recommendations for advancing an agenda on extortion and criminal governance:

Improve knowledge for policymaking

1. Criminal governance structures and the normalization process at the local level need to be better understood, as well as the differences between each Northern Triangle country and within them.
2. Strengthen available data on extortion to better understand not only its types, but identify risk factors for victims, patterns, and hotspots to focalize efforts.
3. Further research should be solutions-oriented and include identifying entry points for action, awareness raising and reinforcing community-level responses.

Strengthen local protective systems

1. Foster dialogue to expose extortion as a central problem of daily life of Central America, to understand what extortion is, how it operates, and develop ideas on what can be done depending on the local context.
2. Develop community-based responses to extortion such as conversations between grassroots organizations and police to develop trust and community resilience; collaborate with faith-based organizations and/or civil society to gain

access to most affected communities and expose extortion as a pervasive crime, and not as a fearful reality; provide basic information on emergency extortion hot lines or how to identify a an extortion call from a copycat from that of a gang member;¹⁷ and develop specific programmes to prevent youth from joining gangs and to reintegrate gang members into society.

3. Closely collaborate with local stakeholders to develop capacity-building alternatives to understand, prevent and control extortion.¹⁸
4. Promote and strengthen institutional capacity for security and justice institutions to better respond to victims and protect them against threats from gangs. Understanding financial flows and forfeiting assets to compensate victims would be paramount.
5. Encourage the development of a regional coalition against extortion (made up of civil society and grassroots organizations, public officials, academia and international groups), which can expose and discuss different types of extortion, as well as set forth specific alternatives to tackle them.
6. Follow a gender-sensitive approach in order to understand this crime and its impact on women, their families, and particularly on children. Engaging local women's groups and organizations to devise policy and programming is essential.

Use anti-extortion programming for wider agendas

1. Promote rule of law and fight corruption through work on extortion. Criminal governance and extortion relate directly to systemic corruption, institutional failures and how these manifest in local community life.
2. The US should develop a justice initiative that centres on remedies for extortion, including supporting a network of champions on the issue within institutions. This could begin with a pilot programme in each country to collect lessons learned, an initiative that could then be later scaled up.
3. Developing trust among citizens and providing specific results against criminal organizations are key.

Reach across sectors and borders

1. Address the role of technology in supporting extortion. Extortion economies extend across borders, along migration routes and within migrant communities in the US. Payment apps, mobile phones and social media are platforms that facilitate the transactions. Cellphone operators and tech companies across the region should be approached to play a role in combating extortion schemes.
2. Raise awareness among financial institutions. Understanding how extortion money moves through the arteries of the financial system is key, as is training financial institutions, financial service companies and, above all, regional security and justice institutions on how to identify suspicious transactions, and trace extortion payments and illicit financial flows from gangs.

NOTES

- 1 This information is taken from ongoing GI-TOC research on extortion in the region, forthcoming.
- 2 Celine Castronuovo, Number of migrants detained at southern border reaches 15-year high, *The Hill*, 2 April 2021, <https://thehill.com/policy/national-security/546188-number-of-migrants-detained-at-southern-border-reaches-15-year-high>.
- 3 Charles T. Call, The imperative to address the root causes of immigration from Central America, Brookings, 29 January 2021.
- 4 Ted Hesson, et al, Tensions rise within Biden administration as migrant kids crowd shelters, *Reuters*, 15 April 2021, <https://www.reuters.com/world/us/tensions-rise-within-biden-administration-migrant-kids-crowd-shelters-2021-04-15/>.
- 5 White House Press Secretary Jen Psaki said of the agreement, 'The objective is to make it more difficult to make the journey, and make crossing the borders more difficult.' See Biden strikes international deal in bid to stop migrants reaching US border, *The Guardian*, 12 April 2021, <https://www.theguardian.com/us-news/2021/apr/12/biden-migration-security-deal-mexico-guatemala-honduras>.
- 6 Priscilla Alvarez, White House considers broad range of migration plans ahead of Harris visit to Central America, *CNN*, 20 April 2021, <https://www.cnn.com/2021/04/20/politics/harris-us-mexico-border/index.html>.
- 7 See US Strategy for Engagement in Central America, https://obamawhitehouse.archives.gov/sites/default/files/docs/central_america_strategy.pdf.
- 8 Guillermo Vasquez and Luis Felix, Extortion and the pandemic in Central America, 9 December 2020, <https://globalinitiative.net/analysis/extortion-covid-central-america/>.
- 9 See Resilience, Resilience Fund, <https://resiliencefund.globalinitiative.net/resilience/>.
- 10 A criminal culture: Extortion in Central America, GI-TOC and InSight Crime, May 2019.
- 11 Martínez Juan and Martínez Oscar, *El Niño de Hollywood*, 2018, 210.
- 12 This information is taken from ongoing GI-TOC research on extortion in the region, forthcoming.
- 13 Ibid.
- 14 Guillermo Vazquez et al., Extortion in Central America, Global Initiative Against Transnational Organized Crime, April 2021, <https://globalinitiative.net/analysis/extortion-central-america-gender-trafficking-panama/>
- 15 Funding included up to US\$299 million in Development Assistance; US\$222 million in international narcotics control and law enforcement funding towards the Central America Regional Security Initiative (CARSI); US\$184 million in economic support funds for CARSI and regional prosperity, economic opportunity, and governance programmes; US\$26 million in foreign military financing; and US\$4 million in international military education and training. See Fact sheet: The United States and Central America: Honoring our commitments, The White House Office of the Press Secretary, 14 January 2016, <https://obamawhitehouse.archives.gov/the-press-office/2016/01/15/fact-sheet-united-states-and-central-america-honoring-our-commitments>.
- 16 See The Biden plan to build security and prosperity in partnership with the people of Central America, <https://joebiden.com/centralamerica/>.
- 17 The GI-TOC has developed a practical guide to provide information as the one suggested <https://globalinitiative.net/analysis/guia-practica-para-prevenir-detectar-y-erradicar-el-delito-de-extorsion-en-centroamerica-y-mexico/>
- 18 The GI-TOC has taken some steps in this regard, creating and implementing training sessions with stakeholders, and providing guidance documents; see, for example, Guide and action manual for community resilience against extortion in Central America, January 2021, <https://globalinitiative.net/analysis/guide-manual-for-community-resilience-to-extortion-in-central-america/>.



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ABOUT THE GLOBAL INITIATIVE

The Global Initiative Against Transnational Organized Crime is a global network with 500 Network Experts around the world. The Global Initiative provides a platform to promote greater debate and innovative approaches as the building blocks to an inclusive global strategy against organized crime.

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