

MEMORANDUM

September 21, 2022

To: House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, Civilian Security, Migration, and International Economic Policy
Attention: Max Price

From: Peter J. Meyer, Coordinator, Specialist in Latin American and Canadian Affairs,
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Subject: **Alliance for Development in Democracy: Background for Roundtable**

This memorandum responds to your request for background information and potential questions in preparation for a roundtable on the “The Progress and Promise of the Alliance for Development in Democracy.” Information in the memorandum may be used in other CRS products. For additional information on the members of the Alliance for Development in Democracy, see CRS In Focus IF10908, *Costa Rica: An Overview*; CRS In Focus IF10407, *Dominican Republic*; CRS In Focus IF11218, *Ecuador: An Overview*; and CRS In Focus IF10430, *Panama: An Overview*.

Alliance for Development in Democracy

Recognizing their countries’ common commitments to democracy and human rights and shared interest in accelerating post-pandemic economic recovery and fostering sustainable development, the presidents of Costa Rica, the Dominican Republic, and Panama established the Alliance for Development in Democracy (ADD) on September 22, 2021. The ADD is intended to serve as a flexible arrangement through which member countries may engage in political dialogue, cooperate on joint development initiatives, and strengthen commercial ties with one another and with strategic partners, such as the United States.¹ The founding members have expressed hope that other countries will join the initiative and approved Ecuador as the fourth member of the ADD in June 2022.² The Biden Administration has sought to forge closer ties with the ADD countries, lauding the initiative as “a model for how leaders in the Western Hemisphere can collaborate to make progress on issues of common concern.”³

¹ “Alianza para el Fortalecimiento de la Institucionalidad Democrática,” agreement, September 22, 2021.

² “Next Meeting between Abinader and Presidents of Costa Rica and Panama will be Held in DR in December,” CE Latin America Migration, October 19, 2021; and Ministerio de Relaciones Exteriores, República Dominicana, “The Alliance for Development in Democracy Receives Ecuador as a Constitutive Member,” press release, June 10, 2022.

³ U.S. Department of State, “Secretary Blinken’s Meeting with Foreign Minister Solano of Costa Rica, Foreign Minister Álvarez of the Dominican Republic, and Foreign Minister Moynés of Panama,” Readout, March 3, 2022.

Regional Political Challenges

Over the past year, ADD members have forged common positions on several political challenges facing the Latin American and Caribbean region. They have expressed particular concern about the situation in Haiti since the July 2021 assassination of President Jovenel Moïse and have urged the international community to support security and sustainable development efforts in that country. The ADD also has expressed concerns about the deterioration of the political and human rights situation in Nicaragua and has urged the Nicaraguan government to free political prisoners. Irregular migration is another top concern for ADD members, which are destination countries for many Haitian, Nicaraguan, and Venezuelan migrants as well as transit countries for migrants on their way to the United States. They have called on countries throughout the Western Hemisphere to work together to address the issue.⁴

Many of the ADD's positions on regional challenges align with those of the Biden Administration. The United States co-sponsored an October 2021 U.N. Security Council resolution that extended the mandate of the U.N. Integrated Office in Haiti and has increased bilateral development, humanitarian, and security aid to Haiti over the past year.⁵ The United States also has joined with ADD members in support of Organization of American States resolutions condemning the Nicaraguan government's human rights abuses and undemocratic actions and urging the country to move toward free and fair elections.⁶

With regard to migration, the United States, Costa Rica, Ecuador, Panama, and 17 other Western Hemisphere countries signed the Los Angeles Declaration for Migration and Protection in June 2022. The declaration recognizes irregular migration management as a shared responsibility and seeks to bolster regional efforts to improve border controls, create legal migration and protection pathways, support migrants and host communities, and coordinate responses to mass migration movements.⁷ Upon signing the agreement, the Biden Administration pledged to work with Congress to provide an additional \$25 million to the World Bank's Global Concessional Financing Facility to help Latin American countries like Ecuador and Costa Rica to implement regularization programs for displaced migrant and refugee populations residing in their countries. Ecuador has issued an executive decree to create a path to regular migration status for Venezuelans who entered the country through an official port of entry, and Costa Rica has pledged to renew a special temporary protected status for Venezuelan, Nicaraguan, and Cuban migrants who arrived prior to March 2020.⁸

Development and Trade

In addition to coordinating their responses to political challenges in the region, ADD members have begun exploring opportunities to collaborate on development projects and to bolster trade and investment relations. At their March 2022 summit, ADD presidents established an international cooperation action plan for 2022-2024 that focuses on strengthening ties among members and achieving the U.N. sustainable

⁴ "Declaración de los Presidentes de la Alianza para el Desarrollo en Democracia," joint statement, October 20, 2021; and III Reunión de los Presidentes de la Alianza para el Desarrollo en Democracia, "Declaración de Puerto Plata," joint statement, December 11, 2021.

⁵ For more information on U.S. policy toward Haiti, see CRS In Focus IF12182, *Haiti: Political Conflict and U.S. Policy Overview*, by Clare Ribando Seelke and Maureen Taft-Morales.

⁶ See, for examples, Organization of American States, "Outcome of the Permanent Council's Deliberations of November 29, 2021, on the Situation in Nicaragua Pursuant to the Resolution Adopted at the Fifty-First Regular Session of the General Assembly [AG/RES. 2978 (LI-O/21)," CP/RES. 1188 (2355/21), December 8, 2021; and Organization of American States, "The Situation in Nicaragua," CP/RES. 1203 (2389/22), August 12, 2022.

⁷ White House, "Los Angeles Declaration on Migration and Protection," June 10, 2022.

⁸ White House, "Fact Sheet: The Los Angeles Declaration on Migration and Protection U.S. Government and Foreign Partner Deliverables," June 10, 2022.

development goals for 2030.⁹ They have identified democracy and governance; climate change; food security and nutrition; education and training; and science, technology, and innovation as priority areas for cooperation. Among other measures, ADD members intend to share best practices among their development agencies, establish a bank of development projects that could be supported by international donors, and explore scholarship opportunities for their citizens.¹⁰

The ADD is also engaging with the private sector in hope of taking advantage of the reconfiguration of global supply chains, resulting from the pandemic and geopolitical tensions, to produce strategic goods and services in the region. In December 2021, the ADD presidents agreed to establish a business council as a platform for private sector representatives to provide policy recommendations to their governments and to help develop U.S.-linked supply chains.¹¹ The resulting U.S.-ADD Business Council, which includes business leaders from the United States and each ADD country, intends to focus on topics such as supply chain security, regional value chain integration, infrastructure, workforce development, and trade facilitation.¹²

On July 25, 2022, the United States, Costa Rica, the Dominican Republic, and Panama signed a memorandum of understanding to establish a Joint Consultative Dialogue on Economic Growth and Supply Chain Partnerships; Ecuador joined the agreement on September 20, 2022. The Joint Consultative Dialogue is to meet regularly with participation from senior government officials and is to convene high-level business leaders, worker organizations, and civil society, including through the U.S.-ADD Business Council. Among other efforts, the Joint Consultative Dialogue is to identify public policy tools to advance supply chain resilience and mutually beneficial trade and investment flows. These policy tools may include market-based incentives, research and development, and capacity building, and could receive financial and technical assistance from multilateral development banks.¹³ According to U.S. Secretary of State Antony Blinken, the ADD countries could benefit from the CHIPS Act of 2022 (P.L. 117-167, Division A), which provides funds to develop resilient semiconductor supply chains in the Americas.¹⁴

Potential Questions¹⁵

Accomplishments and Goals. What are the ADD's primary accomplishments from the past year? How have the change of administrations in Costa Rica and the addition of Ecuador affected ADD initiatives? Does the ADD hope to add additional members in the coming year – if so, which ones? What are the ADD's top priorities as it begins its second year? How could the United States use foreign assistance, influence at international financial institutions, and other policy tools to help the ADD achieve its objectives?

⁹ The U.N. sustainable development goals are available at <https://sdgs.un.org/goals>.

¹⁰ Presidencia de la República de Costa Rica, "Alianza para el Desarrollo en Democracia Establece Asociación Estratégica con Estados Unidos," press release, March 21, 2022.

¹¹ "Memorandum de Entendimiento entre la República Dominicana, la República de Costa Rica y la República de Panamá," memorandum of understanding, December 11, 2021; and "Panama, Costa Rica and Dominican R. Create High Level Business Council," CE Noticias Financieras, December 13, 2021.

¹² American Chamber of Commerce of the Dominican Republic, "ADD USA Business Council" fact sheet, at https://amcham.org.do/images/pdf/Business_Council_Fact_sheet.pdf.

¹³ U.S. Department of State, "Memorandum of Understanding (MOU) Among the United States of America, the Republic of Costa Rica, the Dominican Republic, and the Republic of Panama in Support of the Consultative Dialogue on Economic Growth and Supply Chain Partnerships," July 25, 2022, at <https://www.state.gov/wp-content/uploads/2022/07/US-ADD-Consultative-Dialogue-on-Supply-Chain-Partnerships-Memorandum-of-Understanding-July-2022.pdf>.

¹⁴ U.S. Department of State, "Secretary Antony J. Blinken at the Ministerial Meeting of the Alliance for Development in Democracy," September 20, 2022.

¹⁵ CRS analysts June Beittel, Clare Ribando Seelke, and Mark Sullivan contributed questions to this memorandum.

Regional Challenges. What is your assessment of international efforts to bolster political stability in Haiti and respond to authoritarian governance in Nicaragua over the past year? How have the ADD countries sought to address these regional challenges? Have your governments pledged to adopt common positions in the event of additional crises in Haiti or elsewhere? What additional steps could the ADD and the United States take to make progress on these issues of mutual concern?

Migration Management. What do your governments believe is lacking in current regional responses to migration, and what additional international support are your governments seeking to alleviate the burdens of hosting large numbers of migrants? Why did the Dominican Republic opt not to sign the June 2022 Los Angeles Declaration on Migration and Protection, which provides a framework for regional cooperation on migration issues? What changes would the Dominican Republic like to see in this or future migratory frameworks?

Increased irregular migration through Panama's Darien Gap region that borders Colombia has become a humanitarian and security concern for the region. Panama maintains that almost 134,000 migrants entered the country through the Darien Gap in 2021, and in 2022, as of the end of August, over 102,000 had entered via Darien, with about two-thirds of the migrants from Venezuela.¹⁶ How is Panama coping with increased migration and does it expect these trends to continue? What support is the Panamanian government receiving from the United States and the international community to help it contend with the influx of migrants? Is Panama seeking additional international support? What cooperation has there been with neighboring Colombia and fellow ADD member Costa Rica?

Trade and Investment. What steps have ADD members taken to enhance economic relations within the bloc and attract increased trade and investment? How have multinational corporations and international investors responded to the ADD? Have any companies begun to relocate their operations from Asia to the ADD countries? What steps could the United States take to encourage such "nearshoring"? What recommendations, if any, has the U.S.-ADD Business Council made to the ADD governments? What steps, if any, have the ADD governments taken to engage with trade unions and civil society organizations and to ensure foreign investment promotes inclusive economic growth?

Joint Consultative Dialogue on Economic Growth and Supply Chain Partnerships. Has the Joint Consultative Dialogue established by the U.S.-ADD memorandum of understanding met yet? If not, when do you anticipate the first meeting may happen? How might the Joint Consultative Dialogue bolster commercial ties between the United States and the ADD countries and strengthen supply chain resiliency? What types of initiatives do you expect to emerge from the Joint Consultative Dialogue?

Democracy and Governance. What is your assessment of the primary challenges to democracy in each of your countries and the broader Latin American and Caribbean region? What steps are your countries taking to strengthen your own democracies and promote democratic governance throughout the region?

Ecuador, Panama, and the Dominican Republic have considerable corruption challenges, ranking worse than the global average in Transparency International's *Corruption Perceptions Index*.¹⁷ What efforts are your countries making to combat corruption? How would you respond to critics who claim your countries cannot be considered models in the region if corruption remains so entrenched?

Ecuador in the ADD. Ecuador joined the ADD in June 2022 but, unlike other ADD members, it does not have a free trade agreement with the United States and it is not located in the Caribbean Basin. How does Ecuador fit into the ADD and how will its inclusion advance the group's objectives? To what extent, if at all, do previous policy statements and agreements need to be renegotiated to incorporate Ecuador?

¹⁶ "Thousands Migrants Enter Darien Jungle Daily; Smugglers Challenge Authorities," CE Noticias Financieras, September 10, 2022.

¹⁷ Transparency International, *Corruption Perceptions Index 2021*, at <https://www.transparency.org/en/cpi/2021>.

Ecuador typically receives lower levels of foreign investment than other ADD countries but is among the most biodiverse countries in the world, with ecosystems that range from the Amazon rainforest to the Galapagos Islands. How might Ecuador and other ADD countries serve as models for sustainable development and climate adaptation and mitigation in the region? What roles could debt-for-nature swaps and international climate finance play in such efforts?
