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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, as well as countering illicit narcotics, since the 1990s. The Trump Administration sought to reduce foreign aid significantly and refocus U.S. assistance efforts in some parts of the region to address U.S. domestic concerns, such as irregular migration. For the most part, however, Congress did not adopt 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 have been $314 million, or 18%, less than the estimated $1.7 billion of U.S. assistance allocated to the region in FY2020. The proposal would have 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

Similar to prior years, Congress did not conclude action on appropriations for FY2021 until several months into the fiscal year. Although the House passed a foreign aid appropriations measure (Division A of H.R. 7608; H.Rept. 116-444) in July 2020 and the Senate Appropriations Committee released a draft bill in November 2020, neither was enacted. Instead, Congress passed a series of continuing resolutions that funded foreign aid programs in the region at the FY2020 level from October 1, 2020, until December 27, 2020, when President Trump signed into law the Consolidated Appropriations Act, 2021 (P.L. 116-260). The act and the accompanying explanatory statement do not specify appropriations levels for every Latin American and Caribbean country, but the amounts they designate for several U.S. initiatives differ significantly from the Administration's request. Among other appropriations, the act provides

- $505.9 million to address the underlying factors driving irregular migration from Central America ($129 million more than the Administration requested but $27 million less than allocated to the region in FY2020);
- $461.4 million to support the peace process and security and development efforts in Colombia ($48.5 million more than requested and nearly $10 million more than allocated to the country in FY2020);
- $158.9 million to support security and rule-of-law efforts in Mexico ($95 million more than requested and $1 million more than allocated to the country in FY2020);
- $33 million to support a democratic transition in Venezuela ($172 million less than requested and $2 million less than allocated to the country in FY2020); and
- $38 million for the Inter-American Foundation ($34 million more than requested and $500,000 more than Congress appropriated for the agency in FY2020).

Congress considered a variety of policy issues during the FY2021 appropriations process, including how to respond to the effects of the Coronavirus Disease 2019 (COVID-19) pandemic on Latin America and the Caribbean and whether to provide additional assistance to the region beyond the $141 million allocated as of August 2020. In response to the Trump Administration's decision to suspend and reprogram U.S. assistance to Central America, Congress reexamined some of the authorities it has granted to the executive branch. Congress also tracked the new U.S. International Development Finance Corporation's operations in Latin America and the Caribbean and assessed how they complement foreign assistance in promoting development and other U.S. foreign policy objectives in the region. Many of these policy issues may remain subjects of debate, legislation, and oversight in the 117th Congress.

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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 proposed significant reductions to the foreign assistance budget to decrease government expenditures and shift resources to other Administration priorities. The Administration also sought to modify some U.S. foreign assistance objectives, including those in Latin America and the Caribbean. For the most part, however, Congress did not adopt 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 that Congress considered when deliberating on FY2021 appropriations, 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. International Development Finance Corporation might complement U.S. assistance efforts in Latin America and the Caribbean.

Report Notes

To more accurately compare the Trump 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 63% of the aid obligated by all U.S. agencies in Latin America and the Caribbean in FY2019 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, *Foreign Aid Explorer: The Official Record of U.S. Foreign Aid,* at https://explorer.usaid.gov/data.html.

[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.

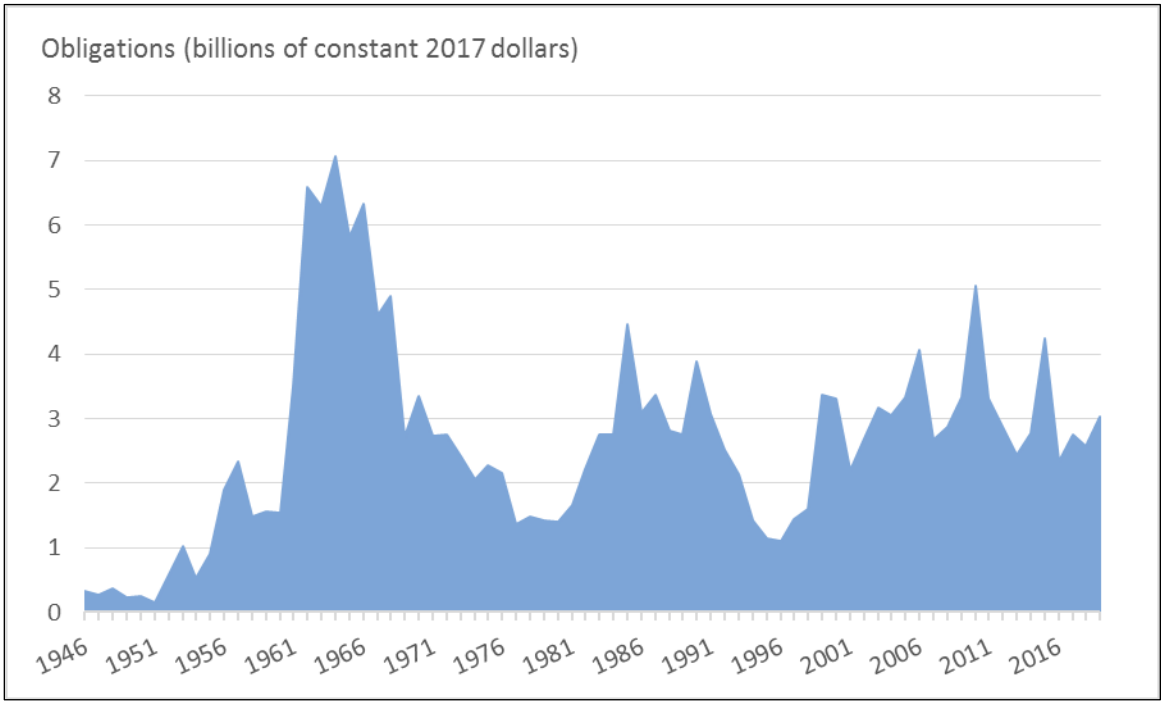
Figure 1. Map of Latin America and the Caribbean

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 2019, the United States provided nearly $94 billion ($195 billion in constant 2017 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-FY2019



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 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**) and regional programs. U.S. Agency for International Development (USAID), *Foreign Aid Explorer: The Official Record of U.S. Foreign Aid,* accessed December 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 have been $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 were slightly lower than the nearly 26% cut proposed for foreign operations globally.[7] Although comprehensive allocations are not yet available, it appears as though Congress opted not adopt most of the Administration's proposed cuts (see "Legislative Developments," below).

Foreign Assistance Categories and Accounts[8]

The Administration's proposed FY2021 foreign aid budget for Latin America and the Caribbean requested $760.9 million (54% of the total) through a new Economic Support and Development Fund (ESDF). As proposed, the ESDF foreign assistance account would have consolidated 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 have focused more on countries and programs deemed critical to short-term U.S. security and strategic objectives. The FY2021 request included $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 have been provided through two Global Health Programs (GHP) accounts. This amount included $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 have declined by $60.9 million (39%) and funding for the USAID GHP account would have declined 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 have supported 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 have declined 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

[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.

enhance their counterterrorism capacities. NADR funding would have declined by $3.3 million (12%) compared with the FY2020 estimate.

- $11.6 million requested through the International Military Education and Training (IMET) account to train Latin American and Caribbean military personnel. IMET funding would have decreased 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 have declined 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 $396 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 have reduced U.S. assistance for most countries and regional programs in Latin America and the Caribbean (see **Table 2**).

Caribbean Basin Security Initiative. The FY2021 request included $32 million for the CBSI, which would have been 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.[10]

Central America. The FY2021 request included $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 have been a $156.3 million (29%) cut compared with the FY2020 estimate. The request did not include any foreign aid specifically for El Salvador, Guatemala, or Honduras (the "Northern Triangle" of Central America). However, the Administration asserted 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 continued to take action to stem migration to the United States.[11]

Colombia. Colombia would have remained the single largest recipient of U.S. assistance in Latin America and the Caribbean under the Administration's FY2021 request; however, aid would have fallen 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 have provided continued support for Colombia's drug eradication and interdiction efforts. The request also would have supported 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.[12]

Haiti. Haiti, which has received high levels of aid for many years due to its significant development challenges, would have been 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 declined gradually from those elevated levels. The Administration's FY2021 request would have provided $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 have been a $44.4 million (26%) cut compared with the FY2020 estimate.[13]

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

[11] 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.

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

[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. Mexico would have received $63.8 million of assistance under the FY2021 request, which would have been 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 counternarcotics and anti-crime assistance through the Mérida Initiative in FY2008. The Administration's FY2021 request for Mexico would have funded 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]

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

[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 U.S. policy toward Venezuela, see CRS Report R44841, *Venezuela: Background and U.S. Relations*, coordinated by Clare Ribando Seelke.

	FY2016	FY2017	FY2018	FY2019	FY2020 (est.)	FY2021 (req.)	% Change FY20E-FY21R
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	—
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 $396 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 asserted 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 included $3.9 million to conduct an orderly closeout of the IAF (see **Table 3**). Opponents of the merger noted that Congress specifically created the IAF as an alternative to other U.S. agencies. They argued 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

Similar to prior years, Congress did not conclude action on appropriations for FY2021 until several months into the fiscal year. Although the House passed a foreign aid appropriations measure (Division A of H.R. 7608; H.Rept. 116-444) in July 2020 and the Senate Appropriations

[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.

Committee released a draft bill in November 2020, neither was enacted. Instead, Congress passed a series of continuing resolutions that funded foreign aid programs in the region at the FY2020 level from October 1, 2020 until December 27, 2020, when President Trump signed into law the Consolidated Appropriations Act, 2021 (P.L. 116-260). The act and the accompanying explanatory statement do not specify appropriations levels for every Latin American and Caribbean country, but the amounts they designate for several U.S. initiatives differ significantly from the Administration's request (see **Table 4**).[19]

Table 4. U.S. Foreign Assistance for Selected Countries and Initiatives: FY2021 Appropriations Legislation

(millions of current U.S. dollars)

	FY2020 (est.)	FY2021 (req.)	H.R. 7608	Senate Committee Draft	P.L. 116-260
Caribbean Basin Security Initiative	60.0	32.0	74.8	60.0	74.8
Central America	533.2	376.9	519.9	505.9	505.9
Colombia	451.7	412.9	457.3	455.4	461.4
Haiti	172.5	128.2	51.0[a]	172.5	51.0[a]
Inter-American Foundation	37.5	3.9	41.5[b]	37.5	38.0
Mexico	157.9	63.8	159.9	157.9	158.9
Venezuela	35.0	205.0	30.0	35.0	33.0

Sources: H.R. 7608; H.Rept. 116-444; the Senate Appropriations Committee's draft bill and explanatory statement, available at https://www.appropriations.senate.gov/news/committee-releases-fy21-bills-in-effort-to-advance-process-produce-bipartisan-results; P.L. 116-260; and the explanatory statement accompanying P.L. 116-260, available at https://docs.house.gov/billsthisweek/20201221/BILLS-116RCP68-JES-DIVISION-K.pdf.

Notes:

a. P.L. 116-260, like H.R. 7608, designates $51 million of DA for Haiti, but does not specify appropriations levels for other foreign assistance accounts.

b. H.R. 7608 would have provided an additional $10 million of emergency funding for the IAF to respond to the COVID-19 pandemic.

Caribbean Basin Security Initiative. P.L. 116-260 provides "not less than" $74.8 million for the CBSI, which is nearly $43 million more than the Trump Administration requested and nearly $15 million more than was allocated to the initiative in FY2020.

Central America. P.L. 116-260 states that $505.9 million "should be made available" for Central America and that such assistance "shall be prioritized for programs and activities that address the key factors that contribute to the migration of unaccompanied, undocumented minors to the United States." That amount is $129 million more than the Administration requested but $27 million less than was allocated to the region in FY2020. As in prior years, the act requires the State Department to withhold some assistance for the Northern Triangle countries until it can certify the Northern Triangle governments are addressing certain congressional concerns. The

[19] The Senate Appropriations Committee's draft bill is available at https://www.appropriations.senate.gov/imo/media/doc/SFOPSFY2021.pdf; the draft explanatory statement is available at https://www.appropriations.senate.gov/imo/media/doc/SFOPSRept.pdf.

explanatory statement accompanying the act designates country-by-country funding levels, as well as allocations for certain priorities, including $45 million to support Offices of Attorneys General and other entities to combat corruption and impunity and $25 million to combat sexual and gender-based violence in the region.

Colombia. P.L. 116-260 provides "not less than" $461.4 million for Colombia, which is $48.5 million more than the Administration requested and nearly $10 million more than allocated to the country in FY2020. As in previous years, the act requires the State Department to withhold some security assistance for Colombia until it can certify the Colombian government is taking action to address counternarcotics and human rights concerns. The explanatory statement accompanying the act specifies funding levels for certain congressional priorities, including $46 million for rule-of-law and human rights programs and $20 million for Afro-Colombian and indigenous communities.

Haiti. The explanatory statement accompanying P.L. 116-260 allocates $51 million of DA for Haiti. It does not specify appropriations levels for other foreign assistance accounts, however, so the total amount of aid to be provided to Haiti remains unclear. The act maintains a certification requirement from prior years that directs the State Department to withhold some assistance for Haiti until the Haitian government takes steps to strengthen the rule of law, combat corruption, and increase government revenues.

Inter-American Foundation. P.L. 116-260 provides $38 million for the IAF, rejecting the Administration's proposal to close the agency and increasing the IAF's annual appropriation by $500,000 compared with FY2020. The explanatory statement accompanying the act designates $10 million of the funds appropriated for Central America to be provided through the IAF and notes that the act provides funding to support a pilot exchange program between indigenous IAF grantees and Native American tribes.

Mexico. The explanatory statement accompanying P.L. 116-260 allocates $159.9 million for Mexico, which is $95 million more than the Administration requested and $1 million more than was allocated to the country in FY2020. The explanatory statement also directs the State Department to withhold some FMF from Mexico until it can certify the Mexican government is cooperating on counternarcotics efforts and addressing human rights concerns.

Venezuela. P.L. 116-260 provides "not less than" $33 million for democracy programs in Venezuela. That amount is $172 million less than the Administration requested and $2 million less than was allocated to the country in FY2020.

Policy Issues for Congress

The 116th Congress examined a variety of policy issues as it considered FY2021 appropriations for foreign operations in Latin America and the Caribbean. These issues included 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. International Development Finance Corporation may complement U.S. assistance efforts in Latin America and the Caribbean. Many of these policy issues could be subject to further debate, legislation, and oversight in the 117th Congress.

COVID-19 Response[20]

Conditions in Latin America and the Caribbean changed significantly between the Trump Administration's release of its FY2021 budget request in February 2020 and the enactment of the Consolidated Appropriations Act, 2021 (P.L. 116-260), on December 27, 2020. The region emerged as an epicenter of the COVID-19 pandemic in late May and accounted for 19% of total cases and 28% of deaths recorded worldwide by the end of the year. As of December 31, 2020, the region had recorded some 15.6 million cases and more than 507,000 deaths.[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, estimates the region's average gross domestic product contracted by 7.7% in 2020—the largest decline in 120 years.[22] Based on an earlier projection of a 9.1% contraction, ECLAC estimated the pandemic would push an additional 45 million people into poverty and an additional 28 million into 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%.[23]

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 lack the resources to protect vulnerable households. Guatemala, Honduras, and El Salvador, for example, are struggling with acute food insecurity crises, in part, due to the pandemic and government containment measures, which have reduced earnings and contributed to higher food prices.[24] Hurricanes Eta and Iota, which struck Central America in November 2020, have exacerbated the situation. The USAID-funded Famine Early Warning Systems Network projects all three countries will have higher than typical emergency food assistance needs into mid-2021.[25] Given those humanitarian needs and the potential threats to U.S. interests posed by a prolonged pandemic and economic downturn in the region, some analysts have argued that the United States should scale up assistance for Latin American and Caribbean countries.[26]

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 (latest information made available), 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

[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," January 1, 2021, at https://coronavirus.jhu.edu/data/mortality. COVID-19-related data may be expected to evolve rapidly.

[22] U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2020*, December 16, 2020.

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

[24] Famine Early Warning Systems Network, "Central America and Caribbean: Crisis (IPC Phase 3) Persists Despite Recent Harvests and Seasonally High Labor Demand," October 2020.

[25] Famine Early Warning Systems Network, "Food Assistance Outlook Brief: Projected Food Assistance Needs for June 2021," December 2020.

[26] 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.

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 5**). 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 5. 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
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

	International Disaster Assistance	Migration and Refugee Assistance	Health Assistance	Economic Support Funds	Total Assistance
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 expected to experience the deepest economic downturn in the world,[27] 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.[28] 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.[29]

Congress deliberated on whether to provide additional funding for international pandemic response during the FY2021 appropriations process. Whereas the House-passed FY2021 foreign aid appropriations measure (Division A of H.R. 7608) would have provided $9.1 billion of emergency foreign aid to respond to the COVID-19 pandemic—including $10 million to be provided through the IAF—the Senate Appropriations Committee's draft bill would not have provided any such funding. Congress ultimately appropriated $4 billion of emergency global health assistance in P.L. 116-260 to be provided to GAVI, the Vaccine Alliance, to procure and deliver coronavirus vaccines worldwide. Ten low- and lower-middle-income countries in Latin America and the Caribbean are eligible for assistance in obtaining vaccines through the GAVI COVID-19 Vaccines Advance Market Commitment.[30] Analysts caution, however, that vaccines may not be widely available in much of the region until 2022.[31]

Congress also assessed funding for the Pan American Health Organization (PAHO), which is the specialized international health agency of the Americas and the World Health Organization's

[27] International Monetary Fund, *World Economic Outlook, October 2020: A Long and Difficult Ascent*, October 2020.

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

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

[30] The 10 countries eligible for assistance under the COVAX AMC are Bolivia, Dominica, El Salvador, Grenada, Guyana, Haiti, Honduras, Nicaragua, St. Lucia, and St. Vincent and the Grenadines.

[31] "Latam Faces Drawn-out Vaccine Rollout," *Economist Intelligence Unit*, December 17, 2020.

regional office.[32] PAHO has been providing direct pandemic response support to health ministries throughout the region to strengthen surveillance, testing, and laboratory capacity; bolster health care services; support infection prevention control, clinical management, and risk communications; and prepare for vaccine distribution.[33] The Trump Administration requested $16.3 million for PAHO in FY2021, which would have left 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.[34] 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.[35] It appears as though P.L. 116-260 fully funds the U.S. government's $65.2 million assessed contribution to PAHO for FY2021.

In addition to overseeing the funds appropriated for FY2021, the 117th Congress may consider providing additional aid or approving other support for pandemic recovery in Latin America and the Caribbean. A bill introduced in the final weeks of the 116th Congress (S. 4997), for example, would have authorized $24 billion for a capital increase for the Inter-American Development Bank to increase the organization's lending capacity to support immediate recovery efforts as well as long-term sustainable development in the region.

Central America Funding Directives[36]

From FY2016 to FY2020, Congress 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 $396 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.[37] The Administration also withheld most of the assistance Congress appropriated for Central America in FY2019 while it negotiated a series of agreements 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.[38] Some

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

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

[34] 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.

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

[36] 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.

[37] U.S. Department of State, *Progress Report to Congress on the Plan for Monitoring and Evaluation of Assistance in Support of the United States Strategy for Engagement in Central America*, October 8, 2020, p. 2.

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

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."[39] 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 June 2020. The Administration asserted that continued assistance to the Northern Triangle would depend on the Salvadoran, Guatemalan, and Honduran governments continuing to "take actions to stem illegal immigration to the United States."[40]

Congress provided the Administration with significant authority to modify assistance allocations for Central America in annual appropriations measures. The Consolidated Appropriations Act, 2018 (P.L. 115-141), provided "up to" $615 million of assistance for the region.[41] 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.[42] 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."[43] The Administration 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."[44]

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), stated that "not less than" $519.9 million "should be made available" for Central America and stipulated specific funding levels for each country in the accompanying explanatory statement.[45] The act also significantly restricted the Administration's authority to deviate below those funding levels by more than 10%.[46] At the same time, the act once again required the Administration to withhold some aid for the Northern Triangle and authorized the Administration to reprogram that aid if the Northern Triangle governments failed to meet certain conditions.[47]

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[39] 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.

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

[41] P.L. 115-141, §7045(a)(1).

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

[43] P.L. 115-141, §7019.

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

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

[46] P.L. 116-94, §7019(b).

[47] P.L. 116-94, §7045(a)(2)(A).

The House-passed foreign aid appropriations measure (H.R. 7608) would have exerted greater control over U.S. assistance to Central America in FY2021. The bill would have directed 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.[48] Likewise, the bill would have tightened 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.[49] The bill also would have further restricted the Administration's authority to deviate below the country allocations specified in H.Rept. 116-444, limiting such changes to 5%.[50] In contrast, the Senate Appropriations Committee's draft bill would have directed that $505.9 million "should be made available" for assistance to Central America in FY2021 and would have maintained the Administration's authority to deviate below that funding level by 10%.[51] Both bills would have maintained Northern Triangle-specific withholding and reprogramming authorities similar to those enacted in prior years.[52]

The relevant provisions enacted in P.L. 116-260 are more similar to those that were included in the Senate Appropriations Committee's draft bill than those that were included in H.R. 7608. The act states that $505.9 million "should be made available" for assistance to Central America and authorizes the Administration to deviate below that funding level by "not more than" 10%.[53] Like each appropriations measure enacted since FY2016, the act requires the State Department to withhold some aid that would support the central governments of El Salvador, Guatemala, and Honduras until the Secretary of State certifies those governments have met a series of conditions. If the Secretary is unable to certify the governments' compliance with the legislative conditions, the act directs the Administration to reprogram that assistance to other countries in Latin America and the Caribbean.[54] With a change in Administrations, the 117th Congress may reexamine the amount of flexibility it delegates to the executive branch.

Role of the U.S. International Development Finance Corporation[55]

In addition to appropriating foreign aid for Latin American and Caribbean countries, the 116th Congress assessed how other development tools, such as the new U.S. International Development Finance Corporation (DFC), may supplement U.S. assistance efforts in the region. The 115th 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

[48] H.R. 7608, §7045(a)(1)(A).

[49] H.R. 7608, §7045(a)(1)(B).

[50] H.R. 7608, §7019.

[51] Senate Appropriations Committee draft State Department, Foreign Operations, and Related Programs, Appropriations Act, 2021, §§7019 and 7045(a)(1).

[52] H.R. 7608, §7045(a)(2); and Senate Appropriations Committee draft State Department, Foreign Operations, and Related Programs, Appropriations Act, 2021, §7045(a)(2).

[53] P.L. 116-260, §§7019 and 7045(a)(1).

[54] P.L. 116-260, §7045(a)(2).

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

economies in order to complement the development assistance objectives, and advance the foreign policy interests, of the United States."[56]

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 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.[57] Eight other countries in the region are ineligible for DFC support because the World Bank classifies them as high-income economies.[58]

Despite those limitations, the DFC Board of Directors approved nearly $2.5 billion of commitments for projects in Latin American and Caribbean countries in 2020.[59] These commitments include a $25 million investment to boost cobalt and nickel production in Brazil's northeastern state of Piauí, $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 inherited approximately $9.5 billion of active projects from its predecessor—the Overseas Private Investment Corporation.[60]

There was some debate in the 116th Congress regarding whether the DFC was devoting sufficient resources to Latin America and the Caribbean and whether it was striking the right balance between fostering development and supporting U.S. strategic interests. Some Members urged 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.[61] The Advancing Competitiveness, Transparency, and Security in the Americas Act (ACTSA; S.

[56] P.L. 115-254, §1412 (b).

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

[58] 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.

[59] DFC, "DFC Approves Nearly $900 Million for Global Development Projects," press release, March 12, 2020; DFC, "DFC Approves $1 Billion of Investments in Global Development," press release, June 4, 2020; DFC, "DFC Approves $3.6 Billion of New Investments in Global Development in Largest Quarter Ever," press release, September 9, 2020; and DFC, "DFC Approves Over $2.1 Billion in New Investments for Global Development," press release, December 10, 2020.

[60] DFC, "Active Projects Database," accessed October 2020, at https://www.dfc.gov/our-impact/all-active-projects.

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

4528/H.R. 8716) would have designated all Caribbean countries—with the exception of Cuba—as priorities for DFC support. The measure also would have dedicated "not less than" 35% of the DFC's development financing and equity investments to Latin American and Caribbean countries for a 10-year period. Some development advocates voiced concerns that shifting the DFC's funding toward upper-middle- and high-income countries to advance U.S. national security interests would erode the DFC's development mandate.[62]

Congress ultimately did not pass ACTSA, but the explanatory statement accompanying P.L. 116-260 states that the DFC "shall expand engagement in Latin America and the Caribbean that catalyzes private sector investment in initiatives to increase distributed energy generation systems, and expands economic opportunities with partners in the region, including with minority and women-owned businesses." The DFC's operations in the region, including the extent to which they support development and U.S. strategic interests, may receive additional scrutiny in the 117th Congress.

[62] 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.

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

Table 6. 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 7. 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 8. 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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