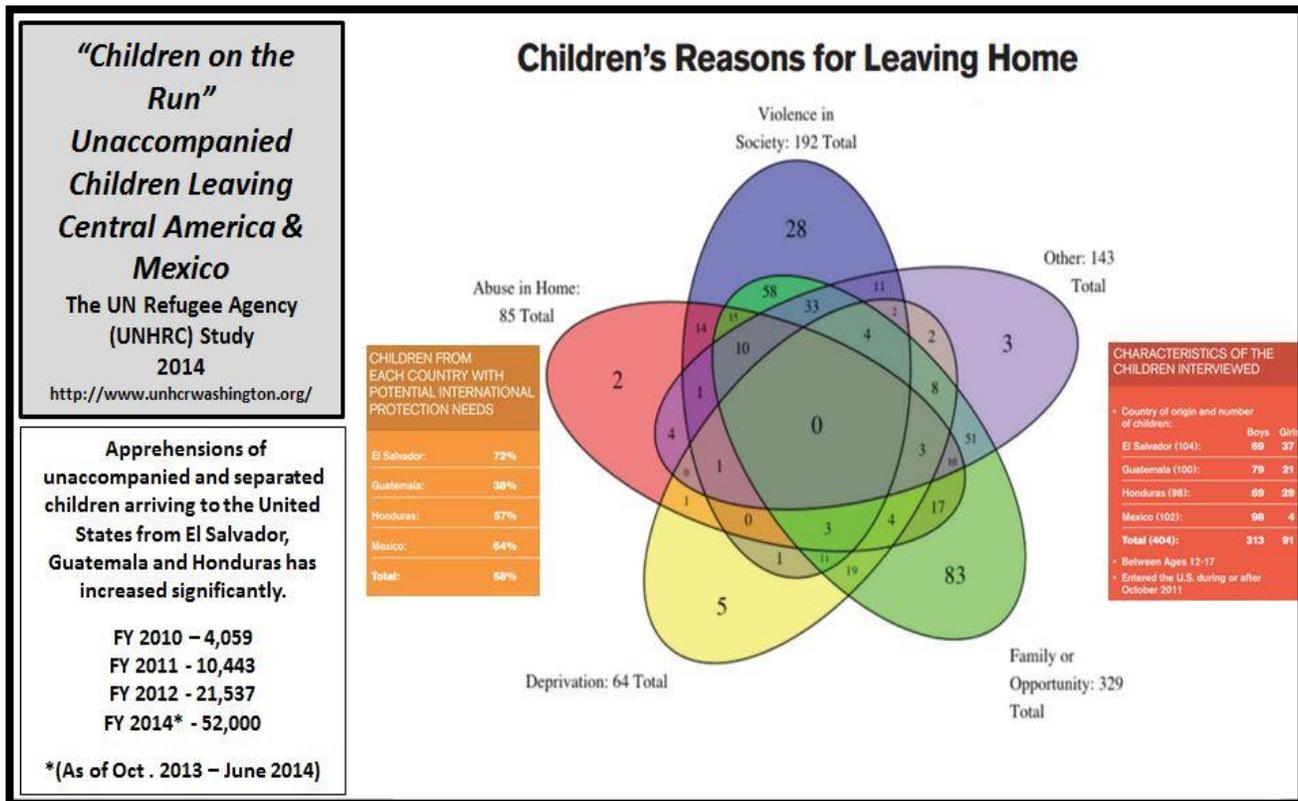


Thoughts on Moving Forward in Central America: Three Potential Areas for Action

Rural areas in Central America have the highest poverty, greatest food insecurity, and are the origin points for a significant number of unaccompanied child immigrants to the US. [Coffee rust](#) (leaf fungus disease) is dramatically impacting these areas by decreasing yields, reducing the need for agriculture labor, and creating economic hardship. According to research by the Inter-American Dialogue and UN Refugee Agency, economic and security conditions in origin countries significantly influence migration decisions. Finding ways to provide more job opportunities, promote sustainable economic development, and improve community security would be critical aspects of a Central America strategy to reduce the triggers of out migration to the US.

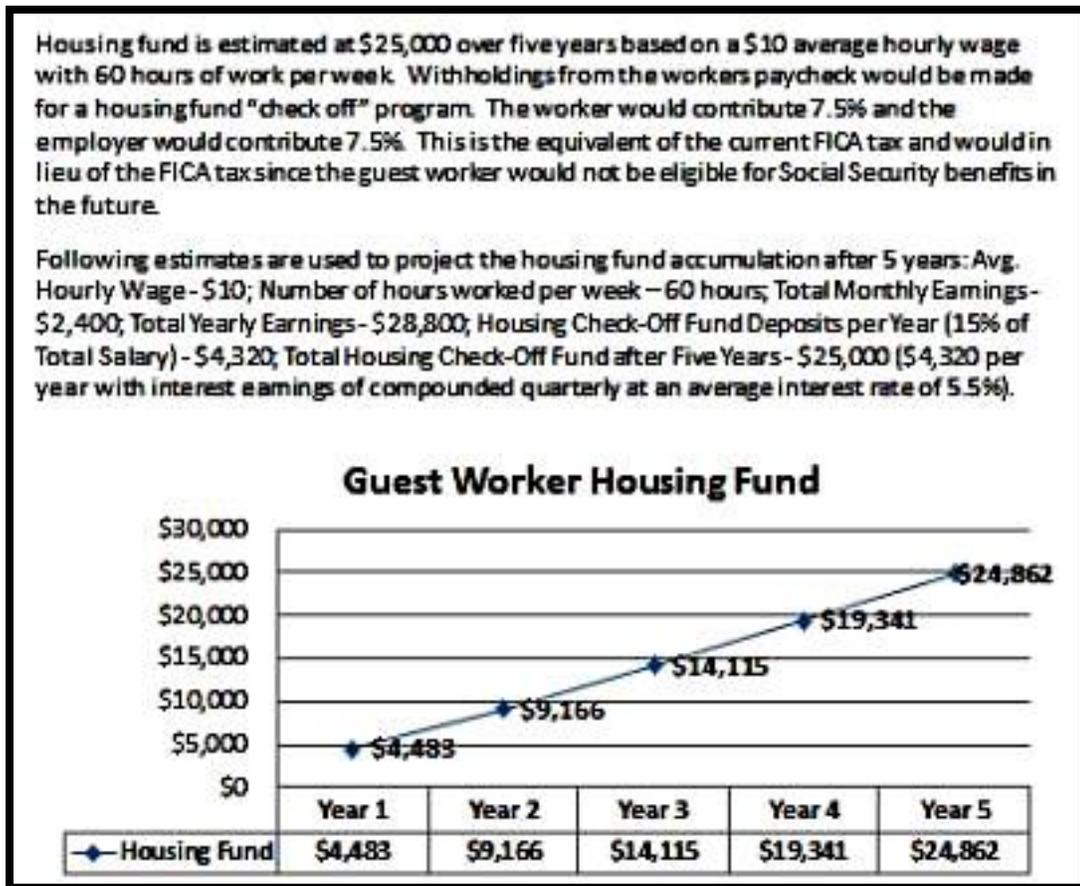


Increasing Employment - A regional coffee initiative would help coordinate ongoing activities, focus on what is needed to make coffee sector sustainable over the long-term, and promote crop diversification out of coffee areas most affected by climate change. Work required would include (1) completing the mapping of coffee rust outbreaks, incidence of food insecurity, and out migration origin communities, (2) developing a comprehensive project design to address the short to medium term impacts on coffee sector as well as focusing on long term resilience, and (3) presenting a strategic approach to stakeholders, potential partners, and policy-makers.¹

¹ The immediate focus would be on designing a proposal to use a portion of the 2015 spending bill's \$130 million Central America Strategy funding to address coffee sector issues in those communities most effected by out migration. Longer term effort would depend on funding in the 2016 Foreign Affairs budget for Central America.

Promoting Investment –

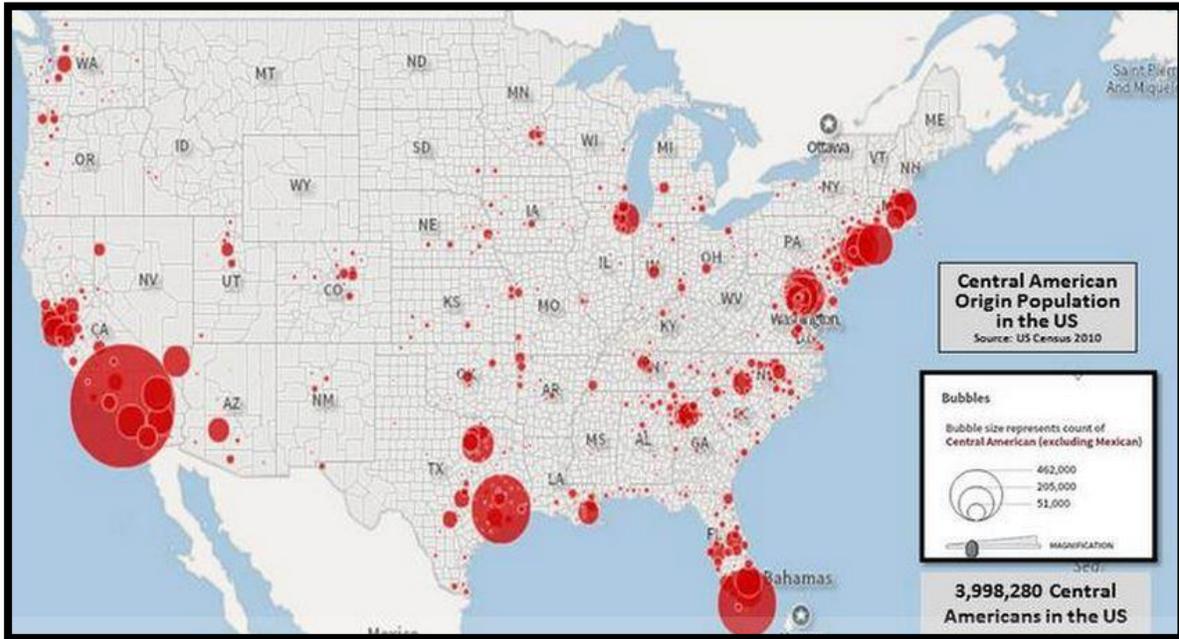
- Housing Program - Empowering immigrants to invest in their countries of origin would be a critical way to promote local investment. A Guest Worker Housing Program could spur economic growth, provide an incentive for guest workers to return home, and serve as a lever for mortgage market policy change. Guest Worker "FICA" contributions would be channeled by employers and workers to a housing fund for purchase of a modular home in their country of origin upon their return home at the conclusion of their guest worker assignment. This type of fund could promote capital investment needed to create wealth for these workers, link workers back to their home communities, and serve as an impetus for national mortgage market reforms. This approach could also create market opportunities for US companies like Clayton Homes, a Berkshire Hathaway company, to expand its modular home operations to Central America.²



Self-financing Guest Worker Housing Fund

² Creating housing capital and freeing it to be used as investment mechanism in the national economy is an approach described in Hernando de Soto's "[The Mystery of Capital](#)."

- Diaspora Outreach - US foreign assistance and US community development funding needs to create a new model that partners with local communities in both Central America and the US to (1) address the issues caused by demographic changes (i.e., increased public education costs, need for more social services, etc.), (2) strengthen linkages of the diaspora communities to Central America, and (3) train young people in knowledge skills that could help transform country of origin businesses. This approach is outlined broadly in a presentation I prepared last summer and shared Congressional staffers -- see [Central America Presentation](#) and [Reasoned Response to Immigration](#). The focusing on diaspora linkages between US and Central American communities could be important for expanding markets and promoting investment.³



Improving Security – USAID has implemented successful community-based crime and violence prevention programs in Central America. These programs which include activities such as planning by municipal-level committees; crime observatories and data collection; crime prevention through environmental design (e.g., improved street lighting, graffiti removal, etc.); programs for at-risk youth (e.g., outreach centers, workforce development, mentorships); and community policing. These projects are cross-sectoral focusing on education and workforce development, economic growth and employment, public health, and governance interventions. Recent research indicates that USAID’s crime and violence prevention programs in Central America have significantly helped residents feel safer, perceive less crime and murders, and express greater trust in police.⁴ There is a need to join together with key stakeholders to increase prevention efforts to and expand USAID’s proven community-based prevention model. Additional support should be given to target youth that are most likely to enter into crime and violence and support their re-entry into society.

³ US communities are impacted by the demographic change caused by immigration. Congress acknowledged this with the inclusion of \$14 million in the 2105 Omnibus Spending Bill to help communities support language skill training and other needs. I propose mapping these impacts across the nation and then reaching out to US communities to create a constituency to support diaspora linkages for commerce and cultural activities, job skills training for youth, and public - private partnerships with companies to create more high paying employment in Central America and US communities.

⁴ See <http://www.usaid.gov/documents/1862/impact-evaluation-usaids-community-based-crime-and-violence-prevention-approach>.