



# USAID in Latin America and the Caribbean:

*A Shared Vision  
Benefits the  
United States  
and the Hemisphere*



United States  
Agency for  
International  
Development

# Democracy and Prosperity:

## *A Shared Vision*

*The Elected Heads of State and Government of the Americas are committed to advance the prosperity, democratic values and institutions, and security of our Hemisphere. For the first time in history, the Americas are a community of democratic societies. Although faced with differing development challenges, the Americas are united in pursuing prosperity through open markets, hemispheric integration, and sustainable development.*

### *- Summit of the Americas Declaration of Principles*



President Clinton met with the elected heads of the 33 other Western Hemisphere democracies at the Summit of the Americas on December 9-10, 1994. The 34 leaders pledged their mutual commitment to achieving four objectives:

- Preserve and strengthen the community of democracies of the Americas;
- Promote prosperity through economic integration and free trade;
- Eradicate poverty and discrimination in our hemisphere; and,
- Guarantee sustainable development and conserve our natural environment for future generations.

Never before in history have the nations of the hemisphere shared a common vision and values so clearly as they did at the Summit. This shared vision recognizes that we have a common destiny which must be built upon a sustainable foundation of equitable economic growth; democratic, participatory institutions; smaller, healthier families; and protection of the natural environment.

*The U.S. Agency for International Development (USAID) is the federal agency that administers the U.S. foreign economic and humanitarian assistance program aimed at achieving sustainable development worldwide.*

## USAID Support to Latin America and the Caribbean

# *Benefits the United States*

The United States stands to benefit greatly from helping Latin American and Caribbean (LAC) countries realize our shared vision. Indeed, our most vital national interest — the health of our domestic economy — depends in no small measure on the economic health of the other countries in the hemisphere. The LAC region is the fastest growing market for U.S. exports of goods and services, and also one of the largest. Our exports of goods alone to the LAC countries reached an estimated \$92 billion in 1994, more than three times their level 10 years ago. These exports support 1.8 million U.S. jobs.

The United States exports more to Chile (10 million people) than to India (920 million people). We export more to the Dominican Republic (7.7 million people) than to all of Eastern Europe (100 million people).

U.S. economic growth and employment depend far more on the growth of LAC economies than on any other part of the developing world. The U.S. trade balance with the LAC region has gone from a deficit of \$8 billion in 1990 to an estimated surplus of \$5 billion in 1994. Billions of investment dollars and millions of tourists flow both ways across our common borders. U.S. direct investment in the LAC region totals \$102 billion, 19% of all our investment overseas and two-thirds of our investment in all developing countries.

The health of the U.S. economy will become even more dependent on the economic health of the LAC region in the future. Not only is it our natural market, but the Summit declaration committed the countries of the hemisphere to concluding negotiations for a Free Trade Area of the Americas (FTAA) by 2005. The FTAA will be the world's largest free trade area, encompassing 34 countries with a current total population of about 750 million and a combined gross domestic product (GDP) of more than \$8 trillion.

Strong democracies in LAC countries are essential to maintaining our own high quality of life. Democratic governments with shared values are key to making significant progress on many issues of interest to the United States, such as economic integration, pollution reduction, global warming, biological diversity, narcotics trafficking, public health, and acquired immunodeficiency syndrome (AIDS) prevention.

The recent efforts of the LAC countries to reform themselves have created an environment within which well-targeted U.S. assistance can have a high payoff in helping LAC countries achieve our shared vision, thus promoting our own interests. As host and principal organizer of the Summit, and leader among the nations of the hemisphere, the United States has a special role in supporting the accomplishment of Summit objectives. USAID's priorities in the LAC region — encouraging broad-based economic growth, building democracy, reducing population growth and improving health, and protecting the environment — directly address these objectives.



# USAID's Strategy in the

## *Latin America and Caribbean Region*

*The great remaining challenge is to increase opportunities for the poor to participate in economic growth.*

### *- USAID's LAC Development Assistance Strategy*

The lack of participation of a major part of the population in the economic and democratic systems presents a fundamental challenge to LAC countries, and also works against U.S. interests. It means that a potential market of close to 200 million people effectively cannot be direct consumers of U.S. goods and services unless their incomes rise.

To meet this challenge, USAID has adopted a sustainable development strategy that integrates the elements we have determined to be most critical for reducing poverty in the long run: building democracy, encouraging broad-based economic growth, reducing population growth and improving health, and protecting the environment. Individual country programs are designed to balance activities that promote long-term, broad-based economic growth with those that directly benefit the poor, so as to achieve a significant and sustained reduction of poverty over the long run.

The synergy among the strategy elements makes the whole greater than the sum of the parts if each were pursued separately. Economic growth is essential for improved living standards, and structural adjustment is important for accelerating economic growth. But structural adjustment will not be broad-based, nor will it produce growth that is sustainable, unless it consciously focuses on the other three strategy elements. Efforts to reach the poor are ineffective without a commitment to improving their access to resources, institutions,

and decision-making processes. Economic growth is not sustainable without democracy, and democracy opens opportunities for greater participation of the poor by improving business opportunities and increasing earnings potential at the micro level. The gains from economic growth and participation will be diminished if population growth continues at high levels, and the ability of future generations to be productive will be diminished if their natural resource endowments are destroyed by the present generation.

#### **1. Building Democracy**

Highly democratic countries do a better job of creating a climate of confidence and stability in international relations than undemocratic states or fragile democracies. They also provide increased opportunities for efficient private enterprise, and cooperate more effectively in resolving cross-border issues such as international health, narcotics, and immigration problems.

Stronger democracies in the region will lead to lower U.S. defense expenditures over the long term. Situations giving rise to U.S. military involvement in the region will be less frequent, and more of the costs of preserving democracy will be shared. Indeed, the results of recent progress in democracy building in the region are already apparent. The unified regional support for the return of Haiti's elected president would not have occurred had the LAC region still been the domain of the generals rather than a com-

munity of states—all except Cuba—with freely elected, civilian leaders.

USAID has been assisting efforts to strengthen democracy in the LAC region for more than 15 years. Our impact is most clearly seen in improved electoral systems and administration of justice.

- 15 of the 16 USAID-assisted countries in the region have held free and fair elections within the last two years. USAID assisted in establishing modern electoral systems in nine of the USAID-assisted countries.

- 11 USAID-assisted countries are improving their systems for administering justice with our help.

USAID programs have much to contribute in advancing U.S. interests by supporting the efforts of LAC countries to broaden and deepen democratic processes that in many cases remain very fragile.

*Our programs support:*

- Greater adherence to the internationally recognized human rights of individuals as persons, citizens, and workers;
- Efforts to deepen the practice of citizenship, and to strengthen civil society; and,
- “Good governance” to make government institutions more transparent, accountable, effective, decentralized, and accessible to citizens.

## 2. Encouraging Broad-Based Economic Growth

The rapidly growing trade between the United States and the LAC region has been made possible by the increasingly successful efforts of LAC countries to turn away from state-controlled, import-substitution economic models toward market-oriented economic policies. This transition has made the LAC region far stronger and more stable than it was during the economic crisis of the early 1980s. The Summit commitment to conclude negotiation of the FTAA by 2005 would have been unthinkable had most LAC countries not already opened their markets and restored sound economic management.

While credit for economic recovery in the LAC region must go primarily to the determination of

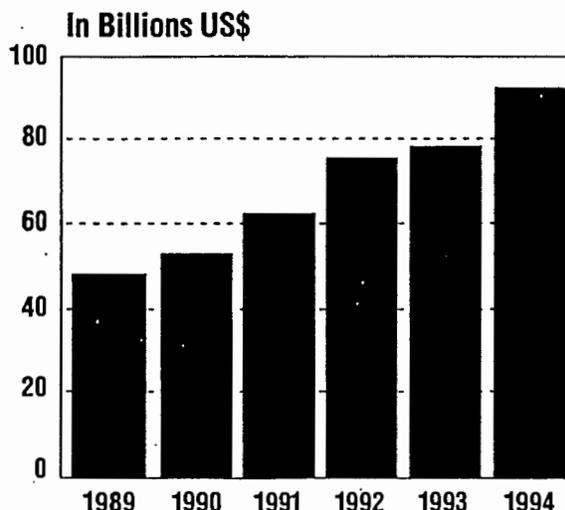
the Latin American and Caribbean people themselves, the investment by the United States in its foreign assistance program has contributed significantly to this progress:

- In El Salvador, Honduras, and Panama, USAID was the lead external assistance agency supporting economic policy reforms during periods when the international financial institutions (IFIs) suspended their activities. With our assistance in improving macroeconomic management, each of them resumed real growth of GDP per capita starting in 1990 and regained access to IFI resources and private capital inflows (although Honduras’ policy performance — and economic growth — slipped in 1994).

- The primary school completion rate rose between 1989 and 1993 in all five LAC primary education emphasis countries (El Salvador, Guatemala, Haiti, Honduras, and Nicaragua) by an average of 1 percentage point per year, from 42.4% to 47.8%. Quality and efficiency indicators improved as well.

- In five countries (Bolivia, Honduras, Jamaica, Nicaragua, and Peru) 132,982 small firms and microenterprises, both agricultural and non-agricultural, improved their production and incomes with USAID assistance in 1993.

## US Exports to Latin America and the Caribbean





### 3. Reducing Population Growth and Improving Health

Efforts to build democracy, accelerate economic growth, and use natural resources in a sustainable way can be successful in the long run only if children are educated and families have access to primary health services. These demands can be met only if population growth is reduced. Smaller families tend to produce children who are healthier, better educated, and earn more. Fewer, more productive adults ultimately buy more U.S. goods and services and participate more in democratic processes.

For these reasons, U.S. interests are served by continuing to help LAC countries reduce their population growth rates and improve health. More slowly growing populations benefit people in both the LAC region and the United States, and support the achievement of all our common objectives.

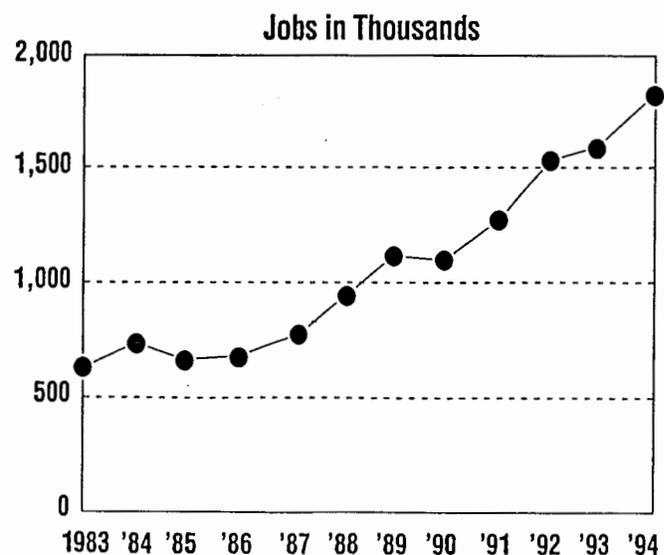
The region's annual rate of population growth has declined from 2.8% in the 1960s to 1.8% in the 1990s, the net result of steady declines in death rates, especially among children, and much higher use of family planning. USAID has played a

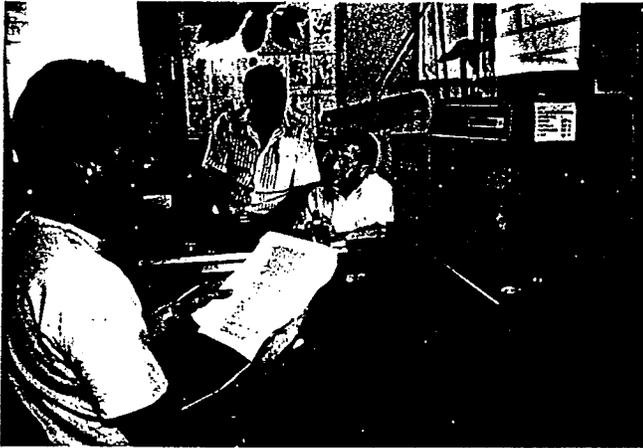
USAID programs in the LAC region will continue to advance U.S. interests by directly supporting programs that address the Summit objectives of promoting prosperity and eradicating poverty and discrimination in the hemisphere.

*Our programs give priority to activities that:*

- Restructure public sectors to be more responsive to the needs of their populations, especially the urgent needs of the poor and other vulnerable groups;
- Broaden the base of economic growth to include the poor and thus reduce the risk that economic policy reforms will be reversed;
- Support LAC countries' efforts to advance toward our vision of hemispheric free trade as key to prosperity; and,
- Ensure that all children benefit from quality primary education.

### US Jobs Supported by Exports to the LAC Region





major role in helping LAC countries achieve this reduction.

- Average life expectancy in USAID-assisted countries increased from 52.4 years in 1960 to 65.3 in 1991.

- The average infant mortality rate in LAC's nine child survival emphasis countries fell by more than a quarter in the last 10 years, from 82.3 deaths of children under one year of age per 1,000 live births in 1984, to 60.5/1,000 in 1994.

USAID programs will continue this progress and ensure its sustainability with particular attention to protecting children, infants and mothers.

USAID-funded activities are designed to:

- Build on its successful child survival programs in the region to ensure continued impact and to reduce the remaining preventable mortality;
- Support programs and policies to enhance equitable access to decentralized and sustainable health services;
- Support programs and policies that enable couples and individuals to determine freely and responsibly the number and spacing of their children;
- Reduce human immunodeficiency virus (HIV) transmission by increasing access to condoms, controlling sexually transmitted diseases (which enhance HIV transmission), and promoting safer sexual behavior; and,
- Support programs to reduce the unacceptably high maternal mortality in many LAC countries.

#### 4. Protecting the Environment

Economic growth in the LAC region has occurred at a high cost to the environment. Continued uneconomic exploitation of the environment and natural resource base will reduce future economic growth, raise health costs, and result in an irreplaceable loss of natural resources and biodiversity.

Long-term U.S. interests in helping LAC countries protect their environment include ensuring a growing market for our products through the economically sustainable development of one of our largest markets; preserving our own environment by helping LAC countries contribute less to global warming; and maintaining biodiversity areas as sources for medicines and the means to increase food production. More specific interests include reducing pollution in border areas with Mexico to mitigate negative effects in the United States, and creating effective environmental regulatory systems to even the playing field for U.S. and LAC producers under the North American Free Trade Agreement (NAFTA) and the proposed Free Trade Area of the Americas.

*USAID assistance has:*

- Brought 1,172,000 hectares (2,895,000 acres) of agricultural and forest land under modern management systems in six countries (Guatemala, Honduras, Jamaica, Nicaragua, Panama, and Peru) through 1993;
- Improved the management of 55 parks containing biological diversity of global significance;
- Helped Mexico toughen its environmental regulatory framework for free trade; and,
- Assisted nine countries over the last three years to establish endowments that fund private environmental activities on a sustainable basis.

USAID efforts in LAC countries will strive to address environmental conditions which impact the lives of all citizens of the hemisphere.

*USAID supports programs which:*

- Improve resource management for sustainable economic growth, particularly in natural forest management, marine ecosystems, and agriculture;

- Assist in the control, reduction, and prevention of urban and industrial pollution;
- Promote the development of sustainable and renewable energy sources and encourage conservation, improved efficiency, pricing reform, and privatization of the energy sector;
- Conserve biological diversity in the Americas, both terrestrial and marine; and,
- Strengthen and harmonize their environmental standards for accession to the FTAA, by supporting the development of policies and institutions responsible for compliance with regulations and by supporting access to cleaner and environmentally friendly technologies.

### ***Combating Drug Trafficking***

Illicit drugs corrupt institutions and tear at the social fabric of the United States and almost all Latin American and Caribbean countries. Too many people in the hemisphere ruin their lives or suffer random violence because of illegal drugs and the antisocial behaviors they engender. As part of its program to reduce drug use here, the

U.S. Government has embarked on a comprehensive program to get countries in the region to reduce the supply of drugs. Other U.S. Agencies are helping Latin American governments to improve law enforcement systems and educate citizens to the dangers of drugs. USAID helps key source countries to provide environmentally sound, economically sustainable alternatives to illegal drug production, and to improve the administration of justice.

### **Want to know more about USAID?**

**Contact:**  
 USAID Bureau for Legislative and Public Affairs  
 Office of Public Affairs  
 Washington, D.C. 20523-0016  
 Telephone: (202) 647-1850  
 Internet: [gopher.info.usaid.gov](http://gopher.info.usaid.gov)  
[www.info.usaid.gov](http://www.info.usaid.gov)

Photo Credits:  
 Cover, USAID;  
 p. 7, Susie Clay;  
 all others, Carolyn Watson

