

OVERSIGHT OF THE STATE DEPARTMENT AND AGENCY FOR  
INTERNATIONAL DEVELOPMENT FUNDING PRIORITIES FOR THE  
WESTERN HEMISPHERE

TESTIMONY OF  
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U.S. DEPARTMENT OF STATE  
BEFORE  
THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE  
HOUSE COMMITTEE ON FOREIGN AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
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Mr. Chairman, Ranking Member Sires, and Members of the Subcommittee:

Thank you for the opportunity to testify on the FY 2016 request for U.S. assistance for the Western Hemisphere.

Mr. Chairman, the Western Hemisphere is a top priority for United States because important national interests are at stake. I am pleased to report that almost every available metric—including public opinion polls, levels of trade and investment, cultural and family ties, security cooperation, and shared democratic values— supports the view that the United States remains an influential actor and vital partner in the region. The Obama administration’s policy aims to forge equal partnerships with the countries of Latin American and the Caribbean that build on the promising destiny of this hemisphere, based first and foremost on shared values, as well as on geographic proximity, demographic connections, and common interests. Those shared values and common interests, along with increasing capabilities, also means that we can do more together on challenges that go beyond the Americas, to global problems that require us to work together in new and significant ways.

As befits a region that includes our biggest economic partners and longstanding friendships, our top priorities are jobs and prosperity, education and innovation, energy cooperation, and promoting democratic values. We are also focused on improving citizen security with more comprehensive policies that advance prosperity and innovation, deepening the successful North America relationship, and supporting Colombia’s peace process.

The high level of importance that this administration gives to the Western Hemisphere is reflected in our FY 2016 request. The request is \$1.99 billion, which is a 34.7 percent increase from FY 2014. Just over half the total request supports the U.S. Strategy for Engagement in Central America, a new, whole of government approach to enhance prosperity, governance, and security in Central America. Last summer's spike in migration of unaccompanied children was a clear signal that serious and long-standing challenges in Central America remain and, in some instances, are worsening. To change this trend, we must adequately address the underlying factors driving migration or be prepared for what is likely to be an ongoing cyclical phenomenon - with significant impact and cost to the United States.

Our \$1 billion assistance request for Central America includes new investments for prosperity and governance consistent with our strategy, while maintaining and strengthening our current focus on security, including the investments we have made through the Central America Regional Security Initiative (CARSI). These funds are necessary to adequately address the complex challenges Central America faces. While this level of support represents a significant increase from previous years, we believe the cost of investing now in Central America's security and prosperity pales in comparison to the cost of addressing migration challenges at home.

At the same time that we are requesting additional funding from the U.S. Congress so that Central American countries can address the region's fundamental challenges, our own government needs to move quickly to demonstrate results and hold ourselves accountable. That means rigorously evaluating our programs, and we look forward to working closely with Congress to craft the most effective assistance package.

Most significantly, we believe the essential condition for success is in sight: political will in the region. Vice President Biden traveled to Guatemala to meet with the presidents of El Salvador, Guatemala, and Honduras in early March. It was only the latest of his, the President's, and Secretary Kerry's engagement with these leaders. During months of intensive work with these three presidents of the Northern Triangle of Central America, it has been clear that the notion of "shared responsibility" would be much more than a bumper sticker. During the Vice President's most recent trip, the leaders agreed to a joint statement including public commitments – with timelines – for continued progress. Together we committed

to actions in Central America that will promote a better business environment for investors and small business owners, strengthen police and judicial systems, increase government transparency, improve revenue collection and make streets safer. And we did so publicly, inviting scrutiny and accountability.

Our prosperity agenda for Central America fosters the integration of a regional market of 43 million people and the reduction of legal impediments that only benefit established economic elites. Six million young people will seek to enter the labor force in the next decade. Encouraging an environment which enables investment and growth will enable talented people to stay at home, and create jobs and local businesses to participate in a bigger market.

Let me share an example of how U.S. assistance in El Salvador is advancing the prosperity agenda. Luis Francisco Cruz has only a sixth-grade education and was twice turned back at the United States border while trying to enter illegally. With the help of a USAID-backed loan targeting micro, small, and medium-sized enterprises, he founded Comercial Josue, a small general goods store in San Miguel. Despite challenges including extortion and the gang murder of his father, Mr. Cruz was tenacious. He grew his business into a 12-store operation that employs 130 employees. Mr. Cruz is now providing economic opportunity and the dignity to work that give young people real options beyond gangs or emigration. It is important to note that USAID did not give Mr. Cruz this loan directly, but instead worked with a local bank to encourage micro-lending and this partnership led to Mr. Cruz's loan. The distinction is important, because it tells a story of sustainability. Local banks participating in micro-lending will provide opportunities for entrepreneurs like Mr. Cruz.

Our strategy's governance agenda recognizes that economic growth and security are only sustainable when the institutions of government are transparent, accountable, and actually deliver services to all citizens— and when independent civil society and the media can play their rightful roles. Citizens and investors will trust institutions once those institutions establish a pattern of transparency, accountability, and effectiveness. Thus, the prosperity and governance components of our Strategy are essential for the success of our security investments. Security remains a core priority. Our \$1 billion request for Central America includes \$286.5 million for CARSI to scale up proven community-based security models and advance police reform.

Our security programs make a difference in the lives of people like Cindy from Guatemala. Cindy is now a young woman of 17, and she is a survivor of

sexual and gender-based violence. From the age of 13, she was repeatedly raped, intimidated, and threatened by an older family member. Sadly, her story is not unique. Thousands of women are victims of sexual and gender-based violence in Guatemala alone. Thanks to the courage of local leaders and technical assistance, training, and equipment from USAID, Cindy's abuser was formally charged. Guatemala operationalized a 24-hour court for victims of sexual and gender-based violence. The court provides medical, social, and legal services all under one roof. With increased services for victims, and more efficient legal proceedings, women like Cindy can get the justice they deserve.

Beyond Central America, we must maintain investments in priority programs that are working. For Mexico, the request includes \$119 million to continue support for the Merida Initiative. This past summer, Mexico was a critical partner in the effort to stem the flow of migration to the United States. And nearly every week it captures important drug traffickers. But its serious security challenges have persisted, as we saw with the tragic disappearance of 43 students in Iguala. Therefore, our request emphasizes technical assistance, support to additional Mexican states in line with Mexico's priorities, and assists Mexico's southern border strategy. It advances Mexico's efforts to strengthen the rule of law, combat corruption, and protect human rights. President Pena Nieto continues to be a critical partner for the United States, and strong cooperation with Mexico is in the U.S. interest.

In Colombia, all eyes are on whether the peace process can bring an end to Latin America's longest-running conflict. But we can't take our eye off the ball, so our request includes \$288.7 million to support Colombia's efforts to secure the rule of law and support sustainable development, which will be crucial for a lasting and just peace. Our assistance to Colombia strengthens law enforcement, counternarcotics and rule of law, promotes human rights and humanitarian assistance, and expands support for economic development and social inclusion. The request also reflects Colombia's ability to provide for its own needs. However, our assistance will need to remain flexible as Colombia pursues negotiations to conclude its decades-long conflicts. We will continue to consult with Congress on U.S. support for Colombia.

In the Caribbean, our request includes \$241.6 million for Haiti and \$53.5 million for the Caribbean Basin Security Initiative (CBSI). U.S. assistance for Haiti continues to invest in infrastructure and energy; food and economic security, health, and other basic services; and governance, rule of law, and security. CBSI assistance seeks to stabilize and reduce rates of crime and violence, which threaten

both U.S. and Caribbean security. The request for CBSI emphasizes regional law enforcement information sharing and cooperation, justice sector reform, and initiatives that address the root causes of crime and insecurity in targeted communities, with a focus on youth.

Peru is now the world's largest producer of cocaine, and the government will need our help to change that trajectory. Our request for Peru is \$95.9 million, which includes support for traditional counternarcotics activities. Additionally, these funds would support alternative development programs. Our model of coordinated counternarcotics and alternative development has reduced coca cultivation in Peru's San Martin Region from over 20,000 hectares to less than 1,500 in the past decade, and poverty fell from 67 percent in 2001 to 30 percent in 2013. With USAID support, communities in San Martin now cultivate over 50,000 hectares of coffee, cacao, and other alternative crops for export markets in the United States and Europe. These proven models of success must go hand-in-hand with our law enforcement cooperation to help our committed Peruvian partners beat back the organized crime networks that grow, make, and ship illicit narcotics. This assistance will continue our strong cooperation with the Humala Administration, which has demonstrated a clear commitment to partnership with the United States.

The request maintains important support for freedom of the press, human rights, and democracy in the hemisphere, including in Cuba, Venezuela, Ecuador, and Nicaragua. The United States has a long history of supporting human rights and civil society. Our request continues this approach.

The United States remains firmly committed to engaging our regional partners on a positive agenda for the hemisphere. Our consistent vision is of a prosperous, democratic and stable region, which requires us to focus on areas such as Central America that are most vulnerable. The U.S. assistance that supports our policy makes a direct difference in the lives of citizens throughout the hemisphere and benefits the national interests of the United States.

I look forward to your questions.