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**Agency for International Development**

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# **The Strategic Role of U.S. Assistance In the Americas**



**Bureau for Latin America and the Caribbean**

**January 1995**

## THE STRATEGIC ROLE OF U.S. ASSISTANCE IN THE AMERICAS

### *The Opportunity and the Challenge*

The United States has an historic opportunity with the end of the Cold War to aid the nations of Latin American and the Caribbean in meeting the challenges of economic, social, environmental, and political progress. We best serve our long-term national interests by applying our ideals and our humanitarian tradition to help solve problems of poverty, population growth, health deficiencies, undemocratic political structures, environmental degradation, the oppression of women and minorities, ethnic and religious hostilities, illegal international migration, and narcotics trafficking.

Stability, prosperity, and improved living standards for the poor throughout the Western Hemisphere are enduring and fundamental U.S. interests. Our two-way trade with the Latin American and Caribbean (LAC) region has reached \$177 billion annually, and our exports to these countries support 1.75 million U.S. jobs. Some 30 million travelers go back and forth each year, and increasing numbers of U.S. citizens have cultural and family ties to LAC countries. Democracy has become the predominant and preferred form of governance, but democratic institutions and processes must be strengthened and consolidated.

If the United States is lulled into indifference and neglect by the region's impressive but fragile successes, we risk reversals that would redound against our interests. The threats of collapsing democracies, economic deterioration, lost trade and U.S. jobs, increased human misery and poverty, burgeoning illegal immigration across our borders, and the impact that destruction of the environment and natural resource base has on these, are all too real.

Remedial actions to address such reversals would prove far more costly than an enhanced foreign assistance program provided now, when success is more readily achievable. The United States must also seriously address transnational problems such as HIV/AIDS, narcotics trafficking, climate change, and loss of biodiversity. By doing so, we can help safeguard the well-being of the hemisphere and our own basic national interests.

These concerns constitute a strategic challenge that the United States and other developed nations must confront. The cost of not acting -- of having to deal with the global impact of disintegrating societies, failed states, dwindling natural resources and mounting pollution and a world population that in the next century could triple -- will be far greater than the cost of effective action today.

The Summit of the Americas' commitment to a Partnership for Development and Prosperity puts forth a vision for the future which guides our strategy. The call from the Summit is to 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.

This LAC assistance strategy complements these Summit goals and confirms the United States commitment to the Summit initiatives.

## ***USAID's Strategic Vision***

USAID's Strategy for Sustainable Development, approved in January 1995, explains how we will confront these challenges. By **sustainable development** we mean economic and social growth that does not exhaust the resources of a host country; respects and safeguards the economic, cultural, and natural environment; creates many streams of income and chains of enterprises; is nurtured by an enabling policy environment; and builds indigenous institutions that involve and empower the citizenry. Development is sustainable when it permanently enhances the capacity of a society to improve its quality of life.

USAID believes that the process of economic and social advancement cannot be sustained over the long run unless all of these four basic requirements are met:

- **Economic sustainability.** Economic activity must generate a surplus beyond current consumption, provide trade and investment mechanisms to allocate that surplus to its most productive uses, and become steadily less dependent on external grant assistance. At the same time, the benefits of economic activity must be shared more equitably and the poor must participate more fully in the economy.
- **Democratic sustainability.** All members of a society must be able to participate in economic and political activity, contribute to decisions affecting their lives and be assured of equal protection under law. Exclusion of particular groups on the basis of social class, ethnicity, or gender is inherently destructive.
- **Demographic sustainability.** Societies must create the conditions under which their citizens can have smaller, healthier and better educated families, thus contributing to greater human development and easing pressures on the environment.
- **Environmental sustainability.** Societies must respond to the economic and social costs of environmental degradation, and they must manage and protect natural resources and establish regulatory systems to prevent adverse long-run effects on the economic, social, and political spheres.

Operationally, USAID's sustainable development strategy will be based on:

- **participation** of ordinary people, whose aspirations and experience need to be brought into political, economic, and social decision-making processes;
- **partnerships** involving donors and host nations -- donors with each other, and governments and donors with NGOs;
- **integrated approaches and methods**, including integration with overall U.S. foreign policy at the global, regional, and bilateral levels; and integrated country strategies that take into account the totality of development problems confronting the society; and,
- **integration** of the needs and participation of women and ethnic minorities into development programs.

USAID's country programs in the LAC region will differ according to three types of country situations:

- Where conditions permitting sustainable development are present, assistance will be based on an integrated country strategy that includes clearly-defined program objectives and performance targets. These countries are: Bolivia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Paraguay, and Peru.
- In transitional countries -- those that have recently experienced a national crisis, a significant political transition, or a natural disaster -- timely assistance will be provided to reinforce institutions and national order. Haiti currently falls into this category.
- Elsewhere, including three global-interest countries (Brazil, Colombia, and Mexico) and one country where we have U.S. foreign policy interests (Panama), USAID's presence will be limited, sometimes operating from a central or regional base. The focus may be on policy and institutional changes in the public sector, or on supporting the work of U.S. or indigenous NGOs or institutions of higher education.

A society of stable, democratic, and prosperous nations is in the political, economic, and commercial interests of the United States. Therefore, USAID is committed to promoting the equitable and sustainable advancement of the countries with which we work. Our programs are based on four strategies:

- **advancing broad-based economic growth;**
- **building democracy;**
- **promoting smaller and healthier families; and**
- **protecting and sustainably using the environment and natural resource base.**

The success of our foreign assistance efforts will be determined by their impact on developing nations. Thus USAID's evaluation activities will measure the results of our efforts by asking how well projects and programs have achieved concrete, agreed objectives. We particularly want to know how people's lives are affected in each of our four strategic areas.

### ***Interdependence of the Four Strategic Areas of the USAID Assistance Strategy***

The inner coherence of the USAID assistance strategy, particularly for the LAC region, is evident. The long-term success of the entire assistance strategy depends on achieving success in each of the four strategic areas. However, what is often overlooked is the interdependence between each of the four component strategies. That is, if one strategic area does not experience success, then success in the remaining three areas will be hampered.

For example, it is clear that democracy promotes economic growth, particularly among the poor and marginalized. It is also clear that economic growth fosters smaller, better educated, and healthier families. However, what has not always been appreciated are the direct links between sustainable environmental practices, poverty alleviation, and broad-based economic growth. Sustained economic growth depends on the sustainable use of the natural resource base. The poor suffer greater exposure to contaminated water and polluted air, and are often forced to seek their livelihoods on marginal fragile lands.

Similarly, the direct connection between environmental action and democracy is important but often overlooked. People are concerned about the quality of the air they breath and the water they drink, and are motivated to take action to protect their environment. This connection is evident by the explosion of local environmental NGOs in the LAC region. These NGOs are a fundamental factor in the emergence of a strong civil society and, as in other parts of the world, have succeeded in promoting public participation and making governments accountable where other efforts have failed.

This assistance strategy for the LAC region places new emphasis on the need to develop programs that address the connections linking together each of the four strategic areas.

## **USAID ASSISTANCE STRATEGY FOR LATIN AMERICA AND THE CARIBBEAN THRU THE YEAR 2000**

### ***The Historical Context***

The decade of the 1990s offers a unique historical opportunity for the LAC countries to advance their economic and social development. The end of the Cold War has redefined the political landscape of the region, affording opportunities for dialogue and even consensus among groups that would have been unthinkable only a few years before.

Sound economic policies are increasingly guiding LAC economies toward recovery from the fiscal crisis of the 1980s. Both political leaders and the public at large recognize that market-guided, open competition is essential. Market-guided economies lay the groundwork for sustainable development. Sound economic management is necessary to tame a force -- inflation -- which hurts the poor much more than the rich and endangers the hard-won prosperity of the middle class. Governments also believe that economic restructuring is important for allocating resources more efficiently and for stimulating investment.

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

The economic growth patterns of the past, in all but a few LAC countries, were much too slow in relieving poverty. Moreover, as both LAC governments and international donors have come to recognize, the process of economic adjustment, although necessary, has negative short-term effects on some groups in society. The number of people living in poverty often increases, and income disparities sometimes widen. But this does not have to be the case. Greater attention must be given to programs that mitigate these effects for the most vulnerable. Evidence now confirms that programs designed to improve the lives of the poor in fact foster sustainable growth in the long run. Yet over the shorter run, a reduction in poverty rates and income inequality will require larger investments in human development programs, particularly basic education and health. Also, legal and cultural impediments to the full incorporation of women and ethnic minorities into the economic and political mainstream need to be overcome to encourage long run sustainability.

Another important result of the end of the Cold War has been the dissipation of North-South tensions. This new atmosphere has stimulated more hemispheric discussions that seek solutions to global issues such as environmental concerns and HIV/AIDS. NAFTA and more than 20 other sub-regional trade mechanisms testify to the benefits of free trade within the region. With further initiatives, both U.S.-led and in partnership with our neighbors, we can consolidate gains that benefit both the United States and the region.

USAID will further help stimulate change by capitalizing on three major trends in the region over the last decade, all involving a devolution of power from central decision-making. First, power has been devolved to voters, as manifested in the elected constitutional governments that are now the norm in

the region. Second, power to assign relative prices and therefore economic priorities has been transferred to market mechanisms. Third, power is being increasingly vested in sub-national levels of government -- local, provincial and regional -- where substantial decision-making can be brought closer to citizens.

### ***Regional Challenges***

The challenge for LAC governments seeking to maintain political stability and economic prosperity is to demonstrate that economic growth can meet popular demands for improved living standards, and that, in fact, incorporation of the poor in the economic process promotes growth and contributes to its sustainability. Growth therefore must become more broad-based. In the short term, more targeted programs are needed to mitigate the effects of economic restructuring on vulnerable groups of poor people. Even more important are continuity of economic policy reforms and long-term investments in education, health, and other social services that allow the poor to obtain higher-paying jobs.

Another challenge will be to preserve and strengthen the democratic gains of the last fifteen years. It is widely recognized within the region that these gains are fragile and cannot be taken for granted. In Venezuela an even longer period of democratic consolidation almost unraveled in 1992.

Population and health constitute still another challenge. Although population growth rates have fallen, the region's population is still growing by 60 percent over a generation. Sustained development, facilitated by investments in health, education, and family planning, can ease the pressures of demographic forces on society's institutions. Latin America's infant mortality rate continues to be nearly six times that of North America, and maternal mortality rates in several countries are nearly 40 times higher than in industrial nations.

All of us in the Western Hemisphere are challenged to protect the air, waters, and land mass that we share. Some 130 million people lack access to safe drinking water, and 220 million have inadequate sanitation. Air pollution has become a major problem in many of the region's cities. In almost all cases it is the poor that are being most severely affected by environmental degradation.

Global environmental issues also present challenges for LAC governments. The LAC region is home to 67 percent of the earth's tropical rainforests and a disproportionately large share of its species. Preventing species and habitat loss and creating markets for sustainably generated tropical products needs to be a regional priority. We must also recognize our common interest in addressing the threat of global climate change, and work together in promoting both increased economic prosperity and reduced greenhouse gas emissions through improved energy production and use and through decreasing deforestation with sustainable forest management.

In the near-to-medium term, USAID must not divert its attention from several immediate regional problems: staying the course with the Central American peace process, and helping Haiti's and Cuba's transformations into democratic and potentially prosperous states.

### ***USAID's Role***

USAID's role is evolving to meet these regional challenges. We are uniquely positioned to influence and consolidate the process of further change needed for the region to move toward more mature economic and political relationships with the United States and a more sustainable relationship with the environment. This does not imply a return to the high levels of assistance of the 1980s; but it does require a strategic, rather than budget-driven view of where U.S. interests lie.

USAID's comparative advantage lies in its technical knowledge and its institutional and personal relationships within the Hemisphere. Our future efforts will seek more effective collaboration with the international financial institutions (IFIs) and other donor organizations, to leverage other funding and to ensure a more concerted approach toward achieving the objectives outlined above. At the field level, USAID will work more closely with a well-developed network of nongovernmental organizations in place to support these objectives.

The U.S. national interest requires fulfilling the Summit of the Americas' promise of concerted action in support of maintaining democracy, advancing equitable economic growth, sustaining environmental resources, and assuring access to basic goods and services by all residents of the countries of the Hemisphere.

## ***Broad-Based Economic Growth and Sustainable Development***

Broad-based economic growth is the foundation of sustainable development. It is the most potent remedy for poverty, raising household incomes and expanding opportunity. Growth generates resources for providing more basic education, health, and other services that raise human productivity, improve living standards, and make smaller families desirable. Investments in human capital in turn fuel further growth and, if targeted toward the poor, enhance equity and opportunity. Productivity-based agricultural growth eases pressures to farm environmentally fragile lands and generate resources for tackling other environmental problems. Finally, broad-based economic growth strengthens the prospects for sustained democratic development.

The LAC economies grew relatively rapidly during the three decades prior to 1980, but that trend proved unsustainable. Moreover, economic growth produced only modest improvements in living standards for groups at the bottom of the income ladder, and some of these gains were lost with the external shocks and delayed adjustment that took place during the 1980s. More rapid progress in reducing poverty in the region will require sustained, robust economic growth. But that growth must be founded upon the talents and contributions of the entire population, including the poor and disadvantaged, and upon a sustainable environmental paradigm.

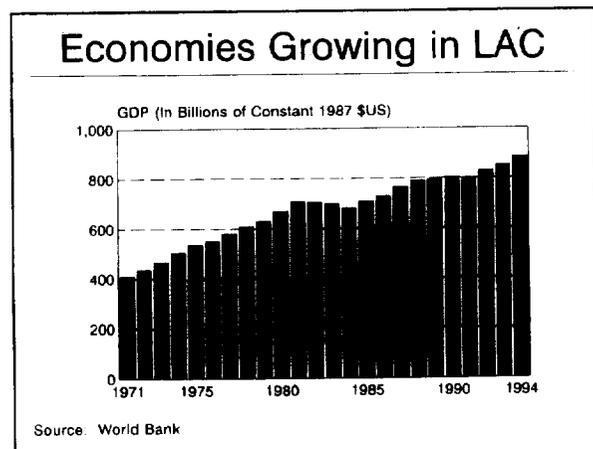
The challenge for the LAC region -- and for USAID -- is to seek growth not for its own sake, but for people's sake. Policy and investment choices must promote a pattern of sustained growth that expands opportunity and gives the poor and disadvantaged, particularly girls and women, greater capacity to produce income.

The obstacles hindering broad participation in the market economy must be directly attacked. The power of markets must be catalyzed in a way that empowers the poor and enables them to move into an expanding middle class. The broader pattern of growth that results will in turn inspire confidence in a better future, an essential underpinning of responsible and participatory democratic societies.

### ***Breaking with the Past: Achieving Broad-Based Growth***

The stage for broad-based growth has largely been set. The region's leaders have endorsed policies that create a climate conducive to growth. Most countries have maintained their commitment even across transitions from one elected government to another. As a result, the majority have brought inflation under control (to rates below 15 percent), dropped many trade barriers, and improved the environment for investment. The LAC economies grew by an estimated 3.7 percent in real terms in 1994, and the prospects for more rapid growth in the future is encouraging.

The passage of the North American Free Trade Agreement (NAFTA) has provided a further incentive for countries to manage their economic



policies wisely. NAFTA will spur the region to deepen its commitment to export-led growth and to pursue the shared objective of a hemispheric free trade area. Our two-way trade with the Latin American and Caribbean (LAC) region has reached \$177 billion annually, and our exports to these countries support 1.75 million U.S. jobs.

Since 1990 the LAC region has regained creditworthiness in the international financial market. For most countries, flight capital is returning, direct foreign investment is increasing, and the IFIs have resumed lending. In 1992 net direct foreign investment reached \$14 billion, quadruple its 1983 level, and \$27 billion in financial resources flowed into the region.

### ***Despite Progress, Poverty Persists in the Region***

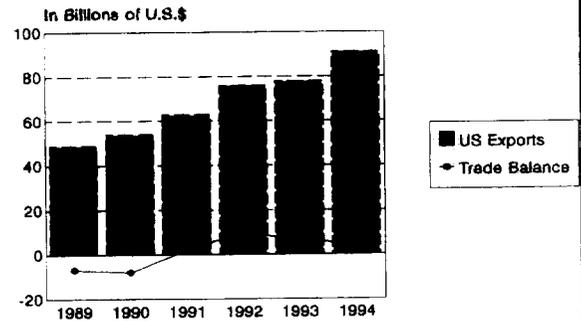
Serious obstacles to sustained equitable growth threaten both the hard-won economic reforms and democratic renewal. During the 1980s the absolute numbers and the incidence of poverty increased. The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) estimates that 196 million people (46 percent) in the region were living in poverty in 1990, up from 136 million (41 percent) in 1980.

The increase in poverty is explained by several phenomena. The region's per capita income fell by 10 percent between 1980 and 1983, mainly because of external shocks and the LAC countries' lack of flexibility and sometime misguided policies in responding to those shocks. Eventually, difficult stabilization efforts had to be undertaken to lay the foundation for economic recovery. Sometimes these programs led to brief recessions and public-sector spending cuts.

The changing structure of the LAC economies has benefitted many workers who have been drawn into export industries and other expanding sectors, but in the short term it has worsened living standards for others. Those who stayed in declining sectors, or who lost jobs with the closing of formerly protected industries or government offices, have suffered, and the situation of many landless farm workers has not improved. The economic hardships of these groups creates political pressures with which the new democracies must contend. Women and their dependent children, especially in the rapidly-growing number of women-headed households, are disproportionately poor. Gender-based factors limit their economic opportunities, productivity, and income.

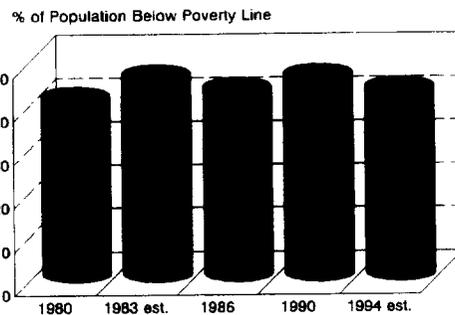
This increase in poverty has defined the 1980s as a "lost decade" for the LAC region. Although per capita income is recuperating in the region as a whole, it is still 5 percent below the regional average in 1980. Poverty is particularly acute in rural areas. In USAID-assisted countries, over 70 percent of

**U.S. Merchandise Trade with Latin America and Caribbean**



Source: U.S. Department of Commerce.  
1994 projections based on the first 9 months of trade.

**Poverty Undiminished in Latin America 1980-1994**



Source: ECLAC  
Poverty Line defined at approximately \$60/month/person

the rural population is poor. Both rural and urban poverty is exacerbated by low productivity in microenterprises.

At the same time, the region's population is young, and even if its growth continues to decelerate, it will still increase by 50 percent over the next 30 years. Economic growth rates must rise significantly to absorb new workers into the labor force.

### ***The Challenge for the 1990s: Sustainable and Equitable Growth***

**These trends point to an unavoidable conclusion. The chief challenge to political stability and economic prosperity in Latin America and the Caribbean during the nineties will be for elected governments to tangibly demonstrate that they can meet popular demands for improved standards of living.** Broader political freedoms have enlarged the space for dissent, while Cold War issues have evaporated as a tool to mobilize national consensus. The region's elected leaders thus feel greater pressures to find solutions to long-standing poverty and inequity problems.

The structural reforms begun in the 1980s have the potential to help lower the incidence of poverty and reduce historic income inequities. Many of these reforms seek to replace privileged access with equality of opportunity. Opening economies to trade and competitive market forces has reduced the ability of influential large producers to negotiate domestic monopolies and other government favors. Small firms have greater opportunities for profitable participation in local production. Other reforms address an historic bias against agriculture that repressed small-farmer incomes. Financial sector liberalization has begun to broaden access to commercial credit by small businesses. Workers rights are increasingly protected and labor unions accepted as a participant in decision making.

Nevertheless, structural reform is a difficult process, and staying the course is politically painful. At the same time, more must be done to reduce the transaction costs of the poor and disadvantaged, for both services and productive assets, in order to improve their quality of life and earnings potential.

The region's policymakers will also have to do a better job of sheltering low-income groups adversely affected by reforms, communicating the need for reform to the public, and discussing and choosing among reform options through democratic processes. The stakes are large. Many structural reforms will be preconditions for LAC country accession to a regional free trade area anchored by the NAFTA.

As popular participation in political processes increases, elected officials must also answer their citizens' demands for effective provision of basic health care, family planning, environmental protection, education, and other publicly-funded services. Inadequate investment in human capital by most LAC countries will make poverty reduction difficult. It will also place strains on the democratic process. Ultimately, the lack of social and environmental investments will undercut the productivity of the region's work force and the prospects for continued growth just as countries bank their economic futures on hemispheric free trade and competition in the global marketplace.

Insufficient investment in human productivity reflects weaknesses in policy as well as a scarcity of resources. Many middle- and lower-income developing countries of the region spend a lower share of their national income on education, health care, and social security than countries of similar per capita income levels elsewhere. Moreover, much spending on social services does not reach the poor, especially women. Inefficiencies, poor targeting of public resources, excessive centralization of funding and decision-making, and poor tax administration persist because of the lack of a broad-based constituency for change.

Two critical actions needed to make public expenditure more supportive of broad-based growth -- cutting military spending and reducing subsidies to the more affluent classes -- will challenge traditional

elites. Restructuring central governments, most importantly in the social areas, will be an imperative for the region during the 1990s. Success or failure will determine whether growth is equitable and sustainable well into the next century.

Similar arguments may be made about the need for reforms associated with investment in productive infrastructure. While privatization has allowed governments to concentrate more on the infrastructure that must be their own responsibility, weaknesses in project selection, design, and implementation have hampered the execution of investments even when funding is available. Also, the lack of priority given to maintenance by national governments has contributed to a deterioration of the capital stock, which hampers the ability to attract investments and develop markets.

Inattention to environmental issues likewise threatens the long-term development prospects of the LAC region. As in the industrialized world, prices have not been "gotten" fully "right" because long-term costs of misusing environmental resources are ignored, and social costs are not integrated into market prices. Underestimating the value of the resource base today will undercut growth for future generations. Environmental issues are also important for trade relationships. Developed countries will more freely open markets further to LAC products if the region can show progress in properly managing environmental resources.

### ***The USAID Role in the New Strategy***

USAID possesses valuable experience and institutional strengths in working on a day-to-day basis to help LAC countries find and implement solutions for pressing problems. Our strengths complement well the efforts of the multilateral institutions. The World Bank and Inter-American Development Bank, in particular, offer lending programs to finance large-scale infrastructure investment and support public sector restructuring. More of their resources will be channelled toward poverty reduction, particularly through social sector investment. USAID is strongly positioned to advance the shared objective of sustainable development by capitalizing on the human resources in our field missions, our access to U.S. technology and environmental know-how, and our knowledge of complementary technical resources within the region.

USAID programs in Latin America and the Caribbean will offer technical assistance, training, and institutional strengthening as tools to help the countries of the region implement systemic change. Our approaches in each country will be tailored to local needs, and will respond to tangible evidence of commitment to change. Building on our comparative advantage, USAID will give priorities to activities that address the following objectives:\*

1. USAID will assist countries to restructure their public sectors to be more responsive to the needs of their populations, especially the urgent needs of the poor and other vulnerable groups.
2. USAID will offer assistance to LAC countries to broaden the base of economic growth to include the poor and thus reduce the risk that policy reforms will be reversed.
3. USAID will support LAC countries that share our vision of a hemispheric free trade area as key to prosperity.
4. USAID will promote efforts to ensure that all children benefit from quality primary education.

Note: Specific activities for addressing objectives in each of USAID's four strategic areas (economy, democracy, health, and environment) are listed in the Appendix.

## ***Building Democracy***

### ***The Challenge***

Democracy has become for the LAC region the common guiding principle of economic growth and social development. It is also the basis on which the United States will define its relationship with the nations that share our hemisphere. Commitment to democratic government will be the condition precedent to other types of benefits, be they free trade or foreign assistance.

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 also 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 community of states -- all except Cuba -- with freely elected, civilian leaders.

Nevertheless, a broader concept of democracy, under which citizens have a wealth of outlets to express political choices -- a free press, NGOs, unions, political parties, and other organizations, as well as effective local governments --- is only beginning to emerge in some countries.

If the word democracy connotes "government of the people, by the people, for the people," then in most Latin American countries the transformation has only just begun. Elected governments began to replace authoritarian ones in the late 1970s. Civilian leaders replaced military ones. Nonetheless, it is widely recognized that these new democracies are incomplete and fragile. The English-speaking



Caribbean, with the exception of Guyana, has much stronger democratic traditions and will not be the focus of the Bureau's democracy programs.

The 1990s have the potential to be an unparalleled decade of democratic consolidation. But the future strength of democracy in the LAC countries will depend largely on the rate of economic progress and how broad-based it is. Lack of growth or inequitable growth linked to evidence of corruption in high places damages government legitimacy, as strikingly evident in the recent past in Venezuela and Brazil.

Political development must go hand in hand with economic advances. Latin Americans need to become citizens who participate in the democratic process and transform democratic forms into democratic substance. Citizenship is a concept that challenges Latin American societies, which historically have subjugated individual rights to enable elites to maintain political and economic power. Latin Americans must act as citizens to ensure that government institutions become more transparent, decentralized, accountable, effective, and accessible. This civic consciousness can be developed through judicious selection of projects and other development activities that encourage participation, especially by women, indigenous peoples, ethnic minorities, and other groups that traditionally have been hindered from full participation. Political development and civic consciousness will be strengthened by direct support of "good governance" efforts.

#### ***USAID's Role***

The return to democratic rule in Latin America will be successful only if progress is made across a variety of fronts.

To support our commitment to the evolution of democratic practices and values that can be consolidated and sustained, USAID has identified three objectives:

1. USAID will support greater adherence to the internationally recognized human rights of individuals as persons, citizens, and workers.
2. USAID will assist societies to deepen the practice of citizenship, and to strengthen civil society.
3. USAID will support "good governance" to make government institutions more transparent, accountable, effective, decentralized, and accessible to citizens.

## ***Population and Health***

Support for population, health, and nutrition (PHN) programs in the LAC region is important from a variety of perspectives: to promote economic development, to respond to humanitarian and environmental concerns, to advance democracy, and to control life-threatening diseases and population pressures.

From an economic standpoint, investing in PHN raises human productivity. Improved access to family planning can help reduce population growth rates, thus easing the task of providing essential social services and employment opportunities. Healthy workers produce and earn more. Healthy children learn more. By contrast, the inattention to preventive care characteristic of many LAC countries can raise the ultimate resource cost of the health care system.

Reflecting our strong humanitarian tradition, the United States is committed to sharing its resources with our neighbors to prevent disease, hunger, and malnutrition. We can also foster democratic processes by increasing equitable access to health and family planning services and empowering communities to take responsibility for their own welfare.

### ***Despite Progress, Problems Persist***

The proximity of the LAC region poses special concerns for the United States. Rapid population growth strains the hemisphere's natural resources, resulting in shortages, degradation, and pollution. Population pressures also contribute to increased migration to the United States. In addition, communicable diseases such as cholera, HIV/AIDS, polio, and measles can cause problems in our own country if they are not addressed in the region. LAC initiatives to eradicate polio and to control measles are critical to the success of U.S. public-health efforts. Had measles been controlled in the region, the United States would probably have reached its long-overdue goal of eliminating it in the 1980s, potentially averting the costly 1990 epidemic.

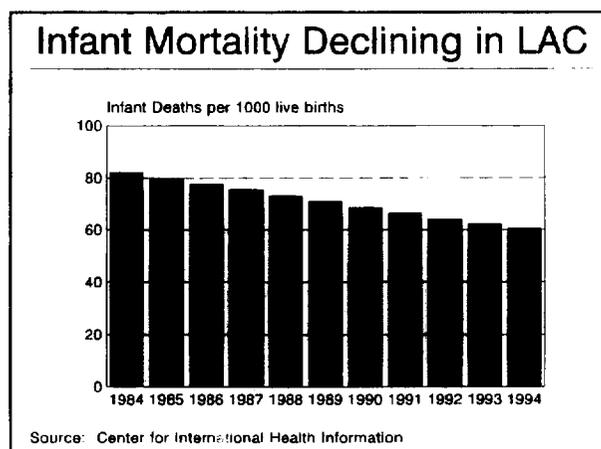
The accelerating transmission of HIV within the region is even more disturbing. Well over 1.5 million HIV infections have been recorded in the LAC region, and the epidemic is growing by about 5,000 new infections per week. By contrast, the United States, where the epidemic began earlier, has about one million infections. In view of current migration and travel patterns, the LAC epidemic threatens not only to thwart the region's development but also to complicate our own control efforts.

In short, a healthy population growing in line with its resources is essential to generate sustained socioeconomic development. On the other hand, if the substantial PHN problems in the region are not effectively addressed, they can threaten our own well-being.

USAID has contributed to substantial progress in the region. In the countries where we have focused our resources, both fertility and infant mortality have dropped by 15 to 20 percent since the mid-1980s. Yet vast challenges remain. While mortality has dropped, fertility still exceeds five children per woman in several LAC countries and remains high in many others, particularly in rural areas and among indigenous populations. The resulting rapid rural growth fuels migration to urban areas, whose residents now make up nearly three-quarters (71 percent) of the region's population.

By 2025 the LAC region's current population of about 450 million is projected to increase by more than half -- to 700 million. By contrast, the U.S. population would grow by less than a quarter (to about 320 million) over the same period.

Infant and child mortality, despite recent declines, remain high in many LAC countries, especially among disadvantaged populations. Half a million infant deaths -- more than 15 times the U.S. total -- occur annually in the region, most of them preventable. Malnutrition, which often contributes to child mortality, remains a serious problem in most countries where USAID has a sustainable-development program, ranging up to 44 percent of children inadequately nourished (by weight for age) in Guatemala. Maternal deaths are also unconscionably high, with rates 25- to 30-fold or more higher than in the United States.



Girls' basic-education levels still trail those of boys in a number of sustainable-development countries. Basic education of girls correlates powerfully with future health-seeking behavior, lower desired family size and higher income earning ability resulting in decreased fertility as well as reduced child and maternal mortality. Improved levels of primary education completion are goals that also serve as indicators of developmental success.

As the recent cholera epidemic showed emphatically, water and sanitation services in the region are inadequate. About 130 million people still lack safe drinking water, and 220 million lack adequate sanitation facilities. The costs of providing such services are daunting -- in the hundreds of billions of dollars. However, low-cost (i.e., low infrastructure) solutions can be introduced to begin addressing this problem, especially in secondary municipalities where sufficient gains may be achieved now thus mitigating, as municipalities grow, the problems common to major urban centers.

In urban areas, access to water and sanitation services is roughly double that in rural areas, exemplifying the disparities between different population groups within the region. Access to health and family planning services is also skewed, and their organization and provision suffers from a high degree of waste and inefficiency and an inappropriate allocation of resources.

### ***A Strategy for Assistance***

Democratically-elected leaders in the LAC countries feel increasing pressure to improve the quality of health care and family planning services, and to ensure their availability to all. USAID cannot address the whole range of PHN problems described above, but we have a key role to play in helping countries fulfill their commitment to access and quality.

In some countries, such as Haiti, PHN programs need to be concerned mainly with improving access to and impact of basic services. Most LAC country programs, however, are relatively advanced in terms of achieving strong impact, at least for child survival and fertility. In those programs, greater efforts need to be directed towards protecting our large investments, strengthening delivery systems, and sustaining that impact.

USAID will not deliver needed PHN services directly in most instances, but will collaborate with a variety of host-country counterparts, both public and private, to ensure that needed services are provided and shared concerns are addressed. To leverage our resources USAID will work closely with other donors, not just to coordinate, but to collaborate in developing strategies and approaches at the country, regional, and sub-regional levels. Our comparative advantage lies in providing technical

assistance to support program design, development, and evaluation; conducting analyses and studies to support policy dialogue as well as more cost-effective and innovative programming options; and supporting human-resource development, training, and selective institutional-development activities.

In general, other donors are better able to fund needed commodities and infrastructure, and to support selective recurrent costs and large-scale institutional-strengthening activities. They will provide the major support for water and sanitation programs for the major urban centers, which rely heavily on costly infrastructure and commodities. USAID is, however, well suited to take the lead in water and sanitation projects for secondary municipalities, which historically have not received World Bank or other IFI support. In areas of critical need, USAID will support programs and analyses to improve the availability and quality of basic-education services but will not fund school construction or other infrastructure.

LAC population and health programs will be developed in line with Agency strategic guidance aimed at reducing rapid population growth, maternal and child mortality, and the spread of HIV/AIDS. USAID will work with governments to ensure that they increasingly assume responsibility for financing (but not necessarily providing) the most critical services, at least for the poor. Where indigenous groups account disproportionately for high fertility and mortality, they will be targeted specifically to ensure equitable access to culturally appropriate, high-quality services and education messages.

### ***USAID's Role***

USAID's PHN strategy will focus on the following objectives:

1. **Population/Family Planning:** USAID will support programs and policies that enable couples and individuals to determine freely and responsibly the number and spacing of their children.
2. **HIV/AIDS:** USAID programs will seek to reduce HIV transmission by increasing access to condoms, controlling sexually transmitted diseases (which enhance HIV transmission), and promoting safer sexual behavior.
3. **Maternal Mortality:** USAID will support programs to reduce the unacceptably high maternal mortality in many LAC countries, a reflection of general inattention to women's health.
4. **Child Survival:** USAID will build on its successful child survival programs in the region to ensure continued impact and to reduce the remaining preventable mortality.
5. **Sustainable Health Services:** USAID will support programs and policies to enhance equitable access to decentralized and sustainable health services.

## ***Environment and Energy***

The LAC region is endowed with a rich though unevenly distributed natural resource base that includes fertile soils, extensive marine and freshwater systems, and more than half of the world's tropical forests and biological diversity. But over-exploitation and pollution are decreasing potential economic growth for current and future generations, undermining human health, and significantly contributing to the looming world environmental crises of global climate change and loss of biodiversity. This degradation is occurring within a context of deeply-rooted, pervasive poverty and rapid population growth driving over-exploitation; of limited access to appropriate resource management and clean production technologies; of policies that distort resource management incentives; and of weak public and private environment, energy, and natural resource management agencies.

### ***Achieving an Integrated Environmental Strategy***

Awareness is growing throughout the LAC region that environmental degradation, economic decline, and social and political instability are closely linked. Addressing environmental issues means dealing with factors that affect public welfare and human rights, as well as the physical resources on which life depends. Sound environmental and natural resource management is no longer perceived as a luxury, but as an integral part of growth -- a principle that must be followed if the benefits of development are to be realized and human welfare maintained and enhanced.

In response to these concerns, LAC leaders have undertaken significant environmental initiatives. As examples: Central American leaders established the Presidential-level Central American Commission for Environment and Development (CCAD); the Latin American and Caribbean Commission on Development and Environment, in preparation for the United Nations Conference on Environment and Development (UNCED), laid out in **Our Own Agenda** the region's priorities for environmental management; and LAC presidents have initiated, in collaboration with the Pan American Health Organization, a Regional Plan for Investment in the Environment and Health.

Currently, USAID has a strong portfolio of "green" projects related to sustainable agriculture, the conservation of natural forests, and conserving biodiversity. Given the increasing impact of pollution, the LAC strategy will more rigorously address "brown" issues including: sustainable energy management and energy conservation; urban and industrial pollution prevention; and strengthening and upward harmonization of environmental regulatory frameworks among countries to advance free trade.

By integrating brown issues into the strategy, USAID can better address the urban linkages between environment and broad-based economic growth, and between environment and health. Brown issues also provide a salient point around which individuals and local communities are motivated to rally, providing a vehicle for promoting the development of civic organization and participation.

The problems and opportunities in energy, pollution prevention, and sustainable use of the natural resource base, including biodiversity, are outlined below.

**Energy.** The supply of energy in a cost effective and reliable manner is necessary for a region to thrive and grow. For the past thirty years Government-owned utilities have dominated the energy sector, leading to financial and operational problems and inefficiencies that, except for Chile, persist today. Energy shortages caused by utility mismanagement, droughts, or both, have been a serious drag on economic growth, hurting existing industry and commerce and serving to discourage new investment. This is happening despite the presence of large known reserves in the LAC region of oil, gas, coal, hydroelectric, and geothermal resources. In addition to the negative effect on economic growth, the environmental problems associated with energy production are significant. Large sectors of the

population use energy inefficiently; increasing rates of energy production and consumption are adding to the air pollution problem.

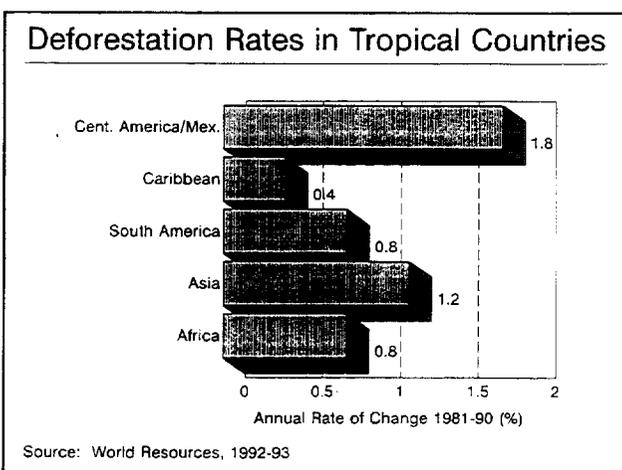
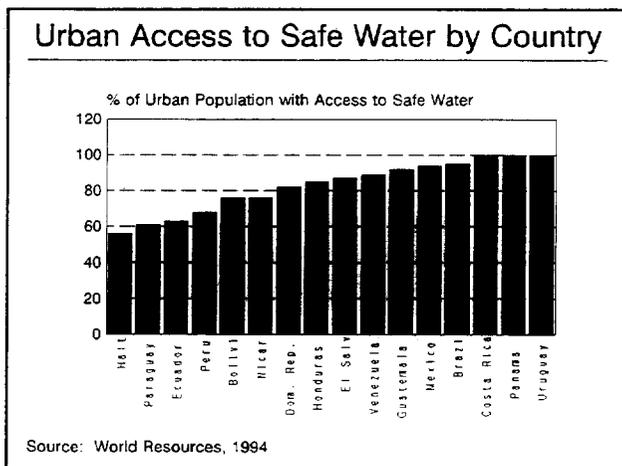
Countries of the region need support in turning this situation around through the development of sound policies; capitalizing upon the region's vast hydropower reserves and other renewable energy resources such as wind power, solar power biomass conversion, and more experimental sources; and by taking advantage of the great potential for dramatically increasing energy efficiency.

**Urban and Industrial Pollution.** While the majority of the population in the countries that USAID focuses its efforts live in rural areas, rapid urbanization is overwhelming the ability of cities and towns to provide basic human services. Most cities lack potable water, and have poor solid and liquid waste disposal systems. Exacerbating the situation, highly polluting industries are often concentrated in the urban centers.

The transfer and adoption of technologies are needed that will assist local enterprises in converting raw materials more efficiently while reducing pollutant discharge. Clean technologies emphasize pollution prevention and efficient use of natural resources, increasing competitiveness and profits. While clean technologies aim to increase efficiency and reduce the amount of pollution generated, end-of-pipe technologies simply aim to neutralize the high volume of pollution generated from wasteful and inefficient processes thus providing no incentive to increase efficiency or competitiveness.

**Natural Resources and Biodiversity.** Rural areas of LAC countries depend on agriculture for a livelihood. Unsustainable farming practices, often by resource poor farmers, and uncontrolled land speculation, have been largely responsible for the conversion to farming and grazing of forests, wetlands, and steep hillside areas with soils unsuitable for sustaining permanent agriculture. Unfortunately, while total agricultural production has increased with the expansion of land under cultivation, rapid population growth and declining productivity due to land degradation has resulted in per capita production for the region declining over the past two decades.

The permanent destruction of tropical forest habitat is of particular concern. While the region contains over half of the world's remaining tropical forests, it also has the world's highest rate of deforestation; some 11 million hectares are lost each year. Forest destruction is the principal cause of biological diversity loss and the greatest source of greenhouse gas emissions in the region. In place of tropical forests are barren lands and extensive erosion that degrade fresh water, marine, and hydroelectric resources.



The region's biologically rich coastal and marine resources are being seriously degraded. While pollution from coastal cities is a principal culprit, soil erosion and pesticide runoff are other serious sources of pollution. The beaches, wetlands, and coral reefs being destroyed are some of the most biologically diverse and economically productive ecosystems in the world.

There are promising practices for further development and deployment that both sustainably use and are economically competitive to current wasteful uses. For example, while agricultural productivity in the region is generally low for basic food crops, productivity for some cash and export crops can be quite high. Support for the development of such export and cash crops needs to incorporate environmental concerns, emphasizing appropriate use of pesticides, integrated pest management, promotion of soil conservation, and improved efficiency of water use.

### ***USAID's Role***

USAID will promote policies and practices that foster sustainable management of natural resources, conserve tropical forests and other biologically diverse habitats, control and abate pollution, produce and utilize energy cleanly and efficiently, and achieve these objectives within the context of supporting broad-based economic growth. In designing its program, USAID's guiding principles will be to promote partnerships with host country and regional organizations; support grass-roots user organizations; emphasize environmental education programs that raise public awareness of environmental issues; and integrate environmental considerations into activities of other sectors.

USAID will coordinate with other donors and the multilateral banks, building upon its comparative advantage in contributing to and collaborating with multilateral efforts. We will also cooperate more closely with other federal agencies, using USAID's preeminent development experience to help forge a unified and effective U.S. environmental assistance program.

USAID will promote environmental policy reforms, enforcement of regulations, and adoption of practices that will advance free trade. We will offer technical assistance, training, and institutional strengthening as tools to help the region protect their environment, energy base, and natural resources. Together, these programs will support a strategy that focuses on the following objectives:

1. USAID will support programs to improve resource management for sustainable economic growth, particularly in natural forest management, marine ecosystems, and agriculture;
2. USAID will assist countries to control, reduce, and prevent urban and industrial pollution;
3. USAID will promote development of sustainable and renewable energy sources and will encourage conservation and efficiency, pricing reform, and privatization of the energy sector;
4. USAID will promote a campaign for reducing greenhouse gas emissions through programs that promote sustainable energy production and natural forest management;
5. USAID will lead in conserving biological diversity in the Americas, both terrestrial and marine;
6. USAID will support efforts to promote strong civic organization and participation in protecting the environment.
7. USAID will assist countries to strengthen and harmonize their environmental standards for accession to the new Trade Area of the Americas, by supporting the development of policies and institutions responsible for compliance with regulations and by supporting access to cleaner and environmental friendly technologies.

## APPENDIX

### SPECIFIC ACTIVITIES FOR ADDRESSING USAID'S OBJECTIVES

#### **Broad-Based Growth and Sustainable Development**

1. ***USAID will assist countries to restructure their public sectors to be more responsive to the needs of their populations, especially the urgent needs of vulnerable groups.***
  - ***USAID will assist LAC governments in modernizing their institutions by encouraging greater transparency, decentralization and targeting on the poor as countries reform social programs in education, family planning, health care, and provision of infrastructure. We will give priority to reforms that promote decentralized decision-making and actual implementation, and more effective use of scarce resources through targeting and improved management.***
  - ***USAID will collaborate with governments, the private sector, labor unions, and NGOs to improve the quality and availability of basic education and worker training, including supporting measures to reduce gender discrimination and promote entry by both women and men into more productive and rewarding work, in order to ease the human costs of economic transformation.***
  - ***USAID will offer technical assistance to governments seeking to reform fiscal policy, particularly in the areas of tax policy, enforcement and administration, realignment of budgetary priorities to better combat poverty, and greater accountability to the public. USAID will seek commitment by recipient countries to restrain military expenditures and to improve equity in both revenue generation and the targeting of public expenditure as conditions for our assistance.***
2. ***USAID will offer assistance to LAC countries to broaden the base of economic growth and thus reduce the risk that policy reforms will be reversed.***
  - ***USAID will assist countries to deepen and institutionalize policy reforms supporting sustainable development. We will urge governments to create the laws, procedures, and institutions that are the underpinnings of an open, transparent, and inclusive market society.***
  - ***USAID will emphasize policy reform activities that build analysis and advocacy capability within civil society, and break down barriers to participation in the economy by excluded groups, including ethnic and gender-based barriers.***
  - ***USAID will work with the private sector, NGOs, and governments to improve productivity and incomes generated by microenterprises in all sectors of the economy and especially for women. In particular, USAID will help countries expand access to land security, credit and technology and build participation by small-scale businesses and small farmers in the market economy, with a particular focus on problems of rural poverty.***

**3. USAID will support LAC countries that share our vision of a hemispheric free trade area as key to prosperity.**

- **USAID will assist countries to undertake intermediate steps necessary to move toward a closer trading relationship with the United States.**
- **As economic stability is necessary for integration, USAID will pursue an ongoing dialogue with LAC countries to encourage continued sound economic management and progress in implementing needed macroeconomic and sectoral reforms. In this endeavor, USAID will pursue a collaborative working relationship with the IFIs.**
- **USAID will help governments, private enterprises, labor unions, and NGOs to make progress in improving labor policies, particularly regarding adherence to basic worker rights.**
- **USAID will offer support through policy advice, technology transfer, and training to assist countries to improve operating environmental standards.**

**Building Democracy**

**1. USAID will support greater adherence to the internationally recognized human rights of individuals as persons, citizens, and workers. While great progress has been made in the hemisphere in reducing gross violations of political and civil rights, in some countries government security forces still act with impunity or due process is highly flawed. Even where no violations are occurring, mechanisms of civic control to effectively guarantee their non-reoccurrence are not in place. In some countries, labor rights violations continue to be a problem, and guarantees of protection of these rights are often non-existent. Other countries limit the freedom of women, the poor and ethnic minorities. To address these problems:**

- **USAID will continue to support human rights education, principally through the Inter-American Institute of Human Rights in San José, Costa Rica.**
- **In countries where human rights violations are serious, USAID will support local human rights organizations and/or human rights ombudsman offices to document abuses and highlight needed changes.**
- **USAID will continue to support programs dedicated to strengthen the rule of law, including the reform of criminal law procedures, improved due process, public defender programs, and legal services for the poor.**
- **USAID will continue to support dialogue on the proper role of the military in a democratic society, and on civilian oversight and control of the military.**
- **USAID will continue to support AFL-CIO efforts to closely monitor labor rights issues and educate labor union officials about their rights; help those who wish to change the current adversarial labor-management relations model to a more cooperative model; increase the role of women in democratic labor unions; and where possible assist countries to promulgate and enforce acceptable workplace health and safety standards.**

**2. USAID will assist societies to deepen the practice of citizenship, and to strengthen civil society. Democracy is not only a political system, it is also a culture, a way of life in which citizens**

*assume ultimate responsibility over the state and over all of society. Many of its fundamental aspects, such as tolerance for opposing points of view, are relatively new to the political life of Latin America. Institutions such as primary and secondary schools seem relatively unaware of the role that they could play in creating citizens. Many sectors of society have a weak voice in the political process. Government regulations and political practices sometimes impede the growth of a strong civil society. Information is often controlled by relatively few groups. USAID will help strengthen citizenship and civic life in these ways:*

- *USAID will help establish a network of civic organizations throughout the hemisphere and link them to like-minded organizations in the United States to encourage the transfer of education materials, methodologies, and best practices.*
- *USAID will try to instill an awareness for civic action in development projects in all areas, and for the engagement of citizen organizations in issues addressed by these projects.*
- *Where requested, USAID will provide technical assistance to school systems or civic groups that wish to examine the role of schools in promoting democratic knowledge, attitudes, and practices.*
- *USAID will assist organizations that provide a new voice for groups that have been outside the halls of power -- such as minority ethnic groups, labor unions, and women's organizations -- or that encourage respect for these groups' contributions to society.*
- *USAID will support professionalization of the media in Central America and the establishment of a regional training center.*

3. *USAID will support "good governance" to make government institutions more transparent, accountable, effective, decentralized, and accessible to citizens. In the past, all too often, Latin America governments were often ineffective, corrupt, remote, overcentralized, unaccountable, and opaque. Judicial systems were beholden to political forces controlled by the executive branch, had unmanageable backlogs, and were inaccessible to the poor and other marginalized groups. Legislatures had limited capability to review executive budgets and few channels for incorporating the views of citizens and civil society in their debates. Election tribunals often have seemed incapable of holding free and fair elections without international assistance and observers. Public-sector management of resources lacked accountability. Local governments did not have authority to raise revenues and solve local problems. The surge of democratic ideas of the last few years has washed across all these societies, and Latin American citizens are demanding "good governance." Governments are beginning to respond, and USAID can help this positive trend with a variety of programs:*

- *Elections: USAID will help to build regional associations of election tribunals, strengthen individual tribunals, and build local NGO voter education and monitoring capabilities, in an effort to ensure that free and fair elections continue to be the norm, to broaden participation, and to reduce the need for international observers.*
- *Legal systems: USAID will support the growing judicial reform movement in Latin America by building a reform network throughout the hemisphere and supporting reform activities in individual countries, focusing on institutional reform, merit personnel systems, legal defense, legal services and alternative dispute resolution mechanisms.*

- **Legislatures:** USAID will provide limited assistance to legislatures to improve their capacity to oversee the executive branch, to legislate on their own, and to involve citizens and civil society in policy debates.
- **Financial management:** USAID will provide technical assistance to countries that wish to improve their financial management systems to permit greater transparency and will organize an international donors group to coordinate strategy and implementation in this area. USAID will work with a network of NGOs to advance openness, accountability, and anti-corruption measures.
- **Local government:** Through intensive activities in Central America, and limited activities in South America, USAID will support further decentralization of authority to local government and the establishment of citizen participation mechanisms (e.g., town meetings and public hearings) for local governments.

## **Population and Health**

1. **Population/Family Planning:** USAID will support programs and policies that enable couples and individuals to determine freely and responsibly the number and spacing of their children. Many women in the region wish to space or limit their children, but owing to lack of information or available high-quality services, they are not doing so. Family planning programs need to make such services accessible to meet this demand. Particularly where contraceptive use is low, couples also need to be better informed about their options. Specifically:
  - USAID-supported programs will continue to promote the full gamut of family planning methods. To increase access and utilization of reproductive health services in areas with low contraceptive prevalence, USAID programs will work through public health, NGO, and for-profit providers to strengthen clinical, community, and commercial delivery networks. USAID will continue to support the development of contraceptive logistic systems, and where needed will continue to supply contraceptives. When feasible, we will pass this responsibility to commercial suppliers, governments, and other donors.
  - USAID programs will advocate more effective national policies on population and family planning; increase social and commercial contraceptive marketing; and promote family planning through innovative information, education and communication channels, including entertainment.
  - USAID-supported programs will target underserved indigenous and other hard-to-reach groups, which NGOs have a strong capacity to reach. Adolescents, another underserved group, need information and services related not only to family planning and the consequences and risks of early childbearing, but also to HIV/AIDS and conventional sexually transmitted diseases.
  - In more advanced programs, USAID will focus on ensuring the sustainability of family planning efforts through strengthening institutions, increasing cost recovery and efficiency, diversifying services, and improving their quality.
2. **HIV/AIDS:** USAID programs will seek to reduce HIV transmission by increasing access to condoms, controlling sexually transmitted diseases (which enhance HIV transmission), and promoting safer sexual behavior. Without a strong program to prevent HIV transmission, which

*is now mainly heterosexual, the region will experience devastating human and economic consequences. The number of infections is expected to reach two million by mid-decade, and the ten-year incubation period and absence of a cure will ensure the continued silent spread of this disease unless decisive action is taken. With heterosexual transmission skyrocketing, women are particularly vulnerable. In view of cross-border transmission patterns, facilitated by high levels of migration, the emphasis-country approach is no longer enough. Therefore, LAC will undertake a sub-regional multi-country strategic approach. To address the HIV/AIDS threat:*

- *USAID will increase condom availability and use by collaborating with family planning programs, developing social and commercial marketing programs, improving public delivery systems, and conducting policy analyses and dialogue. Other donors increasingly will be expected to assist with condom supplies where needed.*
- *USAID will assist in controlling sexually transmitted diseases by improving case identification, treatment, and management, including contact investigation. In general, where outside assistance for supplying pharmaceuticals is needed, other donors will be called upon to provide it.*
- *USAID will support information, education and communication programs to promote safer sexual behavior. As with family planning, adolescents must be reached before they adopt risky sexual practices.*

**3. *Maternal Mortality:*** *USAID will support programs to reduce the unacceptably high maternal mortality rates in many LAC countries, a reflection of inadequate focus on women's health needs. In sustainable-development countries, a woman's lifetime risk of pregnancy-related death is 40 times that in the United States. Specific activities will include the following:*

- *USAID will seek to ensure effective family planning services, since preventing high-risk births improves maternal (as well as child) outcomes.*
- *USAID-supported programs will expand delivery of effective prenatal care to allow important causes of maternal mortality (e.g., hypertension and anemia) to be identified and treated or referred for appropriate management. Moreover, in providing nutritional counseling, vaccination against tetanus, and screening and management of sexually transmitted diseases, effective prenatal services will also reduce perinatal deaths.*
- *Since obstetric emergencies cause most maternal mortality, USAID will work with both public and private entities to develop policies and programs needed to ensure that trained midwives are available, equipped and supported by appropriate referral systems.*

**4. *Child Survival:*** *USAID will build on its successful child survival programs in the LAC region. These programs have led worldwide efforts to eradicate polio and to eliminate measles. The following activities will seek to reduce the many preventable child deaths that continue to occur:*

- *USAID-supported programs will better target indigenous groups to ensure access to culturally appropriate information and services.*
- *Depending on country needs, USAID programs will work to increase the use of appropriate high-impact, cost-effective interventions to prevent deaths from vaccine-preventable diseases, diarrhea, pneumonia, and childhood malnutrition. Although*

*pneumonia is now the leading cause of child mortality in the region, programs aiming to improve case management of acute respiratory infections are not yet well developed and need to be strengthened. In line with region-wide initiatives, vaccinations to prevent measles, polio, and neonatal tetanus will also be emphasized. Control of diarrheal diseases will stress not only oral rehydration therapy (including associated logistics and education) but also appropriate feeding during diarrhea. More support will be given to neglected but cost-effective nutritional interventions: exclusive breastfeeding, better infant feeding, and use of micronutrients, especially Vitamin A.*

- *As programs become more effective, USAID increasingly will focus on fostering institutional and financial viability, to ensure that the policies and management and financing systems needed to sustain program impacts are developed and implemented.*

**5. Sustainable Health Services:** *USAID will support programs and policies to strengthen and maintain health and family planning services. In some countries, such as Haiti, programs need to focus mainly on delivering services—improving access and impact. However, most LAC countries will direct increasing efforts towards protecting our sizable investments, strengthening delivery systems and ensuring sustained program impact:*

- *USAID will promote the reorganization of services to favor decentralization, community participation and integrated approaches where feasible. Decentralized services can be efficient and responsive to local conditions. Integrated services often are both efficient and sustainable, though attention to maintaining program effectiveness is critical.*
- *USAID will work with host governments to support the most appropriate public-private mix of basic service delivery. In some cases, it will be cost effective for governments to pass responsibility for certain specialized services to the private sector and to adopt an overseeing and regulating rather than an implementing role. USAID will work increasingly with NGOs, particularly to serve hard-to-reach groups.*
- *USAID will promote cost-effectiveness through support to improve quality and management efficiencies, to develop appropriate financial incentives and to implement policy reforms.*
- *USAID will support activities with both public and private service providers to generate additional revenues by cost recovery (while guaranteeing access to basic preventive services), insurance and other pre-paid means.*

### **Environment, Energy, and Natural Resources**

**1. Sustainable Energy Production:** *USAID will assist efforts by LAC countries to increase the energy production capacity in a sustainable manner as follows:*

- *USAID will promote energy policies that adhere to the tenets of the UNCED convention and reduce greenhouse gas emissions to 1990 levels. Such policies will focus on increasing energy conversion efficiencies, elevating the importance of energy conservation measures, promoting the use of clean technologies, and assisting in the development and installations of renewable energy sources.*
- *USAID will promote public awareness programs and energy education campaigns that support conservation and reduce per-capita consumption.*

- **USAID will assist in creating an environmental assessment process to ascertain the full environmental impact of locating and operating large and/or multiple energy projects, particularly hydro-electric facilities, within selected river basins. This assessment process will also encourage regional energy planning and better grid operation management.**
- **USAID will discourage policies that promote risky options such as the development of nuclear power and inefficient fossil fuel conversion. USAID will, however, support policies that promote the development of renewable energy and the use of appropriate technological options.**
- **USAID will work with host governments to develop a process that evaluates the available energy resources, both renewable and nonrenewable. The evaluation process will conclude with a sustainable management strategy for the nonrenewable reserves and a promotional strategy for the renewable reserves.**
- **USAID will support programs that encourage local groups, entities, and NGOs to promote the use of renewable energy sources and the development of nonconventional sources of power.**
- **USAID will encourage host governments to privatize publicly operated utilities. In addition, USAID will support programs that empower local communities to cooperate with the new private utility owner-entities to deliver services in an efficient, reliable, and cost effective manner.**

**2. Urban and Industrial Pollution: USAID will assist countries to control urban and industrial pollution as follows:**

- **USAID will support public education and advocacy to raise awareness of the environmental health problems associated with urban and industrial pollution. USAID will support programs on how to reduce and recycle common household hazardous materials to mitigate domestic exposure.**
- **USAID will encourage the use of economic incentives and disincentives, environmental regulations, and enforcement interventions that promote the adoption of environmentally sound industrial technologies and natural resource conservation. Cost benefit and risk assessment analyses will also be encouraged.**
- **USAID will support the transfer of clean technologies -- through training, plant audits, technical assistance, and potential interagency collaboration -- to promote pollution prevention and the recycle and conservation of raw materials. USAID will promote clean technologies over pollution control technologies.**
- **USAID will promote the development of effective environmental assessment (EA) procedures in order to avoid future environmental disasters and to emphasize sustainable solutions to urban and industrial pollution problems.**
- **USAID will encourage an assessment of pollution trends and baseline studies of what toxins are discharged and where. In accordance, USAID will promote the development of a strong monitoring and laboratory evaluation and analysis program to determine the extent of the problems.**

- *USAID will support programs that encourage local groups, entities, and NGOs to promote the development and use of low infrastructure and low cost solutions to urban problems such as wastewater treatment, solid and liquid waste disposal, and air pollution.*
- 3. *Biodiversity: USAID will assist efforts to preserve biological diversity in the Americas as follows:***
- *USAID will maintain an ongoing effort to identify areas in the Americas containing biodiversity of global significance;*
  - *USAID will encourage policies and practices that promote the preservation of biological diversity;*
  - *USAID will promote the preservation of tropical forests, wetlands, coastal zones, and marine habitats through the establishment of biological reserves on public and private lands;*
  - *USAID will continue to support improved management of environmental endowments and other natural resources funding mechanisms to ensure long-term sustainability of financing for biological reserves on public and private lands, as well as support for biodiversity research, education, and community outreach activities.*
- 4. *Natural Resource Management: USAID will support programs to improve natural resource management for sustainable economic growth as follows:***
- *USAID will encourage appropriate land use regulation on public and private lands and promote the elimination of subsidies (e.g., for logging, water use, and electricity) that encourage over exploitation of natural resources and inefficient resource allocation.*
  - *USAID will promote the intensification of agricultural production on arable lands to lessen pressure on fragile lands, and support the development and dissemination of sustained-yield management techniques for tropical forests and tropical agroforestry technology.*
  - *USAID will promote rational pesticide handling and regulation, and encourage the dissemination and adoption of integrated pest management practices to lessen reliance on chemical pest controls.*
  - *USAID will promote improved watershed management to conserve water resources for agriculture, industry, and urban uses.*
- 5. *Civic Engagement: USAID will support programs that increase opportunity for local citizens to engage in (1) income generation through environmentally sound microenterprises and (2) civic society through organizing around local environmental issues in these ways:***
- *USAID will encourage the empowerment of local communities, user groups, and rural organizations to directly manage productive resources on a sustainable basis.*

- ***USAID will design projects, as best as possible, to increase opportunity for local citizens to engage in income generation through environmentally sound microenterprises.***
- ***USAID will design projects, as best as possible, to emphasize the development of civic organization and participation around local environmental issues.***