

USGLC HILL BRIEFER:
FACTSHEET ON U.S. FOREIGN ASSISTANCE
IN CENTRAL AMERICA AND MEXICO

Q: HISTORICALLY, HAVE CENTRAL AMERICA AND MEXICO BEEN A PRIORITY FOR U.S. ASSISTANCE?

Generally, no. Central America and Mexico have only been an aid priority intermittently. In fact in FY13, these countries received only 1.3% of all American foreign assistance. In some cases, temporary increases have come in response to natural disasters, such as the 1976 earthquake in Guatemala and Hurricane Mitch that struck Honduras and Nicaragua in 1998. The most significant upsurge in American support came in the 1980s during the conflicts in El Salvador and Nicaragua. Most recently, the United States increased aid to Mexico through the Merida Initiative beginning in 2008 to support anti-crime and counterdrug operations. But overall, Central America and Mexico are small recipients of foreign assistance from the United States.

Q: WHAT FOREIGN ASSISTANCE DOES THE UNITED STATES CURRENTLY PROVIDE IN CENTRAL AMERICA AND MEXICO?

The United States provided about \$475 million in overall foreign assistance to Central America and Mexico in FY13, a level that would fall to \$337 million in the Administration's FY15 budget request. (Country allocations for FY14 are not yet available.) Program highlights for each country include:

- **MEXICO:** The Merida Initiative aims to strengthen Mexican judicial and security institutions by countering drug trafficking, organized crime, corruption, illicit arms trafficking, and money-laundering, while reducing the demand for drugs in both countries. A relatively new element of the Merida Initiative is to help Mexico secure its southern borders with Guatemala and Belize. The U.S. has provided more than \$2.1 billion since 2008, though funding levels have steadily declined as Mexico increased its own budget for these efforts.
- **GUATEMALA:** About one-quarter of the \$80 million in U.S. assistance for Guatemala in FY13 supported programs addressing transnational crime, the rule of law, and human rights challenges. USAID recently announced the launch of a \$40 million, five-year project to reduce risk factors for youth involvement in gangs and address other factors driving migration to the United States. Guatemala is also eligible for an MCC Threshold Program, which is currently under discussion.
- **EL SALVADOR:** Forty percent of the \$28 million in FY13 U.S. assistance for El Salvador focused on citizen security and rule of law. This year, USAID initiated a new \$25 million, five-year effort to expand youth outreach centers, providing services to at-risk youth susceptible to gang recruitment. The MCC successfully completed a \$461 million, five-year Compact with El Salvador in 2012 focused on agriculture, rural business, transportation infrastructure, education, and public services. A second compact of \$277 million was approved last year; it aims to improve the competitiveness of the country's labor force, strengthen regulatory policies, and improve transportation infrastructure.
- **HONDURAS:** Roughly one-third of the \$52 million in U.S. assistance for Honduras in FY13 focused on peace, security, democracy, human rights, and governance activities. USAID plans to support additional public-private partnerships to increase economic and educational



opportunities for the at-risk youth in each country. Honduras finished a \$205 million MCC Compact in 2009 focused on agricultural productivity and transportation challenges and is currently implementing a \$15.6 million Threshold Program emphasizing an improved financial management system and a more effective public-private partnership process.

Guatemala, El Salvador, and Honduras are also partners in the Central American Regional Security Initiative (CARSI), which has provided \$650 million in assistance (since 2008) to support efforts by Central American countries to increase security and bolster the rule of law.

Q: HAVE AMERICAN TAXPAYER-FINANCED PROGRAMS IN THE REGION ACHIEVED THE RESULTS INTENDED?

Despite significant social, economic and security challenges, U.S. support has helped make progress on several fronts. For example, in El Salvador, with the help of USAID trade and investment policy reform programs, foreign direct investment grew more than seven-fold between 2000 and 2010. In Guatemala, poverty levels fell by 5% between 2006 and 2012, and chronic malnutrition dropped by 6% during the same period. In Honduras, U.S. assistance has helped cut the illiteracy rate from 50% to 16% and increased the number of people with access to clean water from less than 30% to 87%. Through the Merida Initiative, Mexico between 2008 and 2013 removed 50 senior members of drug trafficking organizations, seized more than \$3 billion worth of illegal goods, and trained over 700,000 students on civic education and ethics standards.

Other recent examples of how U.S. support to the region has achieved solid results include:

- **PLAN COLOMBIA:** In Colombia, Central America's direct neighbor to the south, a bipartisan initiative begun in 1999 is widely regarded as a major success in combating the high levels of violence and insecurity that plagued the country and the region. Through Plan Colombia, American foreign assistance helped train Colombian law enforcement and rebuild the economy. Today, Colombia has seen a significant reduction in violence, cut cocaine production by more than half, and tripled trade with the U.S. to more than \$14 billion. Colombia has also become a good security partner by using lessons from its experience to help Central American countries tackle similar challenges in their nations.
- **MCC:** In El Salvador, through the MCC's first Compact, more than 33,000 households gained access to electricity, 7,200 households were able to improve sanitation, and 2,250 additional girls enrolled in MCC-supported schools.
- **FEED THE FUTURE:** A USAID-led food security initiative, Feed the Future has leveraged more than \$4 million in new private investment in food and agriculture in Honduras, where thousands of Hondurans moved out of extreme poverty. In Guatemala, nearly 250,000 children under the age of five were reached by nutrition programs.

Q: WHAT ABOUT CONCERNS OF CORRUPTION?

Corruption is a challenge in many countries, and Central America is no exception. A number of U.S. investments specifically focus on strengthening the capacity of government institutions to counter fraud and corruption within their ministries and in their societies. Nevertheless, it is a mixed picture. In the MCC scorecard in 2013, El Salvador scored well above the median on the corruption indicator (as it had for the past five years), while Guatemala and Honduras fell below the median on corruption. As a safeguard, the MCC and (more recently) USAID, maintain increasingly strong transparent oversight and evaluation capabilities to constantly monitor aid resources in order to ensure they are used for their intended purposes.

Q: WHAT IS IN THE FY14 EMERGENCY SUPPLEMENTAL PROPOSAL FOR THE INTERNATIONAL AFFAIRS BUDGET?

The emergency supplemental includes \$300 million for International Affairs programs that will support State Department and USAID economic assistance programs to strengthen the capacity of Central American countries to control their own borders and counter the underlying causes of migration, especially those most affecting children and young adults. Some of these funds also could be made available to the MCC. Details include:

- **REPATRIATION AND REINTEGRATION EFFORTS (\$20 MILLION):** Increasing capacity for more return flights each week and providing immediate arrival assistance to repatriated families.
- **BORDER CONTROL (\$32 MILLION):** Combating transnational criminal organizations and smuggling networks, and improving legal trade and slowing illegal migration.
- **ECONOMIC DEVELOPMENT (\$90 MILLION):** Improving economic opportunity by providing access to financial services, working with local governments to improve the business environment, and improving job skills.
- **CRIME FIGHTING (\$38 MILLION):** Expanding national police capacity and capabilities to promote effective reform, reduce the homicide rate, and diminish organized crime networks and gangs.
- **YOUTH PROGRAMS (\$29 MILLION):** For at-risk young people to reduce the influence of gangs and promote leadership skills and entrepreneurship through internships.
- **CIVIL SOCIETY AND GOVERNANCE (\$90 MILLION):** Improving financial management and fiscal reform, judicial independence, and workforce development to protect vulnerable populations.
- **PUBLIC OUTREACH EFFORTS (\$1 MILLION):** Expanding State Department campaigns to deter potential migrants by emphasizing the dangers to children.



Q: ARE THESE NEW AND EXISTING FUNDS CONTINGENT ON GOVERNMENT BEHAVIOR?

The supplemental request would require the State Department and USAID to measure progress by which Central American governments will be held accountable for repatriation and reintegration efforts. Metrics will include the means to assess cooperation in dealing with challenges in their own countries that have led to the surge in migration. According to the request, “continued funding beyond initial assistance for addressing repatriation and reintegration efforts may be contingent on cooperation by Central American governments on progress against such metrics.”

SOURCES

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