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U.S. Foreign Assistance to Latin America and the Caribbean: Recent Trends and FY2016 Appropriations

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Summary

Geographic proximity has forged strong linkages between the United States and the nations of Latin America and the Caribbean, with critical U.S. interests encompassing economic, political, and security concerns. U.S. policymakers have emphasized different strategic interests in the region at different times, from combating Soviet influence during the Cold War to advancing democracy and open markets since the 1990s. Current U.S. policy is designed to promote economic and social opportunity, ensure the safety of the region's citizens, strengthen effective democratic institutions, and secure a clean energy future. As part of broader efforts to advance these priorities, the United States provides Latin American and Caribbean nations with substantial amounts of foreign assistance.

Trends in Assistance

Since 1946, the United States has provided nearly \$161 billion of assistance to the region in constant 2012 dollars (or nearly \$77 billion in historical, non-inflation-adjusted, dollars). Funding levels have fluctuated over time, however, according to regional trends and U.S. policy initiatives. U.S. assistance spiked during the 1960s under President Kennedy's Alliance for Progress, and then declined in the 1970s before spiking again during the Central American conflicts of the 1980s. After another decline during the 1990s, assistance remained on a generally upward trajectory through the first decade of this century, reaching its most recent peak in the aftermath of the 2010 earthquake in Haiti. Aid levels for Latin America and the Caribbean declined in each of the four fiscal years between FY2011 and FY2014, however, as Congress has sought to trim the foreign aid budget and the Administration has determined that some countries require less assistance.

FY2016 Obama Administration Request

The Obama Administration's FY2016 foreign aid budget request would reverse the recent downward trend in assistance to Latin America and the Caribbean. The Administration has requested nearly \$2 billion to be provided through the State Department and the U.S. Agency for International Development (USAID), which is a 35% increase over the FY2014 level (FY2015 country and regional allocations are not yet available). The requested increase in assistance is almost entirely the result of the Administration's proposal to provide over \$1 billion in aid to Central America to promote prosperity, security, and good governance and to address the root causes of migration from the sub-region. Under the request, the balance of U.S. assistance would shift toward development aid and away from security aid, as three of the four major U.S. security initiatives in the region would see cuts. Aid levels for Colombia, Haiti, and Mexico would decline, but those countries would continue to be among the top recipients in the region, accounting for over a third of U.S. assistance to Latin America and the Caribbean.

Congressional Action

In recent years, the annual Department of State, Foreign Operations, and Related Programs appropriations measure has been the primary legislative vehicle through which Congress reviews U.S. assistance and influences executive branch policy. The House and Senate Appropriations Committees reported out their bills (H.R. 2772 and S. 1725) on June 11 and July 9, 2015, respectively. H.R. 2772 includes 6.1% less funding than the Administration requested for bilateral

economic assistance and international security assistance globally, and S. 1725 includes 5.9% less funding than was requested for such programs.

It is unclear how much foreign assistance would be appropriated for Latin America and the Caribbean in the two bills, however, since, for the most part, appropriations levels for individual countries and programs are not specified in the bills or the accompanying reports (H.Rept. 114-154 and S.Rept. 114-79). Nevertheless, congressional priorities appear to differ from those of the Administration in several respects. Neither bill appears to fully fund the Administration's \$1 billion request for Central America; H.Rept. 114-154 recommends providing at least \$296.5 million and S. 1725 provides up to \$675.3 million for the sub-region. There are also considerable disagreements regarding security assistance programs in Colombia, Mexico, and the Caribbean. While H.Rept. 114-154 recommends providing more funding than was requested for such programs, S.Rept. 114-79 recommends providing less funding.

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Introduction

Foreign assistance is one of the tools the United States has employed to advance U.S. interests in Latin America and the Caribbean, with the focus and funding levels of aid programs changing along with broader U.S. policy goals.¹ Current aid programs reflect the diversity of the countries in the region. Some countries receive the full range of U.S. assistance as they continue to struggle with political, socioeconomic, and security challenges. Others, which have made major strides in democratic governance and economic and social development, no longer receive traditional U.S. development assistance but continue to receive some support for security challenges, such as combating transnational organized crime. Although U.S. relations with the nations of Latin America and the Caribbean have increasingly become less defined by the provision of assistance as a result of this progress, foreign aid continues to play an important role in advancing U.S. policy in the region.

Congress authorizes and appropriates foreign assistance to the region and conducts oversight of aid programs and the executive branch agencies charged with managing them. Current efforts to reduce budget deficits in the aftermath of the recent global financial crisis and U.S. recession have triggered closer examination of competing budget priorities. Congress has identified foreign assistance as a potential area for spending cuts, placing greater scrutiny on the efficiency and effectiveness of U.S. aid programs.

This report, which will be updated to track legislative developments, provides an overview of U.S. assistance to Latin America and the Caribbean. It examines historical and recent trends in aid to the region as well as the Obama Administration's FY2016 request for State Department and U.S. Agency for International Development (USAID)-administered assistance. It also tracks congressional action on foreign aid appropriations for Latin America and the Caribbean in FY2016, and raises questions Congress may consider as it appropriates funding for the region.

Report Notes

In order to more accurately compare the Administration's FY2016 foreign assistance request to previous years' appropriations, aid figures in this report (except where otherwise indicated) refer only to bilateral assistance that is managed by the State Department or USAID and is requested for individual countries or regional programs. While this represents the majority of U.S. assistance to Latin America and the Caribbean, it is important to note that there are several other sources of U.S. aid to the region. Some countries in Latin America and the Caribbean receive U.S. assistance through State Department and USAID-managed foreign aid accounts, such as International Disaster Assistance (IDA), Migration and Refugee Assistance (MRA), and Transition Initiatives (TI). Likewise, some nations receive assistance from U.S. agencies such as the Department of Defense, the Inter-American Foundation, the Millennium Challenge Corporation, and the Peace Corps. Since foreign assistance provided through these accounts and agencies is not requested for individual countries, and country-level figures are not publicly available until after the fiscal year has passed, these accounts and agencies are excluded from this analysis.

¹ For more information on U.S. policy in the region, see CRS Report R43882, *Latin America and the Caribbean: Key Issues for the 114th Congress*, coordinated by Mark P. Sullivan.

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 and provided the region nearly \$161 billion in constant 2012 dollars (or nearly \$77 billion in historical, non-inflation-adjusted, dollars) between 1946 and 2012.² U.S. assistance to the region spiked in the early 1960s following the introduction of President 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 the *Contras*, who sought to overthrow the Sandinista government, and to Central American governments battling leftist insurgencies. U.S. aid flows declined in the mid-1990s following the dissolution of the Soviet Union and the end of the Central American conflicts (see **Figure 1**).

U.S. foreign assistance to Latin America and the Caribbean began to increase once again in the late 1990s and remained on a generally upward trajectory through the past decade. The higher levels of 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 aid to several countries in Central America. The establishment of the President's Emergency Plan for AIDS Relief (PEPFAR) in 2003 and the Millennium Challenge Corporation (MCC) in 2004 provided a number of countries in the region with new sources of U.S. assistance.³ More recently, the United States provided significant amounts of assistance to Haiti in the aftermath of a massive January 2010 earthquake.

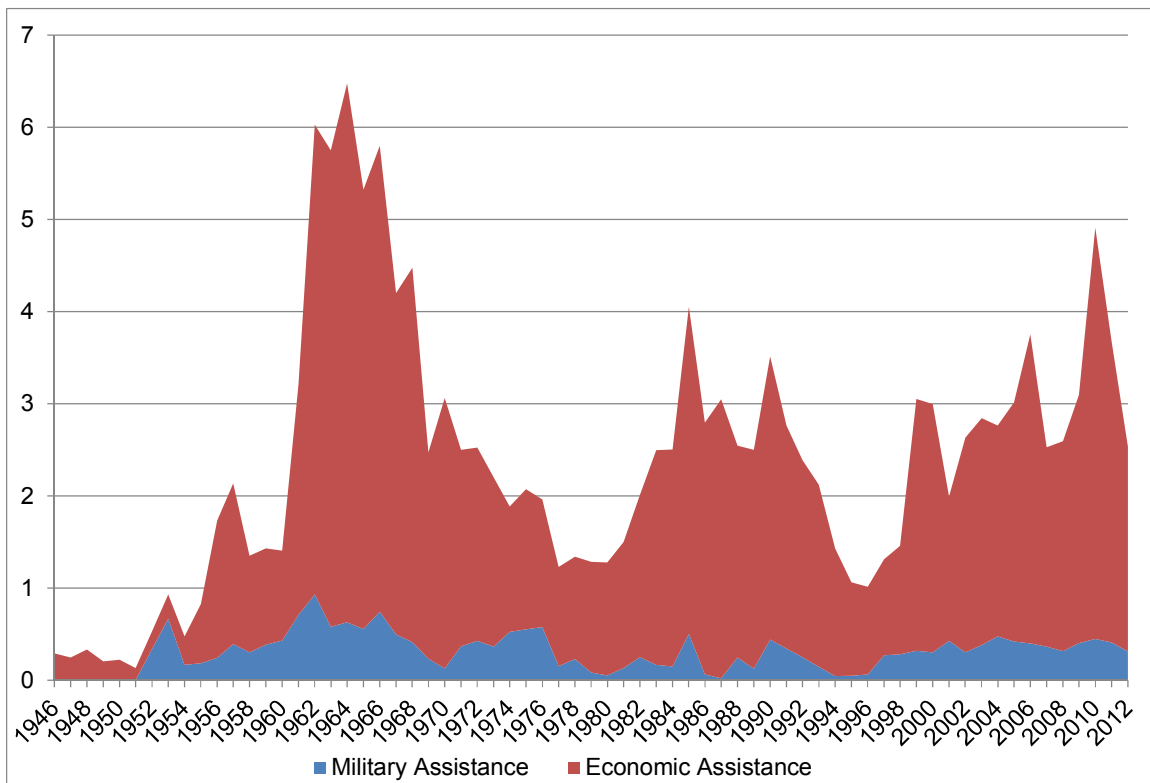
Increased funding for counternarcotics and security programs also contributed to the rise in U.S. assistance through 2010. Beginning with President Clinton and the 106th Congress in FY2000, successive Administrations and Congresses have provided substantial amounts of foreign aid to Colombia and its Andean neighbors in support of "Plan Colombia"—a Colombian government initiative to combat drug trafficking, end its long-running internal armed conflict, and foster development. Spending on counternarcotics and security assistance 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. counterdrug and anticrime assistance for Mexico and Central America. In FY2010, Congress and the Obama Administration split the Central America 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).

² These figures include aid obligations from all U.S. government agencies. U.S. Agency for International Development (USAID), *U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945–September 30, 2012*, accessed in June 2015. Obligation data for FY2013 and FY2014 are not yet available.

³ For more information on PEPFAR and the MCC, see CRS Report R42776, *The President's Emergency Plan for AIDS Relief (PEPFAR): Funding Issues After a Decade of Implementation, FY2004-FY2013*, by Tiaji Salaam-Blyther; and CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

Figure I. U.S. Assistance to Latin America and the Caribbean: FY1946-FY2012

Obligations in billions of constant 2012 U.S. dollars



Source: USAID, *U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945–September 30, 2012*, accessed in June 2015.

Notes: Includes aid obligations from all U.S. government agencies.

After more than a decade of generally increasing aid levels, U.S. assistance to Latin America and the Caribbean began to decline in FY2011. This was partially the result of reductions in the overall U.S. foreign assistance budget. The Obama Administration and Congress have sought to reduce budget deficits in the aftermath of the recent global financial crisis and U.S. recession and have identified foreign assistance as a potential area for spending cuts. U.S. assistance to Latin America and the Caribbean has decreased each year since FY2010, and spending caps and across-the-board cuts that were included in the Budget Control Act of 2011 (P.L. 112-25), as amended, could place downward pressure on the aid budget for the foreseeable future.⁴

The recent decline in U.S. assistance to Latin America and the Caribbean also reflects changes in the region. As a result of stronger economic growth and the implementation of more effective social policies, the percentage of people living in poverty in Latin America fell from 44% in 2002 to 28% in 2013.⁵ Likewise, electoral democracy has been consolidated in the region; every country except Cuba now has a democratically elected government (although some elections have been controversial). These changes have allowed the U.S. government to concentrate its resources

⁴ For more information, see CRS Report R42994, *The Budget Control Act, Sequestration, and the Foreign Affairs Budget: Background and Possible Impacts*, by Susan B. Epstein.

⁵ U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America*, December 2014.

in fewer countries and sectors. For example, USAID closed its mission in Panama in 2012 following the country's graduation from foreign assistance, and the agency has largely transitioned out of providing support for family planning and elections administration as governments throughout the region have demonstrated their ability to finance and carry out such activities on their own.⁶ Some Latin American nations, such as Brazil, Chile, Colombia, and Uruguay, have even begun providing foreign aid to other countries. The United States has partnered with these nations through so-called "trilateral cooperation" initiatives to jointly plan and fund development and security assistance efforts in third countries. Other countries, such as Bolivia and Ecuador, have demonstrated less interest in working with the United States, leading to significant reductions in U.S. assistance and the closure of USAID missions. As a result of these developments in the region and competing U.S. foreign policy priorities elsewhere in the world, U.S. assistance to Latin America and the Caribbean as a proportion of total U.S. foreign assistance dropped from 12% in FY2004 to 7% in FY2014.⁷

FY2016 Foreign Assistance Request for Latin America and the Caribbean⁸

The Obama Administration's FY2016 budget request would reverse the recent downward trend in aid to the region. It includes nearly \$2 billion for Latin America and the Caribbean, a 35% increase over the FY2014 level (see **Table 1**). The requested increase in assistance is almost entirely the result of the Administration's intention to allocate over \$1 billion in aid to Central America to promote prosperity, security, and good governance and to address the root causes of migration from the region.

Foreign Aid Categories and Accounts⁹

The Administration's FY2016 foreign aid request for Latin America and the Caribbean would shift the emphasis of U.S. assistance efforts toward development and humanitarian assistance programs (see **Figure 2**). More than \$842 million (about 42%) of the request for the region would go toward such programs. Development assistance seeks to foster sustainable broad-based economic progress and social stability in developing nations. Such funding is often used for long-term projects in the areas of democracy promotion, economic reform, basic education, human health, and environmental protection. This assistance is provided primarily through the Development Assistance (DA) and Global Health Programs (GHP) accounts, which would receive \$615 million and \$214 million, respectively, under the Administration's FY2016 request. In terms of humanitarian assistance, the Administration has requested \$13 million through the Food for Peace (P.L. 480) account to address immediate food security needs in the region. While funding provided through the GHP accounts would remain relatively stable, the FY2016 request

⁶ Mark Feierstein, "A New Approach for a Changing Hemisphere," *USAID Frontlines*, March/April 2012.

⁷ U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, Fiscal Years FY2006 and FY2015*.

⁸ Unless otherwise noted, data and information in this section are drawn from U.S. Department of State, *Congressional Budget Justification, Foreign Operations, Appendix 3, Fiscal Year 2016*, February 27, 2015, <http://www.state.gov/documents/organization/238222.pdf>.

⁹ For more information on the various foreign aid accounts and the programs they fund, see CRS Report R40213, *Foreign Aid: An Introduction to U.S. Programs and Policy*, by Curt Tarnoff and Marian L. Lawson.

includes nearly \$401 million more DA funding than the United States provided to the region in FY2014. The vast majority of the additional DA funding would be used to support development efforts in Central America.

Table I. U.S. Assistance to Latin America and the Caribbean by Foreign Aid Account: FY2011-FY2016

Appropriations in thousands of U.S. dollars

Account	FY2011	FY2012	FY2013	FY2014	FY2015 (request)	FY2016	% Change FY2014-FY2016
DA	361,463	333,785	305,945	214,399	282,390	615,041	+187%
GHP (USAID)	130,977	104,509	78,948	63,063	65,541	65,541	+4%
GHP (State)	203,323	182,236	173,496	157,368	167,444	148,444	-6%
P.L. 480	94,951	38,173	40,526	29,067	13,000	13,000	-55%
ESF	435,130	465,541	447,503	459,280	392,876	597,461	+30%
INCLE	506,220	593,270	550,942	467,131	332,000	464,000	-1%
NADR	25,200	20,530	14,992	14,485	12,563	9,070	-37%
IMET	14,458	14,597	12,892	13,503	13,770	12,905	-4%
FMF	84,477	70,885	59,226	59,315	47,100	64,665	+9%
Total	1,856,199	1,823,526	1,684,470	1,477,611	1,326,684	1,990,127	+35%

Source: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, Fiscal Years 2013-2015*.

Notes: DA=Development Assistance; GHP=Global Health Programs; P.L. 480=Food For Peace; ESF=Economic Support Fund; INCLE=International Narcotics Control and Law Enforcement; NADR=Nonproliferation Anti-terrorism, Demining, and Related programs; IMET=International Military Education and Training; and FMF=Foreign Military Financing.

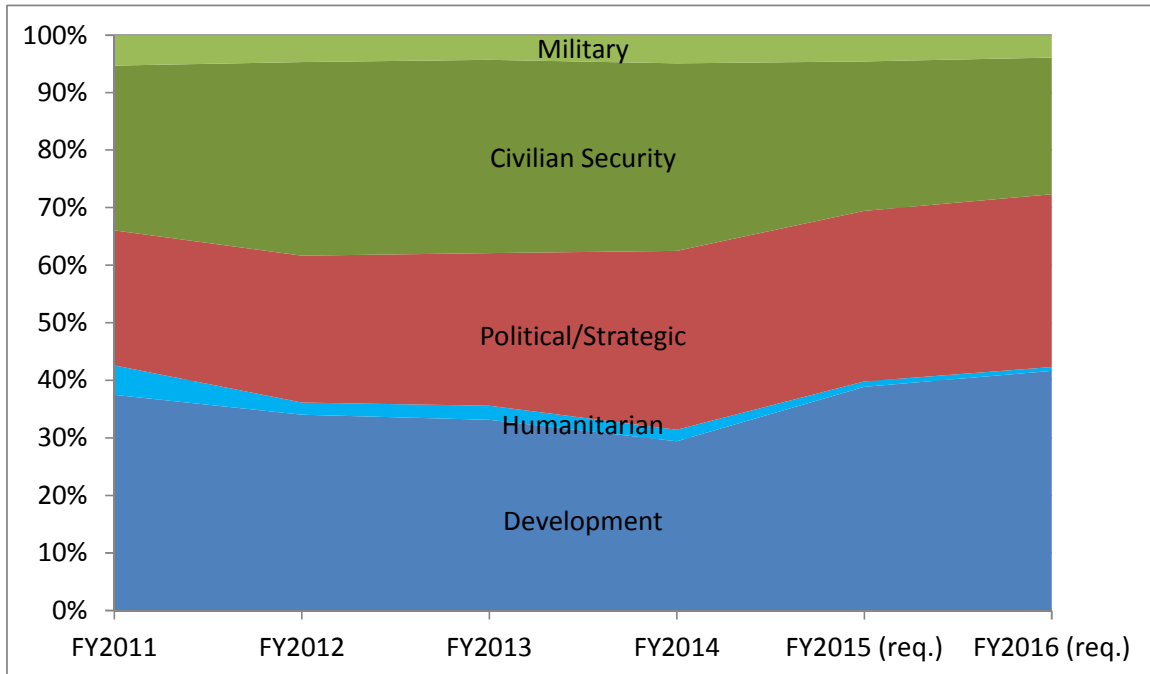
Another \$597 million (30%) of the Administration's FY2016 request for the region would be provided through the Economic Support Fund (ESF) account, which has as its primary purpose the promotion of special U.S. political, economic, or security interests. In practice, the ESF account generally funds programs that are designed to promote political and economic stability and are often indistinguishable from those funded through the regular development and humanitarian assistance accounts. The Administration's FY2016 request for the region includes \$138 million more ESF assistance than was provided in FY2014. Most of the additional ESF would be provided to Central America.

The remaining \$551 million (28%) of the Administration's FY2016 request for Latin America and the Caribbean would support security assistance programs. This includes \$464 million under the International Narcotics Control and Law Enforcement (INCLE) account, which supports counternarcotics and civilian law enforcement efforts as well as projects designed to strengthen judicial institutions. It also includes \$9 million requested under the Nonproliferation, Anti-terrorism, De-mining, and Related programs (NADR) account, which funds efforts to counter global threats, such as terrorism and proliferation of weapons of mass destruction. Additionally, \$78 million has been requested under the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts to provide equipment and personnel training to

Latin American and Caribbean militaries. Total security funding for the region would decline by about \$4 million, with a slight increase in FMF aid offset by slight decreases in INCLE, NADR, and IMET assistance. While INCLE aid for Central America, provided through the Central America Regional Security Initiative (CARSI), would increase by \$105 million, INCLE aid for Colombia and Mexico would be cut by \$32 million and \$68 million, respectively.

Figure 2. U.S. Assistance to Latin America and the Caribbean by Aid Category: FY2011-FY2016

As a percentage of total U.S. assistance appropriated for the region



Source: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, Fiscal Years 2013-2015*.

Notes: “Military” includes FMF & IMET; “Civilian Security” includes INCLE & NADR; “Political/Strategic” includes ESF; “Humanitarian” includes P.L. 480; and “Development” includes DA & GHP.

Major Country and Regional Programs¹⁰

Following a sharp increase in the number of unaccompanied children and other migrants from Central America arriving at the U.S. border in FY2014, the Administration announced a whole-of-government “**U.S. Strategy for Engagement in Central America**” that is designed to promote prosperity, security, and good governance in the sub-region. More than \$1 billion (51%) of the Administration’s FY2016 aid request for Latin America and the Caribbean would be allocated to Central America, with the majority of those funds concentrated in the “northern triangle” countries of **El Salvador**, **Guatemala**, and **Honduras**. Compared to FY2014, bilateral

¹⁰ For detailed information on the programs funded by U.S. assistance in each Latin American and Caribbean country, see U.S. Department of State, *Congressional Budget Justification, Foreign Operations, Appendix 3, Fiscal Year 2016*, February 27, 2015, <http://www.state.gov/documents/organization/238222.pdf>.

aid for El Salvador would increase from \$22 million to \$119 million, bilateral aid for Guatemala would increase from \$65 million to \$226 million, and bilateral aid for Honduras would increase from \$42 million to \$163 million. As noted above, nearly all of the increased bilateral aid would be provided through the DA account.

About half of the Administration's \$1 billion aid request for Central America would be provided through regional programs. Assistance provided through the **Central America Regional Security Initiative (CARSI)**, which has been the principal component of U.S. engagement with Central America in recent years and has yielded mixed results, would increase from \$162 million in FY2014 to \$287 million in FY2016. Assistance provided through USAID's Central America Regional program would increase from \$34 million to \$65 million. The request also includes an additional \$137 million that would be provided through the State Department's Western Hemisphere Regional program in support of the new Central America strategy. Although it is unclear how much funding from the regional programs would go to each country, the majority likely would be allocated to El Salvador, Guatemala, and Honduras.¹¹

Colombia would continue to be the single largest recipient of U.S. assistance in Latin America under the Administration's FY2016 request, though aid for the country would fall from \$331 million in FY2014 to \$289 million in FY2016. Colombia has received significant amounts of U.S. assistance to support counternarcotics and counterterrorism efforts since FY2000, but funding levels have declined in recent years as the security situation in Colombia has improved, the Colombian government has taken ownership of programs, and the United States has shifted the emphasis of its aid away from costly military equipment toward economic and social development efforts. According to the FY2016 request, U.S. assistance would support the Colombian government's efforts to eradicate and interdict coca, expand its institutional presence in conflict zones, demobilize and reintegrate ex-combatants, carry out land restitution, implement justice sector reforms, and provide humanitarian aid to conflict victims and vulnerable populations. U.S. assistance would also support the implementation of a potential peace agreement to end Colombia's 50-year internal conflict.¹²

Haiti, which has received high levels of aid for many years as a result of its significant development challenges, would once again be the second-largest recipient of U.S. assistance in the region in FY2016. U.S. assistance increased significantly after Haiti was struck by a massive earthquake in January 2010 but has gradually declined from those elevated levels. The Administration's FY2016 request would provide \$242 million to support the Post-Earthquake U.S. Government Strategy for Haiti, which includes four strategic pillars: infrastructure and energy, food and economic security, health and other basic services, and governance and rule of law. This would be a 20% reduction compared to the FY2014 level of \$301 million.

U.S. assistance to **Mexico** would significantly decline under the Administration's FY2016 request. Mexico traditionally has not been a major recipient of U.S. assistance given its status as an upper middle income economy, but it began receiving large amounts of aid through the anticrime and counterdrug program known as the Mérida Initiative in FY2008. The

¹¹ For more information, see CRS Report IN10237, *President Obama's \$1 Billion Foreign Aid Request for Central America*, by Peter J. Meyer and Clare Ribando Seelke; CRS Report R43702, *Unaccompanied Children from Central America: Foreign Policy Considerations*, coordinated by Peter J. Meyer; and CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

¹² For more information on Colombia and the peace process, see CRS Report R42982, *Peace Talks in Colombia*, by June S. Beittel.

Administration’s FY2016 request would provide \$142 million for Mexico, a 31% reduction compared to FY2014. FY2016 aid would be used to support the Mexican government’s efforts to combat transnational crime, reform rule of law institutions, protect human rights, strengthen border security, provide educational and vocational opportunities for at-risk youth, and carry out conservation and clean energy initiatives.¹³

U.S. assistance provided through the **Caribbean Basin Security Initiative (CBSI)** would also decline under the Administration’s FY2016 request.¹⁴ CBSI funding supports efforts to increase citizen security and address the root causes of crime and violence in the Caribbean. The FY2016 request would provide \$54.5 million to implement community-based policing programs, support police and justice sector reforms, provide equipment and training to partner nation security forces, and offer vocational training and other opportunities to at-risk youth. Compared to the FY2014 funding level, assistance provided through the CBSI would decline by nearly 16% (\$10 million) in FY2016.

Table 2. U.S. Assistance to Latin America and the Caribbean by Country or Regional Program: FY2011-FY2016

(In thousands of U.S. dollars)

	FY2011	FY2012	FY2013	FY2014	FY2015 (request)	FY2016 (request)	% Change FY2014- FY2016
Argentina	897	1,038	765	589	590	550	-7%
Bahamas	201	190	164	172	200	200	+16%
Belize	410	687	1,012	1,234	1,005	1,250	+1%
Bolivia	41,915	28,827	5,171	0	0	0	—
Brazil	23,321	18,038	15,185	13,858	3,365	1,365	-90%
Chile	1,321	1,155	1,038	1,082	1,050	700	-35%
Colombia	453,218	384,288	359,754	330,601	280,626	288,726	-13%
Costa Rica	743	1,112	1,624	1,731	1,600	1,825	+5%
Cuba	20,000	20,000	19,283	20,000	20,000	20,000	—
Dominican Republic	36,996	23,129	26,407	23,248	25,708	24,409	+5%
Ecuador	24,254	22,869	18,846	2,000	360	2,000	—
El Salvador	29,778	29,183	27,566	21,631	27,600	119,222	+451%
Guatemala	110,161	84,474	80,779	65,278	77,107	225,600	+246%
Guyana	16,911	10,864	9,150	6,904	6,936	6,886	-1%
Haiti	380,261	351,829	332,540	300,796	274,313	241,668	-20%
Honduras	56,017	57,040	51,980	41,847	48,176	162,950	+289%

¹³ For more information on U.S. policy in Mexico, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea.

¹⁴ For more information, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

	FY2011	FY2012	FY2013	FY2014	FY2015 (request)	FY2016 (request)	% Change FY2014- FY2016
Jamaica	7,589	6,700	7,061	6,670	6,100	5,600	-16%
Mexico	178,145	329,680	265,064	206,768	136,910	142,160	-31%
Nicaragua	24,065	12,301	8,599	8,400	8,200	18,150	+116%
Panama	2,984	3,252	3,449	2,986	4,015	3,325	+11%
Paraguay	6,806	3,773	6,041	7,528	8,433	9,460	+26%
Peru	96,581	79,129	98,634	82,649	93,555	95,985	+16%
Suriname	251	239	213	212	200	215	+1%
Trinidad and Tobago	253	175	167	179	200	325	+82%
Uruguay	989	539	427	725	500	500	-31%
Venezuela	5,000	6,000	5,786	4,298	5,000	5,500	+28%
Barbados and Eastern Caribbean	32,337	33,176	32,248	16,734	32,981	29,047	+74%
USAID Central America Regional	28,562	32,089	33,065	33,492	31,992	64,492	+93%
USAID South America Regional	9,819	16,000	13,072	16,500	5,500	4,777	-71%
USAID Latin America and Caribbean Regional	52,835	44,900	38,089	29,050	34,524	32,420	+12%
State Western Hemisphere Regional	213,579	220,850	221,291	230,449	189,938	480,820	+109%
[CARSI]	[101,508]	[135,000]	[145,619]	[161,500]	[130,000]	[286,500]	+77%
[CBSI]	[77,367]	[64,000]	[60,296]	[63,500]	[56,500]	[53,500]	-16%
Total	1,856,199	2,022,526	1,890,385	1,477,611	1,513,184	1,990,127	+35%

Source: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, Fiscal Years 2013-2016*.

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

Legislative Action

Congress has begun considering the Administration's FY2016 foreign aid request. Since Congress has not enacted a comprehensive foreign assistance authorization measure since FY1985, annual Department of State, Foreign Operations, and Related Programs appropriations bills tend to serve as the primary legislative vehicles through which Congress reviews U.S. assistance and influences executive branch foreign policy. The House Committee on Appropriations reported its bill (H.R. 2772) on June 15, 2015. It includes \$30.07 billion for bilateral economic assistance and international security assistance globally, which is \$1.94 billion (6.1%) below the

Administration's request. The Senate Committee on Appropriations reported its bill (S. 1725) on July 9, 2015. It includes \$30.13 billion for bilateral economic assistance and international security assistance globally, which is \$1.87 billion (5.9%) below the Administration's request.¹⁵

It is unclear how much assistance the measures would provide for Latin America and the Caribbean since, for the most part, appropriations levels for individual countries and programs are not specified in the bills or the accompanying reports (H.Rept. 114-154 and S.Rept. 114-79). Nevertheless, congressional priorities appear to differ from those of the Administration in several respects.

Neither bill appears to fully fund the Administration's \$1 billion request to support the "**U.S. Strategy for Engagement in Central America**," and both bills place significant conditions on aid to the sub-region. According to H.Rept. 114-154, the House Appropriations Committee recommends providing \$296.5 million to Central America through the Central America Regional Security Initiative (CARSI). H.R. 2772 states that the funds are to be used to improve border security, counter criminal organizations, combat human smuggling, and receive and reintegrate migrants from the United States. The bill directs the State Department to develop a multi-year assistance strategy for Central America that includes a clear mission statement, achievable objectives and associated benchmarks and timelines, a spending plan that describes how appropriated funds will be used to achieve the objectives, and a description of host country commitments. It also directs the State Department to suspend aid to Central American countries if their governments fail to work with U.S. agencies and each other to improve border security, prevent illegal emigration, and receive and reintegrate deportees. While the committee's decision to only include a specific funding recommendation for the CARSI portion of the Central America request does not preclude the Administration from dedicating additional aid to the sub-region, doing so would be difficult given the overall funding levels in the bill and competing budget priorities.

S. 1725 appears to fund a larger portion of the Administration's request for Central America. It provides "up to" \$675.3 million to implement the new Central America strategy. This includes up to \$72.3 million in bilateral aid for El Salvador, up to \$136.7 million for Guatemala, up to \$97.8 million for Honduras, and up to \$231.5 million for the sub-region through CARSI. Prior to obligating the funds, the State Department is required to develop a multi-year spending plan that specifies the programs to be funded and includes objectives, indicators, and a timeline for implementing the strategy. The bill also requires 75% of funds for the "central governments of El Salvador, Guatemala, and Honduras" to be withheld until the Secretary of State certifies those governments are taking a variety of steps, such as combating corruption, reforming police and justice sector institutions, protecting human rights, raising domestic revenues, and resolving commercial disputes with U.S. entities. The bill directs the Secretary of State to evaluate the progress Central American governments are making on those issues every 120 days following enactment, and directs the Secretary to suspend assistance if progress is insufficient.

There are also considerable differences regarding funding for security assistance programs in **Colombia, Mexico, and the Caribbean**. H.Rept. 114-154 states "the Committee believes it is critical to continue robust support for counternarcotics and law enforcement efforts, as well as assistance for rule of law and judicial reform activities in [Latin America and the Caribbean], in

¹⁵ For more information, see CRS Report R43901, *State, Foreign Operations, and Related Programs: FY2016 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Alex Tiersky.

order to fight drug trafficking and violent crime before it reaches the borders of the United States.” Accordingly, the House Appropriations Committee recommends providing \$28 million above the request in INCLE assistance for Colombia, \$30 million above the request in INCLE assistance for Mexico, and \$8 million above the request in INCLE assistance for the Caribbean CBSI. S.Rept. 114-79, on the other hand, recommends providing \$14 million less INCLE assistance than was requested for Colombia, \$2 million less FMF assistance than was requested for Mexico, and \$9 million less INCLE assistance than was requested through CBSI. Both bills recommend providing \$8 million less ESF aid for Colombia than was requested.

Other differences involve funding for democracy and conservation programs in the region. H.R. 2772 provides \$10 million above the Administration’s request for democracy promotion in **Cuba** and forbids any of the funds from being used for business promotion, economic reform, or entrepreneurship.¹⁶ According to H.Rept. 114-154, it also provides \$10 million above the request for democracy promotion activities in **Venezuela, Nicaragua, Bolivia, and Ecuador**. S. 1725 fully funds the Administration’s \$20 million request for programs in Cuba, including \$5 million to support Cuban entrepreneurs, and fully funds the Administration’s \$5.5 million request for democracy promotion in Venezuela. While the request did not include any funding to support environmental programs in **Brazil**, H.Rept. 114-154 and S.Rept. 114-79 both recommend providing \$10.5 million for such programs.

Looking Ahead

At this juncture, it is uncertain if Congress will proceed with a freestanding FY2016 foreign aid appropriations measure, or whether such legislation, for example, would be rolled into an omnibus appropriations measure that combines several appropriations bills, as Congress has done frequently in recent years. For FY2015, for example, the House and Senate Appropriations Committees both reported out individual State Department, Foreign Operations, and Related Programs appropriations bills, but the bills were never considered or approved in either chamber before such appropriations were included in the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235). FY2006 was the last time State Department and foreign operations appropriations were enacted as freestanding bills. If similar action is taken for FY2016, it would continue the pattern of reduced opportunities for Members that are not on the Appropriations Committees to consider and debate foreign aid legislation, including assistance to Latin America and the Caribbean.¹⁷

As Members of Congress continue to consider FY2016 foreign assistance appropriations for Latin American and Caribbean countries, they might consider questions such as:

- How do U.S. policy priorities in the Western Hemisphere compare to U.S. priorities elsewhere in the world, and are U.S. priorities properly reflected in the FY2016 foreign aid budget?

¹⁶ For more information, see CRS Report R43926, *Cuba: Issues for the 114th Congress*, by Mark P. Sullivan.

¹⁷ For more information, see CRS Report R43751, *Department of State and Foreign Operations Appropriations: A Fact Sheet on Legislation, FY1995-FY2015*, by Susan B. Epstein.

- To what extent do socioeconomic and security conditions in Latin America and the Caribbean affect the United States, and what would be the likely results of not fully funding the Administration's FY2016 request for the region?
- How many years and what levels of U.S. assistance will be necessary to achieve U.S. objectives in the region?
- How has the 20% decline in annual U.S. assistance appropriations for Latin American and the Caribbean between FY2011 and FY2014 affected U.S. influence in the region?
- What other forms of engagement could the U.S. government use to advance its policy priorities in Latin America and the Caribbean as U.S. relations with the region become less defined by the provision of foreign assistance?

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