

Testimony of Jonathan Fantini Porter

Executive Director, Partnership for Central America

House Committee on Foreign Affairs

**Subcommittee on International Development, International Organizations and Global Corporate Social Impact
Subcommittee on Western Hemisphere, Civilian Security, Migration and International Economic Policy**

**“Addressing Root Causes of Migration from Central America through Private Investment:
Progress in VP Harris’ Call to Action”**

June 22, 2022

Chairmen Castro and Sires, Ranking Members Malliotakis and Green, and Members of the Committee, thank you for the opportunity to discuss the role of private sector investments in addressing the root causes of migration from Central America and progress in Vice President Harris’ Call to Action. I would also like to thank both subcommittees for your support of economic development efforts around the world and, in the context of this discussion, Central America. Most recently, passage of the Fiscal Year 2022 Consolidated Appropriations Act included resources for the Central America Regional Security Initiative and Central America Youth Empowerment Program, which we can contribute to reductions in violence and poverty in Central America.

As the United Nations Refugee Agency has documented, the humanitarian situation in northern Central America has worsened considerably over the last five years. Refugee and asylum seekers from Guatemala, Honduras, and El Salvador have left their homes for a complex mix of factors, including poverty and a lack of economic opportunity, violence, corruption, and natural disasters. This is a region where nearly 30% of the population live in extreme poverty; 50% of children suffer from chronic malnutrition with widespread stunting; homicide rates have been the highest in the world in recent years and femicide rates remain the highest; and 2.1 million individuals will be forced from their homes due to climate disaster in coming years.

Several structural factors contribute to these challenges, including low levels of foreign and domestic private sector investment; low labor productivity and a lack of skilled workers; high levels of labor informality; and challenges in promoting the rule of law, sound governance, and legal certainty. The result is stagnant economic growth that fails to create the number of quality formal jobs that the region’s growing labor force requires.

The Partnership for Central America (PCA) is an independent non-governmental organization that was established in May 2021 to mobilize private and social sector investments to address the structural factors contributing to humanitarian challenges in Central America. Founding members of the Partnership include Accion, Chobani, Davivienda, Duolingo, Bancolombia, Harvard T.H. Chan School of Public Health, Mastercard, Microsoft, Nespresso, Pro Mujer, Tent Partnership for Refugees, and the World Economic Forum. With our partners, we are mobilizing foreign and domestic private sector investment, increasing labor productivity and workforce skills; increasing the share of formal labor opportunities; and closing gaps in social safety nets and infrastructure across digital and financial access, health, and education. Central to our work, PCA is advancing the Call to Action for Central America announced by Vice President Harris in partnership with the U.S. Department of State and the U.S. Agency for

International Development. The Call to Action has served as a critical mobilizer of private and social sector organizations to create jobs and opportunities in Central America, which also directly benefits U.S. small businesses and workers through connected supply chains between the two regions.

Since our launch twelve months ago, in support of the Call to Action, PCA has worked to secure commitments of more than \$3.2 billion that we estimate will aid 21.2 million people across the region in coming years with digital access, financial inclusion, agricultural employment and sustainability, and new manufacturing and textile jobs. Specifically, these investments include:

- **Financial inclusion:** Commitments by financial institutions to bank nearly 12 million people—bringing them into the formal economy with \$370 million in corporate commitments—and providing \$500 million in loans and credit to vulnerable populations, families, and small businesses;
- **Agricultural investments:** Agricultural investments of over \$600 million to support farmers and regenerative agricultural practices to improve crop yields, mitigate climate disaster, and create new jobs;
- **Digital inclusion:** Investments of over \$735M in broadband and mobile infrastructure while ensuring digital inclusion for more than four million people currently disconnected;
- **Manufacturing and textiles:** \$825 million in manufacturing and textile commitments to create and nearshore more than 25,000 jobs and support small businesses in both Central America and the United States through connected supply chains across the Americas. This includes a \$500 million commitment by SanMar, which will supply 60,000 small business customers—a majority of which are located in the United States;
- **Social sector services:** Commitments by social sector organizations to serve five million individuals with business development services, training for women and girls, direct services to vulnerable communities, and programs for 70,000 small business owners;
- **Training:** Training 250,000 youth, entrepreneurs, and small business owners in core skills to support labor productivity and workforce development; and
- **Women's empowerment:** Additionally, PCA has secured specific commitments to support women's economic opportunities. The initiative, *In Her Hands*, seeks to connect more than 1.4 million women and their communities to the financial system and digital economy, accelerate women's participation in the agroindustry, train more than 500,000 women and girls in core job skills, promote gender parity, and elevate women within companies across the region.

In our first year of program delivery, these commitments have provided direct services to nearly 2.5 million people across Central America, including internet access for 1.96 million families who were previously disconnected, 310,000 individuals brought into the formal economy with bank accounts and access to credit, new agricultural production and sourcing from Honduras and El Salvador, and nearly \$100 million in new investments across agricultural production to create jobs and improve the livelihoods of farmers in the region. In just one example, children from a rural indigenous community of more than 4,000 in Comayagua, Honduras are now able to access the internet, which connects these families to the global economy and creates an immeasurable potential for their lives.

As a long-term development effort, we will expand on this impact in the coming months and years as corporate commitments are fully deployed. To support ongoing progress, in addition to program delivery, we are also focused on critical management practices to ensure operational success. Two of these priorities include:

- **Metrics and evaluation:** We are focused on continually maturing the management functions of the organization to be a lasting and independent entity across the public and private sectors that

can serve as a shared-service provider to responsible corporate citizens delivering environmental, social, and governance (ESG) impact across Central America. In support of this aspiration, the Partnership has established a formal relationship with the Harvard T.H. Chan School of Public Health to lead the data, metrics, and evaluation of programs across all pillars of impact. In leading this work, the team has designed a data ecosystem (metrics and analytic tools) to support decision making, impact assessment, and evaluation, as well as train and support managers and partners in data review and interpretation.

- **Multi-sector and multi-pillar integration:** As we focus on program implementation, we are also leveraging lessons learned and best practices from the leading humanitarian public-private partnerships from around the world. To this end, we are conscious of the fact that progress in each area of impact is dependent upon progress made in all areas of impact. For example, in considering the social determinants of health, progress in improving access to primary health care is only successful when coordinated alongside a concerted effort to improve the quality and availability of digital access, education, and housing. Meanwhile, policy and governance reforms will be necessary to solve widespread injustice, violence, and corruption issues that impede progress across all areas of impact.

Looking forward, we are conscious of the many challenges that lay ahead in achieving our shared vision to address the root causes of migration. Far more will be needed to truly turn the tide of migration in the region across policies, investments, and social sector programs. While no single lever can guarantee success, global models suggest that the foundational pillars that will be critical to create the enabling environment, can be tackled. However, it will require sustained attention, adequate resources, political will across governments, and strong and inclusive economic growth to go with strengthened governance. Tactically, this could translate into a coordinated focus on removing barriers to nearshoring jobs to the Americas, which will support supply chains in the U.S. and Central America; ensuring adequate resources for critical international development programs in the region; and engaging key public and private sector leaders to ensure sustained commitment.

As the son of a refugee who came to this country from Latin America fleeing harm and false imprisonment, I am grateful for this Committee's commitment to the protection of human rights, democratic governance, and the creation of new opportunities for some of the most vulnerable families in our society, including those in Central America. This effort is rooted in the principles of humanitarian aid, economic development, and social impact. As an entirely non-partisan effort, we are focused on outcomes that grow economic opportunities and improve the conditions for families. Through a systemic approach—that unites the full potential of the public, private and social sectors—we believe in the opportunity to align around practical solutions that will deliver tangible hope and opportunities for a better life to the most vulnerable individuals and potential migrants of northern Central America.

I look forward to collaborating closely with this Committee going forward to deliver on our shared vision and address the root causes of migration from Central America through private and social sector investments.