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U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations

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SUMMARY

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U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations

The United States provides foreign assistance to Latin American and Caribbean countries to support development and other U.S. objectives. U.S. policymakers have emphasized different strategic interests in the region at different times, from combating Soviet influence during the Cold War to promoting democracy and open markets since the 1990s. The Trump Administration has sought to reduce foreign aid significantly and refocus U.S. assistance efforts in the region to address U.S. domestic concerns, such as irregular migration and transnational crime. To date, however, Congress has opted not to adopt many of the Administration's proposals.

FY2021 Budget Request

For FY2021, the Trump Administration requested $1.4 billion for Latin America and the Caribbean through foreign assistance accounts managed by the State Department and the U.S. Agency for International Development (USAID). That amount would be $314 million, or 18%, less than the estimated $1.7 billion of U.S. assistance allocated to the region in FY2020. The proposal would cut funding for every type of assistance and for most Latin American and Caribbean countries. For a fourth consecutive year, the Trump Administration also proposed eliminating the Inter-American Foundation—a small, independent U.S. foreign assistance agency that promotes grassroots development in the region—and consolidating its programs into USAID.

Legislative Developments

On July 24, 2020, the House passed the State, Foreign Operations, Agriculture, Rural Development, Interior, Environment, Military Construction, and Veterans Affairs Appropriations Act, 2021 (H.R. 7608). Division A of the bill—the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021—would provide regular FY2021 appropriations for foreign aid programs globally and emergency assistance to respond to the Coronavirus Disease 2019 (COVID-19) pandemic. The Senate Appropriations Committee has yet to mark up a foreign assistance appropriations measure for FY2021.

H.R. 7608 and the accompanying report (H.Rept. 116-444) do not specify appropriations levels for every Latin American and Caribbean country. Nevertheless, the amounts designated for several U.S. initiatives differ significantly from the Administration's request. The bill would provide

- $519.9 million to address the underlying factors driving irregular migration from Central America ($143 million more than the Administration requested but $13.3 million less than was allocated to the region in FY2020);
- $457.3 million to support the peace process and security and development efforts in Colombia ($44.4 million more than the Administration requested and $5.6 million more than was allocated to the country in FY2020);
- $159.9 million to support security and rule-of-law efforts in Mexico ($96.2 million more than the Administration requested and $2 million more than was allocated to the country in FY2020); and
- $30 million to support a democratic transition and reestablish health systems in Venezuela ($175 million less than the Administration requested and $5 million less than was allocated to the country in FY2020).

As Congress continues the appropriations process, it may consider how to respond to the region's emergence as an epicenter of the COVID-19 pandemic and whether to direct additional funding to support the region beyond the $141 million allocated to Latin American and Caribbean countries as of August 2020. Congress also may consider whether to exert greater congressional control over U.S. assistance to Central America in response to the

Trump Administration's decisions to suspend and reprogram aid appropriated in prior years. In addition to those funding decisions, Congress may assess how the new U.S. Development Finance Corporation might complement foreign assistance efforts in promoting development and other U.S. foreign policy objectives in Latin America and the Caribbean.

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Introduction

Foreign assistance is one of the tools the United States employs to advance U.S. interests in Latin America and the Caribbean. The focus and funding levels of aid programs change along with broader U.S. policy goals.[1] Current aid programs reflect the diverse needs of the countries in the region, as well as the broad range of these countries' ties to the United States (see **Figure 1** for a map of Latin America and the Caribbean). Some countries receive U.S. assistance across many sectors as they struggle with political, socioeconomic, and security challenges. Others have made major strides in consolidating democratic governance and improving living conditions; these countries no longer receive traditional U.S. development assistance but typically receive some U.S. support to address shared security challenges, such as transnational crime.

Congress authorizes and appropriates funds for foreign assistance to the region and conducts oversight of aid programs and the executive branch agencies that administer them. The Trump Administration has proposed significant reductions to the foreign assistance budget to decrease government expenditures and shift resources to other Administration priorities. The Administration also has sought to modify some U.S. foreign assistance objectives, including those in Latin America and the Caribbean. To date, Congress has not adopted many of the Administration's proposed changes.

This report provides an overview of U.S. assistance to Latin America and the Caribbean. It examines historical and recent trends in aid to the region; the Trump Administration's FY2021 budget request for aid administered by the State Department, the U.S. Agency for International Development (USAID), and the Inter-American Foundation (IAF); and FY2021 foreign aid appropriations legislation. It also analyzes several issues Congress may consider during the appropriations process, including how to respond to the Coronavirus Disease 2019 (COVID-19) pandemic, whether to exert greater congressional control over U.S. assistance to Central America, and how the new U.S. Development Finance Corporation might complement U.S. assistance efforts in Latin America and the Caribbean.

Report Notes

To more accurately compare the Administration's FY2021 foreign assistance request with previous years' appropriations, most aid figures in this report refer only to bilateral assistance that is managed by the State Department or the U.S. Agency for International Development (USAID) and is requested for individual countries or regional programs. Approximately two-thirds of the aid obligated by all U.S. agencies in Latin America and the Caribbean in FY2018 was provided through the foreign assistance accounts examined in this report.

Several other sources of U.S. assistance to the region exist. Some countries in Latin America and the Caribbean receive U.S. assistance to address humanitarian needs through USAID- and State Department-managed foreign assistance accounts, such as Food for Peace Act Title II, International Disaster Assistance, and Migration and Refugee Assistance. Likewise, some countries receive assistance from other U.S. agencies, such as the Department of Defense, Millennium Challenge Corporation, and Peace Corps. Moreover, multilateral organizations that the United States supports financially, such as the Organization of American States, the Inter-American Development Bank, and the Pan American Health Organization, provide additional aid to the region. Except where indicated, those accounts, agencies, and organizations are excluded from this analysis, because they do not request assistance for individual countries and because country-level funding figures are not publicly available until after the fiscal year has passed.

Source: USAID, *Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2018*, 2018, p. 88, at https://pdf.usaid.gov/pdf_docs/PBAAJ820.pdf.

[1] For more information on U.S. policy in the region, see CRS Report R46258, *Latin America and the Caribbean: U.S. Policy and Issues in the 116th Congress*, coordinated by Mark P. Sullivan.

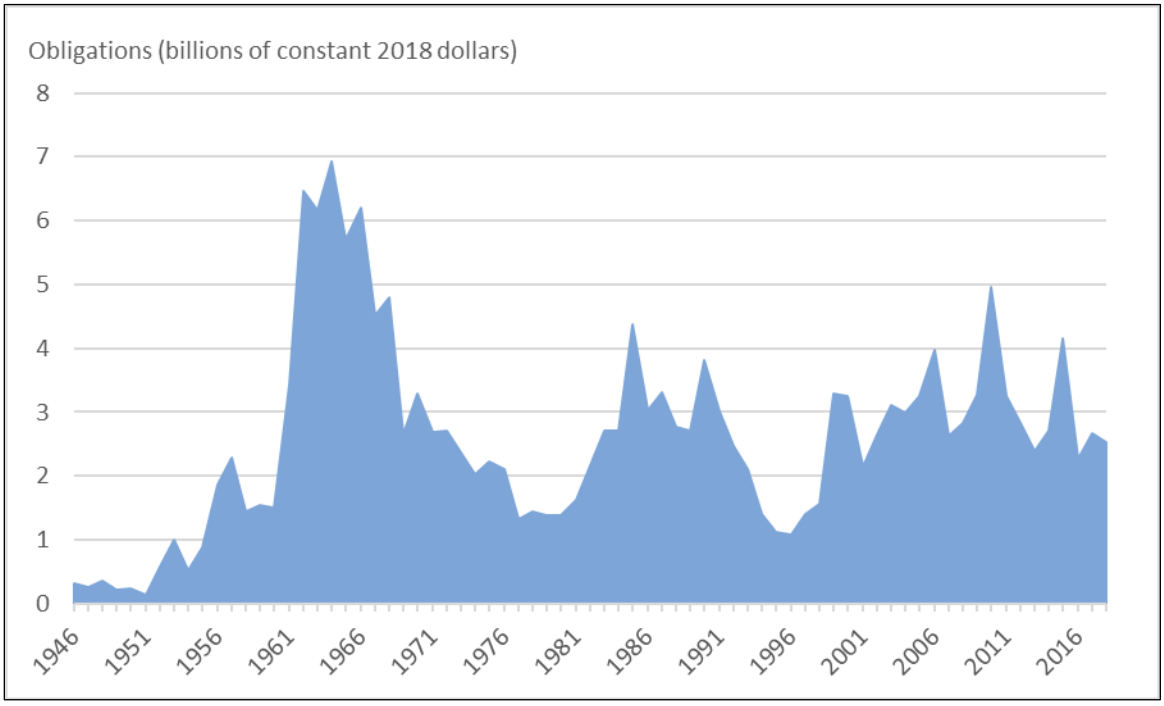
Figure 1. Map of Latin America and the Caribbean

Source: Map Resources, edited by the Congressional Research Service (CRS).

Trends in U.S. Assistance to Latin America and the Caribbean

The United States has long been a major contributor of foreign assistance to countries in Latin America and the Caribbean. Between 1946 and 2018, the United States provided nearly $91 billion ($188 billion in constant 2018 dollars) of assistance to the region.[2] U.S. assistance to the region spiked in the early 1960s, following the introduction of President John F. Kennedy's Alliance for Progress, an anti-poverty initiative that sought to counter Soviet and Cuban influence in the aftermath of Fidel Castro's 1959 seizure of power in Cuba. After a period of decline, U.S. assistance to the region increased again following the 1979 assumption of power by the leftist Sandinistas in Nicaragua. Throughout the 1980s, the United States provided considerable support to Central American governments battling leftist insurgencies to prevent potential Soviet allies from establishing political or military footholds in the region. U.S. aid flows declined in the mid-1990s, following the dissolution of the Soviet Union and the end of the Central American civil conflicts (see **Figure 2**).

Figure 2. U.S. Assistance to Latin America and the Caribbean: FY1946-FY2018



Source: CRS presentation of data from U.S. Agency for International Development (USAID), *Foreign Aid Explorer: The Official Record of U.S. Foreign Aid,* at https://explorer.usaid.gov/data.html.

Notes: Includes aid obligations from all U.S. government agencies. Data for FY2019 and FY2020 are not yet available.

U.S. foreign assistance to Latin America and the Caribbean began to increase again in the late 1990s and remained on a generally upward trajectory through 2010. The higher levels of

[2] These figures include aid obligations from all U.S. government agencies to the 33 independent Latin American and Caribbean countries (identified in **Figure 1**). U.S. Agency for International Development (USAID), *Foreign Aid Explorer: The Official Record of U.S. Foreign Aid*, accessed August 2020, at https://explorer.usaid.gov/data.html.

assistance were partially the result of increased spending on humanitarian and development assistance. In the aftermath of Hurricane Mitch in 1998, the United States provided extensive humanitarian and reconstruction assistance to several countries in Central America. The establishment of the President's Emergency Plan for AIDS Relief in 2003 and the Millennium Challenge Corporation in 2004 also provided many countries in the region with new sources of U.S. assistance.[3] In addition, the United States provided significant assistance to Haiti in the aftermath of a massive earthquake in 2010.

Increased funding for counter-narcotics and security programs also contributed to the rise in U.S. assistance. Beginning with President Bill Clinton and the 106th Congress in FY2000, successive Administrations and Congresses provided significant amounts of foreign aid to Colombia and its Andean neighbors to combat drug trafficking and end Colombia's long-running internal armed conflict. Spending received another boost in FY2008, when President George W. Bush joined with his Mexican counterpart to announce the Mérida Initiative, a package of U.S. counter-drug and anti-crime assistance for Mexico and Central America. In FY2010, Congress and the Obama Administration split the Central American portion of the Mérida Initiative into a separate Central America Regional Security Initiative (CARSI) and created a similar program for the countries of the Caribbean known as the Caribbean Basin Security Initiative (CBSI).

U.S. assistance to Latin America and the Caribbean began to decline again in FY2011. Although the decline was partially due to reductions in the overall U.S. foreign assistance budget in the aftermath of a U.S. recession, it also reflected changes in the region. Due to stronger economic growth and more effective social policies, the percentage of people living in poverty in Latin America fell from 45% in 2002 to an estimated 30% in 2019.[4] Some countries, such as Argentina, Brazil, Chile, Colombia, Mexico, and Uruguay, were able to provide assistance to others in the region. Other countries, such as Bolivia and Ecuador, expelled U.S. personnel and opposed U.S. assistance projects, leading to the closure of USAID field missions.[5] Collectively, these changes resulted in the U.S. government concentrating foreign assistance resources for Latin America and the Caribbean in fewer countries and sectors.

Trump Administration's FY2021 Foreign Assistance Budget Request[6]

The Trump Administration requested $1.4 billion for Latin America and the Caribbean through foreign assistance accounts managed by the State Department and USAID in FY2021. That amount would be $314 million, or 18%, less than the estimated $1.7 billion of assistance allocated for the region in FY2020 (see **Table 1**). The Administration also proposed eliminating the IAF—a small, independent U.S. foreign assistance agency that promotes grassroots development in Latin America and the Caribbean—and consolidating its programs into USAID.

[3] For more information on the President's Emergency Plan for AIDS Relief and the Millennium Challenge Corporation, see CRS In Focus IF10797, *PEPFAR Stewardship and Oversight Act: Expiring Authorities*, by Tiaji Salaam-Blyther; and CRS Report RL32427, *Millennium Challenge Corporation: Overview and Issues*, by Nick M. Brown.

[4] U.N. Economic Commission for Latin America and the Caribbean, *Social Challenge in Times of COVID-19*, May 12, 2020, p. 2.

[5] USAID is reestablishing a field mission in Ecuador, but the process has been delayed by the Coronavirus Disease 2019 (COVID-19) pandemic.

[6] Unless otherwise noted, data and information in this section are drawn from U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Appendix 2, Fiscal Year 2021*, February 20, 2020, at https://www.state.gov/wp-content/uploads/2020/04/FY21-CBJ-Appendix-2-FINAL-2.pdf.

The Administration's proposed reductions for foreign assistance to the region are slightly lower than the nearly 26% cut proposed for foreign operations globally.[7]

Foreign Assistance Categories and Accounts[8]

The Administration's proposed FY2021 foreign aid budget for Latin America and the Caribbean requests $760.9 million (54% of the total) through a new Economic Support and Development Fund (ESDF). As proposed, the ESDF foreign assistance account would consolidate aid that currently is provided through the Development Assistance (DA) and Economic Support Fund (ESF) accounts to support democracy, the rule of law, economic reform, education, agriculture, and natural resource management.[9] Whereas administrations often have used the DA account for long-term projects to foster broad-based economic progress and social stability in developing countries, the ESDF account, like the ESF account, would focus more on countries and programs deemed critical to short-term U.S. security and strategic objectives. The FY2021 request includes $74.5 million (9%) less funding for the ESDF account than was allocated to the region through the DA and ESF accounts combined in FY2020.

Another $132.8 million (9%) of the Administration's FY2021 request for the region would be provided through two Global Health Programs (GHP) accounts. This amount includes $96.8 million requested through the State Department GHP account for HIV/AIDS programs and $36 million requested through the USAID GHP account to combat malaria and support maternal and child health, nutrition, and family planning programs. Under the FY2021 request for the region, funding for the State Department GHP account would decline by $60.9 million (39%) and funding for the USAID GHP account would decline by $17.3 million (32%) compared with the FY2020 estimate.

The remaining $508.5 million (36%) of the Administration's FY2021 request for Latin America and the Caribbean would support security assistance programs, including the following

- $452.9 million requested through the International Narcotics Control and Law Enforcement (INCLE) account for counter-narcotics, civilian law enforcement efforts, and projects intended to strengthen judicial institutions. INCLE funding for the region would decline by $102.3 million (18%) compared with the FY2020 estimate.
- $24 million requested through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account to help countries in the region carry out humanitarian demining programs, strengthen conventional weapons stockpile management, develop strategic trade controls and border security measures, and enhance their counterterrorism capacities. NADR funding would decline by $3.3 million (12%) compared with the FY2020 estimate.

[7] For more information on the global foreign aid budget, see CRS Report R46367, *Department of State, Foreign Operations, and Related Programs: FY2021 Budget and Appropriations*, by Cory R. Gill, Marian L. Lawson, and Emily M. Morgenstern.

[8] For more information on the various foreign assistance accounts and the programs they fund, see CRS Report R40482, *Department of State, Foreign Operations Appropriations: A Guide to Component Accounts*, by Nick M. Brown and Cory R. Gill.

[9] The Economic Support and Development Fund (ESDF) account also would consolidate aid currently provided through the Democracy Fund and Assistance for Europe, Eurasia, and Central Asia accounts, which are not major sources of funding for the region. The Administration requested funding through the proposed ESDF account in FY2018, FY2019, and FY2020, but Congress did not support the consolidation of existing foreign assistance accounts.

- $11.6 million requested through the International Military Education and Training (IMET) account to train Latin American and Caribbean military personnel. IMET funding would decrease by $2.8 million (19%) compared with the FY2020 estimate.
- $20 million requested through the Foreign Military Financing (FMF) account to provide U.S. military equipment and services to Colombia. FMF funding for the region would decline by $52.7 million (72%) compared with the FY2020 estimate.

Table 1. U.S. Foreign Assistance to Latin America and the Caribbean by Account: FY2016-FY2021 Request

(millions of current U.S. dollars)

Account	FY2016	FY2017	FY2018	FY2019	FY2020 (est.)	FY2021 (req.)	% Change FY20E-FY21R
DA	484.4	484.4	386.2	385.3	457.8	0.0	—[a]
ESF	402.9	352.0[b]	419.1[b]	402.3[b]	377.6[b]	0.0	—[a]
ESDF	—	—	—	—	—	760.9	-9%[a]
GHP (USAID)	66.4	64.4	63.4	53.3	53.3	36.0	-32%
GHP (State)	123.0	117.7	136.7	170.5	157.7	96.8	-39%
INCLE	524.4	533.2	542.2	564.3	555.2	452.9	-18%
NADR	8.6	25.4	23.5	25.8	27.3	24.0	-12%
IMET	13.0	13.4	11.2	9.9	14.4	11.6	-19%
FMF	69.4	82.7	86.0	82.8	72.7	20.0	-72%
Total	**1,691.9**	**1,673.2**[b]	**1,668.4**[bc]	**1,694.1**[b]	**1,716.0**[bd]	**1,402.3**	**-18%**

Sources: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, FY2018-FY2021*, at https://www.state.gov/plans-performance-budget/international-affairs-budgets/; and U.S. Department of State, FY2020 estimate data, June 15, 2020.

Notes: DA = Development Assistance; ESDF = Economic Support and Development Fund; ESF = Economic Support Fund; FMF = Foreign Military Financing; GHP = Global Health Programs; IMET = International Military Education and Training; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs; State = Department of State; USAID = U.S. Agency for International Development.

a. The FY2021 request would consolidate several foreign assistance accounts, including DA and ESF, into a new ESDF account. The table compares the FY2021 ESDF request with the combined FY2020 DA and ESF estimates.

b. Congress appropriated an additional $9 million of ESF for the region each year from FY2017 to FY2019, and an additional $5 million of ESF for the region in FY2020. Those funds are not included in this table, because they were appropriated as multilateral assistance through the Organization of American States.

c. FY2018 totals represent allocations as of the end of that fiscal year. The Trump Administration subsequently reprogrammed approximately $405 million of FY2018 aid Congress had appropriated for El Salvador, Guatemala, and Honduras, reallocating some of those funds outside the Latin American and Caribbean region.

d. FY2020 totals do not include any of the funding made available for Latin America and the Caribbean through supplemental emergency appropriations to respond to the COVID-19 pandemic.

Major Country and Regional Programs

The Trump Administration's FY2021 budget request would reduce U.S. assistance for most countries and regional programs in Latin America and the Caribbean (see **Table 2**).

The FY2021 request includes $376.9 million to address the underlying conditions driving irregular migration from *Central America* to the United States by promoting good governance, economic prosperity, and improved security in the region. That would be a $156.3 million (29%) cut compared with the FY2020 estimate. The request does not include any foreign aid specifically for El Salvador, Guatemala, or Honduras (the "Northern Triangle" of Central America). However, the Administration asserts that those countries could receive a portion of the assistance requested for CARSI and the USAID Latin America and Caribbean Regional Program if their governments continue to take action to stem migration to the United States.[10]

Colombia would remain the single largest recipient of U.S. assistance in Latin America and the Caribbean under the Administration's FY2021 request; however, aid would fall to $412.9 million—a $38.8 million (9%) reduction compared with the FY2020 estimate. Colombia has received significant U.S. assistance to support counter-narcotics and counterterrorism efforts since FY2000, and the FY2021 request would provide continued support for Colombia's drug eradication and interdiction efforts. The request also would support the ongoing implementation of the Colombian government's peace accord with the Revolutionary Armed Forces of Colombia (FARC), including with aid intended to foster reconciliation within Colombian society, expand state presence to regions historically under FARC control, and support rural economic development in marginalized communities.[11]

Venezuela is one of the few countries in the region for which the Administration has requested increased assistance. Although the country continues to contend with interrelated political, economic, and humanitarian crises, the Administration's request assumes there will be progress toward the reestablishment of democracy by FY2021. The request would provide $205 million to support the transitional government, improve food security, strengthen the health system, stabilize the energy sector, and foster economic growth. Total aid to Venezuela would increase by $170 million (486%) compared with the FY2020 estimate.[12]

Haiti, which has received high levels of aid for many years due to its significant development challenges, would be the third-largest recipient of U.S. assistance in the region in FY2021 under the Administration's request. U.S. assistance increased significantly after a massive earthquake struck Haiti in 2010 but has gradually declined from those elevated levels. The Administration's FY2021 request would provide $128.2 million to Haiti to help address health challenges (particularly HIV/AIDS), support credible elections, strengthen government and police capacity, improve food security, and increase economic opportunity. This would be a $44.4 million (26%) cut compared with the FY2020 estimate.[13]

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[10] For more information on U.S. policy toward Central America, see CRS In Focus IF10371, *U.S. Strategy for Engagement in Central America: An Overview*, by Peter J. Meyer.

[11] For more information on U.S. policy toward Colombia, see CRS Report R43813, *Colombia: Background and U.S. Relations*, by June S. Beittel.

[12] For more information on U.S. policy toward Venezuela, see CRS Report R44841, *Venezuela: Background and U.S. Relations*, coordinated by Clare Ribando Seelke.

[13] For more information on U.S. policy toward Haiti, see CRS Report R45034, *Haiti's Political and Economic Conditions*, by Maureen Taft-Morales

Mexico would receive $63.8 million of assistance under the FY2021 request, which would be a $94.2 million (60%) cut compared with the FY2020 estimate. Mexico traditionally was not a major U.S. aid recipient due to its middle-income status, but it began receiving larger amounts of counter-narcotics and anti-crime assistance through the Mérida Initiative in FY2008. The Administration's FY2021 request for Mexico would fund efforts to strengthen the rule of law; secure borders and ports; and combat transnational organized crime, including opium poppy cultivation and heroin and fentanyl production.[14]

The FY2021 request includes $32 million for the *CBSI*, which would be a $28 million (47%) cut compared with the FY2020 estimate. The CBSI funds maritime and aerial security cooperation, law enforcement capacity building, border and port security, justice sector reform, and crime prevention programs in the Caribbean.[15]

Table 2. U.S. Foreign Assistance to Latin America and the Caribbean by Country or Regional Program: FY2016-FY2021 Request

(thousands of current U.S. dollars)

	FY2016	FY2017	FY2018	FY2019	FY2020 (est.)	FY2021 (req.)	% Change FY20E-FY21R
Argentina	579	624	2,918	3,089	3,100	600	-81%
Bahamas	207	173	138	196	200	200	—
Belize	1,243	1,241	1,143	235	1,250	200	-84%
Bolivia	0	0	0	0	0	0	—
Brazil	12,858	11,690	11,423	11,619	15,800	625	-96%
Chile	670	689	357	487	600	400	-33%
Colombia	293,081	384,248	384,312	421,180	451,703	412,900	-9%
Costa Rica	1,819	5,718	5,725	8,180	8,225	400	-95%
Cuba	20,000	20,000	20,000	20,000	20,000	10,000	-50%
Dominican Republic	21,615	13,736	20,174	36,777	28,661	15,500	-46%
Ecuador	2,000	1,789	1,789	12,000	19,450	17,200	-12%
El Salvador	67,900	72,759	57,656[a]	0[b]	72,700	0	-100%
Guatemala	127,515	125,493	108,453[a]	0[b]	79,450	0	-100%
Guyana	243	277	239	176	200	200	—
Haiti	185,076	164,552	181,319	193,752	172,520	128,155	-26%
Honduras	98,250	95,260	79,678[a]	0[b]	65,800	0	-100%
Jamaica	5,065	10,597	1,335	1,598	1,600	600	-63%
Mexico	160,156	138,566	151,263	162,410	157,910	63,750	-60%
Nicaragua	10,000	9,679	10,000	11,610	10,000	10,000	—

[14] For more information on U.S. policy toward Mexico, see CRS Report R42917, *Mexico: Background and U.S. Relations*, by Clare Ribando Seelke.

[15] For more information on the Caribbean Basin Security Initiative, see CRS In Focus IF10789, *Caribbean Basin Security Initiative*, by Mark P. Sullivan.

	FY2016	FY2017	FY2018	FY2019	FY2020 (est.)	FY2021 (req.)	% Change FY20E-FY21R
Panama	3,346	3,271	3,086	1,162	3,225	1,100	-66%
Paraguay	8,620	6,150	4,297	4,397	4,400	4,400	—
Peru	74,898	64,473	74,814	75,396	77,200	68,600	-11%
Suriname	215	269	167	195	200	200	—
Trinidad and Tobago	325	343	341	326	350	300	-14%
Uruguay	499	498	401	385	400	300	-25%
Venezuela	6,500	7,000	15,000	22,500	35,000	205,000	+486%
Barbados and Eastern Caribbean	26,425	26,629	24,027	3,456	13,950	3,550	-75%
USAID Caribbean Development	4,000	3,000	4,000	4,000	10,000	0	-100%
USAID Central America Regional	39,761	38,316	19,931[a]	181,390[b]	5,000	0	-100%
USAID South America Regional	12,000	14,000	18,065	18,000	15,000	15,500	+3%
USAID Latin America and Caribbean Regional	28,360	26,700	51,600	68,300	39,978	199,650	+399%
State Western Hemisphere Regional	478,668	425,471	414,795	431,313	402,135	242,926	-40%
[CARSI]	*[348,500]*	*[329,225]*	*[319,225][a]*	*[290,000]*	*[270,000]*	*[185,000]*	*[-31%]*
[CBSI]	*[57,721]*	*[57,700]*	*[57,700]*	*[58,000]*	*[60,000]*	*[32,000]*	*[-47%]*
Total	**1,691,894**	**1,673,211**	**1,668,446[a]**	**1,694,129**	**1,716,007[c]**	**1,402,256**	**-18%**

Sources: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, FY2018-FY2021*, at https://www.state.gov/plans-performance-budget/international-affairs-budgets/; and U.S. Department of State, FY2020 estimate data, June 15, 2020.

Notes: CARSI = Central America Regional Security Initiative; CBSI = Caribbean Basin Security Initiative. CARSI and CBSI are funded through the State Western Hemisphere Regional program. USAID and State Department regional programs fund region-wide initiatives as well as activities that cross borders or take place in nonpresence countries.

a. FY2018 totals represent allocations as of the end of that fiscal year. The Trump Administration subsequently reprogrammed approximately $405 million of FY2018 aid Congress had appropriated for El Salvador, Guatemala, and Honduras.

b. Due to the Trump Administration's suspension of aid to El Salvador, Guatemala, and Honduras, $181.4 million of FY2019 assistance had yet to be allocated when the Administration released its FY2021 request.

c. FY2020 totals do not include any of the funding made available for Latin America and the Caribbean through supplemental emergency appropriations to respond to the COVID-19 pandemic.

Inter-American Foundation

In addition to the proposed reductions to State Department and USAID-managed assistance for the region, for the fourth consecutive year, the Trump Administration's FY2021 budget request proposed eliminating the IAF and consolidating its programs into USAID.[16] The IAF is an independent U.S. foreign assistance agency established through the Foreign Assistance Act of 1969 (22 U.S.C. §290f). Congress created the agency after conducting a comprehensive review of previous assistance efforts and determining that programs at the government-to-government level had not promoted significant social and civic change in the region despite fostering economic growth.[17] The IAF provides grants and other targeted assistance directly to the organized poor to foster economic and social development and to encourage civic engagement in their communities. The IAF is active in 24 countries in the region—including 8 countries where USAID no longer has field missions—and has focused particularly on migrant-sending communities in Central America since 2014.

The Trump Administration asserts that merging the IAF's small grants programs into USAID would "better integrate [those small grants] with USAID's existing global development programs, more cohesively serve U.S. foreign policy objectives, and increase organizational efficiencies through reducing duplication and overhead."[18] The FY2021 request includes $3.9 million to conduct an orderly closeout of the IAF (see **Table 3**). Opponents of the merger note that Congress specifically created the IAF as an alternative to other U.S. agencies. They argue that USAID would not be able to maintain the IAF's distinct model and flexibility, which have allowed the IAF to invest in innovative projects and work with groups that otherwise would be unable or unwilling to partner with the U.S. government.

Table 3. Inter-American Foundation (IAF) Appropriations: FY2016-FY2021 Request

(millions of current U.S. dollars)

FY2016	FY2017	FY2018	FY2019	FY2020 (est.)	FY2021 (req.)	% Change FY20-FY21
22.5	22.5	30.0	22.5	37.5	3.9	-90%

Source: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, FY2018-FY2021*, at https://www.state.gov/plans-performance-budget/international-affairs-budgets/.

Legislative Developments

On July 24, 2020, the House passed the State, Foreign Operations, Agriculture, Rural Development, Interior, Environment, Military Construction, and Veterans Affairs Appropriations Act, 2021 (H.R. 7608). Division A of the bill—the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021—would provide $48.6 billion for foreign operations globally. That sum would be nearly 62% more than the Administration requested and nearly 20% more than the FY2020 enacted level.

[16] The Trump Administration is not the first to propose elimination of the Inter-American Foundation. In 1999, Congress passed legislation (P.L. 106-113, later amended by P.L. 106-429) that authorized the President during FY2000-FY2001 to abolish the Inter-American Foundation. However, the President did not exercise that authority.

[17] H.Rept. 91-611, p. 57.

[18] U.S. Department of State, *Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Fiscal Year 2021*, February 10, 2020, p. 85.

The bill includes $9.1 billion of emergency foreign aid to respond to the COVID-19 pandemic. Those funds would build on nearly $1.8 billion of FY2020 supplemental foreign aid Congress appropriated through the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123), and the CARES Act (P.L. 116-136) in March 2020. (For more on COVID-19 aid to the region, see "COVID-19 Response," below.[19])

The Senate Appropriations Committee has yet to report a foreign assistance appropriations measure for FY2021.

H.R. 7608 and the accompanying report (H.Rept. 116-444) do not specify appropriations levels for every Latin American and Caribbean country. Nevertheless, the amounts designated for several key U.S. initiatives differ significantly from the Administration's request.

Caribbean Basin Security Initiative. The bill would provide "not less than" $74.8 million for the CBSI. The report states that "not less than" $10 million of those funds are to strengthen Caribbean countries' resilience to emergencies and disasters. The appropriation for the CBSI would be $42.8 million more than the Administration requested and $14.8 million more than was provided for the initiative in FY2020.

Central America. The bill would provide "not less than" $519.9 million for Central America, including "not less than" $420.8 million for the Northern Triangle. U.S. agencies are to prioritize "programs and activities that address the key factors that contribute to the migration of unaccompanied, undocumented minors to the United States." The appropriation for Central America would exceed the Administration's request by $143 million but would be $13.3 million less than was allocated to Central American countries in FY2020.

Colombia. The bill would provide "not less than" $457.3 million for Colombia. According to the report, that assistance is intended to support the Colombian government's efforts to

- implement the peace accord;
- assist communities with significant migrant, refugee, and internally displaced populations;
- combat drug trafficking and illegal armed groups;
- assist farmers in eradicating and replacing coca;
- promote economic and social development;
- strengthen governance and the rule of law;
- enhance the security and stability of Colombia and the broader region; and
- protect human rights defenders and communities at risk.

The appropriation for Colombia would be $44.4 million more than the Administration requested and $5.6 million more than was provided to Colombia in FY2020.

Mexico. According to the report, the bill would provide $159.9 million for Mexico. U.S. agencies are to prioritize efforts to improve the capacities of Mexican security and justice sector institutions to combat transnational criminal organizations and "keep communities safe on both sides of the border." The appropriation for Mexico would be $96.2 million more than the Administration requested and $2 million more than was provided to Mexico in FY2020.

Venezuela. The bill would provide "not less than" $30 million for democracy programs in Venezuela. The report also urges the Secretary of State and the USAID Administrator to allocate

[19] For more on COVID-19 and U.S. foreign assistance, see CRS In Focus IF11496, *COVID-19 and Foreign Assistance: Issues for Congress*, by Nick M. Brown, Marian L. Lawson, and Emily M. Morgenstern.

additional funds to support a peaceful democratic transition in Venezuela "as conditions permit." The appropriation for Venezuela would be $175 million less than the Administration requested and $5 million less than was provided to Venezuela in FY2020.

Inter-American Foundation. The bill would provide $41.5 million for the IAF, rejecting the Administration's proposed closeout and increasing the agency's budget by $4 million compared with FY2020. The report stipulates that $10 million is to be made available for programs in El Salvador, Guatemala, and Honduras and that the agency's increased appropriation should support a pilot exchange program between indigenous IAF grantees and Native American tribes. The bill also would provide an additional $10 million of emergency funding for the IAF "to prevent, prepare for, and respond to" the COVID-19 pandemic.

Policy Issues for Congress

Congress may examine a number of policy issues as it continues to consider appropriations for foreign operations in Latin America and the Caribbean. These issues include how to respond to the COVID-19 pandemic, whether to exert greater congressional control over U.S. assistance to Central America, and how the new U.S. Development Finance Corporation might complement U.S. assistance efforts in Latin America and the Caribbean.

COVID-19 Response[20]

Conditions in Latin America and the Caribbean have changed significantly since the Administration released its FY2021 budget request in February 2020. The region emerged as an epicenter of the COVID-19 pandemic in late May, and it now accounts for 29% of total cases and 33% of deaths recorded worldwide. As of September 4, 2020, the region had recorded more than 7.5 million cases and more than 284,000 deaths, and the virus was still spreading rapidly.[21]

Most analysts expect the pandemic's economic impact to be severe. The U.N. Economic Commission for Latin America and the Caribbean (ECLAC), for example, projects a regional average decline of more than 9% in gross domestic product in 2020, leaving an additional 45 million people in poverty and an additional 28 million in extreme poverty. As a result, the regional poverty rate would climb from 30% to 37% and the extreme poverty rate would climb from 11% to nearly 16%.[22] ECLAC expects the living standards of middle-income households to deteriorate sharply and income inequality to increase throughout the region.

A number of Latin American and Caribbean countries have enacted substantial economic support measures intended to mitigate the pandemic's impact and reactivate their economies. Others, however, lack the resources to protect vulnerable households. In Guatemala, Honduras, Haiti, and El Salvador, for example, a growing number of families are struggling to make ends meet as the pandemic and government containment measures have reduced earnings and contributed to rising food prices. The USAID-funded Famine Early Warning Systems Network projects all four countries will struggle with acute food insecurity crises and will need increased external emergency food assistance into 2021.[23] Given those humanitarian needs and the potential threats

[20] For more information, see CRS In Focus IF11581, *Latin America and the Caribbean: Impact of COVID-19*, by Mark P. Sullivan et al.

[21] Johns Hopkins University School of Medicine, Coronavirus Resource Center, "Mortality Analyses," at https://coronavirus.jhu.edu/data/mortality. COVID-19-related data may be expected to evolve rapidly.

[22] United Nations, *Policy Brief: The Impact of COVID-19 on Latin America and the Caribbean*, July 2020.

[23] Famine Early Warning Systems Network, "Central America and Caribbean Food Security Outlook: June 2020 to

to U.S. interests posed by a prolonged pandemic and economic downturn in the region, some analysts argue that the United States should scale up assistance for Latin American and Caribbean countries.[24]

In March 2020, Congress enacted two FY2020 supplemental appropriations measures (P.L. 116-123 and P.L. 116-136) that provided nearly $1.8 billion in U.S. foreign assistance to prevent, prepare for, and respond to COVID-19 globally. USAID and the State Department have begun addressing needs in the Latin American and Caribbean region using those supplemental funds and prior appropriations. As of August 21, 2020, the Administration said it was providing more than $141 million in new and previously announced assistance to help countries in the region respond to the pandemic. That total includes $69.5 million of International Disaster Assistance, $33.8 million of Migration and Refugee Assistance, $27.6 million of health assistance, and $10.5 million of ESF (see **Table 4**). Among other activities, U.S. assistance is funding efforts to improve water, sanitation, and hygiene; reduce food insecurity; communicate risks through community engagement; strengthen laboratories, clinical management, and disease surveillance; support migrants, asylum-seekers, refugees, and host communities; and address the second-order economic and social impacts of the pandemic.

Table 4. U.S. Foreign Assistance to Latin America and the Caribbean to Respond to the COVID-19 Pandemic

(as of August 21, 2020, in thousands of current U.S. dollars)

	International Disaster Assistance	Migration and Refugee Assistance	Health Assistance	Economic Support Funds	Total Assistance
Argentina	—	300	—	—	300
Bahamas	—	—	750	—	750
Belize	—	—	300	—	300
Bolivia	—	130	750	—	880
Brazil	6,000	4,800	2,000	950	13,750
Chile	—	20	—	—	20
Colombia	15,500	8,100	—	—	23,600
Costa Rica	—	880	800	—	1,680
Cuba	—	—	—	—	0
Dominican Republic	—	275	1,400	2,000	3,675
Ecuador	11,000	5,000	2,000	—	18,000
El Salvador	2,000	—	2,600	2,000	6,600
Guatemala	6,000	—	2,400	1,500	9,900
Guyana	—	350	—	—	350

January 2021"; and "Food Assistance Outlook Brief: Projected Food Assistance Needs for January 2021," July 2020.

[24] See, for examples, Trevor Sutton, Dan Restrepo, and Joel Martinez, *Getting Ahead of the Curve: Why the United States Needs to Plan for the Coronavirus in the Americas*, Center for American Progress, May 5, 2020; "Congress Should Approve Aid for COVID-19's New Epicenter: Latin America and the Caribbean," joint statement from 34 civil society groups, Washington Office on Latin America, June 8, 2020; and Walter Kerr, "Latin America Can't Survive the Coronavirus Crisis Alone," *Foreign Policy*, August 3, 2020.

	International Disaster Assistance	Migration and Refugee Assistance	Health Assistance	Economic Support Funds	Total Assistance
Haiti	10,000	—	3,200	—	13,200
Honduras	3,000	700	2,400	—	6,100
Jamaica	—	—	1,000	1,000	2,000
Mexico	—	2,100	—	—	2,100
Nicaragua	—	—	750	—	750
Panama	—	1,100	750	—	1,850
Paraguay	—	95	1,300	—	1,395
Peru	7,000	3,800	2,500	3,000	16,300
Trinidad and Tobago	—	250	—	—	250
Uruguay	—	100	500	—	600
Venezuela	9,000	4,700	—	—	13,700
Central America (regional)[a]	—	1,100	—	—	1,100
Caribbean (regional)[b]	—	—	2,200	—	2,200
Total	**69,500**	**33,800**	**27,600**	**10,450**	**141,350**

Sources: U.S. Department of State, "Update: The United States Continues to Lead the Global Response to COVID-19," fact sheet, August 21, 2020, at https://www.state.gov/update-the-united-states-continues-to-lead-the-global-response-to-covid-19-6/; and CRS communication with USAID, August 2020.

Notes: Health assistance is provided through USAID's Global Health Emergency Reserve Fund for Contagious Infectious-Disease Outbreaks and the Global Health Programs account.

a. Central America regional assistance is funding projects in El Salvador, Guatemala, and Honduras.

b. Caribbean regional assistance is funding projects in Antigua and Barbuda, Barbados, Dominica, Grenada, Guyana, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

Although the Latin American and Caribbean region is registering the highest number of new COVID-19 cases and is expected to experience the deepest economic downturn in the world,[25] it has received less than 9% of the $1.6 billion of pandemic-related assistance that USAID and the State Department have announced thus far.[26] USAID and the State Department work with the U.S. Centers for Disease Control and Prevention and other interagency partners to determine assistance allocations. According to USAID, the prioritization process is based on a series of factors that include caseload and extent of community transmission, connectivity to a COVID-19 hotspot, unstable political situations or displaced populations, health system weaknesses, and the potential impact of U.S. assistance.[27]

[25] World Health Organization, "Coronavirus Disease (COVID-19) Weekly Epidemiological Update," August 30, 2020; and International Monetary Fund, *World Economic Outlook Update: A Crisis Like No Other, An Uncertain Recovery*, June 2020.

[26] U.S. Department of State, "Update: The United States Continues to Lead the Global Response to COVID-19," fact sheet, August 21, 2020.

[27] USAID, "COVID-19 – Global Response," fact sheet #1, April 21, 2020.

Congress may consider whether to provide additional pandemic response assistance for Latin American and Caribbean countries in FY2021 appropriations measures. As noted, the House-passed FY2021 foreign aid appropriations measure (Division A of H.R. 7608) would provide $9.1 billion of emergency foreign aid to respond to the COVID-19 pandemic and related economic and stabilization requirements around the world. The bill does not designate any pandemic response funding specifically for Latin America and the Caribbean, with the exception of $10 million for the IAF.

Congress also may assess the appropriate level of funding for the Pan American Health Organization (PAHO), the specialized international health agency of the Americas, and the World Health Organization's regional office.[28] PAHO is providing direct emergency response assistance to health ministries throughout the region to strengthen surveillance, testing, and laboratory capacity; bolster health care services; and support infection prevention control, clinical management, and risk communications.[29] The Trump Administration requested $16.3 million for PAHO in FY2021, which would leave 75% of the U.S. government's assessed contribution (membership dues) for FY2021 unpaid. The Administration also withheld the U.S. government's FY2020 assessed contribution until July 2020, due to concerns about the organization's participation in a 2013-2018 program that paid Cuba to send doctors to underserved areas of Brazil.[30] The Administration's decision to withhold the $65.8 million assessment reportedly left PAHO on "the brink of insolvency" at the same time the organization was trying to contain the COVID-19 pandemic.[31] It appears as though H.R. 7608 would fully fund the U.S. government's $65.2 million assessed contribution to PAHO for FY2021 but would not specify any additional voluntary contributions for the organization; USAID provided $18.6 million of voluntary contributions to PAHO in FY2019.[32]

Central America Funding Directives[33]

Since FY2016, Congress has appropriated more than $3.1 billion to improve security, governance, and socioeconomic conditions in Central America as part of a whole-of-government initiative to address the drivers of irregular migration. However, in March 2019—less than two years into the initiative's on-the-ground implementation—the Trump Administration suspended most foreign aid to El Salvador, Guatemala, and Honduras. The Administration proceeded to reprogram approximately $405 million of aid appropriated for the Northern Triangle countries in FY2018, reallocating the funds to other foreign policy priorities within, and outside of, the Latin American and Caribbean region. The Administration also withheld most of the assistance Congress appropriated for Central America in FY2019 while it negotiated a series of agreements

[28] Pan American Health Organization (PAHO), founded in 1902 as part of the inter-American system, predates the World Health Organization.

[29] For more information, see PAHO's COVID-19 situation reports at https://www.paho.org/en/tag/covid-19-situation-reports.

[30] Secretary of State Michael R. Pompeo, "Pan American Health Organization Transparency," U.S. Department of State, July 15, 2020; and CRS communication with the U.S. Department of State, July 21, 2020.

[31] PAHO, "Current Financial Situation and Adjustments to the Pan American Health Organization Strategic Priorities," CESS1/2, May 21, 2020.

[32] U.S. Department of State, *Report to Congress on U.S. Contributions to International Organizations, Fiscal Year 2019, Section 4(b) of the United States Participation Act, 22 USC 287b(b)*, August 14, 2020.

[33] For more information on U.S. policy in Central America, see CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer.

intended to stem the flow of migrants and asylum-seekers from the Northern Triangle to the United States.

The aid suspension resulted in USAID and the State Department closing down projects and cancelling planned activities. In Honduras, for example, the total number of beneficiaries of USAID activities fell from 1.5 million in March 2019 to 700,000 in March 2020.[34] Some Members of Congress criticized the aid suspension as counterproductive, arguing that withholding assistance "erodes the capacity of USAID to improve conditions on the ground—the very conditions driving people to leave for safer lives in the United States."[35] The Administration began releasing some targeted aid to the Northern Triangle in late 2019, and it had programmed all of the previously suspended assistance for the region as of mid-June 2020. The Administration asserts that continued assistance to the Northern Triangle depends on the Salvadoran, Guatemalan, and Honduran governments continuing to "take actions to stem illegal immigration to the United States."[36]

Congress has provided the Administration with significant authority to modify assistance allocations for Central America in recent appropriations measures. The Consolidated Appropriations Act, 2018 (P.L. 115-141), provided "up to" $615 million of assistance for the region.[37] However, the act also required the Administration to withhold some assistance for El Salvador, Guatemala, and Honduras and authorized the Administration to suspend and reprogram that assistance if the Northern Triangle governments failed to meet certain conditions related to border security, corruption, and human rights, among other issues.[38] Although the act directed the Administration to abide by the funding allocations included in the accompanying explanatory statement, it also authorized the Administration to deviate from those allocations by more than 4% "to respond to significant, exigent, or unforeseen events or to address other exceptional circumstances directly related to the national interest."[39] The Administration ultimately used that deviation authority to reprogram the vast majority of assistance Congress appropriated for Central America in FY2018. Among the "significant, exigent, or unforeseen events" cited by the Administration were "the failure of the Northern Triangle countries to address illegal immigration," "the rapidly evolving crisis in Venezuela and the need to support the democratically elected National Assembly," and "an opportunity to support Caribbean leaders in the wake of the devastating 2017 hurricane season."[40]

Congress included similar suspension, reprogramming, and deviation authorities in the Consolidated Appropriations Act, 2019 (P.L. 116-6), but added some limitations to the Administration's flexibility in FY2020. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94), states that "not less than" $519.9 million "should be made available" for Central America and stipulates specific funding levels for each country in the accompanying explanatory

[34] USAID/Honduras briefing documents, provided to CRS, August 22, 2019.

[35] Letter from Eliot L. Engel, Chairman, House Committee on Foreign Affairs, and Albio Sires, Chairman, House Subcommittee on the Western Hemisphere, Civilian Security, and Trade, to Honorable Michael Pompeo, Secretary of State, December 4, 2019.

[36] U.S. Department of State, *Congressional Budget Justification, Foreign Operations, Appendix 2, Fiscal Year 2021*, p. 220.

[37] P.L. 115-141, §7045(a)(1).

[38] P.L. 115-141, §7045(a)(3) and 7045(a)(4).

[39] P.L. 115-141, §7019.

[40] USAID, CN #195, August 16, 2019; CN #157, July 11, 2019; and CN #166, July 19, 2019.

statement.[41] The act also significantly restricts the Administration's authority to deviate below those funding levels by more than 10%.[42] At the same time, the act once again requires the Administration to withhold some aid for the Northern Triangle and authorizes the Administration to reprogram that aid if the Northern Triangle governments fail to meet certain conditions.[43]

As the FY2021 appropriations process continues, Congress may consider whether to exert greater control over U.S. assistance to Central America. H.R. 7608 would direct that "not less than" $519.9 million "shall be made available" for assistance to Central America, including "not less than" $420.8 million for El Salvador, Guatemala, and Honduras.[44] The bill would once again restrict the Administration's authority to deviate below the country allocations specified in H.Rept. 116-444, limiting such changes to 5%.[45] The bill also would tighten the FY2020 funding directive for Central America enacted in P.L. 116-94, changing $519.9 million "should be made available" to $519.9 million "shall be made available" for assistance to the region.[46]

Nevertheless, H.R. 7608 still would provide some flexibility to the Administration to withhold and reprogram assistance appropriated for the Northern Triangle. Like each appropriations measure enacted since FY2016, the bill would require the Administration to withhold some aid that would support the central governments of El Salvador, Guatemala, and Honduras until the Secretary of State certifies that those governments have met a series of conditions. If the Secretary is unable to certify the governments' compliance with the legislative conditions, the bill directs the Administration to reprogram that assistance to other countries in Latin America and the Caribbean.[47]

Role of the U.S. Development Finance Corporation[48]

In addition to appropriating foreign aid for Latin American and Caribbean countries, Congress may assess how other development tools, such as the new U.S. Development Finance Corporation (DFC), may supplement U.S. assistance efforts in the region. Congress authorized the establishment of the DFC in the Better Utilization of Investments Leading to Development Act of 2018 (P.L. 115-254, Division F). According to the act, the DFC aims to "facilitate the participation of private sector capital and skills in the economic development of less developed countries … and countries in transition from nonmarket to market economies in order to complement the development assistance objectives, and advance the foreign policy interests, of the United States."[49]

Officially launched in December 2019, the DFC is authorized to provide direct loans and loan guarantees, equity financing, political risk insurance, feasibility studies, and technical assistance. Those products, backed by the full faith and credit of the U.S. government, aim to provide private sector entities with the liquidity and assurances needed to invest in projects that otherwise would be unable to attract sufficient capital due to the risks associated with investing in less developed

[41] P.L. 116-94, §§7019(a) and 7045(a)(1)(A).

[42] P.L. 116-94, §7019(b).

[43] P.L. 116-94, §7045(a)(2)(A).

[44] H.R. 7608, §7045(a)(1)(A).

[45] H.R. 7608, §7019.

[46] H.R. 7608, §7045(a)(1)(B).

[47] H.R. 7608, §7045(a)(2).

[48] For more information on the U.S. Development Finance Corporation (DFC), see CRS In Focus IF11436, *U.S. International Development Finance Corporation (DFC)*, by Shayerah Ilias Akhtar and Nick M. Brown.

[49] P.L. 115-254, §1412 (b).

countries. The DFC is expected to be self-sustaining, generating sufficient funds from service fees, interest earnings, and investment returns to cover its annual operating and program expenses.

The DFC's ability to operate in Latin America and the Caribbean is somewhat constrained by a statutory requirement to prioritize support for low- and lower-middle-income economies, as defined by the World Bank. As of 2020, five Latin American and Caribbean countries fell into those categories: Haiti, Bolivia, El Salvador, Honduras, and Nicaragua. The World Bank classifies 20 countries in the region as upper-middle-income economies, which are restricted from receiving DFC support unless the President certifies that such support "furthers the national economic or foreign policy interests of the United States" and "is designed to produce significant developmental outcomes or provide developmental benefits to the poorest" sectors of their populations.[50] Eight other countries in the region are ineligible for DFC support because the World Bank classifies them as high-income economies.[51]

Despite those limitations, the DFC Board of Directors approved more than $1 billion of commitments for projects in Latin American and Caribbean countries in March and June 2020.[52] These commitments include $100 million in political risk insurance to support marine conservation in St. Lucia, a loan of up to $150 million to expand lending to women-owned and -led businesses in Ecuador, and a loan of up to $241 million to support the development and construction of four solar power plants in Mexico. The DFC also has announced plans to catalyze billions of dollars of private sector investment in Guatemala, Honduras, and Colombia.[53] Taking into account projects inherited from its predecessor—the Overseas Private Investment Corporation—the DFC has some $8.5 billion of active commitments in the region.[54]

Congress may assess whether the DFC is devoting sufficient resources to Latin America and the Caribbean and whether it is striking the right balance between fostering development and supporting U.S. strategic interests. Some Members of Congress would like the DFC to expand its operations in the region to counter China, which has provided more than $137 billion in state-backed finance to Latin American and Caribbean countries since 2005.[55] For example, the Advancing Competitiveness, Transparency, and Security in the Americas Act (S. 4528), introduced in August 2020, would designate all Caribbean countries—with the exception of Cuba—as priorities for DFC support. The bill also would dedicate "not less than" 35% of the DFC's development financing and equity investments to Latin American and Caribbean countries for a 10-year period.[56] Some development advocates have voiced concerns that shifting the DFC's funding toward upper-middle- and high-income countries to advance U.S. national

[50] P.L. 115-254, 1412(c).

[51] The high-income economies are Antigua and Barbuda, Bahamas, Barbados, Chile, Panama, St. Kitts and Nevis, Trinidad and Tobago, and Uruguay. World Bank, "World Bank Country and Lending Groups," https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.

[52] DFC, "DFC Approves Nearly $900 Million for Global Development Projects," press release, March 12, 2020; and DFC, "DFC Approves $1 Billion of Investments in Global Development," press release, June 4, 2020.

[53] DFC, "DFC Aims to Catalyze $1 Billion in Private Sector Investment for Development in Guatemala," press release, January 15, 2020; DFC, "DFC Aims to Finance $1 Billion of Private Sector Investment in Honduras," press release, July 21, 2020; and DFC, "U.S. Government Announces Bilateral Initiative to Advance Rural Development in Colombia," press release, August 18, 2020.

[54] DFC data, accessed August 2020, at https://www.dfc.gov/.

[55] Kevin P. Gallagher and Margaret Myers, "China-Latin America Finance Database," Inter-American Dialogue, 2020, at https://www.thedialogue.org/map_list/.

[56] The text of the bill is available at https://www.foreign.senate.gov/imo/media/doc/MDM20926.pdf.

security interests would erode the DFC's development mandate and could jeopardize its effectiveness and domestic support.[57] Others maintain that the World Bank's classifications, based on per capita income, may not accurately reflect the development needs of small and highly unequal societies, such as many of those in Latin America and the Caribbean.[58]

[57] The 116th Congress previously eased the DFC's development requirements for energy infrastructure projects in Europe and Eurasia with the European Energy Security and Diversification Act of 2019, enacted as part of the Further Consolidated Appropriations Act, 2020 (P.L. 116-94, Division P, Title XX). Todd Moss and Erin Collinson, "Russia, DFC, and the Terrible, Horrible, No Good, Very Bad Idea Buried in the Spending Law," Center for Global Development, January 15, 2020; and Adva Saldringer, "What the U.S. International Development Finance Corporation Needs to Do in Year 1," *Devex*, January 14, 2020.

[58] Andrea Clabough and David L. Goldwyn, "Secure the Caribbean—with a Modest Addition to the BUILD Act," *The Hill*, January 9, 2019.

Appendix A. U.S. Foreign Assistance to Latin America and the Caribbean by Account and Country or Regional Program: FY2019

Table 5. U.S. Foreign Assistance to Latin America and the Caribbean: FY2019

(millions of current U.S. dollars)

	DA	ESF[a]	GHP-USAID	GHP-State	INCLE	NADR	IMET	FMF	Total
Argentina	—	—	—	—	2.5	—	0.6	—	3.1
Bahamas	—	—	—	—	—	—	0.2	—	0.2
Belize	—	—	—	—	—	—	0.2		0.2
Bolivia	—	—	—	—	—	—	—	—	0.0
Brazil	11.0	—	—	—	—	—	0.6	—	11.6
Chile	—	—	—	—	—	—	0.5	—	0.5
Colombia	—	187.3	3.0	—	170.0	21.0	1.3	38.5	421.2
Costa Rica	—	—	—	—	—	—	0.7	7.5	8.2
Cuba	—	20.0	—	—	—	—	—	—	20.0
Dominican Republic	7.8	2.0	—	26.5	—	—	0.5	—	36.8
Ecuador	5.0	—	—	—	7.0	—	—	—	12.0
El Salvador[b]	—	—	—	—	—	—	—	—	0.0
Guatemala[b]	—	—	—	—	—	—	—	—	0.0
Guyana	—	—	—	—	—	—	0.2	—	0.2
Haiti	51.0	—	24.5	103.0	15.0	—	0.2	—	193.8
Honduras[b]	—	—	—	—	—	—	—	—	0.0
Jamaica	1.0	—	—	—	—	—	0.6	—	1.6
Mexico	—	45.0	—	—	110.0	1.2	1.3	5.0	162.4
Nicaragua	11.6	—	—	—	—	—	—	—	11.6
Panama	—	—	—	—	—	0.5	0.7	—	1.2
Paraguay	4.0	—	—	—	—	—	0.4	—	4.4
Peru	40.0	1.0	—	—	32.0	—	0.6	1.8	75.4
Suriname	—	—	—	—	—	—	0.2	—	0.2
Trinidad & Tobago	—	—	—	—	—	—	0.3	—	0.3
Uruguay	—	—	—	—	—	—	0.4	—	0.4
Venezuela	—	17.5	5.0	—	—	—	—	—	22.5
Barbados & Eastern Caribbean	3.0	—	—	—	—	—	0.5	—	3.5

	DA	ESF[a]	GHP-USAID	GHP-State	INCLE	NADR	IMET	FMF	Total
USAID Caribbean Development[c]	4.0	—	—	—	—	—	—	—	4.0
USAID Central America Regional[bc]	168.4	—	13.0	—	—	—	—	—	181.4
USAID South America Regional[c]	18.0	—	—	—	—	—	—	—	18.0
USAID Latin America and Caribbean Regional[c]	60.5	—	7.8	—	—	—	—	—	68.3
State Western Hemisphere Regional[c]	—	129.5	—	41.0	227.8	3.2	—	30.0	431.3
[CARSI][d]	*[—]*	*[100.0]*	*[—]*	*[—]*	*[190.0]*	*[—]*	*[—]*	*[—]*	*[290.0]*
[CBSI][d]	*[—]*	*[25.3]*	*[—]*	*[—]*	*[25.3]*	*[—]*	*[—]*	*[7.5]*	*[58.0]*
Total	**385.3**	**402.3[a]**	**53.3**	**170.5**	**564.3**	**25.8**	**9.9**	**82.8**	**1,694.1**

Sources: U.S. Department of State, *Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Supplementary Tables, Fiscal Year 2021,* April 2020, p. 19; and Congressional Research Service (CRS) communication with the State Department and USAID, June 2020.

Notes: DA = Development Assistance; ESF = Economic Support Fund; GHP = Global Health Programs; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs; IMET = International Military Education and Training; FMF = Foreign Military Financing; USAID = U.S. Agency for International Development; CARSI = Central America Regional Security Initiative; and CBSI = Caribbean Basin Security Initiative.

a. This amount does not include an additional $9 million of ESF for the region that Congress appropriated in FY2019 as multilateral assistance through the Organization of American States.

b. Due to the Trump Administration's suspension of aid to El Salvador, Guatemala, and Honduras, $181.4 million of FY2019 assistance had yet to be allocated when the Administration released its FY2021 request.

c. USAID and State Department regional programs fund region-wide initiatives as well as activities that cross borders or take place in nonpresence countries.

d. CARSI and CBSI are funded through the State Western Hemisphere Regional program.

Appendix B. U.S. Foreign Assistance to Latin America and the Caribbean by Account and Country or Regional Program: FY2020 Estimate

Table 6. U.S. Foreign Assistance to Latin America and the Caribbean: FY2020 Estimate

(millions of current U.S. dollars)

	DA	ESF[a]	GHP-USAID	GHP-State	INCLE	NADR	IMET	FMF	Total[a]
Argentina	—	—	—	—	2.5	—	0.6	—	3.1
Bahamas	—	—	—	—	—	—	0.2	—	0.2
Belize	—	—	—	—	—	—	0.3	1.0	1.3
Bolivia	—	—	—	—	—	—	—	—	0.0
Brazil	15.0	—	—	—	—	—	0.8	—	15.8
Chile	—	—	—	—	—	—	0.6	—	0.6
Colombia	61.0	146.3	3.0	—	180.0	21.0	1.9	38.5	451.7
Costa Rica	—	—	—	—	—	—	0.7	7.5	8.2
Cuba	—	20.0	—	—	—	—	—	—	20.0
Dominican Republic	7.0	—	—	21.2	—	—	0.5	—	28.7
Ecuador	12.2	—	—	—	7.0	—	0.3	—	19.5
El Salvador	70.0	—	—	—	—	—	0.8	1.9	72.7
Guatemala	65.7	—	13.0	—	—	—	0.8	—	79.5
Guyana	—	—	—	—	—	—	0.2	—	0.2
Haiti	51.0	—	24.5	78.8	18.0	—	0.3	—	172.5
Honduras	65.0	—	—	—	—	—	0.8	—	65.8
Jamaica	1.0	—	—	—	—	—	0.6	—	1.6
Mexico	—	50.0	—	—	100.0	1.2	1.8	5.0	157.9
Nicaragua	10.0	—	—	—	—	—	—	—	10.0
Panama	—	—	—	—	—	0.5	0.7	2.0	3.2
Paraguay	4.0	—	—	—	—	—	0.4	—	4.4
Peru	34.8	—	—	—	40.0	—	0.6	1.8	77.2
Suriname	—	—	—	—	—	—	0.2	—	0.2
Trinidad & Tobago	—	—	—	—	—	—	0.4	—	0.4
Uruguay	—	—	—	—	—	—	0.4	—	0.4
Venezuela		30.0	5.0	—	—	—	—	—	35.0

	DA	ESF[a]	GHP-USAID	GHP-State	INCLE	NADR	IMET	FMF	Total[a]
Barbados & Eastern Caribbean	2.0	—	—	11.3	—	—	0.7	—	14.0
USAID Caribbean Development[b]	7.0	3.0	—	—	—	—	—	—	10.0
USAID Central America Regional[b]	5.0	—	—	—	—	—	—	—	5.0
USAID South America Regional[b]	15.0	—	—	—	—	—	—	—	15.0
USAID Latin America and Caribbean Regional[b]	32.2	—	7.8	—	—	—	—	—	40.0
State Western Hemisphere Regional[b]	—	128.3	—	46.5	207.7	4.6	—	15.0	402.1
[CARSI][c]	*[—]*	*[100.0]*	*[—]*	*[—]*	*[170.0]*	*[—]*	*[—]*	*[—]*	*[270.0]*
[CBSI][c]	*[—]*	*[27.3]*	*[—]*	*[—]*	*[25.2]*	*[—]*	*[—]*	*[7.5]*	*[60.0]*
Total	**457.8**	**377.6[a]**	**53.3**	**157.7**	**555.2**	**27.3**	**14.4**	**72.7**	**1,716.0**

Sources: U.S. Department of State, FY2020 estimate data, June 15, 2020; and CRS communication with the State Department and USAID, June 2020.

Notes: These totals do not include any of the assistance made available for Latin America and the Caribbean through supplemental emergency appropriations to respond to the COVID-19 pandemic. DA = Development Assistance; ESF = Economic Support Fund; GHP = Global Health Programs; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs; IMET = International Military Education and Training; FMF = Foreign Military Financing; USAID = U.S. Agency for International Development; CARSI = Central America Regional Security Initiative; and CBSI = Caribbean Basin Security Initiative.

a. This amount does not include an additional $5 million of ESF for the region that Congress appropriated in FY2020 as multilateral assistance through the Organization of American States.

b. USAID and State Department regional programs fund region-wide initiatives as well as activities that cross borders or take place in nonpresence countries.

c. CARSI and CBSI are funded through the State Western Hemisphere Regional program.

Appendix C. U.S. Foreign Assistance to Latin America and the Caribbean by Account and Country or Regional Program: FY2021 Request

Table 7. U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Request

(millions of current U.S. dollars)

	ESDF[a]	GHP-USAID	GHP-State	INCLE	NADR	IMET	FMF	Total
Argentina	—	—	—	—	—	0.6	—	0.6
Bahamas	—	—	—	—	—	0.2	—	0.2
Belize	—	—	—	—	—	0.2	—	0.2
Bolivia	—	—	—	—	—	—	—	0.0
Brazil	—	—	—	—	—	0.6	—	0.6
Chile	—	—	—	—		0.4	—	0.4
Colombia	140.0	—	—	237.5	14.0	1.4	20.0	412.9
Costa Rica	—	—	—	—	—	0.4	—	0.4
Cuba	10.0	—	—	—	—	—	—	10.0
Dominican Republic	5.0	—	10.0	—	—	0.5	—	15.5
Ecuador	10.0	—	—	7.0	—	0.2	—	17.2
El Salvador	—	—	—	—	—	—	—	0.0
Guatemala	—	—	—	—	—		—	0.0
Guyana	—	—	—	—	—	0.2	—	0.2
Haiti	25.5	22.0	75.0	5.4	—	0.3	—	128.2
Honduras	—	—	—	—	—	—	—	0.0
Jamaica	—	—	—	—	—	0.6	—	0.6
Mexico	20.3	—	—	41.0	1.0	1.5	—	63.8
Nicaragua	10.0	—	—	—	—	—	—	10.0
Panama	—	—	—	—	0.4	0.7	—	1.1
Paraguay	4.0	—	—	—	—	0.4	—	4.4
Peru	27.0	—	—	40.0	1.0	0.6	—	68.6
Suriname	—	—	—	—	—	0.2	—	0.2
Trinidad & Tobago	—	—	—	—	—	0.3	—	0.3
Uruguay	—	—	—	—	—	0.3	—	0.3
Venezuela	200.0	5.0	—	—	—	—	—	205.0

	ESDF[a]	GHP-USAID	GHP-State	INCLE	NADR	IMET	FMF	Total
Barbados & Eastern Caribbean	3.0	—	—	—	—	0.6	—	3.6
USAID Caribbean Development[b]	—	—	—	—	—	—	—	—
USAID Central America Regional[b]	—	—	—	—	—	—	—	—
USAID South America Regional[b]	15.5	—	—	—	—	—	—	15.5
USAID Latin America and Caribbean Regional[b]	190.7	9.0	—	—	—	—	—	199.7
State Western Hemisphere Regional	100.0	—	11.8	122.0	7.6	1.5	—	242.9
[CARSI][c]	*[75.0]*	*[—]*	*[—]*	*[110.0]*	*[—]*	*[—]*	*[—]*	*[185.0]*
[CBSI][c]	*[20.0]*	*[—]*	*[—]*	*[12.0]*	*[—]*	*[—]*	*[—]*	*[32.0]*
Total	**760.9**	**36.0**	**96.8**	**452.9**	**24.0**	**11.6**	**20.0**	**1,402.3**

Sources: U.S. Department of State, *Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Supplementary Tables, Fiscal Year 2021,* April 2020, p. 19; and U.S. Department of State, Budget Rollout Presentation, February 2020.

Notes: ESDF = Economic Support and Development Fund; GHP = Global Health Programs; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs; IMET = International Military Education and Training; FMF = Foreign Military Financing; USAID = U.S. Agency for International Development; CARSI = Central America Regional Security Initiative; and CBSI = Caribbean Basin Security Initiative.

a. The FY2021 request would consolidate several foreign assistance accounts, including DA and ESF, into a new ESDF account. The table compares the FY2021 ESDF request with the combined FY2020 DA and ESF estimates.

b. USAID and State Department regional programs fund region-wide initiatives as well as activities that cross borders or take place in nonpresence countries.

c. CARSI and CBSI are funded through the State Western Hemisphere Regional program.

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