



United States Government Accountability Office
Washington, DC 20548

January 30, 2013

The Honorable Dianne Feinstein
Chairman
The Honorable Charles Grassley
Co-Chairman
Caucus on International Narcotics Control
United States Senate

Subject: *Status of Funding for the Central America Regional Security Initiative*

In Central America, violent criminal and drug trafficking organizations, transnational youth gangs, and other criminal networks operate with virtual impunity and take advantage of weak government institutions, undermining citizen security and the rule of law. The United States created the Mérida Initiative and later the Central America Regional Security Initiative (CARSI) to help Central American countries respond to these threats.¹ From fiscal years 2008 through 2011, U.S. agencies allocated \$350 million in assistance funding for CARSI activities in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. CARSI assistance employs an integrated approach to support anti-corruption, judicial reform, anti-gang, community policing, and corrections efforts, as well as crime prevention, law enforcement, and counternarcotics programs. Assistance to fund these activities has come from four accounts: International Narcotics Control and Law Enforcement (INCLE); Economic Support Fund (ESF); Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR); and Foreign Military Financing (FMF).

In this correspondence, we are providing information on the status of funding provided under CARSI to support programs in partner countries as of September 30, 2011. Specifically, we describe how much funding U.S. agencies have disbursed each fiscal year for partner countries. In addition, in enclosure I, we describe—by year of appropriation—how much INCLE, ESF, and NADR funding U.S. agencies have allocated, obligated, and disbursed under CARSI; in enclosure II, we describe how U.S. agencies have allocated and committed FMF funds (by year of appropriation) toward activities in CARSI partner countries.²

To determine the status of CARSI funding provided, we collected data from the Department of State (State) and the United States Agency for International Development (USAID), including data on funds allocated, obligated, and disbursed for CARSI activities from fiscal years 2008 through 2011. Recognizing that agencies may use slightly different terms, we

¹For the purposes of this review, the term CARSI will be used to refer to both funding provided under the earlier Mérida Initiative, as well as the more recent CARSI, to support activities in CARSI partner countries.

²We are not able to present data on the FMF account used to support CARSI activities in the same way as other CARSI accounts in enclosure I. FMF funds are budgeted and tracked in a different way than the other CARSI accounts and the DOD system that is used does not track FMF information consistent with the way we are presenting the data for the other accounts. In enclosure II, we present data on FMF allocations and commitments—by year of appropriation—toward activities in CARSI partner countries.

provided agencies with definitions from GAO's *A Glossary of Terms Used in the Federal Budget Process* and asked agencies to provide the relevant data according to these definitions.³ To the extent possible, we worked with agencies to ensure that they provided data that met these definitions. Because FMF funds are budgeted and tracked in a different way than the other CARSI accounts, we collected information on CARSI FMF allocations and commitments. We reviewed funding data and documents from State and USAID and interviewed relevant agency officials regarding these documents and data, including the reliability of data provided by these agencies. For the purposes of this review, we determined that the data provided were sufficiently reliable. We conducted work on this correspondence as part of a broader review of CARSI. We will complete that review, which will include updated information on the status of CARSI funding, later in 2013. See enclosure III for a complete description of our scope and methodology.

We conducted our work from August 2012 through January 2013 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objective. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

Background

In 2007, President George W. Bush and Mexican President Felipe Calderón announced the Mérida Initiative, a multiyear assistance package to Mexico and Central America, to help address increasing violence and criminal activity, especially from drug trafficking organizations and other criminal organizations. Under the Mérida Initiative, the United States funded programs in Central America for capacity building and other support to improve law enforcement institutions, promote economic and social development, and conduct interdiction training. According to a report by the United States Senate Caucus on International Narcotics Control⁴ and other reporting, the security situation in Central America has deteriorated in recent years as Mexican drug trafficking organizations, transnational gangs, and other criminal groups have expanded their activities, contributing to escalating levels of crime and violence. Violence is particularly high in El Salvador, Guatemala, and Honduras, with homicide rates among the highest in the world.

Recognizing these evolving threats, in 2010 the Obama administration separated the Central America portion of the Mérida Initiative and renamed it CARSI. CARSI is designed as a collaborative partnership between the United States and the region, focused on meeting the needs of the region. The five primary goals of CARSI are to:

- create safe streets for citizens in the region;
- disrupt the movement of criminals and contraband to, within and between the nations of Central America;
- support the development of strong, capable, and accountable Central American governments;
- re-establish effective state presence and security in communities at risk; and
- foster enhanced levels of security coordination and cooperation between the nations of the region.

³GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sept. 2005).

⁴United States Senate Caucus On International Narcotics Controls, *Responding to Violence in Central America* (Washington, D.C.: Sept. 2011).

Funding for CARSI has come from four foreign assistance accounts:

- *INCLE*: The INCLE account provides assistance to foreign countries and international organizations to assist them in developing and implementing policies and programs that maintain the rule of law and strengthen institutional law enforcement and judicial capabilities, including countering drug flows and combating transnational crime.
- *ESF*: The ESF account assists foreign countries in meeting their political, economic, and security needs by funding a range of activities, including those designed to counter terrorism and extremist ideology, increase the role of the private sector in the economy, develop effective legal systems, build transparent and accountable governance, and empower citizens.
- *NADR*: The NADR account funds contributions to certain organizations supporting nonproliferation, and provides assistance to foreign countries for nonproliferation, demining, antiterrorism, export control assistance, and other related activities.
- *FMF*: The FMF account provides grants and loans to foreign governments and international organizations for the acquisition of U.S. defense equipment, services, and training.

Summary

As of September 30, 2011, of the \$350 million that U.S. agencies had allocated to support CARSI activities, State and USAID had disbursed over \$75 million of INCLE, ESF, and NADR funds.⁵ In addition, State had committed almost \$22 million of FMF funds to support CARSI activities. The two principal accounts for CARSI are the INCLE and ESF accounts. U.S. agencies also allocated funds for Central America from the NADR and FMF accounts. From fiscal years 2008 through 2011, State and USAID disbursed about \$44.4 million in INCLE funds, \$25.9 million in ESF funds, and almost \$5 million in NADR funds to support CARSI activities in partner countries. The agencies used the funds to support programs in Central American countries that strengthen law enforcement and maritime interdiction capabilities, support capacity building and training programs, and deter and detect border criminal activity. To demonstrate how funding for CARSI activities has been allocated, obligated, and disbursed—by year of appropriation—we are providing this information in enclosure I. In addition, we present data on how funding for CARSI activities under FMF has been allocated and committed—by year of appropriation—in enclosure II.

Agencies Disbursed over \$75 Million in Funds to Support CARSI Activities from Fiscal Years 2008 through 2011

As of September 30, 2011, State and USAID had disbursed over \$75 million for CARSI activities and committed almost \$22 million of FMF funds. Funding for CARSI has primarily come from two accounts—INCLE and ESF. Funding also came from the NADR and FMF accounts. State manages the INCLE, NADR, and FMF accounts, while State shares responsibility with USAID to manage and administer the ESF account. Within State, the Bureau for International Narcotics and Law Enforcement Affairs (INL) administers INCLE. The Bureau for Political-Military Affairs administers the FMF account, while the Department of Defense (DOD) oversees the actual procurement and transfer of goods and services purchased with these funds. State's Bureau of International Security and Nonproliferation and its Bureau of Counterterrorism administer NADR. State's Bureau of Western Hemisphere Affairs administers a portion of ESF and its Bureau of Educational and Cultural

⁵USAID disburses only ESF funds while State disburses INCLE, ESF, and NADR funds to support CARSI activities.

Affairs also previously administered some ESF funds. However, USAID oversees the implementation of most programs funded from ESF.

INCLE Funding for CARSI Activities

As of September 30, 2011, State disbursed approximately \$44.4 million of CARSI INCLE funds from fiscal years 2008 through 2011 to support CARSI partner countries. State used these funds to support strengthening the ability of Central American law enforcement institutions to fight crime, violence, and trafficking in drugs and firearms. For example, it used funds to support law enforcement units, such as vetted units; to support an expansion of a prison management initiative; and to provide technical assistance to enhance prosecutorial capacity and encourage cooperation among prosecutors, judges, and police.⁶ State used almost 30 percent of disbursed funds for regional activities, such as equipment and training for law enforcement activities (see table 1). State disbursed the largest amount of INCLE funds for CARSI activities in fiscal year 2011, with the largest portions going, in decreasing order, to Guatemala, Panama, and El Salvador.

Table 1: INCLE Funding Disbursed to Support CARSI Activities, Fiscal Years 2008 through 2011

Dollars in thousands

Country	FY2008	FY2009	FY2010	FY2011	Total
Belize	0	13	746	675	1,434
Costa Rica	0	1	768	1,872	2,641
El Salvador	0	353	1,482	4,048	5,883
Guatemala	0	1,001	1,630	6,501	9,132
Honduras	0	0	100	3,596	3,696
Nicaragua	0	23	157	770	950
Panama	0	267	2,813	4,686	7,766
Regional	0	35	9,318	3,518	12,871
CARSI INCLE Total	0	1,693	17,014	25,666	44,373

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to the nearest thousand. Figures in table may not sum correctly due to rounding. In State's financial tracking for the INCLE account, disbursed amounts are labeled as dispensed amounts.

USAID ESF Funding for CARSI Activities

As of September 30, 2011, USAID and State disbursed approximately \$25.9 million of CARSI ESF funds from fiscal years 2008 through 2011 to support CARSI partner countries. According to agency officials, USAID utilized ESF funding for CARSI to support various types of capacity building and training programs, such as work to help at-risk youth, set up youth outreach centers, and encourage justice reform. For fiscal year 2010, almost half of the funds USAID disbursed went to support programs and activities in El Salvador (see table 2). For fiscal year 2011, USAID disbursed the largest amount of funds to support Guatemala, while programming for the Regional Sustainable Development Program and El Salvador received the second and third largest amounts.

⁶Vetted units are groups of partner-nation law enforcement officials who undergo background checks, including polygraph examinations. These vetted units conduct complex investigations in areas such as firearms and narcotics trafficking, gangs, bulk cash smuggling, and money laundering.

Table 2: USAID ESF Funding Disbursed to Support CARSI Activities, Fiscal Years 2008 through 2011

Dollars in thousands

Country ^a	FY2008	FY2009	FY2010	FY2011	Total
El Salvador	0	0	2,031	3,082	5,113
Guatemala	0	0	311	3,973	4,284
Honduras	0	0	850	2,001	2,851
Nicaragua	0	0	372	342	714
Panama	0	54	221	1,746	2,021
Central America Regional Program ^b	0	0	0	0	0
Regional Sustainable Development Program ^c	0	0	487	3,184	3,671
CARSI ESF (USAID) Total	0	54	4,272	14,328	18,654

Source: GAO analysis of USAID data.

Notes: Data as of September 30, 2011. Amounts rounded to nearest thousand. Figures in table may not sum correctly due to rounding.

^aUSAID has no assistance programs in Belize or Costa Rica, thus neither country directly received ESF funding from USAID.

^bThe Central America Regional Program is administered out of El Salvador. According to USAID officials, its location is advantageous for programs that support the Central American Integration System (SICA), which is headquartered in El Salvador. SICA is the institutional framework for regional integration in Central America; it was created by Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

^cThe Regional Sustainable Development Program is managed out of Washington, D.C., and is targeted to programs in El Salvador, Honduras, Guatemala, Nicaragua, and Panama.

State ESF Funding for CARSI Activities

According to agency officials, State utilized ESF funding to support high-impact, sustainable engagements that focus on at-risk youth (such as job training and after school programs) and communities that are experiencing high levels of crime and violence. In addition, as directed in the Supplemental Appropriations Act for fiscal year 2008, State made \$5 million of State CARSI ESF funding available for an Economic and Social Development Fund for Central America to help support educational exchange programs.⁷ According to State officials, State ESF funding for CARSI is, as appropriate, aligned with complementary USAID ESF and INCLE activities to ensure that State is leveraging its resources. Between fiscal year 2008 and fiscal year 2011, State disbursed the largest amount of CARSI ESF funding in fiscal year 2009 to help support educational exchange programs with funds being used to support activities in all seven CARSI countries (see table 3). In fiscal year 2010, State disbursed CARSI ESF funding to support activities only in Belize; in fiscal year 2011, over half of the funds State disbursed went to support activities in Costa Rica.

⁷See Supplemental Appropriations Act, 2008, Pub. L. No. 110-252, § 1407, June 30, 2008.

Table 3: State ESF Funding Disbursed to Support CARSI Activities, Fiscal Years 2008 through 2011

Dollars in thousands

Country	FY2008	FY2009	FY2010	FY2011	Total
Belize	0	468	11	308	787
Costa Rica	0	808	0	1,304	2,112
El Salvador	0	694	0	0	694
Guatemala	0	1,100	0	399	1,499
Honduras	0	412	0	0	412
Nicaragua	0	869	0	133	1,002
Panama	0	651	0	83	734
CARSI ESF (State) Total	0	5,002	11	2,227	7,240

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to the nearest thousand. Figures in table may not sum correctly due to rounding.

NADR Funding for CARSI Activities

As of September 30, 2011, State disbursed almost \$5 million of CARSI NADR Export Control and Related Border Security (EXBS) and Counterterrorism (CT) funds from 2008 through 2011 to support CARSI partner countries. NADR-EXBS seeks to prevent the proliferation of weapons of mass destruction and advanced conventional weapons by helping to build effective national export control systems in countries that possess, produce, or supply strategic items, as well as in countries through which such items are most likely to transit. NADR-CT seeks to prevent terrorism and plays a key role in implementing a comprehensive approach to preventing and countering terrorist attacks on U.S. citizens and interests, at home and abroad, and helping to mitigate the impact of any attacks that may occur. From fiscal years 2008 through 2011, over 80 percent of CARSI NADR funds disbursed were from NADR-EXBS (see table 4). According to State officials, it is not possible to provide a country-by-country breakout of CARSI NADR-EXBS funds disbursed because the programs are intended for regional programming. State used NADR funds in CARSI partner countries to deter and detect drug smuggling, bulk currency smuggling, and other trans-border criminal activity.

Table 4: NADR Funding Disbursed to Support CARSI Activities, Fiscal Years 2008 through 2011

Dollars in thousands

	FY2008	FY2009	FY2010	FY2011	Total
NADR-EXBS ^a	0	974	2,283	713	3,970
NADR-CT (Regional Total)	0	376	103	386	866
Belize	0	4	0	179	183
Costa Rica	0	3	23	35	61
El Salvador	0	14	5	34	53
Guatemala	0	142	2	32	177
Honduras	0	133	0	14	147
Nicaragua	0	4	1	4	9
Panama	0	0	5	32	36
Costs of Grants to Organization of American States	0	77	67	55	199
CARSI NADR Total	0	1,350	2,386	1,099	4,835

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to the nearest thousand. Figures in table may not sum correctly due to rounding. NADR includes both NADR-CT and NADR-EXBS funding. CARSI NADR funds came from the fiscal year 2008 Supplemental Appropriations Act and were used to fund activities for Mérida-Central America.

^aNADR-EXBS programming is allocated regionally and not by country.

FMF Funding for CARSI Activities

As of September 30, 2011, State had committed almost \$22 million of FMF funds from fiscal years 2008 through 2011 to support CARSI countries.⁸ These funds were used to support the strengthening of the maritime interdiction capabilities of Central American countries, such as protecting their national territory and maritime borders against transnational threats. According to State officials, CARSI FMF has funded equipment (such as boats in Costa Rica, Belize, and El Salvador⁹ and communications equipment), maintenance and sustainment of maritime assets, and training.

State was unable to provide data on annual fiscal year disbursements for CARSI FMF funds because FMF funds are budgeted and tracked in a different way than the other CARSI accounts and the system that is used does not track information consistent with the way we are presenting financial data. The Defense Security Cooperation Agency (DSCA) and the Defense Financing and Accounting Services (DFAS) are responsible for the financial systems that account for FMF funds, as well as tracking the implementation and expenditure of those funds. According to DSCA officials, DSCA's system can only track FMF commitments, not annual disbursements. DFAS uses the Defense Integrated Finance System to track disbursements; however, there is no direct link between the DSCA and DFAS systems, and the DFAS system does not track funding for specific initiatives, such as CARSI. See enclosure II for further details on how FMF funds were allocated and committed—by year of appropriation—toward activities in CARSI partner countries.

⁸FMF commitments are funds “committed” for a specific purpose.

⁹According to State officials, CARSI FMF funds were used to procure eight boats—two for Costa Rica, two for Belize, and four for El Salvador.

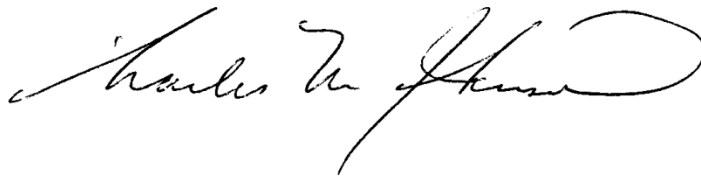
Agency Comments

We provided State and USAID with a draft of this report for their review. Both agencies provided technical comments on this report, which we incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of State, and the Administrator of USAID. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-7331 or johnsoncm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made contributions to this report are listed in enclosure IV.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles M. Johnson, Jr.", with a large, stylized loop at the end.

Charles Michael Johnson, Jr.
Director, International Affairs & Trade

Enclosures (4)

Enclosure I: Status of Central America Regional Security Initiative Funds

To demonstrate how funding for Central America Regional Security Initiative (CARSI) activities have been allocated, obligated, and disbursed, we are providing the status of CARSI funds as of September 30, 2011. The following tables show CARSI funds by account, describing how U.S. agencies have allocated, obligated, and disbursed funds (by year of appropriation) toward activities in CARSI partner countries. In addition, the tables show unobligated balances, which is the portion of an obligational authority that has not yet been obligated, and unliquidated obligations (or obligated balance), which is the amount of obligation already incurred for which payment has not yet been made.¹⁰

Status of CARSI International Narcotics Control and Law Enforcement Account Funds

The Department of State's (State) Bureau for International Narcotics and Law Enforcement Affairs administers the CARSI International Narcotics Control and Law Enforcement (INCLE) funds. Between fiscal year 2008 and fiscal year 2011, State allocated the largest amounts of its CARSI INCLE funds to regional programs, Guatemala, and El Salvador (see table 1).

Table 1: CARSI INCLE Funding Allocated and Disbursed toward Activities in CARSI Partner Countries (by Year of Appropriation)

Dollars in thousands

Country	FY2008	FY2009	FY2010	FY2011	Total
Belize					
Allocated	1,152	2,569 ^a	3,388 ^a	2,416	9,525
Unobligated balance	0	0	2 ^b	0 ^c	2
Unliquidated obligations ^d	94	2,411	3,289	2,295	8,089
Disbursed ^e	1,058	158	97	121	1,434
Costa Rica					
Allocated	2,118	5,120	3,295	2,500 ^a	13,033
Unobligated balance	0	0	0 ^c	0	0
Unliquidated obligations ^d	752	4,210	3,076	2,366 ^d	10,404
Disbursed ^e	1,366	909	219	134	2,628
Costa Rica Bilateral					
Allocation	0	0	500	0	500
Unobligated balance	0	0	0	0	0
Unliquidated obligations ^d	0	0	479	0	479
Disbursed ^e	0	0	21	0	21
El Salvador					
Allocated	4,452	12,781 ^a	5,359 ^a	6,159	28,751
Unobligated balance	0	1 ^b	1 ^b	0	2
Unliquidated obligations ^d	1,935	10,210	4,634	6,042	22,821
Disbursed ^e	2,517	2,570	723	117	5,927
Guatemala					
Allocated	5,464	12,109	19,272 ^a	16,675	53,520
Unobligated balance	0	2 ^b	0	0	2
Unliquidated obligations ^d	2,222	9,432	17,042	15,934	44,630
Disbursed ^e	3,242	2,676	2,230	741	8,889
Guatemala Bilateral					
Allocated	0	0	1,500	0	1,500
Unobligated balance	0	0	0	0	0
Unliquidated obligations ^d	0	0	1,031	0	1,031
Disbursed ^e	0	0	469	0	469
Honduras					
Allocated	4,469	5,571	6,585	6,537	23,162
Unobligated balance	0	0	0	0	0

¹⁰GAO, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP (Washington, D.C.: Sept. 2005).

Unliquidated obligations ^d	2,701	4,133	6,215	6,416	19,465
Disbursed ^e	1,768	1,438	370	120	3,696
Nicaragua					
Allocated	1,431	3,045	1,192	927	6,595
Unobligated balance	0	400 ^b	8 ^b	0	408
Unliquidated obligations ^d	1,228	2,174	900	804	5,106
Disbursed ^e	203	471	284	123	1,081
Panama					
Allocated	2,097	10,782	5,186	5,546 ^a	23,611
Unobligated balance	0	0	0	0	0
Unliquidated obligations ^d	315	6,510	4,057	4,877 ^d	15,759
Disbursed ^e	1,783	4,272	1,129	669	7,853
Regional					
Allocated	3,752	18,023	8,135	30,747	60,657
Unobligated balance	0	0	0	29,209	29,209
Unliquidated obligations ^d	2,468	7,039	8,074	1,494	19,075
Disbursed ^e	1,284	10,984	61	44	12,373

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to the nearest thousand. Figures in table may not sum correctly due to rounding. In INL financial tracking, disbursed amounts are labeled as dispensed amounts and allocated amounts are labeled as values allocated.

^aFor the purpose of this report, “allocated” amounts include funds for vetted units in these countries. The funding for the vetted units is tracked in the year in which the funds were allocated as of September 30, 2011. Vetted units were not tracked separately until fiscal year 2012.

^bAccording to State officials, reported unobligated amounts have expired and are no longer available for obligation.

^cBecause we are presenting budget data in thousands of dollars, amounts under \$1,000 are reported as zero. For Belize the amount is \$156 and for Costa Rica the amount is \$288.

^dAccording to State officials, unliquidated obligations for INCLE are funds that have been obligated and are waiting for payment to be recorded on an obligation in the accounting system.

^eAccording to State officials, disbursements or liquidations for INCLE are payments applied to an obligation in the accounting system.

Status of CARSI Economic Support Fund Account Funds

State shares responsibility with the United States Agency for International Development (USAID) to administer the Economic Support Fund (ESF). State’s Bureau for Western Hemisphere Affairs administers State’s portion of ESF, while USAID oversees the implementation of most programs funded from this account, according to USAID officials.

Status of USAID’s CARSI ESF Account Funds

Between fiscal year 2008 and fiscal year 2011, USAID allocated the largest amounts of its CARSI ESF to Guatemala, El Salvador, and Honduras (see table 2). For fiscal year 2011, USAID officials said that some of these funds were not allowed to be obligated until fiscal year 2012. For example, USAID was not able to obligate any fiscal year 2011 appropriated funds until fiscal year 2012 for activities in Guatemala, Honduras, and Nicaragua.

Table 2: ESF Funding Allocated and Disbursed by USAID toward Activities in CARSI Partner Countries (by Year of Appropriation)

Dollars in thousands

Country ^a	FY2008	FY2009	FY2010	FY2011	Total
El Salvador					
Allocated	4,000	2,750	5,744	7,850	20,344
Unobligated balance	0	0	0	0	0
Unliquidated obligations ^b	0	1,649	5,731	7,850	15,230
Disbursed ^c	4,000	1,101	13	0	5,114
Guatemala					
Allocated	6,750	2,750	5,750	5,500	20,750
Unobligated balance	0	0	0	5,500 ^d	5,500
Unliquidated obligations ^b	2,466	2,750	5,750	0	10,966
Disbursed ^c	4,284	0	0	0	4,284
Honduras					
Allocated	2,000	4,250	5,500	7,425	19,175
Unobligated balance	0	0	0	7,425 ^e	7,425
Unliquidated obligations ^b	0	3,530	5,368	0	8,898
Disbursed ^c	2,000	851 ^f	0 ^f	0	2,851
Nicaragua					
Allocated	1,000	1,000	1,000	1,000	4,000
Unobligated balance	0	0	0	1,000 ^d	1,000
Unliquidated obligations ^b	577	709	1,000	0	2,286
Disbursed ^c	423	291	0	0	714
Panama					
Allocated	3,650	1,000	2,350	0	7,000
Unobligated balance	10 ^g	0	0	0	10
Unliquidated obligations ^b	1,664	977	2,328	0	4,969
Disbursed ^c	1,976	23	22	0	2,021
Central America Regional Program^h					
Allocated	0	0	0	5,224	5,224
Unobligated balance	0	0	0	2,575 ^d	2,575
Unliquidated obligations ^b	0	0	0	2,649	2,649
Disbursed ^c	0	0	0	0	0
Regional Sustainable Development Programⁱ					
Allocated	2,600	4,250	1,300	501	8,651
Unobligated balance	0	1 ^g	0	251 ^d	252
Unliquidated obligations ^b	1,359	2,243	877	250	4,729
Disbursed ^c	1,241	1,874 ^f	555 ^f	0	3,670

Source: GAO analysis of USAID data.

Notes: Data as of September 30, 2011. Amounts rounded to the nearest thousand. Figures in table may not sum correctly due to rounding.

^aUSAID has no assistance programs in Belize or Costa Rica, thus neither country directly received CARSI ESF funding from USAID.

^bAccording to State officials, unliquidated obligations for ESF are amounts that have been obligated but not disbursed or expensed and remain as uninvoiced or unpaid.

^cAccording to State officials, disbursements for ESF are payments made by the agency to other parties using cash, checks, or electronic transfers.

^dAlthough these funds were appropriated in fiscal year 2011, they were not obligated until fiscal year 2012. According to USAID officials, because the funds for this appropriation were not received until late in fiscal year 2011 and congressional notification is required prior to obligation, USAID was delayed in obligating these funds. In this case, according to agency officials, a hold was placed on the congressional notification until September 22, 2011, which resulted in very limited time to obligate the funds prior to the end of fiscal year 2011.

^eAlthough appropriated in fiscal year 2011, \$1,925,000 of these funds was not obligated until fiscal year 2012. According to USAID officials, because the funds for this appropriation were not received until late in fiscal year 2011 and congressional notification is required prior to obligation, there was a delay in obligating these funds. In

this case, according to agency officials, a hold was placed on the CARSI congressional notification until September 22, 2011 which resulted in very limited time to obligate the funds prior to the end of fiscal year 2011.

^fAccording to USAID officials, a discrepancy of about \$132,000 between Honduras and the Regional Sustainable Development Program appears because there was a trade between the two operating units to ensure that all funds were obligated. At the end of fiscal year 2010, funds appropriated in 2009 for the Regional Sustainable Development Program were expiring and USAID's Bureau for Latin America and the Caribbean was not able to obligate them. These funds were transferred to USAID Honduras, which obligated them before they were going to expire. In exchange, an equal amount of 2010 funding to USAID Honduras was transferred back to the Regional Sustainable Development Program for obligation.

^gAccording to USAID officials, these funds are no longer available for obligation.

^hThe Central America Regional Program is administered out of El Salvador; its location is advantageous for programming that supports the Central American Integration System (SICA), which is headquartered in El Salvador.

ⁱThe Regional Sustainable Development Program is administered out of Washington, D.C., and is targeted to assist the countries of El Salvador, Honduras, Guatemala, Nicaragua, and Panama.

Status of State's CARSI ESF Account Funds

Between fiscal year 2008 and fiscal year 2011, State allocated the largest amounts of its CARSI ESF funding to Costa Rica, Belize, and Guatemala (see table 3).¹¹

Table 3: ESF Funding Allocated and Disbursed by State toward Activities in CARSI Partner Countries (by Year of Appropriation)

Dollars in thousands

Country	FY2008 ^a	FY2009	FY2010	FY2011 ^b	Total
Belize					
Allocated	468	450	300	600	1,818
Unobligated balance	0	0	0	600	600
Unliquidated obligations ^c	0	130	300	0	430
Disbursed ^d	468	320	0	0	788
Costa Rica					
Allocated	808	800	879	1,000	3,487
Unobligated balance	0	0	0	1,000	1,000
Unliquidated obligations ^c	0	115	260	0	375
Disbursed ^d	808	685	619	0	2,112
El Salvador					
Allocated	694	0	0	94	788
Unobligated balance	0	0	0	94	94
Unliquidated obligations ^c	0	0	0	0	0
Disbursed ^d	694	0	0	0	694
Guatemala					
Allocated	1,100	400	0	69	1,569
Unobligated balance	0	0	0	69	69
Unliquidated obligations ^c	0	1	0	0	1
Disbursed ^d	1,100	399	0	0	1,499
Honduras					
Allocated	412	150	0	341	903
Unobligated balance	0	150 ^e	0	341	491
Unliquidated obligations ^c	0	0	0	0	0
Disbursed ^d	412	0	0	0	412
Nicaragua					
Allocated	869	200	0	208	1,277
Unobligated balance	0	0	0	208	208
Unliquidated obligations ^c	0	67	0	0	67
Disbursed ^d	869	133	0	0	1,002

¹¹Costa Rica and Belize do not have USAID bilateral missions; therefore, State's Bureau of Western Hemisphere Affairs allotted funds to these embassies for obligation at post.

Panama					
Allocated	651	0	177	189	1,017
Unobligated balance	0	0	0	189	189
Unliquidated obligations ^c	0	0	94	0	94
Disbursed ^d	651	0	83	0	734

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to nearest thousand. Figures in table may not sum correctly due to rounding.

^aFor fiscal year 2008, \$5 million of State CARSI ESF funding was made available for an Economic and Social Development Fund for Central America to help support educational exchange programs.

^bAccording to State officials, because the funds for this appropriation were not received until late in fiscal year 2011 and congressional notification is required prior to obligation, State was delayed in obligating these funds.

^cAccording to State officials, unliquidated obligations for ESF are amounts that have been obligated but not disbursed or expensed and remain as uninvoiced or unpaid.

^dAccording to State officials, disbursements for ESF are payments made by the agency to other parties using cash, checks, or electronic transfers.

^eAccording to USAID officials, these funds were initially obligated and de-obligated at State and have since been returned to USAID.

Status of CARSI Nonproliferation, Anti-terrorism, Demining, and Related Programs Account Funds

State's Bureau of International Security and Nonproliferation and its Bureau of Counterterrorism administer CARSI Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds. NADR funds were allocated for Central American countries under the Mérida Initiative only for fiscal year 2008. NADR Export Control and Related Border Security (EXBS) and Counterterrorism (CT) funds were used to support activities in CARSI partner countries; the largest amount of funds was allocated for NADR-EXBS activities (see table 4).

Table 4: CARSI NADR Funding Allocated and Disbursed toward Activities in CARSI Partner Countries (by Year of Appropriation)

Dollars in thousands

Regional ^a	FY 2008		Total
	NADR-CT	NADR-EXBS	
Allocated	1,100	5,100	6,200
Unobligated balance	0	10 ^b	10
Unliquidated obligations ^c	234	1,121	1,355
Disbursed	866	3,969	4,835

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to nearest thousand. Figures in table may not sum correctly due to rounding.

^aNADR includes both NADR-CT and NADR-EXBS funding. NADR-EXBS programming is allocated, obligated, and tracked regionally for CARSI; therefore, State officials informed us that a break-out by country is not possible. CARSI NADR funds came from the fiscal year 2008 Supplemental Appropriations Act and were used to fund activities for Mérida-Central America.

^bAccording to State officials, these funds were never obligated and the obligation period for these funds expired on September 30, 2009; therefore, these funds were no longer available for obligation and reverted back to the Department of the Treasury. State officials explained that these funds were never obligated because contracts for NADR-EXBS activities were awarded on a competitive basis and actual costs were lower than estimated. These funds could not be applied to a different program prior to the obligation period expiring.

^cAccording to State officials, for NADR-CT, unliquidated obligations are amounts that have been obligated, but not disbursed or expensed and remain as uninvoiced or unpaid, and for which the service may not yet have been rendered. According to State officials, while these data represent the balance of unliquidated funds as of September 30, 2011, the majority of these funds has since been disbursed.

Enclosure II: Status of Central America Regional Security Initiative Foreign Military Financing Account Funds

This enclosure provides the status of Central America Regional Security Initiative (CARSI) Foreign Military Financing (FMF) funds as of September 30, 2011. Table 1 describes how U.S. agencies have allocated and committed FMF funds (by year of appropriation) toward activities in CARSI partner countries. The presentation of FMF allocations and commitments is different from presentations on allocations, obligations, and disbursements on the other CARSI accounts in enclosure I because FMF funds are budgeted and tracked in a different way.

The Defense Security Cooperation Agency (DSCA) and the Defense Financing and Accounting Service (DFAS) are responsible for the financial systems that account for FMF funds, as well as tracking the implementation and expenditure of those funds. According to DSCA officials, FMF funds are obligated upon apportionment. Further, DSCA's system can only track FMF uncommitted and committed amounts, not unliquidated obligations or disbursements. DFAS tracks disbursements using the Defense Integrated Finance System; however, there is no direct link between the DSCA and DFAS systems and the DFAS system does not track funding for specific initiatives, such as CARSI.

The Department of State (State) allocated FMF funds for Central American countries for activities under the Mérida Initiative from fiscal year 2008 to 2010. Between fiscal year 2008 and fiscal year 2010, State allocated the largest amounts of these FMF funds to El Salvador, Costa Rica, and Panama.

Table 1: CARSI FMF Funding Allocated and Committed toward Activities in CARSI Partner Countries (by Year of Appropriation)

Dollars in thousands

Country	FY2008	FY2009	FY2010	Total
Belize				
Allocated	0	2,978	200	3,178
Unobligated balance	0	0	0	0
Uncommitted ^a	0	0	0	0
Committed ^b	0	2,978	200	3,178
Costa Rica				
Allocated	2,800	1,764	325	4,889
Unobligated balance	0	0	0	0
Uncommitted ^a	0	311	0	311
Committed ^b	2,800	1,453	325	4,578
El Salvador				
Allocated	600	7,272	1,000	8,872
Unobligated balance	0	0	0	0
Uncommitted ^a	0	933	427	1,360
Committed ^b	600	6,339	574	7,513
Guatemala				
Allocated	0	0	1,375	1,375
Unobligated balance	0	0	0	0
Uncommitted ^a	0	0	0	0
Committed ^b	0	0	1,375	1,375
Honduras				
Allocated	0	0	1,514	1,514
Unobligated balance	0	0	0	0
Uncommitted ^a	0	0	1,514	1,514
Committed ^b	0	0	0	0
Nicaragua				
Allocated	0	746	786	1,532
Unobligated balance	0	0	0	0
Uncommitted ^a	0	146	786	932

Committed ^b	0	600	0	600
Panama				
Allocated	600	2,159	1,800	4,559
Unobligated balance	0	0	0	0
Uncommitted ^a	0	141	109	250
Committed ^b	600	2,019	1,691	4,310

Source: GAO analysis of State data.

Notes: Data as of September 30, 2011. Amounts rounded to nearest thousand. Figures in table may not sum correctly due to rounding.

^aFor the purposes of this report, “uncommitted” amounts represent FMF obligations not yet committed for expenditure.

^bFor the purpose of this report, “committed” amounts include FMF funding that has been committed, but not yet disbursed, and FMF funding that has been disbursed to a case.

Enclosure III: Scope and Methodology

To describe the status of Central America Regional Security Initiative (CARSI) funding, we obtained data from the Department of State (State) and the United States Agency for International Development (USAID) concerning funds allocated to support programs in Central American countries under the Mérida Initiative in 2008 and 2009 and under CARSI in 2010 and 2011 through four accounts—International Narcotics Control and Law Enforcement (INCLE); Economic Support Fund (ESF); Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR); and Foreign Military Financing (FMF). We obtained the data from each bureau at State that administers those accounts (International Narcotics and Law Enforcement, Western Hemisphere Affairs, International Security and Nonproliferation, Counterterrorism, and Political-Military Affairs). We also obtained data from USAID, which also allocates and implements the ESF account. In particular, State and USAID provided data on the status of allocations, unobligated balances, unliquidated obligations, and disbursements for the ESF account; State also provided this data for the INCLE and NADR accounts. State's bureaus and USAID administer the accounts separately and utilize their own data collection systems and budgeting terms. To address differences between their systems, we provided State and USAID with the definitions from GAO's *A Glossary of Terms Used in the Federal Budget Process* (GAO-05-734SP) and requested that State and USAID provide the relevant data according to those definitions. To the extent possible, we worked with agencies to ensure that they provided data that met these definitions. However, FMF funds are budgeted and tracked in a different way than the other foreign assistance accounts that support CARSI. The Defense Security Cooperation Agency (DSCA) and the Defense Financing and Accounting Service (DFAS) are responsible for the financial systems that account for FMF funds, as well as tracking the implementation and expenditure of those funds. DSCA's system can only track FMF uncommitted and committed amounts, not unliquidated obligations or disbursements. DFAS tracks disbursements using the Defense Integrated Finance System; however, there is no direct link between the DSCA and DFAS systems and the DFAS system does not track funding for specific initiatives, such as CARSI. Therefore, State was not able to provide data on unliquidated obligations or disbursements, but they were able to provide us with data on CARSI FMF allocations and commitments. We also interviewed officials from each of State's bureaus and USAID on their budgeting process and terms to determine the best method for collecting comparable data across accounts. We then reviewed the data and consulted with State and USAID on the accuracy and completeness of the information. When we found discrepancies, we contacted relevant agency officials and worked with them to resolve the discrepancies. We noted any differences in the ways the agencies collected, categorized or reported their data in notes to the tables in this report. To assess the reliability of the data provided, we requested and reviewed information from agency officials regarding the underlying financial data systems and the checks, controls, and reviews used to generate the data and ensure its accuracy and reliability. For the purposes of this review, we determined that the data provided were sufficiently reliable.

We conducted our work from August 2012 through January 2013 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objective. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

Enclosure IV: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Valérie Nowak, Assistant Director; Ian A. Ferguson; Marisela Perez; Ryan Vaughan; and Bruce Kutnick made major contributions to this report. Martin de Alteriis, Mary E. Moutsos, Ernie Jackson, Juan Gobel, and Karen Deans also provided assistance.