

**Prepared Testimony of Elizabeth Hogan
Acting Assistant Administrator for Latin America and the Caribbean
United States Agency for International Development (USAID)
Before the House Committee on Foreign Affairs
Subcommittee on the Western Hemisphere
“Examining FY2017 Funding Priorities in the Western Hemisphere”**

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Chairman Duncan, 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 United States Agency for International Development's work in Latin America and the Caribbean, and am pleased to have this opportunity to present our plans for Fiscal Year (FY) 2017.

Introduction

For more than fifty years, USAID has led our nation's efforts to advance dignity and prosperity around the world, both as an expression of core American values and to help build peaceful, open, and flourishing partners for the United States. This is particularly important in those countries closest to our shores: the nations of Latin America and the Caribbean. Peaceful, stable, democratic societies make for good trading partners and strong allies, helping us to be more prosperous and secure here at home. Further, when we help countries in our hemisphere reinforce basic rights and encourage civic participation, foster conditions that improve prosperity and citizen security, or protect precious natural resources, we are being good neighbors.

Development Context

Many Latin American and Caribbean nations have experienced monumental growth and change in the past several decades, and USAID has partnered with these countries to make important progress. Despite the global financial crisis, the region averaged a three percent annual increase in economic growth between 2000 and 2012. Health indicators have greatly improved in the region: infant mortality has declined from 43 to 16.2 deaths per 1,000 live births since 1990; maternal mortality fell from 140 to 81 deaths per 100,000 live births in the same time period; and the number of malaria cases decreased by 60 percent between 2000 and 2012.

Spurred by unprecedented engagement by ordinary citizens demanding transparency and respect for basic freedoms and rights, governments have begun significant reforms to improve the administration of justice, enhance transparency, and promote better access to justice for typically marginalized populations. And countries that once were only on the receiving end of assistance, such as Brazil, Chile, Colombia, and Mexico, are emerging as donors eager to share their expertise, resources, and experience with developing nations around the world.

While these are impressive gains, the region still faces significant challenges. Latin America and the Caribbean continue to have some of the highest rates of income inequality in the world and economies have slowed in the face of weaker commodity prices for key exports, reduced domestic demand and investment, and worsening fiscal balances. Severe, chronic drought threatens lives and livelihoods, particularly in Haiti and parts of rural Guatemala and Honduras. Regional progress in health masks inequalities between and within countries, with the health status in select populations matching that of countries in sub-Saharan Africa. Crime and violence have risen dramatically in parts of the region over the past decade; according to the United Nations' 2013 Global Study on Homicide, seven of the ten countries with the highest murder rates in the world are in Latin America and the Caribbean. And, despite democratic progress, some countries are witnessing troubling backsliding, including constraints on civil society, limits on media and freedom of the press, and increasing executive overreach.

USAID's FY 2017 request for Latin America and the Caribbean continues our long-term efforts to help the region overcome these challenges. USAID's assistance of approximately \$970 million in FY 2017 funds—a 15 percent increase over the FY 2015 enacted level of \$846 million—promotes the interests of the United States while also significantly improving the quality of life for those we help. We actively seek out local partners who understand the context on the ground, harness the expertise of the private sector and civil society to set the stage for efforts to continue after we are gone, and develop innovative and flexible approaches that bring new solutions to longstanding challenges. With sustained commitment, we are confident that the region will make strides that enable it to develop beyond the need for United States government assistance.

Central America

One of our greatest areas of focus is Central America, particularly the Northern Triangle countries of El Salvador, Guatemala, and Honduras. These countries are plagued by gang violence and transnational crime, deep-seated social and economic inequity, lack of economic opportunity, and high rates of unemployment. In addition, weak government capacity and corruption continues to undermine efforts to improve security and advance prosperity. We see the consequences of this insecurity and lack of opportunity at our own border when children and families complete the dangerous, irregular journey to the United States.

We are acutely aware that this problem requires a strategic and sustained endeavor to help Central American governments, private sector, and civil society create an environment in which all of their citizens thrive. We are grateful for Congress's support for the U.S. Strategy for Engagement in Central America. The Strategy outlines interdependent prosperity, governance, and security efforts designed to address the root causes of migration. The State Department and USAID's FY 2017 \$750 million request is part of the Administration's \$1 billion interagency request in support of the Strategy. And we have seen promising signs of the Northern Triangle governments' commitment to this same effort, outlined in their Alliance for Prosperity. The Alliance for Prosperity lays out the governments' shared pledge to grow their economies, create employment, improve public safety and enhance access to the legal system, and improve social

services for their citizens, particularly the poorest and most vulnerable. We are encouraged that the governments passed budgets totaling \$2.6 billion to support the Alliance for Prosperity in 2016.

To spur greater prosperity in the Northern Triangle, USAID plans to increase our support for successful broad-based economic growth programs designed to expand business, employment, and educational opportunities for the poor and those most likely to migrate. We plan to continue successful efforts and invest in new initiatives to promote good governance and transparency, including anti-corruption programs that address chronically low tax revenue collection, improve fiscal transparency, strengthen human rights protections for vulnerable groups, empower civil society to hold governments accountable, and expand justice sector reform throughout the region.

However, it will be difficult for our prosperity and governance efforts to take root in societies plagued by insecurity. The heart of our security work is youth-focused, as we invest in programs that reach those most at risk for gang recruitment, crime, and violence. To accomplish our goals to reduce and prevent crime and violence, USAID is 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, provide job and life skills training, and build trust between police and residents. In some of the most violent areas and neighborhoods of these countries, our efforts are amplified by close coordination with the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) through our shared Place-Based Strategy, which pairs community-based prevention work with interventions to improve the effectiveness of law enforcement.

We are seeing results in these three areas of strategic focus. For example, our agriculture-related prosperity programs in Honduras have been successful in reducing extreme poverty: with USAID's help, the incomes of small-scale farmers and families have increased by nearly 55 percent for more than 180,000 of the poorest individuals between 2011 and 2015. With USAID support, the Guatemalan judicial system, Office of the Attorney General, High Impact Court, and National Forensics Lab have made progress combatting impunity. And in El Salvador, analysis of our crime prevention activities points to a drop in homicides of more than 60 percent in the 76 communities where USAID targets its programming.

With sustained commitment on the part of the United States and host governments, we will build on and expand these successes into more communities and municipalities and help the Northern Triangle develop into a safer, more prosperous region for all those who live there, not just the privileged few.

Colombia

Sustained commitment on the part of the United States and host governments can be successful, as we have seen with the notable strides made under Plan Colombia. Begun in 2000, when Colombia was plagued by an active civil conflict, corruption scandals, and widespread drug

cultivation, Plan Colombia was a strategy developed by the United States and the Government of Colombia to help eradicate the drug trade and bring peace and prosperity to that country. Thanks to the gains made under this strategy, a result of years of strong bipartisan support from the U.S. Congress, committed work and strategic patience, the Government of Colombia and the Revolutionary Armed Forces of Colombia (FARC) are expected to sign historic peace accords in 2016.

To provide post-accord support, in February 2016, President Obama announced Paz Colombia (Peace Colombia), a collection of programs already in progress or planned to begin when the peace accords are signed. In FY 2017, USAID will manage \$187 million—a 41 percent increase over the FY 2015 enacted level of \$133 million—to expand upon current programming to help Colombian government institutions to establish a stronger presence in former conflict zones, seek post-conflict reconciliation and justice, promote inclusive rural economic growth, and sustainably manage the country’s vast natural resources.

These programs will build upon several successes achieved to date. For example, thanks to USAID-funded work to implement rule of law and human rights policies, there has been a 61 percent increase in the number of cases decided by land restitution judges, and mobile justice houses have been deployed to 95 remote communities in conflict zones. To help improve prospects for traditionally marginalized groups, USAID provided workforce training to more than 9,150 urban Afro-Colombian and indigenous persons; more than 8,150 have now graduated and begun a six-month formal employment phase. USAID programs are also improving livelihoods while reducing deforestation, including by introducing more sustainable approaches to cattle ranching, agroforestry systems, and ecotourism; our efforts have helped to improve natural resource management and protect nearly 37,000 hectares of important biodiversity and ecosystems.

We are hopeful that our programs will reach a wider group when the peace accords are signed and the Colombian people vote to approve the accords. USAID is in negotiations with the Government of Colombia to take advantage of this key opportunity and expand our presence into twenty new municipalities.

Haiti

Along with Central America and Colombia, Haiti remains a high priority for USAID. The country, which is ranked 163 out of 188 on the United Nations’ 2015 Human Development Index, suffers from high unemployment, political instability, and growing food insecurity due to prolonged drought. In addition, more than half of Haitians live below the World Bank’s international extreme poverty line of \$1.90 per day. These challenges are severe, but we continue to be optimistic that if we find sufficient political will in Haiti, we will be able to help the country lift itself out of extreme poverty.

Funds requested for FY 2017 will continue our efforts to help Haiti grow into a stable and economically viable country. Our assistance strategy targets key development issues and

specific areas of the country where we can be the most successful. We remain focused on the long-term reconstruction that has helped the country begin to turn the corner after the 2010 earthquake by promoting economic growth, job creation, and agricultural advances; providing basic health care and education services; and improve the transparency of government institutions and their responsiveness to their citizens.

We have seen encouraging signs that our assistance is improving lives. To help build the economy from the ground up, USAID facilitates access to finance, which is one of the major constraints to economic development in Haiti. Thanks to USAID's work with local micro-, small-, and medium-sized enterprises, we have helped to create close to 10,000 jobs due in large part to equity financing in the form of matching grants or training in topics such as product quality control and business development services. In addition, many of these companies and others now have access to bank credit due to loan guarantees that we have provided under our \$57 million Development Credit Authority. Moreover, we have recently awarded more than \$11 million for capacity development services and small grants to local Haitian organizations.

Our progress extends into other areas, as well. The 10-megawatt power plant USAID helped build near the Caracol Industrial Park in the North connects more than 8,000 households, businesses, and government institutions to reliable power; this is the first time in history many of those affected have ever had dependable electricity, and small businesses are flourishing there. USAID is helping the Government of Haiti make this electric utility financially sustainable, which will lead to a public-private partnership for its ongoing operation and maintenance. In agriculture, we worked with small-scale farmers and helped to double the income of 60,000 farmers through an increase in productivity, better yields, and the introduction of new technology. And we are identifying where we can successfully work with Haitian Government ministries so that they can better serve their citizens. For example, we work closely with the Ministry of Health to help them provide quality health care. One area of collaboration is the rehabilitation of critical health infrastructure. As part of this effort, USAID is helping to construct a new maternity and pediatrics ward at Justinien Hospital in Cap Haïtien and reconstruct the National Campus of Health Sciences in Port au Prince.

Haiti's political environment continues to be challenging; for progress to continue we need demonstrated political will, stability, and good governance. We are eager to see the presidential elections completed as soon as possible. We will maintain our engagement with Haiti through various efforts, including by working with the Haitian diaspora who bring unique skills and knowledge to projects and technical sectors. The course of Haiti's future ultimately depends on Haitians themselves. While much more remains to be done, we are committed to supporting the Haitian people as they build the more prosperous and secure future they deserve.

Encouraging Democracy and Human Rights

Our programs will only be sustainable under conditions 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. Increasing violence and citizen insecurity in Latin

America and the Caribbean have eroded citizens' confidence in democratic institutions and practices. Weak judicial institutions, often plagued by corruption, have historically contributed to impunity and public frustration. The region is host to several "closed spaces"—countries where governments generally are duly elected and populist, but ultimately prove to be anti-democratic. And illicit actors like transnational criminal organizations and gangs also limit fundamental freedoms, primarily with threats and violence against journalists, human rights defenders, and other civil society actors.

USAID's democracy and human rights programs address issues that are fundamental to democratic societies, including anti-corruption efforts, promotion of press freedoms and the rule of law, and support for civil society. To address corruption, USAID is working at national and local levels to ensure that government institutions are open and accountable, use public funds responsibly and effectively, and deliver critical services to citizens. Our assistance includes security and justice reforms, passage and enforcement of key anti-corruption and transparency legislation, and financial management strengthening. For example, in Paraguay, USAID assisted the National Procurement Agency to develop an Open Data Portal, which allows citizens to view the status of all competitive procurements, including how much ministries are spending on contracts and vendor details, thus enabling citizens to hold the government accountable. We are committed to supporting human rights everywhere we work, including in Cuba and other closing spaces where citizens are arbitrarily detained, threatened, harassed, and beaten for peacefully exercising their fundamental rights. In a region where journalists face violence and intimidation from government authorities and criminal elements, USAID runs regional press freedom programs and supports freedom of information activities across the region. To shore up the rule of law, we work with police organizations to improve effectiveness and professionalism, foster a culture of respect for human rights, and instill a community-oriented approach. Underpinning all of these efforts is support and protection for a strong and vibrant civil society that can hold governments accountable.

Despite challenges, there are notable accomplishments attributable to our work. Throughout the region, our programs have assisted journalists' efforts to expose mismanagement of Latin American government projects; nearly half of these investigative journalism reports have resulted in a government policy response. For example, in Ecuador in 2014, an investigative report on child trafficking led to a National Assembly vote to fund an awareness campaign to "Say No to Risky Migration." Thanks to our efforts to improve effectiveness and professionalism of the police in Jamaica, where USAID has worked with the Jamaica Constabulary Force for more than 15 years, reports of police soliciting bribes declined by almost 40 percent from 2006 to 2012. And to ensure that civil society remains able to operate freely, we supported the Government of Mexico's National Protection Mechanism for Human Rights Defenders and Journalists, providing assistance to approximately 400 activists and journalists seeking protection from threats of violence and harassment.

Addressing Environmental Threats to Livelihoods

In nations throughout Latin America and the Caribbean, USAID is also working to mitigate the effects of changing climate patterns and build the resiliency of the people with whom we work by helping them implement risk-reducing practices and use climate information in their decision making. The region is home to countries that are significant greenhouse gas emitters, as well as nations with glaciers and coastal regions that are at significant risk from extreme weather events and natural disasters, and tropical forests, including the Amazon Basin, that act as valuable natural resources.

USAID programs reduce the devastation to life, property, and economic activity caused by environmental threats by helping vulnerable groups withstand and cope with catastrophic weather events, droughts, and other climate impacts. Prevention programs are also an efficient use of development resources. Indeed, evidence suggests that every dollar spent on disaster preparedness prevents an average of seven dollars in economic losses due to disasters¹.

We work to reduce deforestation and greenhouse gas emissions by investing in forest conservation, efforts to combat illegal logging, and promotion of sustainable land use. This kind of programming can be a helping hand that lifts people out of poverty. For example, USAID assistance in Guatemala helped small- and medium-sized enterprises and community-based organizations in the Maya Biosphere Reserve achieve environmental certification on more than 270,000 hectares, and maintain certification for nearly 500,000 hectares of forest products. At the same time, we helped these organizations foster relationships with United States and European businesses that put a premium on sustainably sourced products. These efforts reduced deforestation and resulted in nearly \$26 million in total sales of certified forest products, creating almost 4,000 jobs.

We are speeding the development and deployment of advanced clean energy technologies and helping to create favorable legal and regulatory environments. In this way, we help to attract private investors from the United States and elsewhere to maximize the use of renewable energy resources. By cutting down on imported fossil fuels, these actions will lower greenhouse gas emissions and move the region toward greater energy independence. Economic growth that is more energy efficient will be cleaner, reduce dependency on scarce foreign resources, and contribute to increased prosperity.

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[http://www.undp.org/content/dam/undp/library/crisis%20prevention/disaster/asia_pacific/1206_undp_en_out%20\(%20in%20English\).pdf](http://www.undp.org/content/dam/undp/library/crisis%20prevention/disaster/asia_pacific/1206_undp_en_out%20(%20in%20English).pdf)

Doing Business Differently

We have one goal in mind with everything that we do: to empower countries to assume responsibility for their own development and grow beyond the need for international assistance. To this end, we are using science, technology, innovation, and private sector and trilateral partnerships to find new solutions to longstanding problems and scale up existing solutions in a more sustainable and efficient way. Our partnerships with the private sector help us to marshal the resources, innovation, technology, markets, and expertise of the business community to accelerate development. In FY 2014 alone, USAID's partnerships in Latin America and the Caribbean leveraged an estimated \$189 million in private sector resources for development; for every dollar we spent in the region in 2014, we mobilized five times that amount in private sector resources. These partnerships help to connect small-scale farmers and businesses to valuable markets; provide training, education, and employment to at-risk youth; and help to increase incomes, move communities out of poverty, and improve food security for the most vulnerable.

We are increasingly employing the latest science and technology to improve health practices; introduce low-cost, high-impact seed varieties and irrigation techniques; and improve public safety. For example, in partnership with Microsoft, Cisco, Universal Service Fund, and the Jamaican Ministry of Science, Technology, Energy and Mining, we are experimenting with "TV White Space," a new technology that taps unused television broadcast frequencies. This will extend high-speed, wireless internet access to remote parts of the country, improving connectivity for public service provision and training in rural areas of Jamaica.

Finally, we use innovative financing models to unlock private capital for non-traditional partners, many of which drive the region's economy. Through our Development Credit Authority (DCA), we help share risks and incentivize lending from financial institutions to micro-, small- and medium-sized enterprises in Colombia and Central America, for example. During FY 2015 alone, seven new DCA guarantees mobilized nearly \$140 million in private capital to support these efforts in Latin America and the Caribbean. As part of these efforts, guarantee agreements with three Colombian banks will mobilize up to \$120 million in lending to borrowers in targeted rural regions of the country.

Oversight

USAID takes its responsibility to the United States taxpayer seriously, and we are committed to accountability, transparency, and oversight of our programs. To do so, we use a full range of monitoring and evaluation tools, including survey data, performance indicators, analyses, studies, and external evaluations. Our Missions are guided by five-year strategic plans and their individual Monitoring, Evaluation, and Learning Plans. These tools enable us to establish baselines and track the pace and status of implementation, ensure that programs are meeting goals and delivering high-impact results, and provide the flexibility needed to accommodate new needs and realities. Monitoring and evaluation tools also feed valuable data on new and effective approaches, which later inform new program designs. For example, our post-earthquake strategy in Haiti calls for port services in the North to help build viable economic centers outside of Port-

au-Prince. Our initial plan was to construct a new port, but after extensive due diligence revealed economic and environmental challenges with this approach, we shifted to our current effort to rehabilitating the existing Cap Haïtien port. The project is underway, with a projected completion date of 2020.

We are also helping partner governments to develop monitoring mechanisms and ensure the same oversight for assistance they receive from us. For example, our Mission in Colombia developed, and turned over to the Government of Colombia, a Consolidation Index — a combination of 41 indicators that track institutional presence, good governance and citizen participation, and regional integration — to track whether USAID and the Government of Colombia are achieving goals in increasing state presence and capacity to deliver services in critical regions. This Index provides USAID with important information related to its program performance and also provides similar relevant information directly to the Government of Colombia.

Conclusion

With sustained commitment from countries in the region to advance their own development goals, and our government's support, we are well placed for success. Political will, in combination with improved local capacity, leveraged resources and new partnerships, will allow us to help regional governments become more peaceful and prosperous. We would like to thank this Committee for its interest in and support for our work, and look forward to collaborating with you to address long-standing challenges and new opportunities for reform.

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