

Testimony of Elizabeth Hogan
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U.S. Agency for International Development
House Committee on Foreign Affairs
March 24, 2015

**"Oversight of the State Department and Agency for International Development Funding
Priorities for the Western Hemisphere"**

Mr. Chairman, Ranking Member Sires, and members of the Subcommittee:

Thank you for the invitation to testify today. I am grateful for the Committee's support—for the U.S. Agency for International Development's work in Latin America and the Caribbean, and I am pleased to have this opportunity to update you.

As Acting Administrator Alfonso Lenhardt testified before you last week, USAID's mission across the globe is to partner to end extreme poverty and promote resilient, democratic societies. In Latin America and the Caribbean, USAID assistance has helped expand financing for small businesses and supported macroeconomic policies to help reduce inequities and create opportunities through improved access to quality health and education services. Several countries in the region are now donors in their own right.

However, in recent years, social development and economic growth have been stymied by a dramatic rise in crime and violence—particularly in the Northern Triangle countries of El Salvador, Guatemala and Honduras. This increase in violent crime is rooted in deep-seated social and economic inequity and has been fueled by increases in gang violence and organized international crime. As these long-standing challenges in Central America worsened, we saw the consequences manifest at our border last year when more than fifty thousand unaccompanied children left their homes in Central America to make the dangerous journey to the United States.

The migration spike of this past summer required an immediate response to an urgent situation. However, in order to help Central American governments create an environment in which their citizens choose to remain and have the economic opportunities to thrive, we must work together to address the underlying factors driving migration.

The U.S. Government has taken a hard look at both our approach and our investments in the Northern Triangle. While security is paramount, we have broadened our vision for how we achieve progress in the region. The Administration's U.S. Strategy for Engagement in Central America advances three interrelated objectives: prosperity, security, and governance. The strategy fully aligns with the plan announced last November by the presidents of Honduras, Guatemala and El Salvador—the "Alliance for Prosperity"—which lays out their plans for improving economic and social conditions and ultimately the livelihoods of their people.

The President's \$1 billion request reflects our shared belief that as long as demonstrated political will exists in the region, the U.S. Government will partner with Central American governments in their efforts to become the next great success story in the Western Hemisphere. The request acknowledges that the United States and Central America need a deeper partnership than currently exists to tackle endemic poverty, insecurity, and weak governance.

With this budget request, we would be in a position to deepen the impact and widen our reach through broad-based economic growth programs that increase business, employment and educational opportunities. This support includes improving the enabling environment for businesses to invest and grow; promoting clean energy development; advancing trade and regional integration; increasing access to financing for small and medium enterprises; and increasing incomes by connecting small-scale farmers to markets through the Feed the Future initiative.

It also includes a focus on employment programs and technical training and vocational education for youth, who represent over half the population and require long-term alternatives to migration or gang involvement. One successful example is USAID's "*A Ganar*" program, which works with the private sector to provide basic math and reading instruction, life skills, vocational training, and internships to at-risk youth in Guatemala and Honduras. Last year I heard from youth participating in the Guatemala City program about how the expanded educational, training and employment opportunities available through *A Ganar* helped them be able to stay in their country. The success of the program is evidenced by the fact that 75% of graduates obtain employment, return to school, or start a business within one year.

Increased assistance will also allow us to partner with the governments and private sectors of the Northern Triangle countries to expand, and make sustainable, proven crime prevention and law enforcement models.

We have been successful at reducing crime and violence at the community level through the Central America Regional Security Initiative. Last fall, the results of a three-year impact evaluation, conducted by Vanderbilt University, confirmed that these community-level prevention programs are working in El Salvador, Guatemala, Honduras, and Panama. At the three-year mark, there were significantly fewer reported robberies, murders, and extortion in neighborhoods with a USAID presence as compared to the control group of similar communities. Residents also reported feeling more secure walking alone at night and they took measurably more collective action to address crime in the treatment than in the control groups.

We now need to help the governments take these programs to scale, with supporting laws, policies and budget provisions, in order to achieve long-lasting, national impact. As we help

them scale up these successful programs, we will continue to focus on the most dangerous communities, targeting the youth most likely to become perpetrators of crime and violence.

As part of the scaling up, USAID and INL, in partnership with national governments and other key stakeholders, are joining the prevention, law enforcement, and justice support programs in the same high-crime communities from which youth are migrating, and focusing attention on the individuals most at risk for falling into lives of crime. The aim is that by working in concert in the same places we will more effectively reduce youth-related crime, violence and homicides.

Finally, we will ensure sustainability and country ownership by pushing for tough policy reforms, while providing assistance and expertise to strengthen the effectiveness, transparency and accountability of the institutions charged with: growing the economy, generating revenue, creating jobs, delivering basic services, ensuring justice, keeping the public safe, and protecting human and civil rights. In El Salvador, for example, we have had success helping the government improve tax administration and public expenditure management. With improved tax collection, governments are able to increase spending on their own citizen security-related and social programs. Simultaneously, we will deepen our support to civil society groups and the media to demand transparency and accountability.

The challenges are great, but we are confident that the timing is right for this increased investment. The Northern Triangle countries are demonstrating a deepening commitment to advancing their own development goals. This was demonstrated earlier this month in a Joint Statement by the Presidents of El Salvador, Guatemala, and Honduras, where each country committed to specific and concrete milestones.

We are fortunate to have strong democratic partners throughout the Hemisphere, but we are also deeply concerned by the backsliding on democracy and human rights that we have seen in many countries.

Therefore, we continue to prioritize democracy, human rights and governance assistance across the region and particularly in those countries that are repressing basic civil rights. Our programs in these countries support and empower civil society and media organizations to build their networks, advocate for citizen-led reforms and push for greater government transparency, accountability and effectiveness.

As I testified last year, our best partners are democratic societies—governments that support active civil societies and dynamic private sectors and have the commitment and capacity to grow their own economies and invest in their people.

Colombia may provide the best model of how country leadership can forge a successful partnership that promotes stability and prosperity. As the Government of Colombia seeks a durable peace agreement, US assistance supports its efforts to secure rule of law and advance sustainable development. We are building the capacity of Colombian institutions, especially

those critical to the country's transition to peace, to effectively manage public resources and deliver services to its citizenry, rather than providing those services directly. Together, we are increasing investment in conflictive areas; improving access to justice for all; supporting victims and vulnerable populations; and promoting use of clean and renewable energy.

Another continued priority is our work to help the Haitian people build a more prosperous and secure future. Five years after the 2010 earthquake that devastated Haiti, USAID has focused long-term development efforts in select geographic areas to advance specific goals around economic growth, infrastructure and energy, health and education, and democracy and governance.

We can report that in spite of a difficult working environment, meaningful progress in Haiti is indeed occurring. For example, our agricultural program has introduced improved seeds, fertilizer, and new technologies to more than 70,000 farmers. These activities have increased yields by over 300 percent. A recent health survey shows significant improvements over the past five years with reductions in malnutrition and maternal deaths, as well as increasing vaccination rates.

USAID is also working to address the economic and social challenges posed by climate change in a sustainable and financially beneficial manner. In our Andean partner countries of Peru and Colombia, for example, USAID is working with water management authorities in four key river basins to strengthen their ability to manage increasingly unpredictable water supplies due to glacial melt.

Perhaps no other region is as vulnerable to extreme weather as the small island nations of the Caribbean. As part of efforts for climate change adaptation, USAID partnered with the Organization of Eastern Caribbean States (OECS) to develop a model water policy for the Eastern Caribbean region. This policy is the first of its kind that will specifically integrate climate change adaptation considerations into water management efforts in order to build long-term resilience of freshwater supplies.

High energy costs constitute a critical roadblock to economic growth and competitiveness for the Caribbean. For this reason, USAID is supporting a multi-year regional Caribbean program to promote energy efficiency and expand sources of clean energy by integrating renewables into the islands' energy grids.

In addition to promoting a clean energy economy, we continue to partner to reduce rates of crime and violence. These partnerships expand opportunities for at risk youth, improve community policing, and promote judicial and law enforcement reforms. In Mexico, USAID continues to

support the Merida Initiative through justice sector assistance, human rights programming, and efforts to build communities resilient to crime and violence.

Emerging global leaders and a growing private sector in Latin America make the region well-placed to take advantage of a new approach to development—one that marshals the resources, expertise, innovation, and technology of the private sector to accelerate the region's development. The region's private sector is starting to see that development is good for business. In the past two years, USAID leveraged over \$350 million in private sector resources to complement our own investments in development. Our partnerships with international and local food and beverage companies, such as Walmart, Super Selectos, and la Colonia help to alleviate poverty and improve food security in rural parts of Central and South America, as well as the Caribbean. Partnerships with more than 40 small and large companies in Honduras are helping us connect small-scale farmers to valuable markets. And more than 100 private entities, including US companies like Chevron, Hanes Brands, Cisco, Intel, and Microsoft, all play a vital role in our citizen security and workforce development work, especially in providing educational, training, and employment opportunities for at-risk youth.

We have never been better positioned for success in the hemisphere. At this point in time, countries throughout the hemisphere are demonstrating a deepening commitment to advancing their own development goals. This political will, in combination with improved local capacity, leveraged resources, and new partnerships will allow us to promote inclusive economic growth; strengthen democratic institutions; combat the effects of climate change; and help create a peaceful, prosperous, and integrated Central America. Achieving these goals advances USAID's core mission and improves the security and prosperity of our own people.

Thank you for your time. I look forward to your questions.