

Testimony of Paloma Adams-Allen
Deputy Assistant Administrator for Latin America and the Caribbean
U.S. Agency for International Development
House Foreign Affairs Subcommittee on the Western Hemisphere
April 30th, 2015
“Migration Crisis: Oversight of the Administration's Proposed \$1 Billion Request for
Central America”

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 interest in Central America and I am pleased to have this opportunity to update you on our interagency strategy to address the root causes of the migration crisis in Central America.

As you know, social development and economic growth in Central America have been stymied in recent years by a dramatic rise in crime and violence—particularly in the Northern Triangle countries of El Salvador, Guatemala and Honduras. This insecurity is rooted in deep-seated issues of social and economic inequity, weak institutions of criminal justice, the lack of economic opportunity for vast segments of the population, and increases in gang violence and 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 children left their homes in Central America to make the dangerous journey unaccompanied to the United States.

That spike in the number of child migrants required an immediate response. USAID responded quickly, working with the International Organization of Migration (IOM) to upgrade reception centers in El Salvador, Guatemala, and Honduras so they could enhance their ability to receive returned migrants and provide immediate care, child protection services, and onward assistance for returning families and children.

However, short-term efforts are not enough. This problem requires a strategic and sustained long-term effort to ensure that we don’t end up dealing with an ongoing cyclical phenomenon. In order to help Central American governments create an environment in which all of their citizens are able to survive and thrive, we must work together to eliminate the underlying factors driving migration. As Vice President Biden said in January, “The cost of investing now in a secure and prosperous Central America is modest compared with the costs of letting violence and poverty fester.”

The Administration’s FY16 budget request for Central America represents that investment now that will save us money later. In order to ensure that our investment pays off, the Administration will implement the U.S. Strategy for Engagement in Central America, a coordinated, whole-of-government effort that takes a comprehensive view of the challenges facing the region and banks

on strong political commitment by Central American governments and increased investment by the private sector. The Strategy directly addresses the root causes of migration by advancing three interrelated objectives: prosperity, security, and governance. By advancing these three objectives in tandem, the Strategy seeks to foster a secure, economically integrated Central America that provides opportunities to all its citizens, and is governed by more accountable, transparent, and effective public institutions.

The U.S. Strategy fully aligns with the Central America-led plan—the “Alliance for Prosperity”— which was announced last November by the presidents of Honduras, Guatemala and El Salvador. That Plan outlines the Northern Triangle governments’ shared commitment to growing their economies, creating employment, and improving the life prospects of their poorest and most vulnerable citizens. It includes a clear-eyed assessment of the tasks at hand, well-considered lines of action, and specific steps that the Governments themselves will take.

There are other recent actions that have demonstrated the Central American governments’ commitment to the region’s success. For instance, El Salvador launched an anti-extortion task force and passed a law designed to give investors greater assurances that tax and customs regulations will not change over the course of an investment. Guatemala acknowledged human rights violations and reached a settlement with indigenous communities affected by the Chixoy dam. In December, Honduras announced it would publicize security sector procurement information, complying with its agreement with Transparency International. Honduran President, Juan Orlando Hernandez, also welcomed the establishment of a UN Office of the High Commissioner for Human Rights to observe the human-rights situation first hand. These examples and others represent significant steps forward.

Although the local ownership of the Alliance for Prosperity plan and these concrete actions demonstrate that there is indeed political will to move forward, further reforms are necessary to achieve and sustain the US and Central America’s shared objectives of prosperity, security, and improved governance. We therefore intend to calibrate our assistance against the performance of the Central American governments. This approach will ensure that they continue to build their capacity and maintain the political will necessary for us to effectively implement increased investments from US taxpayers.

In addition to a deepened partnership with the Central American governments, the new Strategy is also enabling improved coordination among the US Government. The National Security Council has led an inclusive process to develop and finalize the Implementation Plan, which has prompted our collaboration and coordination with a diverse array of Agencies including, the Departments of State, Defense, Treasury, Justice, Homeland Security, and Labor; the Millennium Challenge Corporation; the US Department of Agriculture; the Overseas Private Investment Corporation; the United States Trade and Development Agency; and the Office of the United States Trade Representative. In so doing, we are able to jointly assess each agency’s

comparative advantage, define lines of action, and develop consistent policy-level indicators for success.

Additional funding in FY16 will enable us to spur greater prosperity by supporting broad-based economic growth programs designed to expand business, employment and educational opportunities to the poor, and those groups most likely to migrate. This support includes improving the enabling environment to start and grow businesses; promoting investments in clean energy development; advancing trade and regional integration; improving education and vocational training; increasing small and medium enterprises' access to affordable financing and business development services; and increasing the incomes of the rural poor by connecting small-scale farmers to markets through the Feed the Future initiative.

In El Salvador, USAID will continue working at both the municipal and national levels to grow the economy. At the local level, we will work with Municipal Competitiveness Committees to establish local initiatives—particularly in the communities from which people are migrating—that promote economic development and business opportunities. At the national level, USAID will assist the Export and Investment Promotion Agency (PROESA) and the Ministry of Economy to create a more welcoming business enabling environment, encourage private investment, and improve the ability of small and medium-sized enterprises to take advantage of market opportunities. In this way, USAID will support El Salvador in its own efforts to promote economic opportunities and enhance competitiveness.

In Guatemala, our prosperity and anti-poverty programs are geographically focused in the Western Highlands where the poorest people live. The Western Highlands Integrated Program acknowledges that achieving sustainable rural development requires parallel focus on several interrelated issues: agriculture and economic development, education, healthcare, nutrition, climate change, local governance, and gender equity. Currently the Integrated Program only reaches a fraction of communities living in poverty. With additional resources, the program could reach more individuals and be expanded to many more communities in the Western Highlands.

In Honduras, USAID is prepared to build off of our successful Feed the Future projects, which have helped increase average incomes by 55% for 30,000 of the poorest families by increasing crop yields and access to markets, and promoting alternative, more productive land uses.

In all three countries, we will invest in clean energy programs and trade facilitation that promotes regional integration. Our clean energy investments will lower the high cost of and improve the poor quality of electricity in the region. Cheaper, more reliable energy will improve the competitiveness of the businesses sector while enhancing energy security by reducing the need to import oil and gas. Our work on trade facilitation will reduce the time and cost to move goods across the border, making it easier for private businesses to capitalize on market opportunities.

Economic growth should benefit everyone, and we need to work with governments to ensure that women, youth, and other marginalized populations are benefiting from increased prosperity. One successful example of targeting vulnerable populations 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. Programs like A Ganar are essential to preparing youth to join the formal labor force, increase their incomes, and help drive economic activity throughout the Northern Triangle countries. 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. We will continue to support new programs across Central America to educate and prepare the region's poor, particularly youth and women, to join the twenty-first century workforce.

The heart of USAID's security work in Central America has been youth-focused crime and violence prevention. We have supported and tested a range of community-level approaches—which have been effective in US and Latin American cities—to reducing and preventing crime and violence in high-crime communities and cities in Guatemala, El Salvador, and Honduras. These include partnering with communities, civil society, governments and the private sector to develop crime prevention plans, invest in municipal crime observatories, create safe community spaces, expand after school activities, and provide job and life skills training, and build trust between police and residents.

Last fall, the results of a three-year, four country, impact evaluation, conducted by Vanderbilt University, confirmed that these community-level prevention programs work. At the three-year mark, the final results showed a 51% decline in reported murders and extortion, 25% reduction in reported illegal drug sales, and 19% decline in reported burglaries in neighborhoods benefiting from USAID-supported programs as compared to the control group of similar communities.¹ 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.

The Vanderbilt study noted that to have greater impact, USAID's programs must be expanded to more communities and reach more people. With additional resources, we are prepared to do just that—help the governments of the Northern Triangle scale up and make sustainable budget commitments to continue what is working, particularly in the communities from which youth are migrating. The government of Honduras has already pledged \$2 million of its own resources to do just that.

¹ "Impact Evaluation of USAID's Community-Based Crime and Violence Prevention Approach in Central America: Regional Report for El Salvador, Guatemala, Honduras and Panama." The Latin American Public Opinion Project (LAPOP), Vanderbilt University. October 2014. Available at: http://www.vanderbilt.edu/lapop/carsi/Regional_Report_v12d_final_W_120814.pdf

As part of the scaling up, USAID and INL, in partnership with national governments and other key stakeholders, are marrying the US government's prevention, law enforcement, and justice support efforts in the same high-crime communities, and focusing attention on the youth most at risk of falling into lives of crime. By working in concert in the same neighborhoods we will quickly and effectively reduce youth-related crime, violence and homicides.

We know that economic growth and security are only sustainable in an environment where democratic values and institutions flourish, citizens can depend on basic social services, impunity is reduced and civil society and the media can play their rightful roles. Ultimately, the success of the Strategy depends upon strong and effective governance by the Northern Triangle countries.

With additional resources, USAID would accelerate civil service reform, address chronically low tax revenue collection, and expand justice sector reform throughout the region. Because effective governance requires a professional, merit-based civil service, USAID is helping organizations advocate for the passage of civil service laws and transparent policies governing civil service hiring and promotion. For example, in El Salvador, the Transparency and Governance program is working with civil society organizations to lobby for the passage of civil service reforms and assisting the Government of El Salvador in developing a national integrity plan with specific actions to improve transparency in use of public resources. In El Salvador, USAID is also supporting taxpayer self-service kiosks, which allow taxpayers to perform transactions themselves improving transparency and reducing the administrative burden.

USAID support to justice sector reform would include technical training to judges, lawyers and court personnel as well as technical assistance on important reforms to the juvenile justice system that would ensure rehabilitation programs and reintegration services for young offenders.

USAID intends to take advantage of this moment of significant political will in these countries to push for and help implement reforms that reduce corruption and strengthen the effectiveness, transparency, accountability of the public institutions charged with managing the region's economies and delivering services to its people.

USAID will accelerate this work by continuing to embrace a new model of development that marshals the resources, expertise, innovation, and technology of local organizations and the private sector.

For instance, for the past two years, one-third of our budget in El Salvador was programmed through local partners. In Guatemala, USAID is working hand-in-hand with the Ministry of Education to strengthen bilingual education and reading across the country. In addition, our \$42 million Rural Value Chains Project is implemented exclusively and successfully by local partners AGEXPORT and ANACAFE. Working through local entities builds the capacity of these groups to advance local development and encourages local buy in and ownership.

The region's private sector is starting to see that development is good for business. USAID currently has 16 active public-private partnerships with the business community in Central

America. Over the past five years, partnerships of this kind have leveraged nearly \$160 million in private sector resources to complement our own investments in development.

We know that we will only be successful if we have the commitment our partner governments, the private sector, and the citizens of this region. Fortunately, the Northern Triangle countries are demonstrating a deepening commitment to advancing their own development goals. Increased political will in the region, in combination with improved local capacity, leveraged resources, and new partnerships will allow us to help Central American governments create a peaceful, prosperous and integrated region.

The President's \$1 billion request reflects our shared belief that "if the political will exists, there is no reason Central America cannot become the next great success story of the Western Hemisphere."

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