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HOUSE COMMITTEE ON FOREIGN AFFAIRS WESTERN HEMISPHERE
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**“Advancing U.S. Interests in the Western Hemisphere: The FY 2015 Foreign Affairs
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Mr. Chairman, Ranking Member Sires, and members of the Subcommittee: Thank you for the invitation to testify today. I am grateful for the Committee’s interest in the U.S. Agency for International Development’s (USAID) approach in Latin America and the Caribbean and pleased to have this opportunity to update you.

As Administrator Rajiv Shah, who testified before you earlier today has stated our mission across the globe is to partner to end extreme poverty and promote resilient, democratic societies.

Our best partners in this effort are democratic societies – mature governments, active civil societies and dynamic private sectors – because their commitment to growing their economies and investing in their people makes our investments go farther.

Increasingly, we have such partners in the Latin American and Caribbean region, where sensible policies and smart donor investments have helped fuel impressive social, political and economic progress. Many countries have experienced successive years of economic growth; businesses are creating jobs; citizens are healthier, better educated and politically empowered; and poverty is declining. These gains have enabled us to focus our assistance on new and evolving development challenges that could upend their continued progress.

However, the growth and development of several Latin American and Caribbean countries are threatened by a persistent wave of crime and violence that, if not addressed will combine to impede our efforts to promote inclusive growth, reduce poverty, bolster resilience and strengthen democracy through the region.

Central to USAID’s strategy is investing in opportunities for youth and their communities and strengthening the institutions charged with administering justice and keeping people safe.

We do so through the Central America Regional Security Initiative (CARSI), the Caribbean Basin Security Initiative (CBSI) and the Merida Initiative. Our at-risk youth services, job training, community policing, safe urban spaces and juvenile justice programs complement the more traditional law enforcement and interdiction activities led our inter-agency partners. In Central America and the Caribbean, citizen security programs are further complemented by our education interventions, which prioritize improving early grade literacy and increasing the workforce development opportunities for out-of-school youth.

Our emphasis on addressing the root causes of criminality and violence aligns with the prevention-oriented strategies of the region's governments. Significantly, President Hernandez of Honduras recently publicly committed to allocating 30% of the funds collected through Honduras' new Security Tax to supporting prevention programs. He has already started to make good on that promise by providing such funds to USAID to expand the network of youth outreach centers across the country.

There are signs that our programs are having an impact. Preliminary findings from the impact evaluation of our prevention programs in Central America provide statistically significant evidence that crime rates are lower and public perception of security higher in our targeted communities in El Salvador and Guatemala. Increasingly, thousands of youth are able to retreat from violence and receive valuable job training through our expanding network of over 120 outreach centers in Central America. In Honduras alone, more than 17,000 youth vulnerable to the lure of crime received assistance through 40 such centers operating in four of the country's most violent cities. And in Jamaica, police attribute a significant drop in major crime in an especially violent area to a USAID community oriented program.

Further south, continued economic growth and development are also constrained by insecurity. We are working closely with the Colombian government and private sector to improve the lives of the poor and vulnerable in remote areas by helping to reinstitute state presence and bring services and investment to conflict zones; to promote respect for human rights and access to justice; and to provide reparations and land to victims of the conflict. If the Colombian government reaches a peace agreement with FARC guerillas, we will be ready to respond quickly to assist with implementation of the peace accords. In Peru, we continue to work

with the government and partner with the private sector to further our alternative development work to help coca-growers transition to producing legal crops like cocoa and coffee.

Crime and violence does more than threaten public safety and constrain growth; equally as dangerous is its corrosive effect on democratic institutions and practices. Across the region, USAID supports government-led reforms intended to improve the effectiveness of these institutions at delivering the benefits of democracy to their people, including municipal service delivery, fiscal and civil reforms, and effective justice and security institutions. For example, we are supporting Mexican states as they transition to a more open and transparent criminal justice system. Those states most advanced in the transition are prosecuting criminals at higher rates and reducing pre-trial detentions. USAID-supported Justice Houses in the Dominican Republic -- modelled on our successful *Casas de Justicia* in Guatemala and Colombia -- are providing legal assistance to nearly 40,000 poor clients and the government has begun to support the *Casas de Justicia* itself.

Despite the region's impressive democratic progress, we are witnessing backsliding in some countries including -- constraints on civil society, limits on freedom of the press and media, and increasing executive overreach over other branches of government. We are seeing this now in Venezuela. USAID remains steadfast in its support for those who strive to build more resilient and responsive democracies in Latin America. To empower the citizens of the region to voice their opinions and hold their governments accountable, we are maintaining our support to civil society groups and human rights organizations, while training journalists to better protect themselves and their sources.

Nowhere else in this hemisphere are democratic rights and freedoms more curtailed than in Cuba. USAID remains committed to support Cubans who want to exercise the most basic internationally recognized rights -- express an opinion without fear of retribution; vote in a free and fair election; access information freely -- information available without restrictions almost everywhere else in the world. We are particularly proud that in its most recent report on our programs -- in 2013, the Government Accountability Office (GAO) recognized USAID for the management improvements to the program. Significantly, the GAO had no recommendations for USAID.

Elsewhere in the region, countries are dealing with another threat to their economic and environmental resilience – global climate change. Powerful storms in the Caribbean wipe out local food supplies and key infrastructure, and unseasonal temperature and rainfall patterns damage small-scale and commercial agriculture in Central America. These events threaten the livelihoods of the poor most profoundly, as well as put pressure on already stretched national budgets.

To help countries manage this challenge, we work on two fronts: First, we assist with reducing emissions caused by deforestation and land use patterns by promoting investments in renewable energy and energy efficiency. In Peru, we are helping local communities sustainably manage over 1.5 million hectares of forest, reducing deforestation and sequestering nearly 830,000 tons of carbon. In Central America, where energy costs remain stubbornly high, more and more electricity is moving across a USAID-supported regional grid, which is expected to lower prices and encourage investment in clean energy. Second, we help especially vulnerable countries adapt to changes in climate. In Guatemala, we are safeguarding and restoring watersheds in regions that are critical for farming and irrigation. In the vulnerable island-nations of the Caribbean, we're helping communities and local authorities upgrade critical infrastructure, protect potable water supplies, and develop risk mitigation measures in concert with the private sector.

Our efforts to end extreme poverty and promote resilient, democratic societies converge in Haiti, where 65 percent of the population is considered extremely poor. Four years after the earthquake, nearly all of the rubble has been removed, close to 90 percent of Internally Displaced Persons in camps moved into alternative housing, and cholera rates are down 83 percent since 2011.

Today, the Government of Haiti is leading a successful multinational effort to attract investment and strengthen the economy. The U.S. government's Post-Earthquake Strategy follows the government's plan for national recovery and development, which is aimed at strengthening the country's economy, building the capacity of Haitian institutions, and raising living standards. To spur economic activity and the job-creating potential of medium and small businesses we provide credit to microfinance institutions lending to underserved populations and

businesses. With more than half of Haiti's population involved in agriculture, our Feed the Future Initiative seeks to improve the livelihoods of 100,000 farmers. And to contain the spread of disease and improve health standards, we continue to invest in health services delivery and systems upgrades.

Our strategy is starting to deliver development dividends for Haiti's poor. Tens of thousands of farmers are earning higher incomes and experiencing impressive increases in crop yields — 448 percent for corn, 94 percent for beans, 139 percent for rice, and 56 percent for plantains from 2009 to 2013. Small and medium sized businesses are spurring economic activity among the poor. For instance, a tiny electronics assembly business that received USAID seed funds in 2013 to explore the development of an affordable low-cost android tablet for the Haitian market, has grown from 4 to 50 employees and is assembling over 5,000 such tablets per month for the local and regional market. Perhaps most importantly, Haitian institutions are also playing a more prominent role in their own development. As of February of this year, USAID had channeled more than \$84 million through 500 local entities through sub-contracts and sub-grants.

While we are encouraged by the progress in Haiti, we recognize that the United States, other donors, and the philanthropic community can only do so much. Ultimately, the long-term job of creating the conditions under which businesses can thrive, create jobs and pull people out of poverty, depends on Haiti's leaders. Only they can pass and implement key legislation to fight corruption, attract investment, modernize the justice sector and hold long delayed municipal and parliamentary elections.

To hasten progress in our mission to end extreme poverty and promote resilient and strong democracies in Haiti and the rest of the region, we have dramatically shifted our development approach. Today, because of the region's increasing maturity, we serve as catalysts for governments, the private sector and civil society to improve the lives of their own people.

To strengthen the ability of countries to manage their own development, we are increasingly using local entities to implement our programs and provide assistance and training. In Guatemala, for example, two entities that formerly received USAID assistance are now implementing our flagship food security project, by far our largest local award in that country.

We are convinced that by using more local systems to deliver our assistance, we leave behind more sustainable development gains. We have seen encouraging signs that we are on the right track in places like Peru's San Martin province, where we provide funds directly to the regional government to provide licit livelihoods to the heavy coca-growing area. In 2012, that region experienced a 67 percent decline in poverty, and coca cultivation fell drastically from 22,000 to around 1,200 hectares. In the region, as in San Martin, prior to providing assistance to local a government, USAID undertakes a rigorous assessment of the government's financial management capacity so that any identified issues can be addressed and proper safeguards instituted to ensure the funds are used for their intended purpose.

International donors have no lock on transformational development. Increasingly, we see that the global private sector, social entrepreneurs, and academia are driving innovative solutions to some of the most stubborn development challenges. To encourage innovation throughout the region, we provide grants to help nontraditional partners discover, test and scale their best ideas. For instance, to develop alternative fuel sources in Haiti, we are evaluating the commercial viability of using agricultural waste for energy. These solutions not only tackle some of the region's most intractable problems, they do so at a fraction of the usual cost and if successful, have the potential to reach millions in need.

Arguably some of the best ideas for reducing poverty and building resilient democracies emanate from the countries themselves. For example, Brazil is extending its agricultural innovations to improve food security in Haiti, Honduras and Mozambique; and Chile is sharing its agricultural expertise with the countries of Central America. Colombia and Mexico, too, are joining the family of donors.

Perhaps nowhere else in the world does USAID have as dynamic a set of private sector partners as we do in this region. Increasingly, we are joining forces with the likes of Cisco, Hanes, Intel, Microsoft, Qualcomm, and Starbucks to assist with spurring inclusive growth and poverty alleviation. For instance, Starbucks is partnering with us in poor, remote and conflicted regions of Colombia to improve yields and open markets for 25,000 small-scale coffee farmers. A new alliance with the local Heineken subsidiary in Haiti, Branha, is opening up market opportunities for 18,000 sorghum farmers. To provide at-risk youth in eighteen Latin American

and Caribbean countries with better educational, training and employment opportunities, we partner with the Inter-American Development Bank, FIFA, the Nike Foundation, Coca Cola, Pepsico, Sandals Hotels and others. To date, 65 percent of graduates acquire jobs, return to school or start their own businesses within a year of graduation.

The local private sector is also stepping up. In El Salvador, thirty-four local companies are partnering with us to upgrade over a hundred public schools in some of El Salvador's poorest communities, benefitting some 100,000 students.

To help us make greater strides in facilitating inclusive economic growth and better governance, we are prioritizing investments in scientific and technological innovations. In Colombia, for instance, we are partnering with NASA's Jet Propulsion Laboratory to estimate forest loss in 1.2 million hectares of tropical forest. This work enables a more accurate measurement of forest carbon available for offsets that can be traded on the global market generating income for Afro-Colombian communities in the area. And through an alliance with Colombia's largest bank, we are extending financial services to far-flung cocoa farmers via mobile technologies.

Our efforts to enhance citizen security, strengthen democracy, address climate change and rebuild Haiti, do more than advance USAID's core mission and accelerate the region's development – they also improve the prosperity and well-being of our own people. We believe that these approaches -- strengthening local capacity; collaborating with regional donors; investing in innovation; leveraging the private sector; and prioritizing science and technology – will enable countries to leapfrog their biggest development challenges and join us as partners around areas of mutual interest.

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