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**CENTRAL AMERICA AND THE ALLIANCE FOR
PROSPERITY: IDENTIFYING U.S. PRIORITIES
AND ASSESSING PROGRESS**

HEARING

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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**CENTRAL AMERICA AND THE ALLIANCE FOR
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TUESDAY, APRIL 19, 2016

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:01 a.m., in Room SD-419, Dirksen Senate Office Building, Hon. Bob Corker, chairman of the committee, presiding.

Present: Senators Corker [presiding], Risch, Rubio, Gardner, Cardin, Menendez, Shaheen, Coons, Kaine, and Markey.

**OPENING STATEMENT OF HON. BOB CORKER,
U.S. SENATOR FROM TENNESSEE**

The CHAIRMAN. The Foreign Relations Committee will come to order. We thank you for being here. We have two great panels today, and we are going to examine U.S. support for the Partnership for Prosperity launched by El Salvador, Guatemala, and Honduras.

Several Senators have expressed interest in holding this hearing, given the more than \$700 million in appropriations for fiscal year 2016 and the \$771 million requested for fiscal year 2017. I think there is a strong desire to make sure that there is oversight here, because we want to see it to be successful.

Comparisons have been made to Plan Colombia, which obviously was successful. There is a lot of interest, as you can imagine, on this committee to ensure that this is also.

I think we understand the myriad of issues that these three countries are dealing with. We understand how they affect our country. And so again, a great opportunity for us to understand more what your thinking is, and then, of course, we have some private witnesses that will be here after to share their expertise.

But obviously, we want to make sure that Central America is able to secure stability, the rule of law, and economic growth.

We want to understand the strategies. I read all the briefing materials last night and this morning, and still have some questions as to how this is all going to tie together.

But we are here today out of our desire to ensure that this is successful, and we thank you for being with us.

With that, I will turn the meeting over to our outstanding ranking member, Ben Cardin.

**STATEMENT OF HON. BENJAMIN L. CARDIN,
U.S. SENATOR FROM MARYLAND**

Senator CARDIN. Thank you, Mr. Chairman. I really thank you for holding this hearing.

The U.S. investment in Central America is substantial. The President's request is a large amount of money, and we have a responsibility of oversight. And I thank you for conducting this hearing and look forward to both our panels of witnesses.

Honduras and El Salvador and Guatemala, these are democratic countries that want security, and they want their country to grow, and they have incredible challenges. The U.S. leadership is critical.

Last year, I visited Honduras and El Salvador and saw firsthand the U.S. efforts. I had a chance to meet with our FBI and the Transnational Anti-Gang Unit and saw their work firsthand in dealing with the challenges of gang violence in both El Salvador and Honduras.

I had a chance during that visit to talk in major detail about the challenges that are facing the Central America countries. They have gang violence. We know the MS-13. They have corruption. Impunity rates are some of the highest in the world. They have the highest homicide rates in the world. And they have human rights abusers.

So it is a challenge. It is in our hemisphere. It is in our security interests to effectively help these countries deal with these concerns. It will affect our country. We know the criminal elements on drug trafficking affects America. We know that gang violence affects America.

I had a chance to interview a gang member, a former gang member, and he talked about how he had come to my State of Maryland in order to set up sister gangs. There was an article in yesterday's paper about the trial taking place in Northern Virginia involving gang violence.

So we know that this is imported into the United States. It is in our interests to stop the violence in Central America before it gets to the United States.

Of course, we know about the victims of trafficking, of those trying to get to the United States, and the impact of refugees at our border. So it is in our interests to deal with it.

The U.S. can make a difference. We saw in Plan Colombia how we were able to make a consequential difference because the United States was willing to step up and really be committed to change in a country. I think we can do that in Central America.

I applaud Vice President Biden for his Alliance for Progress. I certainly agree with this program and have supported it, and security is important.

But let me just raise two major caveats. And one is what the chairman mentioned, that you need to invest in good governance. When you take a look at how the funds are being allocated, not enough is being allocated, in my view, to good governance to combat corruption, to protect freedoms, and to strengthen civil societies.

Then secondly, there has to be accountability. We are investing a significant amount of funds. We need to know that they are doing the job that we said it was to do. And we have to make sure that

the United States is not participating at all in any of its funds going to support those who are violating the human rights of its citizens.

So with that in mind, I look forward to hearing our witnesses, and I know this will be a productive hearing.

The CHAIRMAN. Thank you.

I know that both of you know and the audience knows that Senator Menendez is, obviously, very interested in this issue, and Senator Kaine also. As a matter of fact, it was a comment that he made in a hearing that we had months ago that really is driving the reason we are having this hearing.

I do not know if you want to make a comment or not, but we thank you for your contribution on this outstanding committee.

The first panel is from the administration. Principal Deputy Assistant Secretary of State Paco Palmieri is being joined by USAID Acting Assistant Administrator for Latin America and the Caribbean Beth Hogan. We welcome our official witnesses and look forward to hearing your testimony.

I think you all understand that your written testimony will be part of the record, without objection. If you could summarize in about 5 minutes, we would appreciate it. And if you could start in the order the I introduced you, that would be great.

STATEMENT OF FRANCISCO PALMIERI, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, D.C.

Mr. PALMIERI. Thank you, Chairman Corker, Ranking Member Cardin, and members of the committee, for this opportunity to testify on Central America and our important work in the region.

I also want to thank the committee for its strong bipartisan support for our efforts in Central America.

The security and prosperity of Central America is an essential national security priority for the United States. Over the next decade, as many as 6 million people will enter the labor pool in Central America, where low job growth and high crime rates lead many to choose emigration to Mexico and the United States over poverty and insecurity.

To provide a viable alternative, the United States and its partners in the region are taking actions that combine immediate efforts, such as targeting alien smuggling networks and launching public messaging campaigns to highlight the dangers of the journey north, with longer term investments to address the underlying conditions of the region's longstanding economic, security, and governance challenges.

In our implementation of the U.S. strategy for engagement in Central America, we seek the right balance of short- and long-term action that will ultimately provide an environment where citizens of Central America can remain and thrive in their own home communities.

We believe sustained international assistance that balances security, governance, and prosperity, combined with demonstrated political will by regional governments and their respective private

sectors and civil societies, has the greatest potential to affect positive change.

Political will is the most important ingredient. The Department of State, the U.S. Agency for International Development, and other U.S. agencies work with regional governments to strengthen criminal justice, improve governance practices, and promote stronger and more equitable economic growth. We work with international financial institutions, the private sector, and, most importantly, civil society and community-based organizations in the region.

Northern Triangle governments themselves will devote \$2.6 billion in 2016 to support their development plan, the Alliance for Prosperity. To ensure sustainability over the long run, these governments have taken numerous steps.

In Guatemala, President Morales just extended the mandate of the International Commission against Impunity in Guatemala, known by its acronym CICIG, and appointed a new tax and customs administration superintendent.

Facing a skyrocketing homicide rate, the Salvadoran legislative assembly unanimously approved a bill on April 1 to reduce the ability of gang leaders to direct murders, extortions, and other crimes from prison. Last year, we aligned U.S. assistance with the government's Safe El Salvador plan. As a result, we saw declines in crime and violence in those areas where we jointly targeted our support.

Honduras has lowered its homicide rate by one-third from 2011 to 2015, and its legislature recently approved, again by a near-unanimous vote, the OAS-led Mission Against Corruption and Impunity in Honduras.

However, the tragic murder of indigenous and environmental activist Berta Caceres on March 3 highlights the vulnerability of human rights defenders and the deficits in civilian security in Honduras. We continue to call on the Honduran Government to conduct a prompt, thorough, and transparent investigation to ensure it brings to justice those responsible.

We also continue to respond to the sustained, elevated levels of unaccompanied children and family migration from the region. Our assistance also ensures respect for the rights of migrants and protection as guaranteed under domestic and international law.

The Central American governments must demonstrate political will to make the difficult decisions that can lead to systemic reform. The transformation we seek will not happen overnight, and there may be many setbacks on the path to success. But only through sustained commitment, both ours and theirs, will Central America realize its potential.

Thank you again, and I look forward to any questions you have.
[The Mr. Palmieri's prepared statement follows:]

PREPARED STATEMENT OF FRANCISCO PALMIERI, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Corker, Ranking Member Cardin, and members of the committee, thank you for the opportunity to testify on Central America and our important work in the region.

The security and prosperity of Central America is an essential national security priority for the United States. Over the next decade, as many as six million people will enter the labor pool in Central America where low job growth and high crime

rates lead many to choose emigration to Mexico and the United States over poverty and insecurity. To provide a viable alternative, the United States and its partners in the region are taking actions that combine immediate efforts, such as targeting alien smuggling networks and launching public messaging campaigns to highlight the dangers of the journey north, with longer-term investments to address the underlying conditions of the region's longstanding economic, security, and governance challenges. In our implementation of the U.S. Strategy for Engagement in Central America, we seek the right balance of short and long-term action that will ultimately provide an environment where citizens of Central America can remain and thrive on their own home communities.

We know sustained international assistance that balances security, governance and prosperity, combined with demonstrated political will by regional governments and their respective private sectors and civil societies, has the greatest potential to affect positive change. Political will is the most important ingredient and a focus of Vice President Joe Biden's successful personal engagement with the leaders of the Northern Triangle (El Salvador, Guatemala, and Honduras). Over the last two years, this has produced significant commitments by governments to invest their national resources to stimulate economic growth, promote educational opportunities, target criminal networks, tackle corruption, and strengthen civilian rule of law institutions.

By advancing three, inextricably linked objectives—prosperity, governance, and security—the Department of State, the United States Agency for International Development, and other U.S. agencies work with regional governments to strengthen criminal justice, improve governance practices, and promote stronger and more equitable economic growth. Our efforts build on the political will, commitment, and financial investment of our partner governments, international financial institutions, private sector, and, most importantly, civil society and community based organizations in the region.

For example, Northern Triangle governments will devote \$2.6 billion in 2016 to support their development plan, the Alliance for Prosperity. To ensure sustainability over the long run, these governments have taken numerous steps recently to improve fiscal management and increase government revenues. As of early March 2016, El Salvador had collected \$7.3 million from a special contribution tax for public security, enabling the Attorney General to hire 100 prosecutors and support vocational training for youth in high crime areas. In Guatemala, a number of sectors praised the decision by President Morales to swear in Juan Francisco Solorzano as the new Tax and Customs Administration Superintendent in March after a high-profile corruption scandal led to the ousting of the previous Superintendent last year. The Guatemalan government also drafted a proposal to reform the Tax and Customs Administration and initiated a campaign to build congressional and public support for the reforms. On March 15, the Honduran government closed its tax collection entity due to corruption and inefficiency and approved a fiscal responsibility law on April 5 that will lower the deficit ceiling, increase fiscal transparency, and improve budget planning.

Facing a skyrocketing homicide rate, the Salvadoran government is taking steps to address the crippling security situation. The Legislative Assembly unanimously approved a bill on April 1 to reduce the ability of gang leaders to direct murders, extortions, and other crimes from prison. Last year, we leveraged our resources to align with the government's Safe El Salvador Plan; as a result, we saw declines in crime and violence in areas where we jointly targeted our support. U.S. assistance is essential to helping the Salvadoran government turn around the negative trajectory on homicide and crime rates and improve citizen security.

Since assuming office in January, Guatemalan President Jimmy Morales reaffirmed his support for the Alliance for Prosperity, moving to fulfill Guatemala's 2016 Action Plan commitments and to extend the mandate of the International Commission Against Impunity in Guatemala (CICIG). Guatemala continues to combat human smuggling, increase citizen security, and expand programs aimed at building human capital. The new administration has developed a strategy to target chronic malnutrition and the lack of opportunities for youth in the Western Highlands, an impoverished area of the country from which many young people migrate. U.S. foreign assistance in areas such as the Western Highlands is critical to complement Guatemalan government efforts to improve healthcare, education, and nutrition, and create job and educational opportunities as an alternative to migration.

Honduras has made impressive strides in addressing its homicide rate, lowering it by one-third from 2011 to 2015, and its legislature recently approved—by a near unanimous vote—the OAS-led Mission Against Corruption and Impunity in Honduras (MACCIH). However, recent developments underscore the importance of continual progress by the Honduran government to meet its commitments under the

Alliance for Prosperity. The tragic murder of indigenous and environmental activist Berta Cáceres on March 3 highlights the deficits in citizen security in Honduras. Honduran President Juan Orlando Hernandez stated the investigation into Ms. Cáceres' murder is a national priority and condemned the murder in the strongest of terms. We continue to call on the Honduran government to conduct a prompt, thorough, and transparent investigation to ensure it brings to justice those responsible. In addition, despite taking key steps to reform its national civilian police, Honduras heavily relies on its military police to provide citizen security. Returning all domestic law enforcement duties to civilian authorities remains a key component of our security cooperation in Central America. U.S. assistance will continue to play a key role in training and professionalizing Honduran civilian law enforcement authorities, enabling them to increase their capacity to provide citizen security in Honduras.

The leak of the "Panama Papers" earlier this month demonstrated the need for increased transparency in the international financial system. It further showed how much work remains to be done in the worldwide fight against corruption and illicit financial transactions. For its part, Panama has taken important steps to enhance the transparency of its financial system, tax regime, and anti-money laundering standards, including enacting a law in April 2015 that closed a major loophole in the country's anti-money laundering regulations. Under the new law, non-financial businesses like law firms and real estate agents are required to comply with the same reporting requirements on anti-money laundering and counter-terrorism financing as financial institutions. In recognition of Panama's recent reforms, the Financial Action Task Force removed Panama from its "gray list" of countries with strategic AML/CFT deficiencies in February 2016. We continue to engage the Government of Panama at senior levels to implement this new legal regime, and promote efforts to increase transparency and accountability throughout the region.

We also continue to respond to the sustained, elevated levels of unaccompanied alien child (UAC) and family migration from the region. March 2016 is the eighth straight month in which the U.S. government apprehended more UACs and family migrant subjects than in the same month in 2015. Northern Triangle governments share our concerns about irregular migration and are taking additional steps to respond. The Salvadoran government appointed "Border Coordinators" at two key ports of entry to oversee the interaction of the numerous agencies operating at the border, improving communication and coordination. Guatemala plans to remodel and expand a migrant reception center to enhance its ability and capacity to successfully reintegrate returned citizens back into the local community and economy. In Honduras, the government continues to make progress in apprehending UACs and family units being smuggled out of the country, and will deliver biometrics technology to all border posts to increase security this year. Continued U.S. support will enhance the capacity of Central American and Mexican governments to manage migration flows, combat human smuggling and trafficking, and enhance border controls. Our assistance also includes capacity building in Central America and Mexico to ensure respect for the rights of migrants and protection as guaranteed under domestic and international law.

The Central American governments in the region continue to demonstrate significant political will to make the difficult decisions that can lead to systemic reform. The transformation we seek will not happen overnight, and there may be setbacks on the path to success. Only through sustained commitment, both ours and theirs, will Central America realize its potential. We are working in partnership with regional governments and international donors to leverage our collective efforts and seize this important moment to create the opportunities to encourage Central Americans to remain at home so they can help contribute to the creation of a more secure, democratic, and prosperous region.

Thank you again and I look forward to any questions you may have.

The CHAIRMAN. Thank you.

Ms. Hogan?

STATEMENT OF ELIZABETH HOGAN, ACTING ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN BUREAU, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, D.C.

Ms. HOGAN. Thank you very much. Mr. Chairman, Ranking Member Cardin, and members of the committee, thank you for the invitation to testify today.

I appreciate your support of USAID's work in Latin America and the Caribbean, and I am pleased to update you today on our efforts in Central America.

I would like to focus on what USAID is doing to help address the challenges the region faces. We see prosperity, improved governance, and security for the objectives of our strategy for engagement in Central America as interdependent.

We know that opening doors to employment and education for citizens, especially youth at risk of gang recruitment, crime, and violence, will bolster our efforts in security and lead to freer, more prosperous societies. That is why our prosperity programs include efforts to support small businesses and entrepreneurs, to encourage private investment, to train youth in job skills, and to improve agricultural productivity.

In El Salvador, for example, we have helped 10,000 small- and medium-sized companies exceed \$10 million in domestic sales and exports, and create over 15,000 new jobs, 49 percent of which are filled by women.

In Honduras, our Feed the Future program investments resulted in an increase of nearly 55 percent in the incomes of more than 180,000 program beneficiaries, some of the country's poorest people.

These efforts to grow prosperity are only sustainable in an environment where democratic values and institutions flourish, where citizens can depend on basic social services, where impunity is reduced, human rights are respected and protected, and civil society and the media can play their rightful roles.

The peaceful protests against government corruption that characterized the Guatemalan Spring offer real hope that we have entered a new era in Central America.

Our governance projects include help to reform institutions to root out corruption; to strengthen civil society's ability to hold governments accountable; to foster a culture of respect for human rights, especially for the historically marginalized groups; and to improve fiscal transparency.

For example, in Guatemala, we have supported the National Forensics Institute since its inception in 2007. This body played an instrumental role in analyzing the evidence that led to the indictment of the former President and Vice President on corruption charges.

Ultimately, none of our efforts in prosperity and governance will take root in societies that are 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. We are using tested approaches in the most violent-prone communities to create safe community spaces, to provide job and life skills training, and to build trust between police and residents. Already, we are seeing tangible results of our crime prevention activities in El Salvador, where our initial analysis points to a drop in homicides of more than 60 percent in the 76 communities where USAID targets its programming.

As we carry out these plans, we are forming partnerships with the private sector and establishing regional networks that we hope will accelerate and strengthen our efforts. We currently have 60

private-sector partners in the Northern Triangle, from whom we leveraged \$150 million in fiscal year 2014 in support of our work for at-risk youth and our efforts to increase food security and grow incomes.

These are challenging efforts that require increased focus and manpower, and we are committed to efficient, effective, and transparent oversight of the programs through which we are implementing the U.S. strategy.

We use a full range of monitoring and evaluation tools. We are commissioning external impact studies to better inform our development work, and have established 5-year strategic plans to guide our work in each country. In short, we are collecting hard data to inform our programming so that we can take advantage of what works and make adjustments along the way.

We are encouraging the Northern Triangle governments to employ similar oversight methods, using the Partnership for Growth (or PEG) as a model. As you know, the Partnership for Growth is founded on principles of country ownership and partnership; high-level mutual accountability and transparency; rigorous, evidence-based analysis to focus and prioritize resources; and a whole-of-government approach.

Through Guatemala and Honduras, we hope to replicate the Partnership for Growth model. We intend to use the lessons learned from the implementation of PFG in El Salvador to encourage mutual accountability, coordination, rigorous measurement, and transparency with the public.

We believe that with concrete steps and increased investments we are seeing from the Northern Triangle governments, coupled with our own investments, we are well-placed for success.

Thank you, Chairman Corker, Ranking Member Cardin, and this committee, for your support and leadership on U.S. engagement in the Northern Triangle, and I look forward to your questions.

[Ms. Hogan's prepared statement follows:]

PREPARED STATEMENT OF ELIZABETH HOGAN, ACTING ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN BUREAU, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC

Mr. Chairman, Ranking Member Cardin, and distinguished members of the committee, 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 update you on our efforts in Central America.

DEVELOPMENT CONTEXT

As you know, social development and economic growth in Central America have been stymied by a dramatic rise in crime and violence—particularly in the Northern Triangle countries of El Salvador, Guatemala and Honduras. While the homicide rate has declined in Honduras, it is still unacceptably high. In El Salvador, the statistics from 2015 are particularly alarming—over 100 murders per 100,000 people. This surpasses the murder rate at the peak of El Salvador's civil war in the 1980s.

The recent wave of insecurity is rooted in increased gang violence and transnational crime, deep-seated social and economic inequity, lack of economic opportunity, and high unemployment. These problems are exacerbated by systemic challenges across local and national governments in the region. Institutions are plagued by lack of capacity to govern, antiquated management systems, and corruption that continues to undermine efforts to improve security and advance prosperity. According to Transparency International (2015), three of the five most corrupt nations in Latin America and the Caribbean are in Central America.

We continue to see the consequences of these problems manifest at our border as children and families make the dangerous journey to the United States. This migration is deeply concerning to us and our interagency partners, and USAID is determined to help migrant returnees, while simultaneously addressing the underlying causes that drive people away from their homelands. In the immediate term, USAID supports the work of the International Organization for Migration to upgrade reception centers across the Northern Triangle, improve intake and referral services for returned migrants, and provide technical assistance to governments to improve their own child protective services and migration data analysis.

REGIONAL RESPONSE FROM CENTRAL AMERICA

These obstacles are deeply entrenched, and years in the making, but they are not insurmountable. As we have seen in Colombia, where peace is within reach after decades of internal conflict and poverty, real development gains occur when there is a strategic and determined effort on the part of host governments, an engaged civil society, and sustained commitment by the United States.

We have already seen promising signs of the Central American governments' commitment in the form of a serious, regional plan, the Alliance for Prosperity, which aligns closely with much of our United States Strategy for Engagement in Central America. The Alliance for Prosperity lays out the Northern Triangle governments' shared commitment to grow their economies, create employment, and improve the life prospects of their citizens, particularly the poorest and most vulnerable. We are encouraged that the governments of Guatemala, Honduras, and El Salvador passed 2016 budgets totaling \$2.6 billion to support the Alliance for Prosperity.

Policy reforms undertaken in the past several years have translated into tangible results on the ground. Newly elected President Morales has committed to extending the mandate for the International Commission Against Impunity in Guatemala (CICIG) beyond his own term in office. With USAID support, the Guatemalan judicial system, Office of the Attorney General, High Impact Court, and National Forensics Lab have made progress in combatting impunity. Honduras initiated top-to-bottom reforms of its National Police and has embraced violence prevention as policy.

Neighboring El Salvador has developed the most comprehensive national security plan in the Northern Triangle—Plan Seguro. El Salvador has started Plan Seguro implementation in ten of the country's most violent communities, and USAID and the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) have concrete plans to support their efforts. Plan Seguro is financed by newly imposed taxes on telecommunications companies and Salvadorans who earn more than \$500,000 per year.

These particular actions and local ownership of the Alliance for Prosperity demonstrate political will from the Northern Triangle countries. Nevertheless, a strong partnership with the United States is necessary to achieve and sustain our shared objectives of prosperity, improved governance, and security, which underpin both the Alliance for Prosperity and the United States Strategy for Engagement in Central America. This partnership is in line with USAID's overall mission to partner to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity.

PROSPERITY

One of our key priorities is to spur greater prosperity in the Northern Triangle by supporting broad-based economic growth programs designed to expand business, employment, and educational opportunities to the poor and those most likely to migrate. We know that opening doors to employment and education for citizens—especially youth at risk of gang recruitment, crime, and violence—will bolster our efforts in security and lead to safer, more prosperous societies.

USAID will continue to support El Salvador in its own efforts to grow the economy at the municipal and national levels. At the local level, our work includes projects that help local communities promote economic development and business opportunities. At the national level, we are assisting the government to create a more welcoming business environment, encourage private investment, and improve the ability of small and medium enterprises to take advantage of market opportunities.

USAID's investments have helped enable domestic sales and exports by 9,000 Salvadoran companies that have exceeded \$100 million and led to the creation of over 15,000 jobs. More recently, USAID's partnership with the El Salvadoran small business development agency has expanded services in two of Plan Seguro's most violent

municipalities, bringing together small business owners, municipal authorities, and police to create viable business development zones.

In Guatemala, our prosperity programs are geographically focused in the rural Western Highlands, where poverty levels are the highest. Chronic malnutrition rates remain around 50 percent country-wide and average 66 percent in indigenous communities in the Western Highlands. As a result of USAID's Integrated Program, targeted communities have seen a reduction in the prevalence of poverty, improved nutritional status for children, increased income and employment, greater agricultural productivity, improved access to water, and better health and educational services. For instance, in the 2,500 communities where we work, the prevalence of poverty was reduced from 85.9 percent in 2012 to 72.9 percent in 2014, according to an independent evaluation. According to preliminary data from the latest mid-term evaluation, chronic malnutrition was reduced from 67.4 percent in 2013 to 64.9 percent in 2015 for children under five in the same target communities.

We plan to significantly expand the Integrated Program to help address the causes of migration by youth from the region. This includes exploring new economic opportunities in sectors beyond agriculture, as well as ramping up workforce readiness and vocational education opportunities. With additional FY 2016 and FY 2017 resources, we can expand the reach of our Integrated Program to all of the targeted municipalities in the Western Highlands with the greatest levels of migration.

In Honduras, USAID will use additional resources to build on our successful Feed the Future (FTF) programming, which has shown significant results in reducing extreme poverty. While monitoring FTF investments, we have tracked program progress and found that between 2011 and 2015, incomes increased by nearly 55 percent for more than 180,000 of the poorest individuals. Within the last fiscal year alone, the number of FTF beneficiary families whose incomes rose beyond the extreme poverty line increased by 30 percent (8,719 in FY 2015, compared to 6,626 in FY 2014).

Across all three countries, we will invest in clean energy programs and trade facilitation that promote regional electricity integration, in support of President Obama's Energy Security Task Force for Central America, and prepare the poor to actively participate in the 21st century workforce. Our investments will promote clean energy, and improve the poor quality of electricity in the region. Less expensive, more reliable energy will improve the competitiveness of the business sector while enhancing energy security.

GOVERNANCE

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 or eliminated, human rights are respected and protected, and civil society and the media can play their rightful roles. The peaceful protests that characterized the "Guatemalan Spring" offer real hope that we have entered a new era in Central America. Ultimately, the success of our efforts depends upon strong and effective governance by the Northern Triangle countries.

We plan to invest the increased FY 2015 and FY 2016 funding in new initiatives to promote good governance and accountability in the Northern Triangle. In Guatemala, USAID will complement a Millennium Challenge Corporation-supported tax administration program to assist private sector and civil society groups in monitoring the effectiveness of the tax and customs services. In an effort to address rampant corruption and build on the wave of public sentiment and support for reform, we are considering support for the start-up of the Government of Honduras and Organization of American States' new anti-corruption initiative, known by its Spanish acronym MACCIH. This would include resources to help stand up the investigative unit and support the civil society observatory, which will monitor and promote the implementation of reforms to the criminal justice system. With FY 2016 resources, we will continue to support programs that address chronically low tax revenue collection, improve fiscal transparency, and expand justice sector reform throughout the region. USAID provides technical training to judges, lawyers, and court personnel, as well as technical assistance to the juvenile justice system on important rehabilitation and reintegration reforms.

In El Salvador, we support civil society to advocate for passage of civil service laws and transparent policies for hiring and promotion, and assist the government to develop a national integrity plan that improves transparency in public resource use. For example, USAID, the Government of El Salvador, and the Government of Brazil partnered to support the launch of a new fiscal transparency portal. The portal, which receives more than 10,000 hits per month, provides a user-friendly plat-

form for researchers, the private sector, and ordinary citizens to obtain information about the public budget.

We are also committed to supporting civil society and human rights throughout the Northern Triangle. We work with indigenous groups, human rights defenders, and governments to help foster a culture of respect, especially for historically marginalized groups. We recognize the important role that these groups, particularly indigenous peoples, play in sustainable development, conservation, safeguarding biodiversity, and adapting to and mitigating the effects of global climate change. Our programs work in partnership with these groups by integrating consideration of their concerns into our policies, programs, and projects; strengthening their traditional resource management strategies; helping to legalize and demarcate their territories; and helping them to improve their livelihoods.

SECURITY

None of our efforts in prosperity and governance will take root in societies that are 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. We have supported a range of tested, community-level approaches to reduce and prevent crime and violence in high-crime communities across the Northern Triangle. These approaches 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, provide job and life skills training, and build trust between police and residents.

Already we are seeing tangible results of our crime prevention activities in El Salvador, where our initial analysis points to a drop in homicides of more than 60 percent in the 76 communities where USAID targets its programming. This statistic is a stark contrast to other communities where homicide rates have climbed sharply over the past year. Additionally, our 200 youth outreach centers reach around 85,000 at-risk youth every year who are susceptible to gang recruitment and potential migration.

We will use additional resources to help the Northern Triangle governments scale up what is working, particularly in the communities from which youth are migrating. We are working with INL to marry the United States Government's prevention, law enforcement, and justice interventions, focusing on the youth most at risk of falling into lives of crime. We are also heartened that the Government of Honduras has supported this model and directed its own resources to support this program; it is likewise gratifying that so many elements of our model are reflected in El Salvador's Plan Seguro.

REGIONAL APPROACH

Through our Central America regional platform, USAID recently released a new regional strategy to address cross-boundary concerns, including human rights, labor, energy and environment issues, and trade facilitation. We are developing a new regional trade facilitation program that aims to reduce the time and costs to move goods across the border, making it easier for businesses to capitalize on market opportunities.

Part of our regional program will expand a successful regional trade and market alliance with the Inter-American Development Bank, which supports 25,000 small producers in new producer-buyer alliances across several agricultural value chains. We also plan to extend our regional agreement with the U.S. Department of Agriculture to promote food safety, market access, and local capacity in the

Northern Triangle to export safe, high value agricultural products to the United States. In addition, we are planning new regional programs to promote human rights and labor rights.

PARTNERING WITH THE PRIVATE SECTOR

To accelerate progress, we will continue to tap into the resources, value chains, expertise, and reach of the private sector. We currently boast a roster of 60 private sector partners in the Northern Triangle, from whom we leveraged \$150 million in FY 2014 resources to jointly support our vocational training, education, and employment work for at-risk youth, and increase food security and incomes for vulnerable communities.

OVERSIGHT

Operationally, we have made several changes to better equip our teams to expand successful programs, and design and implement new ones. One year ago, USAID instituted a Regional Governing Board comprised of Agency leadership in Washington and the field, which meets quarterly to identify and share implementation challenges, unblock bottlenecks, streamline approaches, and update critical stakeholders including Congress. We recently added a civil society consultation to the quarterly meetings—in Washington and the field—to ensure that we are getting a wide-cross section of input into our plans and programs.

USAID has realigned our staffing pattern to accommodate 16 new positions in the field and Washington that support the implementation of the U.S. Strategy. We are also unifying all of our procurement planning throughout the region, so that staff can be mobilized to work on the highest priority procurements. These changes give us the management capacity needed to more effectively implement the increased funding for Central America.

USAID is committed to accountability, transparency, and oversight of the programs through which we are implementing the U.S. Strategy. We rely on a full range of monitoring and evaluation tools, including survey data collection, performance indicator monitoring, analysis, studies, and external evaluations. Our Missions in the Northern Triangle are also guided by five-year strategic plans, and their individual monitoring, evaluation, and learning plans. These tools and plans not only allow us to establish baselines and track the status of our programming; they also help us to be more flexible in our approach by demonstrating what is not working and providing the data needed to help us adapt our programs and allocate resources accordingly.

For example, last year we expanded our community-based crime and violence prevention programs in Central America after an independent and rigorous impact evaluation statistically demonstrated that crime victimization is dramatically lower and public perception of security higher, in USAID's treatment communities.

In addition, we recently created a Central America Learning Agenda to build regional evidence and data collection for each of the three pillars of the U.S. Strategy. This Learning Agenda allows our team to compile evidence from ongoing regional assessments and evaluations, and to plan and carry out performance and impact evaluations for new or expanded programs.

ENCOURAGING COOPERATION AND ACCOUNTABILITY:
THE EL SALVADOR PARTNERSHIP FOR GROWTH MODEL

USAID remains resolutely focused on helping the governments of Guatemala, El Salvador, and Honduras become more responsive and transparent to their citizens. We coordinate our support with other United States Government agencies, and have made our assistance dependent on significant reform. The U.S. Strategy for Engagement in Central America reinforces the Alliance for Prosperity, which commits the countries to monitor and evaluate their own efforts and empowers civil society organizations to assume an oversight role as well. Adopting a collaborative approach that encourages not only partnerships, but also ownership by governments and civil society requires intensive work, but, importantly, increases buy-in and commitment.

To accomplish our goals, USAID intends to support the core operating principles of the Administration's Partnership for Growth (PFG) model in Guatemala and Honduras, encouraging mutual accountability, coordination, rigorous measurement, and transparency with the public. The PFG model, founded on principles of country ownership and partnership; high-level mutual accountability and transparency; rigorous, evidence-based analyses to focus and prioritize resources; and a whole-of-government approach, was first used in El Salvador, where our efforts ensure that aid follows reform. For example, USAID leveraged the Millennium Challenge Corporation's existing efforts to promote key reforms on public-private partnerships and money laundering—important legislation that was needed to ensure sustainability for our efforts and was agreed to by the Government of El Salvador when PFG was launched in 2011. Though Guatemala and Honduras are not PFG countries, we intend to use lessons learned from the implementation of PFG in El Salvador to promote reform, transparency and local ownership of development progress.

CONCLUSION

With renewed commitment from Northern Triangle countries to advance their own development goals, and our government's support, USAID is well placed for success. Our programs are strategically designed to confront current challenges while also enabling countries to better address emerging threats. As we have seen

with the Zika outbreak and the prolonged drought, preparation and coordination are crucial to mitigating the effects of, and developing a response to, the crises and natural disasters that the region regularly faces. Political will, in combination with improved local capacity, leveraged resources and new partnerships, will allow us to help Central American governments create a more peaceful, prosperous, and integrated region.

On behalf of the Agency, I would like to thank Chairman Corker, Ranking Member Cardin and this committee for your support and leadership on U.S. engagement in the Northern Triangle. We look forward to collaborating with you to address long-standing challenges and new opportunities for reform in the region. Thank you for your time; I look forward to your questions.

The CHAIRMAN. Thank you.

As a courtesy to the other members, I am going to reserve my time for interjections. And thank you both for the sort of higher level testimony.

I do hope that, over the course of questioning, we will understand how this is going to work with the Alliance for Property, how these two are going to tie together. I think there are a number of questions about that.

But with that, Senator Cardin?

Senator CARDIN. Thank you both for what you are doing.

There is a general belief that if you are in the Northern Triangle, you have a better chance to be a member of a family that has been a victim of a crime than a perpetrator of a crime being held accountable for their crimes. The impunity rates are just unbelievably high.

So I am going to ask a couple questions related to what we are doing to deal with the issues of corruption and the issues of independent judiciaries and law enforcement.

But let me start first with the brazen murder of Honduran human rights activist Berta Caceres. In Colombia, we supported \$10 million for dealing with protecting mechanisms for human rights defenders. What are we doing in regard to protecting civil societies in the Northern Triangle as part of our plan?

Mr. PALMIERI. Senator, thank you for that question.

Across-the-board, the strategy for engagement in Central America is making investments in better governance, and part of those investments in the governance area is designed to help governments better protect their citizens, lower those impunity rates.

But with respect to assistance directly to civil society activists, we insist on the highest human rights standards. Our training of the police forces incorporates human rights training elements. And in these governments where they have put in place new legislation to better introduce protective measures, we are trying to facilitate and accelerate the implementation of that legislation.

Senator CARDIN. Can you put a dollar amount on what we are investing on trying to protect civil societies operating in the Northern Triangle?

Mr. PALMIERI. I do not have the specific figure, but we will get that for you, sir.

Senator CARDIN. I appreciate that.

I want to follow up on democracy funding, as to what we are doing in supporting democracy funding. If you could provide us a look at Plan Colombia, what we spent in that country successfully. We are not finished yet. Governance was critically important there, and I think there are lessons to be learned.

As I look at what we are doing in the Northern Triangle, a lot of money is being invested in security, which is necessary. I do not disagree with that. But I do not see the same commitment as it relates to governance.

Ms. HOGAN. Thank you for that very important observation, and let me assure you that democracy and governance is equal to the resources and the programs that we are funding under the other two pillars of prosperity and security. That is the design of the strategy.

Although the request level for democracy and governance programs might look smaller to you compared to those other two pillars, in fact, we are supplementing that with resources from our Central America Regional Security Initiative, or CARS I program, which is also doing governance work at the local level, particularly through municipal services—as well as improving the transparency of those municipal governments. Our CARS I program is also supporting human rights, particularly in the area of gender-based violence programs.

So that is one way that we complement the work that we are doing in the democracy sector.

Also, under the prosperity pillar, we are using resources to help provide support to the oversight bodies within governments, like the supreme audit association, to the financial management systems under the ministries of finance, to the overhaul of tax regimes, where in El Salvador, for example, we have recently helped them put online an e-procurement system.

Senator CARDIN. Let me ask you this, how confident are you that they have set up the proper mechanism to evaluate their anticorruption activities? In Guatemala, they have used the U.N.-backed international commission. That was too controversial for the other two countries. They wanted to have more propriety as to the mechanism that was set up, to be more local.

What is our confidence that they will adhere to international standards to fight corruption?

Mr. PALMIERI. To begin, it is a critical component of the appropriation, and it is a criteria that we will be certifying the countries on.

Second, in Honduras, they have reached an agreement with the OAS on this organization MACCIH that will have independence and an ability to investigate corruption cases within the country.

In El Salvador, we are working through the PFG and other mechanisms to ensure that citizen groups also have a voice in pressing their governments for greater accountability as well.

Senator CARDIN. Look, there is a lot of pressure on certifications, and I strongly support what is being done on the appropriations side to make sure that there is accountability for the release of funds, and they work very closely with this committee as we work together to put that into the appropriation process.

But we also know that you have governments that desperately need funds, and at times we can say, look, we have to be a partner.

How committed are you on these certifications to make sure that we demand and accomplish achievable results in fighting corruption?

Mr. PALMIERI. I think it is absolutely essential for the success of both the Alliance for Prosperity and for our own strategy for engagement and the congressional support to this that the governments themselves are involving actively citizen groups and civil society in the oversight of the Alliance for Prosperity and our programs.

Senator CARDIN. I agree with that.

Mr. PALMIERI. We are committed to ensuring that there is a real process.

Senator CARDIN. I agree with that, but it is more than just involving the civil societies and having more transparency. It is also reducing the impunity rate so that those who commit these crimes are held accountable under an independent judicial system.

Let me just ask one other question quickly, if I might, and that is the status of those who want to come to America legally. We have refugee status issues. We have victims of trafficking that are entitled to relief. We have the Central American minors program.

It seems like these programs are overly complicated for those that are victimized to be able to establish a legal path to come to the United States.

I was there. I was in the community. I have met with young people. There is a common desire to come to America. I understand that. The neighborhood I visited, it was very clear to me in talking to the U.S. people that were there that a large number of these children will not survive in their community because of the gang activities.

So what are we doing to facilitate the legal process for those who are entitled to come to America?

The CHAIRMAN. Do so briefly, because we are going to try to finish by 11:55, okay?

Mr. PALMIERI. Yes, sir.

The Central America minors program last year received 7,600 applications, and it has begun to process and get more of those children who need this protection through the screening process and into the United States under its protective element.

We always knew when we stood up that program it would take some time to gain widespread knowledge of it. We expect, in the year to come, that we will see more and more parents and children taking advantage of the program, sir.

Senator CARDIN. Will you make available to the committee the numbers that have actually gone through the process, how long it took, how many have actually been allowed to come to the United States? Would you get that specific information to us?

Mr. PALMIERI. Yes, sir.

Senator CARDIN. Thank you.

The CHAIRMAN. Thank you. Thank you very much.

Senator Gardner?

Senator GARDNER. Thank you, Mr. Chairman. Thanks for holding this hearing today.

Thank you to the witnesses for your service and your time today.

Mr. Palmieri, just a question for you, on the Mexico border with these northern countries, what is the situation on the border itself? You may have talked about this earlier in your testimony, but I

was late. I just wanted to get your taste for what you think is happening there.

Mr. PALMIERI. On the Mexico-Guatemala border, Mexico has really stepped up its cooperation with the Guatemalan Government in controlling that border. We have also provided additional assistance to Mexico in the form of embedded CBP advisers, biometric equipment. Mexico is doing a much better job on its southern border on preventing that flow. In fact, in calendar year 2015, they stopped over 18,000 unaccompanied children, compared to around 10,000 the year before.

There is a cross-border task force between the two governments. I think we have a lot of good cooperation from Mexico.

But more importantly, we are building that same type of cooperation between El Salvador and Guatemala, and Honduras and Guatemala, and all three of the Northern Triangle countries, so that they also are better controlling their borders.

Senator GARDNER. So as a result then, we have seen a decrease in human trafficking as a result of these changes?

Mr. PALMIERI. There is a lot of human trafficking and alien smuggling going on in Central America. We think we have a much more effective process now that our Department of Homeland Security elements in our embassies are working on coordinated investigations. There was a highly successful investigation that involved Mexico, Guatemala, and El Salvador last fall that broke up an alien-smuggling ring.

Part of the critical component of our program in Central America is to strengthen border controls and the ability to disrupt these networks.

Senator GARDNER. So would you characterize that as a decrease in human trafficking though?

Mr. PALMIERI. I believe we are having success in disrupting those networks, but the flows remain high. And other conditions in the region, the longer term underlying conditions continue to exist, and that is why our investment in this region is so important, because with 6 million young people looking for jobs, we not only have to provide security, but we have to help catalyze greater economic investment and job creation.

Senator GARDNER. Just so I understand, you are making these changes, making these investments, and they have done this, but we are not ready to commit ourselves to saying that we have actually seen a decrease in human trafficking then?

Mr. PALMIERI. Sir, I do believe there has been a decline in alien smuggling and human trafficking. The numbers are down from 2014.

Senator GARDNER. Thank you. And what about drug trafficking?

Mr. PALMIERI. Drug trafficking continues to be a very serious concern throughout the region. It is the primary transit zone from drugs coming from South America. All three countries are cooperating with us and working to help interdict that flow. But we know that coca cultivation rates are up in South America, and it will be a challenge to continue interdicting that drug flow.

Senator GARDNER. General Kelly, the former command at SOUTHCOM, talked about how, in his estimation, we have eyes on

roughly 90 percent of the narcotic traffic coming out of Central and South America.

Do you agree with that assessment? You may or may not have that information.

Mr. PALMIERI. I do not have the specific information that General Kelly has, but I do think we have good partners. We do have an effective system in the joint task force in Key West. We are tracking a lot of it. And we probably do need more assets in the region, both from our partners and our own assets there to help interdict.

Senator GARDNER. The conversation he had is he talked about how we had significant ability to watch to know what was being trafficked, but very little ability to stop, the resources needed to intercept or interfere with that transfer.

If we have eyes on it, what do we need to do to actually stop it?

Mr. PALMIERI. That is why the strategy for Central America, and the appropriation that looks at building the capabilities of our partners in the region on the security front, is so important. Those investments that help these governments themselves become more effective partners to the United States will help us impede that flow.

Senator GARDNER. When I was in Mexico this past winter, I had a conversation about drug trafficking issues. One of the concerns that was brought up was about some of the policies in the United States as it relates to certain efforts to legalize marijuana and other drugs in the United States, and how they felt that the U.S. was sending a mixed message in terms of narcotic trafficking and stopping the flow of drugs from Mexico to the United States.

Are you seeing policies within the United States, domestic policies, State-driven policies, having an effect on our conversations in Central America?

Mr. PALMIERI. Senator, there you are beginning to get a little bit out of my area of expertise. I know that all the countries in the region are concerned that the demand in the United States spurs the supply in the region. I think it is an important element of the administration's effort to reduce demand in the United States. In some respects, we have had success in that area. But the countries, they do express concern about it.

Senator GARDNER. Ms. Hogan, what do you think, in terms of the challenges that we are facing in these nations, what is the most challenging issue?

Ms. HOGAN. Certainly, security is the greatest challenge, I think, that these governments face right now. In fact, the homicide rates in El Salvador are at the highest levels since the civil war in the 1980s.

When we testified before a House committee just two months ago, we noted that the homicide rate in El Salvador was at a historic high, at 103 per 100,000 persons. It has gone even higher than that in the past month, now surpassing 120 homicides per 100,000. Compared to Costa Rica, which has eight homicides per 100,000, you can get a sense of the problem. So this is a very urgent issue for El Salvador and Honduras, although there have been gains in Honduras.

I would say that, for Guatemala, the issue is a little bit different. Although security is of great concern in Guatemala, there I think

it has been decades of noninclusive growth that have left the indigenous population, which makes up 60 percent of the population of Guatemala, in desperate poverty. It is also the driver of migration from the Western Highlands into the United States.

So our programs in Guatemala are focused specifically in that region to try to help increase incomes and provide people an alternative to migrating to the United States.

Senator GARDNER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Thank you very much.

Senator Kaine?

Senator KAINE. Thank you, Mr. Chair. I want to express my thanks to you and Senator Cardin for calling this hearing. It is a very, very important one, and I want to thank the witnesses for the good work that you do.

There is reason to be hopeful that, if we make these investments the right way and we monitor them the right way, we can see progress. Certainly, the experience that we have had in working on Plan Colombia over the years suggests you can take a situation that looks just completely bleak and, with persistence, lead to significant progress. In Mexico, the fact that we are now at net migration being even from Mexico is also a tremendous improvement over the situation many years ago.

Both Colombia and Mexico have still major challenges, but we have seen progress in some key areas that cause us trouble. So if we get these investments right, we can be hopeful.

I was with Senator Cornyn in February last year, and we were in Honduras back where I had worked many years ago. Our U.S. Ambassador took us to a neighborhood and said, "I am now taking you to the most dangerous neighborhood in the most dangerous city in the most country in the world," the Chamelecon neighborhood in San Pedro Sula. The homicide rate has come down, but right in the middle of that horrible neighborhood, there is USAID-run community centers that have really been part of, and the Honduran Government would say this, have been part of that one-third reduction in the homicide rate.

So big, big challenge, will not be quick, but we need not despair about the ability to move the needle the right way if we invest the right way.

I want to talk a little bit about the investments.

And the other thing, Mr. Chair, I thank you. I do not do this enough. The Congressional Research Service report that was prepared at your request for this hearing is very, very good.

The CHAIRMAN. It is very good.

Senator KAINE. And the CRS does a lot of good work every day, but they did a very good job of laying out how the investments that we passed last year and those proposed by the President this year are allocated per account, per country, what were some of the metrics that would be examined.

So I want to get into the question of metrics, metrics of success and what we are looking at.

On the security side, it is a little bit easier. I mean, sadly, instances of violence are one of the easiest things to measure. So homicide rates per 100,000, you talked about it, and we are already seeing some progress in Honduras.

There is also a security measure that is important to get at questions that were raised by Senator Cardin on the impunity, the number of convictions and prosecutions or whether people are going scot-free. Those are relatively easy to measure, not necessarily easy to achieve the measurement you want, but you can track them.

What measures do you use on the other half of the investment? So it is security, it is prosperity, it is democracy, democratization, transparency? What are you looking at as the measureable signs of progress, kind of the metrics that you want to see from the three Northern Triangle countries on the economic and democratization side of these investments?

Ms. HOGAN. Thank you for the question.

On the economic side, we want to see inclusive growth. We want to see increased jobs, particularly for marginalized groups such as youth, women, LGBTI, and others who have been subject of harassment or lack of opportunity. So that is certainly one measure that we will use.

On the democracy front, we want to see a reduction in the number of cases that are thrown out for a lack of evidence. And I can say that USAID has invested in Guatemala in 24-hour courts. That is a model for efficiency in the justice system, whereby it is open 24 hours 7 days a week and we have co-located judges, prosecutors, investigators, and medical professionals, forensic scientists, et cetera.

As a result, what we have seen in these 24-hour courts is that the cases that had been thrown out for lack of evidence were 75 percent before these courts were established, and they have now reduced to 15 percent of cases that are thrown out for lack of evidence. So what we see is that, rather than relying simply on witness testimony, now we have the kind of hard forensic science and data we need to be sure that these trials go forward, and we can reduce impunity by putting together the kinds of cases that will put perpetrators in jail.

Senator KAINE. Can I ask, on the transparency side, Honduras, as you described in your opening testimony, has embraced a transparency initiative first with the NGO Transparency International, but now with an OAS independent agency to try to promote transparency and accountability, anticorruption in government. Guatemala has done the same.

Remind me about El Salvador? What is going on in El Salvador with respect to transparency and anticorruption activities?

Mr. PALMIERI. So in El Salvador, they have passed national legislation that requires more effective public declaration by public officials. They have created a probity commission. They are doing it nationally. They have an arrangement with a U.N. development organization to strengthen some of the institutional capability, but they have not gone as far as Guatemala or Honduras and accepted an external entity with an ability to independently pursue some of these transparency initiatives.

Senator KAINE. So that might be an area for the committee, to the extent that we are interacting with El Salvadoran officials, to hold up Guatemala and Honduras. They have embraced external, more independent transparency arrangements or organizations,

and that would be the kind of thing we might encourage in El Salvador as well.

Mr. PALMIERI. I think the record of success of the U.N. agency CICIG in Guatemala demonstrates that you can improve national efforts with a good external partner that has the independence to help your institution target those emblematic cases and make progress on them.

Senator KAINE. Let me ask you a question, and I would love you to be as candid as you can on this. Some of the success of what we are doing, which dovetails fairly nicely with the Alliance for Prosperity among the three nations, does depend on the degree to which they cooperate with each other, and there has been some historical enmities between some of these nations in the past, and they are in different places in their government, whether there is a new President or a more senior President. What is the level of cooperation among the three nations on these efforts?

Mr. PALMIERI. I think that is the really historic part of the Alliance for Prosperity, that with the assistance of the Inter-American Development Bank, the three countries came together. As you know, there are some historical enmities between them. But they agreed on a common approach that is designed to improve the productive sector, build human capital, strengthen access to justice, and improve transparency.

They are working on a common approach to the issue, and I think that is significant and a statement of the kind of political will that all three countries are putting to the effort, Senator.

Senator KAINE. All right.

Thank you, Mr. Chair.

The CHAIRMAN. I do hope somehow we get, maybe we will have to do it with written questions, but a little more of an understanding of how the actual dollars align with what the Alliance for Prosperity is doing.

With that, Senator Rubio?

Senator RUBIO. Thank you.

One of the new complications many of these countries in Central America are facing now is a surge in Cuban migrants who have figured out you can take an airplane to Central America. And now some of these countries are basically demanding that they be allowed to continue their transit here. The argument they are making is these people do not really want to live here. They are just coming through here to get to the United States from Cuba.

Can you describe, first of all, the strains that this is placing on these countries beyond just the Northern Triangle countries, the strains that this is placing on Central America? Is this not a very serious and growing problem that shows no sign of abatement?

Mr. PALMIERI. Yes, sir.

Senator, I think it is a very serious problem. It is most acutely felt in Costa Rica and Panama. And in addition to people flying directly, people are flying to Ecuador and making their way north through Colombia into Panama and Cuba. It is putting a significant stress on the migration officials in these countries.

Our concern is that this has to be done in a safe, legal, and orderly way, and we are working with the region's partners to develop those goals.

Senator RUBIO. But many of their goal is just to hopscotch through the countries in Central America until they got to the southern border. They would just cross. And as soon as a Cuban crosses the border, they just turn themselves in and they are legally here.

Mr. PALMIERI. That is exactly right, Senator.

Senator RUBIO. And this is a growing problem. I mean, we have seen this grow over the last year and a half, and this route is becoming a well-developed one. I would imagine for these countries, especially the ones we are talking about today that are already facing significant challenges internally, this additional strain is not helpful, to say the least.

Mr. PALMIERI. It is putting a strain, as I said, more acutely in Costa Rica and Panama, where the backup is occurring because Nicaragua has closed its border somewhat more effectively to some of that hopscotch that has been taking place.

Senator RUBIO. Okay. Now, switching back to this particular topic, there has been a lot of comparison done between what we are trying to do here and Plan Colombia. It was nearly a failed state when the United States got involved, but I would argue that there are some very significant differences between Plan Colombia and the challenges that we are facing here now.

When Plan Colombia came about, it was successful because it had the full support of the entire political spectrum in that nation. They knew absolutely that it needed to be done. Unfortunately, we do not have that yet in the Northern Triangle or in Mexico for that matter.

Plan Colombia also started out with security. It was the number one obligation there. They knew that they needed to deal with security first. Without security, none of these other things would matter, if you did not have a secure environment first.

So you had two things, strong leadership from President Uribe and others, combined with this emphasis on security first. And only after the security happened were the economic developments and some of the other things that needed to be done possible.

So when you look at the violence levels that increasingly grow and are incredibly high, you have tens of thousands of people being killed, what exactly does this deal do to help improve the security? And is it being prioritized on security first?

Mr. PALMIERI. Senator, thank you for those observations.

It is true that security is a critical component of our approach to Central America. From 2011 to 2014–2015, we invested a significant amount of money in security efforts.

Senator RUBIO. Invested in what, for example? What are the security efforts?

Mr. PALMIERI. In community policing models, in professionalization of police authorities, in improving their ability to interdict drug flows through the region.

But what we found is, and why we have pivoted is, that we needed to balance these investments and to put some more money into prosperity and into governance. Together we think a more balanced approach, that maintains the security investments but then brings along these additional investments in governance and in economic prosperity, we think this will give us a better chance of success

over the longer term in helping these countries pursue their own plan, which is the Alliance for Prosperity.

And, sir, I believe that that is a historic change in the region, that the leaders of these countries realize that they cannot go this alone, that they have to work together on a common set of principles in how to address the challenges their countries are facing.

Senator RUBIO. I understand the balanced approach. My only question is whether enough emphasis is still on the security aspect of it, because the truth of the matter is—I understand that there is a prosperity crisis in that region and that needs to be addressed. But my argument is you are not really going to be able to address it as long as you have the amount of money being spent and invested by these criminal organizations, which in many cases are much better funded, better paid, better equipped, better armed than the police agencies we are trying to empower.

When you talk about security, are you saying we are only working with police departments? Have there been investments made in the military, because these countries do not have the luxury of picking or choosing which agencies are going to be involved in confronting? In the case of Colombia, their military played a significant role in taking on these trafficking rings. In fact, some of the most effective antidrug initiatives, anticriminality initiatives in Mexico were being conducted, for example, by the Mexican navy even inland.

So where are we investing the security funds? Are we prohibited from investing funds in their military apparatus?

Mr. PALMIERI. Our security investments help both police and the militaries in the region. Helping professionalize the militaries to deal with the external drug trafficking routes that go through their countries, but also helping professionalize and improve civilian police components.

Senator RUBIO. What about, for example, the court systems? Have we invested in improving their criminal justice systems, their courts, their ability to prosecute and bring people to justice?

Ms. HOGAN. We have, indeed. And in fact, the very public corruption cases that took place last year that brought down the President, the Vice President, and half of his cabinet, were done because of the investments that we have been making over years into the prosecutor's office, into the forensics lab, into the justice sector, the high impact court, for example, that is going to hear these trials.

So I think we do see signs of success as it relates to justice sector strengthening. Clearly, much more needs to be done, but I think that we can share some of the credit in the successful outcome.

Senator RUBIO. One more question, and this is probably for the State Department. What about extradition? What is the state of affairs with the ability to extradite kingpins and large figures in organized crime?

Mr. PALMIERI. I particularly want to single out Honduras, which has made significant progress over the last few years. They have extradited a number of kingpins. I think the number is now between eight and 13 high-level people that they have helped us detain and then extradite to the United States.

Senator RUBIO. Okay. Last question, is this money we are spending, is this budget assistance? Are we basically using it to help

them fund their existing budget? Or are we only spending money on new programs for specific purposes?

Ms. HOGAN. It is the latter. We do not do budget support in Central America. So our funding goes through implementing partners. Although we co-design with our partners in government, they do not manage the money on the U.S. Government's behalf.

The CHAIRMAN. Thank you.

Before turning to Senator Menendez, my first interjection, I noticed in the Alliance for Prosperity, and CRS did do a good job laying this out, just a little over 10 percent of the money is being spent on security, just to follow up on that line of questioning.

With our budget, what percentage of it is being allocated for security?

Mr. PALMIERI. Of the \$750 million appropriation, it is roughly 40 percent in economic prosperity, which we had not been doing a lot of.

The CHAIRMAN. How much on security? That is all I am asking.

Mr. PALMIERI. Right, about 30 percent of the total, sir.

The CHAIRMAN. So 30 percent of our dollars are going toward security?

Mr. PALMIERI. Yes, sir.

The CHAIRMAN. One thing to point out is, in Colombia, they had President Uribe, who cared about this issue and was most dynamic. What is your sense about the leaders of these three countries and their commitment to security?

Mr. PALMIERI. I think all three countries understand, as Senator Rubio pointed out, you have to have security first.

In Honduras, President Hernandez has really made lowering the homicide rate a top priority that has had success.

In El Salvador, President Sanchez Ceren has developed this plan, Safe El Salvador plan, which targets the most violent communities.

And in Guatemala, where the violence rates are not quite as high there, President Morales has reiterated his intention to continue combatting crime there.

The CHAIRMAN. I would just reiterate what was already said, and that it is very difficult to have much economic growth when you have tremendous violence taking place. It just cannot happen.

Do you want to say something, Ms. Hogan?

Ms. HOGAN. Yes. I totally agree with that observation. I just wanted to point out that, in El Salvador, as an example, we had statistics presented to us from the national police that showed that between 2014 and 2015 in the 76 communities where USAID had security programs through CARSI, we saw a 66 percent decline in the homicide rates in those communities. So this is even all the more remarkable, given the fact that over that same period of time, there was a 70 percent increase in homicides nationwide.

So we know that we are onto a model that works, and we are very happy to see that the Government of El Salvador has taken that model and is going to scale it up, and we will help them scale it up in the 10 most violent municipalities nationwide.

The CHAIRMAN. To Senator Menendez, who has been certainly a leader in focusing on these efforts.

Senator MENENDEZ. Thank you, Mr. Chairman. And I want to applaud you for calling this important hearing.

For years, I have been saying, going back to President Reagan when we spent millions and millions of dollars to promote democracy in Central America and largely achieved our goals except that we walked away, which is a history lesson not only there but in many other places, that we spend millions to ultimately win the war and then we walk away and do not achieve a lasting peace and prosperity. And that is in part what we saw in Central America.

Then during the Merida Initiative, which I was a huge supporter of in the House of Representatives, as the Western Hemisphere chair, I must say that I constantly raised the alarm bells that as we were helping Mexico institutionally and with its security, we would ultimately create pressure that would flow, that when we succeeded in Mexico, we would create pressure that would flow to Central America. Unfortunately, we did not pay attention to that.

So we have what we have today in part, yes, by the lack of good governance and institutions that are capable of meeting the challenge, but also from our own policy perspective I think we have been shortsighted for some time.

My view of this is that a long-term solution to the region's challenges is social. It is economic development. And for too long, the region has remained an afterthought to various administrations.

This issue is as much a domestic issue as it is a foreign policy issue. I say that because we hear about the pull factors that bring people to America, and there are certainly some of those, having elements of our economy that only, it seems, others who are willing to work hard at these elements are willing to come and do those jobs.

But there are clearly, particularly in this case in Central America, push factors, the violence that is taking place. I either stay and die, or I take my chance and flee to the north. So those push people, and so that has a consequence when we face the challenge of unaccompanied minors and others coming to our southern border.

Then lastly, it is a national security question for us, because while it is creating tremendous havoc for the Central American countries, it is also creating the breeding grounds for transnational crime, with the gangs, with narcotrafficking and human smuggling, which I know the chairman is incredibly concerned about and is one of his passions.

So all of this is mixed up with the Central American question, which is why this hearing is so important, and I hope our continuing attention to it as well.

The CHAIRMAN. If I could, I know you stepped out to go to the Finance Committee for a moment, but while you were gone, I mentioned we are having this hearing because both you and Senator Kaine had pressed for this type of oversight, and that is why we are having this today. So I thank you.

Senator MENENDEZ. I very much appreciate the chairman's willingness to do that.

So let me ask you a couple of questions here.

One is, the administration has actually promoted in-country processing, which is an extraordinary undertaking. But I hope we recognize it as a reality that the fact that we are seeking in-processing efforts for those who are fleeing because they have a reasonable fear of the loss of their lives or freedom is a recognition that

a good percentage of those who came before there was in-processing registration possible, and an opportunity to pursue that, were actually fleeing because of violence.

Is that a fair statement to make?

Mr. PALMIERI. Violence is definitely one of the factors and conditions in the region.

Senator MENENDEZ. So the question for me is, between that and Secretary Kerry announcing that the U.S. refugee admissions program would be expanded with the UNHCR, what is the latest progress on the issue? Why the delay in announcing details? How many people have benefited from the program?

Mr. PALMIERI. Thank you, Senator.

The Central American minors in-country processing program is rapidly expanding the number of applicants it is taking and processing. And we knew, in its initial year, it would have a slower ramp-up period, but we think now it is more widely known and more people are taking advantage of it.

With regard to the expansion of in-country processing in Central America, we have been working with the UNHCR. We have been working with NGO communities and with different governments in the region to figure out where and how best to establish that program. And we hope to come up in the next weeks to give you a more detailed briefing.

Senator MENENDEZ. Well, I will tell you this. This is not a new issue. We had notice. We have had experience. And we are, in my perspective, lagging way behind.

So when the next surge comes, and inevitably it will come, despite all of our best efforts, I do not know how we are going to look at that and say that we are going to turn back people who clearly are at the risk of their lives. When a when a mother puts a child on that beast of the train and prays to God that that child will make it, it talks about the extraordinary circumstances they face.

So this in-processing process, if it is going to work, we have to get it accelerated and the details have to be clearly defined, because otherwise we will see another surge, and we will hear a chorus of voices, and we will spend more money than what we are spending on this program to detain people at the southern border and to ultimately send them back.

So I hope that the State Department will accelerate their process here, because it seems that, to some degree, this is an aftermath of the thought.

Let me ask you this. Did State and AID spend all of the fiscal year 2016 money for these purposes, for the larger purposes?

Ms. HOGAN. We have yet to receive our 2016 money.

Senator MENENDEZ. You have yet to receive your 2016 money.

Ms. HOGAN. Correct.

Senator MENENDEZ. So in your estimation, is the level of buy-in by the U.S. to bring about meaningful and material change in the Northern Triangle countries sufficient? And do you have the bandwidth to deal with what is necessary here?

Ms. HOGAN. We believe we do. In fact, in September of 2014, having seen the uptick in unaccompanied child migration into the United States, knowing that the President was going to request additional resources for a new Central America strategy, we began

then to begin to ramp up our program design. We realigned staff by increasing our footprint in the Northern Triangle. We have probably \$490 million worth of procurement in the pipeline for this year.

So we are ready, and we are moving. And we are moving out now in anticipation of these additional resources coming to us in 2016, and we will be able to absorb them.

Senator MENENDEZ. All right.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman.

And thank you both for being here today and for your work every day to address the challenges in Central America.

I want to follow up on Senator Menendez's questioning about what we are doing to address the number of unaccompanied minors and people coming across, because as you all have pointed out and as we see, the numbers have decreased over the last couple of years. They are still at historically higher levels, but they have decreased. And we have talked about the minors' program and the in-country processing and about the efforts that Mexico has taken to address this.

Are there other factors that you would attribute the declining numbers to? Let me stop with that and ask you that.

Mr. PALMIERI. I think the administration's response in 2014 to the surge, working with Mexico, working with the countries in the region, developing this assistance initiative, has helped give hope to the region that there will be greater economic opportunity, greater security, and better governance. And I think that has helped.

I do also have to report, though, that in this fiscal year, since October, we have begun to see an uptick in arrivals once again.

We also know that there is a historic drought in Central America that has increased the number of people who are at food security risk this year from about 300,000 last year to maybe over 3 million that will suffer food security risk this year. We expect that that will also lead in the months ahead to an uptick in arrivals.

But all of this, I think, underscores why this approach and this investment, trying to work on some of the short-term conditions, strengthening border controls, working with the governments for more effective repatriation, but also trying to get at the longer term conditions of job creation, of better security, is the best way to address this over time for U.S. interests.

Senator SHAHEEN. I certainly would agree with that. There has, however, been some suggestion that the deportation efforts that have occurred in this country have been a way to try and send a message to people in Central America and Guatemala, Honduras, and El Salvador, that they do not want to come to the U.S. because they are going to be sent back.

Is there any evidence that you all have seen that that is the case, that those deportations have an impact on people trying to come into the country?

Mr. PALMIERI. There is some polling in the region that indicates that people are more aware that the United States has returned

unaccompanied children who have exhausted all of their legal remedies, and that it is harder to stay in the United States.

Senator SHAHEEN. Okay, thank you.

I want to switch now to the counterdrug efforts. I am sure you are all very aware of the challenges that we face throughout the country with respect to the heroin and opioid epidemic. In New Hampshire, we have a higher percentage of overdose deaths than the rest of the country for our population.

Obviously, having visited the southern border last year and meeting with some CBP folks, watching them as they were doing some drug interdiction efforts, one of the things they talked about is the drugs come across the border from Mexico and then they go up the interstates, up 35, up 95, and that is how they get to New England.

So can you talk about how we are coordinating our law enforcement and counternarcotics efforts with the economic and development assistance that we are providing to these countries?

Mr. PALMIERI. Yes, Senator. I think it is a critical priority for our counternarcotics effort to improve the capabilities of the countries in Central America, but also in Mexico the ability to interdict and prevent drugs from reaching our border. We do know that where we can make investments in security and economic investments in those communities most afflicted by this violence that we see lower rates of migration.

At the same time, we continue to make the security investments working with the Mexican Government and the Mexican military and police forces, and police forces in the region, to ensure that they are working in a more coordinated fashion and that they are more able to interdict drugs as they move up from South America.

With respect to poppy cultivation, Mexico is a big producer country, and so we are working with the Mexican Government on that particular problem as well. And we have seen some progress in Panama and Costa Rica, which are producing higher levels of drug interdictions coming out of South America.

Senator SHAHEEN. And have we seen any progress in Mexico with the effort to reduce their growing of poppies?

Mr. PALMIERI. The most recent poppy cultivation figures that were released show that there has been a significant increase in poppy cultivation in Mexico.

Senator SHAHEEN. So they are not working very well?

Mr. PALMIERI. The eradication effort in Mexico is not having as much success as I think the Mexican Government would like it to have, and we are working with them to address that issue. But it is going to require a more sustained effort.

Senator SHAHEEN. Thank you.

I only have a little bit of time left, but I wanted to ask about the countries' public health systems, because with the threat of the Zika virus and all of the implications that that has, how prepared are the countries of Central America to deal with the Zika outbreak?

Ms. HOGAN. Thank you for the question.

As you may be aware, the President has put forward a CN to ask for reprogramming of some of our Ebola money to do health system strengthening in the region, particularly as it relates to Zika. So

we are pre-deployed, if you will, to increase health specialists in the field that can consult with these governments, do diagnostics in terms of what is needed. We are prepared to invest in public education campaigns, in vector control, and personal protections. We are also prepared to provide assistance in research and development for vaccines and diagnostic tools, as well as provide care to pregnant women and to affected infants.

Senator SHAHEEN. I am out of time, but what evidence do we have that the potential for the Zika virus to spread is significant in these countries? Is it something that we are worried about at USAID?

Ms. HOGAN. We are very concerned about it, yes.

Senator SHAHEEN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Before going to Senator Markey, I just want to emphasize that we have an entire committee I think that cares deeply about Central America. We have three individuals that happen to be especially knowledgeable, and Senator Rubio, Senator Menendez, Senator Kaine spent a lot of time there through the years. But listening to Senator Shaheen's comments, I mean the fact is what happens in Central America is very important to the United States also.

I think that there has been a lot of effort put forth in other parts of the world and not enough in our own hemisphere. That is why I think we are all, on one hand, very excited about the efforts that are under way, but on the other hand, wanting to ensure there are going to be results and that it is going to be successful because we are certainly seeing the interdependence that exists here.

So I appreciate that line of questioning. And again, I hope the committee as a whole will continue to show the kind of interest in this effort as it is today.

Senator Markey?

Senator MARKEY. Thank you, Mr. Chairman, very much.

And in this issue of Zika, without question, because of the underfunded health care systems in these countries that are very near our border, it just makes the case once again for full funding for the President's request, so that we can put this preventative program in place in the countries that are going to be the conduit for Zika to come into our country. I think that the sooner we actually begin to look at that \$1.8 billion to \$1.9 billion, and just decide we are going to fund it, is the less likely we are going to have catastrophic consequences, because these are very weak health care systems in those three countries, and others like it which also need the kind of reinforcement which we gave to Liberia and other countries for the Ebola virus. And as a result, no one died in the United States.

If we take that same preventative attitude, I think we would be in far better shape.

But you do not question my premise that they are very weak health care systems in these countries?

Ms. HOGAN. I think it varies depending upon the country, but, clearly, the countries that we are talking about today in Central America will require that type of assistance, yes.

Senator MARKEY. Thank you.

On the human rights front, the Consolidated Appropriations Act of 2016 placed various conditions on aid for Central America, including withholding 50 percent of the funds until the Secretary of State certifies that they are taking effective steps to address 12 concerns, amongst them human rights.

Last week, it came to light that high echelons of the police department in Honduras were paid by drug cartels to order and carry out assassinations of antidrug officials.

Last month, Berta Caceres, a human rights and environmental activist from Honduras, was murdered by gunmen who entered her home in the middle of the night and shot her. This was 1 week after she received death threats because of her opposition to a hydroelectric project in Honduras. It may be a good project or not, but you should not be killed for expressing your views.

I am sorry to say that this type of violence is not restricted to Honduras. The most recent human rights report cites significant human rights problems in Honduras but also Guatemala and El Salvador, countries which suffer from corrupt and weak justice systems.

So my first question is, in an environment where officials conspire with criminals to commit murder, what are your perspectives on how difficult it will be for the Secretary to certify that the countries of Central America are taking effective measures with respect to the protection of human rights?

Mr. PALMIERI. Senator, thank you for that question, and it is a very important issue.

If I could just share a personal story, I served in El Salvador in our Embassy from 2001 to 2005. I knew Julian Aristides Gonzalez Irias. I knew Alfredo Landaverde. They were great friends to the United States. They worked hard to fight drug trafficking in their country. And this revelation that they were killed by police officers is a very, very serious issue that is definitely going—

Senator MARKEY. So how will this complicate the ability of the Secretary, of you, to be able to certify that human rights violations are declining and not increasing?

Mr. PALMIERI. We are taking a very hard look at the certification requirements, and this is an area where the Honduran Government is going to have to address improving civilian policing, addressing human rights violations, ending—

Senator MARKEY. Will a partial cut in our aid to Honduras help the effort, in your opinion? Do we have sufficient flexibility in that area, that is, in reducing aid, that will help them to respond?

Mr. PALMIERI. I think, first, we have to make an assessment under the 12 different conditions that we are going to withhold 50 percent of the aid. And once we make a fundamental decision about whether or not they meet those conditions, then we will have to address the question of the impact—

Senator MARKEY. Ms. Hogan, would a reduction in assistance help to focus the attention of the Honduran Government and these other governments?

Ms. HOGAN. Actually, I would say that it is all the more reason that we need to support these governments to provide a human rights protection mechanism that will allow for citizens and human rights defenders to be—

Senator MARKEY. But these are last week and last month, that is the Honduran environmentalist is assassinated, the antidrug officials were assassinated. So they are not listening.

Ms. HOGAN. One of the things that we are going to be able to do, given the increased resources that we have under the Central America strategy is invest \$25 million to help these governments in all three countries develop protection mechanisms for early warning systems, for rapid response, to support victims, and to create regional networks of human rights defenders that can do peer-to-peer learning and benefit from each other's protection mechanisms that they have devised.

Senator MARKEY. I want to move along this environmental front a little bit as well. Mexico, 3 weeks ago, had an auction for renewable electricity, and the winning bid came back for 1,700 megawatts of electricity at \$0.04 a kilowatt hour, which is at the bottom of the price for electricity for the whole world.

Now, again, you are going to have to be taking on those interests in Mexico, in the Central American countries, in order to have this capturing of solar energy, but I would urge you to accelerate any programs, a pace at which we have a Central American electricity program that matches off with Electrify Africa, this is a tremendous opportunity.

And one final question, which is on MS-13, Mara Salvatrucha, because these gangs, Salvadoran-based, are massive up in Massachusetts. So what are we doing to interdict this relationship as it comes through Mexico and then haunts the cities of the Northeast but all across America?

Mr. PALMIERI. The request includes funding for the FBI's anti-gang task force in all three countries. Working with the FBI and local authorities, we have begun to gather greater understanding and information about these gangs. I think we have good programs that both prevent the gangs from recruiting new members and also are enabling U.S. law enforcement to have greater insight and information about gang activities as to how they relate to their criminal activity in the United States.

Senator MARKEY. So these governments just have to know how important this issue is to us, because it is killing thousands of people across the United States on a yearly basis.

Thank you, Mr. Chairman.

The CHAIRMAN. No, thank you so much.

We are trying to close out the second panel by 11:55, if we can. I know there is a lot of interest, which I deeply appreciate.

Senator Coons?

Senator COONS. Thank you, Mr. Chairman. I will be brief then, if I can.

I am interested in what you view as the drivers of gang violence and, in particular, recruitment. We have real challenges in other parts of the world with being effective in countering violent extremism, and one of the questions is a better understanding what it is that makes young men and some young women, but overwhelmingly young men, dedicate their lives to violence and extremism.

What do you think are our most effective interventions that can slow or reduce the rate of uptick for the violent gangs that Senator Markey was just talking about?

Then second, in terms of the investments you are talking about our making, some of which are short term and some of which are long term, what do you view as the most important long-term investments? And how valuable do you think it is for us to commit to them from one administration to the next, one Congress to the next, in the same way Plan Colombia did?

I have been very impressed with Vice President Biden's persistent, engaged, effective leadership on the issues in the Northern Triangle, and it is my hope that that will be sustained into the next administration and by members of this committee as well. But I would be interested in your views on what matters most in terms of long term.

Ms. HOGAN. Thank you very much for the question.

People join gangs for a variety of reasons, of course, but predominantly it is because they have no other choice for legal employment, and so they turn to illegal opportunities.

We have benefited greatly from the experience of United States cities such as Los Angeles, Chicago, and Boston that have had great success in reducing gang violence. And we are using some of those same strategies as we apply them in Central America.

One of the tools that we use is to focus on who are the youth specifically that are going to be most prone to violent behavior and joining gangs, so we call that secondary and even tertiary prevention programming.

What we have learned is that 0.5 percent of people commit up to 75 percent of violent crime, so we have to get at those people. We have diagnostic tools that help us identify who they are. They tend to have family members or friends who are already in gangs. They may come from broken homes. They have homes where violence—particularly domestic violence—is seen on a daily basis, and then they act out violently outside of the home.

So we are using those tools to identify youth that are at most at-risk for joining gangs and creating violent behavior themselves, and we are designing programs to focus on those individuals.

I had mentioned earlier that we have seen tremendous results in terms of the reduction in homicide and violent crime in the communities where we have employed those research tools.

Mr. PALMIERI. Just a quick word about Vice President Biden. He has been a great champion for both a short-term and long-term approach to the region and helping work with the Congress to get these funds. But I also want you all to know he is the greatest champion within the administration for ensuring that we have accountability for how we use these funds in the region.

He met with the three Central American Presidents in February. They developed a specific action plan for each of the countries in fiscal year 2016. And he and his staff are keeping all of our eyes on the ball in terms of making sure there is accountability for how this money is being used.

Senator COONS. Thank you. Thank you both.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

First of all, we thank you for your service. You have been good witnesses. Obviously, you are energetically enthusiastic about what you are doing. But at the same time, we want to make sure the

monies are spent wisely and we have the appropriate leadership to make that happen.

So we thank you again for being here, and if you could, we will take questions until the close of business on Thursday and, hopefully, you will respond fairly promptly to those.

But again, thank you for your service, and we are going to move on to the second panel. I feel badly for the second panel, as they are coming up. A lot of times we have some of the best testimony at the second panels and, obviously, we sometimes lose interest here on the committee because of other commitments. But if you all could be making your way forward, we would appreciate it.

Again, thank you both for your public service.

In order to hustle it up a little bit here, our panel of private witnesses brings us testimony from Jose Cardenas, who served as Acting Assistant Administrator for Latin America and the Caribbean at USAID during the Bush administration. He is joined by Jim Swigert, who is the director for Latin America and the Caribbean at the National Democratic Institute for International Affairs.

Again, we thank you both for sharing your tremendous knowledge and background with us here today.

I think you have been through this many times. If you all could summarize in about 5 minutes, without objection, your written testimony will be entered into the record. If you could testify in the order you were introduced, we would appreciate it. Again, thank you for coming to our committee today.

STATEMENT OF JOSE CARDENAS, FORMER USAID ACTING, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, FORMER NATIONAL SECURITY COUNCIL OFFICIAL, WASHINGTON, D.C.

Mr. CARDENAS. Thank you, Mr. Chairman, Ranking Member Cardin, and distinguished members of the committee. It is an honor and a privilege to be here before you today to discuss the critical issue of U.S. assistance to Central America.

Central America finds itself once again in the midst of a profound security crisis that directly impacts U.S. national security. Today, in contrast to the 1980s, the challenges have less to do with ideology than about escalating criminality, corruption, and violence that are threatening countries' sovereignty by undermining democratic institutions, rule of law, and public security, burdened as these countries already are with weak public institutions, pervasive corruption and lack of resources.

Clearly, the United States has a strategic interest in Central America, a stable, democratic, and prosperous Central America. Understandably, however, many of you are wary and should be wary of new assistance programs to Central America for the reasons I mentioned.

Needless to say, Congress must demand strict accountability with our assistance, transparency, and set benchmarks to achieve demonstrable results.

To that end, Mr. Chairman, in my submitted testimony, you will find a number of specific recommendations that I believe should guide and condition U.S. assistance to Central America. But for now, please allow me to outline several key assumptions, lapidary

assumptions, if you will, that must serve as the foundation of any U.S. approach.

Number one, there is no way this will be neat and tidy. Taking down drug networks and gangs is a messy business. We have to remain focused and committed.

Number two, there are no silver bullets. There is not a question of hard side of assistance or soft side of assistance. It is going to take all sides, a holistic approach.

Number three, we cannot want it more than they do, Mr. Chairman. We can only help them if they are truly committed to helping themselves. They must demonstrate the political will to get the difficult job done.

Four, we must be clear on sequencing. This is something that Senator Rubio just mentioned, and I agree 100 percent. Security doesn't follow from resolving social and economic problems. Rather, it is only by first creating effective security that social and economic problems can be addressed.

Five, a strong commitment to human rights is not a hindrance. It is essential. It creates legitimacy and trust among the very people we are trying to help.

And there is another assumption that I wanted to make in the context of listening to the first panel, and that is building performance incentives into the programs that the technical folks at AID and State Department are developing, incentives that can be rewarded when reached, and perhaps we can speak a little bit more about that.

But beyond these broad truths, Mr. Chairman, the core priority of any U.S. assistance has to be addressing the lack of strong institutions to provide for public security, not only vetting, training, and equipping police forces, but tackling the twin evils of corruption and impunity.

That means improving the effectiveness of the judicial systems. It means targeting corruption by improving government transparency and sanctioning the wrongdoers. It means improving penal systems. Prisons in Central America aid and abet crime; they do not deter it. And it means cutting off criminal organizations at the knees by dismantling financial networks.

Mr. Chairman, only with a dedicated program of institution-building and reforms to strengthen rule of law can we diminish the opportunities for transnational criminal organizations and gangs to thrive and to allow democratically elected authorities to govern.

In the short term, the imperative is establishing order, and that means reducing the capacity and incentives of criminal actors to confront and subvert the state.

Lastly, Mr. Chairman, there is no substitute for U.S. leadership in ensuring a more secure, stable, and prosperous Central America. And there is no substitute for local leadership in making the difficult choices ahead. The same criminal networks operating with impunity today in Central America can move just about anything through their smuggling pipelines right up until the U.S. border.

Right now, our friends in Central America are confronting a crisis every bit as dangerous as the threats in the early 1980s. The difference then was a government that was willing to step up to

the plate. There is still time to make a real difference today, but we must do it for their sake and ours.

Thank you very much, Mr. Chairman.

[Mr. Cardenas's prepared statement follows:]

PREPARED STATEMENT JOSÉ R. CÁRDENAS, FORMER USAID ACTING ASSISTANT
ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN

Mr. Chairman, Ranking Member Cardin, distinguished members of the committee, it is an honor and privilege to appear before you today to discuss the critical issue U.S. assistance to Central America.¹

Thirty years after the guns of revolution fell silent in Central America, the region finds itself once again in the midst of a profound security crisis that directly impacts U.S. national security. Today, the challenges have less to do with ideology than about escalating criminality, corruption, and violence that are threatening countries' sovereignty by undermining democratic institutions, rule of law, and public security—burdened as they already are with weak public institutions, pervasive corruption, and lack of resources.

Clearly, the United States has a strategic interest in a stable, democratic, and prosperous Central America, and principally the Northern Triangle countries of El Salvador, Guatemala, and Honduras. The United States has invested much over the past several decades to promote democracy and economic prosperity in the Americas because a peaceful, stable, and secure neighborhood benefits us all.

And, not to put too fine a point on it, it also bears mentioning that until we can make some progress in helping our neighbors in Central America deal with the current problems we have had a hand in creating—through our insatiable demand for illicit drugs—then the notion of securing our southwest border from transnational criminal organizations, terrorist groups, or migration surges will remain a pipe dream.

Indeed, we have to recognize that the summer 2014 crisis that saw an unprecedented wave of migrants—including thousands of unaccompanied children—pour across the U.S. southern border was the culmination of long-festered problems that includes in part regional governments' inability to combat increased criminality and gang activity. It is a vicious circle: declining security conditions depress economic activity, which contributes to pushing people to leave their homelands for the dangerous journeys north.

STATISTICS

The statistics are indeed grim. Due primarily to the drug trade, Central America is now considered the most violent non-war zone in the world. According to a United Nations report, the global average homicide rate stands at 6.2 per 100,000 population; Central America has a rate more than four times that, making it a sub-region with one of the highest homicide rates on record. For example, El Salvador's homicide rate this year is the highest in the world for a country not at war, with more than a 70 percent spike from the year before. Indices of crime in all its aspects—extortion, kidnappings, human trafficking—are all up; robberies in the region overall have tripled in the past 25 years, affecting one in five people. This explains why poll after regional poll invariably finds the greatest concern among the local populations is personal security.

The crime and violence has also exacted a heavy economic cost, unsurprisingly. Another U.N. report puts the financial costs of violence at over a 10 percent loss of gross domestic product in Honduras. With the International Monetary Fund projecting another lackluster year of Latin American economic growth, the loss of domestic and foreign investment due to security concerns will resonate even more drastically. Productivity will also be further impacted by the number of citizens who will seek refuge in other countries, including the United States. Driven by economic pressures and rising criminal violence, the number of Hondurans, Guatemalans, and Salvadorans attempting to cross the U.S. Southwest border increased 60 percent in 2013.

¹My testimony draws in part from a report by the Western Hemisphere Working Group of the John Hay Initiative, a network of foreign policy and national security experts who advise policymakers from a conservative internationalist tradition, of which I am a member.

NEW ROUTES AND NEW PLAYERS

The primary driver of this increasing regional insecurity has to do with the idiosyncrasies of the drug trade. Up until recently, Central America served mostly as a refueling stop for vessels moving cocaine northwards. But the region's misfortune is not only that the U.S. has largely impeded maritime routes from South America, but also that Colombia and Mexico have made huge strides in pressuring domestic cartels. As it became more hazardous for traffickers to ship the drug directly to Mexico, they began seeking more hospitable environments elsewhere, and that has meant exploiting more aggressively overland routes through the Central American isthmus. In the counter-narcotics trade, it's known as the balloon effect: push tough counter-narcotics one place and the drug traffickers relocate their operations elsewhere.

This, in turn, has translated into a perfect storm of criminal convergence between modern, sophisticated trans-criminal organizations (TCOs) and local gangs in a region already challenged by weak institutions. This has led to ever shifting alliances, competitions, and turf wars among these criminal elements that have overwhelmed local security forces and turned neighborhoods into war zones.

The unprecedented expansion of these criminal networks and violent gangs in the Americas is having a corrosive effect on the integrity of democratic institutions and the stability of several of our partner nations. TCOs threaten citizen security, undermine basic human rights, cripple rule of law through corruption, erode good governance, and hinder economic development. Speaking of these criminal groups that have invaded Central America, General John Kelly, the recently retired commander of Southcom, not long ago described them to Congress as, "These networks conduct assassinations, executions, and massacres, and with their enormous revenues and advanced weaponry, they can outspend and outgun many governments. Some groups have similar and in some cases, superior training to regional law enforcement units. Through intimidation and sheer force, these criminal organizations virtually control some areas."

Indeed, awash in cash, these criminal organizations can pay off or suborn anyone and everyone they come in contact with in pursuing their illicit activity—from border agents to judges, police officers, the military, politicians, and government officials—allowing them to create permissive environments, safe havens for free mobility; to meet and seal deals with other criminal groups; allowing them to expand into legitimate and other illegitimate businesses; and facilitating money laundering.

Ultimately distressing is when the activities of organized crime cross the line into politics and governance. We are increasingly seeing some of these groups and gangs undermining democracy by replacing functions of the state and wielding more control over civilian life, especially in areas where central government presence and oversight is limited. This constitutes the most profound threat to the integrity and effectiveness of Central American democracy today.

ALLIANCE FOR PROSPERITY

In response to this untenable situation and the outflow of migrants, the three governments of the Northern Triangle, with the assistance of the Inter-American Development Bank, developed a "road map" titled the Plan for the Alliance for Prosperity in the Northern Triangle. This strategy is mostly an economic development plan, and it contains a fairly honest assessment of the challenges confronting the three countries as well as a number of broad categories requiring improvement. Overall, the plan is a good step in the right direction. However, there are some serious flaws that require attention: it lacks a sustained focus on addressing the dangerous security situation, rampant corruption, and widespread impunity, and it falls short on dealing with weaknesses in local governance and on demonstrating a robust political commitment.

THE ROLE OF THE UNITED STATES

To help our neighbors confront the situation, the omnibus budget deal recently reached by Congress and approved by the president included \$750 million in assistance for these Central American countries, which represents a step in the right direction. Understandably, however, many lawmakers will be wary new assistance programs to Central America due to justified concerns about institutional weakness, corruption, and political will. With drug syndicates and gangs working to undermine, infiltrate, and suborn governments, especially in the judicial and law enforcement sectors, there will be significant questions about with whom exactly we are working and what we are truly capable of achieving with our investment. Needless

to say, Congress must demand strict accountability, transparency, and set benchmarks to achieve demonstrable results.

Before proceeding to a series of specific recommendations that should guide and condition U.S. assistance to Central America, I would like to step back for a moment to outline several lapidary assumptions that must, must, serve as the foundation of any U.S. approach:

1. There is no way this will be nice and tidy. Taking down drug networks and gangs is messy business and not for the faint of heart. As the Daniel Day-Lewis movie put it: “There will be blood.” We cannot be intimidated by this. There will be successes and there will be setbacks. We have to remain focused on our goals.
2. There are no silver bullets. It is not a question of the hard side or the soft side; for example, Blackhawk helicopters versus economic development. It’s going to take all sides; a holistic package that increases security, promotes the rule of law, targets corruption, and improves governance in each of these countries.
3. We cannot want it more than they do. In other words, there is no substitute for political will on the part of our partners. We must ensure their total commitment to doing what is required to resolve this situation. And not just central governments, but local governments and private sector elites as well, who must all be willing to make the sacrifices necessary to rescue their own countries. We are not the Lone Ranger. We can only help them if they are committed to helping themselves.
4. We must be clear on sequencing: security doesn’t follow from solving social and economic problems. It is only by first creating effective security that the conditions are then created by which social and economic problems can be addressed.
5. A strong commitment to human rights is not a hindrance, it is essential. It creates legitimacy and support among the people you are trying to help, improving not only your capacity for action, but your chances for success. If the people fear security forces as much as they do gang members and other criminals, then that is simply a recipe for failure.

CURRENT U.S. POLICY

Clearly, it is not accurate to say that the Obama administration is not doing anything about the mounting problems in Central America. They are doing something. It’s just that they are not doing enough and it lacks prioritization.

The signature program in this regard is the Central America Regional Security Initiative (or CARS), although that was originally created in FY 2008 under the Bush administration as part of the Mérida Initiative, the Mexico-focused counter-drug and anticrime assistance package—before it was broken off as a separate effort.

Based on lessons learned—in many ways, Plan Colombia—CARS takes a comprehensive, multi-dimensional approach to promoting security. In addition to providing equipment, training, and technical assistance to support immediate law enforcement and interdiction operations, according to the State Department, CARS seeks to strengthen the capacities of governmental institutions to address security challenges and the underlying conditions that contribute to them. Since FY 2008, Congress has appropriated an estimated \$1 billion for Central America through Mérida/CARS.

Launched in March 2011, the Central American Citizen Security Partnership encompasses all U.S. federal efforts to help combat drug trafficking, gangs, and organized crime in the sub-region. This includes: drug demand reduction programs and domestic anti-gang and counterdrug efforts, law enforcement and military cooperation with partner governments, bilateral and regional assistance provided through CARS, and U.S. involvement in the Group of Friends of Central America donors group. Also formed in 2011, the Group of Friends is working with Central American governments and the Central American Integration System (SICA) to implement a Central American Security Strategy.

But despite these efforts, the singular void has been the perception that the administration is merely checking the policy boxes—that its heart isn’t really into the effort. There is very little ownership, as if people are reluctant to get their hands dirty dealing with drugs and thugs. As a result there is precious little public diplomacy and PA efforts making the argument—both here and there—that it is in everyone’s interests to combat criminality, because expanding criminality means the steady loss of a country’s sovereignty, in its political and economic system—and it warps the social structures of countries, corrupting youth and compromising theirs and their country’s future.

A MORE HIGH-PROFILE RESPONSE

There is no substitute for U.S. leadership in ensuring a more secure, stable, and prosperous Central America. To that end, the Obama administration must make a more public, more concerted effort to re-engage on Central America with a sense of mission and purpose. Beyond the security and economic challenges, among the core issues it must address is the lack of strong institutions to provide for public security. Certainly, the countries of Central America need better trained and equipped police forces, but they also need to tackle frontally the twin evils of corruption and impunity.

- That means improving the effectiveness of criminal justice procedures and practices. Turning around the extremely low conviction rates, through, for example, faster, fairer, more efficient and independent courts, better investigatory skills, improved prosecutorial capacity, and rooting out corrupt judges.
- It means dismantling the financial networks of criminal organizations. Targeting and confiscating their assets by developing effective asset forfeiture laws. And then funding and supporting security programs through the use of seized property and assets. Strengthening financial investigation units to uncover and put a stop to money laundering and illicit campaign contributions.
- It means rooting out corruption by improving government accountability, transparency, and citizen participation. Using the electronic information revolution and new data mining techniques to improve oversight of the use of public resources.
- It means improving penal systems, specifically prisons. The prison systems in Central America are horror stories. Prisons must be overhauled to stop crime and rehabilitate inmates, not to aid and abet crime from virtual safe havens.
- It is also critical that we promote the use of extraditions as a deterrent for crime and a means to reinforce national security.

The most important contribution that can be made to cutting crime and violence and strengthening rule of law in Central America is precisely this kind of institution-building and reform. Again, there are no silver bullets. Only with a long-term program of state building and development can we diminish the opportunities for TCOs to thrive and to allow democratically elected authorities to govern. In the short-term, the imperative is establishing order, and that means reducing the capacity and incentives of criminal actors to confront and subvert the state.

AN ECONOMIC PROSPERITY AGENDA

Central American economies' dependence on and integration into the U.S. market means the region stands apart from the gloomy economic forecasts for the rest of Latin America over the next few years. Still, there is much to be done to maximize the opportunities moving forward.

In terms of jump-starting renewed economic assistance to the region, I would single out several areas where U.S. policy can make a demonstrable difference.

1. If President Obama can rally his Cabinet ministers and sub-cabinet officials to fan out in support of his Cuba initiative, he ought to be able to do the same for struggling democratic countries who actually have an affinity for the United States. Specifically, the President could instruct the secretary of the treasury to form a regional working group of finance ministers to develop a prosperity agenda for aggregating and channeling private capital and international lending to private-sector entrepreneurs; setting benchmarks for liberalizing internal markets, accommodating business creation, and modernizing infrastructure; identifying best practices to maximize energy production; and helping people from all walks of life benefit from expanding international trade.
2. Re-examine the Central America Free Trade Agreement to determine how our partners can maximize even more the opportunities it has brought them. That is to say, CAFTA has successfully integrated them into the U.S. market, but what impact has it had on trade relations within Central America? How can the countries in Central America exploit their competitive advantages as a bloc to improve efficiencies and opportunities.
3. Rising oil and gas production in the United States present an incredible opportunity to boost economic growth and U.S. interests in the Western Hemisphere. With the ending of U.S. restrictions on energy exports, including oil and liquefied natural gas (LNG), we must find economically feasible ways to help our neighbors in Central America who struggle with high energy costs. The lack of

easy access to U.S. oil and natural gas makes it harder to meet the electricity demand that accompanies growth in manufacturing and tourism.

4. Among Central America's primary exports are agricultural goods such as fruit, coffee and sugar. This is not a hindrance, but a gateway to extraordinary opportunities. We should be engaging through our assistance programs to reform these countries' agricultural sectors, shifting from traditional crops like maize and beans with minimum yields to more value-added crops that appeal to the more refined American palette.

CONDITIONALITY ON U.S. ASSISTANCE

Moving past broad imperatives, there are also a number of specific proposals to condition U.S. assistance to ensure accountability and that our goals and objectives are achieved:

- Implement reporting requirements for State Department or USAID, working with the three governments (reflecting broad societal agreement) on priorities: providing performance benchmarks, timelines, and metrics for determining impact, as well as mechanisms for regular, substantive consultations with civil society entities.
- This plan should include specific actions to strengthen civilian police forces and judicial systems, including the prison systems. A specific amount should be allocated to include vetting and other anti-corruption efforts directed at law enforcement and judicial authorities.
- Consultations shall be conducted regularly with national and international civil society organizations, the private sector, and labor and religious organizations about the development, implementation, monitoring, and evaluation of the program.
- Any assistance through a central government entity must be subject to transparency standards. No funds should be permitted for budget support.
- Designate an amount to strengthen democratic governance, especially municipal capacity, through U.S.- and regional-based non-profit or civil society organizations to build and improve:
 - ◆ municipal capacity for "smart" governance by exposing local officials and citizens to best practices that promote transparency, accountability, responsiveness and efficiency, and where appropriate, through the use of information communication technologies (ICTs);
 - ◆ municipal capacity in the area of migrant re-insertion, including democratic participation of returning migrants;
 - ◆ community policing efforts by strengthening municipal or community security commissions legitimized under corresponding national legislation to be inclusive and representative and to interact both with citizens and public authorities, including police, to devise and implement violence prevention strategies; and
 - ◆ the capacity of independent media and independent journalists to safely conduct investigative reporting and reporting of corruption, including illicit campaign finance, and to conduct reporting that is sensitive to and inclusive of marginalized populations.
- Require each of the three Central American governments to strengthen financial accountability,² including publicizing the entirety of their respective national budgets and matching every U.S. dollar of assistance with at least three dollars from state revenues through better tax collection and enactment of a "security tax."³
- Encourage the three countries to work with international financial institutions (IFIs), especially the Inter-American Development Bank and the World Bank, to improve tax collection.

²While Honduras has already taken steps towards this end, this effort must be sustained. In each country, this local funding should be directed to the communities with the highest rates of out-migration to the United States.

³One of the principal reasons that Plan Colombia and the Merida Initiative with Mexico have been successful is the willingness of the governments and citizens to bear a larger degree of financial responsibility through the payment of taxes. In the case of Colombia, a specific tax was placed on the wealthiest, with their agreement, to help fund efforts against the guerrillas. In Mexico, the government matched each U.S. dollar with \$5-8 dollars in state funding.

- The U.S. executive directors in the IFIs should be directed to use their “voice and vote” in support of municipal fiscal strengthening.⁴
- Require a specific funding amount from the U.S. assistance package for the completion of homicide investigations and successful prosecution of criminal offenders.
- Provide specific funding for the establishment of an independent, investigative organization in each of the three countries, similar to the International Commission against Impunity in Guatemala (CICIG), to review professional competence, ensure accountability, uphold the rule of law, implement anti-corruption measures, deliver judicial reforms to address impunity, and participate in the preparation of legal cases against corrupt actors.
- While the presumption should be in favor of civilian leadership and institutions in terms of law enforcement, military forces should not be excluded from receiving U.S. assistance for selected missions. Until civilian law enforcement capacity, performance, and vetting begin to achieve tangible results, our Central American partners do not have the luxury of choosing which government institutions to employ in stabilizing their environments. The overriding imperative must be to establish security to allow for economic opportunity and democratic development. Respect for human rights, and vetting of military units, should be a prerequisite to receive U.S. assistance.
- Require a semi-annual report, coordinated and submitted by the Department of State and USAID, detailing the expenditure of U.S. provided assistance, from all funding streams (e.g., State, USAID, DoD, Inter-American Foundation, Millennium Challenge Corporation, etc.), detailing the impact of the assistance measured against the plan and benchmarks submitted by the three Central American governments, and showing “tangible progress” in:
 - ♦ Strengthening the effectiveness of local governance and delivery of necessary social services;
 - ♦ Reducing corruption and impunity, including anti-corruption vetting of law enforcement and other security forces;
 - ♦ Increasing the completion of homicide investigations and case resolution of criminal offenders;
 - ♦ Reducing the flow of migration from these countries to the United States;
 - ♦ Reducing overall levels of violence and homicides in these countries; and
 - ♦ Reducing the flow of drugs to the U.S. from these countries.
- Prohibit the use of U.S. assistance for budget support or as cash transfers to the governments of El Salvador, Guatemala, or Honduras.
- Ensure that U.S. embassies receive adequate funding to ensure oversight of the provided assistance, including the ability to report on expenditures, impact, and funding pipelines. The State Department should compile and provide this reporting to the U.S. Congress (to the authorizing and appropriations committees) on a semi-annual basis.
- Require the three countries, separately, to sign agreements with Transparency International.
- Create an interagency task force to work with Latin American counterparts to target corrupt Latin American officials and designate a single focal point for the express purpose of assisting Latin American law enforcement agencies to combat corruption.
- The United States must insist on tangible results in partner countries’ efforts to end impunity, hold corrupt officials accountable, and prosecute human rights violations. The Executive Branch can be supportive in these tasks by being more active in using existing authorities to combat corruption and criminality, such as the use of Treasury Department designations and the withdrawing of U.S. visas under Proclamation 7750 (2004). Employing these authorities will send a strong signal that the United State is serious about the issue and encourage partner governments to muster the political will to act.

⁴This exception is made because, traditionally, loans from the World Bank and Inter-American Development Bank are arranged with national authorities that may discriminate against municipalities for political motives.

CONCLUSION

U.S. leadership, access, and interests in our very own neighborhood, where our past engagement has made a real and lasting difference, is very much at stake here. The same criminal networks operating with impunity today in Central America can move just about anything through their smuggling pipelines. And with many of these pipelines leading directly to our borders, they can be exploited by anyone looking to do us harm. This crime-terror convergence is a very real vulnerability we cannot afford to ignore. All it takes is one corrupt official who can be bribed to procure official documents such as visas or citizenship papers and facilitate travel of special interest aliens.

Beyond that, our own neighborhoods are already being affected by these criminal networks. International drug traffickers have a presence in up to 1,200 American cities, as well as criminal enterprises like the violent transnational gang Mara Salvatrucha, or MS-13, that specialize in extortion and human trafficking.

We must up our game in response, engaging through resources and transferring lessons learned from our own experiences, based on our successes and our failures. Strengthening governance and fostering accountable, transparent, and effective institutions throughout the Americas, while improving the security situation and contributing to economic growth must remain the core of U.S. policy. Right now, our friends in Central America are confronting a crisis every bit as dangerous to their stability as the threats in the early 1980s. The difference then was an administration that was willing to step to the plate. There is still time for the current administration to get more engaged. I sincerely hope it is not too late.

The CHAIRMAN. Thank you very much.
Mr. Swigert?

**STATEMENT OF JIM SWIGERT, DIRECTOR, LATIN AMERICA
AND CARIBBEAN PROGRAMS NATIONAL DEMOCRATIC INSTITUTE
FOR INTERNATIONAL AFFAIRS, WASHINGTON, D.C.**

Mr. SWIGERT. Mr. Chairman, Ranking Member Cardin, and distinguished members of the committee, I appreciate very much the opportunity to appear today, and I applaud the committee's initiative to focus much-needed attention on our close neighbors in the Northern Triangle of Central America.

Strengthening governments in Central America's Northern Triangle serves the national interests of the United States. We have heard a lot about the bad news today. I would say the good news is that, in the Northern Triangle today, the countries are represented by increasingly pluralistic democracies. These democracies like democracies everywhere are imperfect. Shortcomings relate to the weakness or corruptions of state institutions. Others stem from too closed or opaque and noninclusive political systems.

According to public opinion research, citizens in all three countries put crime and violence as their top concerns today. Indeed, many Central Americans have told me it is the triple menace of violence, impunity from the law, and corruption that they are most worried about.

Four of the five countries in the world with the highest per capita rates of murder are in Central America, all three Northern Triangle countries.

This violence poses the biggest challenge to stability and governance since the armed conflicts of more than 30 years ago. Its causes are complex. Part has to do with drug trafficking. Part has to do with gangs. The growth of gangs is aggravated by high domestic abuse and weak family structures, and violence against women has reached alarming levels.

The ability to check this criminal violence is limited by impunity from crime. Weak law enforcement and judicial institutions are one reason for the impunity. Another is corruption.

In Transparency International's 2015 Corruptions Perception Index, all three countries rank lower than average in the Americas region.

Corruption scandals have implicated former and sitting Presidents. In 2015, these sparked street protests and civic pressures in El Salvador and Honduras for international help for criminal investigations, similar to Guatemala's CICIG.

Citizens want more from their democracy than just regular elections. They want democracy to deliver on security and opportunity. And the tension between the public's belief in democracy in the Northern Triangle and acute disappointment with its performance adds an element of political volatility to the governance challenges.

No doubt, individuals despair of solutions migrate to look for opportunities elsewhere. Nonetheless, I would like to flag a few hopeful signs.

First, the opportunity offered by the Alliance for Prosperity. The alliance offers a practical approach for securing better regional cooperation. And from the perspective of NDI's democracy strengthening mission, most importantly, the alliance incorporates explicit governance issues, and the high-level engagement of the U.S.

Vice President Biden, in particular, has ensured high-level attention from Northern Triangle leaders. This alliance is a medium- for long-term process for success. It is important that the next U.S. President, whoever that may be, continues the high-level U.S. engagement.

Second, the prospect of new resources is providing real incentive for governments to reform, and I would flag, in particular, the role of the Congress by setting conditions on aid for Central America in the 2016 Consolidated Appropriations Act, which has outlined steps for improved democratic governance, combatting corruption, and bolstering civil society.

Third, steps are under way to strengthen prosecutors and judges. In Guatemala, Jimmy Morales, the President, has announced he would extend CICIG's mandate. El Salvador has appointed a new independent attorney general. In Honduras, the government has agreed to create with the OAS the Mission to Support the Fight Against Corruption and Impunity, MACCIH.

MACCIH's mandate was strengthened in response to civil society criticism, but doubts about its future remain. Ensuring action against impunity in the murder of indigenous leader Berta Caceres will be a critical test of MACCIH's credibility and of the Honduran Government's political will.

Finally, while the mass street protests of last year have subsided, citizen groups remain active. Governments and legislators have begun to engage more with the civic groups, including many NDI partners. Some long-sought reforms in Guatemala have moved forward, including some elements of anticorruption legislation and political reform.

In conclusion, please let me flag just two areas to watch that are key for governance. First is the status of police security reform, and second, the need for reform of political institutions.

On police, there are no easy or quick solutions, but by improving police vetting and oversight, and holding accountable security and police officials for abuse, we can begin to break the pernicious cycle of violence, impunity, and corruption.

And lastly, sustainable economic development and security reform must be built on a bedrock of political institutions that today are weak and insufficiently transparent. Without action in coming years to bring together more transparency and accountability to political institutions, I fear other efforts to improve governance are likely to fall short.

Thank you very much.

[Mr. Swigert's prepared statement follows:]

PREPARED STATEMENT OF JIM SWIGERT, DIRECTOR, LATIN AMERICA AND CARIBBEAN PROGRAMS, NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS, WASHINGTON, DC

Mr. Chairman, Ranking Member Cardin, and members of the committee, I appreciate the opportunity to appear before the Committee today and discuss with you the serious challenges our close neighbors are grappling with in Central America's Northern Triangle—El Salvador, Guatemala and Honduras—and consider ways that the United States can work cooperatively with the Northern Triangle's new Alliance for Prosperity, both with the governments and citizens of these countries, to address chronic problems such as criminal violence, corruption, and impunity. These challenges, together with the lack of economic opportunity, deep social inequality and the corrosive impact of unresponsive political institutions, help to fuel migration and undermine democracy. Strengthening democratic governance in Central America's Northern Triangle—in other words, helping to build healthy state institutions by increasing the effectiveness, responsiveness and transparency of all branches of governments and the political parties that stand behind them—serves the interests of these countries' young and diverse population and also the national interests of the United States.

The organization I represent—the National Democratic Institute, or NDI—is dedicated to strengthening democratic governance, practices and institutions globally. NDI has worked on the ground in the Northern Triangle countries of Central America for nearly 15 years, supported by several international assistance organizations, including USAID, the National Endowment for Democracy, the State Department Bureau of Democracy, Human Rights and Labor, the Swedish International Development Assistance Agency, and the Norwegian Ministry of Foreign Affairs, who currently support our programs in the Northern Triangle. Today NDI has field offices in Guatemala and Honduras and regularly engages El Salvador through its regional programs on citizen security, transparency and political reform. NDI approaches security as a democratic governance issue, emphasizing citizen participation in policies aimed at improving the quality of life through prevention of crime and violence. Our work with civic groups, government officials, legislators, political parties from all political persuasions, at national and local levels, exposes us daily to diverse perspectives, spanning senior political leaders to grass roots activists, and informs the observations I will share today.

Much in northern Central America has changed for the good since the authoritarian governments and the wars of the 1970s and 1980s, although important promises held out by the Central American peace agreements and subsequent democratic transitions remain unmet. On the positive side, increasingly pluralistic democracies have taken hold in all three countries of the Northern Triangle. These democracies—as is the case with democracies everywhere and especially in countries emerging from armed conflict—are imperfect. Some shortcomings relate to the weakness or corruption of state institutions such as the courts and police; others result from political systems that remain insufficiently transparent or inclusive, and are slow to adapt to the needs of a changing and young population. The 2009 coup in Honduras was a reminder that despite democratic gains, damaging reversals may still occur. Fortunately, now the three Northern Triangle countries have governments elected in what NDI can attest were vigorously contested and widely observed electoral processes. These democratically elected governments are today being held accountable not just by their political opponents but by an increasingly active citizenry. That is good news for democratic governance.

At the same time, the problems of entrenched poverty and stagnant economies that have long characterized northern Central America endure. Of the three countries, the poverty rate as measured by the World Bank (2013/2014) is highest in Guatemala at 40.7 percent, followed by Honduras at 39.6 percent, although GDP per capita in Guatemala at \$7,503 is considerably higher than Honduras' \$4,729. El Salvador presents a different picture with only 12 percent poverty and \$8,201 GDP per capita, and scores much higher than the other Northern Triangle countries on scales measuring the quality of democracy, market economy, and political management (see the 2016 Bertelsmann Transformation Index). Economic growth has resumed since the great recession but at moderate levels that make reduction of poverty and unemployment a struggle. Natural disasters have done great damage in the past—I am old enough to recall Hurricane Mitch—and are a constant threat. A serious drought currently impacts important agricultural regions of the Northern Triangle. Viruses such as Zika and Chikungunya are adding further stress to stretched health care systems. Dependency on external remittances remains high: these represent a very significant percentage of GDP: 17.4 percent in Honduras, 16.8 percent in El Salvador, and 9.9 percent in Guatemala. These figures also underscore the close ties between the Northern Triangle and our country, the source of much of these remittances.

The economic development challenge is steep. It is compounded by daunting challenges impeding good governance in what some Central Americans have described as the triple menace of violence, impunity from the law, and corruption, all visible to varying degrees in each of the three countries.

Alarming, northern Central America is afflicted by epidemic levels of criminal violence. Stories of extortion, drug trafficking and gang violence occasionally grab headlines in the U.S., but are the daily staple of life in El Salvador, Guatemala and Honduras and have been for years. Four of the five countries in the world with the highest per capita rates of murder are in Central America—including all three Northern Triangle countries. (The fourth is their small English-speaking neighbor, Belize.) According to official data, in 2015 homicide rates per 100,000 people hit 103 in El Salvador, 57 in Honduras, 30 in Guatemala. Murder rates are only one metric—calculating the extent of extortion or its cost to the economy is far more difficult. This violence poses the biggest challenge to stability and governance since the armed conflicts of 30 years ago. According to public opinion research, citizens in all three countries put crime and violence as their top concerns, well above unemployment and economic worries.

There is a psychological toll to such high levels of criminality. The spring 2016 issue of *Americas Quarterly* quotes former Salvadoran guerrilla commander Joaquín Villalobos, who decades ago broke with the FMLN guerrilla movement that now is El Salvador's governing political party. Villalobos describes today's violence as the "worst social tragedy of El Salvador's history... worse than during the war, because now there is less hope."

The causes for the violence in the Northern Triangle are complex.

Part has to do with drug trafficking to be sure, and the movement of Mexican and Colombian cartels into the sub-region to develop new routes to the U.S. market in reaction to increased pressure brought about through Plan Colombia and the Merida Initiative, which Republican and Democratic Party-led U.S. Administrations have supported. But more is involved than patterns of narcotics trafficking, as a comprehensive Woodrow Wilson Center analysis published in December 2014 well documented.

That study drew attention to common aspects to the violence in each of the three countries, as well as important differences. The penetration and number of youth gang members in Central America is highest in El Salvador, closely followed by Honduras and Guatemala. The growth of youth gangs is aggravated by high rates of domestic abuse, sexual violence and compounded by weak family and household structures. Violence against women, a result of gender inequality and unequal power relations between men and women, has reached alarming levels. According to the United Nations Entity for Gender Equality and the Empowerment of Women, El Salvador has the highest rate of femicides in the world, closely followed by Guatemala and not trailing far behind, Honduras. Migration has had its impact in both directions. As multiple analysts have pointed out, the U.S. policy of deporting large numbers of young Central Americans in the 1990s and 2000s, many gang members, helped to import the youth gang problem to Central America.

Some causes of violence in Central America exist at the local level and can be best addressed through local action. However, the ability to check criminal violence through police action or violence prevention programs that put in place community-based disincentives is negatively impacted by the level of impunity from prosecution

for crimes. Across the Northern Triangle impunity for crime is high—up to 95 per cent of crimes are not resolved.

Weak law enforcement and judicial institutions are one reason why. Another is corruption. Guatemala, for example, has suffered for decades from the influence of clandestine criminal networks that use corruption and violence to undermine government institutions. The brutal murder a month ago of the Honduran indigenous environmental and human rights activist, Berta Cáceres, was emblematic of the risks human rights defenders and social leaders face daily throughout the region. The scant prospect that criminals will ever face prosecution or punishment, along with doubts regarding the capacity of authorities to prevent retribution—and uncertain police loyalties given the extent of corruption—means many crimes go unreported.

Corruption has had a longstanding corrosive influence in government and on citizens' perceptions of democratic institutions in the Northern Triangle. In Transparency International's 2015 Corruptions Perceptions Index, El Salvador, Guatemala and Honduras rank 72, 123 and 112, respectively, out of 168 countries surveyed. All three countries rank lower than average in the Americas region.

Last year, corruption scandals and investigations emerged in the three Northern Triangle countries which implicated former and sitting presidents, vice presidents and other high level officials. These sparked large-scale public protests in Guatemala and Honduras, new mobilization by civic leaders in El Salvador and increased pressures for transparency and accountability and for establishment of new mechanisms in Honduras and El Salvador, similar to the U.N.-sponsored International Commission Against Impunity in Guatemala, known as CICIG by its Spanish initials. CICIG has worked under the authority of Guatemala's independent Public Prosecutor, Attorney General Thelma Aldana, to investigate and bring to light high level corruption cases, which ultimately led to the indictment, resignation and arrest of former Guatemalan Vice President Roxana Baldetti and President Otto Pérez Molina, among other senior officials. With these actions, Guatemalans sent a powerful message that no individual is above the law, at the same time reinforcing the country's democratic institutions by adhering strictly to constitutional processes until scheduled elections could be completed and a new president took office in January 2016.

Public opinion research in the Northern Triangle countries by Latinobarómetro over the past decade has found that although strong majorities of their citizens—on average 60 percent of those polled—are committed to democratic government, dissatisfaction with the performance of democratic governments has risen: in 2015 averaging 60 percent. In recent years, however, Honduras has proved the exception to the negative trend, with a turnaround from a peak of 74 percent dissatisfied citizens in 2013, to a still high 56 percent dissatisfied in 2015, which analysts attribute to the success of President Juan Orlando Hernández' government in reducing the murder rate. The tension between the public's belief in democracy and acute disappointment with its performance adds another dimension of political volatility to the Northern Triangle's challenging governance picture.

Citizens want more from their democracies than just regular elections. They expect elected governments to deliver on basic state responsibilities of security and to work to advance economic opportunity and honest government. Looking at the daunting day-to-day challenges, it might be easy to get discouraged or to despair about finding solutions. No doubt many individuals do lose hope and migrate to look for opportunities elsewhere. Nonetheless, in the Northern Triangle there are hopeful signs and opportunities for building a better future, both on a regional and country level.

First, the opportunity afforded by the Alliance for Prosperity.

Until the process of developing the Alliance for Prosperity by the Northern Triangle countries began in the fall of 2014, most analysts we talked to in the region characterized government-to-government cooperation in the Northern Triangle on citizen security issues as sporadic or limited to security agencies only and lacking a common focus on governance. The 2011 Central America Integration System (SICA) Summit in Guatemala made a promising start by bringing in the experiences of Mexico and Colombia in confronting criminal violence to share with their Central American neighbors and by helping generate more focused U.S. attention. The ambitious SICA agenda of priority regional citizen security reforms, including improved and standardized legislation to facilitate coordination among neighboring countries, for the most part was left unfulfilled and to many appears to have been abandoned. The Alliance for Prosperity process is still taking form and elements of it need to be strengthened, such as greater consultation with civic groups. Efforts by governments to reach out broadly to different sectors of society to get input and build con-

sensus for government plans for the Alliance have been robust in El Salvador, but much less so in Guatemala and Honduras.

Nonetheless, I see several reasons now to be cautiously optimistic about the potential impact of the Alliance.

- Limiting the geographic scope to the Northern Triangle makes a coordinated regional approach more manageable and realistic than continuing to rely on the broader SICA framework that also includes Belize, Costa Rica, Nicaragua, Panama and the Dominican Republic. The “Northern Triangle” grouping is admittedly an artifice—a valid geographic construct of course, but a grouping of three countries with common challenges but individual issues and political systems each responsive to its own political and electoral calendar. No practice of sub-regional cooperation existed previously outside of ad hoc meetings. The Alliance is building greater communication among governments that extends beyond foreign ministries or police and if continued, should deepen into greater cooperation.
- Senior level U.S. engagement helps the Central American leaders sustain their engagement. The Alliance fits well within the framework of the U.S. Government Central America Strategy, and Vice President Biden’s active involvement has ensured continued high level attention and leadership on all sides. Achieving the promise of the Alliance is a medium to long term process. Hopefully, the next U.S. Administration will continue active support for the Alliance.
- From the perspective of NDI’s democracy-strengthening mission, most importantly, the Alliance incorporates explicit governance issues among its four goals and lines of action, including improved access to justice and strengthened institutions and transparency.

The second hopeful sign is the increased U.S. funding for the region.

- This provides additional needed resources and equally critical, real incentives for Northern Triangle governments to follow through on much needed reforms.
- In that regard, Congress’ role in ensuring oversight and monitoring for effective use of the resources—with hearings such as this—has been critical. In addition, the specific conditions placed on aid for Central America in the 2016 Consolidated Appropriation Act establish important steps toward improved democratic governance, combatting cooperation and bolstering civil society.
- This U.S. leadership and expanded commitment has helped enlist support by others. The Inter-American-Development Bank provides essential technical expertise to the Alliance grounding it in an effective regional institution. Colombia, Chile, Mexico, Panama and Peru have also offered support. Colombian President Santos traveled to the Northern Triangle countries earlier this month. When members of NDI’s Board of Directors met with President Santos in Bogota last year, they discussed the governance challenges in the Northern Triangle and President Santos underlined Colombia’s commitment to further police training and other assistance.

Third, there is increased interest in international assistance to buttress national investigative and prosecutorial capacity in order to reinforce state institutions.

- In Guatemala, President Jimmy Morales announced he would extend until 2019 the mandate of CICIG, the U.N.-sponsored International Commission against Impunity in Guatemala. This has increased public confidence that the groundbreaking steps taken in 2015 against impunity and corruption by senior officials will continue and steps taken to curb clandestine criminal networks that have weakened and co-opted Guatemalan institutions.
- CICIG provides a proven effective model, and operates with full respect for national sovereignty in support of Guatemalan justice institutions. Civic groups in Honduras and El Salvador have advocated for establishing similar mechanisms in their countries—a “CICIH” or “CICIES.” However, the other Northern Triangle governments have chosen to chart their own path for strengthening national investigative and justice institutions.
- In January 2016, El Salvador appointed a new independent Attorney General after the incumbent withdrew his candidacy for reappointment following severe criticism from civil society groups. In March, U.S. State Department and the United Nations Office on Drugs and Crime signed a joint agreement with a broad set of Salvadoran institutions designed to strengthen the prevention, investigation and prosecution of corruption.
- In Honduras, the government similarly has resisted civic pressures to establish a U.N.-backed CICIH. Instead, the Honduran government reached agreement

with the OAS to create a different international support mechanism, the Mission to Support the Fight against Corruption and Impunity in Honduras (known by its Spanish initials MACCIH), which started working in Honduras on April 14. MACCIH will target graft and organized crime through an international corps of judges and prosecutors who will work in concert with Honduran counterparts. Although MACCIH's original proposed mandate was modified and strengthened somewhat in response to criticism from civil society organizations, many doubts remain among civil society leaders about how the MACCIH will function and whether the OAS mission and Honduran prosecutors will be prepared to take action against corrupt criminal networks involving the country's powerful political and business elites. A positive sign: the Honduran Supreme Court announced the creation of anti-corruption and extortion tribunals within the next month, as recommended by the MACCIH. MACCIH's actions to ensure a serious investigation and prosecution concerning the murder of environmental activist and indigenous leader Berta Cáceres will be a critical test of MACCIH's credibility and of the political will of the Honduran government to end impunity.

Finally, while the mass street protests of 2015 have subsided, citizen groups are continuing to press for action for government transparency and accountability and improved security.

During 2015, unprecedented mass protests against corruption took place on a regular basis in Honduras and Guatemala, mobilizing hundreds sometimes thousands of people in peaceful demonstrations. Civic groups have shifted from strategies of protest to proposals for reform. Many NDI civic partners are active in proposing concrete reforms and closely monitoring government actions, such as the Alliance for Peace and Justice in Honduras, and the Pro-Justice Movement and Human Rights Convergence civic society groups in Guatemala, together with social movements and new civic activists active in the mass street protests of the past year. Last week, NDI helped convene a forum in El Salvador to examine the implications of the wave of civic protests across the region for strengthening democracy and state institutions.

In some cases, governments and legislatures have reached out actively to civic groups for input. These include many NDI partners. Civic activists have expressed fears that government outreach could be just window-dressing. However, in a few cases, following extensive interaction through informal mechanisms bringing together civil society leaders, legislators, government and political party leaders, long-sought reforms have moved forward. For example, in Guatemala, key elements of anti-corruption legislation and stalled political reform were approved over the last month. These include limitations on the power of the president to dismiss the independent Public Prosecutor, improved regulation for public procurements, and restrictions on future party-swapping by legislators—a practice closely identified with corruption. Guatemala's experience over the past year suggest that sustained public pressure is key for advancing reform.

To conclude, let me suggest two areas to watch that will be influential in determining prospects for meeting the governance challenges in northern Central America through the Alliance and other initiatives.

Police, Security Reform and Human Rights

Over recent years, the Northern Triangle governments have sought to improve the effectiveness of policing in multiple ways. In El Salvador and Guatemala, military forces at times have been mobilized to support police actions against youth gangs and patrol streets. In Honduras, a new militarized police force was formed directly responsible to the president's office. All three countries have sought to weed out corrupt elements. For instance, following Honduran media reports of high level police being involved in the killing of the antidrug czar in 2009 and his top advisor Landaverde two years later, Honduran President Hernandez recently announced a presidential decree which was approved unanimously by Honduran Congress allowing him to purge the police force. MACCIH will have a role in police purging. This is the fifth Honduran attempt in the last 20 years to purge the police—the most recent took place in 2012. Human rights groups throughout the Northern Triangle have expressed concerns about the militarization of police functions and denounced abuses. In El Salvador, press investigation of police vigilantism and targeted killings of youth gang members have stoked fears of new death squads. Poorly-paid police daily face extreme dangers, including real threats against their families. The continuing escalation of violence in El Salvador has led the National Assembly to authorize extraordinary penal measures. Some figures close to the government have even discussed the possibility of organizing armed citizen groups to defend commu-

nities against criminal gangs, which could lead to greater violence and further weaken security forces.

There are no easy or quick solutions. Improving police vetting and holding accountable police and security officials who abuse positions of authority, however difficult, is essential to breaking the pernicious cycle of violence, impunity and corruption.

Reform of Political Institutions

Sustainable economic development and security reform is built on bedrock of political institutions. The capacity of legislatures to exercise oversight over the executive needs strengthening, along with continued international support for building effective independent judicial institutions. Political finance regulations in the Northern Triangle are well below norms in place elsewhere in Latin America, and those laws and regulations that exist are not uniformly enforced. Those reforms in final stages of approval by the Guatemalan Congress need to be finalized and then implemented. The Honduran government has proposed a modest political reform package, focused on campaign finance reform in response to the arrival of MACCIH, before the 2017 elections which unfortunately, leaves out the key demands of civic groups. El Salvador's two strong dominant political parties have helped anchor the country's stable politics since the peace agreement but both the governing FMLN and the opposition ARENA have joined in rebuffing civil society proposals for reform, which in turn has put more stress on the country's judicial system.

In all three countries, NDI's partners and other civil society groups have advocated for political and electoral reforms and as mentioned earlier, in some cases, secured political backing for government and legislative action. Regional exchanges are taking place on a regular basis not just among governments, but among political and civic leaders to share lessons learned and shape common agendas. Reform-minded legislators have sought to improve democratic governance and do more to engage citizens on public priorities. Much more needs to be done to support all of these efforts. Without action in coming years to bring greater transparency and accountability to political institutions other efforts to improve governance are likely to fall short.

Thank you. I look forward to your questions.

The CHAIRMAN. Thank you.
Senator Cardin?

Senator CARDIN. First, I thank both of you for your testimony. I found it very helpful.

I agree completely with the points that, yes, you have to have security. There is no question. You cannot function without security. But you also have to deal with the human rights issues and particularly the good governance and anticorruption issues.

So, Mr. Swigert, let me ask you first, if I might, you have indicated that there is a need for more funds for democracy and governance. Could you give specifically where additional U.S. support could make a difference in the Northern Triangle, if more funds were available for democracy and governance?

Mr. SWIGERT. Thank you, Senator Cardin, for the question. I think U.S. funds are being dedicated to very important areas, as we heard this morning.

It is critical to get at the question of impunity through greater support for external mechanisms like the MACCIH, like the CICIG in Guatemala, and by strengthening judicial institutions and oversight mechanisms. Police need support as well. And I think it is critically important that civil society movements and organizations across the Northern Triangle be strengthened.

I think there has been insufficient attention to support for political institutions. It was not so long ago that there was an enormous setback in democratic governance in Central America, the coup in Honduras in 2009. I think that clearly left a vacuum, which was

filled, unfortunately, by organized crime and gangs and drug traffickers as the Honduran state was greatly weakened.

So there needs to be a continued focus on strengthening the political institutions in the region. By that, I mean also the democratic legislatures in the region who have an important role of oversight of the executive that they need to perform better than has been done to date.

And lastly, I think though there are resources that are going to civil society, and civil society has been playing an increasingly important role in giving oversight of issues such as police vetting in Honduras, we heard this morning about the terrible assassination that took place of the drug czar in Honduras and the new information that has come to light linking that with senior police officials. In response, the President of Honduras has adopted a new measure of vetting police and civil society as being engaged in that. More resources to support these efforts I think would strengthen governance in the region.

Senator CARDIN. Thank you.

Mr. Cardenas, I just really want to underscore the point that you made.

Security is absolutely essential, but if you do not treat your people fairly, there is going to be a void that is going to cause instability. We see that very visibly in the Middle East, where we have not been able to get governments that represent all the people, leading to a huge challenge on security.

So I just really wanted to compliment you on the manner in which have connected the dots.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, sir.

Senator Rubio?

Senator RUBIO. Thank you.

You were both here and you heard the testimony. I think the number was at about 30 percent of the funds are being spent on security and another 40 percent on prosperity. I by no means want to diminish the importance of creating economic growth and stability for purposes of turning the corner. My argument is and has been that when you look at other places where these sorts of activities have been effective, such as in Colombia, it involved at the beginning especially a significant investment on the front end in the security aspect of this, that until you were able to confront the causes of insecurity—in this case, these criminal organizations which are highly organized. This is not just street-level crime. We are talking about highly organized drug trafficking organizations. Until you are able to confront and defeat that, the way the cartels were defeated in Colombia, the other aspects, including prosperity, become more difficult.

So I would ask you both to comment, when you look at the current levels of funding and how the program is currently structured, is it doing enough on the security end to lead us into where we want to be with regards to these countries?

Mr. CARDENAS. I share your concern, Senator Rubio, that perhaps we may be putting the cart before the horse. It is not that the entire particular country that we are talking about has to be pacified before we can begin with economic growth projects. It can

be done piecemeal, perhaps sector by sector, a geographic sector in a country. But I do believe that there are important lessons to learn from Plan Colombia. The situations are not analogous, but there are important truths that we should take advantage of.

One of those is that what President Uribe did in terms of the central element of pacifying communities was government presence. So once you have government presence, which by implication means a security presence, legitimacy of the state, then you can begin instilling confidence in people to venture out taking economic risk to start a small business or whatever.

But I do believe that we are only treading water, if we are trying to combine the two at the same time in a given location.

Mr. SWIGERT. Senator Rubio, I have no doubt that additional assistance on the security side could be helpful. I think that it is important that the way that that is done also include a focus on ensuring accountability by police.

There have been concerns expressed by a number of civic organizations in El Salvador, in Honduras, in Guatemala about the militarization of police forces, and concerns about abuses that such practices could entail in deploying the army to patrol streets, for instance.

I think that it is important that we continue to work in partnership on these citizen security issues in the ways we found to involve more the citizens in those countries in the design of security responses, so that the communities themselves take on responsibility for dealing with these difficult problems of violence.

Senator RUBIO. Again, I know they are not perfectly analogous, but when you look at the success in Colombia, one of the things that was present there was a widespread and deep commitment on the part of its government leaders to confront this and turn the corner.

In your opinion, and it is hard to ask State Department officials who, of course, operate in the diplomatic realm, but in your opinion, having observed this situation, is it your opinion that the governments, and I know we are addressing three separate governments, how would you characterize the level of commitment from leaders in Guatemala, El Salvador, and Honduras, in terms of confronting this at the same level of seriousness as what we saw in Colombia?

Mr. CARDENAS. Political will is indispensable, and we saw that with President Uribe. A leader like that only comes around once in a generation, and in the context of Central America, we would need three Uribes for three countries. I believe that the current leaders of these countries want the very best. They understand the future of their countries relies on drawing foreign investment and integrating into the world economy.

This is where I believe the United States can play a very key role in supporting the current presidents of Central America. That is using the authorities that we have to sanction wrongdoers, corrupt officials, drug traffickers in their countries.

What President Uribe did was he necessarily had to break a lot of furniture to transform that country from a near failed state into the thriving country that it is today.

Many times in Central America you are not really sure who the bad guys are. They could be “respectable businessmen,” as we saw in Honduras the Rosenthal family that was recently indicted. And I commend the administration for pushing that through.

By either Treasury Department designations of corrupt officials or drug traffickers or withdrawing U.S. visas, the State Department has the authority to do that, we can back up the presidents of these countries to show that the United States has their back. President Uribe knew the United States had his back in what he was trying to accomplish in Colombia. If we join with the presidents of Central America in upsetting entrenched interests in those countries, I think we can instill a sense of confidence to keep moving forward in upsetting the current status quo in these countries.

Mr. SWIGERT. I would say it is a very different situation than in Colombia, in the sense that we are talking about much weaker countries. It is three different countries in what is an alliance in formation. Each one of those countries has its own challenges and political dynamics and even different political calendars.

But I would say that this question of political will is absolutely key, and I agree that it is extremely important that the United States use its influence to encourage the development of stronger political will to confront these challenges, because some of these challenges are deeply embedded in the political system in those countries.

The extent of corruption, the way in which political finance operates, which is another key question where I think there needs to be progress in coming years, because the lack of transparency that exists across-the-board makes it very difficult to know who is sitting across the table from you.

The CHAIRMAN. Thank you both.

I just want to follow up on that. Mr. Swigert, we have invested a lot of money for a long time in judicial reform and in training police and prosecutors. Is it that political will, is that the issue that has kept us from being successful for many, many years? Us, really them being successful, but our assistance from being successful?

Mr. SWIGERT. Senator, I think that is an element of it. I also think that we have made some progress, and I do think that the external support mechanisms, which many in the region are clamoring for strengthening, have also made a big difference.

The situation varies by country. In some places, you will find that there is really a great deal of support at the top of the judicial system, that there is a belief in the integrity of the judicial system at the very top level, and I would refer to El Salvador in that instance. In other places, that doesn't exist.

In the case of our strategy, I think the strategy that repeated administrations have followed of working to improve the capacity of the judiciary is part of the solution. But another part has to do with bringing to bear some independent support for investigations and prosecutions.

CICIG has made a huge difference in Guatemala. We will see whether the MACCIH, the OAS-supported new mechanism in Honduras, which set up shop last week, is able to do the same. In El Salvador, they are on a different approach, but I think that there also is a need for increased cooperation within international judi-

cial mechanisms for making progress. But the key issue is political will.

The CHAIRMAN. Mr. Cardin, go ahead. Yes, sir.

Senator CARDIN. Thank you, Mr. Chairman.

I just wanted to pick up on a point that Mr. Swigert made, and he is absolutely right.

We are at a time and a place in Central America right now where there is growing popular mobilization against official corruption in these countries, and that is an important dynamic that we can take advantage of. And making common cause with this popular groundswell of opposition, and as Jim mentioned, these external entities that have been helping these countries along, is something that deserves our full support, because we have had a lot of very disappointing experiences over the years of these countries attempting to heal themselves, and to the extent that there is outside support locked in with this public sentiment that we see today, I think we can make some significant advances that we have not been able to in the past.

The CHAIRMAN. That leads me into the next question I have, and I know you have been involved on the administration side in the past, and we have invested significant monies in these countries for a long, long time.

Can you point to successes, return on investment, progress that has been made with the significant amount of money that has been invested in these three countries?

Mr. CARDENAS. I think when you look at CAFTA, I think that the CAFTA has made significant progress in integrating these countries' markets with the United States. So even though that was not an economic assistance program, it is an example, I believe, of a program that has incentivized local actors into productive activity, if you will.

I think that the U.S. assistance programs over the years that have strengthened democratic institutions, IRI, NDI, NED, I think that there is a long process.

There is probably not a five-star program out there that probably would resonate with all of us, but I think it has been slow, steady progress with the U.S. institutions like the NED family that have been crucial.

It may not be sexy work, but it has been effective when you look at where we were and where we are today. It is the unfortunate confluence of these adverse effects of U.S. counternarcotics policies in support of Colombia and Mexico that have squeezed Central America and put this layover of criminality into what was very steady progress out of the 1980s that has complicated the issue today.

The CHAIRMAN. Do you want to follow up on that, Mr. Swigert?

Mr. SWIGERT. I would agree with what Mr. Cardenas has said. I would just add that I do think in recent time looking at CICIG and what happened over the course of the last year is another example of good investment by the United States, which has been one of the largest international supporters of the U.N.-backed CICIG mechanism.

Guatemala went through an incredibly wrenching experience. The sitting Vice President and the sitting President both were in-

dicted, impeached, and removed from office and sit in jail. And yet Guatemala remains on a democratic path today. It stuck with its constitutional mechanisms, and I think that is thanks to the support that the United States has made to Guatemala and others over the years.

The CHAIRMAN. Well, we want to thank you for your testimony. I think it has been a great committee hearing.

I want to thank the ranking member in helping make this happen the way that it has.

We had two government witnesses that obviously are highly optimistic about what they are carrying out. We have had two private witnesses who had a lot of experience that provided a dose of reality and other observations.

We thank both panels for being here. The record will remain open until the close of business Thursday. If you could respond fairly promptly to questions that I am sure you will receive from the committee, we would appreciate it.

The CHAIRMAN. Again, one of the great privileges that Senator Cardin and I have is the constant ability to talk to people like you that have the kind of experiences that you have. It is very helpful to us in carrying out public policy. We thank you for being here today.

I do not know if you want to say anything else or not?

Senator CARDIN. I agree with the chairman. Both panels, I think, complemented each other.

This is an incredibly important moment for U.S. foreign policy, and I think you helped us deal with it. Thank you.

The CHAIRMAN. With that, the committee is adjourned. Thank you.

[Whereupon, at 11:54 a.m., the hearing was adjourned.]

Additional Material Submitted for the Record

RESPONSES TO QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR DAVID PERDUE TO FRANCISCO PALMIERI, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR THE BUREAU OF WESTERN HEMISPHERE AFFAIRS

Question 1. As the Principal Deputy Assistant Secretary for the Bureau of Western Hemisphere Affairs, I would like to take this opportunity to inquire about the State Department's efforts regarding Haiti's stalled federal elections. As you may know, the second round of Haiti's presidential elections was postponed due to allegations of fraud and subsequent threats of violent protests, leaving Haiti without a duly elected president or a complete federal government in place. Those familiar with the situation believe a small group of candidates who were unsuccessful in the first election round are responsible for inciting these allegations of fraud and sparking civil unrest in order to trigger a "do over" election, even stooping to the level of paying citizens to take the to the streets. I was discouraged to see the news last week that yet again the second round of elections have been postponed. I'm concerned that very little progress has been made as Haiti's interim president Jocelerme Privert, a former member of the Haitian parliament, seems more concerned with installing his allies in key government positions than with completing the election cycle.

- What is the State Department doing to help get Haiti's election cycle back on track by the agreed upon date?
- What is being done to identify and call out election disruptors? Aside from public rhetoric and private talks, is State willing to use other diplomatic tools of

persuasion, including travel restrictions and/or visa bans, for these disruptors and their families, who view U.S. travel ability as a status symbol?

Answer. The Department of State is maintaining vocal and consistent pressure on the Haitian government to promptly complete the 2015 electoral process and seat a democratically elected government, emphasizing that anti-democratic “political solutions” are not an acceptable outcome. We are supporting Haitian efforts aimed at finding consensual and constructive solutions that will see the February 5 political accord implemented and a conclusion to the electoral process as soon as possible. We are urging the verification commission to expeditiously complete its evaluation and the Provisional Electoral Council (CEP) to quickly implement the commission’s legal and constitutional recommendations.

We will continue to call both publicly and through diplomatic channels for the completion of the electoral process. We are considering appropriate U.S. responses to continued delays, and identifying the triggers for those responses. At close to \$42 million, the U.S. government is the largest bilateral contributor to Haiti’s electoral process, giving us important leverage. We are working toward preparing an array of unilateral and multilateral responses, including UN Security Council action, withdrawal of funding for elections, and pressure on individual decision-makers.

We have consulted closely with other donors to ensure a consistent response to possible continued electoral delays. To date, the international donor community has generally spoken with one voice, urging political actors to stick with the previously-agreed timetable. In some cases, international financial institutions’ programs may be affected if there is a prolonged absence of a democratically elected government in Haiti.

We are also assessing possible additional U.S. responses for those who deliberately disrupt the electoral process to pursue their own interests. We will consult internally with Department of State consular and legal experts, regarding the eligibility of certain individuals for visa revocation (for which there is a high legal threshold). We are prepared to back public statements and diplomatic pressures with concrete consequences, as needed.

Question 2a. I appreciate that Secretary Kerry has been unambiguous in his support for prompt democratic elections in Haiti. As mentioned above, some self-interested groups in Haiti sow instability because their narrow commercial interests benefit from political uncertainty and the lack of the rule of law. These same groups are campaigning relentlessly today to strangle the Port Lafito project, a new port and industrial zone (involving the U.S.-based Seaboard Corporation), that represents competition with the existing antiquated port in the capital city. A cartel of port and cargo firms that enjoys sweetheart deals and no-bid contracts with the government is using its influence with Haitian authorities—including the courts and the National Port Authority—to disadvantage the Port Lafito project. The U.S. Ambassador and his team have been attentive to this issue. But unless we take decisive action against corrupt individuals involved, Haiti will never attract the investment it needs to progress.

- What specific measures will the U.S. government take to push back decisively against corrupt practices?

Answer. The U.S. government continues to advocate for fair and equitable treatment for U.S. investors in Haiti and has called on all actors involved in the commercial dispute affecting the Port Lafito project to abide by the rule of law and to maintain a high standard of transparency. We are also working with the Government of Haiti to combat official corruption and are exploring what options are available to impose consequences on individuals participating in corrupt practices. For example, we will consult internally with Department of State consular and legal experts, regarding the eligibility of certain individuals for visa revocation (for which there is a high legal threshold).

On March 12, 2014, the Government of Haiti passed the Law on the Prevention and Repression of Corruption which imposes prison sentences of 3-15 years for a host of newly codified crimes including bribery, embezzlement of public property, illegal procurements, and laundering of proceeds of crime. On December 10, Haiti successfully prosecuted its first case of corruption under the law for embezzlement. The United States provided training to the judge in the case. We will continue to support Haitian efforts to bolster the capacity of judges and prosecutors to investigate, prosecute and adjudicate specialized crimes.

Question 2b. What information do we have about a bribe allegedly paid to former President Martelly by Unibank?

Answer. The State Department is aware of the allegations. We have no further information at this time.

Question 2c. What can the U.S. government do to support the ongoing investigation by the Haitian Parliament of a no-bid contract issued to Caribbean Port Services?

Answer. Parliament has not requested support from the U.S. government to investigate the alleged contract with Caribbean Port Services, and we have no involvement at this time. We continue to press the Government of Haiti to uphold fair and transparent procurement practices.

Question 2d. Why is the director of the National Port Authority (APN), Alix Celestin, allowed to operate with impunity and in defiance of the government board of directors by levying inequitable fees on private ports?

Answer. A statement published on August 3, 2015, by APN Director Alix Celestin notified all private port operators that the APN would be changing how it allocates its wharfage fee of \$310 for every 20 foot equivalent (TEU) container. Previously, private operators were only required to give \$155 of the wharfage fee to APN. In the fall of 2015, APN asserted that it was entitled to all \$310/TEU, altering a wharfage sharing framework in effect since September 2000.

Mr. Celestin has asserted APN's authority as a port regulator, established under a 1985 decree, to make these decisions, although the decree does not directly address the question of wharfage. Most recently, in a case brought by a private port operator, a Summary Reference Judge determined that the reinstatement of wharfage fees by APN was an administrative action that falls outside of the jurisdiction of the lower courts.

The State Department, through the Office of the Haiti Special Coordinator and our Embassy in Port-au-Prince, has engaged with all parties involved and is closely following developments on the ground. We are also working with the Government of Haiti to advocate for the rationalization of wharfage fees, linking them to actual port operational costs which could result in a significant reduction in fees.

Question 2e. Have international donors asked for an accounting of APN operating funds?

Answer. The U.S. Embassy in Port-au-Prince is not aware of any formal accounting of APN operating funds; however, the U.S. government is working closely with the Government of Haiti to combat corruption within the public sector and improve transparency of financial management. With support from the U.S. Agency for International Development (USAID), the Government of Haiti is building back the operability of its Integrated Financial Management System after most of its physical infrastructure was destroyed in the earthquake. The Government of Haiti is installing an interface to allow connectivity between the Government of Haiti revenue collections and the expenditures management systems. The new program is in line with the roadmap developed by the Ministry of Economy and Finance (MEF) to guide all future investments in the area of information technology to ensure uniformity and avoid duplication. The U.S. Treasury Department is also working with the Government of Haiti to Implement a Treasury Single Account (TSA), which will improve the quality of fiscal information and create transparency within the expenditure and revenue stream for all ministries within the government.

Question 3a. From FY 2014 to FY 2016, the State Department and USAID-managed assistance budget for Central America has more than doubled, going from \$338.1 million in FY 2014 to \$748 million estimated for FY 2016. Yet, the President has now requested \$771.6 million for FY 2017—\$35 million more than last year.

- Can you explain this budget growth for Central America?

Answer. The increase in foreign assistance requested for Central America reflects the comprehensive approach of the U.S. Strategy for Engagement in Central America (the Strategy). Consistent with the Strategy, increased resources will support new assistance for prosperity and governance programs and expand existing, successful security investments. The Department of State and USAID's FY 2017 request of \$750 million in bilateral and regional assistance for Central America—a part of the Administration's \$1 billion request to support the Strategy—builds on the FY 2016 appropriation by seeking the resources necessary to increase economic opportunity, reduce extreme violence, strengthen the effectiveness of state institutions, and address challenges that have resulted in an increase in Central American migration to the United States. By investing U.S. assistance in these areas, we can advance a prosperous, economically integrated Central America with effective and accountable institutions where citizens choose to remain and thrive. Doing so, we

promote U.S. national security and expand economic opportunity for the United States and our partners throughout the region.

Question 3b. Having more than doubled our aid investment in the last 3 years, what improvements have been made in the region?

Answer. The increase in foreign assistance reflects the comprehensive approach of the U.S. Strategy for Engagement in Central America. The U.S. Strategy focuses on three pillars: security, governance, and prosperity. A few examples highlight the progress that has been made: Guatemala continues to fight corruption. The Department provides critical support through the State Department's Bureau of International Narcotics and Law Enforcement Affairs to fund the UN's International Commission Against Impunity in Guatemala (CICIG) to root out corruption at all levels of government. Recent successes include the February arrests of tax authority personnel accused of providing illegal tax refunds. On April 18, President Jimmy Morales requested CICIG's extension through 2019, reaffirming his promise to institute a "zero tolerance for corruption."

Honduras, with the support of USAID's Feed the Future (FTF) program, has shown significant results in reducing extreme poverty. Between 2011 and 2015, incomes increased by nearly 55 percent for more than 180,000 of the poorest individuals. Within the last fiscal year, the number of FTF families whose incomes rose beyond the extreme poverty line increased by 30 percent (8,719 in FY 2015 as compared to 6,626 in FY 2014).

El Salvador has demonstrated political will to improve public security. With the Department and USAID's support, crime prevention activities are helping reduce homicides in targeted communities. While national homicide rates are truly alarming—over 100 murders per 100,000 people in 2015—homicide rates are projected to drop by about two-thirds in the 76 communities where USAID has focused its programs.

Question 3c. From FY 2014 to FY 2016, the State Department and USAID-managed assistance budget for Central America has more than doubled, going from \$338.1 million in FY 2014 to \$748 million estimated for FY 2016. Yet, the President has now requested \$771.6 million for FY 2017—\$35 million more than last year.

- The Alliance for Prosperity is a five-year plan, of which we are only in the first year of implementation. Can Congress expect to see increasing funding requests from the next Administration for Central America in each of the remaining years of the plan?

Answer. The Department of State and USAID will request funds on an annual basis commensurate with the challenges facing Central America.

Insecurity, a lack of economic growth and jobs, poor educational opportunities, poverty, and weak institutional capacity are systemic challenges in Central America. The summer 2014 surge in migration of unaccompanied children and families from Central America to the U.S. southern border was just one symptom of these challenges. Although prior U.S. assistance yielded successful outcomes, overcoming the serious and persistent challenges Central America faces requires a comprehensive approach.

Many of the U.S. Strategy for Central America's lines of action require sustained U.S. engagement and include assistance to build long-term Central American capacity. Some FY 2016 and prior-year assistance will have an immediate impact, including addressing region-wide challenges such as coffee rust and protracted drought. Assistance will also improve Central American capacity to serve its citizens in the mid-term, but some goals will require sustained assistance and Central American political will.

Question 3d. Is five years a sufficient period of time to implement the Alliance for Prosperity?

Answer. The U.S. Strategy for Engagement in Central America is envisioned as a multi-year effort. The systemic changes needed in Central America will not come overnight, nor will the migration flows immediately cease. The necessary political will in Central America exists, but increased U.S. resources to address security, governance, and prosperity are a key component to catalyze more rapid progress in Central America. As we have learned from our experiences in Colombia and Mexico, consistent U.S. engagement and assistance can produce progress and changes that are sustainable and irreversible. To address the underlying conditions of poverty, weak governance, and insecurity in Central America, sustained U.S. involvement can make a positive difference. We will continually assess progress to ensure foreign assistance requests accurately reflect developments in the region and are linked to specific opportunities where they can make a positive impact.

Question 4. Likewise, the Central America Regional Security Initiative (CARSI) budget has also more than doubled since FY 2014. Could you detail for me CARSI's accomplishments thus far?

Answer. The Central America Regional Security Initiative is the primary funding stream for U.S. Strategy for Engagement in Central America security programming. In partnership with Central American governments, the Department of State and the United States Agency for International Development have established successful programming models that make short- to medium-term sustainable impacts to reduce levels of crime and violence, build the capacity of law enforcement and rule of law institutions, and support prevention programs for youth and in communities at risk of crime and violence.

The Department and USAID began jointly implementing a Place Based Strategy (PBS) to reduce violent crime in some of the region's most dangerous neighborhoods. In Honduras, we have already seen a significant reduction in homicide rates. For example, in the Chamelecon and Rivera Hernandez neighborhoods in Honduras, the homicide rate dropped 17 percent and 47 percent respectively from 2014 to 2015. These reductions occurred in the concentrated areas where the Department and USAID jointly implement their programs. Nationally, the homicide rate dropped 12 percent from 2014 to 2015. The evidence shows that our programs, in conjunction with host government efforts, contributed to a reduction in homicides and an increase in safety and security.

Justice sector reform programs also delivered benefits. In El Salvador, prosecutors mentored via CARSI obtained 424 convictions in 2015, and achieved an impressive 93.4 percent conviction rate. In Honduras, CARSI-supported units executed a high-profile operation against the Banegas Band, one of the most notorious criminal organization responsible for at least nine murders and multiple attempts at extortion throughout Honduras, arresting 18 suspects and its leader.

USAID, with the support of Vanderbilt University, concluded a rigorous three-year impact evaluation of its CARSI-funded community-based crime and violence prevention programs in 120 high-crime urban treatment and control communities in El Salvador, Guatemala, Honduras, and Panama. Final results demonstrated crime victimization is significantly lower and public perception of security higher in communities USAID's CARSI programs.

Question 5. Funding for "Other Regional Programs" has actually tripled since FY 2014. Can you describe what "other" programs are involved in this grouping, and why these programs collectively have required a three-fold increase?

Answer. The FY 2017 request includes \$10 million for Foreign Military Finance (FMF) in "Other Regional Programs" to support the U.S. Strategy for Engagement in Central America (the Strategy). Consistent with the Strategy, increased resources will expand existing, successful security investments. Regional security assistance, through FMF, will build the capacity of Central American partner nation security forces to disrupt maritime smuggling of drugs destined to the United States and enhance border security to prevent undocumented migration and illicit trafficking in areas at risk of exploitation by criminal organizations. These investments will enhance U.S. national security. The FY 2017 request for "Other Regional Programs" also includes \$2.07 million in Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) with \$1.5 million for antiterrorism assistance and \$570,000 in export control and related border security assistance. Antiterrorism assistance supports targeted training and equipment to improve law enforcement, while export control assistance funds the creation of strategic trade controls to counter proliferation threats.

Question 6. The Northern Triangle governments have budgeted \$145 million for improving public safety under the Alliance for Prosperity in 2016. This amount is almost double the \$78 million budgeted for El Salvador and almost triple the \$49 million budgeted for Guatemala. This allocation seems inconsistent with the level of violence occurring in these three nations, especially El Salvador, which, with 104 homicides for every 100,000 citizens, recently earned the title of "the hemisphere's murder capital" this year.

- Can you shed any light on why the government of El Salvador decided to allocate less funding to improving public safety than other Alliance for Prosperity nations?
- How is funding from the U.S. and international donor community being used to address the issue of public safety in El Salvador?

Answer. The government of El Salvador is committed to addressing its crippling security situation. El Salvador's budget allocations for public safety spending in 2016 to support the Alliance for Prosperity only represent a portion of its total secu-

rity expenditures. In 2015, the government of El Salvador, with the support of the international community, developed a comprehensive security plan, Plan Safe El Salvador. The Government of El Salvador committed to finance this ambitious plan, with costs over a five-year period estimated to reach \$2.1 billion, roughly 8.7 percent of Salvadoran GDP. In October 2015, the Salvadoran legislature approved two special taxes to help finance Plan Safe El Salvador, demonstrating political will to improve public safety. In the short time since the new taxes went into force, the government has already raised over \$11 million in additional revenue to back the plan.

As one example of international donor engagement, the Central American Bank for Economic Integration issued a \$71 million loan to El Salvador to support prison construction and is negotiating an additional \$100 million loan to improve public safety.

The Department of State and the United States Agency for International Development focus assistance efforts in the same priority municipalities identified by the Government of El Salvador in Plan Safe El Salvador. Assistance strategically implements a balanced and integrated set of four interventions: primary violence prevention activities directed at the community at large; secondary violence prevention activities tailored to individuals considered at risk of engaging in crime; tertiary violence prevention activities targeted at individuals already engaged in criminal behavior who are seeking alternatives; and justice sector activities that provide the community access to formal criminal justice services and increase trust between citizens and law enforcement.

Question 7. Please describe the relationship between USAID's Central America Regional program and the State Department's Western Hemisphere Regional program.

- How do State and USAID work together toward improving the conditions in Central America?
- What challenges do you face? Are there opportunities for better cooperation and coordination?

Answer. USAID's Central America Regional program coordinates closely with the State Department's Western Hemisphere Regional program, as well as all USAID Missions in the region. Through regular communication and consultation with the State Department at all levels, both in Washington and in the field, we seek to avoid duplication of programming and ensure complementarity. For example, USAID and the State Department have co-organized several successful and ongoing workshops around the Central America Regional Security Initiative (CARSI) both in Washington and in the field to ensure agreement on geographic priorities, co-participation in reviewing proposals, and monitoring and evaluation plans. In addition, frequent policy meetings, convened by the National Security Council, facilitate full whole-of-government coordination.

USAID and the State Department began jointly implementing a place-based strategy under CARSI in 2015 to reduce violent crime in some of the region's most dangerous neighborhoods. In Honduras, we have already seen a significant reduction in homicide rates; in the Chamelecon and Rivera Hernandez neighborhoods in Honduras, the homicide rate dropped 17 percent and 47 percent, respectively, from 2014 to 2015. These reductions occurred in the concentrated areas where USAID and the State Department jointly implement their programs. Nationally, the homicide rate dropped 12 percent from 2014 to 2015. USAID and the State Department, in conjunction with host government efforts, are working together to contribute to a reduction in homicides and an increase in safety and security.

The U.S. Strategy for Engagement in Central America calls for increased U.S. investment in the region. To date, we have not faced significant challenges in coordinating U.S. efforts. As we move further into implementation of the Strategy throughout the region, we will continue to promote robust coordination across the U.S. interagency.

Question . I understand that the objectives and efforts of the U.S. Strategy for Engagement in Central America are generally consistent with the priorities established in the regionally-led Alliance for Prosperity. But while U.S. efforts are also relatively closely aligned on the country-to-country level with those of the Salvadoran and Guatemalan governments, there is apparently less alignment in Honduras as a result of the Honduran government's emphasis on infrastructure construction, which is not a focus of U.S. assistance under the Central America Strategy.

- Why is this the case?

- In your opinion, should the U.S. be more supportive of infrastructure construction in Honduras?

Answer. The U.S. Strategy for Engagement in Central America and the Alliance for Prosperity (A4P) are complementary in their objective of addressing the region's development and security challenges. We closely coordinated with the Northern Triangle governments to ensure our efforts align and to identify any potential gaps.

Our assistance to Central America differs from A4P in its emphasis on training and technical assistance to build capacity and sustainability, as opposed to financial assistance for large-scale infrastructure. We remain supportive of the many necessary infrastructure investment initiatives throughout Central America, including those in Honduras, and work closely with international financial institutions like the Inter-American Development Bank, Central American Bank of Economic Integration, World Bank, and other financial institutions that are providing access to financing for such projects. Given the large financing needs, the private sector will also play a key role, and we are working with the countries to improve their investment climates.

Question 9. For FY 2016, Congress appropriated \$30 million to train and equip Central American militaries. What will these training efforts entail? Where will the training of Central American militaries take place?

Answer. In FY 2016, Congress appropriated \$25.665 in Foreign Military Financing (FMF) and \$3.15 million in International Military and Education Training (IMET) funds for Central America. IMET supports the professionalization of Central American partner militaries and Expanded IMET (E-IMET) courses, which re-enforce respect for civil-military relations, rule of law, and human rights. With FY 2016 funding, IMET will support technical and operational training, such as aircraft or maritime maintenance courses that primarily take place in U.S. military training facilities. FMF will also support technical and operational courses, such as maritime maintenance and support, but we do not have a confirmed location for these courses at this time.

Question 10a. As one of the conditions placed on FY 2016 aid to Central America, Congress required that the Secretary of State provide the respective Appropriations Committees with a multi-year spending plan that specifies objectives, indicators to measure progress, and an implementation timeline. Congress also required that 25 percent of the funds for the "central governments of El Salvador, Guatemala, and Honduras" be withheld until the Secretary of State certifies that the governments are taking "effective steps" to inform citizens of the dangers of irregular migration.

- What progress has been made on Secretary Kerry's certification of "effective steps" taken by the Northern Triangle governments to educate citizens on migration?

Answer. The Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016, required the Secretary of State to make certain certifications prior to the obligation of 25 percent of certain assistance allocated for the central governments of the Northern Triangle, to include that each government is taking effective steps to "inform its citizens of dangers of the journey to the southwest border of the United States." On March 14, 2016, the State Department reported to Congress that:

- ◆ The government of El Salvador has implemented public awareness campaigns and high-ranking officials have made numerous public statements on the dangers of irregular migration and the lack of U.S. immigration benefits for individuals who arrive in the United States without prior authorization. The Salvadoran government supported U.S. messaging campaigns on the dangers of the journey through statements in print media, television, and radio.
- ◆ El Salvador's Ministry of Foreign Affairs continues to lead an intragovernmental effort to disseminate information about the dangers of the journey and immigration laws and policies. Senior Salvadoran government officials continue to participate in national and regional fora and events on migration, give press interviews, and disseminate radio spots and web videos warning of the dangers of irregular migration.
- ◆ Salvadoran Foreign Minister Hugo Martinez continues to make public statements on the dangers of unaccompanied minor travel to the United States. The Ministry of Foreign Affairs broadcast video and radio spots from a "No Pongan en Riesgo Sus Vidas" (Do Not Put Your Lives at Risk) campaign on national TV and radio. The Mayor's Office of San Salvador, the Municipal Institute for Youth, and NGO Democratic Vision launched a campaign to prevent unaccom-

panied child migration called “Sueño vs. Pesadilla” (Dream vs. Nightmare) in July 2014, including social media and direct volunteer outreach.

- ◆ The Government of Guatemala implemented public awareness campaigns, and high-ranking officials made numerous public statements, on the dangers of irregular migration and the lack of U.S. immigration benefits for undocumented migrants who arrive in the United States. Both former President Alejandro Maldonado and current President Jimmy Morales made public remarks urging people not to make the dangerous journey to the United States and to remain in Guatemala to build opportunities.
- ◆ In July 2014, Guatemala’s first lady launched a campaign to dissuade unaccompanied child migration called “Quédate” (Stay) in regions with the source of the highest number of child migrants. The Guatemalan national police developed a circular on the dangers associated with unaccompanied children migrating to the United States and incorporated the messaging in all of its crime prevention activities, many of which target at-risk youth. In partnership with UNICEF, the Guatemalan Foreign Ministry launched a messaging campaign to educate children about their rights.
- ◆ The Guatemalan government continued messaging to counter irregular migration in 2015 by emphasizing the importance of keeping Guatemalan children in Guatemala via radio and television advertisements, as well as text messaging. It supported the U.S. government’s “Dangers of the Journey” and “Know the Facts” messaging campaigns. The Guatemalan Ministry of Foreign Affairs amplified the messages on social media and on its website.
- ◆ Since mid-2014, the Honduran government has run continuous public awareness campaigns, and high-ranking officials have made numerous public statements on the dangers of irregular migration and the lack of U.S. immigration benefits for children and adults who arrive undocumented in the United States. Honduras began its first nationwide media campaign in June 2014, using U.S. Department of Homeland Security Customs and Border Protection (DHS/CBP)-provided materials on the dangers of land-based migration. Honduras also complemented U.S. messaging campaigns on the dangers of the journey in print media, television, and radio. Through public service announcements, Honduras continues to share stories of the dangers migrants face during their journey to the United States and is encouraging all sectors of Honduran society to work together to discourage undocumented migration. The Honduran government also continues to collaborate with non-governmental organizations on these campaigns.

Since Honduras’ creation of the Child Migrant Task Force in 2014, the Honduran first lady has regularly released press statements calling on Honduran parents not to endanger the lives of their children, emphasizing that irregular migrants would not be allowed to stay in the United States. The Task Force is planning more public service campaigns to drive home public awareness on the dangers undocumented migrants face during their journey to the United States.

Since this report, the Northern Triangle governments have continued to educate their citizens about the dangers of the journey and to dispel misinformation on U.S. immigration policy. The State Department continues to work with them to achieve this goal.

Question 10b. What percentage of FY 2016 aid falls under the umbrella of “assistance for the central governments of El Salvador, Guatemala, and Honduras” that is subject to 25-50 percent withholding requirements?

Answer. The FY 2016 Appropriations bill directs that up to \$750 million may be made available for assistance for countries in Central America to implement the U.S. Strategy for Engagement in Central America. While FY 2016 funding allocations have not been finalized, the Department and USAID at this time assess that \$269 million, or about one-third, of a total possible allocation of \$750 million for the Central America Strategy will directly assist Northern Triangle central governments. This amount includes both regional and bilateral programs. These figures will continue to adjust slightly as FY 2016 allocations move forward, funds are obligated, and regional programming is executed.

Question 11. The State Department’s Bureau of Western Hemisphere Affairs is coordinating the U.S. Strategy for Engagement in Central America. However, each implementing agency is in charge of monitoring and evaluating its own programs.

- Does the State Department have a comprehensive data collection and monitoring process in place that will allow all the data compiled from each different

agency's programs to be evaluated together as a part of a larger overview of the U.S. Strategy for Engagement in Central America as a whole? Please be as specific as possible.

- Does the State Department need additional resources to be able to analyze the aggregated data for Central America? If so, what resources?

Answer. The State Department and USAID are committed to improving our monitoring and evaluation of these programs. We are finalizing an overarching architecture that tracks the desired outcomes in the U.S. Strategy for Engagement in Central America (the Strategy). The strategic goals under each of the three pillars—prosperity, governance, and security—are linked to a limited set of high-level indicators described in the Strategy, which define what the U.S. government, in partnership with Northern Triangle governments, civil society, and the private sector, aims to achieve in Central America.

U.S. agencies' indicators, assessments, and evaluations will supplement these strategic level indicators. For example, USAID has already developed a set of program indicators and a series of planned assessments, surveys, and evaluations to inform design and assess impact of programs. The data collected from U.S. agencies will be compiled and edited annually.

An additional employee within the Bureau of Western Hemisphere Affairs, supported with FY 2015 ESF, will assist in tracking the effectiveness of program implementation funded by assistance supporting the Strategy. The employee will compile and analyze interagency and third-party data that assesses the performance of Central American governments and U.S. assistance implementers in support of the Strategy.

RESPONSES TO QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR DAVID PERDUE TO ELIZABETH HOGAN, ACTING ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN

Question 1. I would like to take this opportunity to inquire about the State Department's efforts regarding Haiti's stalled federal elections. As you may know, the second round of Haiti's presidential elections was postponed due to allegations of fraud and subsequent threats of violent protests, leaving Haiti without a duly elected president or a complete federal government in place. Those familiar with the situation believe a small group of candidates who were unsuccessful in the first election round are responsible for inciting these allegations of fraud and sparking civil unrest in order to trigger a "do over" election, even stooping to the level of paying citizens to take the to the streets. I was further discouraged to hear the news last Friday that Haiti's second round of presidential elections has been postponed yet again. I'm concerned that very little progress has been made as Haiti's interim president Jocelerme Privert, a former member of the Haitian parliament, seems more concerned with installing his allies in key government positions than with completing the election cycle.

- What effect is this political unrest having on Haiti's reconstruction efforts?
- Have these events affected USAID's ability to effectively administer aid to the Haitian people? If so, how?
- Have these events affected any local USAID projects? If so, how? Please be specific.
- Has USAID had to provide additional aid as a result of the delayed elections?

Answer. Haiti has historically been a challenging environment in which to work, with chronic weaknesses of governance and recurring periods of political uncertainty. The overall success of the U.S. Government strategy in Haiti is predicated on a credible, legitimate counterpart in the Government of Haiti (GOH). USAID works to support effective and representative institutions that are essential to improve the quality of governance in Haiti, thereby bolstering stability and government legitimacy. Although in many instances the GOH is not directly involved in assistance projects, not having a legitimately-elected government as a U.S. development partner can diminish the economic multiplier effects of the assistance. In addition, the prolonged absence of a democratically elected government in Haiti could have an adverse effect on long-standing support for non-humanitarian programs by the United States and other international partners of Haiti.

While the urgent priority of the U.S. government is for Haiti to conclude the electoral process and seat a representational democratically-elected government as soon as possible, the country is also facing a deteriorating economy, rising food insecurity,

ity, drought and public health concerns. Continued U.S. foreign assistance is essential, as the basic needs of the people of Haiti are likely to increase in times of political turmoil. While we have not noted direct substantive negative impacts on our programs, in our extensive monitoring and evaluation, USAID will continue to assess the performance of the Agency's programs, and make course corrections when necessary to assure the best use of and maximum results from invested U.S. resources. Many of USAID's programs (for example, in job creation, basic education, and our planned new program in water and sanitation), however, are not immediately dependent on Haitian government policy decisions.

Despite these continuing challenges, USAID activities have produced good results in some sectors, such as health, job creation, and agriculture. For example, our support for small and medium-sized enterprises has created over 9,000 jobs, and U.S. agricultural projects have doubled the income of 60,000 farmers by increasing crop yields and introducing new technology.

Haiti is important to us as a nation, and the U.S. government's long-term goal is clear: to help the people and government build a more stable, prosperous future. In support of this long-term goal, the U.S. government is supporting credible electoral processes. These activities aim to strengthen Haiti's Provisional Electoral Council (CEP), political party, and civil society capacity to organize and monitor regular and inclusive elections that meet international standards for transparency and fairness. To date, USAID does not anticipate providing additional foreign assistance on top of that already provided to the CEP as a result of the delayed elections, although continued delays may well necessitate increased funding from the Government of Haiti and its international partners. Going forward, the U.S. government and USAID's technical partners stand by to assist efforts by civil society, the GOH, and the CEP to meet demands for increased fairness, credibility and transparency of the ongoing electoral process. However, each step will require sustained commitment and political will from the GOH and the CEP.

Question 2. Please describe the relationship between USAID's Central America Regional program and the State Department's Western Hemisphere Regional program. How do State and USAID work together toward improving the conditions in Central America?

- What oversight procedures does USAID have in place to prevent duplication of efforts?
- What challenges do you face in this coordination? Are there areas in which coordination for planning and implementation of assistance could be improved?

Answer. USAID's Central America Regional program coordinates closely with the State Department's Western Hemisphere Regional program, as well as all USAID Missions in the region. Through regular communication and consultation with the State Department at all levels, both in Washington and in the field, we seek to avoid duplication of programming and ensure complementarity. For example, USAID and the State Department have co-organized several successful and ongoing workshops around the Central America Regional Security Initiative (CARSI) both in Washington and in the field to ensure agreement on geographic priorities, co-participation in reviewing proposals, and monitoring and evaluation plans. In addition, frequent policy meetings, convened by the National Security Council, facilitate full whole-of-government coordination.

USAID and the State Department began jointly implementing a place-based strategy under CARSI in 2015 to reduce violent crime in some of the region's most dangerous neighborhoods. In Honduras, we have already seen a significant reduction in homicide rates; in the Chamelecon and Rivera Hernandez neighborhoods in Honduras, the homicide rate dropped 17 percent and 47 percent, respectively, from 2014 to 2015. These reductions occurred in the concentrated areas where USAID and the State Department jointly implement their programs. Nationally, the homicide rate dropped 12 percent from 2014 to 2015. USAID and the State Department, in conjunction with host government efforts, are working together to contribute to a reduction in homicides and an increase in safety and security.

The U.S. Strategy for Engagement in Central America calls for increased U.S. investment in the region. To date, we have not faced significant challenges in coordinating U.S. efforts. As we move further into implementation of the Strategy throughout the region, we will continue to promote robust coordination across the U.S. interagency.

Question 3a. I understand that the President's FY 2017 request includes \$28 million in global food security funds for Central America.

- How will these global food security funds be primarily concentrated?

Answer. The \$28 million requested in the President's FY 2017 Budget is for the Climate Smart Food Security initiative being led by the Department of State's Office of Global Food Security. The initiative will target its efforts on: increasing the resilience of major agricultural sectors (crops, livestock, forests, and fisheries) to climate change; mitigating the negative impact of food production systems on the climate; reducing poverty and hunger; promoting economic growth while building stronger trading partners; strengthening country-led commitments to food security; and improving strategic coordination, and leveraging the inputs of multilateral partners. As part of these efforts, the U.S. Government will continue to partner with other governments and the private sector to determine how to integrate climate smart agriculture into diplomatic dialogues and where public and private investments can be made to have the greatest potential for impact. The assistance will be channeled through regional development agencies to benefit from their expertise in loans, loan guarantees, and other blended financing mechanisms. To date, the geographical focus of the initiative has been Central America. The focus may expand to other regions in the future if additional funding is identified beyond the resources requested in the Central America budget.

Question 3b. In your opinion, is this funding level adequate to support the goals of USAID's Central America Regional program?

Answer. The President's FY 2017 budget request for the Department of State and USAID of \$750 million for the Strategy for U.S. Engagement in Central America will help to support and sustain the three interrelated pillars of prosperity, governance and security. In addition to the \$28 million in global food security funds, ongoing activities that are part of the Global Climate Change and Feed the Future Initiatives will continue to be implemented in FY 2017, contributing to climate change and food security development goals in the Central America region. Further, there are ongoing discussions with other donors including the Canadian and Mexican governments to identify complementary support for the initiative. Considering these complementary resources to reach our objectives, the global food security funding levels requested in the President's FY 2017 Budget for both Central America and the Climate Smart Food Security Initiative are adequate.

Question 4. I understand that the objectives and efforts of the U.S. Strategy for Engagement in Central America are generally consistent with the priorities established in the regionally-led Alliance for Prosperity. But while U.S. efforts are also relatively closely aligned on the country-to-country level with those of the Salvadoran and Guatemalan governments, there is apparently less alignment in Honduras as a result of the Honduran government's emphasis on infrastructure construction, which is not a focus of U.S. assistance under the Central America Strategy.

- Why is this the case?
- In your opinion, should the U.S. be more supportive of the construction of infrastructure in Honduras? If so, why are we not?

Answer. The U.S. Strategy for Engagement in Central America and the Alliance for Prosperity (A4P) are complementary in their objective of addressing the region's development and security challenges. We closely coordinated with the Northern Triangle governments to ensure our efforts align and to identify any potential gaps.

Our assistance under the U.S. Strategy for Engagement in Central America differs from A4P in the U.S. Strategy's emphasis on training and technical assistance to build capacity and sustainability, as opposed to financial assistance for large-scale infrastructure. We remain supportive of the many necessary infrastructure investment initiatives throughout Central America, including those in Honduras, and work closely with international financial institutions like the Inter-American Development Bank, Central American Bank of Economic Integration, World Bank, and other financial institutions that are providing access to financing for such projects. Given the large financing needs, the private sector will also play a key role, and we are working with the countries to improve their investment climates.

While we do not have any plans to use foreign assistance to finance large-scale infrastructure projects, the United States has supported technical assistance and capacity building programs in the region, specifically related to infrastructure financing, and we look to continue these efforts.

Question 5. Please describe the major initiatives within USAID that fall under the Central America Regional Security Initiative (CARSI) umbrella.

Answer. A multi-year, multifaceted security assistance package, the Central America Regional Security Initiative (CARSI) is the main funding vehicle for the security pillar of the U.S. Strategy for Engagement in Central America.

Under CARSI, USAID supports an integrated “three-tiered approach” to crime and violence prevention revolving around smart targeting: geographic, demographic and behavior-based. This targeting allows USAID to focus on the geographic locations where violence occurs, the individuals and groups at the highest risk of perpetrating or being victimized by violence, and the behaviors most likely to trigger violence. This approach blends population-based programs to build high-risk communities’ resilience to crime and violence (e.g., youth outreach centers, workforce development, small infrastructure projects, violence prevention committees and community policing) with targeted interventions to support the highest-risk youth (e.g., psychosocial counseling, mentoring, restorative justice, and pathways to reintegration into communities).

USAID, with the support of Vanderbilt University, concluded a rigorous impact evaluation of its CARSI-funded community-based crime and violence prevention programs in 120 high-crime urban treatment and control communities in El Salvador, Guatemala, Honduras, and Panama. At the three-year mark, the final results showed a 51% decline in reported murders and extortion, a 25% reduction in reported illegal drug sales, and a 19% decline in reported burglaries in neighborhoods benefiting from USAID-supported programs as compared to the control group of similar communities.

USAID programs have created over 200 youth outreach centers in high-violence communities across Central America that provide youth with a refuge where they can study, obtain vocational training, and receive job placement assistance. These have been so well received that the Government of Honduras has pledged \$3 million from its security tax to co-finance 30 additional youth outreach centers in more communities.

USAID has harnessed the resources, technology and training capacity of more than 100 private entities, including Chevron, Hanes Brands, Cisco, Intel, and Microsoft, to expand educational and economic opportunities for Central America’s youth. For example, mobile phone providers Claro and Tigo deliver free internet access to USAID’s outreach centers in El Salvador and Honduras. In El Salvador, Microsoft has trained over 10,000 youth in USAID’s more than 120 youth outreach centers on software and information technology via their “YouthSparkInitiative” Program. Additionally, the regional wholesale chain PriceSmart recently supported the launch of Honduras’ largest youth outreach center to date.

Under CARSI, USAID and the Department of State’s Bureau for International Narcotics and Law Enforcement Affairs (State/INL) have begun coordinating assistance in select sites in Guatemala, Honduras and El Salvador under a “place-based” strategy. Based on a proven model that has been successful in cities, including Los Angeles, Ciudad Juarez, and Medellin, this effort integrates prevention efforts and law enforcement, targeting the most dangerous communities and high-risk youth.

These micro-level interventions are complemented by macro-level security and justice sector reform efforts to strengthen the institutions charged with enforcing and administering justice to keep people safe and reduce impunity. In addition, USAID’s efforts continue to advance national reform agendas, particularly in solidifying paradigm shifts towards a more integrated violence reduction approach, driven by data and grounded in evidence.

Question 6a. As a part of the President’s FY 2017 request of \$772 million, the Administration has requested \$135 million through other U.S. agencies besides USAID and the State Department to support its whole-of-government strategy in Central America, including the Departments of Defense, Agriculture, Treasury, and Homeland Security, among others.

- What processes, if any, does USAID have in place to prevent overlap and duplicative programming among all these separate agencies?

Question 6b. To avoid duplicative programming, USAID participates in inter-agency consultations on our current activities and coordinates closely with the State Department. Coordination on current programs is complemented by meetings with individual agencies both in Washington and in the field. For example, for agencies receiving Strategy funds through foreign assistance, both USAID and the State Department expect to review proposed interagency programming to ensure it supports the Strategy and is consistent with the purposes for which funds were appropriated. In addition, there is further coordination at the technical level, as USAID has ongoing interagency partnerships.

- What processes does USAID have in place to monitor and evaluate the effectiveness of programs through each of these agencies, as well as an overall, comprehensive data analysis process for the Central America initiative?

Answer. U.S. agencies with activities funded under the U.S. Strategy for Engagement in Central America (the Strategy) are expected to report results that link to the Strategy's goals. These agencies also will be asked to provide detail on monitoring and evaluation that links to Strategy objectives.

The State Department and USAID are coordinating to conclude an overarching architecture that links to the desired outcomes described in the Strategy. The goals under each of the prosperity, governance, and security pillars link to high-level indicators described in the Strategy, which detail what the U.S. government, in partnership with the Northern Triangle governments, civil society, and the private sector aim to achieve in Central America. These include:

- ◆ Help Central American governments reduce violence so that no country in the region is ranked among the top 10 countries in homicide rates;
- ◆ Reduce the youth unemployment rates in Honduras, El Salvador, and Guatemala by half; and
- ◆ Reduce poverty rates in these countries to below 40 percent over the next decade, in part through steady economic growth.

Question 6c. Does USAID need additional resources to ensure that comprehensive data monitoring and evaluation takes place for the Central America initiative?

Answer. The President's request includes funding to ensure that we continue to strengthen monitoring and evaluation under the CEN Strategy. Agencies implementing activities in support of the Strategy will supplement these high-level indicators with program indicators, assessments, and evaluations to measure program-level results, as described above. For example, through our Central America "Learning Agenda," USAID has developed a set of program indicators and has ongoing and planned assessments, surveys, and evaluations to inform design and assess programs outcomes and impact. We are working with our field offices to collect data on a regular basis, analyze trends, and report on results. In addition, in FY 2016 we expect to complete 18 evaluations of programs in Central America, with more to come in subsequent fiscal years.

Question 7a. Some USAID programs in Central America have been able to multiply aid funds by leveraging U.S. funding to raise support from the private sector.

- What are some of the most successful examples of private sector support for USAID development projects in Central America?

Answer. Since 2012, USAID has leveraged approximately \$146 million in private sector and non-USG resources for Central America. This means that for every USAID dollar spent since 2012, the private sector has contributed approximately 1.6 times the amount through USAID's Global Development Alliances (GDA), Development Credit Authority (DCA) guarantees, and other public-private partnerships.

USAID engages companies such as PriceSmart, Tigo, Claro, Cisco and Microsoft to provide educational, training, and economic opportunities for at-risk youth across Central America. USAID reaches approximately 85,000 at-risk youth through 200 outreach centers in some of the toughest neighborhoods in the region. Some of our most successful partnerships with the private sector have focused on this crime and violence prevention work targeted at the community level in Central America.

Engaging the local private sector has increasingly become an important factor to ensuring community buy-in and sustainability of USAID development projects in Central America. In El Salvador, USAID partners with five Salvadoran foundations to combat citizen insecurity and strengthen municipal responses to crime and violence in 50 dangerous communities. This activity works closely with mayors, municipal councils and local residents on designing prevention plans tailored to the needs of each community. Activities include training youth and families in conflict prevention, youth leadership programs, and job training and entrepreneurship. School-based prevention activities provide training to teachers in violence prevention, support to parent-teacher associations and psychological counseling in schools traumatized by violence. At \$42 million in combined resources, El Salvador has established the largest USAID public-private partnership with local private sector in Latin America and the Caribbean.

In El Salvador, Microsoft has trained over 10,000 youth in USAID's outreach centers on software and information technology. Microsoft's ultimate goal is to reach 25,000 at-risk youth through USAID's outreach centers in El Salvador. Along with local private sector, USAID and Microsoft also partner to support Superate (Get Ahead!) centers, which train underprivileged youth in English, computer proficiency, and life skills to become the next leaders of El Salvador. The Superate centers continue to receive free Microsoft software, preparing youth to move on more effectively to secondary education and the workforce. Given the success of this partnership,

other companies in El Salvador established centers and the model has been replicated in Panama and Nicaragua.

In Honduras, USAID continues to expand our partnership with the telecommunications company, Tigo, which provides free internet coverage for over 5,000 at-risk youth. As a result, youth benefit from computer and vocational training classes, reducing their vulnerability to gang recruitment. Between 2012 and 2015 alone, USAID doubled the number of youth outreach centers to 46 with Tigo's expansion of free internet coverage in Honduras. Also in Honduras, PriceSmart, an American company and the largest membership wholesale chain in Central America, recently sponsored the establishment of one of USAID's largest youth outreach centers located outside of San Pedro Sula, Honduras.

To improve food security, connect farmers to market, and move 150,000 rural Hondurans out of poverty, USAID partners with Walmart and various local and multinational companies. USAID has developed over 41 public-private partnerships (PPP) with companies to provide training and technical assistance to small-scale farmers, improve the efficiency of key value chains, and increase incomes. These PPPs have been a critical component in increasing incomes of more than 24,000 people by 267 percent in 2014.

In Guatemala, USAID mobilized \$26 million in matching funds from the private sector, non-governmental organizations, and municipalities to support our violence prevention interventions between 2010 and 2014. For example, by working with a local bank, USAID pooled some of these resources to improve working conditions and services of five police stations.

USAID also partners with the private sector at a regional level to increase access to finance across Central America. In response to the worst outbreak of coffee rust in 30 years, USAID partnered with Root Capital and Keurig Green Mountain Coffee to leverage \$15 million in financing for the region's coffee value chain and agriculture cooperatives in Honduras, Guatemala, El Salvador, and Nicaragua, among other countries.

Question 7b. What methods do you feel have proven most effective in garnering private support in Central America?

Answer. USAID employs a range of approaches to best harness the private sector's resources, business expertise, technology and marketing channels. Two highly-effective models are:

1. *Co-funding and co-creation partnerships.* USAID uses the Global Development Alliance mechanism to engage the local and international private sector in co-funding and co-designing projects and partnerships to improve the communities in which they operate, advance USAID's local development goals, and expand services and opportunities available to local communities. For instance, companies such as PriceSmart and Lady Lee in Honduras, or Grupo Agrisal in El Salvador, are companies deeply committed to improving local conditions and contributing to efforts to combat crime and reduce violence in the communities in which they operate.

Often these partnerships are structured with the corporate social responsibility outfits of large companies. For instance, Microsoft developed the "YouthSpark Initiative" to train and attract young talent across the globe. In partnership with USAID in El Salvador, Microsoft is outfitting USAID-supported youth outreach centers with computers and educational software, as well as training via the YouthSparkInitiative model. In Honduras, we are working with PriceSmart through its Aprender y Crecer (Learn and Grow) Program, a program educating youth across the region.

In all efforts to garner private support in Central America, USAID partners with the private sector when business interests align with our development objectives outlined in each USAID country strategy. For example, USAID works with several grocery stores, consumer goods companies, and Walmart to link agricultural value chains to smallholder producers in Guatemala, El Salvador and Honduras. The Global Development Alliance, a method to jointly design, fund, and implement a project with USAID to advance our development objectives while addressing the private sector's business interests, has been useful to private sector partners to formalize a partnership with USAID.

2. *Unlocking affordable credit/finance for investments in development.* Through USAID's Development Credit Authority, we are using risk-sharing to get working capital to promising entrepreneurs and financing to small farmers.

In the Root Capital example mentioned above in part (a), USAID leveraged \$15 million for coffee rust. In Guatemala, through our Development Credit Authority, we leveraged \$12 million in financing from Guatemalan bank Banrural

to support community-based forestry concessions, associations, and micro, small and medium enterprises within certified value chains in the Maya Biosphere Reserve of Guatemala.

Evidence from USAID's partnerships globally demonstrates that alliances work best and have the greatest development impact when they are premised on the notions of shared interests, shared value, and shared risks and rewards. USAID seeks to partner with companies that are committed to shared value; such companies recognize there is a competitive advantage to creating business innovations that address society's needs and challenges. By forming strategic partnerships with USAID, companies can share the risks of investing in key emerging markets like Central America, while contributing to improved social and economic outcomes in the communities where they operate.

Question 7c. Does USAID coordinate at all with the Overseas Private Investment Corporation (OPIC) and its efforts to leverage government funds to stimulate private investment?

Answer. USAID coordinates with the Overseas Private Investment Corporation (OPIC) to help stimulate private investment in Central America. Improving access to clean, reliable energy is one of the key elements of the Alliance for Prosperity. In 2015, USAID signed a Memorandum of Understanding with OPIC to support the Clean Energy Finance Facility for the Caribbean and Central America (CEFF-CCA). CEFF-CCA will provide targeted assistance to help promising but undercapitalized renewable energy and energy efficiency projects answer core technical, business/financing model strategy and structuring, and other feasibility questions in order to enable them to reach financial close. OPIC loans and guarantees will be available to eligible projects and by involving OPIC in this facility, USAID will leverage OPIC's broad experience with project assessment and promotion.

USAID conducts quarterly reviews with OPIC to share information on the development of prospective transactions, ensure coordination, and eliminate any possible duplicative U.S. government efforts. These efforts support USAID and OPIC's shared objective to stimulate private investment in Central America and other countries in which both entities work. To date, the quarterly reviews have enabled USAID and OPIC investment officers to identify areas of overlap as well as share positive impacts in priority countries.

Question 8. According to USAID Administrator Smith, "country ownership" is a goal at the heart of every USAID project. Can you describe how USAID's "place-based" strategy plays into the goal of country ownership for USAID?

- How does the place-based strategy work at the municipal level?
- When do you plan to publish the place-based strategy metrics that have been developed jointly by INL and USAID?
- Do you foresee the place-based strategy leading to more evidence-based decision-making on where U.S. aid funds should be concentrated?

Answer. Local ownership is essential for the successful implementation of the "place-based" strategy. This includes not only national and municipal authorities, but also private sector partners, civil society organizations and other community stakeholders.

For example, in El Salvador the "place-based" strategy is carefully aligned in support of the Government of El Salvador's Plan El Salvador Seguro—a comprehensive, locally-owned, multi-stakeholder-developed plan that prioritizes 50 of the country's most violent municipalities. To help catalyze the Plan's implementation, USAID, the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (State/INL) and other interagency partners have focused "place-based" efforts in key communities in the Government of El Salvador's initial roll-out municipalities of Ciudad Delgado and Zacatecoluca.

Even though the "place-based" strategy is executed at the community level—geographically comparable to a neighborhood or police precinct, usually with somewhere between 5,000 and 50,000 residents—municipal authorities are critical partners, in many cases being the level of government closest to the people, responsible for day-to-day service delivery to improve quality of life and living environments, and entrusted with community development.

In all three Northern Triangle countries, USAID continues to support municipal crime prevention committees, comprised of local municipal officials, private sector representatives, civil society actors and police, who are empowered to develop crime and violence prevention plans. In all cases where the "place-based" strategy is implemented, these plans serve as blueprints for USAID's community-level investments.

The overarching metric for the “place-based” strategy is a sustained decrease in homicides. Site-specific operational plans that define ancillary indicators and benchmarks are currently in development. Once these plans are developed, USAID and State/INL will establish a timeline to publish metrics.

As the violence plaguing the Northern Triangle has reached epidemic levels, evidence shows it is highly concentrated in specific neighborhoods and perpetrated by a small number of high-risk individuals. These empirical findings underpin the “place-based” strategy’s place-based, people-focused approach. Evaluating the results of its jointly executed place-based strategy feeds into USAID’s broader goal of increasing the evidence base on what works in crime and violence prevention. This strategy includes the evaluation of current crime and violence prevention programming, funding diagnostics and studies to better understand the scope of the problem in the region, and collaborating with academics and policy makers to promote what works in the field.

This effort sends a clear signal to the region that both prevention and law enforcement are crucial—together, at the same time, in the same places, and working towards the same objectives—to improve the security situation.

