

**ADDRESSING ROOT CAUSES OF MIGRATION FROM
CENTRAL AMERICA THROUGH
PRIVATE INVESTMENT: PROGRESS IN VICE
PRESIDENT HARRIS CALL TO ACTION**

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON

WESTERN HEMISPHERE, CIVILIAN SECURITY,
MIGRATION AND INTERNATIONAL ECONOMIC

POLICY,
ALONG WITH

SUBCOMMITTEE ON INTERNATIONAL
DEVELOPMENT,

INTERNATIONAL ORGANIZATIONS, AND GLOBAL
CORPORATE SOCIAL IMPACT,

OF THE

COMMITTEE ON FOREIGN AFFAIRS

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CONTENTS

	Page
WITNESSES	
De Sola, Ms. Celina, Co-founder and President, Glasswing International	11
Fantini-Porter, Mr. Jonathan, Co-founder and Executive Director, Partnership for Central America	17
Farnsworth, Mr. Eric, Vice President, Washington Office, Council of the Americas and the Americas	23
APPENDIX	
Hearing Notice	44
Hearing Minutes	45
Hearing Attendance	46
OPENING STATEMENT	
Opening statement submitted for the record from Chairman Sires	48
RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD	
Responses to questions submitted for the record	52

**ADDRESSING ROOT CAUSES OF MIGRATION
FROM CENTRAL AMERICA THROUGH
PRIVATE INVESTMENT: PROGRESS IN VICE
PRESIDENT HARRIS CALL TO ACTION**

Wednesday, June 22, 2022

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT,
INTERNATIONAL ORGANIZATIONS, AND GLOBAL
CORPORATE SOCIAL IMPACT,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC,

The subcommittee met, pursuant to notice, at 10:03 a.m., in room 2172, Rayburn House Office Building, Hon. Albio Sires (chairman of the subcommittee) presiding.

Mr. SIRES. Hello? I can proceed? Okay.

Good morning, everyone. Thank you to our witnesses for being here today. This hearing entitled, “Addressing Root Causes of Migration Through Private Investments Progress in the Vice President’s Call to Action” will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point and all members will have 5 days to submit statements, extraneous materials, and questions for the record subject to the length limitation in the rules. To insert something into the record, please have your staff email the previously mentioned address or contact subcommittee staff.

As a reminder to members joining remotely, please keep your video function on at all times even when you are not recognized by the chair. Members are responsible for muting and unmuting themselves. And please remember to mute yourself after you finish speaking. Consistent with H. Res. 8 the accompanying regulations, staff will only mute members and witnesses as appropriate when they are not under recognition to eliminate background noise.

I see that we have a quorum, and I now recognize myself for opening remarks.

Good morning, everyone, and thank you to our witnesses for testifying before our committee today. I would like to thank Chairman Castro for his leadership on regional issues and for joining me in holding this hearing. Just over a year ago, Vice President Harris launched a call to action to support economic development in the Northern Triangle. This initiative, which leverages the strength of the private sector, is part of the Biden Administration’s strategy to address root causes of migration from El Salvador, Guatemala, and Honduras.

This focuses on connecting business with U.S. Government partners, such as the U.S. Agency for International Development and

the U.S. International Development Finance Corporation, as well as international organizations and government officials from the region.

Through these public-private partnerships, the call to action seeks to ensure sustainable and effective progress that builds on past lessons to address focused areas that often serve as push factors for migrations.

Today's hearing is timely. Earlier this month at the Ninth Summit of the Americas in Los Angeles, stakeholders from various sectors came together to discuss policy issues and collaborate on new and continuing challenges facing the Americas.

The focus of the summit was building a sustainable, resilient, and equitable future, a topic that holds particular importance in the wake of the COVID-19 pandemic, which revealed the weaknesses in our regional systems. Many conversations centered on how to improve our hemispheric economy and invest in ways that improve overall quality of life, while building more resilient supply chains and confronting systemic challenges that have far-reaching consequences.

As we have seen over the past few decades, issues that originate in one part of our hemisphere rarely stay there. The rise in irregular migration is a direct consequence of these underlying issues. Throughout my time in Congress and my time as chairman of the Western Hemisphere Subcommittee, I have worked with colleagues on both parties, as well as multiple Administrations, foreign governments, and other stakeholders to address the root causes of migration from Central America.

The hundreds of thousands of Salvadorians, Guatemalans, and Hondurans who embark on the dangerous journey toward our southern border are increasingly driven by desperation and fear. Most of those making the journey know that the trip is dangerous and being granted admission to the United States is unlikely.

But it remains the better option compared to the risks present in their home countries. El Salvador, Guatemala, and Honduras are all struggling with the legacy of inequality and widespread poverty, and economic reforms have not led to drastically improved living conditions for many in the region.

Population projections for all three countries show an expected growth of working aged individuals in the coming years as 36 percent of Salvadorians, 42 percent of Hondurans, and 45 percent of Guatemalans are currently under the age of 20. However, as these individuals enter the work force, the lack of stable economic opportunities will contribute to economic hardship and leave many individuals without a means to provide for themselves or their families.

Climate change is deepening the precarious socioeconomic situation as those in poverty are also the most vulnerable to the impacts of climate crisis. These are complicated, multifaceted challenges that push people to leave their homes. We will not be able to solve them quickly or without collaboration across various sectors. Long-term development requires a sustained investment from more than just the U.S. Government and other international bodies.

Businesses and nonprofits are and will continue to be important partners. Private investment and business development in the region will play a key role in increasing economic opportunities and

improving overall quality of life. I am grateful that the Biden Administration's strategy not only includes such collaboration, but seeks to mobilize private sector and investment.

Vice President Harris' dedication in addressing the root causes of migration is commendable and we have seen impressive pledges in response to her call to action. Two weeks ago, Vice President Harris announced more than \$1.9 billion in new private sector commitments to create economic opportunity in the Northern Triangle. 40 companies and organizations have announced major commitments since the launch bringing the total amount to more than \$3.2 billion.

It is important to emphasize that these commitments are not charity. These are major corporate employers indicating that they have faith in the future of Central America. We want to create the conditions for sustainable, equitable economic growth in the Northern Triangle. In order to do so, we must ensure that these commitments are executed in a manner that delivers capital, logistical coordination, and quality jobs for these countries.

Additionally, we must ensure that there are mechanisms in place to counter corruption while protecting and supporting community economies, marginalized populations and workers so that the short-term gains do not create new challenges and push factors for migration.

Our witnesses today are uniquely qualified to testify on public-private collaboration on development initiatives, the opportunities as well as challenges in the region and how we can best support efforts that raise up vulnerable populations and reduce the push factors of migration.

Although we cannot expect any Administration or business investment in the Northern Triangle to reap immediate gains, it is important that we regularly review progress made. Today's hearing presents us with the opportunity to work together across party and sector to examine the advancements of the Vice President's call to action and the role that private investment can have as part of our response to the root causes of migration from Central America.

Thank you, again, for coming and for what I hope will be an extremely productive hearing.

I will now recognize Ranking Member Green for opening remarks.

Mr. GREEN. Thank you, Chairman Sires and Chairman Castro and Ranking Member Malliotakis for holding this joint hearing and I want to thank our witnesses for being here today. First, I would like to take a moment to highlight a matter that is near and dear to my heart, the unlawful detention of Tennessee resident Matthew Heath.

For almost 2 years, this U.S. marine veteran has been held hostage in Venezuela. As a result of his mistreatment and torture by the socialist Maduro regime, he actually attempted to take his own life this weekend. I am praying for his health and I urge President Biden to do all possible to bring Matthew home.

Ever since the Biden Administration enacted its open borders agenda, we have seen a surge in illegal migration at our southern border. Under President Biden, border encounters continue shattering records. Last month alone illegal border crossings hit a

record high of over 239,000 encounters and this does not count the people who go around CBP.

Watering down the migrant protection protocols, threatening to end Title 42 expulsions, and limiting border wall construction amounts to increasing the pull factors leading to skyrocketing illegal migration. We have seen heartbreaking stories in the media of the real life consequences of these reckless policies, border patrol agents rescuing drowning children in the Rio ground, sexual assaults of women and children by traffickers, and forcible recruitment of migrants into crime to say nothing of the fentanyl crisis and the hundreds, thousands of Americans who have died to overdose.

While the Biden Administration refuses to address illegal immigrations full factors, such as our broken immigration system, there is an opportunity for bipartisan solutions to some of the push factors. One of these push factors is the lack of economic opportunity in migrants' countries of origins.

This hearing on private investment provides an excellent opportunity to address this critical issue and to jump start our joint efforts with our western hemisphere counterparts to create more jobs for their citizens and investment opportunities for American companies.

However, there has been a growing sense of hostility by Latin America governments toward the private sector, which is the engine of job creation. We have seen Mexico discriminating against the American private sector, Honduras passed a bill to repeal its special economic zones, and others threaten to nationalize key sectors like mining.

This has got to change. If countries want to create more jobs, they must create business friendly environments. Through U.S. leadership, I am hopeful that we can reverse some of these unfortunate developments. I am willing to work with any government in the western hemisphere that respects the rule of law and market driven models of economic growth. These are the nations that will attract private investment, create long-term sustainable jobs for their citizens.

One of the best ways to help increase economic opportunities for our southern neighbors is through near shoring. According to estimates by the Inter-American Development Bank, IDB, near shoring could add an annual 78 billion in additional exports of goods and services in Latin America and the Caribbean in the near and midterm.

To put this into perspective, in 2020, Guatemala's GDP was estimated to be roughly 77.6 billion. Such a huge influx of capital from nearshoring would mean massive growth if concentrated in smaller countries like Guatemala.

The IDB recommends countries focus on the three "I" strategy—investment, infrastructure, and integration. Investment meaning creating a business friendly environment, not scaring companies away with hostile rhetoric of nationalization. Infrastructure means building and repairing the roads, bridges, seaports, airports, and energy grids necessary for business to flourish. And integration, of course, involves increasing and harmonizing trade agreements to

reduce the regulatory patchwork that currently exists between countries.

My bill, the Western Hemisphere Nearshoring Act, co-led by Chairman Sires assisted in the writing by members of the State Department, people from both sides of the aisle, addresses all of the three I's. It addresses investment through ultra low interest DFC loans while urging countries to reduce bureaucratic red tape, streamline permitting, and embrace free market principles.

It helps address infrastructure by providing technical assistance for energy grids and streamlining the application process for nuclear reactors. And it addresses integration by directing U.S. trade representative to obtain trade agreements with our western hemisphere allies with whom we do not currently have trade agreements.

The bill is a win-win-win. It makes our supply chain less vulnerable to Communist China, it will create more jobs and economic growth for Latin America and the Caribbean, and as opportunities increase in the western hemisphere, the nearshoring of manufacturing will decrease migration to the United States southern border.

I urge all of my colleagues to cosponsor this bipartisan, common sense bill. And I hope Chairman Meeks will schedule it for a full committee markup soon. Private investment is the key to addressing the lack of economic opportunity in many Latin America and Caribbean countries.

If governments embrace the rule of law, respect human rights, and private property, and if Democrats and Republicans can work together, we can tackle one of the most significant push factors to the surging migration at our southern border.

Thank you, Mr. Chairman, and I yield.

Mr. SIREs. Thank you, Ranking Member. I will now recognize Chair Castro for his opening remarks.

Mr. CASTRO. Thank you, Chairman Sires. And good morning, everybody. I am glad to be co-chairing this important meeting with Congressman and Chairman Sires. There is no sugar coating that we are at a crucial moment in our hemisphere's history.

Migration in the Americas has risen dramatically over the past decade due to deteriorating economic and humanitarian conditions and increased violence, crime, and corruption. The effects of the COVID-19 pandemic and the two back-to-back hurricanes in 2020 have only worsened already dire situations in Central America.

U.S. Government agencies reported encountering more than 1 million migrants along the U.S.-Mexico border in 2021 with most arrivals coming from Mexico, Honduras, Guatemala, and El Salvador. Data shows that conditions on the ground are not improving and continue to drive the desire to migrate. The World Justice Project reports that almost half of the Hondurans who want—that almost half of Hondurans want to migrate to another country with 18 percent having active plans to do so within the next year.

This urgency to migrate is also high in El Salvador and Guatemala. While one of the main motivations for migration remains economic opportunity, the deterioration of the rule of law has given many no choice but to flee with the number of migrants encoun-

tered at the border from Venezuela, Nicaragua, Haiti, and Cuba increasing in recent months.

These trends emphasize the important need to not only increase economic opportunity as a key root cause, but to also address the insufficient systems and institutions that have failed to provide protection and prosperity to millions in the region and have actively discriminated against the most vulnerable.

Therefore, a holistic inclusive approach to migration is needed. Before moving on to today's topic of conversation, the Vice President's call to action, I want to quickly note that the United States border policy must also work in complement with our efforts to address root causes of migration. Harmful immigration policies such as Title 42 and the remain in Mexico program have failed in deterring migration flows and instead have fueled greater violence and xenophobic rhetoric.

As we expand our international development work in Central America, private sector partnership's could play a strong role in expanding economic opportunities in the region. At the same time, our relationship and the relationship of American corporations to the people of these nations must also be fair, just, and equitable.

In May 2021, Vice President Kamala Harris announced the call to action which helped launch the public-private partnership for Central America. This collaboration provides an innovative approach with the potential to improve economic conditions and contribute to overall stability in the region.

These commitments by 40 companies totaling \$3.2 billion to address root causes of migration are an important start, but we must make sure that they result in sustainable impact and inclusive economic growth.

In making these investments, I believe that we should not only strive to bring more workers into the formal economy and increase access to digital financing, but we must also ensure that everyone, especially the vulnerable and often disenfranchised, are able to benefit from such investments.

This is why I hope that any private investment is paired with strong, anticorruption measures, increased wages, and protections in labor and environmental rights.

Furthermore, to truly succeed, this partnership in our government must engage with local actors. The Biden Administration's focus on addressing root causes of migration through humanitarian and foreign assistance is important piece of the solution, but so is engaging with local and national actors.

I worked with my colleagues on HFAC and appropriations to secure funding for our foreign assistance programs and, most importantly, for our locally led development efforts, including Centroamérica Local, a new and important USAID initiative to address root causes of migration.

I was also glad to attend the Summit of the Americas earlier this month and to continue my work with civil society to elevate local voices and include key provisions in the Declaration of Migration and Protection.

We already know that partnering with local actors makes assistance more effective, more sustainable, and more equitable. The impact of the commitments by members of the Vice President's call

to action can and will be strengthened when local actors, including civil society organizations, entrepreneurs, indigenous communities and others, are included in investment projects from the beginning.

Private sector investment alone will not stem migratory flows. As I have always said, the United States international development capabilities include a strong coordination between entities like USAID, DFC, and the State Department, as well as NGO's and the private sector. Therefore, coordination among these entities is not only beneficial, but essential to make a difference.

I look forward to hearing from the witnesses on their work and how Congress and the U.S. Government can ensure our investments are creating long-lasting change. My hope is that this hearing serves not as a one-off conversation, but as a starting point for continued engagement on the impact and results of this public-private partnership.

And with that, I yield back to Chairman Sires.

Mr. SIRES. Thank you. I will now recognize Ranking Member Malliotakis for her opening remarks.

Ms. MALLIOTAKIS. Thank you. First, I want to comment on the name of this hearing: Progress in Vice President Harris' call to action. I think a better name for this hearing would be regress, the failure, the utter incompetence.

People want to know why there is a problem at our border, just look at the policies of this Administration. They stopped the construction of the border wall. They stopped the Remain in Mexico policy that helped stem the flow and bring some order to the process. They attempted to end Title 42. And even with court orders, I am not sure that they are even following the law.

In April 2021, when our border Czar, Vice President Harris, announced \$310 million in increase assistance to the Northern Triangle and Central America, what has happened since? It has only gotten worse. In April 2021, when she made this announcement, there were 178,622 crossings. This past month May, 239,416. That is the highest ever recorded and about a 35 percent increase since when she became the Border Czar.

We are on pace to break 2 million people illegally entering into our country this fiscal year. That is more than her home city of San Francisco and the President's home State of Delaware combined. This does not even include the gotaways, which is estimated to be at least hundreds of thousands of individuals.

What is happening at our border? Well, 15 individuals on the terror watch list just in the month of May, in addition to—that is a record-breaking number as well. That brings the total to 50 since October at a time when we are facing threats from Russia, from China, from Iran. You had an Iraqi man busted by Federal agents who attempted to smuggle four ISIS-linked individuals across our border to kill the former President of the United States, George W. Bush.

Fentanyl is streaming over our border. The DEA, CBP, they will tell you, tons of fentanyl streaming over our border and it is that, not COVID, that is the No. 1 killer of Americans 18 to 45 years old. Look at these headlines from CBS News. "Police find fentanyl pill press in Mexican town near U.S. border." CBS, "Border agents arrest woman smuggling fentanyl to Texas." New York Post, "Mexi-

can cartels exploiting border chaos to smuggle fentanyl into the U.S.” ABC News, “The fentanyl trip: How the drug is coming to America,” and CBP’s own press release, over a 48-hour period, “San Diego U.S. Border Patrol agents seized over 1.5 million worth of narcotics.” That was this month. On June 1st that press release.

So I ask: Why is this Administration continue to put the drug cartels ahead of the American people? That is the question that we should be asking at this hearing.

In April, a Texas National Guardsmen Bishop Evans drowned trying to save two migrants, who—guess what—turned out to be drug traffickers. So I truly feel that that is what we should be focusing on in this hearing. We could talk about root causes, why people are coming.

The question is, why do we allow drug trafficking, human trafficking, child trafficking to be committed at our southern border? I went to the border last year and if you see these children, they are crying. They do not want to be separated from their parents and come here alone. Who knows what their future is here if it is into a sex trafficking ring? We know what is occurring. Talk to law enforcement about the sex trafficking, the child trafficking that is happening.

I do not know how you find that to be compassionate to the people. It is not about just a better life like my parents came here as immigrants. These children, these people, they are being exploited. And the United States of America is allowing it to happen, and it has to end. And that is what we should be talking about today and I hope somebody actually address that issue. Thank you.

And I yield back.

Mr. SIRES. Thank you for your comments.

I will now introduce our witness Ms. Celina de Sola, cofounder and President of Glasswing International. Ms. Celina de Sola is cofounder and President of Glasswing International, a Salvadoran organization that addresses the root causes and consequences of poverty and violence through public education, health, and community empowerment in ten countries in Latin America and the Caribbean.

Ms. de Sola has over 25 years of experience in international development and social change. Before Glasswing, she was a crisis interventionist for Latino immigrants in the U.S., worked as a consultant for international organizations and subsequently spent 6 years leading responses to complex humanitarian crises in countries such as Liberia, Sudan, Afghanistan, Iraq, and Indonesia.

Ms. de Sola, we welcome you to the hearing. I ask the witnesses to please limit your testimony to 5 minutes and without objection, your prepared written statements will be made part of the record. Ms. de Sola, you are recognized for your testimony.

**STATEMENT OF CELINA DE SOLA, CO-FOUNDER AND
PRESIDENT, GLASSWING INTERNATIONAL**

Ms. DE SOLA. Thank you. Thank you for the opportunity to be here today, Mr. Chairman. I will be summarizing my written statement.

I am Celina de Sola, co-founder and President of Glasswing and we specialize in positive youth development and leadership, social/

emotional learning, economic opportunities, volunteering, and mental health. We work with young people facing extreme adversity. Exposure to violence, trauma, stigma, and a lack of opportunity, yet most of the young people we work with want to be able to succeed and thrive in their communities and countries.

For 15 years, we have been forging cross-sector partnerships to achieve the sustained impact and our partnerships have included both multi-national and Central American corporations. USAID support through the global development alliance has actually been key in engaging and leveraging additional corporate funding.

For example, we have partnered with Hanes brands for 12 years to provide students with safe spaces and life skills development in the community surrounding Hanes' operations, and hundreds of their employees volunteer. We have worked with Citi Foundation since 2011 developing students' life skills, financial, entrepreneurial capabilities.

And we have worked with Dutch Brothers Coffee from Oregon, which has supported our work with rural coffee producing communities to improve access to healthcare, English learning, violence prevention, and mental health.

Last year, the Howard G. Buffett Foundation and Glasswing launched the Central American Youth Corps with an initial investment of \$13.2 million provided exclusively by the foundation. This initiative is creating conditions for young people to see opportunity and a desirable future in their home communities.

This year, USAID is also supporting this service corps initiative with funding that will enable Glasswing to lay the ground work for sustainable, national use service corps in the region. Together with the other technical assistance partners, such as Peace Corps, YouthBuild, City Year, and the Inter-American Foundation on the advisory council I am proud to serve.

The IAF also actively collaborates with the private sector, corporate and philanthropic, and joint funding initiatives. Vice President Harris' call to action is a crucial step in mobilizing the private sector to create more opportunities for Central American youth as part of a broader strategy to address root causes.

The key will be to turn these commitments into practical and impactful actions that provide opportunities for those who need it most. An ideal vehicle to do this is through the Central American Service Corps Initiative, which builds on the initiative that Glasswing launched with the Howard G. Buffett Foundation last year. The partnership for Central America is also critical in this collaborative effort, mobilizing dozens of businesses from El Salvador, Guatemala, Honduras, and the U.S. who have already pledged to support this initiative. Working closely with local organizations and communities to channel these investments will help ensure that opportunities are provided for the young people that face the most adversity and are thus most at risk.

At Glasswing we founded one of the most important aspects of assessing the progress of any effort is understanding the progress does take time. Vice President Harris' call to action has undoubtedly generated momentum and much needed private sector commitments. And I believe that if these commitments are directly responsive to the needs and priorities of youth facing adversity and

if they are sustained over time, they will, in general, hope and provide opportunities.

I also believe that civil society organizations can help build those bridges between young people, education employability program, and employers. At the end of the day, more jobs do not necessarily mean more opportunities for everyone, but Glasswing and local organizations can play critical role in helping bridge the gaps between the expectations and needs of both businesses and young people.

The following are our recommendations on how the U.S. Government can capitalize on the current momentum from Vice President Harris' call to action. The Central America Service Corps presents an ideal opportunity to engage the private sector in addressing the root causes by providing social and economic inclusion opportunities that are tiered and differentiated for different populations.

More inclusive hiring practices could also help avoid discrimination based on educational level or where young people live. Working with the whole ecosystem, including youth themselves, we can provide or create the national architecture of opportunities for young people that have historically been excluded.

And finally, companies should be motivated and incentivized to engage with local Central Americans civil society organizations as partners. As USAID administrator Samantha Powell recently said, shifting to a model of locally led development means ceding power over decisionmaking to those who know their problems best.

Thank you very much, and I look forward to any questions you may have.

[The prepared statement of Ms. de Sola follows:]

<i>Name, Title, Affiliation</i>	Celina de Sola, Co-founder and President, Glasswing International
<i>Name of the Committee and Subcommittee</i>	House Committee on Foreign Affairs, Subcommittee on International Development, International Organizations and Global Corporate Social Impact and the Subcommittee on the Western Hemisphere, Civilian Security, Migration, and International Economic Policy
<i>Date and Title of the hearing at which you are testifying</i>	Wednesday, June 22, 2022, 10:00 a.m., EDT Addressing Root Causes of Migration from Central America through Private Investment: Progress in VP Harris' Call to Action

WRITTEN TESTIMONY

Thank you for the opportunity to appear before you to discuss the role of the private sector in addressing the root causes of migration in Central America.

I'm Celina de Sola, a Salvadoran social entrepreneur, and co-founder and president of Glasswing International, an independent Central American non-profit organization focused on addressing some of the region's most pressing challenges faced by youth and communities, by building collaborative efforts across businesses, government and community members. I co-founded Glasswing International in 2007 to address the root causes and consequences of violence and poverty through health, education, and community-led initiatives in my home country of El Salvador. Glasswing specializes in positive youth development, youth empowerment, social and emotional learning, volunteering, as well as youth economic opportunities. Mental Health has also become a top priority that is foundational to other outcomes, and something we have worked on for over a decade, recently obtaining a \$43 million award to scale in El Salvador, Guatemala, and Honduras.

Glasswing is an independent, non-partisan organization that specializes in convening and catalyzing development initiatives across the private sector, public sector, and civil society. In 15 years of working in Latin American communities, Glasswing has directly impacted the lives of over 1.5 million people, expanded to a team of over 550 people working in 12 countries, and mobilized over \$125 million for programming in the region, working through partnerships with businesses, public service institutions, and local communities.

We work with young Central Americans that are facing extreme adversity - exposure to violence and trauma, stigma, social exclusion, and a lack of access to opportunities. Most of the young men and women we work with want to be able to succeed and thrive in their communities and countries. On top of the existing vulnerabilities faced - as well as frequent natural disasters, such as hurricanes - the COVID-19 pandemic has layered on even more challenges, exacerbating pre-existing conditions such as overwhelmed public service institutions, limited access to quality education, and economic opportunities - posing even greater risks.

Forging cross-sector partnerships has been central to Glasswing's philosophy since we began. For 15 years, we have leveraged the human and financial resources of businesses, governments, and civil societies to achieve meaningful and sustained impact. We have also worked with companies to leverage their workforce as volunteers, designing and implementing tailor-made volunteer programs based on specific company interests and needs. Our partnerships have included both multinational and Central American corporations, USAID's support during our early years was catalytic to leverage additional corporate funding through Global Development Alliance's (GDA's). For example:

- **Hanesbrands:** *We have partnered with Hanes for over 10 years to implement our Community Schools youth program, which provides safe spaces and life skills development opportunities for students and their families living in the communities surrounding Hanes's operations. Hanes has not only sustained their financial contribution over time, but has also given their employees the opportunity to volunteer, which has been uniquely impactful, seeing as many are from these same communities. The impact has not only included improved academic outcomes among participants, but also enhanced pride, rooting, and resilience.*
- **Citi:** *Citi Foundation and Glasswing International have partnered since 2011, developing core life skills, financial, and entrepreneurial capabilities in young people, not only to provide them with learning opportunities that help them thrive, but also to help facilitate their school-to-work transition, and support them as they develop micro-businesses through which they learn how to generate income. In the last 5 years alone, almost 10,000 young people and 245 Citi volunteers have participated in this program, and over 138 new business initiatives have been created by participants, contributing to their household income.*
- **Dutch Bros. Coffee:** *This company from Oregon is supporting our work with rural coffee-producing communities in rural El Salvador, through an integrated program that improves access to quality health care; diversifies and improves educational quality through English learning programs; as well as partnering with parents, teachers and young people on early childhood development initiatives, violence prevention, and mental health programming.*
- **The Howard G. Buffett Foundation:** *Private sector philanthropy is another powerful vehicle to address root causes of irregular migration. Last year, the Howard G. Buffett Foundation and Glasswing International launched a Central American Youth Corps, with an initial investment of \$13.2 million, provided exclusively by the Buffett Foundation. This initiative harnesses the power of young people in the region to remain rooted to, and work to improve their home communities, supporting long-term development and addressing local priorities, such as education and public health. We work with eight other Central American community-based organizations in Guatemala and Honduras, as well as YouthBuild International as a technical assistance partner. This pilot is a great example of the potential of the private sector to be agile, innovative, and immediately responsive in creating the conditions for youth people to see opportunity and a desirable future in their home communities. This year, USAID is also supporting this service corps initiative, with funding that will enable Glasswing to lay the groundwork for a sustainable national youth service corps model in the region, as well as other technical assistance partners, for example: Peace Corps, the InterAmerican Foundation, and CityYear.*

I am also proud to serve on the advisory council for Inter-American Foundation, which is doing innovative work to address the root causes of migration. The IAF actively collaborates with the private sector - corporate and philanthropic - in joint funding initiatives, while also leveraging decades of experience helping to scale the capabilities of small businesses and social enterprises to access new markets, export goods and services, and do business with the United States.

*Undoubtedly, partnerships between the private sector and civil society organizations are key to addressing many of the toughest challenges facing Central America. **Vice President Harris and the Administration's Call to Action** is a crucial step in convening and catalyzing the private sector to create more hope and opportunities for Central American youth, as part of a broader strategy to address the root causes of irregular migration. The exciting part now is to turn these commitments into practical and actionable pathways in a way that engenders sustained impact for those who need it most. An ideal vehicle to do this is through Vice President Kamala Harris' launch of the Central American Service Corps (CASC) initiative, which builds on the initiative that Glasswing launched with the Howard G. Buffett Foundation last year. The Partnership for Central America's (PCA) is also critical in this collaborative effort, supporting Vice President Harris's launch of the Central American Service Corps (CASC), by mobilizing dozens of businesses from El Salvador, Guatemala, and Honduras and the U.S. who have already pledged to support this initiative. The key is to ensure that we work closely with local organizations and communities so we can channel these investments to provide opportunities for young women and men that face the most adversity and are most at risk of having to migrate irregularly.*

In order to ensure that we are achieving the outcomes and results we seek, at Glasswing we are committed to rigorous monitoring, evaluation, and learning. Our programs are regularly evaluated - both internally and externally - and we also maintain ongoing feedback loops with the children, youth, and families we work with, to ensure that we are always addressing their priorities. In fact, we have hired 60 former participants of our programs into our team of current staff members in El Salvador, Guatemala, and Honduras.

One of the most important aspects we have found in assessing the progress of any effort, is understanding that progress does take time. Vice President Harris's Call To Action has undoubtedly generated momentum and much-needed commitments. The CASC initiative can enable companies to have a profound impact on the young people in Central America - both through their social investments and through their business practices. I believe that if these commitments are directly responsive to the needs and priorities of young people in locations where they are facing adversity - and if they are sustained over time - they will engender hope and provide opportunities.

For example - adjusting, improving, or creating the national social and economic architecture and opportunities from which rural and urban young people have been excluded is a challenge that will require time to address. We also know that companies know best what skills potential employees require, so we can help build those bridges between young people, the education and

employability programs they participate in, and employers. To do this, Glasswing forms alliances and maintains regular meetings with private sector partners to ensure that young women and men are developing the knowledge and skills that will best prepare them to transition into the workforce. At the end of the day, more jobs don't mean more opportunities for everyone, because equity in opportunity is significantly lacking. Glasswing and other local organizations can play a critical role in helping to bridge gaps regarding expectations and needs between businesses and young people, especially by ensuring that youth have a voice in this analysis and planning.

The following are my **recommendations** as to how USG can capitalize on the current momentum from Vice President Harris's Call to Action to better engage with private sector to address the root causes of migration:

- CASC presents an ideal opportunity to engage the private sector in addressing the root causes, by providing educational, social, and economic inclusion opportunities for young people that are tiered and differentiated for different educational levels;
- Businesses should actively consider inclusive hiring practices, that include people with different levels of education and skills, and avoid discrimination based on where they live (we have been discussing employment opportunities with PCA member, Millicom).
- Working with the ecosystem of national government entities, local civil society organizations, businesses, and youth voices. The real challenge is adjusting, improving or creating the national architecture for rural and urban young people that have been excluded or marginalized from opportunities.
- Motivate and incentivize companies to engage with local Central American civil society organizations that are working in and with communities, so they can help the private sector directly address the priorities of young people and communities. As USAID Administrator Samantha Power said in her speech at the Society for International Development conference, "shifting to a model of locally-led development means ceding power over decision-making to those who know their problems best."

Undoubtedly, the most impactful cross-sector collaborations are those that leverage both the resources and expertise of both private sector and civil society, and complement the investments made by US government agencies, such as USAID.

Thank you for the opportunity to participate in this hearing, and I look forward to any questions you may have.

Mr. SIREs. Jonathan Fantini-Porter is co-founder and executive director of the Partnership for Central America. The partnership is the coordinating party of the White House public-private partnership launched by Vice President Harris in May of 2021. Jonathan previously served as an associate partner at McKinsey & Company, national security aide in the White House, senior congressional aide in both chambers of the House, and as chief of staff in the U.S. Department of Homeland Security where he oversaw management of \$6 billion budget and 22,000 personnel in 48 countries.

Jonathan serves on advisory bodies to the U.N. Refugee Agency's U.S. entity and the World Economic Forum and Amnesty International. He is a consulting fellow at the London-based International Institute for Strategic Studies and graduate of the Harvard Kennedy School of Government and Georgetown University. Mr. Fantini-Porter, we welcome you to the hearing.

STATEMENT OF JONATHAN FANTINI-PORTER, CO-FOUNDER AND EXECUTIVE DIRECTOR, PARTNERSHIP FOR CENTRAL AMERICA

Mr. FANTINI-PORTER. Chairman Castro, Chairman Sires, Ranking Members Malliotakis and Green, and members of the committee, thank you for the opportunity to discuss the role of private sector investments in addressing the root causes of migration from Central America and progress in Vice President Harris' call to action.

I would like to begin by respectfully thanking both subcommittees for your support of economic development efforts around the world and in the context of this discussion, of course, Central America. In particular, thank you, Chairman Castro, for your leadership and Chairman Sires, Ranking Member Green for your bipartisan action on nearshoring.

As the U.N. refugee agency has documented, the humanitarian situation in Northern/Central America has worsened considerably over the last 5 years. Refugees and asylum seekers from Guatemala, Honduras, and El Salvador have left their homes for a complex mix of factors. This is the region where nearly 30 percent live in extreme poverty, 50 percent of children suffer from chronic malnutrition and widespread stunting, homicide rates have been the highest in the world, and 2.1 million individuals will be forced from their homes due to climate disaster in coming years.

Partnership for Central America is an independent, nongovernmental organization that was established in May 2021 to mobilize private and social sector investments to address the structural factors contributing to these humanitarian challenges. Central to our work, PCA is advancing the call to action for Central America announced by Vice President Harris in partnership with the U.S. Department of State and U.S. Agency for International Development.

Since our launch 12 months ago, in support of the call to action, PCA has helped secure commitments of more than \$3.2 billion that we estimate will aid 21.2 million people across the region through digital access, financial inclusion, agricultural employment, and new manufacturing and textile jobs. Commitments include banking nearly 12 million people, digital inclusion for more than 4 million, manufacturing and textile commitments to create a nearshore jobs,

and support small businesses in both Central America and the United States. And to train 250,000 youth entrepreneurs and small business owners in core skills to support labor productivity and work force development.

In our first year, these commitments have served nearly 2.5 million people directly across Central America, including internet access for 1.96 million families, banking 310,000 individuals, new agricultural and production sourcing from Honduras and El Salvador, and nearly \$100 million in new investments across agricultural production.

In just one illustration of our impact, children from a rural and indigenous community of more than 4,000 Comayagua, Honduras are now able to access the internet which connects these families to the global economy and creates immeasurable potential for their lives.

Looking forward, we are conscious of the many challenges that lay ahead in achieving our shared vision. Successful requires sustained attention, adequate resources, political will across governments, strong and inclusive economic growth to go with strengthened governance and anticorruption and robust metrics and evaluation practices.

As a son of a refugee who came to this country from Latin America, I am grateful for this committee's commitment to the protection of the most vulnerable families in our society, including those in Central America. As an entirely nonpartisan effort, we are focused on outcomes that grow economic opportunities and improve lives.

I look forward to collaborating closely with this committee going forward to deliver our shared vision and I look forward to answering your questions this morning.

Thank you very much, Chairman, thank you, Ranking Members, thank you members of the committee.

[The prepared statement of Mr. Fantini-Porter follows:]

Testimony of Jonathan Fantini Porter

Executive Director, Partnership for Central America

House Committee on Foreign Affairs

**Subcommittee on International Development, International Organizations and Global Corporate
Social Impact**

**Subcommittee on Western Hemisphere, Civilian Security, Migration and International Economic
Policy**

**“Addressing Root Causes of Migration from Central America through Private Investment:
Progress in VP Harris’ Call to Action”**

June 22, 2022

Chairmen Castro and Sires, Ranking Members Malliotakis and Green, and Members of the Committee, thank you for the opportunity to discuss the role of private sector investments in addressing the root causes of migration from Central America and progress in Vice President Harris’ Call to Action. I would also like to thank both subcommittees for your support of economic development efforts around the world and, in the context of this discussion, Central America. Most recently, passage of the Fiscal Year 2022 Consolidated Appropriations Act included resources for the Central America Regional Security Initiative and Central America Youth Empowerment Program, which we can contribute to reductions in violence and poverty in Central America.

As the United Nations Refugee Agency has documented, the humanitarian situation in northern Central America has worsened considerably over the last five years. Refugee and asylum seekers from Guatemala, Honduras, and El Salvador have left their homes for a complex mix of factors, including poverty and a lack of economic opportunity, violence, corruption, and natural disasters. This is a region where nearly 30% of the population live in extreme poverty; 50% of children suffer from chronic malnutrition with widespread stunting; homicide rates have been the highest in the world in recent years and femicide rates remain the highest; and 2.1 million individuals will be forced from their homes due to climate disaster in coming years.

Several structural factors contribute to these challenges, including low levels of foreign and domestic private sector investment; low labor productivity and a lack of skilled workers; high levels of labor informality; and challenges in promoting the rule of law, sound governance, and legal certainty. The result is stagnant economic growth that fails to create the number of quality formal jobs that the region’s growing labor force requires.

The Partnership for Central America (PCA) is an independent non-governmental organization that was established in May 2021 to mobilize private and social sector investments to address the structural factors contributing to humanitarian challenges in Central America. Founding members of the Partnership include Accion, Chobani, Davivienda, Duolingo, Bancolombia, Harvard T.H. Chan School of Public Health, Mastercard, Microsoft, Nespresso, Pro Mujer, Tent Partnership for Refugees, and the World Economic Forum. With our partners, we are mobilizing foreign and domestic private sector investment, increasing labor productivity and workforce skills; increasing the share of formal labor opportunities; and closing gaps in social safety nets and infrastructure across digital and financial access, health, and education. Central to our work, PCA is advancing the Call to Action for Central America announced by Vice President Harris in partnership with the U.S. Department of State and the U.S. Agency for

International Development. The Call to Action has served as a critical mobilizer of private and social sector organizations to create jobs and opportunities in Central America, which also directly benefits U.S. small businesses and workers through connected supply chains between the two regions.

Since our launch twelve months ago, in support of the Call to Action, PCA has worked to secure commitments of more than \$3.2 billion that we estimate will aid 21.2 million people across the region in coming years with digital access, financial inclusion, agricultural employment and sustainability, and new manufacturing and textile jobs. Specifically, these investments include:

- **Financial inclusion:** Commitments by financial institutions to bank nearly 12 million people—bringing them into the formal economy with \$370 million in corporate commitments—and providing \$500 million in loans and credit to vulnerable populations, families, and small businesses;
- **Agricultural investments:** Agricultural investments of over \$600 million to support farmers and regenerative agricultural practices to improve crop yields, mitigate climate disaster, and create new jobs;
- **Digital inclusion:** Investments of over \$735M in broadband and mobile infrastructure while ensuring digital inclusion for more than four million people currently disconnected;
- **Manufacturing and textiles:** \$825 million in manufacturing and textile commitments to create and nearshore more than 25,000 jobs and support small businesses in both Central America and the United States through connected supply chains across the Americas. This includes a \$500 million commitment by SanMar, which will supply 60,000 small business customers—a majority of which are located in the United States;
- **Social sector services:** Commitments by social sector organizations to serve five million individuals with business development services, training for women and girls, direct services to vulnerable communities, and programs for 70,000 small business owners;
- **Training:** Training 250,000 youth, entrepreneurs, and small business owners in core skills to support labor productivity and workforce development; and
- **Women's empowerment:** Additionally, PCA has secured specific commitments to support women's economic opportunities. The initiative, *In Her Hands*, seeks to connect more than 1.4 million women and their communities to the financial system and digital economy, accelerate women's participation in the agroindustry, train more than 500,000 women and girls in core job skills, promote gender parity, and elevate women within companies across the region.

In our first year of program delivery, these commitments have provided direct services to nearly 2.5 million people across Central America, including internet access for 1.96 million families who were previously disconnected, 310,000 individuals brought into the formal economy with bank accounts and access to credit, new agricultural production and sourcing from Honduras and El Salvador, and nearly \$100 million in new investments across agricultural production to create jobs and improve the livelihoods of farmers in the region. In just one example, children from a rural indigenous community of more than 4,000 in Comayagua, Honduras are now able to access the internet, which connects these families to the global economy and creates an immeasurable potential for their lives.

As a long-term development effort, we will expand on this impact in the coming months and years as corporate commitments are fully deployed. To support ongoing progress, in addition to program delivery, we are also focused on critical management practices to ensure operational success. Two of these priorities include:

- **Metrics and evaluation:** We are focused on continually maturing the management functions of the organization to be a lasting and independent entity across the public and private sectors that

can serve as a shared-service provider to responsible corporate citizens delivering environmental, social, and governance (ESG) impact across Central America. In support of this aspiration, the Partnership has established a formal relationship with the Harvard T.H. Chan School of Public Health to lead the data, metrics, and evaluation of programs across all pillars of impact. In leading this work, the team has designed a data ecosystem (metrics and analytic tools) to support decision making, impact assessment, and evaluation, as well as train and support managers and partners in data review and interpretation.

- **Multi-sector and multi-pillar integration:** As we focus on program implementation, we are also leveraging lessons learned and best practices from the leading humanitarian public-private partnerships from around the world. To this end, we are conscious of the fact that progress in each area of impact is dependent upon progress made in all areas of impact. For example, in considering the social determinants of health, progress in improving access to primary health care is only successful when coordinated alongside a concerted effort to improve the quality and availability of digital access, education, and housing. Meanwhile, policy and governance reforms will be necessary to solve widespread injustice, violence, and corruption issues that impede progress across all areas of impact.

Looking forward, we are conscious of the many challenges that lay ahead in achieving our shared vision to address the root causes of migration. Far more will be needed to truly turn the tide of migration in the region across policies, investments, and social sector programs. While no single lever can guarantee success, global models suggest that the foundational pillars that will be critical to create the enabling environment, can be tackled. However, it will require sustained attention, adequate resources, political will across governments, and strong and inclusive economic growth to go with strengthened governance. Tactically, this could translate into a coordinated focus on removing barriers to nearshoring jobs to the Americas, which will support supply chains in the U.S. and Central America; ensuring adequate resources for critical international development programs in the region; and engaging key public and private sector leaders to ensure sustained commitment.

As the son of a refugee who came to this country from Latin America fleeing harm and false imprisonment, I am grateful for this Committee's commitment to the protection of human rights, democratic governance, and the creation of new opportunities for some of the most vulnerable families in our society, including those in Central America. This effort is rooted in the principles of humanitarian aid, economic development, and social impact. As an entirely non-partisan effort, we are focused on outcomes that grow economic opportunities and improve the conditions for families. Through a systemic approach—that unites the full potential of the public, private and social sectors—we believe in the opportunity to align around practical solutions that will deliver tangible hope and opportunities for a better life to the most vulnerable individuals and potential migrants of northern Central America.

I look forward to collaborating closely with this Committee going forward to deliver on our shared vision and address the root causes of migration from Central America through private and social sector investments.

Mr. SIREs. Mr. Eric Farnsworth, Vice President of the Washington office of the Council of the Americas and the Americas Society. Mr. Eric Farnsworth is Vice President of the Washington, DC, office of the Council of the Americas and the America Society.

In government, Mr. Farnsworth has served at the White House, the Office of the U.S. Trade Representative, the State Department, working on both conflict reconstruction in Panama and Central America, NAFTA, and related negotiations, and hemispheric policy development, coordination, and implementation during the Clinton Administration.

He also served at the U.S. consulate in Johannesburg, South Africa. Prior to his current position, Mr. Farnsworth was managing director of the Manatt Jones Global Strategies and previously worked at Bristol-Myers Squibb and with U.S. Senator Sam Nunn and Congressman John Edward Porter.

Mr. Farnsworth, we welcome you to the hearing. I ask the witnesses to please limit your testimony to 5 minutes. Without objection, your prepared statements written will be made part of the record.

Mr. Farnsworth, you are recognized.

STATEMENT OF ERIC FARNSWORTH, VICE PRESIDENT, WASHINGTON OFFICE, COUNCIL OF THE AMERICAS AND THE AMERICAS

Mr. FARNSWORTH. Thank you, Mr. Chairman—Mr. Chairmen, Ranking Members, members, thank you for the opportunity to testify today.

Successive U.S. Administrations have understood for many years that Central America requires investment, both domestic and foreign, and lots of it to sustain a positive economic, social, and democratic trajectory. An investment requires expanded trade, contributing to job creation. Without the promise of good jobs and the formal economy and the education and training to prepare for such jobs, those with uncertain prospects might be tempted by unpalatable options including criminal actions, drug trafficking, and gang activities or, alternatively, they might choose to migrate seeking a better life in the United States or elsewhere.

Congress recognized this connection and passed the CAFTA-DR trade agreement in 2005, but, unfortunately, many in Central America believed that CAFTA-DR was the finish line. Rather, CAFTA-DR was a starting line, a concrete means to compete in the global economy without guaranteeing success.

The regional business climate required attention and focus which was not always in evidence, neither did assistance programs effectively address these issues, development accordingly suffered.

Exogenous factors have also contributed to regional under development, of course. Natural disasters, including hurricanes and the manmade devastation of drug trafficking, which is facilitated by the regime in Venezuela, and exacerbated by weapons trafficking from the United States, have weakened regional economies and social conditions.

Crime and criminal behavior have ballooned and threatened to overwhelm State institutions and security in country after country. Corruption is pervasive. COVID hit the region hard. Conversely,

the U.S. economy has been a job creating machine over the past 2 years and we are now at full employment with many employers reporting difficulties in hiring qualified workers.

Coupled with stagnant regional economies, uncertain job prospects, and high crime and social deterioration in Central America, it should be no surprise that a vibrant U.S. labor market and also perceptions of a more permissive U.S. migration provisions and border enforcement would draw new flows of migrants north, which is exactly what we have witnessed.

The Biden Administration recognizes these persistent long running trends and seeks to address irregular migrations in the United States by focusing on the root causes of migration, including economic stagnation, lack of jobs in the formal economy that come with State protections and benefits, disaster recovery, lawlessness, and criminal abuse, and social challenges.

The Vice President has brought high level attention to these issues having traveled twice to Central America in the past year seeking to encourage international investment in the region. She has also announced several initiatives most recently at the Summit of the Americas in Los Angeles where I also attended, highlighting impressive private sector commitments to the Northern Triangle. That is all to the good in my view.

But as Chairman Sires has indicated in this hearing already, full implementation of commitments is critical as is the sustainability of investments over time, particularly given the mixed messages that the private sector has otherwise been receiving about the suitability of investing in the Northern Triangle.

The expressed reluctance to work with governments and private sector representatives in the Northern Triangle, which are the countries, of course, of El Salvador, Guatemala, and Honduras resulting from allegations of gross corruption and antidemocratic behavior has been widely acknowledged.

These are complex issues, no doubt, but the signals to investors are muddled. So I would propose that we need a paradigm shift. To change behavior, we should change the incentives. We should change the game.

We need to onboard local constituencies as allies using trade as the action force and element of the conversation. The key which is consistent with the Administration's broader policy approach toward Latin America and the Caribbean is to integrate Northern Triangle and Caribbean base of nations fully within the North American supply chains as Mr. Ranking Member Green has already indicated.

Here is how to do it. With our USMCA partners, we should invite CAFTA-DR countries to join the USMCA, which is a cutting-edge agreement which was passed overwhelming on a bipartisan and bicameral basis, but negotiate the terms of a cession on a country by country basis rather than seeking to merge CAFTA-DR as a block into USMCA.

Countries that are ready to go early, such as Costa Rica and the Dominican Republic can join quickly. Others such as those in the Northern Triangle would be welcomed to join once they proved the ability to meet the obligations of membership. Nicaragua, of course, would not be welcome until returning to the democratic path.

Immediately, this would create a race to the top across the region. Countries facing exclusion from the agreement would be motivated to take on necessary reforms and meet existing obligations, including improved rule of law. These would be demanded by internal constituencies including the domestic private sector which is now reluctant to participate in some ways because of the impression that everybody is corrupt.

But they would then become allies in the fight against corruption, which, because they would otherwise be meaningfully disadvantaged by becoming less competitive with regional peers.

Meantime, separate and apart from the United States, to make themselves more attractive to investors, there is a lot that the Northern Triangle nations really can be doing on their own to take steps to make themselves more competitive in a global economy and, frankly, the United States can help in this effort, including our assistance programs toward business facilitation and business climate reforms which, in my view, we should be doing.

So Mr. Chairman, Ranking Members, I want to thank you again for the opportunity to testify before you and I look forward to your questions.

[The prepared statement of Mr. Farnsworth follows:]



ADDRESSING ROOT CAUSES OF MIGRATION FROM CENTRAL AMERICA THROUGH
PRIVATE INVESTMENT: PROGRESS IN VP HARRIS' CALL TO ACTION
HEARING BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT, INTERNATIONAL
ORGANIZATIONS AND GLOBAL CORPORATE SOCIAL IMPACT, AND
SUBCOMMITTEE ON THE WESTERN HEMISPHERE, CIVILIAN SECURITY,
MIGRATION, AND INTERNATIONAL ECONOMIC POLICY

JUNE 22, 2022

ERIC FARNSWORTH
VICE PRESIDENT, COUNCIL OF THE AMERICAS

***** AS PREPARED FOR DELIVERY *****

Mr. Chairmen, Ranking Members, Members: thank you for the opportunity to testify today.

Council of the Americas is a business organization that for almost 60 years has promoted a U.S. agenda with the Americas based on democracy, open markets, and the rule of law. Our members come from all sectors, with long-standing investments and other business-related activities in Central America and across Latin America, the Caribbean, and Canada.

From Promise to Stagnation and Migration

I have been involved in issues related to Central America since 1990, when I joined the U.S. Department of State. One of the highlights of my time in government was the opportunity to join the official U.S. delegation to the 1996 signing of the peace accords in Guatemala ending decades of civil war in the country and bringing to a close the era of politically-motivated civil conflict across much of Central America. It was a time of cathartic joy and immense promise.

What we understood, both then as now, was that in order to lock in democracy and expand economic growth on a sustainable basis coming out of brutal conflict, Central America would require investment, both domestic and foreign, and lots of it. We knew that without the promise of good jobs in the formal economy, and the education and training to prepare for such jobs, recently demobilized guerrillas and others with uncertain prospects might be tempted by unpalatable options, including criminal actions, drug trafficking, and gang activities, or, alternatively, they might be inclined to migrate, seeking a better life in the United States or elsewhere.

To stabilize fragile economies, the United States had maintained unilateral trade preferences with Central America for several years already, but it was widely accepted that job-creating investment would lag unless such preferences were made both reciprocal and permanent. Congress agreed, responding in 2005 with passage of the freer trade agreement with Central America and the Dominican Republic, CAFTA-DR.

Unfortunately, the agreement was crafted in such a manner as to restrict access for some products in which Central America and the Dominican Republic were most competitive, including agriculture and also textiles and apparel. It did little to develop the rural economy, from where many migrants originate.

The truth is that many in Central America believed that CAFTA-DR was the finish line; having achieved a trade agreement with the United States, they thought riches would automatically accrue to their respective nations. Rather, CAFTA-DR was in reality a starting line, providing the region with a concrete means to compete in the global economy without guaranteeing success. The framework for investors was greatly improved, but the regional business climate was something quite different and required attention and focus.

Exogenous factors have also contributed to regional underdevelopment. Natural disasters including hurricanes and the man-made devastation of drug trafficking, increasingly facilitated both by the Chavez and Maduro regimes in Venezuela and exacerbated by weapons trafficking from the United States, have conspired this century to weaken regional economies and social conditions. Crime and criminal behavior have ballooned and threaten to overwhelm state institutions and security. Corruption is now pervasive. More recently, the covid pandemic hit the region hard.

At the same time, however, political and business leaders failed to take full advantage of CAFTA-DR provisions by reforming their economies, expanding markets, eliminating repetitive regulations and rules, improving oversight, upgrading infrastructure including reducing the cost of electricity, focusing on rural development and a host of other actions that could have been taken to improve regional competitiveness. (Indeed, during negotiations for the ultimately aborted Trans-Pacific Partnership, Central American nations, fearing greater competition, sought to derail the discussions in Washington rather than redouble efforts to improve their own competitiveness.) As a consequence of all these factors, investment including domestic investment has indeed underwhelmed over the years, suppressing potential economic growth and job creation.

Conversely the U.S. economy, thankfully, has been a job-creating machine over the past two years and we are now at full employment with many employers reporting difficulties in hiring qualified workers. Coupled with stagnant regional economies, uncertain job prospects, and high crime and social deterioration in Central America, it should be no surprise that a vibrant U.S. labor market and also perceptions of more permissive U.S. migration provisions and border enforcement would draw new flows of migrants north, which is what we have witnessed.

Administration Strategy and “Call to Action”

The Biden Administration recognizes these persistent, long-running trends and seeks to address irregular migration to the United States by focusing on the “root causes” of migration, including

economic stagnation, lack of jobs in the formal economy that come with state protections and benefits, disaster recovery, lawlessness and criminal abuse, and social disintegration. While most migrants would prefer to remain at home, it is argued, they have little choice but to seek the work and safety for themselves and their families that they are unable to receive at home.

These assumptions are not new, they have largely undergirded U.S. policy toward Central America for years. The United States has expended significant resources, and yet the issues have become even more challenging. Clearly, something isn't working.

What has shifted over time is the emphasis from economic development to enforcement and now back, as well as a new reluctance to work with governments in the Northern Triangle—El Salvador, Guatemala, and Honduras and, separately, Nicaragua—resulting from allegations of gross corruption and anti-democratic behavior. There is also an expressed reluctance to work with the regional private sector and those on the ground in the Northern Triangle, which is a particular complication for those internationally who may be looking to invest in the region. That essentially leaves the NGO community, which has been active in Central American relief for decades but which is not necessarily structured for meaningful job creation on the local economy or migration abatement at the macro level. These are extremely difficult issues to sort out and have vexed U.S. relations with Central America for years.

To her credit, the Vice President has brought high-level attention to these issues, having traveled twice to Central America in the past year seeking to encourage international investment in the region. She has also announced several initiatives, most recently at the Summit of the Americas in Los Angeles, highlighting private sector commitments to the Northern Triangle. This approach in some ways mirrors that of former Secretary of State Hillary Clinton, who led a similar effort early in her tenure, and it has achieved some noteworthy corporate announcements. Full implementation of commitments will be key, as will the sustainability of investments over time, particularly given mixed messages that the private sector has been receiving about corruption and the suitability of investing in the Northern Triangle generally. The strategy will take years to play out fully over the longer term. Indeed, we have been seeking better results along these lines since the early 1990's. In the meantime, anticipate that migratory pressures from the region to the United States will continue.

Toward Long Term Sustainable Development

Adequately addressing the issues that plague Central America, however, will require a paradigm shift. To change behavior, change incentives. Change the game. Get local constituencies onboard as allies. Our strongest, most effective tool to promote long-term development across the region is trade, and yet to this point it is "the dog that hasn't barked." Enhanced trade must be part of the conversation.

The key, which is fully consistent with the Administration's broader policy approach toward Latin America and the Caribbean, is to integrate Northern Triangle and Caribbean Basin nations fully within North American supply chains. This can be done on a sectoral basis, such as autos and auto parts, healthcare products including PPE, textiles and apparel, agriculture, clean energy and environmental goods and services, and the like, or it can be done on a more comprehensive

basis. And in all circumstances, wider uptake of the digital economy will enable greater economic efficiency, anti-corruption efforts, and growth.

All of this would be facilitated by taking a fresh look at regional trade agreements. CAFTA-DR was indeed a beginning, but it was structurally flawed. Subsequently, provisions in the original agreement have been overtaken by the updated USMCA that the United States signed with Mexico and Canada, putting the CAFTA-DR region at a disadvantage in the context of attracting investments relating to North American supply chains. As well, in almost 20 years of CAFTA-DR, the global economy has shifted fundamentally, and the agreement must be updated and upgraded to restore parity with Mexico and other U.S. trade partners.

Here's how to do it: in consultation with USMCA partners Canada and Mexico, invite all current CAFTA-DR countries to join USMCA—a cutting edge agreement passed overwhelmingly on a bipartisan basis—but negotiate the terms of accession on a country-by-country basis, rather than seeking to merge CAFTA-DR as a bloc into USMCA. That way, countries that are ready to go, such as Costa Rica and the Dominican Republic, can join quickly. Others, including the Northern Triangle countries, would be welcome to join once they prove the ability to meet the obligations of membership in the agreement. Non-democracies including Nicaragua would not be welcome to join, and we can also then moot the stale debate of whether Nicaragua should be suspended from CAFTA-DR. Eventually, other nations maintaining freer trade agreements with the United States, including Panama, Chile, Colombia, and Peru, among others, could also be invited to join.

Immediately this would change the game by creating internal competition and a “race to the top” across the region. Countries such as El Salvador, Guatemala, and Honduras that face exclusion would find it in their interests to take on necessary reforms and meet existing obligations. These would be demanded by internal constituencies including the domestic private sector who would be meaningfully disadvantaged by becoming less competitive with their regional peers. Too many self-interested parties benefit from the current system. That must change.

Meantime, to make themselves more attractive to investors, the Northern Triangle nations and others, too, must take unilateral steps to bring their economies into conformity with USMCA provisions. First movers will gain the investment advantage, which will manifest in job creation in the formal economy. And Washington can reprogram assistance from existing activities to focus on technical assistance building the regional competitiveness agenda, including steps toward regional convergence on regulations and standards, infrastructure, power generation, procurement, and security, among other topics.

To attract investment, we have to look at these issues from the private sector perspective. In other words, why would someone seek to invest in a very small, impoverished, insecure nation shut out of North American supply chains? In short, most would not. These are the issues that must therefore be addressed, and the United States can serve as both a catalyst and an important resource to drive these conversations, with the ultimate goal the sustainable integration of the Northern Triangle nations and others into the North American supply chains to increase investment, drive development, and reduce poverty, insecurity, and the urge to migrate. It's time to get this done.

Thank you, again, for the opportunity to testify before you today.

Mr. SIRES. Thank you very much. We will now go into questions. I will start with asking questions to our witnesses today. My first question is to all the witnesses today. You know, we see some programs that are successful, we see others that are not successful, and the biggest problem that I find over the years serving on this committee is sustaining progress and momentum with some of these programs in the future because it seems that one Administration takes over and they decide to go a different way.

I am not just talking about the Administration in this country, but I am also talking about Administrations in some of these countries. And part of the problem is, how do we sustain the most successful programs that we have when people want to go in a different direction? Can anybody respond to that?

I guess I'll have to call. Celina, please.

Ms. DE SOLA. Thank you for your question. I think this underscores the need for partnerships and I think that needs to involve local businesses as well and local actors, because that way you also create a demand for these programs and support for these programs at a local level and that way that can—I mean, we have worked across multiple Administrations from different parties in a lot of these—most of these countries, all three of them actually.

So I do think that is critical and it is also critical to really involve communities, because they can keep asking their local government to continue or the partners to continue, the businesses to continue. So I really want to underscore the importance for cross-sector partnerships in assuring sustainability and also just measurement of impact so we know that things are working as well.

Thank you.

Mr. SIRES. Mr. Fantini-Porter, can you please help us out with this?

Mr. FANTINI-PORTER. Certainly, Chairman. I would echo Celina's point on local partnerships. It is critical and there is no question about that. I would add to that that as we think about this model, for example, of the partnerships for Central America, this is an independent organization which serves solely the purpose of social impact in the region and mobilization of investments, coordination of that impact.

So I think your question is so key, Chairman, and that is, how do we sustain this impact across parties, across governments, across Administrations. And I think that is why this partnership, which is so aptly named, serves such a valuable, I would offer, purpose in this effort and that is an independent organization that is helping to coordinate private, public, and social sector organizations to support this social impact effort.

Thank you.

Mr. SIRES. Thank you. Mr. Farnsworth, can you help me with that?

Mr. FARNSWORTH. Thank you, Mr. Chairman. This is a really tough question not just because, as you have indicated, U.S. Administrations change, but local Administrations change, and we go back and forth whether or not we want to cooperate with them and, frankly, whether they want to cooperate with us. And it is a two-way street for sure and sometimes we find that we have so-

called partners in the region that really do not want to partner with us.

So it is a complication, but it takes me back to my points in terms of institutionalizing the economic relationship through trade.

Look we have a terrible relationship with Nicaragua right now because Nicaragua has gone from democracy to dictatorship. It is a brutal dictatorship, which, you know, all the human rights abuses and various things that are going on there right now and yet Nicaragua maintains membership in the CAFTA-DR. So there is still an institutionality involved in the U.S. relationship with even a brutal dictatorship like Nicaragua. If we want to sustain these relationships with the Northern Triangle over time, my point is that we need to create the incentive structure so that companies will be determined to remain there on a sustainable basis no matter who the government in power is. And unless that government is taking affirmative actions, you know, against those companies that they find it actually in their commercial interests to remain there. I do not think we can do that without a greater institutionalization of the relationship and linking those companies and investments fully within the North America supply chains.

I know that is only a partial answer, but I hope it is at least part of the answer.

Mr. SIRES. Well, as far as Nicaragua goes, there just seems to be pulling away more and more from democracy and not dealing with any of the Northern countries. I mean, they have—60 Minutes did a piece over the weekend, I think, on Nicaragua and the people that are still in jail and some of the people do not even know.

So how do you work with these people? How do you try to, you know, assist the community in those places? And that is a big problem because it is not that they—that we do not want to work with them; it is that they do not want to work with us in many instances like you just said, Mr. Farnsworth. So I appreciate that.

I now recognize Ranking Member Green.

Mr. GREEN. Thank you, Mr. Chairman. And I want to thank you for your bipartisanship. I really appreciate how you have worked with me on particularly the Nearshoring Act. I was a little disappointed that none of the Republicans got invited, particularly myself, as the Western Hemisphere Ranking Member invited to the Summit of the Americas. That was a little bit disappointing.

You know, bipartisanship is something that is important. It is what our country expects. We are not seeing it right now. That is not what happened on the Nearshoring Act. We brought that and you helped me work with us on that, and I really appreciate you. But, you know, Speaker Pelosi's codel to the summit was 100 percent Democrats and that is just, quite frankly, unacceptable.

Question for Mr. Fantini-Porter. Recently the Vice President, the U.S. State Department in partnership for Central America announced private sector commitments of slightly more than 3.2 billion.

Can you break that down? How much of that is actually commitments that were already on the book and how much of that 3.2 billion is new since the announcement was made by the Vice President? Thanks.

Mr. FANTINI-PORTER. Certainly, Ranking Member. I will say that each and every one of the commitments that are made and announced and have been since May 2021 are new commitments. So these are new investments, new social impactful programs that are being planned and deployed on the ground in Central America. I will just say new programs focus on impact.

Mr. GREEN. So things like the—and Microsoft commitments, those are all new since the announcement in May 2021?

Mr. FANTINI-PORTER. New commitments.

Mr. GREEN. Okay, Good. Thank you. Another question for you. On pledger investments, can you kind of share with us how you think they are going to alleviate U.S. border migration flows?

Mr. FANTINI-PORTER. I will say, Ranking Member Green, it is—I very much respect the question. I will note that as we think about this as an international development effort, which this committee, of course, knows too well from all of the efforts that have been deployed and led throughout the world as an international development effort, it is a long-term effort.

And so as we are assessing metrics, we are assessing metrics that align with the long-term international development and economic development effort. I came from Homeland Security; I spent many years there. I understand and very much respect the metrics that are used when we think about enforcement, but I focus as we think about this as an international development effort on questions like how many families are being brought into digital inclusion, how many families have been brought into the formal economy through banking and our partners at MasterCard and others.

So I would just offer, if I may, sir, that we are very much focused on those long-term economic development efforts and metrics as we are assessing this effort.

Mr. GREEN. I mean, I hear that, but the American people, a good chunk of them, are losing patience on the flows and, you know, if you look at—I know my colleague mentioned 2 million measurable, if you do the other people that are sort of going around, they call them getaways, whatever, it is about 3.3 million this year, right?

So if you look at the States in the United States, 21 States have fewer people in the populations than 3.3 million. That means we are bringing in every year of this Administration, another entire State, a moderate sized State. And so saying, well, this is long-term, we are going to develop metrics over time, the American people are losing their patience with that, and just one caveat to you there.

Mr. Farnsworth, how should the U.S. leverage our U.S.-Mexico relationship to promote investments in economic opportunity in Central America?

Mr. FARNSWORTH. I think it is a great question and it is an important question. By definition, the U.S. relationship with Central America is going to touch on the U.S. relationship with Mexico and Mexico is in Central America, just look at the map. So you have got it.

But, you know, it is interesting here because this is one area where the President of Mexico, with whom we have differences, has nonetheless expressed a real desire for partnership with the United States, which is to say development not just in southern Mexico,

but also development in Central America, and it is his—one of his priorities. It is also an area where we have expressed real interest for the migration issue and others, and so there is a natural partnership here.

And, in fact, you have heard U.S. officials talk about it, you have heard Mexican officials talk about it. I would like to see a lot more concrete done on it, you know. Let's get beyond the rhetoric and let's move to concrete action.

Mr. GREEN. Would you do me a favor and sort of share your top five ideas on that with me in writing? I am running out of time today. Because if you look at the press, the relations with the U.S.—I mean, the President of Mexico are just—it does not look good and I would love your top five ideas. So send them to me in writing.

Mr. FARNSWORTH. I would be delighted. Thank you.

Mr. GREEN. Thank you. I yield.

Mr. SIRES. [inaudible]—for 5 minutes.

Mr. CASTRO. I assume you called on me. I think you got cutoff there a bit. Thank you, Chairman. It is great to host this hearing. Thank you to our witnesses for being here, for all of your work for being engaged so strongly on this issue.

I think that no matter where we fall on the political spectrum in this country, I think we have a desire that people in their own countries be able to live there safely, be able to live there and prosper, hopefully be able to live there in a Democratic nation that respects their rights. I also think, conversely, that for the most part, people around the world want to stay in their homes.

I do not think they want to trek a thousand miles with a kid or two in tow and a dangerous path to try to come to the United States really or any other country in the world. And so I start from those two bases.

And so thank you for that work. I also think that it does not do us any good to think of these people only as dangerous people who are coming here to hurt people. When we do that, first of all, we dehumanize them, but it is also not realistic. All the numbers that we have seen show that immigrants in this country actually commit crime at a lower rate than native-born Americans.

And so it is dangerous for us to constantly paint these people as just dangerous people who are coming here to hurt us.

For example, in 2019 I was in a Border Patrol facility in Texas with 20 Cuban women who had migrated from Cuba to the United States fleeing an oppressive situation in Cuba. I think that those women and their stories, the reasons they were leaving were similar to what you would have found of people fleeing 40 years ago from Cuba or 50 years ago from Cuba, except 40 years ago, the United States would have welcomed them in and what changed in the intervening time is that wet foot, dry foot ended. So the policy ended.

So now you had instead of these 20 women being welcomed to the United States, they were being held in a small cell with one toilet for 20 people, right?

And so I want to ask you about your work and how it is going. Can you provide some examples in more detail on how the partnership for Central America is coordinating with the State Depart-

ment, USAID, DFC, MCC, and other government entities? In other words, we want this work to be well coordinated. I know Representative Green expressed that there is a frustration. We want our government agencies to work together to be coordinated, for this effort to be successful. How is that work coming?

Mr. FANTINI-PORTER. Chairman, I think it is coming very well, along very well. This sort of change does not happen as we know without a systemic approach. There is just no question about it. It requires a full coordination across sectors—private, public, and social sector. And the public sector inevitably, both in host countries as well as the U.S. Government, is just a critical, critical partner to this.

So the relationship that we have with the State Department and USAID is as lock step I would say in terms of our efforts and we are, I will note, very sincerely an independent organization, of course, but our relationship and our coordination with the State Department/USAID on this effort has been one I think of a role model for how efforts like this could potentially be deployed. And that is an MOU with both of those organizations, those entities, ongoing coordination when it comes to the communications and the structuring of this effort and how we build this effort and as we think about this at the end of the day, the very focused impact of this effort and that is where I think that coordination has been so key.

It is identifying how we—how we identify the individuals that we are hoping to help in the region most effectively across sectors. I will say that the relationship has been—I will note, again, a model in many ways, I think, for a public, private, and social sector partnership can play out.

Mr. CASTRO. Well, thank you. I have one more question, but just wanted to answer. I know my ranking member on my subcommittee, Representative Malliotakis, asked an important question about why we are focusing on this and not on some of the other issues. And remember this is the Foreign Affairs Committee. The Foreign Affairs Committee focuses on our relations with other countries and how we can solve problems, hopefully, together.

We have a whole Committee on Homeland Security that handles our threats to our homeland and to the border. So as you know, those hearings are quite frequent over in the Homeland Security Committee on the issues that you discussed.

So let me ask one more question: How are PCA members consulting with and including civil society organizations and local communities to ensure these investments are effectively addressing the issues being faced? And I only got about 15 seconds, so I will have to take most of it for the record.

Mr. FANTINI-PORTER. Absolutely. I will just say, this is very much a public, private, and social sector effort, Chairman, so social sector is fully involved. Whether it is Accion or Care USA, two of the largest NGO's in this space, they are integrated in this partnership just as much as any public and private partner. We are a public, private, and social sector effort, sir.

Mr. CASTRO. Thank you.

I yield back, Chairman.

Oh, I am fine. Thanks.

Mr. SIRES. I recognize now Congresswoman Malliotakis.

Ms. MALLIOTAKIS. Thank you very much. And just to respond to my chairman's comments, look there is no doubt that there are very good people who are trying to enter this country to achieve the American Dream, and there is a broken system.

But there is also people who are being exploited. They are being taken advantage of. We went to the border. We saw a young girl crying because she had been gang-raped along the journey.

That is the stuff that we cannot be turning a blind eye on, and unfortunately this Administration, with their open border policy, has incentivized that type of illegal activity that is leading to horrific things happening to people along the journey, as well as the amount, as I said, of illegal activity taking place, entering our country with drugs and so on.

But to turn to—the question I wanted to ask was for Mr. Farnsworth. I am curious what your opinion is of the fact that Mexico, El Salvador, Honduras, Guatemala, they have all boycotted the Summit of Americas.

So not only were Republicans not invited but these countries that we are, you know, giving billions of dollars to, to try to work with us to resolve this issue, decided that they did not want to come to meet with our President.

What does that say to you and people who are saying that this is a good idea to give them billions more?

Mr. FARNSWORTH. I think it is an important question. And it was a disappointment that those four leaders chose not to come to the Summit of the Americas. They were invited.

In fact, as I understand it, the Biden Administration bent over backward to try to encourage each one to come to Los Angeles for the meetings.

Each one is a sovereign leader. They made decisions based on different reasons and different rationales.

I was particularly disappointed that the President of Honduras did not come, in part, because the Vice President of the United States went to her inauguration, which is something you do not see a lot in terms of Latin America, a U.S. Vice President going to a Presidential inauguration in the region. It just does not happen that often. It was a signal of real interest in Honduras. It was not reciprocated, and that was a real disappointment. And we still do not really know why.

El Salvador, Guatemala had their own reasons.

The President of Mexico expressed his support for having Cuba, Venezuela, and Nicaragua, three brutal dictatorships, at the summit, which was contrary to the Inter-American Democratic Charter which all the countries of the hemisphere have signed, except for Cuba, indicating, indeed, that the Summits of the Americas are reserved only for democratically elected leaders.

So this was also a bit of a disappointment and one that, you know, I think it just shows that we have a lot of work to do to continue to build that relationship over time.

Ms. MALLIOTAKIS. And you mentioned Cuba, Venezuela, and Nicaragua as the reason why some of those countries decided to boycott. I will say that, you know, we saw what happened in Colombia now, a leftist government there for the first time.

Venezuela and Cuba are continuing to spread their influence of Communism throughout the entire region of Central America and South America. Very concerning. It is a very concerning thing.

So the next question is, corporations, private companies, I mean, when they see this spread of Communism taking place in Central and South America, is that going to deter them from wanting to invest?

I mean, you want stability, right? You want to make sure you have a fair judicial system. You want to make sure they are not packing the court, like Venezuela did, right, where they went from 20 to 32 justices, and 45,000 cases all of a sudden went in Maduro and then—I mean, Chavez and Maduro's favor. And they destroyed the richest country in South America and all its economic opportunity.

How does that play into the thought process of trying to attract private investment into that area?

Mr. FARNSWORTH. I can tell you it is a disincentive, you know, in a very real way. Look, there are a lot of reasons why companies will invest in individual countries, based on their own dynamics, based on global markets, based on whatever metrics they are using.

But the overriding political environment is also key, and to the extent that that is unstable, or to the extent that it may be stable but it is going in a direction where the private sector is getting squeezed or, you know, the State presence in the economy is increasing in a significant manner, companies very much take that into account in terms of whether they invest, not just new investment, but whether they continue to invest in the country.

And so what we have seen across Latin America is a real lag compared to global economies, right? I mean, Latin America should be doing so much better comparatively on a global basis, and in many ways, it just has lagged.

Obviously the comparison is Asia, the comparison is western Europe, et cetera, et cetera.

But we are not dealing anymore with local, geographic areas in terms of investment. We are dealing in a global economy. And one of the things that countries in the region still have not fully internalized necessarily is that they are competing for marginal dollars of investment in a very competitive global environment.

And so if you have a government that comes in and the first thing is to talk about expropriations or to talk about, you know, changing the tax code in a very arbitrary manner, or rewriting constitutions in a way that might be arbitrary and disadvantageous to companies who made billions of dollars of investment, you know, on an expectation that that would be sustainable over time, that is going to have real world implications, and indeed, that is what we have seen in the region over time.

Ms. MALLIOTAKIS. Thank you.

Mr. SIRES. Thank you. I now recognize Congressman Levin for 5 minutes.

Mr. LEVIN. Thanks so much to you, Chair Sires and to Chair Castro, and to both ranking members for holding this hearing today. I really appreciate the opportunity to discuss Vice President

Harris' call to action to increase private investment in the Northern Triangle.

I believe that while this region has suffered from misguided U.S. foreign policy in the past, we have an opportunity to shift our approach, particularly under Vice President Harris' and Special Envoy John Kerry's leadership.

Specifically with the Northern Triangle becoming ground zero for the impacts of climate change in the Americas and a major driver of out-migration, I believe the U.S. should pilot a big, bold, zero to net zero, green energy strategy in the region that brings together governments, industry, labor unions, and workers.

My questions will focus on some of the challenges and opportunities for getting such a strategy off the ground.

Mr. Fantini-Porter, with the participation of major, multinational corporations, the partnership for Central America has helped enable significant investment across Northern Triangle countries, commendable in the face of low FDI rates in the region generally.

With that in mind, how do labor standards and human rights protections play into your decisions to partner with companies?

Mr. Fantini-Porter, I can't hear you.

Mr. Chairman, can you hear him?

Mr. SIRE. [Inaudible.]

VOICE. Congressman Levin, can you hear me?

Mr. LEVIN. Yes, now I can.

Now I am not hearing anything.

Can anyone hear? No.

VOICE. We can hear you, Congressman. We are having some issues on our side with the microphone.

Mr. LEVIN. Thanks, Max.

They are having technical issues.

Mr. FANTINI-PORTER. Congressman, I am being advised to try the microphone again. I am not sure if you are able to hear, sir.

Mr. LEVIN. I hear you. Can you hear me?

Mr. FANTINI-PORTER. I can hear you very well, sir. Thank you. I think our technical issues are resolved. I will proceed to answer your question if I may.

Mr. LEVIN. Thank you.

Mr. FANTINI-PORTER. Congressman, your question is a critical one, and it is one that we are fully aligned with in the sense of how we are prioritizing this effort.

I will start by saying that this effort begins with a foundation of core values centered on human dignity, economic empowerment, environmental protection, worker rights, and anticorruption.

We achieve the impact we have laid out through corporate social responsibility and responsible corporate social—citizenship.

It is why, for example, we have created the first rule of law pledge that creates a good governance club for responsible corporate partners in the region.

To your question specifically, Congressman, labor and worker rights is key for our organization as well. And I will say, you know, at a personal level and at an organizational level, as the son of a refugee who left Latin America to escape the violence that my father was facing, the realities of that environment, protecting the most vulnerable is core to our organization's belief system.

Our COO is also a former Peace Corps volunteer. The values that I think are at the root of your question are critical to what we aspire to deploy and to build in Central America, and that is a region in which, empowered by economic empowerment, job creation, digital inclusion, financial inclusion, workers are able to have a decent life with their families and are able to avoid the unnecessary and tragic circumstances that often come with migration north.

So our intention is to create an environment in northern Central America with our corporate and social partners that reflects the dignity, I think, at the root of your question.

Mr. LEVIN. Great. Well, I will look forward to following along and hearing more as we go forward.

Ms. De Sola, your nonprofit operates across the Northern Triangle. I have no doubt that each country has its own challenges. Can you illuminate any themes across the three countries that prevent Glasswing International from seeing longer term gains from the programs that you established there?

And your testimony also advocates for incentivizing companies to engage with local civil society organizations to better address local priorities.

I am glad to see USAID is focusing on that, so I would like to address that as well. Can you share some of the best practices you have seen from your work about how companies have adopted locally led models for development and investing?

Ms. DE SOLA. Thank you, Congressman Levin. That is actually exactly righted. I think when companies have really committed to this long term and engaged their employees, many of whom are from these communities, I think that tends to improve not just the impact but the sustainability.

And it also integrates these companies, whether they are multinational or local, more into communities, and that creates a more sustained partnership because it is—everybody wins, right, when all these different stakeholders are involved.

I think the more localized these strategies can be the better because even—you know, there is central government that can change, local government can change, but there are people who work within these institutions that work across different Administrations.

So when you get at the operational level, the involvement of different stakeholders, it is also a powerful tool for sustaining these long term.

Mr. LEVIN. All right. Thanks, Mr. Chairman, I think my time is expired. I appreciate your patience, and I yield back.

Ms. DE SOLA. Thank you.

Mr. SIREN [continuing]. Recognized for 5 minutes.

Mr. ISSA. Thank you. Did you say Congressman Issa?

Mr. SIREN. No. I said Teeny—Tenney?

Ms. TENNEY. Thank you. Thank you, Chairman Castro and Chairman Sires. I thought you said Issa. I apologize.

I just want to say thank you to the witnesses. I just have a question I want to first address to Mr. Farnsworth.

Mexico's President, Lopez Obrador, is pursuing a foreign policy that is confrontational, obviously to the United States, to democracy, to free markets.

We see the rising trade tensions, record levels of Americans are overdosing, border encounters continuing to rise at historic levels.

How can the Vice President achieve progress in Central America considering the deteriorating U.S.-Mexico relationship? And I know you have addressed the border, but if you could just do it again in relation to that issue because I got a quick followup for you on that.

Mr. FARNSWORTH. Thanks for the question. This was the basis of Ranking Member Green's question as well, how can the U.S. and Mexico cooperate on Central America, and I think the short answer is, this is a real priority of the President of Mexico.

So we have some real disagreements with the President of Mexico, no doubt, environment, economy, you know, border issues, migration, all these things. But one of the priorities that he, himself, has expressed is to work together with the United States for development in southern Mexico but also Central America.

And my view is, we should take him up on it. And there are ways to really bring together the economies of Mexico and Central America to promote integration into the North American supply chains, and in so doing, what we will do is not just be cooperating with Mexico, but we will also be helping to develop Central America in the way that we have been trying to talk about today that will hopefully limit some of the impulse to migrate.

Ms. TENNEY. One of my concerns—and I lived in the former Yugoslavia, so people think of it as a benevolent dictatorship, Communism light, a lot of those things. But many people do not talk about the barren island called Goli Otok which was a Gulag, a prison for dissidents, that people were sent there, even under the beloved Tito leadership, who is, you know, a self-proclaimed communist.

But the Mexican President recently boycotted the Summit of the Americas because the Cuban, Venezuelan, Nicaraguan communists weren't invited. How do we deal with this, again, once again, this communist threat that is pervasive now, and then the influence of communist regimes like China and other authoritarian-type regimes with their ability economically to move into South America and other countries in the world?

Mr. FARNSWORTH. That is a real challenge, and, yes, you are right, that was his stated reason for not attending the Summit of the Americas. I think many of us were disappointed by that.

The Summit of the Americas is specifically a body or a group of democratically elected leaders that has been institutionalized in the Inter-American Democratic Charter, which is ratified by all countries in the region except for Cuba.

And so, look if we want to engage with these countries, there are ways to do it, but not in the Summit of the Americas. I think that was probably the wrong target to shoot at, and it was unfortunate that he chose—in my view—that it was unfortunate he chose to do it.

The larger issue here, though, is one that we have seen across the region—and we just saw elections in Colombia on Sunday—you have a scenario where the established political parties are just simply not being perceived to be meeting the needs of the people.

And it is not necessarily a shift to the right or the left or the this or the that. It is anti-incumbency. People are just tossing the bums out. They are saying, look you did not provide for my needs, I need something different.

And so there is a willingness to take a risk, in country after country of noninstitutional leaders and leaders who are promising things that in many, you know, many aspects may never be able to be realized. But the promises sound good, and it is what the people are looking to hear.

How can the United States respond to that?

I think, you know, one of the things that I was hoping to come out of the Summit of the Americas was a robust, ambitious, economic engagement agenda, led by the United States, with willing partners in the region.

Ms. TENNEY. Let me ask, so we have had decades of foreign assistance, demonstrating that aid alone is not what is doing it. They are obviously being influenced by other forces, other economic strengths, and authoritarianism.

What can we do, in terms of our foreign aid, what reforms are necessary? For example, in Central America, how can we promote better business investment that encourages individual rights and freedom and entrepreneurship as opposed to supplanting or proping up these authoritarian sort of communist-like socialist regimes?

Mr. FARNSWORTH. I would very much like our assistance programs to be focused on business development in the context of creating the conditions that will sustain the investments over time.

Let me just give you a couple, you know, very quick examples, you know, things that businesses look at—tax policies, permitting policies, appropriateness of infrastructure, regulatory convergence.

I mean, in the Northern Triangle countries, we have three small economies individually trying to compete in the global economy.

Why haven't we seen a greater convergence among those three countries themselves on regulatory convergence, on harmonizing their own economies, to make the investor not just look at El Salvador, which is really not a very large economy, but the larger economy of an integrated Northern Triangle?

Once we start talking in those terms and integrate with southern Mexico and North American supply chains, you begin to have economies of scale that is, on its face, much more attractive to potential investors as opposed to each country competing for that investment on its own.

Ms. TENNEY. I appreciate that. And having an intern from Venezuela who is a freedom lover was really an insight for me last year, but I want to thank you. My time's expired. I appreciate the comments, and I yield my time back. Thank you, Mr. Chairman.

Mr. SIRES. Thank you. I now recognize Congresswoman Omar for 5 minutes.

Ms. OMAR. Thank you, Chairman. In March, I led several of my colleagues on a delegation to Honduras and Guatemala. We met with government officials in both countries, and we spent several days meeting with indigenous and campesino communities. As you might expect the root causes of migration were a recurring theme of our meetings.

I have to tell you all what I heard in those communities was completely different than what we are hearing from you today. What we heard was a lot of stories about transnational private investments being a root cause of migration.

It was mining companies in Guatemala, a silver mining company in La Puya, where communities would get 2 to 3 hours' access to water in every 48 hours because of this mining company.

It was energy companies in Honduras, cryptocurrency in El Salvador, sweatshops and agricultural companies in all three countries.

This is obviously very complex, but we heard about mega projects displacing communities, about labor exploitation, about corporations making promises of community development that were never kept.

So you will have to forgive me, Mr. Fantini-Porter, if I am a little skeptical about this round of corporate promises. Help me understand how this is different than previous efforts to increase private sector investment in Central America, and how you are factoring in a history of corruption and labor exploitation. And if you could be brief, please.

Mr. FANTINI-PORTER. Certainly. Congresswoman, thank you for the question. I think it is a critical one, and it is understanding what the values are of these organizations that are involved here.

I will say, at a personal and organizational level, Partnership for Central America is a values first organization, right? So it is about environmental protections, it is about worker rights, it is about dignity of life, it is about how we partner in a systemic way to bring our private sector partners, who are focused in a socially responsible way, on having impact in a region of the world where you have 30 percent of families living in extreme poverty, 50 percent of children suffering from malnutrition and stunting and the like.

There is a desperate—as you know and I know you saw in Honduras, in Guatemala—a desperate need for aid and support. And so in any way that we can identify partners that are willing to support in achieving the social impact goals that you, I know, if I may say, have for that region and that we share very much, we are focused on that.

So, you know, I will say, the organizations that we have partnered with are carefully selected. We have a vetting process in place—

Ms. OMAR. Okay. So let me maybe ask you, what are the metrics that you are using to determine what investments have been successful, and is it only about reducing out migration, or is it more than that?

Because in La Puya, in Guatemala, you know, many of the mothers that we talked to, talked about how their young children left because life is not sustainable there. And you have a trans-Atlantic corporation that is investing in silver mining there, but the community in itself is devastated because of it.

Mr. FANTINI-PORTER. I think it is important, if I may, Congresswoman, to just note the distinction between organizations, right? I would just offer, if I may, that we can't generalize, with all due respect, generalize an entire sector.

There are different organizations that have different intentions and different business practices. So, for example, as I think about Microsoft, Microsoft has invested to support bringing digital inclusion to 4 million families in the region.

In the last 12 months, Congresswoman, we have brought 1.69 million people into the digital access that previously hadn't.

With Mastercard and other partners, 310,000 individuals now have access to the formal economy. Twelve months ago they did not. That means access to credit, that means formal bank accounts—12 months. That is quick, it is significant, and it delivers real impact to families there.

So what I will say is, I think the root of your question, if I may, Congresswoman, is, what are the values that we are driving in this organization? And the values are human dignity, social impact. So we are carefully—carefully—selecting the partners that we work with in that effort.

And I will note, the partners that we have brought on have delivered now, in the last 12 months, \$3.2 billion in foreign direct investment and support for the region.

Ms. OMAR. I appreciate your answer, and I would love to followup in the future, but I really wanted to quickly get in this one question.

To Ms. De Sola, one of the concerns I have heard from El Salvadoran civil society is that some USAID partners are too close to Bukele government and to Bukele himself. What is Glasswing's relationship with Bukele?

Ms. DE SOLA. Thank you, Congresswoman Omar. We are an independent organization and always have been for 15 years. So we have been working across every Administration since we started the organization in collaboration with maintaining our independence.

So in order to reach, just like you said before, in order to reach as many of these women, young people, and children, we do collaborate with ministries of education, ministries of health, and those people who form part of these teams.

So we work independently, in collaboration with both private sector and government stakeholders.

Mr. SIRES. Thank you.

Ms. DE SOLA. Thank you.

Ms. OMAR. Thank you. I yield back.

Mr. SIRES. Congressman Issa, are you there?

Mr. ISSA. I sure am.

Mr. SIRES. All right. Good. You are on for 5-minutes.

Mr. ISSA. Thank you.

Mr. Farnsworth, in the last 6 months, have you met with the Vice President?

Mr. FARNSWORTH. Have I? No, sir.

Mr. ISSA. Mr. Fantini-Porter, have you met with the Vice President in the last 6 months?

Mr. FANTINI-PORTER. I have, Congressman, yes.

Mr. ISSA. Does it surprise you that you are here and she has not, and no one from the Administration is here?

Mr. FANTINI-PORTER. Congressman, I can't speak to who was invited to a congressional hearing, but I can certainly say that from the partnership's—

Mr. ISSA. Well, you have been saying all day we, we, we, but the "we" is the Federal Government, correct? Your program is sponsored by the U.S. Government?

Mr. FANTINI-PORTER. That is not correct, sir. The Partnership for Central America is an independent, nongovernmental organization.

Mr. ISSA. You receive grants?

Mr. FANTINI-PORTER. We do not. We are an independent, nongovernmental organization.

Mr. ISSA. Okay. So you are talking about private sector investment that does not have any Federal backing?

Mr. FANTINI-PORTER. What we are, sir, if I may, with all due respect, sir—and I know you come from a significant private sector background and I respect that very much—we are an organization, Congressman Issa, that is focused on mobilizing and coordinating foreign direct investment into the region. Full stop.

So if I may, sir, what we are trying to do is bring together private sector organizations, large private sector multinational organizations, and make investments in the region.

Last 12 months, \$3.2 billion mobilized in that region, where, if I may, with all due respect, sir, say, that is a significant difference from past efforts.

But to your point—

Mr. ISSA. And I appreciate that your nature of always thinking something is significant.

Mr. Farnsworth, would you invest in the Triangle right now?

Mr. FARNSWORTH. I would like to have something to invest in terms of my personal—that is just a joke, sir, and not a very good one.

Look people have different reasons for investing in different areas. It is a complicated region.

Mr. ISSA. Okay. But currently it is not on a high list of good return on investment, particularly Nicaragua where you do not know whether you are going to get to keep what you invest.

Mr. FARNSWORTH. I wouldn't invest in Nicaragua, no. That is a brutal dictatorship.

Mr. ISSA. Okay. So we have at least taken care of part of that. You know, obviously I am deeply disappointed that the Vice President has not addressed this group or any of the members, at least on my side of the aisle. You know, she is the czar for This, what we are talking about today and that development, I guess according to Mr. Fantini-Porter, you know, she is responsible for.

I just would like to see somebody from the Administration just once come here to answer our questions.

You talked about the situation at the border. Let me go through a couple of quick questions, primarily for Mr. Farnsworth, but I will take other answers.

Is there anyone here today that believes that the 7 billion—6 and a half to 7 billion people who live in comparative poverty, that any of our programs are overnight going to eliminate that 6, 6 and a half billion people who live at a dramatically different economic level to the United States?

Mr. FARNSWORTH. Overnight, no.

Mr. ISSA. Okay. In a year?

Mr. FARNSWORTH. I do not believe so.

Mr. ISSA. In 5 years?

Mr. FARNSWORTH. I can't say, but I do not think—

Mr. ISSA. Okay. Well, since the beginning of the New Testament, has there ever been a time in which there were not areas of poverty and areas of comparative wealth, in which the world all was equalized, so there would be no reason for a migratory change for economic opportunity?

Mr. FARNSWORTH. Probably not since the—

Mr. ISSA. Okay. So if we have 2,000 years that we have not had that perfect equality, I am going to predict that in the next 6 months, 2 years, 5 years, or at least as long as this Administration is in power, we are not going to have that.

So I am going to go back to something that you concentrated on, that this committee does not seem to want to deal with.

Can we sustain an economic border—a policy at our border that promotes out-migration of motivated people from countries—every country of the world practically at this point, but particularly the region we are talking about of South and Central America?

Mr. FARNSWORTH. I think you are pointing to a very important issue which we have only touched on in this hearing, and that is the disparity between the strong U.S. and North American economy and the relatively weak economies to our south. And there is a very real pull factor in the context of migration incentives.

Look if you do not have a job or you want a better job, your community circumstances may not be great, all the circumstances we have been talking about already, but you have the United States with a booming economy, we can't find enough—

Mr. ISSA. Right. But I want to just focus on one question for you in the remaining time.

Out-migration—and we will assume for a moment that the best and the brightest, the most motivated are who is coming here from these countries—out-migration, isn't that adverse to the very nature of investing in a country?

If I am going to invest in a country in South or Central America, do not I want a work force that inherently I can count on their being there rather than the continued out-migration that our open border policy provides?

Mr. FARNSWORTH. I think it is a really interesting point. And one of the things we say all the time is that, you know, the worst resource to lose from your country is your population. That is your seed core. Those are the—that is how you grow your economy, is with talented, educated individuals.

And, absolutely, if you are losing those folks, that is a gain to the U.S., but it is a loss for the sending economies.

Mr. ISSA. Mr. Fantini-Porter, you seem to want to answer also.

Mr. FANTINI-PORTER. Certainly, sir, if you would like. You know, I think that the root of the question ends up perhaps, if I may, just blending two different topics, and that is a short-term question of border enforcement and a long-term effort of international development, sir.

And as I sit here before the subcommittee of the House Foreign Affairs Committee, I reflect on the fact that this long-term effort is focused on metrics that align with that.

So how do we focus on an effort that, in the end of the day, is intended to achieve impact in the long term, acknowledging, sir, with absolute respect, that there are short-term fluctuations in migration which will continue with absolutely certainty, sir, but that as we think about this as a long-term effort—

Mr. SIRES. Thank you.

Mr. FANTINI-PORTER [continuing]. We are putting our best foot forward to try to try to bring this forward.

Mr. ISSA. Thank you, Mr. Chairman, for your indulgence. Yield back.

Mr. SIRES. Congresswoman Spanberger, you are recognized for 5 minutes.

Ms. SPANBERGER. Thank you very much, Mr. Chairman.

Certainly when I travel across our district, I hear from constituents who are frustrated by the ongoing crisis at the southern border. You know, my constituents, like so many Americans, expect a secure border. They expect—and they are right to expect lawful immigration system that works.

Protecting our borders is really a matter of national security, and we must have lawful and orderly channels within our immigration system. I have long supported hiring more Custom and Border Patrol officers, commonsense improvements, to address the immigration backlog.

But I come at this question as a former intelligence officer and for a time worked transnational criminal organizations throughout Central and South America. And I know that we just can't wait for the problems to turn into a crisis at the border, that some of the root challenges that, you know, are the topic of this hearing, we can't just wait for that to mean people fleeing from natural disasters, people looking for economic opportunity, people fleeing rampant lawlessness and trying to create a better life for their families.

And so addressing these root causes really has to be a central part of the strategy that we, the United States, employs, so I appreciate this hearing. I had a couple followup questions on some of the topics that have been brought up.

Mr. Farnsworth, I believe it was you who talked about USMCA and the comments about bringing in Central American countries I found to be pretty interesting. Could you comment little bit, because I am curious whether or not such a proposal as you mentioned, bringing Central American countries in on a, country-by-country, negotiation basis, what would be the impact be, potentially for wealthier more stable countries like Panama versus far more economically or unstable countries like some of the others? Could you comment on that?

Mr. FARNSWORTH. Thanks for the question. First of all, a clarification. Panama is not part of the CAFTA-DR. They have a separate bilateral trade—

Ms. SPANBERGER. So you are speaking specifically as CAFTA-DR countries?

Mr. FARNSWORTH. Yes. But having said that, would be open to a broader approach as well, including Panama and other U.S. free trade partners in the Americas for sure.

But in the context of divergence in the region itself, it is a reality. I mean, Costa Rica, for example, is the wealthiest country in Central America as you know, and probably one of the most ready, along with Dominican Republic, of the CAFTA-DR partners to move early into the space.

And they would get a first mover benefit, absolutely, because investors will take that as, if I can use the cliché, good housekeeping seal of approval and to say, look the United States, there is rule of law, there is institutionalality, there is recourse to, you know, for adjudication for disputes—

Ms. SPANBERGER. And in doing it that way, as you propose, as you are thinking about it, does that create a disadvantage for other countries, or does that create—

Mr. FARNSWORTH. My view, and the argument, is that it actually creates an incentive for the other countries to get their act together, because if they do not, they fall further and further behind.

So let's play this out. Let's say you have, I do not know, just pick two countries, CR, you know, Costa Rica, and the Dominican Republic. Let's say they move first. They then get the early mover advantage of investors.

But you have the Guatemalas, El Salvadors, and Hondurases of the world who would say, look we need to be at the same level, otherwise our investments are going to suffer by definition.

And so you build those internal constituencies, particularly in the private sector, which gets in the face of its own government and says, get your act together, we need to have that access to the North American supply chains because we are falling behind.

They are doing it for commercial and parochial reasons, no doubt, but at the same time, it has public policy implications.

And one of the things we have not done, in my view, in Central America very well is to get the local constituencies onboard with our agenda. In fact, in many cases we have ignored the local constituencies, tried to work around them, called them names, called them corrupt, et cetera. We need to change our—

Ms. SPANBERGER. And when you are—can you define a little bit further for the sake of this discussion, who are the local constituencies that you are talking about?

Mr. FARNSWORTH. Local, private sector entities. In some cases, governments, for sure, even some of the NGO community. There is a lot of really good work happening right now in the Northern Triangle that is created by the countries in question and the communities in question that simply is not be incorporated because we have a different approach. Okay. Fair enough.

But I can tell you, because I have had personal conversations with multiple folks in this regard, it has also causing resentment in the region, and it is causing defensiveness in saying, why aren't you working with us, we are the local community, right? You are disavowing us, you are calling us names, we want to be part of the solution, and we can be part of the solution.

And frankly there is no solution apart from the local private sector and the local constituencies, so we have find a way to change that dynamic.

Ms. SPANBERGER. And specific to the USMCA example that you brought—that you mentioned of bringing in the CAFTA-DR countries, have you spOkay.n with people on the ground who are specifically interested in USMCA? What have those conversations been like?

Mr. FARNSWORTH. There is real enthusiasm for the idea of finding a way to link judicially and legally into North American supply chains for a sustainable long-term approach.

There is some concern among some parties, in terms of some of the provisions of USMCA, right, labor and environment and enforceability and all those things. Fair enough. That is what negotiations are for.

But it is also the way, if I can say, for the United States to now promote with positive incentives, rather than sanctions and, you know, name-calling, the agenda and the values that we are seeking to promote. So we have changed the incentive structure, and we have built a new constituency to align with what we are actually trying to achieve—

Ms. SPANBERGER. Because we have changed the framework of the conversation. Thank you very much, Mr. Chairman. I yield back. Thank you, sir.

Mr. SIRE. All right. Thank you again to our witnesses and the members for joining us in this important hearing.

Stemming the flow of irregular migration from Central America will require long-term commitment from the United States to deepen our diplomatic and foreign assistance efforts.

I look forward to working closely with my colleagues and the Biden Administration to help foster the necessary political and economic conditions whereby citizens through the region can imagine a future in their own home countries.

With that, the committee is adjourned. Thank you.

[Whereupon, at 11:43 a.m., the subcommittee was adjourned.]

APPENDIX

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on the Western Hemisphere, Civilian Security, Migration and International Economic Policy
Albio Sires (D-NJ), Chair

Subcommittee on International Development, International Organizations and Global Corporate Social Impact
Joaquin Castro (D-TX), Chair

June 15, 2022

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held jointly by the Subcommittee on International Development, International Organizations and Global Corporate Social Impact and the Subcommittee on the Western Hemisphere, Civilian Security, Migration and International Economic Policy in Room 2172 of the Rayburn House Office Building. Members who wish to participate remotely may do so via Cisco WebEx. The hearing will be available via live webcast on the Committee website at <https://foreignaffairs.house.gov/>:

DATE: Wednesday, June 22, 2022

TIME: 10:00 a.m., EDT

LOCATION: 2172 Rayburn House Office Building

SUBJECT: Addressing Root Causes of Migration from Central America through Private Investment: Progress in VP Harris' Call to Action

WITNESS: Ms. Celina de Sola
Co-Founder and President
Glasswing International

Mr. Jonathan Fantini-Porter
Co-Founder and Executive Director
Partnership for Central America

Mr. Eric Farnsworth
Vice President
Washington Office, Council of the Americas and the Americas Society

*NOTE: Witnesses may be added.

By Direction of the Chair

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

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COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Foreign Resilience, Critical Security, Migration and Economic Policy & International Development, International Organizations and Global Corporate Social Impact HEARING

Day Wednesday Date June 22, 2022 Room 2172 RHOB

Starting Time 10:03 am Ending Time 11:43 am

Recesses 0 (to) (to)

Presiding Member(s)

Chair Albio Sires, Chair Joaquin Castro

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

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To select a box, mouse click it, or tab to it and use the enter key to select. Another click on the same box will deselect it.

TITLE OF HEARING:

Addressing Root Causes of Migration from Central America through Private Investment: Progress in VP Harris' Call to Action

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Albio Sires, Rep. Joaquin Castro, Rep. Mark Green, Rep. Nicole Malliotakis, Rep. Andy Levin, Rep. Ilhan Omar, Rep. Claudia Tenney, Rep. Darrell Issa

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

Rep. Abigail Spanberger

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

TIME SCHEDULED TO RECONVENE _____

or TIME ADJOURNED 11:43 am

Clear Form

Note: If listing additional witnesses not included on hearing notice, be sure to include title, agency, etc.

Subcommittee Staff Associate

WHEN COMPLETED: Please print for subcommittee staff director's signature and make at least one copy of the signed form. A signed copy is to be included with the hearing/markup transcript when ready for printing along with a copy of the final meeting notice (both will go into the appendix). The signed original, with a copy of the final meeting notice attached, goes to full committee. An electronic copy of this PDF file may be saved to your hearing folder, if desired.

HOUSE COMMITTEE ON FOREIGN AFFAIRS

6.22.22 *WHEM* SUBCOMMITTEE HEARING – *VP'S CALL TO ACTION*

<i>PRESENT</i>	<i>MEMBER</i>
X	Albio Sires, NJ
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X	Claudia Tenney, NY
X	Darrell Issa, CA

OPENING STATEMENT SIRES

House Committee on Foreign Affairs
Western Hemisphere Subcommittee

Chairman Albio Sires (D-NJ)

**Opening Statement – “Addressing Root Causes of Migration through Private Sector Investment:
Progress in the VP’s Call to Action”
Wednesday, June 22, 2022**

- Good morning everyone, and thank you to our witnesses for testifying before our committees today.
- I would also like to thank Chairman Castro for his leadership on regional issues and for joining me in holding this hearing.
- Just over a year ago, Vice President Harris launched her “Call to Action” to support economic development in the Northern Triangle.
- This initiative, which leverages the strength of the private sector, is part of the Biden administration’s strategy to address the root causes of migration from El Salvador, Guatemala, and Honduras.
- It focuses on connecting businesses with U.S. government partners, such as the U.S. Agency for International Development and the U.S. International Development Finance Corporation, as well as international organizations and government officials from the region.
- Through these public-private partnerships the “Call to Action” seeks to ensure sustainable and effective progress that builds on past lessons to address focus areas that often serve as push factors for migration.
- Today’s hearing is timely.
- Earlier this month at the Ninth Summit of the Americas in Los Angeles, stakeholders from various sectors came together to discuss policy issues and collaborate on new and continuing challenges facing the Americas.
- The focus of the Summit was “Building a Sustainable, Resilient, and Equitable Future”.
- A topic that holds particular importance in the wake of the COVID-19 pandemic, which revealed the weaknesses in our regional systems.
- Many conversations centered on how to improve our hemispheric economy and invest in ways that improve overall quality of life while building more resilient supply chains and confronting systemic challenges that have far reaching consequences.

- As we have seen over the past few decades, issues that originate in one part of our hemisphere rarely stay there. The rise in irregular migration is a direct consequence of these underlying issues.
- Throughout my time in Congress, and my tenure as Chair of the Western Hemisphere Subcommittee, I have worked with colleagues from both parties as well as multiple administrations, foreign governments, and other stakeholders to address the root causes of migration from Central America.
- The hundreds of thousands of Salvadorans, Guatemalans, and Hondurans who embark on the dangerous journey towards our southern border are increasingly driven by desperation and fear.
- Most of those making the journey know that the trip is dangerous and being granted admission to the United States is unlikely, but it remains the better option compared to the risks present in their home countries.
- El Salvador, Guatemala, and Honduras are all struggling with a legacy of inequality and widespread poverty and economic reforms have not led to drastically improved living conditions for many in the region.
- Population projections for all three countries show an expected growth of working-age individuals in the coming years as 36 percent of Guatemalans, 42 percent of Hondurans, and 45 percent of Guatemalans are currently under the age of 20.
- However, as these individuals enter the workforce, the lack of stable economic opportunities will contribute to economic hardship and leave many individuals without a means to provide for themselves or their families.
- Climate change is deepening the precarious socio-economic situation as those in poverty are also the most vulnerable to the impacts of the climate crisis.
- These are complicated, multifaceted challenges that push people to leave their homes.
- We will not be able to solve them quickly or without collaboration across various sectors.
- Long term development requires sustained investment from more than just the U.S. government and other international bodies.
- Businesses and non-profits are, and will continue to be, important partners.

- Private investment and business development in the region will play a key role in creating economic opportunities and improving overall quality of life.
- I am grateful that the Biden administration's strategy not only includes such collaboration but seeks to mobilize private sector investment.
- Vice President Harris dedication in addressing the root causes of migration is commendable and we have seen impressive pledges in response to her "Call to Action".
- Two weeks ago, Vice President Harris announced more than 1.9 billion dollars in new private sector commitments to create economic opportunity in the Northern Triangle.
- Forty companies and organizations have announced major commitments since the launch bringing the total amount to more than 3.2 billion dollars.
- It is important to emphasize that these commitments are not charity.
- These are major corporate players indicating that they have faith in the future of Central America.
- We want to create the conditions for sustainable, equitable economic growth in the Northern Triangle.
- In order to do so, we must ensure that these commitments are executed in a manner that delivers capital, logistical coordination, and quality jobs to these countries.
- Additionally, we must ensure that there are mechanisms in place to counter corruption while protecting and supporting community economies, marginalized populations, and workers so that short term gains do not create new challenges and push factors for migration.
- Our witnesses today are uniquely qualified to testify on public-private collaboration on development initiatives, the opportunities as well as challenges in the region, and how we can best support efforts that raise up vulnerable populations and reduce the push factors of migration.
- Although we cannot expect any administration or business investment in the Northern Triangle to reap immediate gains, it is important that we regularly review progress made.
- Today's hearing presents us with the opportunity to work together across party and sector to examine the advancement of the Vice President's call to action and the role that private investment can have as part of our response to the root causes of migration from Central America.

- Thank you once again, for coming in for what I hope will be an extremely productive hearing.
- I now turn to Ranking Member Green for his opening statement.

RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD

**Addressing Root Causes of Migration from Central America through Private Investment:
Progress in VP Harris' Call to Action**

House Committee on Foreign Affairs

June 22, 2022

Questions for the Record

Chairman Joaquin Castro

Ms. Celina de Sola

1. Ms. De Sola, your organization, Glasswing International, has been working on development issues in the region for years and is one of the only Latin America-based partners in the Partnership for Central America. As GlassWing has a rooted history in the region and is now part of the newly announced Central American Service Corp, I'd like to know more about your experience working with the Vice President's office and the Partnership for Central America and your process in developing such programs.
 - a. **What challenges did you face? How is it different working with the Partnership versus with U.S. government actors?**
 - b. **Looking forward, how could the Partnership, Congress, and the U.S. government support your work and make it more impactful?**
 - c. **Ms. De Sola, what regulations and standards should the Partnership and the U.S. government implement with these investments to ensure that these large companies are not sidelining local actors or infringing on important rights? Do you believe there currently exists a sufficient enough process for local actors to engage with these companies on such issues?**
2. Central America has seen an increasingly hostile operating environment for NGOs and other local organizations. **How can the United States government ensure NGOs are able to provide the help, support, and resources to the populations they serve, and how can the Partnership work with the government to ensure**
3. On June 7th VP Harris announced the Central American Service Corps (CASC), which Glasswing is a part of, and builds on previous work to implement a community service program for young adults in the region in response to the Vice President's Call to Action.
 - a. **What purpose will CASC serve in the broader Call to Action?**
 - b. **What specific goals does Glasswing hope to achieve with CASC?**
4. **What more can the Partnership and the US government due to address both the urgent humanitarian situation at the border and in Central America as well as develop sustainable long-term impact?**
 - a. **What barriers or problems have you identified in the actions of the Partnership and the U.S. Government so far?**

b. How can these be improved?

1. As companies diversify out of China, Central America should naturally serve as an apparel sourcing region due to its geographical proximity to the U.S. market. But the two-way trade between the United States and CAFTA-DR countries in textiles and apparel – a key sector in Central America – is lower today than when the agreement was first enacted. CAFTA-DR lacks the necessary incentives to draw the kind of apparel investment needed to seize the moment and move sourcing to Central America. U.S. apparel companies are lining up with policy recommendations like adding yarns and fabric to the short supply mechanism to move the needle. How do you view these creative solutions that protect current and planned U.S. textile investments while also creating conditions to sustainably and permanently grow textile and apparel investment for the benefit of U.S. apparel and textile companies?

2.

You said you have talked with private sector people who resent being singled out as opponents of development. Is the following representative of your observation?

NPR [reported](#): “Many migrants who come to the U.S. border from Central America are doing so because of ‘a predatory elite’ who are tied to a host of problems in their home countries — not because of President Biden’s easing of Trump-era immigration policies, according to Juan Gonzalez, a top aide to Biden on immigration.

‘You have, frankly, a predatory elite that benefits from the status quo, which is to not pay any taxes or invest in social programs,’ said Gonzalez, the National Security Council’s senior director for the Western Hemisphere and a special assistant to Biden.”

You mentioned that creating an incentive for rule of law improvements by using membership in the USMCA as a carrot could be effective. It would motivate the private sector to push their governments toward better practices.

Is it your position that some business leaders have realized it is in their countries’ benefit to establish rule of law and that we should work with them? How would that be possible if our administration views them as opponents?

Shouldn’t we encourage business leaders inclined to promote rule of law in the hope of spreading this concept to the rest of the business community? Wouldn’t that increase local and international investment on its own and possibly even eliminate the need for US government involvement in promoting investment?

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According to public information:

In 2016, former ambassador to Guatemala Todd Robinson summonsed the country's congressional leaders to his residence and, using the threat of investigations and visa cancellations, made clear his candidate for Guatemala's court of last resort, its Constitutional Court, was Gloria Porras. She won 145-6 in a multi candidate field. Subsequently, congressman Fernando Linares, who voted against Porras and whose US visa was later canceled, said the president of the congress had violated parliamentary procedures in the election. The president was recorded saying the orders come in English. Linares later reported that magistrates told him Porras told them the US ambassador wanted them to vote as she said.

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State pushed for Porras to be named to the Constitutional Court for the 2021-2026 term by the state university and bitterly complained when Congress would not swear her in despite it violating the law because challenges were pending. Porras had twice ruled in cases to which she was a party. Kamala Harris hosted Porras at the White House, calling her a fighter for justice.

Do you believe such outward US support for a former high-court magistrate with a public record of criminality and questionable rulings against large businesses discourages investment?

If you dispute the premises of the question, do you believe investors blindly accept government pronouncements, or do they perform their own due diligence based on public records and private investigations? Since the latter is obvious, are you so sure or so committed to State that you completely dismiss the possibility that impartial, professional due diligence would reveal the accuracy of the premises of the question, establishing that on one hand you talk about promoting investment while on the other State discourages it?

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In discussing how to create sustainability through changes in government, you mentioned an exception would be institutional actions against companies. Guatemala's Constitutional Court illegally closed the two Oxec hydroelectric plants by arbitrarily applying a legal standard that violated Guatemala's constitution and that did not exist when the company legally obtained authorization to operate, with the participation of the Ministry of Mines and the local communities near the plants. The American Chamber of Commerce [detailed](#) the losses to the government and the economy. Shouldn't this type of abuse and disincentive to investment be addressed as part of the call to action?

5. Farnsworth specified why Mexico's president did not attend the Summit of the Americas, but he passed over Guatemala's president's reasons for not attending. President Alejandro Giammattei discussed this and more in a Global Liberty Alliance [podcast](#) with Jason Poblete. He had previously [told](#) the Heritage Foundation the US ambassador had been meeting with indigenous groups to depose his government. Giammattei later told Poblete that USAID promotes ethnic division in Guatemala. Such discrimination violates the Guatemalan constitution, and ethnic division would make the country ungovernable.

As independent organizations, Giammattei's claims, which contradict State and call-to-action pronouncements, should concern you as making your goals unachievable, at least in Guatemala and possibly elsewhere. Shouldn't you address these issues for the committee?

Questions for the Record
Congresswoman Ilhan Omar
“Addressing Root Causes of Migration from Central America through Private Investment:
Progress in VP Harris’ Call to Action”
Subcommittee on the Western Hemisphere/Subcommittee on Int’l Development
June 22, 2021

For Mr. Fantini-Porter

- 1) Following up on our conversation, and particularly what you told me about the Partnership leading with its values, I wanted to ask about some specific partners involved in the Partnership for Central America. Can you walk me through the process for vetting your partners on human rights, labor rights, and environmental standards in general?

- 2) According to the White House’s fact sheet, Fundación Terra is set to invest \$24.5 million over a five-year period in order to “support secondary education, digital access, entrepreneurship, and environmental conservation, including scholarships to tutor 40,000 students in El Salvador, Guatemala, and Honduras in Math and Spanish, which will promote financial inclusion.”
 - a. Fundación Terra is operated by the Honduran businessman Fredy Nasser, who also owns at least two dam projects in Guatemala (the Xacbal Hydroelectric Project and the Xacbal Delta Hydroelectric Project) that have been subject to complaints of bribery, corruption, and failure to consult with the indigenous Maya Ixil communities in which they’re being built. **Were you aware of these allegations, and ongoing legal cases related to them in Guatemala, when you partnered with Fundación Terra? If not, does their revelation prompt you to reconsider that partnership?**

- 3) The same White House fact sheet includes the announcement that SanMar, a U.S.-based apparel company, will increase its Central America purchases by \$500 million, which in turn “will lead to the creation of 4,000 additional full-time jobs at Elcatex, a Honduras-based apparel manufacturer owned in part by SanMar.

- a. In October 2020, the Inter-American Commission on Human Rights (IACHR) admitted a petition filed by the Collective of Honduran Women (CODEMUH) and the Law Group for Human Rights alleging human rights violations against workers in Honduras' garment factories, including Elcatex. CODEMUH reports that the women working in Honduras' garment factories, such as a Elcatex, face precarious working conditions, long hours, low wages, and "the imposition of a system under which remuneration is dependent upon reaching an output target. The petitioner maintains the the maquilas use a system based on daily targets to be met during eleven and a half hours per day of uninterrupted labor for four to five days a week... as a result of this state of affairs the alleged victim's health was permanently harmed with musculoskeletal disorders."¹ The petition was filed on behalf of 26 victims who work at various garment factories in Honduras, including 3 who work or worked at Elcatex and have permanent partial disability. **Were you aware of the IACHR petition when you partnered with SanMar? If not, will its revelation prompt you to reconsider that partnership?**
- b. **For the other textile and apparel companies involved in the Partnership for Central America, which factories in which countries will they be sourcing their investments with? Are any of them among the factories included in the CODEMUH petition?**
- 4) Another of the partnerships listed on the White House fact sheet is Pantaleon, which is run by Julio Herrera Zavala. Pantaleon's contribution, according to the fact sheet, will be "\$9.4 million to fund the initial phase of a 1,200-acre industrial park on Guatemala's Southern Coast."
- a. In 2016, Ingenio Pantaleon was the subject of a complaint filed by Guatemala's Ministry for the Environment and Natural Resources in which they were accused of illegally diverting a river for one of their other projects. **Were you aware of this history when you partnered with Pantaleon? Given the previous**

¹ <http://www.oas.org/en/iachr/decisions/2020/hoad1266-15en.pdf>

complain, and our mutual understanding that climate change is a root cause of migration from Central America, what assurances can you give me that this Pantaleon industrial park investment will comply with relevant environmental laws, and not contribute to environmental degradation and, by extension, migration?

**Addressing Root Causes of Migration from Central America through Private Investment:
Progress in VP Harris' Call to Action**

House Committee on Foreign Affairs

June 22, 2022

Questions for the Record

Chairman Joaquin Castro

Thank you, Chairman Castro, for the opportunity to provide this very important and strategic input into the discussions that you are conducting about private sector engagement and US government support in our region. These efforts have allowed us to establish new and hopefully lasting relationships with a wide range of actors and implementing partners of the US government, as well as with collaborative efforts like the PCA. We look forward to continuing to participate and provide leadership in our role as a local civil society organization.

Ms. Celina de Sola

1. Ms. De Sola, your organization, Glasswing International, has been working on development issues in the region for years and is one of the only Latin America-based partners in the Partnership for Central America. As GlassWing has a rooted history in the region and is now part of the newly announced Central American Service Corp, I'd like to know more about your experience working with the Vice President's office and the Partnership for Central America and your process in developing such programs.
 - a. **What challenges did you face? How is it different working with the Partnership versus with U.S. government actors?**

We are grateful for the increased focus on the region, including the commitment of the Vice President's office, USG agencies like USAID, and the PCA to finding solutions through collaborations and the mobilization of resources. The messages of hope and possibility have been an important catalyst to garner momentum, and accompanied with the right follow through, will create opportunities for those who need it most.

We work with US government agencies, such as USAID, on projects that we have developed to address violence reduction, education, mental health and supporting youth and community development. We are starting to witness and experience the positive impact of USAID's strategy to support "localization" by further engaging local organizations and the communities they serve. Localization not only engages more civil society actors - including local non-governmental organizations (NGOs) and businesses - but also enhances the effectiveness and sustainability of US government support, making foreign assistance investments much more impactful and durable. Furthermore, the USG has ample tools to oversee the quality and integrity of the work of local organizations (as it does with US-based organizations, who inevitably have to subcontract local organizations to implement).

If PCA and Vice President's strategies align with the priorities of local, independent, civil society actors - who are not only rooted in, and maintain a permanent presence in these countries and communities, but also outlive political cycles (both in the region and in the US) - more impact can

undoubtedly be achieved. When interests diverge, both the impact and sustainability can be compromised, and resources dispersed and not optimized. Thus, the opportunity lies in having a shared vision of what success means, such as: engendering ecosystems that enable young people to access opportunities and thrive.

Continuity and sustainability long-term are key to achieving impact, and this is best achieved through the involvement and collaboration of all sectors, as stakeholders. This includes not only the private sector, NGOs, and civil society, but also local and national governments. This may take longer, but only if ownership is achieved at the local/national level, will initiatives outlast project cycles. Civil society organizations, and the communities we all work with, are critical to help facilitate coordination with government actors - such as Ministries of Education, Health, Social Services, Protection, Youth Secretariats, etc. - to operationalize strategies and policies.

b. Looking forward, how could the Partnership, Congress, and the U.S. government support your work and make it more impactful?

Local organizations in the region, like Glasswing, have over the years obtained genuine legitimacy and credibility with communities, other civil society organizations, businesses, and government entities. This has made us trusted and effective partners to work through to find solutions to the challenges that communities and youth, in particular, face.

The USG's localization strategy positions organizations that are from the region in a leadership role, with more agency in the design and development of programs and projects, rather than as passive recipients of restricted funding. This allows for much more impact because this engenders more inclusive and sustainable solutions across local partners who are locally-grown, agile, and on-the-ground, which ultimately better serves the interests of the USG because - with greater local ownership - deeper impact is achieved in a more cost-effective way.

The PCA, Congress and USG are mobilizing important economic investment in the region. The PCA presents an ideal platform to convene and catalyze business to address root causes, especially if the investments made by the private sector partners intentionally and deliberately improve conditions for those most at risk of migrating irregularly. This includes addressing the stigma youth face, access to educational and employment opportunities, as well as creating enabling environments for people to be able to access these opportunities (safe access and transportation, childcare, ending redlining practices that do not give jobs to young people living in communities with high rates of crime and violence). Given that since there are more unemployed young people than there are entry-level positions (especially in this post-pandemic context), providing more jobs - alone - cannot sufficiently address the multiple drivers and root causes of irregular, forced migration. Strategies that are tiered and targeted, and they need to be ongoing, rather than just lasting a project funding cycle. Businesses could leverage the PCA platform and USG efforts, to give this continuity; to make this part of the way they do business.

c. Ms. De Sola, what regulations and standards should the Partnership and the U.S. government implement with these investments to ensure that these large companies are not sidelining local actors or infringing on important rights?

Both USAID and the PCA are actively encouraging more collaboration between civil society entities and NGO's, and the more local civil society organizations are invited to the table to co-create effective strategies, the greater the impact will be on addressing root causes. Better communication between these two sectors can yield improved and more sustained opportunities

for young people who are having to leave their communities in search of economic opportunities elsewhere, that will enable them to sustain themselves and their families. If businesses can better understand the realities young people face by engaging with educational and training centers, and youth themselves - and vice versa - the labor force will be better prepared for the existing labor market.

Both the USG's explicit interest in improving conditions in the region, as well as the PCA's role in bringing stakeholders together, provide a unique and important opportunity to affect positive change. In order to coordinate and leverage resources as effectively as possible, it is also ideal for stakeholders to have a clear understanding of what each - NGOs, businesses, civil society, and local government - can and will realistically contribute, in terms of investments, programs, and capacity, as well as understanding what the geographic focus and timeline are for rolling out efforts. This, coupled with an understanding of what current local and national government strategies are, can help bridge the gap regarding expectations and needs between businesses and young people in the region. Ensuring that young people are actively involved in the analysis and planning process will contribute to creating the national social and economic conditions that are needed for youth to see opportunity and a desirable future in their home communities.

Although these alliances are often channeled through the 'corporate social responsibility' (CSR) departments, being able to work directly with corporations' business units and HR departments would provide for more strategic opportunities to promote economic inclusion, and - thus - more directly address this important mitigator of irregular migration. Working only with the CSR and philanthropy teams can limit the depth of commitment, and potentially miss the opportunity for these investments to also strengthen the business. If young people - and those who train them - better understand what businesses need (in terms of their HR), the knowledge and skills developed can be better aligned with what companies are looking for.

Finally, the PCA and USG are also ideal champions in ensuring that private sector actors align and comply with international human rights, environmental, and labor standards, as well as national labor laws.

d. Do you believe there currently exists a sufficient enough process for local actors to engage with these companies on such issues?

I believe that the PCA will be critical to ensuring that local actors engage and participate in a meaningful way, and the membership is growing as more entities are vetted and invited to join these efforts. As mentioned above, involving more stakeholders that are from, and rooted in these countries will help improve processes for additional local actors to be engaged. As members of the PCA, we are especially committed to helping to strengthen the voice and representation of more local civil society actors, including those that are women, indigenous, and youth-led.

2. Central America has seen an increasingly hostile operating environment for NGOs and other local organizations. **How can the United States government ensure NGOs are able to provide the help, support, and resources to the populations they serve, and how can the Partnership work with the government to ensure**

Locally-led development is the best way to ensure that civil society can take on a greater leadership role, and be in a good position to navigate the complex environment in which we all

operate. As local civil society organizations, we have the relationships, legitimacy, credibility, local knowledge and contextual understanding. In our opinion, local leadership represented by civil society actors is among the most effective vehicles to ensure that the people and the communities that we work with receive the support that they need to address their priorities, and have access to the opportunities to fulfill their aspirations, in their own countries.

The US government is playing a critical role in supporting civil society through USAID's strong push for localization under Administrator Samantha Power, including the provision of activities such as Expanding Partnerships and Advancing Localization (EPAL). Providing this type of funding, along with catalyzing more cross-sector engagement (i.e. the work of the PCA) can help foster more business-civil society collaboration and ensure that a broader base of local stakeholders can actively participate ('be at the table'). It can also engender more sustainable business practices, through partnerships that generate both social and economic value.

There are also other USG entities that are key to supporting the work of local organizations and the communities they serve, including the InterAmerican Foundation's long trajectory and success at investing in community-led development, working with local organizations that are deeply rooted in their communities; as well as the Peace Corps, who has over 60 years of experience in volunteerism and leadership development.

3. On June 7th VP Harris announced the Central American Service Corps (CASC), which Glasswing is a part of, and builds on previous work to implement a community service program for young adults in the region in response to the Vice President's Call to Action.
 - a. **What purpose will CASC serve in the broader Call to Action?**
 - b. **What specific goals does Glasswing hope to achieve with CASC?**

Among the goals of the CASC is to address the range of challenges youth face in the region to help address the drivers of irregular migration. We, too, are committed to fostering environments that enable young people to thrive in their home communities and countries. Furthermore, a program like CASC can also help shift paradigms around the perception of youth, reduce stigma, heal torn social fabric, and strengthen young participants' sense of community.

We share this vision, as evidenced by the fact that the CASC builds on a youth service program that we (Glasswing) launched in 2021, with \$13.2 million provided exclusively by the Howard G. Buffett Foundation. In this first year, we are working with 2,700 young Guatemalans and Hondurans from 29 different municipalities. Like the CASC, our aim is to address the root causes of migration by creating the conditions and opportunities for young people - between the ages of 15-22, and that face multiple social and economic risks - to thrive in their home communities. This is being done by building participants' knowledge and transferable skills through ongoing training; consolidating regional peer networks and providing psychosocial support; stabilizing socio-economic conditions through monthly stipends, received through newly-opened, individual bank accounts; and strengthening their sense of belonging, rooting and pride through community service field placements and hands-on work experience in their own communities. This program also takes into account the broader ecosystem, working to ensure participants can: access quality basic services, feel safe and secure, develop trust and relationships, access the opportunities we provide (i.e. addressing unique needs such as trauma, childcare needs).

At Glasswing, we hope that - together with our partner organizations - we can continue to play a role in scaling this effort throughout the region. In June of this year, USAID finalized a \$2 million award to Glasswing to lay the groundwork for sustainable national youth service corps in Guatemala and Honduras.

4. What more can the Partnership and the US government do to address both the urgent humanitarian situation at the border and in Central America, as well as develop sustainable long-term impact?

- a. What barriers or problems have you identified in the actions of the Partnership and the U.S. Government so far?**
- b. How can these be improved?**

The more civil society actors, such as ourselves, can stay informed about the strategies and plans of key actors such as the PCA and its members, the Vice President's initiatives, and USG more broadly, the better we can align visions and join collaborative efforts to achieve the greatest impact possible. Undoubtedly, addressing the drivers of migration is complex and takes time, so long-term, sustained action is key, as is maintaining an ongoing feedback loop with young people to ensure we are addressing the challenges they perceive most pressing. Local civil society actors are best positioned to identify and consolidate youth's priorities and co-create the pathways that they seek to be able to both aspire and achieve at home.

To respond to both the humanitarian situation at the border, as well as in the region, a strategy could - for example - include the following complementary efforts:

- *addressing the root causes in with a real and long-term commitment, and based on locally-determined priorities;*
- *responding to emergency needs (shelter, safety, psychosocial support, money to meet basic needs, including the education and health);*
- *supporting persons on the move/in transit and when they return to their own countries, by working with local stakeholders to ensure access to basic services including including mental health support, reduction of stigma, reintegration into educational and livelihood opportunities; and*
- *investing in organizations that can provide support for the most vulnerable populations to access alternative, pathways for asylum (i.e. IRAP/refugeerights.org).*

Thank you very much, and please let us know if you have any further questions.

***Celina de Sola
Co-founder and President
Glasswing International***

Addressing Root Causes of Migration from Central America Through Private
Investment: Progress on VP Harris' Call to Action

Hearing Before the House Committee on Foreign Affairs

Subcommittee on International Development, International Organizations and Global
Corporate Social Impact, and Subcommittee on the Western Hemisphere, Civilian
Security, Migration, and International Economic Policy

June 11, 2022

Questions Submitted for the Record by Representative Maria Elvira Salazar

Responses by Eric Farnsworth, Vice President, Council of the Americas

Question 1

As companies diversify out of China, Central America should naturally serve as an apparel sourcing region due to its geographical proximity to the U.S. market. But the two-way trade between the United States and CAFTA-DR countries in textiles and apparel – a key sector in Central America – is lower today than when the agreement was first enacted. CAFTA-DR lacks the necessary incentives to draw the kind of apparel investment needed to seize the moment and move sourcing to Central America. U.S. apparel companies are lining up with policy recommendations like adding yarns and fabric to the short supply mechanism to move the needle. How do you view these creative solutions that protect current and planned U.S. textile investments while also creating conditions to sustainably and permanently grow textile and apparel investment for the benefit of U.S. apparel and textile companies?

Response

As the Biden Administration has assessed and we agree, the only way that unstructured migration from the Northern Triangle will be addressed in the long term is by dealing, *inter alia*, with the lack of economic opportunity that drives people to leave. The Council encourages these countries to do everything possible to take meaningful steps to improve the investment climate, including infrastructure improvements, regulatory best practices and harmonization across the region, digital uptake, education and workforce development, tax transparency and reform, anti-corruption and good governance, energy efficiency, and improved security consistent with democratic principles and practices. In addition to these steps, the Council supports trade enhancement measures by the United States that will help attract greater investment in job creating sectors. Adding yarns and fabric to the short supply mechanism of CAFTA-DR would assist these efforts.

Question 2

You said you have talked with private sector people who resent being singled out as opponents of development. Is the following representative of your observation?

NPR [reported](#): “Many migrants who come to the U.S. border from Central America are doing so because of ‘a predatory elite’ who are tied to a host of problems in their home countries — not because of President Biden’s easing of Trump-era immigration policies, according to Juan Gonzalez, a top aide to Biden on immigration.

‘You have, frankly, a predatory elite that benefits from the status quo, which is to not pay any taxes or invest in social programs,’ said Gonzalez, the National Security Council’s senior director for the Western Hemisphere and a special assistant to Biden.”

You mentioned that creating an incentive for rule of law improvements by using membership in the USMCA as a carrot could be effective. It would motivate the private sector to push their governments toward better practices.

Is it your position that some business leaders have realized it is in their countries’ benefit to establish rule of law and that we should work with them? How would that be possible if our administration views them as opponents?

Shouldn’t we encourage business leaders inclined to promote rule of law in the hope of spreading this concept to the rest of the business community? Wouldn’t that increase local and international investment on its own and possibly even eliminate the need for US government involvement in promoting investment?

Response

It is my strong view that sustainable development in Central America requires the full participation of the regional private sector, in addition to other partners across the region. Without the buy-in of regional actors, efforts to drive development from the outside will ultimately be ineffective, even futile. Corruption in the Northern Triangle is a reality, but name-calling and sectoral stereotyping is counterproductive, doing little to advance the dialogue. We should move beyond naming and shaming to focus on reframing the debate. Based on my own soundings, much (most?) of the regional private sector is anxious for strengthened economic ties with the United States and would abide by higher level expectations and scrutiny in exchange for richer economic incentives.

Were the United States to offer a clear and defined path to USMCA accession, and therefore improved access to global supply chains, with specific, measurable, and achievable steps that nations could take in pursuit, local interests would be in a better position to urge their own governments to reform, taking appropriate actions to build readiness and capacity to accept the obligations and reap the benefits of upgraded and expanded trade and investment links. To the extent nations were considered for USMCA individually rather than as a bloc, greater competition would be introduced across the region as first movers would gain disproportionately, leveraging quick responsiveness.

We want and need the Central American private sector to be strong and effective advocates for domestic reform. Changing incentives encourages behavioral changes for mutual benefit.

Question 3

According to public information:

In 2016, former ambassador to Guatemala Todd Robinson summoned the country's congressional leaders to his residence and, using the threat of investigations and visa cancellations, made clear his candidate for Guatemala's court of last resort, its Constitutional Court, was Gloria Porras. She won 145-6 in a multi candidate field. Subsequently, congressman Fernando Linares, who voted against Porras and whose US visa was later canceled, said the president of the congress had violated parliamentary procedures in the election. The president was recorded saying the orders come in English. Linares later reported that magistrates told him Porras told them the US ambassador wanted them to vote as she said.

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Do you believe such outward US support for a former high-court magistrate with a public record of criminality and questionable rulings against large businesses discourages investment?

If you dispute the premises of the question, do you believe investors blindly accept government pronouncements, or do they perform their own due diligence based on public records and private investigations? Since the latter is obvious, are you so sure or so committed to State that you completely dismiss the possibility that impartial, professional due diligence would reveal the accuracy of the premises of the question, establishing that on one hand you talk about promoting investment while on the other State discourages it?

Response

I am not privy to diplomatic discussions between the U.S. and Guatemalan governments, nor do I claim expertise on Guatemala's constitution or legal processes. Investors perform appropriate due diligence on their decisions, and the state of the rule of law is a major metric that is routinely considered. To the extent investors face uncertainty or mixed messaging from government officials on the advisability of investing, this would normally impact a willingness to invest.

Question 4

In discussing how to create sustainability through changes in government, you mentioned an exception would be institutional actions against companies. Guatemala's Constitutional Court illegally closed the two Oxec hydroelectric plants by arbitrarily applying a legal standard that violated Guatemala's constitution and that did not exist when the company legally obtained authorization to operate, with the participation of the Ministry of Mines and the local communities near the plants. The American Chamber of Commerce [detailed](#) the losses to the government and the economy. Shouldn't this type of abuse and disincentive to investment be addressed as part of the call to action?

Response

I am unfamiliar with the cited case. Nonetheless, the Vice President's Call to Action will only be truly effective if, in addition to catalyzing investments, it also works to address barriers and inefficiencies that impede investment and economic development across Central America. Developing and pursuing a more robust trade agenda with a sense of urgency would be a powerful tool to help address these issues.

Question 5

Farnsworth specified why Mexico's president did not attend the Summit of the Americas, but he passed over Guatemala's president's reasons for not attending. President Alejandro Giammattei discussed this and more in a Global Liberty Alliance [podcast](#) with Jason Poblete. He had previously [told](#) the Heritage Foundation the US ambassador had been meeting with indigenous groups to depose his government. Giammattei later told Poblete that USAID promotes ethnic division in Guatemala. Such discrimination violates the Guatemalan constitution, and ethnic division would make the country ungovernable.

As independent organizations, Giammattei's claims, which contradict State and call-to-action pronouncements, should concern you as making your goals unachievable, at least in Guatemala and possibly elsewhere. Shouldn't you address these issues for the committee?

Response

I have no independent knowledge of the reason Guatemala President Alejandro Giammattei decided not to participate in the Los Angeles Summit of the Americas in June 2022. My understanding at the time, based on reports, was that he was displeased with U.S. steps to sanction Attorney General Gloria Porras. It is concerning that none of the leaders of the Northern Triangle nations decided to attend the Summit, each for their own reasons, including Honduras where the United States has made a concerted effort to reach out to President Xiomara Castro, and also El Salvador, which faces significant questions on human rights, democratic practice, and sovereign financial experimentation, in addition to Guatemala. Migration, law enforcement, and economic development issues are already fraught, requiring cooperation and trust among parties to be addressed effectively. Until such time, it will be significantly more difficult to achieve results for the benefit of the Northern Triangle nations, and also for the United States.