

Mr. Chairman, Ranking Member Cardin, and Members of the Committee

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

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

Much in northern Central America has changed for the good since the authoritarian governments and the wars of the 1970s and 1980s, although important promises held out by the Central American peace agreements and subsequent democratic transitions remain unmet. On the positive side, increasingly pluralistic democracies have taken hold in all three countries of the Northern Triangle. These democracies – as is the case with democracies everywhere and especially in countries emerging from armed conflict – are imperfect. Some shortcomings relate to the weakness or corruption of state institutions such as the courts and police; others result from political systems that remain insufficiently transparent or inclusive, and are slow to adapt to the needs of a changing and young population. The 2009 coup in Honduras was a reminder that despite democratic gains, damaging reversals may still occur. Fortunately, now the three Northern Triangle countries have governments elected in what NDI can attest were vigorously contested and widely observed electoral processes. These democratically elected governments

are today being held accountable not just by their political opponents but by an increasingly active citizenry. That is good news for democratic governance.

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

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

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

There is a psychological toll to such high levels of criminality. The spring 2016 issue of Americas Quarterly quotes former Salvadoran guerrilla commander Joaquin Villalobos, who decades ago broke with the FMLN guerrilla movement that now is El Salvador's governing

political party. Villalobos describes today's violence as the "worst social tragedy of El Salvador's history...worse than during the war, because now there is less hope."

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

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

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

Some causes of violence in Central America exist at the local level and can be best addressed through local action. However, the ability to check criminal violence through police action or violence prevention programs that put in place community-based disincentives is negatively impacted by the level of impunity from prosecution for crimes. Across the Northern Triangle impunity for crime is high—up to 95 per cent of crimes are not resolved.

Weak law enforcement and judicial institutions are one reason why. Another is corruption. Guatemala, for example, has suffered for decades from the influence of clandestine criminal networks that use corruption and violence to undermine government institutions. The brutal murder a month ago of the Honduran indigenous environmental and human rights activist, Berta Cáceres, was emblematic of the risks human rights defenders and social leaders face daily throughout the region. The scant prospect that criminals will ever face prosecution or

punishment, along with doubts regarding the capacity of authorities to prevent retribution--and uncertain police loyalties given the extent of corruption--means many crimes go unreported.

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

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

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

Citizens want more from their democracies than just regular elections. They expect elected governments to deliver on basic state responsibilities of security and to work to advance economic opportunity and honest government. Looking at the daunting day-to-day challenges, it might be easy to get discouraged or to despair about finding solutions. No doubt many

individuals do lose hope and migrate to look for opportunities elsewhere. Nonetheless, in the Northern Triangle there are hopeful signs and opportunities for building a better future, both on a regional and country level.

First, the opportunity afforded by the Alliance for Prosperity.

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

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

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

- From the perspective of NDI's democracy-strengthening mission, most importantly, the Alliance incorporates explicit governance issues among its four goals and lines of action, including improved access to justice and strengthened institutions and transparency.

Second hopeful sign is the increased U.S. funding for the region.

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

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

- In Guatemala, President Jimmy Morales announced he would extend until 2019 the mandate of CICIG, the UN-sponsored International Commission against Impunity in Guatemala. This has increased public confidence that the ground-breaking steps taken in 2015 against impunity and corruption by senior officials will continue and steps taken to curb clandestine criminal networks that have weakened and co-opted Guatemalan institutions.
- CICIG provides a proven effective model, and operates with full respect for national sovereignty in support of Guatemalan justice institutions. Civic groups in Honduras and El Salvador have advocated for establishing similar mechanisms in their countries – a "CICIH" or "CICIES." However, the other Northern Triangle governments have chosen to chart their own path for strengthening national investigative and justice institutions.

- In January 2016, El Salvador appointed a new independent Attorney General after the incumbent withdrew his candidacy for reappointment following severe criticism from civil society groups. In March, U.S. State Department and the United Nations Office on Drugs and Crime signed a joint agreement with a broad set of Salvadoran institutions designed to strengthen the prevention, investigation and prosecution of corruption.
- In Honduras, the government similarly has resisted civic pressures to establish a UN-backed CICIH. Instead, the Honduran government reached agreement with the OAS to create a different international support mechanism, the Mission to Support the Fight against Corruption and Impunity in Honduras (known by its Spanish initials MACCIH), which started working in Honduras on April 14. MACCIH will target graft and organized crime through an international corps of judges and prosecutors who will work in concert with Honduran counterparts. Although MACCIH's original proposed mandate was modified and strengthened somewhat in response to criticism from civil society organizations, many doubts remain among civil society leaders about how the MACCIH will function and whether the OAS mission and Honduran prosecutors will be prepared to take action against corrupt criminal networks involving the country's powerful political and business elites. A positive sign: the Honduran Supreme Court announced the creation of anti-corruption and extortion tribunals within the next month, as recommended by the MACCIH. MACCIH's actions to ensure a serious investigation and prosecution concerning the murder of environmental activist and indigenous leader Berta Cáceres will be a critical test of MACCIH's credibility and of the political will of the Honduran government to end impunity.

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

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

In some cases, governments and legislatures have reached out actively to civic groups for input. These include many NDI partners. Civic activists have expressed fears that government outreach could be just window-dressing. However, in a few cases, following extensive interaction through informal mechanisms bringing together civil society leaders, legislators, government and

political party leaders, long-sought reforms have moved forward. For example, in Guatemala, key elements of anti-corruption legislation and stalled political reform were approved over the last month. These include limitations on the power of the president to dismiss the independent Public Prosecutor, improved regulation for public procurements, and restrictions on future party-swapping by legislators—a practice closely identified with corruption. Guatemala’s experience over the past year suggest that sustained public pressure is key for advancing reform

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

Police, Security Reform and Human Rights

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

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

Reform of Political Institutions

Sustainable economic development and security reform is built on bedrock of political institutions. The capacity of legislatures to exercise oversight over the executive needs strengthening, along with continued international support for building effective independent judicial institutions. Political finance regulations in the Northern Triangle are well below norms

in place elsewhere in Latin America, and those laws and regulations that exist are not uniformly enforced. In all three countries, civil society groups have advocated for political and electoral reforms and struggled to secure government support and legislative action. Those reforms in final stages of approval by the Guatemalan Congress need to be finalized and then implemented. The Honduran government has proposed a modest political reform package, focused on campaign finance reform in response to the arrival of MACCIH, before the 2017 elections which unfortunately, leaves out the key demands of civic groups. El Salvador's two strong dominant political parties have helped anchor the country's stable politics since the peace agreement but both the governing FMLN and the opposition ARENA have joined in rebuffing civil society proposals for reform, which in turn has put more stress on the country's judicial system.

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

Thank you. I look forward to your questions.