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Has the United States “Doubled Development Assistance” to Latin America?

Undersecretary of State for Public Diplomacy Karen Hughes claims that the Bush Administration has “doubled development assistance to Latin America, from \$862 million in 2001 to a requested \$1.7 billion for the FY 2007 fiscal year.”¹ Commenting on her recent trip to Latin America to shore up the U.S. image, Ms. Hughes lamented that, “many of the leaders I met with didn’t realize” that President Bush had doubled development assistance.² Underlying this statement is the administration’s bemusement at lack of appreciation from Latin American governments and publics. Is the Bush Administration just the victim of poor public relations in the region?

A closer look at the numbers shows that, while they were not created out of thin air, Undersecretary Hughes is lumping military and counternarcotics assistance in the total and calling it “development assistance.” But military aid and equipment and the harsh counternarcotics policies promoted by the U.S. government don’t usually buy good will with Latin American publics. Neither the Clinton nor the Bush Administration has done enough to provide the kind of assistance to the region that does win friends and influence people: rural development aid, microcredit, support for education, health services such as maternal and child health, HIV/AIDS, building potable water systems, humanitarian relief for refugees and internally displaced persons, and disaster relief.

Examining the Numbers. Since the actual budget category known as “development assistance” for Latin America is a much smaller number and has declined from \$225.5 million in FY01 to a requested \$181.85 million in FY07, Ms. Hughes must be referring to a broader category of aid.

Likely, Ms. Hughes is referring to all foreign aid distributed through the State Department, not just to economic aid. Below, a comparison of the FY2001 and FY2007 budgets for all aid provided for Latin America and the Caribbean through the State Department. According to this, the Bush Administration did provide \$1.7 billion in assistance while the last year of the Clinton Administration’s aid totaled about \$871 million. Some gradual increases (not accounting for inflation) in a few economic aid accounts can be observed (Peace Corps, Child Survival and Health, Inter-American Foundation, for example). However:

¹ *Miami Herald* interview, “Bush Aide Seeks Better Image in Latin America,” April 18, 2006; also in a Morning Edition radio show.

² Karen P. Hughes, Remarks at the Shell Distinguished Lecture Series, Baker Institute for Public Policy, Houston, Texas, March 29, 2006, www.state.gov/r/us/64106.htm.

1. Over one-third of the 1.7 billion total termed “development assistance” by Undersecretary Hughes is military and hard-side counternarcotics aid. Of the \$1.7 billion total for FY07, over \$663 million is military training or counternarcotics funding for eradication and interdiction. This \$663 million includes the \$479.5 million of the Andean Counternarcotics Initiative that is for eradication, aerial spraying and interdiction (not alternative development programs); \$127.8 million in military training and equipment programs, principally for Colombia; \$54.8 million in other counternarcotics/law enforcement programs; and \$1.4 million for a counternarcotics initiative through the OAS. (This \$663 million does not include all military and counternarcotics programs for Latin America, only those provided through State; considerably more are administered by the Defense Department.) An additional \$123 million is for the Haiti peacekeeping mission.

2. The FY2001 comparison budget is artificially low by over \$400 million due to an accounting gimmick. The comparison between FY01 and FY07 should be adjusted for the fact that the Clinton Administration initiated Plan Colombia with a special two-year funding of \$874.4 million which was appropriated in FY2000 but covered 2000-2001. FY2001 only included an additional \$48 million for Colombia. So it would be more accurate to average it out to about \$461 million per year, making the FY2001 total \$413 million more, or a comparison of 1.7 billion under the Bush Administration vs. \$1.28 billion under the Clinton Administration. Of that \$420 million increase under the Bush Administration, \$121 million is the Haiti peace-keeping mission, as much as \$110 million is increased military aid, and \$88 million is the new HIV/AIDS program.

3. The Bush Administration will be able in the future legitimately to point to the new Millennium Challenge Account as providing additional development assistance to Latin America. However, to date only two countries, Honduras and Nicaragua, are slated to receive such funding, which has yet to get rolling. While the Millennium Challenge has been advertised as additional aid, not replacing existing funding, Honduras and Nicaragua received cuts in their development assistance of \$5 million and \$8 million respectively from FY06 to FY07. While small, if those cuts continue each year, the five-year Millennium Challenge grants will be less significant.

Category	FY2001	FY2007
Child Survival & Health	98.743	128.033
Development Assistance	225.515	181.852
Economic Support Funds	120.084	152.095
Migration & Refugee Account	13.626	21.978
HIV/AIDS		88
Andean Counternarcotics Initiative	154.4	721.5
International Narcotics & Law Enforcement	23.357	54.8
International Military Education & Training	10.455	12.575
Foreign Military Financing	4.975	105.25
Anti-Terrorism Assistance	2.309	9.928
OAS Development Assistance	5.5	5.225
OAS Democracy Strengthening	2.5	2.5
OAS/CICAD		1.4
Pan American Health Institute (PAHO)		56.609
Pan American Institute of Geography		0.324
PAHO, PAIGH, OAS, IICA, other inter-american organizations	123.338	
UN Mission in Haiti/peacekeeping	1.721	123

Inter-American Foundation	11.974	19.268
Peace Corps	35.978	44.983
Multilateral Investment Fund	9.978	
Inter-American Investment Corp	24.945	
Demining - Central America	2.21	
TOTAL (Figures in millions of dollars)	871.61	1729.32

Source: State Department, International Affairs (Function 150) Budget, FY2001 and FY2007, and related congressional justification documents.

