Extortion Study for Northern Central America (NCA) – September 2022

Guatemala Overview

Extortion permeates daily life in Northern Central America (NCA), from patterns of violence to individual incomes. The Extortion Study for NCA – conducted by Latin America and the Caribbean Learning and Rapid Response (LACLEARN) on behalf of USAID's Bureau for Latin America and the Caribbean – provides a holistic examination of extortion trends and impacts in El Salvador, Guatemala, and Honduras.

What does extortion look like in Guatemala?

From a legalistic view, extortion can be defined as the demand for money or objects of value through threat against persons or property. This study used a broader definition, examining the causes and effects of other forms of extortion such as payments to be able to carry out routine activities (e.g., keep a job, enter an area) or demands beyond cash (e.g., free food, sexual services).

Extortion rates are significantly higher in urban areas (see Figure 1). The Guatemala department, with 20% of the country's population, had 6 of the 20 municipalities with the country's highest extortion rates from 2016-2020. PNC data reflect that of reported extortion cases, 70% are from homeowners, 23% from businesses, and 6% from public transit bus owners. People aged 30 to 34 were the most targeted, which is the most economically-active age group.

Extortion has significant economic impacts at both macro and micro-levels. One study estimated the economic losses of extortion at USD $33.5 million in 2021, though this is likely an underestimate.
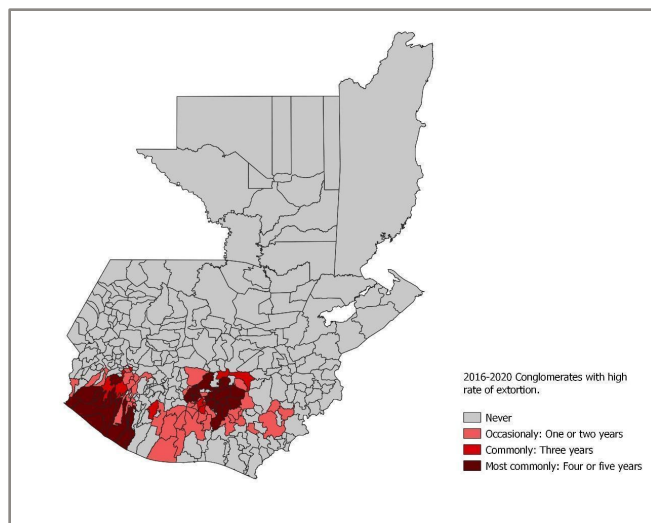

2016-2020 Conglomerates with high rate of extortion.

☐ Never
☐ Occasionaly: One or two years
☐ Commonly: Three years
☐ Most commonly: Four or five years

Figure 1. Rates of Extortion by Municipality, 2016-2020

Extortion has a negative effect on Guatemalan businesses, disproportionately harming micro-, small-, and medium-sized enterprises (MSMEs) and inhibiting investment. Guatemalan firms spend at least 7% of their budget on extortion fees, in addition to 10% on security costs. Evidence suggests nearly every business in gang-controlled areas is extorted, and informal businesses and MSMEs comprise the most targeted sub-group. In addition, extortion is under-reported by businesses due to fear of reprisal, avoidance of negative publicity, and (for those unregistered) a desire to avoid taxes.

Gang-based extortion in the transport sector is especially prevalent. In 2017, gangs collected an estimated USD $70 million from public transit in Guatemala City alone. In 2020, police operations and a COVID-19-driven ban on public transportation led to a sharp decline in extortions.

Women are particularly vulnerable to extortion, while also taking on expanded roles in gangs. In 2021, 16% of incarcerated women were in prison for extortion, and women made up 24% of all people imprisoned for extortion-related offenses. The National Police (PNC) and Public Ministry (MP) often fail to take into account the gendered approaches of extortion schemes.

LGBTQI+ individuals are particularly vulnerable to extortion. Homophobia and transphobia pervade the criminal justice process for those LGBTQI+ individuals who choose to report, which hinders victim assistance and deters reporting. Data are sparse on rates of extortion against LGBTQI+ individuals.

There is an understudied relationship between extortion and displacement. From 2017-2018, reported catalysts for displacement were threats (36%), family violence (12%), and injuries (9%). It is unclear to what extent these are directly related to extortion.

> **Guatemalan Agencies Addressing Extortion**
> - National Division Against the Criminal Development of Gangs / *División Nacional Contra el Desarrollo Criminal de Pandillas* (Dipanda) – as part of the National Police / *Policía Nacional Civil* (PNC)
> - Attorney General's Anti-Extortion Office / *Fiscalía contra el Delito de Extorsión*
> - First Instance Criminal Court against Extortion Crimes / *Juzgados de Primer Instancia*

What are significant drivers of extortion in Guatemala?

Gangs are the primary perpetrators of extortion, making the crime a key enabling factor for their influence. The two main gangs, MS-13 and 18th Street, have an estimated 8,000 members and carry out the vast majority of crimes in high extortion areas. According to the MP and the National Division Against the Criminal Development of Gangs (Dipanda), however, approximately 80% of extortion is purportedly carried out by imitators (*imitadores*), who take advantage of fear of gang violence.

Extortion is linked with many peoples' livelihoods, creating perverse incentives for the crime to continue. This momentum – especially among gang members, communities they exert control over, and government actors complicit in extortion schemes – must be overcome to make progress on combating extortion.

How is extortion addressed in security and judicial institutions, and what are the gaps?

Reporting of extortion is increasing, with an estimated 35% of cases reported in 2018. Evidence suggests that among those who do not report, 60% fear reprisals from perpetrators. The rest do not trust authorities, are unsure of where or how to file a report, or do not believe their case will be solved. Less than 5% of extortion cases are fully processed.

Recent PNC operations have helped increase reporting, but there is still a gap in analyzing extortion-related data. The PNC's 14 regional offices carry out arrests, conduct search-and-seizure operations in prisons, and advise victims. Expanded geographic presence has contributed to increased extortion reporting over recent years, yet there appears to be minimal effort among the PNC to analyze criminal data which in turn weakens their effectiveness.

Figure 2. PNC Raid on a Detention Center (Source: Google Creative Commons)

Extortion policy appears to be crippled by the inability to track and freeze illicit resources. By 2021, the MP had identified banks most used by extortionists to move extortion funds, but officials then cited lack of cooperation from banks to freeze accounts and help authorities trace activity. The use of SIM cards, which are largely uncontrolled, in extortion schemes is an additional challenge.

The Attorney General has eleven specialized extortion regional offices that manage cases, but face a lack of personnel and equipment. One prosecutor interviewed said that their office is half-staffed, and prosecutors typically manage loads of up to 1,500 cases, making it difficult to process extortion reports. While cases do not progress, suspects may continue to fuel extortion schemes.

COVID-19 led to a backlog in court cases. Cases progressed relatively quickly until late 2019, when courts closed during the pandemic and resulted in an unaddressed backlog. An estimated 84% of indictments end up in a conviction.

Guatemala has seen decreases in extortion rates, but prison-based extortion compromises this trend. Reported extortions declined 11% from January 2019 to April 2020, which the PNC attributes to violence prevention approaches; public transit ban; transfer of gang leaders to different prisons; and suspension of prison visits. Rates began to increase in May 2020, however, because prisons were unable to keep extortionists separate from the general inmate population. An underlying source of extortion in prisons is a lack of guard vetting and low salaries, a combination which fosters corruption.

Key Recommendations

Read the full Extortion Study for Northern Central America here, including additional data and recommendations.

→ Replicate promising local-level responses, such as those from the city of Villa Nueva, which provides a range of security-oriented programs supporting businesses and communities.

→ Provide better protection for entrepreneurs, LGBTQI+, and women, all of whom are particularly vulnerable to extortion, such as through specialized training to police and prosecutors, as well as promoting secure reporting mechanisms.

→ Build on past successes in the transport sector, including video surveillance and support to transit police units.

→ Support police-private sector partnerships, such as that of El Salvador's anti-extortion unit with agricultural and transport sectors.

→ Promote inter-institutional collaboration among key agencies (e.g., PNC, judiciary, penitentiary) to capitalize resources and improve data sharing.

→ Support the strengthening of banking regulations, focusing on controls and monitoring of extortion-related activity.

→ Replicate and support successful anti-extortion court models (such as that of Honduras), as well as local and regional courts.

→ Redirect extortion cases from backlogged courts to less congested ones, leveraging community-based courts and conflict resolution mechanisms.

→ Support the General Directorate of the Penitentiary System to improve monitoring and telecommunications blockages.