

# CRS Report for Congress

## Central America: Comparative Background Information

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# **CENTRAL AMERICA: COMPARATIVE BACKGROUND INFORMATION**

## **SUMMARY**

This report provides comparative information on the political, economic, and social conditions in the seven nations of the Central American geographic region: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Although Belize is geographically located in Central America, its economic, political, and social characteristics are more typical of an English-speaking Caribbean nation than of its Spanish-speaking neighbors, largely because of its history of British colonial rule.

Central America is a region of small countries in terms of both area and population. The size of the countries range from El Salvador, with about 8,200 square miles (roughly the size of Massachusetts), to Nicaragua, with a size of 57,000 square miles (about the size of Wisconsin). Populations range from 209,000 in Belize to 10.7 million in Guatemala.

All seven nations are governed by elected civilian governments with terms of office ranging from 4 to 6 years. Belize is the region's only parliamentary democracy. The other six countries have presidential systems.

With regard to development indicators, Belize, Costa Rica, and Panama have the highest indicators in the region. In terms of per capita income, Panama has the highest in the region, with a per capita income of \$2,420 in 1992, while Honduras and Nicaragua, both classified by the World Bank as low-income economies, had the lowest per capita incomes in the region, \$580 and \$340, respectively, in 1992.

The economies of the region vary considerably in size, with the Guatemalan economy having a Gross National Product (GNP) of \$10.2 billion and Belize having a GNP of just \$441 million. Economic growth rates in the region also vary, with Nicaragua lagging behind other nations. For all nations in the region, the United States is the most important trading partner. All seven nations are beneficiaries of the U.S. Caribbean Basin Initiative, a one-way preferential trade program for exports from the region to the U.S. market.

Since 1990, as regional conflicts have subsided and the region's economies have registered positive growth rates, U.S. assistance levels to the region have waned considerably. U.S. assistance to the region has fallen from \$1.4 billion in FY1990 (when significant assistance was provided to Nicaragua and Panama in order to support new governments in those countries) to an estimated \$301 million for FY1994. The Administration's assistance request for FY1995 was for about \$258 million. The U.S. Agency for International Development has plans to close down its missions in both Costa Rica and Belize in FY1996. Through its assistance program, the United States has provided significant support for democratic institutions and processes in the region.

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**Note:** This report was prepared at the request of the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee. With the Subcommittee's permission, the report is made available for general congressional use.

# **CENTRAL AMERICA: COMPARATIVE BACKGROUND INFORMATION**

## **INTRODUCTION AND OVERVIEW**

This report provides comparative information on the political, economic, and social conditions in the seven nations of the Central American geographic region: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Although the information illustrates many differences among the countries, the seven nations share a number of characteristics. They are small countries in terms of size and population, with mostly lower-middle-income economies facing significant economic and social difficulties. They are ruled by elected civilian governments that have generally performed well economically in recent years after years of conflict and deterioration during the decade of the 1980s. They are heavily dependent upon the United States for trade and assistance. In recent years, the countries have been concerned about this relationship as U.S. assistance to the region has dropped dramatically. Moreover, the countries have expressed concern about the potential dilution of their special trade preferences enjoyed under the U.S. Caribbean Basin Initiative because of the North American Free Trade Agreement (NAFTA). Essentially they fear that U.S. trade and investment in the Caribbean might be diverted to Mexico under NAFTA.

Traditionally, the term "Central America" has applied to five countries -- Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica -- long associated with each other. These five countries were linked during colonial times and formed a confederation for a number of years following independence in 1821. The five countries formed the Central American Common Market (CACM) in 1960 as a means of stimulating economic growth, but the organization became paralyzed in the late 1960s due to conflicts among the nations. The region was plagued by civil conflicts in the late 1970s and 1980s which exacerbated the region's economic and social problems. But many of the problems were ameliorated after the countries signed a series of Central American peace agreements.

By the early 1990s, however, regional conflicts had largely subsided, and the nations were able to turn their attention to the challenges of economic development. In 1990, at the seventh presidential summit of Central American leaders, the nations approved a Central American Economic Action Plan which marked the beginning of a reinvigorated economic integration process. In 1991, the Central American Parliament was established with 20 representatives each from El Salvador, Guatemala, and Honduras. In 1993, the Central American Integration System (SICA) was established to oversee regional integration mechanisms. At the fourteenth Central American summit held in October 1993, the region's leaders signed the "Guatemala Protocol" which laid out the gradual

adoption of measures for the establishment of a regional free trade zone, a regional customs union via a common external tariff, and a common market with the free movement of labor and capital.

Belize and Panama generally have not been associated with Central America until recently. Panama was a part of Colombia until 1903, when it achieved independence, and the Panama Canal has given it a unique relationship with the United States. Formerly known as British Honduras, Belize was a British territory until 1981. Largely because of its British heritage, Belize has a history of stable parliamentary democracy. It retains close ties to other English-speaking countries in the Caribbean and belongs to Caribbean rather than Central American regional organizations. Panama and Belize have increasingly become involved in Central American issues in recent years. Panama has been a regular participant in Central American summits since its return to civilian democratic rule in 1990. Most recently, representatives of all seven countries of Central America were present at the Ecological Summit in Nicaragua in mid-October 1994, and signed the Alliance for Sustainable Development, which outlined a regional strategy for the better management and use of natural resources in the region.

### **AREA AND POPULATION**

Central America is a region of small countries, ranging in size from El Salvador and Belize, each about the size of Massachusetts, to Nicaragua, about the size of Wisconsin (See Table 1). The combined population of the region is about 30 million people, ranging from Belize with a population of 209,000, to Guatemala with over 10 million inhabitants, according to 1994 estimates.

Each of the countries has unique characteristics. El Salvador is densely populated, while Honduras, Nicaragua, and Belize are sparsely populated. The ethnic makeup of the Central American nations also varies considerably. A large percentage of Costa Rica's population is of European heritage. Belize has a large population of African ancestry, and Guatemala has a large Indian population. El Salvador, Honduras, Nicaragua and Panama have large mestizo populations.

**TABLE 1. Central America:  
Area, Population, and Ethnic Makeup**

Country	Area in Square Miles	Population, 1994 estimates in thousands	Population growth rates, 1994 estimates	Ethnic Makeup*
Belize	8,866	209	2.42%	Mestizo 44%, Creole 30%, Maya 11%, Garifuna, 7%, other 8%
Costa Rica	19,652	3,342	2.31%	European and Mestizo 96%, African 2%, Indian 1%, Chinese 1%
El Salvador	8,260	5,753	2.04%	Mestizo 94%, Indian 5%, European 1%
Guatemala	42,000	10,721	2.58%	Mestizo 56%, Indian 44%
Honduras	43,277	5,315	2.73%	Mestizo 90%, Indian 7%, African 2%, European 1%
Nicaragua	57,143	4,097	2.68%	Mestizo 69%, European 17%, African 9%, Indian 5%
Panama	29,762	2,630	1.94%	Mestizo 70%, African 14%, European 10%, Indian 6%

\* Mestizos are of mixed European and Indian ancestry. Creoles are of African and African-European heritage. Garifuna are of African-Carib Indian heritage.

Sources: Area in square miles from State Department Background Notes; population, population growth rates and ethnic makeup from the Central Intelligence Agency's *World Factbook--1994*.

## POLITICAL INFORMATION

All seven nations in the Central American region are governed by elected civilian governments, with terms of office ranging from 4 to 6 years. Since 1993, newly elected governments have taken office in Belize, Costa Rica, El Salvador, Honduras, and Panama. In 1993, Guatemalan democracy withstood a significant challenge when elected President Jorge Serrano dissolved Congress and the Supreme and Constitutional Courts. A domestic and international outcry led to Serrano's removal from power and the Guatemalan Congress elected then-Human Rights Ombudsman Ramiro de Leon Carpio to finish out Serrano's term, which expires in January 1996. (See Table 2)

Belize is the region's only parliamentary democracy, stemming from its British colonial heritage. The other six Central American nations are constitutional republics headed by a President.

**TABLE 2. Central America: Selected Political Information  
Year of Independence, Current Head of Government, and Elections**

Country	Year of Independence	Current Head of Government	Last Election	Next Election
Belize	1981 (from Britain)	Manuel Esquivel	June 1993	By June 1998
Costa Rica	1821 (from Spain)	Jose Maria Figueres	February 1994	February 1998
El Salvador	1821 (from Spain)	Armando Calderon Sol	Mar./April 1994	March 1999
Guatemala	1821 (from Spain)	Ramiro de Leon Carpio*	Dec. 1990/ Jan. 1991*	November 1995
Honduras	1821 (from Spain)	Carlos Roberto Reina	Nov. 1993	November 1997
Nicaragua	1821 (from Spain)	Violeta Barrios de Chamorro	February 1990	November 1996
Panama	1903 (from Colombia); 1821 (from Spain)	Ernesto Perez Balladares	May 1994	May 1999

\* Jorge Serrano was elected President after two election rounds in December 1990/January 1991. Serrano resigned from office June 1, 1993, shortly after attempting to dissolve Congress. On June 6, 1993, Congress chose Ramiro de Leon Carpio as the new President to serve the remainder of Serrano's five-year term.

Source: *World Factbook 1994*, Central Intelligence Agency.

## DEVELOPMENT INDICATORS

Several indicators may be used to measure a country's level of development. These include per capita income levels, life expectancy, infant mortality, malnutrition, and literacy rates. The Human Development Index is a more comprehensive measure of national development. (See Table 3.)

The World Bank classifies economies according to their gross national product (GNP) per capita. Low-income economies have a GNP per capita of \$675 or less. Middle-income economies have a GNP per capita between \$675 and \$8,356. High-income economies have a GNP per capita greater than \$8,356. Two Central American economies, those of Honduras and Nicaragua, are classified as low-income. The rest of the Central American countries' economies are considered middle-income; because they are all below \$2,695, they are further classified as lower-middle-income economies.

According to the World Bank, the aggregate life expectancy for Latin America and the Caribbean is 68.0 years. Four of the Central American nations -- El Salvador, Guatemala, Honduras, and Nicaragua -- have life expectancies slightly below that level. In comparison, the life expectancy in the United States is 75.6 years.

The infant mortality rate measures the annual number of deaths of infants under one year of age per 1,000 live births. The aggregate rate for the least developed countries is 112; for industrial countries, 13. The infant mortality rates in Central America range from a low of 14 in Costa Rica to a high of 62 in Guatemala.

Child malnutrition statistics indicate the percentage of children under five years of age with a deficiency of nutrients that interferes with the health of the children and their potential for normal growth. The average percent of children with malnutrition in Latin America and the Caribbean is 10.5 percent. Three Central American nations are rated at, or below, that level: Belize, Costa Rica, and Nicaragua. In other countries, the percentages are higher, with Guatemala having the highest level of child malnutrition, at 28.5 percent.

The literacy rate indicates the percentage of persons aged 15 and over who can, with understanding, both read and write a short, simple statement on their everyday life. The aggregate rate for Latin America and the Caribbean is 85 percent. Belize, Costa Rica, and Panama have literacy rates higher than that aggregate. The other Central American nations' literacy rates fall below the regional aggregate, with Guatemala having the lowest literacy rate at 56 percent.

The Human Development Index (HDI) is a composite measure of three equally weighted basic components of human development: longevity (life expectancy at birth), knowledge (adult literacy and mean years of schooling), and income (purchasing power parity dollars per capita). It was designed by the United Nations Development Programme (UNDP) to provide a more

comprehensive socioeconomic measure of national progress than GNP alone. Countries considered to have a low level of human development have an HDI below 0.5; those with a medium level score between 0.5 and 0.8; those considered to have a high level of human development have an HDI above 0.8. The HDI for Latin America and the Caribbean is .757, within the medium level of development.

All the Central American nations are ranked as countries with either a medium or high level of human development. The highest ranking country in the group is Costa Rica, at .848. According to the 1994 UNDP Human Development Report, Costa Rica's "HDI rank is far ahead of [its] income rank, showing that they have made more judicious use of their income to improve the capabilities of their people."

**TABLE 3. Central America:  
Selected Development Indicators**

Country	GNP Per Capita (U.S. \$) (1992)	Average Annual GNP Per Capita Growth Rate (%) (1980-1992)	Life Expectancy (Years) (1992)	Infant Mortality Per Thousand Live Births (Most Recent Estimates 1987-92)	Child Malnutrition (Under 5) (% Age Group) (Most Recent Estimates 1987-92)	Adult Literacy Rate (%) (1992)	Human Development Index (1992)
Belize	2,220	2.6%	68.0	41.0	5.7% *	96% **	.666
Costa Rica	1,960	0.8%	76.0	14.0	6.0%	93%	.848
El Salvador	1,170	0.0%	65.2	40.0	15.5%	75%	.543
Guatemala	980	-1.5%	64.0	62.0	28.5%	56%	.564
Honduras	580	-0.3%	65.2	49.0	20.6%	75%	.524
Nicaragua	340	-5.3%	65.4	56.0	10.5%	78% *	.583
Panama	2,420	-1.2%	72.5	21.0	15.7%	90%	.816

\* Latest single year 1980-1985. Source: *World Development Report 1994*.

\*\* UNDP estimates.

Sources: GNP Per Capita and Average Annual GNP Per Capita Growth Rate statistics are taken from the World Bank's *World Development Report 1994*. Life Expectancy, Adult Literacy Rate, and Human Development Index statistics are taken from the U.N. Development Programme's *Human Development Report 1994*. Infant Mortality and Child Malnutrition rates are taken from the World Bank's *Social Indicators of Development 1994*.

## ECONOMIC AND TRADE INDICATORS

Central American economies vary considerably, in terms of size, rate of growth and levels of indebtedness (see Table 4). The Guatemalan economy is the largest, with a Gross National Product (GNP) of \$10.2 billion in 1992. Costa Rica, El Salvador, and Panama, fall in the middle with GNPs of around \$6 billion. Honduras and Nicaragua trail with GNPs of \$3.1 and \$1.3 billion, respectively. Belize's economy is the smallest by far with a GNP of \$441 million. With regard to rates of growth of Gross Domestic Product (GDP), Belize, Panama, and Costa Rica had extremely high rates in 1992; Honduras, Guatemala and El Salvador had growth rates in the 4-6% range; and Nicaragua lagged far behind with a rate of 1.1%. Most of the countries were performing well economically in aggregate terms after years of difficulties during the decade of the 1980s. For example, see Table 3 for average per capita GNP growth rates in the 1980-1992 period.

In terms of external debt, Nicaragua's debt of over \$11 billion was the highest by far in the region, followed by Panama, Costa Rica and Honduras. The debt service ratio, which compares a country's external debt to GNP as a measure of long term ability to pay, shows that Nicaragua's debt was more than eight times its GNP, while the debt of Honduras and Panama was also greater than their annual GNPs. The World Bank classifies the level of indebtedness of Nicaragua, Honduras and Panama as severe, while the situation of the other countries is classified as moderate.

**TABLE 4. Central America:  
Selected Economic Indicators**

Country	GNP, 1992 in \$ millions	GDP Growth Rates, 1992	External Debt, 1992, in \$ millions	External Debt/GNP Ratios, 1992
Belize	441	9.1%	170	38.5
Costa Rica	6,278	7.7%	3,965	63.2
El Salvador	6,387	4.4%	2,131	33.4
Guatemala	10,254	4.8%	2,749	26.8
Honduras	3,129	5.6%	3,573	114.2
Nicaragua	1,353	1.1%	11,126	822.6
Panama	5,799	8.5%	6,485	111.8

Sources: GNP, External Debt, and Debt/GNP Ratios from the World Bank's *World Debt Tables, 1993-94*; GDP Growth Rates for 1992 from World Bank's *Trends in Developing Economies, 1994*.

**TABLE 5. Central America:  
Trade with the World and the United States, 1993 Estimates**

Country	Total Exports, 1993 (U.S. \$ millions)	Exports to U.S., 1993 (U.S. \$ millions)	Exports to U.S. as % of total, 1993	Total Imports, 1993 (U.S. \$ millions)	Imports from U.S., 1993 (U.S. \$, millions)	Imports from U.S. as % of total, 1993
Belize	140	52	37%	305	149	49%
Costa Rica	2,701	1,520	56%	2,758	1,484	54%
El Salvador	925	466	50%	2,227	956	43%
Guatemala	1,346	510*	37%	2,645	1,441	54%
Honduras	1,344	895	67%	1,764	987	56%
Nicaragua	292	124	42%	822	165	20%
Panama	508	189	37%	3,105	841	27%
<b>TOTAL</b>	<b>7,256</b>	<b>3,756</b>	<b>52%</b>	<b>13,626</b>	<b>6,023</b>	<b>44%</b>

\* Corrected figured from IMF Statistics Department

Source: International Monetary Fund's *Direction of Trade Statistics Yearbook-1994*.

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With regard to trade, Table 5 shows that Central American countries exported \$7.26 billion of goods to the world and imported \$13.63 billion, suggesting a rather serious trade deficit for many of the countries. Trade with the United States, the predominant trading partner, was a bit more balanced, with exports to the United States equalling \$3.76 billion, while imports from the United States totalled \$6.0 billion. The share of total exports going to the United States in 1993 ranged from 37% for Panama, Guatemala, and Belize to 67% for Honduras, while the share of imports from the United States ranged from 20% for Nicaragua to 56% for Honduras.

### U.S. ASSISTANCE TO THE CENTRAL AMERICAN REGION

In the 1980s, the United States provided about \$8.2 billion in assistance to the seven Central American countries in the face of the region's serious economic, social, and security problems. El Salvador accounted for 44 percent of this assistance as the United States shored up support for a series of elected civilian governments amidst an enduring civil conflict. Three other Central American nations, Honduras, Costa Rica, and Guatemala, also received substantial amounts of assistance during the decade, amounting to 20 percent, 17 percent, and 10 percent of total assistance respectively.

In FY1990, U.S. assistance to the region reached the highest level ever, when the United States provided substantial assistance to Nicaragua and Panama in order to support new governments in those countries. Since 1990, however, as regional conflicts have subsided and the region's economies have registered positive growth rates, U.S. assistance levels to the region have waned considerably (See Figure 1). U.S. assistance to the region has fallen from its peak of \$1.4 billion in FY1990 to an estimated \$301 million for FY1994. The Administration's assistance request for FY1995 was for about \$258 million.

**FIGURE 1. U.S. ASSISTANCE TO CENTRAL AMERICA  
(FY 1990 - FY 1994, U.S. \$ millions)**

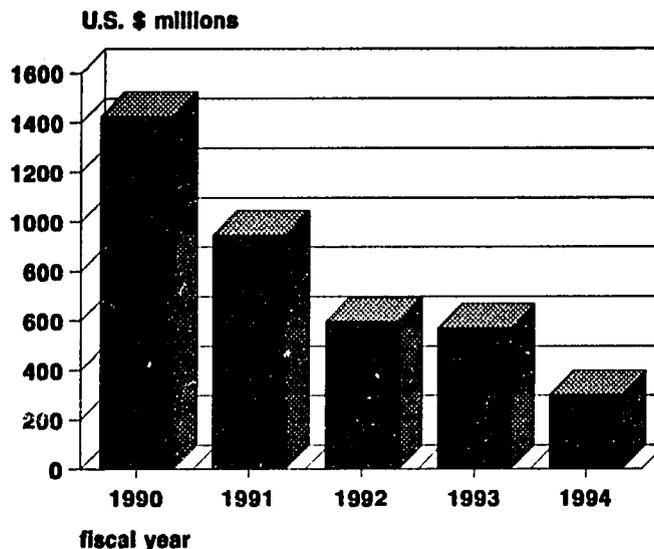


Table 6 shows the country breakdown of U.S. assistance to the region for FY1993 to FY1995. El Salvador and Nicaragua are the largest recipients of foreign assistance during this period as part of U.S. efforts to support peace and reconciliation processes in those countries. Guatemala and Honduras are the next largest recipients of assistance, while Costa Rica, Panama, and Belize are the smallest aid recipients in the region. The U.S. Agency for International Development has plans to close down its missions in both Costa Rica and Belize in FY1996.

**TABLE 6. U.S. Assistance to Central America, FY1993-FY1995  
(Totals by Country, U.S. \$ millions)**

Country	FY1993 (obligated)	FY1994 (est. oblig.)	FY1995* (requested)
Belize	6.7	3.6	3.9
Costa Rica	23.7	11.4	8.3
El Salvador	228.9	78.3	79.1
Guatemala	67.2	61.7	52.6
Honduras	61.2	39.1	39.1
Nicaragua	155.7	94.8	56.6
Panama	10.0	5.6	8.0
ROCAP	17.0	6.9	10.4
<b>TOTAL</b>	<b>570.4</b>	<b>301.4</b>	<b>258.0</b>

\* FY1995 figures include requested amounts for all categories of assistance except for Title I food assistance for which the figures reflect estimated obligations.

ROCAP=Regional Office of Central America and Panama

Source: U.S. Agency for International Development

With regard to the types of assistance being provided to the region, Table 7 provides a breakdown of FY1994 assistance. As illustrated, development assistance was the largest category with \$112 million provided. Also in the category of economic assistance was \$88 million in food assistance and \$85 million in Economic Support Funds (ESF). The Peace Corps maintained a presence in every country in the region for a total cost of \$12.4 million. Guatemala was the only country in the region receiving antinarcotics assistance, estimated at \$2 million. Finally, U.S. military assistance to the region dwindled to just \$1.3 million, the lowest amount provided since 1980.

**TABLE 7. U.S. Aid to Central America, FY1994 Estimated Obligations  
(by Country and by Type of Assistance, U.S. \$ millions)**

Country	Devel. Asst.	ESF	Military Aid	Food Aid	Peace Corps	Total
Belize	2.2	0.0	0.2	0.0	1.2	3.6
Costa Rica	3.3	0.0	0.1	6.0	2.0	11.4
El Salvador	31.0	26.2	0.4	20.0	0.7	78.3
Guatemala	15.6	11.2	0.1	29.5	3.3	61.7*
Honduras	19.1	0.0	0.5	16.5	3.0	39.1
Nicaragua	29.9	47.8	0.0	16.1	1.0	94.8
Panama	4.3	0.0	0.0	0.1	1.2	5.6
ROCAP	6.9	0.0	0.0	0.0	0.0	6.9
<b>TOTAL</b>	<b>112.3</b>	<b>85.2</b>	<b>1.3</b>	<b>88.2</b>	<b>12.4</b>	<b>301.4*</b>

\*Includes \$2 million in narcotics assistance for Guatemala.

ROCAP=Regional Office of Central America and Panama

ESF=Economic Support Funds

Source: U.S. Agency for International Development

## **SUPPORT FOR DEMOCRACY IN THE REGION<sup>1</sup>**

Through its assistance program, the United States has provided support for democratic institutions and processes in the region. Such assistance has at times been provided directly through AID missions in the countries and at times the assistance has been provided through such groups as the National Endowment for Democracy, the Center for Democracy, the International Republican Institute, the International Foundation for Electoral Systems, and the National Democratic Institute for International Affairs. Over the past several years, the United States has provided support for electoral observation and electoral assistance in El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Table 8 describes the goals of the Agency for International Development (AID) in helping to build democracy in each Central American country, with the exception of Belize, where AID has not had democracy programs because of that nation's well-established parliamentary system of government.

<sup>1</sup> This section draws largely from briefing materials on democracy programs provided to CRS by the Agency for International Development, November 18, 1994.

In Costa Rica, over the past few years AID has focussed a substantial part of its assistance on restructuring and strengthening the executive, legislative, and judicial branches of government. In the executive branch, AID projects include policy and training support for improving the performance and responsiveness of government and a pilot project designed to strengthen local governments in four municipalities. In the legislative branch, an AID project is designed to strengthen the support systems of the Legislative Assembly. In the judicial system, a project is working to consolidate and modernize the system, including support for improving the speed of case processing.

In El Salvador, AID has numerous projects under the rubric of "promoting enduring democratic institutions with broad-based citizens' participation." One category of projects is improvement of citizen participation in the public policy and decision-making process. This includes assistance for citizens' organizations, for open town meetings, and for providing more policy-oriented information to Salvadoran legislators. Another category of projects is improvement of the legal and institutional framework for the effective protection of human rights. This includes assistance for making structural, legal, and policy improvement in El Salvador's administration of justice. A third category of projects is improvement of public sector accountability and oversight. This includes transparency of financial management, not only at the national level, but at the municipal level. A fourth category of projects involves increased devolution of power to the local level. Essential policy reforms will be supported in a pilot project for 39 municipalities, which then will be expanded to municipalities nationwide.

Also in El Salvador, AID has been involved in projects to improve the administration of justice since 1984. Under the Judicial Reform II project, begun in 1992, the objective is to accelerate and deepen the judicial reform process so that citizens' due process rights and equality before the law are guaranteed. A police training component of the project is conducted under the direction of the U.S. Justice Department's International Criminal Investigations and Training Assistance Program (ICITAP).

In Guatemala, five AID projects in the category of building democracy have the objective of sustaining the exercise of Guatemalans' rights. A Special Development Fund project finances approximately 30-40 community improvement activities (bridges, roads, school buildings, etc) each year. A Guatemala Peace Scholarship project funds the U.S. training of leaders and potential leaders, providing them with technical skills. A democratic institutions project funds activities designed to strengthen the Guatemalan Congress, the Office of the Human Rights Ombudsman, and private sector groups dedicated to democratic government, human rights, and civic education. A judicial sector reform project funds specialized training and technical assistance. Finally, a street children project is designed to address the basic needs of Guatemalan children who are abused and/or working on the street.

In Honduras, a Strengthening Democratic Institutions (SDI) umbrella project has several components. It includes support for the implementation of

merit-based career laws for the Judiciary and for the new Public Ministry with the intention of eliminating political influence in the appointment and separation of personnel. It also includes support for the establishment of a new nongovernmental organization, the Foundation for Democracy and Development of Honduras (FDDH), a public interest group promoting public awareness and informed nonpartisan debate. Another SDI component, along with a democracy project known as Strengthening Accountability Systems (SAS), works with the justice sector and the government's Controller General to ensure that complaints of misconduct or fraud are investigated, referred to proper authorities for prosecution, and adjudicated. A project known as the Municipal Development Program (MDP) promotes meaningful participation of Hondurans in the local government process. A Honduras Peace Scholarships Program supports the training of low-income Hondurans in the United States for exposure to and training in democratic values. A Regional Technical Aid Center Project provides reasonably priced university textbooks to bookstores.

In Nicaragua, a seven-year, umbrella Strengthening Democratic Institutions project, begun in FY1991, has five components: the promotion of democratic values; private institutions of pluralism; effective government; the protection of human rights; and the administration of justice. For the objectives of promoting democratic values and institutions of pluralism, AID provides funding for civic education activities, political forums and party strengthening activities, media matching grants for radio and television public affairs programming, civil-military relations activities, support for democratic labor unions, and journalism training activities. For the objective of effective governance, AID provided assistance to the National Assembly, and also provided assistance for the Nicaraguan Supreme Court's Judicial School. For the objective of protecting human rights, support has been provided to the Nicaraguan Association for Human Rights (ANPDH) and to the Permanent Commission on Human Rights (CPDH). For the objective of improving the justice system, AID has provided support in the areas of court administration, the reform of legal codes, the strengthening of prosecutorial functions, and the introduction of alternative conflict resolution methods in schools and community centers.

AID has additional democracy building projects in Nicaragua. A five-year project, begun in FY1994, supports municipal decentralization and development. Other projects include electoral support for the 1996 elections and a financial management reform project for the Nicaraguan government.

In Panama, AID has several projects in the area of building democracy. A five-year project begun in FY1991 is designed to improve the criminal justice system in the conduct of the investigative and trial stages of criminal cases. (In addition, the Department of Justice's ICITAP program has provided support and training for Panama's civilian police since the country's return to civilian democratic rule.) An eight-year scholarship program, the Caribbean and Latin American Scholarship Program II, begun in FY1991, has the purpose of equipping a broad base of Panamanian leaders and potential leaders with technical skills, training, and academic education. Another scholarship program, Central American Peace Scholarships, begun in FY1987 and scheduled to end

in December 1994, has provided scholarships for long-term education in the United States and was targeted at economically and socially disadvantaged Panamanians. Finally, an umbrella democratic initiatives project assisted the Electoral Tribunal and the Legislative Assembly, provided technical and specialized training for journalists and media owners, and provided civic education through workshops and seminars.

**TABLE 8. U.S. Support for Building Democracy in Central America**

<b>Country</b>	<b>AID's Objectives for "Building Democracy"</b>
Costa Rica	<i>Streamlined and Efficient Government.</i> AID focuses on strengthening democratic institutions by improving the efficiency of Costa Rica's institutions. Ongoing activities center on administrative reform in the Costa Rican Legislative Assembly and Supreme Court.
El Salvador	<i>Promotion of Enduring Democratic Institutions and Practices.</i> AID supports increased citizen participation in the electoral process, improved protection of human and civil rights by the justice system, and improved public sector financial accountability.
Guatemala	<i>Sustained Exercise of Inalienable Rights.</i> AID supports activities to strengthen the administration of justice, human rights observance, and civic education and training. AID also works to safeguard the rights of, and provide services to, at-risk street children.
Honduras	<i>More Responsive Democratic Processes, with Greater Citizen Participation.</i> AID activities support: strengthened democratic institutions such as the judicial system, the National Elections Tribunal, and the Controller General's office; improvement of municipal governments' ability to provide services; improvement of labor and management relations; and scholarships for U.S. training, especially targeted for lower-income groups.
Nicaragua	<i>Greater Consensus on Democratic Values.</i> AID addresses extreme political polarization and lack of democratic experience by promoting the basic values and attitudes which support sustainable democracy, and strengthening key democratic institutions to improve public confidence in their functions. Activities promote civic education, protection of human rights, improved administration of justice, government accountability, political participation, conflict resolution, and municipal development.
Panama	<i>Strengthened Competent Civilian Government Institutions and Greater Citizen Participation.</i> AID assists Panama's efforts to establish a fair justice system, honest and open management of public funds, and a transparent electoral process.

Source: U.S. AID FY1995 Congressional Presentation.