

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



**Congressional Presentation
Fiscal Year 1999
ANNEX IV**

Latin America and the Caribbean

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1999 CONGRESSIONAL PRESENTATION**

**LATIN AMERICA AND THE CARIBBEAN
ANNEX IV**

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LATIN AMERICA AND THE CARIBBEAN

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$190,144,000	\$212,450,000	\$225,185,000
Child Survival and Disease	\$83,744,000	\$81,050,000	\$72,293,000
Economic Support Funds	\$95,360,000	\$116,000,000	\$188,000,000
International Narcotics Control Funds	\$42,500,000	\$19,000,000	\$51,000,000
P.L. 480 Title II	\$104,360,000	\$116,254,000	\$110,925,000
P.L. 480 Title III	\$11,385,000	\$10,000,000	\$10,000,000

U.S. National Interests--A Shared Vision for the Americas

Geographic realities dictate that developments in the LAC region will have an immediate and tangible impact on the United States. U.S. interests are affected not only in the overarching areas of political stability and economic prosperity but also in areas sensitive to cross-border pressures: population and migration; communicable diseases; and the environment. The LAC region is also a major purchaser of U.S. goods and services, with 49% of the region's imports coming from the United States in 1996 (an average increase of 12.1% annually during the 1990s).

The U.S. interest in the LAC region is demonstrated in the Administration's oft-stated commitment to making the vision of the Summit of the Americas in Miami a reality. The Miami Summit defined a hemispheric consensus on the need to consolidate the three transitions sweeping through Latin America and the Caribbean: the transition from conflict to peace and reconciliation, from dictatorship to democracy, and from controlled economies with massive inequity to open markets and determined efforts to alleviate poverty. Each of these transitions advances fundamental U.S. interests. The role of the United States and of USAID has been central to the achievement of significant progress in each of these movements. In the words of the Summit's Action Plan, "...representative democracy is indispensable for the stability, peace, and development of the region...Democracy and development reinforce one another."

By promoting peace in Central America, by supporting emerging democracies such as Haiti, and by strengthening the region's commitment to democratic government, the United States advances its basic values and provides an environment for long-term development and stability. Democratic governments throughout the region are prerequisites for significant progress toward regional economic integration, pollution reduction, ameliorating global warming, preserving biological diversity, halting narcotics trafficking, and preventing the spread of communicable diseases like acquired immunodeficiency syndrome. The existence of secure democracies throughout the region will also lead to reduced emergency assistance.

Fulfilling the Summit's promise will reduce the pressure on the LAC region's poor to seek refuge and opportunity in the United States. Nearly three-quarters of all illegal immigrants to the United States have come from LAC. Although Mexico is by far the largest country of origin, illegal immigration from other nations in the LAC region was also very significant. El Salvador alone has sent more illegal immigrants to the United States than all of Europe, Asia and Africa. The United States has become home to 71,500 undocumented immigrants due to Guatemala's 35-year conflict.

The Development Challenge

In April 1998, President Clinton will join the other democratically elected heads of state in Santiago for a second Hemispheric Summit to commit themselves to a second generation of reforms which are

essential to sustain and complete the three transitions which are changing the profile of the hemisphere. Continued U.S. leadership and assistance will be key to overcoming the varied threats impeding the consolidation of these three transitions, particularly the threats posed by poverty and drugs.

Poverty: Although economic reforms over the past decade have led to renewed growth, reductions in poverty have been minor and the distribution of income, the worst of any region in the world, has not improved at all. Despite major gains in life expectancy, infant mortality, adult literacy, school enrollments, and access to safe drinking water, millions of people (roughly 40% of the population) remain in dire poverty. In the absence of these new reforms to remove barriers to the participation of the poor by assuring access to credit, to formal title to property and land, the Miami Summit goal of reducing poverty by half could take 30 years.

Drug Trafficking: Illegal narcotics are the scourge of the Americas. Illicit drugs corrupt institutions within the LAC region and constitute the leading cause of violent crime in the United States. The U.S. Government remains determined to get countries in the region to reduce the supply of drugs and has a comprehensive program in place to take the profit out of the cultivation and processing of narcotics. U.S. agencies are helping Latin American governments to improve law enforcement systems and educate citizens to the dangers of drugs. USAID helps key source countries provide environmentally sound, economically sustainable alternatives to crops produced for illegal drug production, and to improve the administration of justice.

Other major development challenges facing the region include:

Democratic Processes: Despite the many advances toward democratization over the past decade, important challenges to fulfillment of democratic aspirations persist. In many Latin American nations, military and police retain "reserved" powers not susceptible to civilian elected oversight. Many citizens in the region cannot yet effectively participate in their political systems. They are not assured due process before independent, impartial systems of justice. Strengthening the Rule of Law and enhancing the capacity of local government remain critical challenges in the coming years. Indigenous groups still face serious obstacles to full participation in national economic and political life. Reducing discriminatory barriers is an essential step in promoting greater justice.

Human Capacity Development: As a central theme of the Santiago Summit, reforms in education have become a hemisphere-wide goal. Although overall enrollment in basic education in the region is now quite high, quality in many areas is quite low, with high repetition rates leading to many disadvantaged students, especially indigenous and female students, not completing primary school. In the face of the Summit goal of universal completion of primary school by 2010, less than 60 percent of children currently complete primary school.

Economic Integration and Free Trade: Leading economists concur that a second generation of reforms is needed for the countries of the region to compete effectively in the global marketplace and to achieve higher growth rates necessary to reduce poverty. While the countries of the region have renewed their commitment to regional integration as part of a Free Trade Area of the Americas (FTAA), a substantial improvement in the ability of some Latin American countries to implement trade policy is required in key areas, such as sanitary and phytosanitary standards, trade-related unfair labor practices, and trade-related environmental policies.

Equitable Access to Productive Resources: Expanded access to productive resources such as land, property and credit is a pressing need, if the benefits of economic growth are to be widely shared. Reforms are necessary to revitalize property registration systems. Although microenterprise credit is widely recognized throughout the region as an important tool for expanding access to productive resources, existing institutional mechanisms can reach only a small percentage of potential borrowers.

Improved business regulations, tax regimes and licensing requirements, and the adaptation of financial sector norms and supervision are necessary for the expansion and sustainability of microfinance services.

Environmental Degradation: Continued exploitation of the environment and natural resource base will reduce future economic growth, raise health costs, and result in an irreplaceable loss of natural resources and biodiversity. Long-term U.S. interests in helping LAC countries protect their environment include: ensuring a growing market for U.S. products through the economically sustainable development of one of the United States' largest markets; preserving the United States own environment by helping LAC countries contribute less to global warming; and maintaining biodiversity areas as sources for medicines and the means to increase food production. More specific interests include reducing pollution in border areas with Mexico to mitigate negative effects in the United States, and creating effective environmental regulatory systems to even the playing field for U.S. and LAC producers under the North American Free Trade Agreement (NAFTA) and the proposed Free Trade Area of the Americas (FTAA).

Population and Health Concerns: The proximity of the LAC region poses special population and health concerns for the United States. Rapid population growth strains the hemisphere's resources, resulting in shortages, environmental degradation, and pollution. Communicable diseases such as cholera, HIV/AIDS, malaria, dengue fever, chagas and measles may cause problems in this country if they are not addressed in the region. The accelerating transmission of HIV within the region is also disturbing. Nearly two million human immuno-deficiency virus (HIV) infections have been recorded in the region, and the epidemic is growing by about 1,000 cases per day. In view of current migration and travel patterns, the epidemic in LAC threatens not only to thwart the region's development but also to aggravate U.S. control efforts.

Program and Management Challenges

Resource allocations in the LAC region reflect U.S. national interests, program performance and overall country development performance. Resources are allocated to sixteen country programs, a LAC Regional program, and a sub-regional program for Central America and Panama. Eight countries have full sustainable development programs (Haiti, El Salvador, Nicaragua, Bolivia, Peru, Guatemala, Honduras, and Jamaica) to achieve strategic objectives in economic growth, environment, democracy, population and health and human capacity development. Of the eight limited programs (Dominican Republic, Ecuador, Guyana, Panama, Paraguay, Brazil, Mexico and Colombia), the latter three focus on specific global concerns: environment, AIDS, and population growth. A very modest level of funding will support a program of information dissemination in Cuba to support the re-emergence of civil society in the country and promote a peaceful transition to democracy. With precisely defined programmatic focus and management efficiencies, LAC programs will be implemented with stable to declining staff levels.

LAC programs are primarily financed through Development Assistance and the Child Survival Account. Several of the LAC sustainable development programs are in countries which are undergoing the transition from war to peace (El Salvador and Guatemala); are beset by narcotics production and trafficking problems (Peru and Bolivia); or are undergoing a major transition from prolonged and debilitating dictatorships (Haiti). In these instances other resources, including Economic Support Funds, International Narcotics Funds, or P.L 480 Title II and III resources are used to complement Development Assistance by addressing the problems of specific groups or in specific areas in ways that also promote sustainable development. Food aid resources have played valuable roles in the region: Title II by providing food directly to some of the most vulnerable households in the region and Title III by encouraging governments to remove many of the underlying policy constraints to improved food security in the agricultural and health sectors.

Other Donors

USAID's donor coordination efforts in the LAC region are significant, growing and increasingly important to its programming. Among major bilateral donors, the U.S. ranks third in total Official Development Assistance, after Japan and Germany. Other significant bilateral donors in the region included Spain, France and Canada. USAID's approach is often that of a pathbreaker--initiating pilot efforts in areas such as judicial reform, education for indigenous peoples and alternative dispute resolution which are later picked up and expanded upon by other donors. Collaborative working relations are being fostered with the European Union (EU) within the context of the New Transatlantic Agenda and with Japan under the auspices of the Common Agenda. Multilateral development banks (MDBs) have assumed an increasing role in the poorer countries of the region where USAID has its major activities. USAID works closely with these MDBs and encourages them to expand lending in the social sectors, democracy and governance, and the environment. The banks consider USAID's in-country expertise to be a valuable resource when they enter these new lending areas. The Summit of the Americas also serves as an important framework for more extensive donor coordination.

USAID's donor coordination efforts are producing significant results. In Guatemala, a coordinated USG effort to support the Peace Process helped to launch a successful four year effort which is closely coordinated with other donors. USAID's mission worked closely with the Office of Transition Initiatives, the UNDP, the EU and PAHO to successfully demobilize nearly 3000 former guerrillas--each donor taking responsibility for different aspects of the operation (food, water, medicine, construction/operation of camps, vocational training and outplacement). Similarly, USAID represents the USG on a number of donor committees that support the implementation of key aspects of the Peace Accords from issues as diverse as land, justice sector reform and the indigenous. These efforts ensure that donor contributions are coordinated with each and with the Government of Guatemala. Periodic Consultative Group meetings are held to monitor progress under the Accords and to review implementation.

USAID, the IDB and the World Bank have worked together in Honduras, Bolivia and El Salvador to develop major judicial reform programs which expand USAID-initiated activities. In El Salvador, USAID health and education programs are the basis for major health reform and primary education programs of the multilateral banks. USAID is examining the possibility of even closer collaboration with the IDB to significantly expand the availability of microenterprise credit in the region by marrying the flexibility of USAID grant resources in institutional strengthening with the much larger financial resources of the IDB. All these support U.S. objectives under the Summit of the Americas. These efforts are enhanced by USAID's ability to use its field staff to encourage, and often manage, on-the-ground coordination of assistance activities. USAID influence has been further increased by placing advisors on site at the IDB and the World Bank to assist the U.S. Executive Directors.

USAID implements its program through close collaboration with a number of other U.S. agencies, including the Departments of State, Education, Interior, Justice, Commerce and Agriculture, the Office of the U.S. Trade Representative, the Environmental Protection Agency and the Inter-American Foundation.

FY 1999 Program

The activities planned for FY 1999 will directly contribute to achieving the shared vision for the hemisphere as ratified by the Summit of the Americas and its follow-up process. USAID's program will provide impetus to a 'second generation' of reforms vital for substantially accelerating growth, improving income distribution, ensuring political stability and increasing participation in decision-making by all segments of society.

Under the economic growth goal, USAID proposes \$70,129,000 in DA and \$62,450,000 in ESF to support the Summit objectives of promoting prosperity and eradicating poverty and discrimination in the hemisphere by strengthening markets; and expanding economic access and opportunity for the poor. USAID also proposes to dedicate \$20,476,000 in CSD and 19,000,000 in ESF to expanding and improving basic education in the region.

Under the democracy and governance goal, USAID proposes \$38,073,000 in DA and \$73,550,000 in ESF which will focus on (1) strengthening rule of law and respect for human rights; (2) supporting elections and the political process; (3) strengthening and supporting a politically active civil society; and (4) making government more responsive to people.

Under the stabilizing world population and protecting human health goal, USAID proposes \$60,101,000 in DA, \$51,817,000 in CSD and \$22,500,000 in ESF to achieve four closely related objectives: (1) a sustainable reduction in unintended pregnancies; (2) a reduction in child mortality; (3) a reduction in maternal mortality; and (4) a reduction in the transmission of sexually transmitted infections and HIV.

Under the encouraging sound environmental management goal, USAID proposes \$56,882,000 in DA and \$10,500,000 in ESF to be focused on six areas critical to sustainable development: forests, water, agricultural lands, coastal resources, energy production and use, and urban and industrial pollution. To maximize impact, increased emphasis will be placed on policy reform, partnerships with NGOs, engagement of the U.S. private sector commercial interest, and regional approaches including advancement of the Summit of the Americas process.

Given the severely limited availability of economic growth resources, a \$20 million **Presidential Summit Initiative** is proposed to complement the USAID program's support for consolidating the three transitions sweeping the region. Specifically, this Presidential Initiative will address three key themes of the Santiago Summit: weaknesses in basic education, access to financial systems by the poor, and obstacles to the implementation of regional trade expansion. USAID is uniquely positioned to assist LAC countries in these reforms. The Agency's in-country presence and its long history of involvement in institutional development give USAID credibility and access to decision-makers far out of proportion to the assistance levels it provides. USAID grant funds make it possible to leverage the much larger capital resources of the Inter-American Development Bank and World Bank, especially in support of expanded trade and investment.

At the Summit of the Americas in Santiago, the heads of state of the hemisphere's 34 democracies will propose a series of initiatives to advance free trade, democracy, prosperity and sustainable development. These initiatives, the Santiago Plan of Action, focus on four main goal areas: 1) economic integration and free trade; 2) education; 3) strengthening democracy and human rights; and 4) eradication of poverty and discrimination and are expected to produce tangible results over the next three to five years.

To further economic integration of the hemisphere, the Summit will launch negotiations on the Free Trade of the Americas as well as propose new measures related to strengthening the integration of financial markets as well as increased cooperation in infrastructure development and science and technology.

Preparations for the Summit have affirmed a growing consensus that education reforms are vital for economic growth, social advance and deepening of democratic trends in the hemisphere. New initiatives will be set forth in Santiago aimed at strengthening the teaching profession; assuring adequate investments at the primary and secondary school level; providing local communities with more control over schools; and establishing standards for educational performance and monitor progress against those standards. These efforts are intended to assure rapid progress toward the goal of quality primary education for all children in the hemisphere.

The proposed Santiago Plan of Action will also focus on a second generation of reforms aimed at guaranteeing all citizens full participation in the political and economic life of their respective nations. Concrete measures associated with second generation political reforms include: strengthened rule of law to guarantee all individuals the right to due process; decentralization and extension of democracy to local and subnational governments; and creation of conditions for a vibrant civil society. These efforts, in combination with ongoing initiatives to combat corruption and ensure freedom of the press, are aimed at deepening democratic trends throughout the Americas.

Second generation economic reforms underscore the need to remove barriers that deny the poor access to economic opportunity. These measures include access to credit and other financial services, to secure title to land and other property, and to quality health care. Within these programs, special emphasis will be given to eradicating discrimination based on gender or race, and to ensure the broadest possible participation in the benefits that economic growth and increased trade provide for the hemisphere.

**LATIN AMERICA AND THE CARIBBEAN
PROGRAM SUMMARY
FY 1999 Funding Request
(Thousands of Dollars)**

COUNTRY	Economic Growth and Agriculture	Population and Human Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTAL
BOLIVIA							
DA	3,350	15,165	5,300	4,200			28,015
CSD		6,215					6,215
INC	20,000			3,000			23,000
PL 480 Title II						23,910	23,910
BRAZIL							
DA		2,000	6,117				8,117
CSD		2,500					2,500
DOM. REPUBLIC							
DA	300	3,166		3,358			6,824
CSD		2,000					2,000
ECUADOR							
DA	750	5,505	3,600	1,000			10,855
CSD		1,450					1,450
EL SALVADOR							
DA	8,890	2,800	4,645	4,215			20,550
CSD		7,478			3,300		10,778
GUATEMALA							
DA	2,700	5,900	5,500	2,800			16,900
CSD		4,985			2,000		6,985
ESF	16,250		500	8,250			25,000
PL 480 Title II						10,505	10,505
GUYANA							
DA	1,200			1,100			2,300
HAITI							
ESF	49,275	28,100	10,036	38,036	14,553		140,000
PL 480 Title II						20,000	20,000
Title III						10,000	10,000
HONDURAS							
DA	2,909	5,236	2,600	4,600			15,345
CSD		4,040			2,500		6,540
PL 480 Title II						4,403	4,403
JAMAICA							
DA	1,950	2,107	4,113				8,170
CSD		1,700			1,026		2,726

COUNTRY	Economic Growth and Agriculture	Population and Human Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTAL
MEXICO							
DA			5,582	300			5,882
CSD		450					450
INC				1,000			1,000
NICARAGUA							
DA	6,700	3,400	1,300	4,500			15,900
CSD		3,640			3,000		6,640
PL 480 Title II						2,362	2,362
PANAMA							
DA	1,550		3,300				4,850
PARAGUAY							
DA		2,000	525	2,000			4,525
PERU							
DA	6,250	12,822	5,100	2,200			26,372
CSD		7,687			250		7,937
INC	25,000						25,000
PL 480 Title II						49,745	49,745
CEN Regional							
DA	2,900		5,500				8,400
CSD		3,000					3,000
LAC Regional							
DA	30,680		4,500	7,000			42,180
CSD		6,672			8,400		15,072
ESF	700			22,300			23,000
INC				2,000			2,000
TOTALS							
DA	70,129	60,101	56,882	38,073			225,185
CSD		51,817			20,476		72,293
ESF	62,450	22,500	10,500	73,550	19,000		188,000
INC	45,000			6,000			51,000
PL480/Title II /Title III						110,925	110,925
						10,000	10,000

Mark L. Schneider
Assistant Administrator
Bureau for Latin America and the Caribbean

BOLIVIA

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$20,526,000	\$27,450,000	\$28,015,000
Child Survival and Disease	\$7,580,000	\$8,045,000	\$6,215,000
International Narcotics Control Funds	\$27,000,000	\$6,000,000*	\$23,000,000
P.L. 480 Title II	\$20,527,000	\$24,070,000	\$23,910,000

* initial allocation. Additional reprogramming to increase these funds is expected during FY 1998.

Introduction

The principal foreign policy goals of the United States in Bolivia are to help Bolivia reduce and eventually eliminate the illegal coca and cocaine industry, to encourage market-driven and sustainable economic growth and stability, and to nurture Bolivian democracy. In the counternarcotics effort, alternative development programs supported by the United States have successfully promoted licit economic opportunities and employment in the Chapare coca-growing region. The United States is helping Bolivia take significant strides in promoting financial services to the poor and increase nontraditional export earnings. Bolivia's free and fair national election in 1997 -- in which single district congressional representatives were elected for the first time -- demonstrates Bolivia's commitment to democratic processes. This bodes well for the continuation of Bolivia's restored democracy, now in its 16th year. Through innovative family health programs and food assistance, the United States is combating unacceptably high infant, child, and maternal mortality rates that impede development. The United States is helping Bolivia develop sound environmental regulations and build local capabilities to bring increased areas of forests under responsible environmental management. Many of these joint U.S. and Bolivian strategic interests are manifested in a recently launched Government of Bolivia (GOB) Action Plan that promises to continue many structural reforms undertaken by the previous government. Ongoing policy dialogue with the United States will ensure that mutual strategic interests are preserved.

The Development Challenge

Bolivia is not ready for graduation from traditional development assistance in the near-term. In 1997, Bolivia remained the second poorest country in the hemisphere with a per capita GNP of about \$870. The statistics reflecting poverty are staggering: 70% of the population below the poverty level; 65% under-employed; and real per capita income 12% below the 1980 level (real per capita income actually dropped 20% for the poorest 25% of the population). Of the 5.2 million Bolivians living in poverty, 88% are indigenous. Poverty is the leading cause of high infant and maternal mortality rates estimated at 67 per 1,000 and 390 per 100,000 live births respectively in 1997. Bolivia's population of 7.8 million is growing at a rate of 2.3% a year. The poverty is symptomatic of major systemic constraints that continue to impede economic growth. These include inadequate governmental, financial and educational institutions, poor technological capability, limited financial services, poor infrastructure, and a shortage of human capital and experience. Bolivia remains highly dependent on foreign assistance as it struggles to meet its \$4.3 billion external debt burden. Further, eradication of the illicit coca/cocaine industry is hampered by overwhelming market demand, wide availability of production inputs, weak law enforcement institutions and weak public support. The newly elected GOB is responding by consolidating reforms (privatization, local government, judicial, educational, pension, and land tenure) initiated by the previous administration.

In 1997, USAID responded to this development challenge through a focused five year strategic plan (FY 1998-2002) which supports continued progress on reforms. To date, enormous positive impacts in democracy, environment, health, economic opportunity, and counternarcotics have occurred. With successful, transparent elections held in 1997, there is increased confidence and greater legitimacy in the electoral process. Key legislative proposals were approved that greatly strengthen the justice sector and help meet the challenges posed by narcotrafficking. The capacity of Congress and local government institutions are being significantly strengthened. Bolivia has become a model in economic stabilization. A highly successful microfinance program has created access to credit, jobs and income opportunities for the country's poor. Domestic markets have been expanded. The country's nontraditional exports have increased dramatically. For the second year in a row, significant reduction in coca production in the Chapare region has been achieved through direct eradication and an immensely successful large scale, alternative development program which produces marketable crops. National child, infant and maternal mortality rates have steadily declined. USAID support contributes to lower fertility and spaced births, greater access to primary health care, improved health status of mothers and children and lower population growth. P.L. 480 Title II resources have supported a broad range of successes in improved market access roads, watershed management, micro irrigation, school feeding, oral rehydration therapy, nutrition education, water and sanitation systems in the most food-insecure areas of the country. USAID support has enabled Bolivia to be on the cutting edge of a fundamental reorientation of the forestry sector from uncontrolled exploitation to sustainable management. National management standards and regulatory systems have been adopted to enable sustainable forestry management

Other Donors

Bolivia has a very active, large donor community whose contributions averaged \$500 million annually over the last ten years. Donors are currently coordinating to support the GOB's National Action Plan and the Development Assistance Committee's 21st Century Strategy (which establishes socio-economic goals to be reached by 2015). The Japanese are the largest donors in Bolivia. Other big donors include: The World Bank, Inter-American Development Bank (IDB), UNDP, the European Union (EU), and a large number of other European bilateral donors. As a major donor, USAID coordinates extensively to ensure achievement of its strategic plan.

FY 1999 Program

With an \$81.15 million request (consisting of DA, INC and PL 480 Title II resources), USAID's FY 1999 program plan will cover a broad range of sectors. To strengthen the social base of democracy and governance, support will continue for implementation of key reforms and institutional strengthening of the judicial branch and local governments. Assistance will continue to focus on increasing income and employment of Bolivia's poor through access to financial services in urban and rural areas. PL 480 Title II will continue to focus on improving production technology, linking local and international product markets, productive infrastructure, and school feeding. Improving the health of the Bolivian population will continue through activities which support changing knowledge, attitudes, and behaviors of mothers and children; improving the quality and increasing the coverage of health care options; and supporting a more decentralized health care system. To reduce degradation of forest, water, and biodiversity resources, assistance will discourage deforestation and ensure reduction of pollution. Progress toward illicit coca eradication is planned through a performance-based Balance of Payments Program with disbursements tied to GOB eradication performance, and the alternative development of marketable crops and self-sustaining linkages to regional and international markets.

BOLIVIA
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Democracy broadened and governance strengthened - DA - INC				4,200 3,000			4,200 3,000
S.O. 2 Increased income and employment for the poor - DA - P.L. 480/II	3,350					13,000	3,350 13,000
S.O. 3 Improved health of the Bolivian population - DA - CSD - P.L. 480/II		15,165 6,215				10,910	15,165 6,215 10,910
S.O. 4 Reduced degradation of forest/water resources and biodiversity protected - DA			5,300				5,300
Sp.O. illicit coca eliminated from the Chapare - INC	20,000						20,000
Totals - DA - CSD - P.L. 480/II - INC	3,350 20,000	15,165 6,215	5,300	4,200 3,000		23,910	28,015 6,215 23,910 23,000

USAID Mission Director: Frank Almaguer

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA

TITLE AND NUMBER: Social Base of Democracy Broadened and Governance Strengthened , 511-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: 4,200,000 DA; 3,000,000 INC

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: The social base of Bolivian democracy broadened and governance strengthened through: key elements of rule of law becoming more transparent, efficient, effective, accountable and accessible; national representation becoming more responsive to constituent needs and demands; and local governments responsive to citizen needs and demands.

USAID's Role and Achievements to Date: USAID's focus on democracy coincides with Bolivia's recent efforts to support the rule of law, administration of justice and municipal development. For the first time in Bolivian history, single district congressional representatives were elected and took office in 1997. USAID's assistance has helped municipal governments to develop and carry out their municipal action plans which describe how the municipality will use the co-participation funds its receives from the central government. USAID helped the Bolivian Congress establish permanent, non-partisan, bicameral legislative support services through the Congressional Research Center (CICON). With USAID support ending this year, the CICON was given a permanent line item in the Congressional Budget which will enhance its sustainability.

USAID also has been an important player throughout the design and approval of key justice sector reforms. USAID provided intensive technical assistance for the drafting of several of the laws: Code of Criminal Procedures (CCP), Judicial Council (JC), Constitutional Court (CCT) and Ombudsman. With a transition to a new national government in 1997, USAID played an important role in ensuring that the justice sector reform agenda would be adopted by the new GOB. The CCT and CCP draft laws were approved by the new Bolivian Congress in "first reading" and the Ombudsman and JC laws were approved in final form. A critical facet of the new JC law requires that in 1998 all judges to be reappointed based on merit. Provisions to criminalize money laundering have also been approved. Further, accessibility to the justice system increased through the public defense. Planned targets for 1997 were met through the handling of 6000 judicial cases.

Description: USAID's Democracy Strategic Objective will continue to be achieved through activities promoting the rule of law, improved municipal governance, and the creation of linkages between congress and their constituents. USAID is assisting a cluster of "teaching municipalities" by, among other things, training them to develop Municipal Action Plans with broad citizen participation. Through the use of an NGO grant fund, lessons learned from these "teaching municipalities" will be disseminated throughout up to 200 other municipalities. USAID is now planning to limit its congressional program to further develop linkages between the single member district representatives and their constituents.

With the new GOB administration, USAID continues to carry out intensive policy dialogue at all levels to ensure that the justice sector reform agenda remains a priority. These laws have laid the foundation for a complete revamping of the justice sector and for a better judicial system for all Bolivian citizens. In this regard, USAID will continue to seek full implementation of the CCT, JC, and CCP laws. USAID is also providing technical assistance to the congress through design, analysis, discussion and dissemination of information, during the CCP revision process. After its approval, expected in June 1998, USAID will assist the legislative branch, bar associations and universities to prepare for full CCP implementation.

Host Country and Other Donors: The World Bank has provided a loan for judicial reform. The IDB continues to support citizen documentation, decentralization, and congressional modernization. GOB direct contribution to USAID dollar-funded activities for FY 1999 is \$1.125 million. Although not precisely known at this time, total GOB contribution to the sector is many times greater. The OECD Development Assistance Committee (DAC) donor working group functions to ensure donor coordination and includes all major bilateral donors, the World Bank, UNDP and IDB. USAID is responsible for the coordination of the Rule of Law portion of this donor group.

Beneficiaries: The Bolivian public will benefit from an accessible, fair, and expeditious justice system. GOB institutions to include the Ministry of Justice, the Congressional Justice Committees, the Attorney General's office, the Public Defense and the Judicial Branch will benefit from the full implementation of ongoing reforms. Constituents will benefit from closer relations with members of Congress, and Congress will become more effective. USAID's Democratic Development and Citizen Participation activities will have a widespread impact on the conduct of local government and the ability of citizens to determine their municipality's financial priorities.

Principal Contractors, Grantees, or Agencies: USAID implements its democracy activities through Management Sciences for Development and Chemonics International, Inc.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2002)</u>
Percentage of judges re-appointed on the basis of merit by new Judicial Council	0 (1997)	100% (1999)
Cases handled by Public Defenders (nine judicial districts)	4,000 (1996)	12,230
With civil society participation, USAID-assisted municipalities:		
- Annual Municipal Action Plans completed	0 (1994)	70%
- Co-participation Funds spent	0 (1994)	65%

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA

TITLE AND NUMBER: Increased income and employment for Bolivia's poor with emphasis on targeted communities, 511-S002

STATUS: Ongoing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,350,000 DA; \$13,000,000 Title II
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To increase employment and income through expanded economic opportunities by overcoming a set of constraints to growth that include: limited access to micro-finance services, lack of access to technology and markets, weak productive infrastructure, and low levels of education.

USAID Role and Achievements to Date: USAID's assistance improves entrepreneurial and business skills, supports rural productive infrastructure, and facilitates economic activities of the poor by providing access to financial services, marketing services and appropriate technology. USAID continues to play a lead role in supporting the expansion of microfinancial services in Bolivia with more than 158,000 outstanding clients as of November 1997. Emphasis on the development of new financial products and outreach into new areas has resulted in more rural branches of microfinance institutions being opened than urban offices in 1997 with greater increases projected through 2002. There were 88 rural branches compared to 71 urban branches in 1997 as compared to one rural branch and five urban branches in 1990. USAID export promotion activities during the past six years (1991-1996) have also generated \$578.3 million in nontraditional exports and created more than 106,000 permanent jobs.

The P.L. 480 Title II program provides inputs of funds and food-for-work to improve rural roads, access to technology and marketing services, micro-irrigation projects and basic sanitation in 93 municipalities in some of the poorest, most food-insecure areas of the country. This program has increased production of staple crops and introduced greenhouses for the cultivation of vegetables and other high-value crops. These efforts have helped increase rural household incomes by over 20% in the first year of the program.

Description: USAID is committed to helping overcome four principal constraints that inhibit the productivity of Bolivia's poor and to foster broad-based economic growth. USAID will focus on:

1. *Increased access to financial services for small borrowers.* USAID will provide technical assistance to strengthen the sustainability of financial intermediaries as they expand and diversify services while maintaining financial viability. This would include ensuring the institutional sustainability of NGOs, credit unions and licensed financial institutions. Emphasis will be placed on improving financial services to small savers and borrowers in rural and urban areas. Assistance will also be provided to strengthen bank and financial institution regulation and supervision.
2. *Better access to markets and technology.* USAID will support local institutions which provide information that enable industries to develop improved products and identify new markets. USAID will also provide technical assistance for diagnostic studies that enable policy dialogue on reforms as well as identify marketing constraints for specific industrial and agricultural products. The key to USAID's strategy is strengthening primary and secondary producer associations that can act as the catalyst for accessing markets and well as provide technical assistance in a sustainable way.
3. *Improved productive infrastructure.* PL 480 Title II resources will be used in targeted communities to improve secondary roads and increase access to irrigation. USAID will work with NGOs and municipal governments to improve rural access roads. Linkages will thereby be created between producing areas and market towns to increase the volume of products farmers are able to sell. USAID activities will focus on improving, rehabilitating, and expanding community micro-irrigation systems

in order to increase production per hectare and extend the planting season. Activities will include organizing, establishing, strengthening, training beneficiaries in the maintenance, operation and revenue collection of the improved infrastructure.

4. *Improved human capacity.* USAID recently began a school feeding program designed to complement the World Bank-funded Educational Reform Program. This program provides proven incentives for children to stay in school. Since a prerequisite of economic growth is an educated, well trained labor force, the school feeding programs will contribute to expanded economic opportunity over the longer term. The school feeding program is directed at the poorest primary students in the rural and peri-urban areas.

Host Country and Other Donors: In 1997, the previous government unveiled a food security strategy that includes such key components as improved marketing systems, improved technology and better infrastructure. With DA resources scarce, donor collaboration and leveraging is fundamental to USAID's strategy. The EU is supporting the GOB food security strategy with nearly \$60 million and there are opportunities for achieving a much greater impact through synergistic collaboration with the EU. Collaboration with Title II Cooperating Sponsors (NGOs), which work in some of Bolivia's poorest, most food-insecure areas, is also an essential part of USAID's strategy. The Cooperating Sponsors work closely with municipal authorities that, due to the Popular Participation Law, now have financial resources to complement those of the Cooperating Sponsors. GOB direct contribution to USAID dollar-funded activities in FY 1999 is \$840,000. Although not precisely known at this time, total GOB contribution to the sector is many times greater.

Beneficiaries: Almost five million Bolivians live in poverty. USAID-supported programs are designed to increase incomes by 10% per year after adjusting for inflation and help the private sector create 315,000 additional jobs by 2002. The number of clients accessing credit services from microfinance institutions is expected to grow by more than 200% between 1997 and 2002 to 325,000. The number of poor with savings in microfinance institutions is also expected to grow by 200% to 407,000 by the year 2002 as institutions increasingly move toward mobilizing capital from the private sector.

Principal Contractors, Grantees, or Agencies: USAID implements microfinance activities through U.S. organizations (including World Council of Credit Unions, Agricultural Cooperative Development, International Volunteers in Overseas Cooperative Assistance (ACD/VOCA) ACCION International, Freedom from Hunger, and PROMUJER) as well as numerous local NGOs. The P.L. 480 Title II program is implemented by three U.S. Cooperating Sponsors: Project Concern International, Adventist Development and Relief Agency (ADRA), and Food for the Hungry International.

Major Results Indicators*:

	<u>Baseline(1996)</u>	<u>Target(2002)</u>
Number of permanent jobs created	40,900	315,000
Number of production units receiving marketing services	230	6,100
Number of poor households with access to credit	130,877	320,000
Number of poor households with savings facilities	231,457	407,000
Number of communities with infrastructure constraints resolved	130	870

*Based on revised strategy dated 10/97

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA

STRATEGIC OBJECTIVE: Improved Health of the Bolivian Population, 511-S003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$15,165,000 DA; \$6,215,000 CSD; \$10,910,000 Title II

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To improve the health of the Bolivian population by: improving child survival and reproductive and sexual health practices; improving quality and increasing coverage of community health care; and supporting a more decentralized and participatory health care system.

USAID's Role and Achievements to Date: Over the last five years, USAID has contributed to the decline in infant and child mortality by supporting the Government of Bolivia's (GOB's) reproductive and sexual health, child and maternal survival, immunization, diarrheal prevention, and water supply and sanitation programs. Recent activities have included continued support for the implementation of a more decentralized health system, working directly with more than 150 of Bolivia's 311 municipalities. USAID also contributed to the development and expansion of social marketing projects for contraceptives and locally produced oral rehydration salts. Through technical assistance for production and marketing, USAID led the implementation of the national Vitamin A-fortified sugar and iron-fortified flour programs. In 1996, USAID's major providers of family planning services increased the number of new users of modern contraceptive methods by nearly 20%. The USAID-supported contraceptive social marketing program averaged over 320,000 condom sales per month during the first seven months of 1997, compared to 190,000 over the same period in 1996. The incidence of sexually transmitted diseases (STDs) among commercial sex workers has been reduced through the AIDS/STD prevention project.

Description: The Health Strategic Objective to improve the health of the Bolivian population will be achieved through efforts to: (1) improve child survival and reproductive and sexual health practices by Bolivian women, men, adolescents, and children; (2) improve quality and increase coverage of community health care services established by local governments and NGOs; and (3) support a decentralized and more participatory health care system. In FY 1999, the Health Strategic Objective will continue to emphasize support for expanding and improving primary health care services in the public and private sectors. USAID will increase support to the GOB's Ministry of Health by increasing new users of family planning among the poorest 30% of Bolivia's population. USAID will continue to finance national clinical family planning training centers and provide technical assistance in management, natural family planning, and information, education, communication, and counselling activities.

USAID financing will continue to improve the GOB's National Social Security Medical System reproductive health services throughout its network of 94 urban health facilities serving nearly 20% of the population. USAID also will continue to support the national immunization, diarrhea prevention and treatment, and GOB social marketing of oral rehydration salts and fortified flour and sugar programs. Support at the district level through the Community and Child Health (CCH), activity will continue to contribute to Bolivia's steady reduction in infant mortality. USAID also provides technical assistance for the implementation of an innovative model for Integrated Management of Childhood Illnesses (IMCI) promoted by WHO and PAHO, which has the potential to significantly improve the quality and effectiveness of child survival interventions. In addition, in 1998, USAID will initiate support to the GOB under the new infectious diseases initiative (for improving surveillance, monitoring antibiotic resistance, and providing support to prevent the spread of emerging diseases, such as malaria and Chagas) and this program is expected to continue in 1999.

In the private sector, support will continue (1) for Bolivia's model self-financing, high quality, primary health care provider (PROSALUD) to expand its network and continue an endowment for long term sustainability; (2) for Bolivia's most important provider of family planning services in the private sector (Center for Information, Education and Services-CIES) to become an International Planned Parenthood affiliate; (3) for a federation of 24 private and nongovernmental organizations (PROCOSI) to continue providing child survival and reproductive and sexual health services to 35% of Bolivia's rural population; (4) for CARE to expand reproductive and AIDS/STD prevention activities in southern Bolivia; and (5) for Population Services International (PSI), which continues to increase condom sales, market new brands of contraceptive products, and expand social marketing for other primary health care products.

USAID launched a third national multi-media family planning campaign in 1997. The 1996 campaign won the Population Institute's Global Media Award for Best Advertising campaign. New episodes of a television drama series advocating STD/AIDS prevention were produced and aired in 1997. The original episodes were viewed by over 2.5 million Bolivians. Old and new episodes will be produced in a film format to be premiered in Bolivian theaters in early 1998. A television mini-series on reproductive and sexual health topics, including prevention of unwanted pregnancies and STD/AIDS prevention will also be launched and targeted to teenagers. USAID supported a nationwide song writing contest where young musicians and composers presented original music scores and lyrics, based on AIDS prevention themes. This is planned to be an annual event.

Host Country and Other Donors: USAID works closely with the United Nation's Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the Pan American Health Organization (PAHO), the World Bank (WB), the IDB, and the German, Canadian, British, Belgian, Japanese and Dutch Cooperation agencies in coordinating external support to the health sector. The UNFPA finances regional program supervisors, and other program costs, and the British finance contraceptives for the public sector. The GOB chairs interagency coordinating committees for vaccination, micronutrients/fortification, reproductive health, safe motherhood, and child health which USAID and other donors participate in. The Ministry of Health provides salaries, clinic facilities, and most other recurrent program costs. In 1998, the WB and the IDB are both completing major health center construction and equipment projects, and will design a large health reform project in 1999. GOB direct contribution to USAID dollar funded activities in FY 1999 is \$5.5 million. Although not precisely known at this time, total GOB contribution to the sector is many times greater.

Beneficiaries: The 1.2 million Bolivian children under five and 1.9 million Bolivian women of child-bearing age are the major beneficiaries of USAID's health strategic objective.

Principal Contractors, Grantees, or Agencies: USAID implements its health activities through three GOB agencies, and over 25 NGOs, almost all of which belong to a USAID-supported NGO network. U.S. and Bolivian commercial sector companies collaborate in social marketing. Significant technical assistance is provided through more than 20 Cooperating Agencies. Three U.S. cooperating sponsors implement P.L. 480 Title II health activities.

<u>Major Results Indicators:</u>	<u>Baseline (1994)</u>	<u>Target (2002)</u>
Infant mortality per 1000 live births	75	47
Maternal mortality per 100,000 live births	390	194
Contraceptive prevalence (% modern methods)	18	48
Couple Years Protection (CYPs)	89,587	246,023

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA

TITLE AND NUMBER: Reduced Degradation of Forest and Water Resources and Biodiversity Protected, 511-S004

STATUS: Continuing

PROPOSED OBLIGATION/FUNDING SOURCE: FY 1999: \$5,300,000 DA

INITIAL OBLIGATION: FY-1995 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To reduce degradation of forest and water resources and to protect Bolivia's globally important biodiversity by discouraging forest conversion and reducing pollution.

USAID Role and Achievements to Date: The GOB has had an historically strong commitment to sustainable development as evidenced by the creation of the hemisphere's first Ministry of Sustainable Development and Environment, and the GOB decision to host the Hemispheric Summit on Sustainable Development in 1996. USAID is a critical player in Bolivia's environmental affairs and the key donor working to protect forest resources. Achievements in 1997 include more than 225,000 hectares of forest "ecocertified" by the U.S.-based Smart Wood Program, another 650,000 are in the evaluation phase of becoming certified, and the successful establishment of a technical, apolitical forest regulatory superintendency. With the new GOB administration, it is not presently clear what level of priority the GOB is placing on continued protection of Bolivia's natural resources. Through ongoing policy dialogue, USAID is playing a pivotal role in defining how these issues will be resolved.

Description: USAID supports achievement of its strategic objective by provision of assistance which promotes sustainable forestry management; by increasing forest value, developing new ecocertified forest products for export to high-value "green markets," and creation of an independent National Certification Council; creation of a local environmental watchdog organization; empowerment of local municipalities to effectively manage and monitor their natural resource base; and helping to craft appropriate institutional, legal and regulatory framework enabling responsible resource management. Adoption of sustainable resource management practices continues to be promoted through environmental education programs in both rural and urban areas; by increasing capabilities of local institutions for improved environmental management; and by managing selected wildlife populations by local groups. Pollution is being reduced in target areas by showing factory owners how they can comply with Bolivia's new environmental regulations and yet improve their rates of return on investment.

USAID supports a sustainable forestry management program (BOLFOR), through the design and implementation of programs for "environmentally friendly" forest use on over 1.6 million hectares of natural forests. The Parks in Peril Program helps the GOB and NGOs protect almost 1.5 million hectares of some of the planet's most biologically rich areas. High-level technical assistance was provided to the GOB in planning the Hemispheric Summit on Sustainable Development. The Environmental Pollution Prevention Program provides models to industry for cost-effective ways to reduce water, soil and air pollution. USAID is also working with the 23 communities of Izozog/Guarani indigenous population to implement sustainable resource management practices on their 1.7 million hectares of community lands. USAID supports highly innovative work with the indigenous Izoceño community in managing the 3.4 million hectare *Parque Nacional KAA-IYA del Gran Chaco*. USAID is also supporting modest, but path-breaking work with the private sector National Chamber of Industries on industrial pollution prevention and serves as the USG representative on the Enterprise for the Americas Initiative (EAI), a debt-for-development swap that is focused exclusively on funding environmental projects implemented by NGOs.

Host Country and Other Donors: Collaboration with other donors continues to be excellent. USAID has been a driving force in bringing together donor agencies from Canada, Germany, Switzerland, Holland,

England, the World Bank, IDB, Denmark and UNDP. Periodic meetings are held to coordinate environmental activities and to prevent overlap. The group has expanded from its previous task of conducting an evaluation of the National Environment Fund (FONAMA) in late 1995 and is now meeting regularly to assess the new GOB's policies and programs related to environmental issues. GOB direct contribution to USAID dollar-funded activities in FY 1999 is \$1.375 million. Although not precisely known at this time, total GOB contribution to the sector is many times greater. \$2.2 million are disbursed each year to the EAI, with more than \$11 million in GOB funds received to date.

Beneficiaries: The number of direct beneficiaries of USAID's environmental program includes the residents of Bolivia's three most important cities (through pollution reduction and environmental education activities); more than 15,000 lowland indigenous populations (with improved forest management and wildlife conservation); and scores of NGO initiatives with community groups (directly improving the lives of more than 50,000 people). Indirect beneficiaries include the global community, through protection of Bolivia's forests and their carbon-sequestration capabilities (reducing global warming), and the wealth of still largely untapped biological resources.

Principal Contractors, Grantees, or Agencies: USAID-financed environmental activities are implemented by Chemonics International, Wildlife Conservation Society, Conservation International, the Nature Conservancy, World Resources Institute, Tropical Research and Development, RCG/Hagler-Bailly, and the U.S. Environmental Protection Agency. Key counterpart institutions include the Ministry of Sustainable Development and Planning; the Ministry of Agriculture, Livestock and Rural Development; National Environment Fund; National Chamber of Industries; National Forestry Chamber; the Forestry Superintendency; the Izozog indigenous community; Confederation of Chiquitanos Indians; and a range of Bolivian environmental NGOs.

Major Results Indicators: (cumulative)

	<u>Baseline</u>	<u>Target (2000)</u>
Forest hectares under improved management	0 (1993)	2,000,000
Institutions trained	8 (1996)	20
Factories adopting pollution prevention	0 (1995)	20

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA

TITLE AND NUMBER: Illicit Coca Eliminated from the Chapare, Sp001

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$20,000,000 INC

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: Create employment and income in the licit alternative Chapare agricultural economy and assist the Government of Bolivia (GOB) in the elimination of illegal coca production and narcotrafficking.

USAID's Role and Achievements to Date: USAID counternarcotics efforts are closely integrated with other US government agencies as part of a one overall strategy. To combat illicit coca production, USAID provides assistance in two areas: (1) Coca eradication through an annual Balance of Payments Program (from which the GOB must achieve specific narcotics related benchmarks and (2) Alternative development which provides coca farmers a viable alternative source of income based on development of marketable crops and creation of self-sustaining linkages to regional and international markets. Over the past decade, 45,000 hectares of coca were eradicated, representing the equivalent of well over 200 metric tons in annual cocaine production. The GOB now plans to eradicate all remaining illicit coca by 2002.

Prior to 1992, coca was the principal crop grown in the Chapare. Today, the area planted with licit crops has increased from about 60,000 hectares in 1993 to 96,000 hectares in 1997. The hectareage of licit crops in the Chapare is now three times greater than coca cultivation, and 127% greater than 1986. Due to USAID efforts, licit agricultural production in the Chapare now represents 1.5% of Bolivia's gross domestic product. Access to markets is no longer a constraint due to the infrastructure and market development assistance provided by USAID. To date, 2,974 kilometers of roads have been improved to all-weather standards or maintained, and 83 bridges have been built. Even with dramatically increased output of licit products, farm-gate prices of licit crops have continued to stay high because of the improved roads, opening of new domestic and export markets, and enhanced product quality. Also, the area has benefitted by about \$4 million of private sector investments in off-farm agribusiness from 16 companies, and about \$10 million of additional private sector investments are planned by some 20 to 40 different companies.

Until recently, it had been necessary to persuade private growers to enter into priority licit alternative crop production and to provide investment incentives to profit-seeking private agribusiness. Farmers now understand the income potential of bananas, pineapples, palm hearts, black pepper, and passion fruit. Coca farmers and grower associations are increasingly and voluntarily signing coca eradication agreements with the GOB in exchange for alternative development and farmers rapidly expanding licit crop cultivation. In 1997, approximately 16 coca eradication agreements were signed by Chapare communities and grower associations with the GOB.

Description: To contribute to the elimination of all coca grown in the Chapare, USAID will continue to allocate resources for balance of payments and alternative development activities. The follow-on counternarcotics activity to be approved in FY 1999 will consolidate the gains achieved by USAID and other donor programs and better respond to producer needs and investor demands. Increased emphasis will be placed on linkage of alternative development with coca elimination. This linkage is being achieved by identifying multiple "coca free zones" which will enable closer coordination with the Narcotic Affairs Section of the State Department (NAS) and the GOB's DIRECO eradication unit. In 1997, USAID initiated systematic procedures that condition development assistance within "coca free zones" to the coca eradication actions supported directly by the State Department's Counternarcotics Office. Using participatory mechanisms, such as consultation with coca grower unions and other farmer groups, intensive development assistance will be tailored to the characteristics of the zones and offered selectively in return for specific net coca reduction targets. These programs could include, for

example, road upgrading, road maintenance, electrification, cableways for transport of specific licit alternative crops (bananas, pineapples, palm hearts, etc.), technical assistance in production, marketing, packing facilities and/or other activities as agreed by the parties under the community zero coca agreements negotiated by the GOB coca eradication agency, DIRECO.

To better link USAID's medium-term alternative development actions with the State Department's (INL) short-term eradication actions, the two agencies will jointly plan and share information by: (1) developing a common data base, including information on coca grower unions, municipalities, hectares planted and eradicated, characteristics of geographic areas, farmer groups where coca is eradicated, and income changes resulting from licit crop production; (2) working with the same counterparts and groups; and (3) establishing common protocols, that is, agree where short-term INL actions end and medium-term USAID actions begin. While USAID must maintain flexibility, alternative development will target activities where eradication is forthcoming. In other words, USAID will work with growers to eliminate coca.

Host Country and Other Donors: The GOB has recently developed and committed to a comprehensive counter-narcotics strategy to eliminate all illegal coca from Bolivia by the year 2002. Host country contributions for this initiative are estimated to amount to \$142 million for the 1998-2002 five-year period. In addition, the GOB is negotiating an agreement with the World Bank to finance a feasibility study and the eventual paving of the Santa Cruz-Abapó-Yacuiba road to Argentina. UNDCP has been promoting alternative development in the Chapare coca growing region. IDB improvement of major roads and export corridors provides crucial support for the marketing of licit products from the Chapare. Also, the EU has signed a \$30 million counter-narcotics agreement with the GOB which supports a cadastre activity, infrastructure and road improvements in the Chapare.

Beneficiaries: The Chapare Region includes about 35,000 family farms. Of these, it is estimated that 75% cultivate at least some coca and could benefit from further USAID assistance in the next five years if they chose to give up coca production. To date, approximately 12,000 families are receiving USAID funded technical assistance to improve their licit alternative crops.

Principal Contractors: For FY 1999, USAID will implement activities through one or more institutional contractor(s) and local NGOs. The contractors will be selected through full and open competition. The contractor may enter into sub-contracts or grants with local NGOs.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2002)</u>
Hectares of additional non-coca crops in the Chapare Region	92,300 (1996)	130,000
Number of families not growing coca	300 (1997)	30,000
Net hectares of coca eradicated	500 (1996)	31,000

BRAZIL

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$9,610,000	\$8,378,000	\$8,117,000
Child Survival and Disease	\$3,000,000	\$2,500,000	\$2,500,000

Introduction

Brazil is critically important to U.S. national interests because of its vast geographic size, 155 million population, rich natural resources, and \$780 billion GDP. Brazil is a pivotal and predominant power in Latin America, a strategic ally of the United States, and a valuable trading partner with over \$20 billion in bilateral trade. Long-term, sustainable development in Brazil is in the U.S. strategic interest because of the need to protect the United States and its citizens from the effects of environmental degradation in Brazilian forest, from the spread of infectious diseases, such as AIDS, and uncontrolled world population growth. These global issues are serious problems in Brazil and have a significant impact on the United States.

The Development Challenge

Brazil is the tenth largest economy in the world. However, due to past poor economic management and extremely uneven income distribution, Brazil also has high levels of income inequality and extreme poverty, particularly in the Northeast, which has 30 million people below the poverty line. Brazil's external debt is more than \$170 billion dollars. Brazil and the United States expect to complete final debt rescheduling negotiations pursuant to the 1992 Paris Club agreement by March 1998. The USAID health program will graduate in 2003 and the environment and energy program will continue until global objectives are achieved. Given the scope of these global problems, graduation from U.S. assistance is not anticipated in the near future.

One of Brazil's challenges is to develop its tropical biodiversity for productive, sustainable use. Deforestation and burning in the Amazon basin and extensive habitat conversion for agricultural development in the savannas substantially contribute to Brazil's greenhouse gas emissions. In certain regions, severe deforestation and forest fragmentation threaten the viability of forest biodiversity and carbon exchange. USAID supports workable land use alternatives which replace harmful practices that rapidly degrade natural areas. Given Brazil's size and the magnitude of the threats to its natural ecosystems, USAID resources alone cannot significantly alter the loss of these natural areas. Thus, the Brazilian environment program leverages resources and involvement from NGOs, industry, multilateral banks, cooperatives, universities, and government agencies, allowing USAID to play a significant, catalytic role in protecting Brazil's ecosystems. USAID-funded actions have been successful in demonstrating the viability of low impact forest management for both timber and non-timber forest resources. Also, USAID supports the first-ever co-management plan for two national parks in the Amazon, involving shared responsibilities between NGO groups and federal park authorities.

Brazil is the world's fifth largest net greenhouse gas emitter and is one of ten key countries receiving priority for action in USAID's Climate Change Action Plan. With continued economic expansion of approximately four percent per year requiring energy resources to grow by 65% from 1996 to 2006, Brazil's energy future runs the risk of increased dependency on fossil fuels or hydropower dams that flood valuable tropical forests. USAID will target its resources on increasing Brazil's ability to detect and mitigate energy sector climate change impacts focusing on policy, regulation, and financing mechanisms critical to environmentally sustainable energy. USAID has already influenced the design

of two major World Bank loans directed to energy efficiency (\$150 million) and renewable energy (\$200 million). USAID helped the Brazilian government agency PROCEL to write the Brazilian strategy in the area, and helped the World Bank to write their project. USAID is also assisting in the design of an Inter-American Development Bank (IDB) loan intended to assure access to clean electric power in poor rural areas in Northeastern Brazil.

Approximately 52% of the reported AIDS cases in Latin America/Caribbean are in Brazil and an estimated 560,000 to 850,000 persons are infected with HIV, making Brazil second only to the United States in reported cases in the Americas. Transmission of HIV in Brazil is predominantly sexual and increasingly heterosexual; transmission through other means accounted for only 26% of all infections during 1996. Transmission is also increasing among young people and those with the lowest levels of education. Thus, the HIV/AIDS epidemic in Brazil is concentrated among the poorest and most marginalized populations. USAID's strategic objective is designed to increase sustainable and effective programs to prevent sexual transmission of HIV among major target groups, focusing on women, adolescents, and low income populations. The USAID-supported AIDS prevention program developed in the city of Santos is considered a model prevention program by the Ministry of Health (MOH) who has taken over support for the program and replicated it to other locales. The condom social marketing program has achieved 14% market share in Brazil and fostered increased competition in the condom market. The program identifies and disseminates the most effective interventions, increases the management capacity of selected institutions to provide sexual transmitted infection and HIV prevention and education services, and supports condom social marketing (the use of marketing to change a social behavior). This program will receive decreasing emphasis over the next five years.

Although contraceptive prevalence in Brazil continues to increase and fertility levels continue to decline, wide regional disparities still exist and access to a broad range of contraceptive methods remain problematic. The USAID program in this area, planned for closeout in FY 2000, is focused on the development of reproductive health services in two Northeastern States and actions designed to expand the range of contraceptive options in the public and private sectors. The governments of these states have signed agreements to support the program when USAID phases out. A major agreement was concluded with Pharmacia Upjohn for the introduction of a three-month injectable for lower income groups as a social marketing product.

Street children and at-risk youth constitute a serious problem in Brazil, especially in large urban areas of the Northeast. Many of these children come from families with incomes of only half the \$110 monthly minimum wage. The pressures of poverty and scarcity of basic services lead to a breakdown in family structure, which contributes to the problems of sexual exploitation of youth and violence. USAID-funded at-risk youth activities emphasize expanded NGO and government capacity and innovative approaches to provide formal schooling, vocational training, health programs for youth, and promotion of children and adolescents' rights. A program subgrantee was awarded the Brazilian Bar Association's Human Rights prize for USAID-funded activities, and with USAID support the Brazilian government launched a national campaign to prevent sexual exploitation of children and youth.

Other Donors

USAID works closely with the UN Population Fund, UN Children's Fund, the World Bank, the IDB, Germany, Japan and Canada. In FY 1997, the U.S. provided \$14.8 million of development assistance to Brazil, about 25% of the amount provided by Japan and 30% of that provided by Germany. The top five donors are Japan, Germany, Canada, United States and United Kingdom. Japan works in the areas of environment, agriculture, fishing, health, and industry. Germany works in the areas of environment, low income communities, and medium, small, and microenterprises. Canada works in the area of environment, gender issues, but most of the resources go to support a partnership between Canadian and Brazilian institutions. The United Kingdom works in the areas of environment and governance.

The World Bank has \$7.7 billion dollars in projects in the areas of agriculture (\$1.6 billion), education (\$1.14 billion), energy (\$490 million), environment (\$1.8 billion), health (\$740 million), public sector reform (\$440 million) and transportation (\$1.49 billion). The IDB has \$7 billion dollars in projects in the areas of infrastructure, environment, health, public sector reform, poverty, civil society, street kids and at-risk youth.

FY 1999 Program

In summary, the funding level requested will allow the USG through USAID to engage Brazil collaboratively on vital foreign policy issues: the global issues which were the focus of President and Mrs. Clinton's highly successful visit to Brazil in October, the President's recently announced \$1 billion Climate Change initiative, the U.S./Brazil Common Agenda Agreement, USAID's global agenda, and three of the seven bilateral agreements signed during the presidential visit. The AIDS program will work with the MOH to evaluate existing prevention activities and design training curricula to strengthen program management. The Reproductive Health program will continue the process of phasing over the program to the State Secretaries of Health, building upon their political commitment and continue activities to improve the quality of family planning services in rural clinics. The program will also sponsor national seminars with the MOH on contraceptive methods, and continue support for social marketing programs. The At-Risk Youth program will concentrate on capacity building in management and income-generation for local NGOs, strengthen regional networks, and continue education and training programs for disadvantaged youth.

The environment program will work with World Bank and Brazilian coordinators of the G-7 Pilot Program to Conserve the Brazilian Rain Forest to establish a scientific basis for sustainable resource use in the Amazon utilizing the new U.S. contribution of \$10 million (over five years) to this program. The program will continue efforts to establish reduced impact forest management practices in timber operations to reduce deforestation pressure through expanded training for both industry technicians and enforcement officials. Energy actions will focus on collaboration with the new Brazilian energy regulatory agency, ANEEL, to assure private sector access for clean energy technologies to meet Brazil's growing energy needs. The energy program will also further define planned World Bank loans in energy efficiency and renewable energy.

BRAZIL
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Environmentally and socio-economically sustainable alternatives for sound land use adopted - DA			795				795
S.O. 2 Reduce rate of growth in greenhouse gas emissions from energy sources - DA			5,322				5,322
S.O. 3 Programs to prevent sexual transmission of HIV - CSD		2,000					2,000
S.O. 4 Access to contraceptive methods and integrated family planning services - DA		2,000					2,000
Sp.O. 1 Improved quality of life for at-risk youth - CSD		500					500
Totals - DA - CSD		2,000 2,500	6,117				8,117 2,500

USAID Mission Director: Edward L. Kadunc

ACTIVITY DATA SHEET

PROGRAM: BRAZIL

TITLE AND NUMBER: Environmentally and socioeconomically sustainable alternatives for sound land use adopted beyond target areas - 512-SO1

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$795,000 - DA

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To increase protection and sustainable use of natural resources in Brazil's critical regions for biodiversity, including the Amazon, Atlantic Forest and Cerrado (savanna) regions, and to reduce greenhouse gas emissions from deforestation.

Background: Brazil is considered a major potential contributor to greenhouse gas emissions because of deforestation and burning that take place extensively in the Amazon basin and extensive habitat conversion for agricultural development in the Cerrado(savannas) zone. By disseminating sustainable development alternatives throughout the Amazon region and reducing the frequency of burning in the savannas, CO₂ emissions are reduced and biodiversity is conserved, while encouraging stable economic growth through a participatory, democratic local-level approach. In the Atlantic Forest region of Brazil and to a lesser extent in the Amazon, severe forest fragmentation threatens the viability of tropical forest biodiversity. USAID has taken the lead in Brazil in attacking these problems through innovative partnerships between U.S. and Brazilian NGOs.

USAID Role and Achievements to Date: USAID--through support to local NGO efforts and training of key individuals--continues to play a model role reconciling development and conservation in the Amazon, and more recently in the Atlantic Forest and Cerrado regions. Participatory workshops were held with representatives of partner NGOs, community leaders, and the federal environmental agency (IBAMA) to discuss management plans for two important parks in the Amazon, Jaú National Park (the largest park in Brazil and the size of Massachusetts - 2,270,000 hectares),and Serra do Divisor National Park (840,000 hectares). Management plans developed by partner NGOs (World Wildlife Fund and Vitória Amazônica Foundation for Jaú and The Nature Conservancy and SOS Amazônia for Serra do Divisor) are being finalized after extensive participatory research and field work. After approval by IBAMA, IBAMA has proposed to use these plans as models for future management plans in other protected areas throughout Brazil.

After several years of planning, preparatory studies, and community organizational assistance, the first community-owned, operated and managed palm heart factory in the Amazon was inaugurated in an extractive reserve in the eastern Amazon state of Amapá. By ensuring carefully planned and monitored extraction procedures, the over-harvesting, palm devastation, and resource depletion typical of commercial palm heart exploitation have been replaced by a sustainable harvest system. The project provides a secure market for the producers, generating local employment in palm heart processing, and commercializing a value-added product. The major weak point of extractive reserves, that of economic viability, is now being addressed by this activity and is ready for replication to other areas of the Amazon.

USAID/Brazil continues to support model reduced-impact forest management practices in the Amazon, guiding the timber industry and government enforcement officials to workable solutions that assure industry viability and forest permanence. Engagement of USAID partners World Wildlife Fund (WWF), the Institute of Man and the Amazon Environment (IMAZON), and Tropical Forest Foundation (TFF) was key to design of an \$18 million World Bank activity in forest management under the G-7 Pilot Program to Conserve the Brazilian Rain Forest.

Severe El Niño-aggravated burning conditions in the Amazon in 1997 highlighted the importance of developing effective local measures to control fire. Woods Hole Research Center scientists and

collaborating partners at Amazon Environmental Research Institute (IPAM) used radio spots to disseminate community-developed fire control guidelines throughout the Amazon. The U.S. Forest Service and Woods Hole/IPAM continue to quantify the effects of burning on Amazon forest and Cerrado savanna ecosystems while surveying the extent of fire damage on private land from ground surveys and with satellite/GIS mapping.

Description: Incorporating the lessons learned from the original USAID Global Climate Change (GCC) Project, this program is supporting adoption of sound land use practices in the Amazon, Atlantic Forest and Cerrado regions. It is implemented by a number of U.S. agencies and NGOs through agreements with in-country partners. The program focuses on: 1) protected area management in two major national parks, one extractive reserve, one national forest, one state protected area, and the buffer zone surrounding one biological reserve; 2) forest management alternatives for reduced-impact harvest of upland timber in the largest timber harvesting region in the Eastern Amazon; 3) fire science and management to reduce the effects of uncontrolled burning on local biodiversity and global warming; 4) agroforestry alternatives for restoring productivity to degraded cleared areas, developed in a participatory approach with small holders; 5) natural resource policy and environmental education, with federal, state, and local officials and land managers; and 6) building local capacity and strengthening NGOs.

In addition, USAID is responsible for a new U.S. contribution to the science and technology component of the G-7 Pilot Program to Conserve the Brazilian Rain Forest (PPG-7). During his visit to Brazil in October 1997, President Clinton announced a \$10 million commitment to the PPG-7 over a five-year period. This activity complements USAID/Brazil's other bilateral activities by contributing to science-based solutions for sound forest use.

Host Country and Other Donors: USAID works in close consultation with Brazilian Government programs as an integral part of the U.S./Brazil Common Agenda on the Environment. However, assistance is provided directly to U.S. NGOs who have a presence in the country working with Brazilian partners. USAID also coordinates its program with other U.S. Government agencies. Activities under the USAID environmental program leverage those of other multilateral donors, especially the G-7-funded, World Bank-implemented Pilot Program to Conserve the Brazilian Rain Forest, the Global Environment Facility, and the Brazilian Fund for Biodiversity (FUNBIO).

Beneficiaries: Rural communities and especially small holders who frequently have only traditional rights to their land are the focus of USAID activities. USAID-supported actions benefit Brazilian society at large by assuring that the resource base is maintained for future generations. Benefits will also result at the international level from protecting tropical forests and biodiversity, and reducing greenhouse gas emissions.

Principal Contractors, Grantees, or Agencies: USAID implements activities through U.S. PVOs (World Wildlife Fund, The Nature Conservancy, Conservation International, Woods Hole Research Center, and Tropical Forest Foundation), U.S. Government agencies such as the USDA Forest Service and the Smithsonian Institution, and several U.S. academic institutions (University of Florida and the State University of New York).

Major Results Indicators:

	<u>Baseline (1991)</u>	<u>Target (1999)</u>
Families adopting sustainable management systems	0	350
Hectares in protected areas using improved management systems	0	5,500,000
Low impact logging systems developed and validated	0	3
Trained environmental professionals	0 (1991)	4,000 (1999)

ACTIVITY DATA SHEET

PROGRAM: BRAZIL

TITLE AND NUMBER: Reduce rate of growth in greenhouse gas emissions from energy sources - 512-SO2

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$5,322,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To reduce greenhouse gas emissions from wasteful energy use through strengthening in-country capability for investment promotion in renewable energy and energy efficiency.

Background: In September 1995, as a result of agreements signed at the Summit of the Americas, USAID launched a comprehensive Brazil Energy Program (BEP). The Environmental Initiative for the Americas (EIA) funded \$3.3 million in activities under BEP in FY 1995 over a two-year period. In FY 1996 the USAID environmental program funded part of the program and will provide funds to BEP through 1999 as these activities complement the Mission's environmental strategic objective by addressing the emission of greenhouse gases from the power sector. The Brazil energy program includes activities in renewable energy, energy efficiency, private sector participation, and energy sector regulatory reform.

USAID Role and Achievements to Date: A Renewable Energy Project Support Office (REPSO) opened in Brazil during early 1996 in Salvador, Bahia as part of the overall goal of BEP. REPSO, staffed by Winrock International, works with cooperatives, NGOs, private companies, and development banks to provide technical and financial assistance necessary to help identify and develop renewable energy projects. Winrock prepared an initial study as groundwork for a possible World Bank renewable energy loan to Brazil. The proposed project is comprised of a technical assistance program to assist state governments in the Northeast with restructuring and privatization of the electrical energy sector coupled with the supply of rural energy by means of renewable sources. Winrock's report provides an overview of renewable and rural energy projects in the Northeast of Brazil. The results of this report, a World Bank Idea Paper, and an identification mission formed the basis for a formal project concept paper for the proposed \$200 million World Bank loan entitled, "Integrated Commercial-Social Power."

USAID is also assisting the Government of Brazil (GOB) with the design of a large World Bank energy efficiency loan to Brazil, which is expected to direct \$150 million towards improving the efficiency of electricity supply and end use, with provision of major financing mechanisms for energy efficiency activities. Funds will also go toward technical assistance for efficiency program design and management and power sector regulation formulation. USAID/Brazil is also engaged with the IDB in developing an action plan on Sustainable Markets for Sustainable Energy (SMSE) through Brazil's National Energy Development Program for States and Municipalities (PRODEEM). USAID interventions assure a level playing field for energy investments by assisting in regulatory reform.

As part of a comprehensive energy training program, USAID invested in building capacity among Brazilian energy professionals and high-level decision makers in key aspects of private power, efficiency, and renewable energy. Training courses have been completed in resource assessment, renewable energy systems design and installation, integrated resources planning, demand-side management, and co-generation.

In the policy area, USAID was active instituting a regulatory partnership between Brazil and U.S. state-level public utility commissions with a targeted high level agenda directed to advocacy for support of energy efficiency and renewable energy, through seminars, executive exchanges, round tables and open forums on policies, regulations, and procedures. USAID also supported policies and standards and appliance labeling for energy efficiency.

Description: USAID focuses its energy activities in Brazil in the following areas: (1) Renewable energy: increasing the use of on-grid and off-grid renewable energy sources, through support of sustainable markets; (2) Energy Efficiency: encourage and support increased efficiency in energy production, supply, and consumption; (3) Power Sector Regulation: encourage and support the implementation of policy, regulatory, and procedural agendas supportive of the development of sustainable markets for energy efficiency and renewable energy; and (4) Financing: facilitate increase in the amounts of and access to financing for energy efficiency and renewable energy initiatives.

Host Country and Other Donors: Activities in Brazil are cooperative efforts of USAID, the Government of Brazil, and many NGOs and private organizations. USAID also provides assistance to and leverages funds from the World Bank and IDB, which are also active in Brazil's energy sector.

Beneficiaries: Electric energy consumers in Brazil both in grid-connected and off-grid locations, with special attention to poor rural communities in Northeastern Brazil.

Principal Contractors, Grantees, or Agencies: USAID implements activities through U.S. contractors, including Winrock International, Hagler Bailly Consulting, U.S. Energy Association (USEA), U.S. Export Council for Renewable Energy (US/ECRE), and Environmental Enterprises Assistance Fund (EEAF).

Major Results Indicators:

	<u>Baseline</u>	<u>Target (1999)</u>
New capacity installed and operating, on and off the grid, which is powered by renewable energy or other clean energy technology.	600Kw (1996)	6,500Kw
Number of people using renewable energy, energy efficiency, or other clean energy system.	40,500 (1996)	450,000
Electric power and energy saved, attributable to energy efficiency programs which USAID has created or influenced.	397MW (1995)	1,100MW

ACTIVITY DATA SHEET

PROGRAM: BRAZIL

TITLE AND NUMBER: Increased sustainable and effective programs to prevent sexual transmission of HIV among major target groups - 512-SO3

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$ 2,000,000 CSD

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: Increased use of improved, effective and sustainable responses to the HIV/AIDS epidemic

Background: Approximately 52% of cases of AIDS in Latin America and the Caribbean are in Brazil. This amounts to 116,389 reported cases, making Brazil second only to the U.S. in reported cases in the Americas. Given the delay between infection and the appearance of disease symptoms, it is estimated that there are currently between 560,000 and 850,000 persons infected with HIV in Brazil. With borders on most of the countries in South America, Brazil's location at the center of the continent places it as a potential focus to spread the disease. Following national program guidelines, USAID has been emphasizing women, adolescents and low income groups taking into consideration that the prevalence of sexual HIV transmission in Brazil has increased risks among those groups.

USAID's role and achievements to date: Building on successful experiences and lessons learned from the AIDSCAP project, USAID has developed a new strategy to implement this strategic objective. USAID's proposed five-year strategy is closely linked with and complementary to the programs of the World Bank, MOH and other smaller donors. The proposed program emphasizes the provision of technical assistance, which is one of USAID's comparative advantages, but relies on World Bank financing to fund training programs for the public and private sector and to implement HIV/AIDS prevention interventions. The areas of particular need where USAID has excellent resources to offer include program evaluation, operations research, management improvement, and social marketing. The new strategy also involves expansion of activities to reach the Northeastern region, where USAID will promote integration of AIDS/STI prevention activities with the ongoing reproductive health and at-risk youth programs.

Description: This program will concentrate on three areas: (1) Most effective program interventions identified and disseminated; (2) management capacity of selected HIV/STI/family planning institutions increased; and (3) sustainable condom marketing. USAID will carry out an operations research-supported assessment of existing HIV prevention program interventions in Brazil in order to identify the most effective interventions for each major target population. Selected interventions will be disseminated to institutions which are implementing, or will implement HIV prevention activities. USAID will provide technical assistance to those institutions as needed. USAID will replicate the model for increasing management skills that has been successfully implemented in USAID's family planning program. Activities will also include continued initiatives to expand the existing condom social marketing program and achieve financial sustainability. USAID has also developed strategies to ensure a smooth phase-out of USAID's assistance at the completion of this strategy. The program's exit strategy is based on developing and leaving behind HIV/AIDS prevention models that can be phased over to the Ministry of Health (MOH)/World Bank.

Host country and other donors: USAID is working closely with the MOH and other international donors. The World Bank is presently negotiating a second \$165 million loan with the GOB for HIV/AIDS prevention and control for implementation beginning in July 98. USAID will provide technical assistance to the MOH during program design. USAID's program funding time frame coincides with the time frame of the WB program, allowing for USAID to rely on the World Bank program to finance and replicate the best practices which are identified and developed via the USAID program. Other partners are the UNAIDS theme group, JICA and the European Union, which plans to continue its program during 1998-2000 at about \$4 million for the period.

Beneficiaries: Low-income women and their partners; adolescents; at-risk youth; STD patients.

Principal Contractors, Grantees, or Agencies: USAID will implement activities through three U.S. PVOs: the Population Council, Family Health International, and Population Services International. In Brazil, the Pathfinder Fund local office will play an important role in expanding activities to the Northeastern region.

<u>Major results indicators:</u>	<u>Baseline (1997)</u>	<u>Target (1999)</u>
Number of the four target states with an annual increase in expenditures for HIV prevention equal to/greater than 5%	N/A	2
Percent of financial sustainability achieved by condom social marketing programs (DKT do Brasil and BEMFAM)	DKT 78% BEMFAM 74%	86% 97%
Number of identified interventions which are disseminated	0	10
Percentage change in sales of male/female condoms	male 30 million sold female 360,000 sold	10% 100%

ACTIVITY DATA SHEET

PROGRAM: BRAZIL

TITLE AND NUMBER: Increase access to contraceptive methods and integrated family planning services to improve women's reproductive health - 512-S004

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$2,000,000 DA

INITIAL OBLIGATION: FY 1992; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: The USAID objective is to improve the quality and sustainability of family planning services in the poorest regions of the country, through increased access to integrated reproductive health services.

Background: Brazil has the largest population in Latin America, with 155 million persons, and faces continued urbanization and a large disparity of income. Overall mortality is still considered high: maternal mortality is estimated at 200 deaths per 100,000 births, and infant mortality is 39 deaths per 1000 live births nationwide, elevated in the Northeast region to 59/1000. Family planning prevalence is 70% for Brazil as a whole, although wide regional disparities persist. Due to limited access to contraceptive methods, contraceptive use is still heavily concentrated on female sterilization and oral contraceptives. In the Northeast, a heavily populated and extremely poor region of 40 million people, where USAID assistance is targeted, health services for women and children remain of relative poor quality. Although USAID assistance has had marked impact on overall health and fertility indicators in targeted states, distinct urban to rural disparities still exist. In the Northeast, some one-quarter of rural women declared a birth as "unwanted" in the past five years, a proportion almost double that of their urban counterparts. USAID assistance allows for the development and implementation of service delivery systems, public and private, for low-income groups, that emphasizes preventive services, especially in maternal and child health.

USAID Role and Achievements to Date: USAID assistance is channeled through U.S. organizations which work in conjunction with the state health departments and national NGOs in the two Northeast states of Ceara and Bahia. With USAID assistance, the availability of reproductive health services has been expanded, and the quality of services improved to the benefit of low income women who utilize the public health system. As a direct result of USAID assistance, political support for family planning has increased. Brazil has conformed to international norms in the testing of condoms, has lifted non-tariff barriers on imported commodities, and the registration of Depo Provera has been made with its addition to the list of methods purchasable by public funds. More recently, sterilization has been legalized. Progress is evident at the service delivery level as well. The proportion of municipalities in the two target states providing family planning increased substantially between 1993 and 1996, from 20% to 26% in Ceara and from 12% to 27% in Bahia.

Description: The USAID assistance program will concentrate on the two target states of Ceara and Bahia until the planned phaseout by FY 2000. Emphasis will be placed on consolidation of achievements through emphasis on training, creation of demand for quality services and method choice, integration of family planning within overall reproductive health strategies, and assurance of sustainable delivery systems by FY 2000. USAID's role in the provision of contraceptive commodities has diminished over time, with the gradual assumption of this responsibility by other organizations and the Government of Brazil (GOB). In this regard, USAID has negotiated significant contributions from Pharmacia and Upjohn for the introduction of an injectable contraceptive at an affordable price to the public sector and to low-income consumers. These and other organizations supported by USAID will remain involved in the provision of family planning services and/or the sale of contraceptive commodities after the phaseout of USAID population assistance.

Host Country and Other Donors: The only other major donor in reproductive health in Brazil is UNFPA whose programs complement and are coordinated with USAID's activities. USAID/Brazil will continue to streamline its efforts with other international donors, particularly with respect to the integration of family planning and STD/AIDS prevention programs. Because of USAID expertise, other donors have been willing to "cost-share" contributions.

Beneficiaries: USAID-supported activities are targeted to low-income women in the areas of Bahia and Ceara, which have an estimated population of 20 million persons.

Principal Contractors, Grantees, or Agencies: USAID implements its activities through U.S. private voluntary organizations and U.S. firms such as Pathfinder Fund, International Planned Parenthood Federation, Futures Group, Population Council, Johns Hopkins University, Management Sciences for Health and Family Health International.

Major Results Indicators:

	<u>Baseline</u>	<u>Target</u>
● % of Births Declared as Unwanted - Ceara State	24% (1996)	20% (1999)
● Couple Years of Protection - Bahia State	173,034 (1996)	185,600 (1999)
● Units of Depo-provera sold to the public sector and through pharmacies.	222,000 (1998)	456,000 (2000)

ACTIVITY DATA SHEET

PROGRAM: BRAZIL

TITLE AND NUMBER: Improved quality of life for at-risk youth in target areas - 512-Sp01 (512-0616)

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$500,000 CSD

INITIAL OBLIGATION: FY 1994; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To improve living conditions of at-risk youth by expanding local capacity to provide services to children and youth living in especially difficult circumstances.

Background: The situation of children and youth in Brazil is particularly precarious. Recent changes in the country's economic picture have not been effective in addressing issues affecting the mass of children already living or at risk of living in the streets. Migration into large urban centers and the concentration of impoverished populations in the outskirts of capital cities force children into begging and looking for small informal jobs in central areas. Contributing and consequent problems are illiteracy, disease, delinquency, drug abuse, prostitution, and human rights violations. Street children and at-risk youth lack access to educational and health services, while the country still lacks safety networks capable of supporting the implementation of existing, model legislation which has not yet been enforced.

USAID Role and Achievements to Date: The USAID program has demonstrated the capacity to develop programs that make a difference and to leverage and direct the resources of other donors. In 1997 an activity extension through FY 2000 was approved, allowing for an increase in the number of beneficiaries to 50,000 through the life of activity. Education and health have become a major focus, with subgrants directed to promote access to formal schooling and vocational training, and to prevent early pregnancy and AIDS/STI infections among Brazilian disadvantaged youth. In 1997 USAID has promoted the creation of important coalitions of Northeastern institutions to more effectively address issues that directly affect the lives of at-risk youth, such as advocacy of rights and prevention of child and adolescent prostitution. Emphasis has been given to institutional strengthening through development of local capabilities in the areas of fund raising, NGO efficiency and strategic planning. In Fortaleza, USAID's support has been critical to promote improvements in the living conditions of nearly 500 at-risk girls through arts and dance. In Salvador, low income youth have been trained in car mechanics, electricity, production of neonatal medical equipment, music and performing arts. In Recife, a children's rights advocacy center has been assisting families to formalize spontaneous adoptions at the community level, thus helping to implement the provisions of the Brazilian Children and Adolescents' Act. In Brasília, the replication of a successful USAID-funded pilot activity to assemble and sell computer equipment will provide vocational training and employment opportunities to approximately 100 low-income youth. In 1997, USAID also worked closely with the Brazilian government at the state and local levels, managing to increase to nearly 60% the level of governmental participation in USAID-supported activities.

Description: The focus of USAID's At-Risk Youth activity is improving the quality of life of at-risk youth in three large, poor capitals in Northeast Brazil, and in Brasília, the country's capital. In seeking to achieve this objective, USAID develops activities capable of promoting changes in three fundamental areas in the youth's surrounding environment: family ties, schooling and employment. USAID's strategy involves leveraging Government of Brazil (GOB), other donor, NGO and/or private sector resources toward replication of successful and innovative models. Today, 51 indigenous organizations receive USAID financial and technical assistance. The activity supports existing, successful initiatives in the areas of education, vocational training, prevention of child and adolescent prostitution, and promotion of children and youth rights, besides addressing the critical issues of AIDS/STI infection and prevention of early pregnancy. The recent strategic planning exercise details a five-year phase-out plan to be completed in September 2003. The extended program will prioritize the problem of adolescent

prostitution through proven education interventions that USAID has developed. In the process, coalitions between public and private organizations at the state and local level will be strengthened aiming at the creation of a regional safety network, and the sustainability of NGOs will be systematically addressed. These activities will ensure that effective, sustainable implementing agencies exist and supportive policies are in place when USAID assistance ends, thereby assuring continued capacity to provide services.

Host Country and Other Donors: USAID collaborates with UNICEF for complementary support to successful initiatives. Phase I of the IDB's program will be closed out in December 1997, posing a problem to some institutions supported jointly by USAID and the IDB, which generally provided the largest amount of funding. USAID has been playing an important role in strengthening sustainability efforts of such institutions. The actual implementation of the EU's program, started in 1997, included the replication and expansion of innovative activities developed under USAID's support. Recent GOB budget cuts in the areas of health and education further limit the central government's performance in social areas. USAID will continue to work with state and local governments to expand services and strengthen partnerships with civil society.

Beneficiaries: USAID activities are targeted to assist low-income children and youth aged 7-17 in the cities of Fortaleza, Recife, Salvador and, on a smaller scale, Brasília. Approximately 80,000 children, youth and their families should benefit from USAID's support.

Principal Contractor: USAID implements activities through the U.S. private voluntary organization, Partners of the Americas.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (1999)</u>
Number of at-risk youth receiving services	1994 - 0	45,000
% of children completing the school year	1994 - 49%	65%
% of at-risk youth trained and able to engage in income-generating activities	1996 - N/A	65%
Number of youth services strengthened	1995 - 6	65
Public sector involvement in provision of adequate services to target population (% of program interventions receiving public sector support	1995 - 16%	55%

DOMINICAN REPUBLIC

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$8,328,000	\$8,292,000	\$6,824,000
Child Survival and Disease	\$2,700,000	\$2,470,000	\$2,000,000
Economic Support Funds*	---	\$2,500,000	
P.L. 480 Title II	\$392,000	---	---

* LAC Regional request for FY 1999 includes \$2,300,000

Introduction

The United States has a strong interest in a democratic, stable and economically healthy Dominican Republic. The multiple and longstanding U.S. interests in the country include strengthening democratic institutions, fighting drug trafficking and money laundering, enhancing market access for U.S. exporters, combatting the smuggling of aliens, controlling the spread of AIDS, reducing environmental degradation, and promoting stability in the region. The country is the United States' seventh largest export market in Latin America. The proximity of the Dominican Republic means that its problems often have a direct spillover effect on the United States. The high incidence of poverty, lack of economic opportunity, and social injustice have resulted in sizable emigration. Roughly one out of nine Dominicans is now thought to live -- legally or illegally -- in the United States.

Development Challenge

The administration of President Leonel Fernández has brought about a dramatic change in the Dominican Republic's internal and external image. Internally, the new government is seeking to maintain macroeconomic stability while introducing a variety of reforms and emphasizing increased investment in the social sectors. Externally, the new administration is reversing years of virtual isolation from Hemispheric and world relations, seeking a leadership role in the Caribbean and establishing new ties with Central America and the rest of the international community. The Dominican government's ability to act on economic and social issues is hampered by weak State institutions plagued with patronage, large inefficient bureaucracies and corruption. Critical reform measures languish in Congress. Serious flaws in the judicial system constrain economic development and limit individual rights. However, major judicial reforms are underway led by a new Supreme Court. With strong USAID support, civil society has emerged as an active participant in these reforms. Nongovernmental organizations remain active, filling many gaps in public services such as basic health services, microenterprise credit and support, environmental management, and legal aid. The Dominican government is current on most foreign debt obligations, with the Dominican Central Bank and the Commodity Credit Corporation (CCC) recently signing an agreement to pay arrears on CCC debt.

By the end of FY 1999, USAID will be reduced to limited Mission status in the Dominican Republic, working in just two Agency goal areas. Complete graduation from U.S. assistance is not expected in the near-term. USAID's 1997-2002 strategic plan for the Dominican Republic aims to achieve key political, economic, and social reforms by building strong, supportive relations with the new, reform-oriented government while using our experience working with NGOs to foster efficient linkages between them and the State. Such linkages, especially those targeting the delivery of social services to the poor to maximize the impact of scarce resources, are key to improved equity and sustainable development. Grassroots activities have been supported across the country to identify, advocate and enact change on a broad range of local and national development priorities, such as improving the provision of basic services (e.g., water and sanitation, electricity), promoting decentralization, and reform of the electoral law.

To overcome entrenched opposition to democratic reform, USAID will continue to support and strengthen broad-based, active participation of civil society in various aspects of political life. To ensure a sustainable democracy, however, reform of the antiquated and ineffective justice system is essential. The naming of a new Supreme Court is one example of the progress being made in the justice sector. Priority reforms in FY 1999 aim to increase the transparency and efficiency of the system, lessen corruption, protect human rights, and improve the climate for foreign investment. USAID will also continue to strengthen civil society organizations supported during the 1996 elections to prepare for the monitoring of the 1998 Congressional and municipal elections and the 2000 presidential elections.

Improved fiscal and monetary management since late 1994 has led to inflation below double digit levels and remarkable real growth of over seven percent in 1997. This growth, however, has not been equal throughout society, focusing on only a few sectors such as the free trade zones, telecommunications and tourism. The Dominican Republic still remains the second poorest country in the Caribbean. Per capita gross national product of \$1,460 in 1995 masks a pronounced inequity in income distribution -- the poorest 50% of the population receives less than 20% of total income, while the richest 10% receives about 40%. Building on its success in helping the Government of the Dominican Republic (GODR) to develop an ambitious reform package designed to open the economy and alleviate poverty, USAID will continue to pursue a focused economic policy dialogue with the Dominican government. Technical assistance will also be provided to strengthen the government's capacity for policy analysis and formulation as well as for more efficient use and better allocation of resources.

USAID support for family planning, diagnosis and treatment of sexually transmitted infections, HIV prevention, and the provision of water and sanitation services has contributed to notable improvements in the overall health of Dominicans in targeted areas. Nonetheless, critical health care issues remain. These include a sharp rise in HIV/AIDS infection among the general population, limited access to reproductive health care by youth, and inadequate water and sanitation systems in many areas of the country, all exacerbated by limited coverage for basic preventive health care. For FY 1999, USAID support will continue to assist individuals and couples to achieve their reproductive goals through strengthening of NGO partners and increased technical assistance to the Dominican government. USAID will continue to market its model community-managed water and sanitation projects to mobilize private sector, other donor, and government funding. To address the growing AIDS problem, USAID will increase support to public and private sector organizations working to prevent HIV/AIDS and sexually transmitted diseases, and develop the infrastructure for greatly expanded diagnosis and treatment.

The Dominican Republic is overdependent on inefficient and unreliable energy sources that pollute the environment and deplete the natural resource base. Firewood and charcoal still constitute the principal cooking fuel in most rural households, which is the principal cause of deforestation, resulting in siltation of the country's hydropower reservoirs. By demonstrating how known technologies can exploit untapped alternative energy resources in a cost effective and commercially viable way, NGOs, cooperatives, community groups, and private businesses can help dramatically to improve power availability for the rural poor. Solar power for community potable water and domestic lighting systems; solar cooking, heating and drying ventures; pilot conservation projects in critical watersheds; and wind energy and mini-hydro pilot demonstrations for community electrification, are among the activities receiving support under this strategic objective. U.S. energy firms want to expand their markets and investments in the international arena. USAID is laying the groundwork necessary to attract such investment.

Other Donors

The United States is the fifth largest donor to the Dominican Republic, after the Inter-American Development Bank (education, health, community development, tourism, transport infrastructure,

financial sector, land titling, irrigation), the World Bank (education, health, roads, energy, justice reform, irrigation), Japan (agriculture, health, natural resources), and the European Union (integrated rural and community development, private sector and nongovernmental organization support, energy, water and sanitation, health, natural resources). The United Nations Development Program, Italy, Spain and Germany are other important donors.

FY 1999 Program

With a \$11.1 million request in FY 1999 (including \$2.3 million in Economic Support Funds), USAID's assistance program contributes to four Agency goals (Democracy, Population and Health, Economic Growth, and Environment) with plans to phase out of the latter two goals in FY 1998 and FY 1999, respectively. Principal activities include reform of the justice system, civic education and support for popular participation in democratic processes, technical assistance for economic policy analysis and implementation, reproductive health services, HIV/AIDS prevention, health sector reform, pilot testing of commercially-viable alternative energy models, and natural resource conservation.

**DOMINICAN REPUBLIC
FY 1999 PROGRAM SUMMARY
(\$000s)**

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 2 Increased Use of Preventive Health Care Services - DA - CSD		3,166 2,000					3,166 2,000
S.O. 3 Better Functioning Democracy - DA - ESF*				3,358			3,358
S.O. 4 Increased Capacity to Produce Environmentally Sound Energy							
Sp.O 1 Better Government Economic Decision-making - DA	300						300
Totals - DA - CSD	300	3,166 2,000		3,358			6,824 2,000

* LAC Regional request includes \$2,300,000 attributed to Dominican Republic democracy objective

USAID Mission Director: Marilyn Zak

ACTIVITY DATA SHEET

PROGRAM: DOMINICAN REPUBLIC

TITLE AND NUMBER: Increased Use of Effective Preventive Health Care Services, 517-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,166,000 DA; \$2,000,000 CSD

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To increase the use of effective preventive health care services through: 1) improved knowledge of and access to services which reduce the risk of HIV/AIDS and other sexually-transmitted infections; 2) improved access to family planning and other reproductive health services; 3) more sustainable national preventive health care systems; and 4) broadened support for NGO sponsored rural community water and sanitation infrastructure using the "total community participation" model.

USAID Role and Achievements to Date: Broad-based participation, innovative NGO service delivery methods, and expanded social marketing have made a positive impact on the Dominican Republic's health status. USAID led a multi-agency funded demographic and health survey which collected national and regional data in 1996. According to this survey, the contraceptive prevalence rate showed an average annual increase of 1.5% for modern methods use for married women, with a doubling of the prevalence rate among women 15-19 years and a double digit increase among the 25-29 age group, placing the Dominican program among the strongest performers in the region. Sentinel surveillance sites report HIV seroprevalence rates have decreased among target groups within the areas where a USAID-supported peer to peer education project exists. In project areas, reported condom use increased from 29% to 47% among young men and 6% to 17% for young women. A national AIDS prevention strategy and campaign for adolescents, leveraging more than \$9 million in free air time, won first place as the best educational effort for adolescents at the Second Latin American and Caribbean Seminar on Communication and Sexual/Reproductive Health for Adolescents held in Mexico. The exclusive breastfeeding rate for children under four months more than doubled between 1991 and 1996. Although hundreds of communities have benefitted from USAID supported installation of water and sanitation systems, 45% of the rural population still lack water systems and 21% remain without sanitation systems.

Description: USAID works in four major areas: reproductive health; AIDS prevention; water and sanitation; and policy dialogue. Changes within the Dominican government have led to increased allocation of public resources to the health sector, movement towards health care reform, and a willingness to look at new service implementation mechanisms. Consequently, USAID is placing greater emphasis on: comprehensive reproductive health services, including targeting the key underserved populations of youth to reduce unintended pregnancy and increasing male involvement in reproductive health; shifting focus from high risk groups to the general population, with emphasis on youth and women for the prevention of HIV/AIDS and other sexually-transmitted diseases; shifting from almost exclusive support for NGOs to a combination of support for public and private programs; and program sustainability through national systems rather than direct support for service expansion. As part of a multisectoral approach to addressing the HIV/AIDS epidemic, USAID intends to work closely with a cabinet-level Council reactivated in 1997 to report AIDS control efforts directly to the President. In addition to further support of NGOs, a component of USAID's strategy is to increase private sector involvement in education and other AIDS prevention efforts. To address maternal mortality, particularly in the case of very young mothers, USAID efforts will focus on delaying first pregnancies and spacing subsequent ones. Given that higher infant mortality has been found among infants born to adolescent mothers, this approach should contribute to reducing infant mortality as well. USAID's efforts in the water sector will focus almost exclusively on policy reform and the marketing of the successful "Total Community Participation" model. The model's underlying premise is to empower communities to assist in the installation, and operate and maintain their own water systems with user fee resources. All of USAID's health and population interventions will reflect the

cross-cutting concerns of health sector reform, donor coordination, NGO organizational strengthening, service delivery capacity building, and financial sustainability.

Host Country and Other Donors: The government's 1998 budget proposes increased public expenditures for the health sector. The government has conducted studies to identify areas of critical poverty within the country to prioritize and target its social investments. A process of decentralization is also underway, empowering local governments to develop appropriate solutions to health issues. The World Bank and Inter-American Development Bank (IDB) are joint partners in the design of a health care reform program. UNAIDS is the lead agency tasked to coordinate the United Nation's response to the AIDS epidemic. The United Nations Children's Fund provides assistance to the government and a limited number of NGOs to control diarrheal diseases and acute respiratory infections, promote baby friendly hospitals, and conduct policy dialogue in water and sanitation. The rights of children in especially difficult circumstances also will be a major initiative. The Pan American Health Organization (PAHO) has a range of activities in water and sanitation, integrated community development, food and nutrition, epidemiological programs, diarrheal control, acute respiratory infections, immunization, and health sector reform. Support from the United Nations Population Fund aims to improve reproductive health primarily in the western regions of the country. The European Union (EU) supports maternal and child health activities in an underserved western region of the country, medical curriculum assistance, and medicine procurement. Assistance from the Japanese consists of construction of and equipping a gastrointestinal facility and water/sanitation infrastructure. Spain sponsors training and an epidemiology program.

Beneficiaries: Women and men, with a special emphasis on youth of reproductive age at risk of HIV and sexually transmitted diseases; and families in the areas of project water and sanitation provision will benefit from these activities.

Principal Contractors, Grantees, or Agencies: USAID implements activities through Development Associates, Inc. and the Academy for Educational Development, both U.S. firms; U.S. PVOs such as Catholic Relief Services and Food for the Hungry; and local NGOs including the Dominican Association for Family Well-Being (PROFAMILIA), the Dominican Family Planning Association (ADOPLAFAM), Women in Development (MUDE), and the National Health Institute (INSALUD). Grantees for the new AIDS prevention activity are currently being selected.

<u>Major Result Indicators:</u>	<u>Baseline (FY96)</u>	<u>Target (FY99)</u>
Barrier use with regular and nonregular partners	Male: 22.8% Female: 1.4%	26% 3%
Married women using modern contraceptive methods	59.2%	62%
Percent of rural population in project areas with access to potable water	32%	60%
Percent of rural population in project areas with access to sanitation systems	19%	21%

ACTIVITY DATA SHEET

PROGRAM: DOMINICAN REPUBLIC

TITLE AND NUMBER: More Participatory, Representative and Better Functioning Democracy Achieved, 517-SO03

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,358,000 DA; \$2,300,000 ESF (attributed under LAC Regional request)

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To achieve a more participatory, representative and better functioning democracy through: 1) strengthened rule of law and respect for human rights; 2) increased development of a free and active civil society; and 3) consolidated civil society support for more genuine and competitive electoral processes.

USAID Role and Achievements to Date: USAID's efforts in close partnership with its Dominican civil society partners have achieved tremendous results. 86% of eligible citizens voted in the 1996 presidential election, which was considered one of the cleanest elections in Dominican history. The volunteer electoral monitoring network's quick count was amazingly accurate, with the difference between the quick count and the official results an incredibly low 0.26%. According to international experts, this may be a world record for accuracy in a quick count. 23% of Dominicans advocated for democratic reforms, and 26% were active in NGOs or community groups. Consultations and technical assistance to key members of the National Judicial Council and civil society organizations promoted transparency and public participation in the long overdue nomination and selection process for new Supreme Court judges. The remarkably open and transparent process for selecting the reform-minded Supreme Court is unprecedented in Dominican history and set a new standard for popular participation in government. National forums funded by USAID kept critical justice sector reforms in the forefront of the public eye and the Congressional agenda.

Description: While maintaining its strong support for civil society, USAID will continue to work with the Dominican government to achieve significant reform of the justice sector. The implementation of a pilot court program will modernize and improve 22 criminal and civil courts. Prosecutors will receive assistance to promote higher quality and quantity of criminal prosecutions and associated delay reduction. Anti-corruption assistance will support the government's efforts to criminally prosecute corrupt public officials. An Inspector General of Tribunals organization will lead to a regular program of inspections of tribunals and special investigations. Assistance to the Controller General of the Republic will strengthen its capability to conduct investigatory audits involving fraud and corruption. Judicial reform commissions will receive assistance to revise legal codes and enact a judicial career law. USAID will support the integration of full-time public defender services into the government organization structure.

In addition to strengthening the rule of law, USAID will work to foster participatory democracy at the grassroots level through efforts aimed at educating and motivating the citizenry in the practice of democratic values and civic responsibilities. Broad-based civic participation will be promoted at the local level, working on everyday problems to increase citizens' understanding of and ability to elicit responses from local officials. USAID will continue its support to selected civil society organizations advocating for democratic reforms and modernization of the state. Assistance will support the institutionalization of an oversight function exercised by civil society over both elected officials and state institutions. In preparation for the 1998 congressional and municipal elections and the presidential elections in 2000, USAID will work to strengthen the national electoral monitoring network and support the achievement of a better educated electorate.

Other Donors: The IDB is providing \$40 million for a land registry and cadastre program. The World Bank has contributed nearly \$600,000 for justice reform. France and Spain have also contributed to improving the justice system. The German-based Friedrich Ebert Foundation has provided funding for civil society advocacy efforts.

Beneficiaries: While many activities under this strategic objective target the poor, their reach is truly nationwide. The overall aim of consolidating democracy in the Dominican Republic benefits all citizens and furthers the global interests of the United States.

Principal Contractors, Grantees, Agencies: The National Center for State Courts, and Casals and Associates, both U.S. firms; local grantees include the Foundation for Institutional and Justice, Citizen Participation, and the Pontifical Catholic University (PUCMM).

Major Result Indicators:

	<u>Baseline(FY97)</u>	<u>Target (FY99)</u>
Prisoners held without sentence	88%	80%
Citizens involved in activities in favor of democracy	18%	21%
Eligible citizens who voted for democratic reforms	86% (1996)	86% (2000)

ACTIVITY DATA SHEET

PROGRAM: DOMINICAN REPUBLIC

TITLE AND NUMBER: Increased National Capacity to Produce Environmentally Sound Energy, 517-S004

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: no new funding

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To increase the national capacity to produce environmentally sound energy through: 1) commercially feasible renewable energy alternatives; and 2) increased public awareness of community based approaches to protect hydroelectric energy production.

USAID Role and Achievements to Date: Encouraged by the success of USAID-funded demonstration activities in photovoltaics, four Dominican commercial firms are doing a multimillion dollar business in renewable energy in both the Dominican Republic and Haiti, resulting in millions of dollars of goods imported from the United States. Using other donor resources, a number of USAID's NGO partners are replicating successful USAID-developed models for sustainable hillside production and community driven reforestation in critical watersheds. Through USAID's intensive donor coordinating efforts, the Inter-American Development Bank and the World Bank have conditioned their future investment of roughly \$200 million for power plants on the development of an environmental regulatory framework for electrical energy production and distribution.

Description: Economically attractive models for effective natural resource management in critical hydroelectric watersheds will be demonstrated with ample community participation in the design and implementation of the activities. Nine grants have been awarded to U.S. and Dominican NGOs to implement projects in critical watersheds. The most recent is a grant to The Nature Conservancy, jointly administered by a group of local NGOs, community groups and the Dominican Parks Department. This grant is to promote soil conservation and reforestation activities in buffer areas adjacent to five national parks in an area where 90% of all rivers in the Dominican Republic are born. Working closely with the Dominican government, USAID will help to ensure that successful NGO-led community-based conservation models are replicated under the government's new reforestation program. USAID will also help NGOs to promote their models to other donors. Working with U.S. and local NGOs to test various models, USAID will demonstrate the ability of community-based institutions to own and sustainably operate renewable energy systems for potable water and electrification. USAID will also demonstrate the commercial feasibility of using solar, wind, microhydro and hybrid sources for electrical energy production. Clients will be expected to pay back loans for renewable energy systems at market rates of interest. Grants will be awarded to NGOs to finance expansion of solar energy on a full-cost recovery basis, demonstrating the feasibility of community owned and operated renewable energy systems. A microenterprise network will be expanded to provide sales and services to renewable energy customers. Assistance will be provided to these small suppliers and links promoted with U.S. suppliers of renewable energy technology.

Throughout the country, USAID will actively promote U.S. renewable energy technology through workshops, tradeshows, newsletters and advertisements. Continuing its role as a catalyst, USAID will leverage potential donor funds to reduce the degradation of the environmentally and economically important Artibonito watershed. This watershed, the largest on the island, is shared by the Dominican Republic and Haiti. USAID/Dominican Republic will coordinate with USAID/Haiti to sponsor a workshop for interested international donors as well as stakeholders to explore the feasibility of a multi-donor financed environmental protection effort for this important regional watershed. To help direct power development along an environmentally-sound path, USAID is providing assistance to the government to set standards for new investments, and to establish a regulatory body for the power sector. USAID

assistance is conditioned upon the government developing and applying energy sector norms and standards consistent with international environmental standards. This assistance will terminate in FY 1998.

Host Country and Other Donors: USAID's activities complement other donors' capital investments for conservation or protection of natural resources in the country. Spain has been the largest single foreign donor in natural resources, providing \$43 million. The European Union has contributed a total of \$44 million. The IDB is providing \$13 million for reforestation. The World Bank and IDB have provided loans in the order of \$160 million for irrigation projects. Germany is providing assistance for a dry forest management project. Japan is drafting a plan for the development of natural resources in a major watershed area. Taiwan, Mexico, the United Nations and other donors have natural resource portfolios of less than one million dollars. Major expansion of electric power is planned for the immediate future, including a \$250 million IDB/World Bank loan for two new privately-owned power plants. The Dominican government has developed a reforestation and soil conservation program that is headed by the President and is to be implemented through NGOs using successful USAID community-based development models.

Beneficiaries: Off-grid, rural communities without energy or water, and the rural poor in watersheds with hydroelectric power potential are the direct beneficiaries.

Principal Contractors, Grantees, or Agencies: USAID implements activities with Winrock International, ENERSOL, the Nature Conservancy, Catholic Relief Services and several local NGOs including PRONATURA, Foundation for Community Development, the Association for the Development of Espaillat Province, and the Foundation for the Development of the Southwest.

<u>Major Result Indicators:</u>	<u>Baseline (FY96)</u>	<u>Target (FY99)</u>
Increase in the number of new plants applying clean standards	0	2
Installed capacity of project-funded renewable energy systems increases (kilowatts)	14	250
Increase in area under sound soil conservation practices in target areas (hectares)	2300	3600

ACTIVITY DATA SHEET

PROGRAM: DOMINICAN REPUBLIC

TITLE AND NUMBER: Better Systems and Information for Dominican Government Economic Decision-making, 517-SPO1

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$300,000 DA

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To enhance the Dominican government's ability to develop sound economic policies that will result in the alleviation of poverty.

USAID Role and Achievements to Date: FY 1998 will mark the final year of USAID/Dominican Republic's strategic objective in the area of encouraging broad-based economic growth. Successful programs in microenterprise lending were phased out in 1997 and basic education in February 1998. Business skills training for microentrepreneurs will last until the end of FY 1998. During this last year focus has been on strengthening the management and administrative systems of key NGOs to enable them to carry on activities after USAID assistance terminates, as well as creating linkages between NGOs and the Dominican government, the private sector and other donors. Building on earlier work with NGOs on an economic policy agenda and by engaging in effective policy dialogue and providing solid technical assistance, USAID helped the Dominican government articulate an economic vision and develop an ambitious reform package designed to alleviate poverty by opening up the economy, sustaining macroeconomic equilibrium and increasing social spending.

Description: USAID will focus on achieving results through short-term high level technical assistance for economic policy reform and analysis that contributes to poverty alleviation. High quality information to government economic policy makers will enable them to define and implement economic reforms that will: 1) increase the job creation capacity of the economy; 2) provide for continued fiscal stability; and 3) rationalize government expenditures in the social sector. USAID will program key analyses and high level consultancies in these areas and actively follow up with the government on implementing relevant recommendations. Through timely, high-quality, short-term technical assistance, as well as continuous dialogue, USAID will support a more orderly flow of donor assistance to the Dominican government, increase the government's internal capability to analyze complex economic interactions, and provide effective feedback on proposed government programs and their likely effects on both efficiency and poverty alleviation. In addition, USAID will facilitate broad-based discussions on economic issues between government officials and civil society. USAID will also provide assistance to educate the public on why economic reforms are necessary to achieve sustained growth and alleviate poverty. Currently, USAID is assisting the Dominican government to improve the efficiency of public expenditure allocations, create an investors roadmap, develop more reliable labor statistics, issue public bonds, computerize its auditing system, and reform its marketing and trade policies.

Host Country and Other Donors: USAID coordinates its policy dialogue closely with those of the World Bank and the IDB, which have provided the government with their assessments of economic policy reform priorities. The United Nations Development Program is providing technical assistance and equipment to modernize the inadequate working environment of several key ministries.

Beneficiaries: Dominican government officials will improve their skills and technical capacity as a result of USAID technical assistance and training. In a broader sense, the Dominican poor, unemployed and underemployed will gain from the successful implementation of equity-conscious economic and social reforms.

Principal Contractors, Grantees, or Agencies: USAID implements activities through: local NGOs such as the Foundation for Economy and Development (FED); U.S. economists such as Dr. Arnold Harberger; U.S. PVOs such as the Harvard Institute for International Development; and U.S. agencies such as the Internal Revenue Service.

Major Result Indicators:

	<u>Baseline (FY96)</u>	<u>Target (FY99)</u>
USAID-financed studies used by Dominican government	1	10

ECUADOR

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$8,850,000	\$7,800,000	\$10,855,000
Child Survival and Disease	\$3,032,000	\$1,000,000	\$1,450,000
Economic Support Funds*	\$300,000	\$1,000,000	

* LAC Regional request for FY 1999 includes \$1,200,000

Introduction

The U.S. national interests in Ecuador are: the preservation of political stability and peace in the region, in view of the confrontation between Ecuador and Peru in 1995, and the current peace negotiations; the strengthening of democratic institutions in order to reduce threats to the democratic process such as the critical one that resulted in the demise of the Bucaram administration; the improved management of natural resources to secure a sustainable environment; the protection of human health and stabilized population growth to consolidate the advances made over the past decade; and curbing drug trafficking and money laundering resulting from Ecuador's strategic location between Colombia and Peru.

The Development Challenge

Ecuador remains one of the least developed countries in South America. According to the United Nations Development Program (UNDP), Ecuador is ranked 72nd among all 175 countries, and 21st among the 33 countries in the LAC region. Four million Ecuadorians, about 35% of the population, fall under the poverty line; of these, 1.7 million about 15% of the population, live in extreme poverty. Real per capita GDP growth has averaged only about one percent since 1990. Real wages remain 23% below 1986. Income distribution is among the worst in the Andean region. Ecuador is a "key" biodiversity country with numerous habitats of unique biological value and suffers one of the world's highest rates of deforestation. Uncontrolled pollution poses a serious health threat to all Ecuadorians. A still high population growth rate of 2.3% and poor health conditions contribute to economic dislocations as the increasing population finds no outlet for employment. Democracy remains weak and fragile, as demonstrated by the political crisis of 1997. Corruption is endemic at all levels and seriously erodes Ecuadorian society. It has caused several negative effects, for example: the Ecuadorian electorate has lost faith in the political class and views the democratic process with skepticism; domestic and foreign entrepreneurs are skeptical about investing in Ecuador; and corruption in the tax administration and customs service (also the most visible) are particularly damaging to the country's economy. The 1995 border conflict with Peru drained the economy of resources that would otherwise be available for social investment.

In 1997, Ecuador's external debt increased by \$440 million, to a new total of US \$15.1 billion. The Government of Ecuador (GOE) could not renegotiate its Paris Club debt (including U.S. debt) during the year, because it could not take adjustment measures as a basis to negotiate a stand-by Agreement with the International Monetary Fund (IMF).

To address the above development constraints, USAID assistance has played an important role in strengthening key nongovernmental organizations (NGOs) and civil society organizations and improving their sustainability. These groups have promoted critical policy and legislative reforms in environmental conservation, health and family planning, the rule of law, good governance, and improved access to credit by microentrepreneurs. USAID resources are planned to gradually decline in Ecuador, with the mission moving to limited status in 1999 and assistance phasing out over the medium-term. Prior to the close-out, much remains to be done in order to stabilize democracy and improve the social and economic well being of the poorest segments of society.

Other Donors

USAID provides 2.5% of donor assistance to Ecuador and ranks eighth among donors. The bulk of donor funding is provided by the Inter-American Development Bank (industry, environment, education, microenterprise, democracy strengthening, and health), the World Bank (industry, environment, education, health, potable water, and democracy strengthening), Japan (energy and health) and Spain, with portions also provided by Germany, the United Nations and Italy. USAID assistance plays a catalytic role in helping other donors to design and implement their substantial assistance. For example, through dialogue and coordination with the IDB and the World Bank in the area of administration of justice, USAID/Ecuador has been able to involve these two major donors in this area. They both have now significant activities and resources devoted to improve the workings of the justice system in Ecuador.

FY 1999 Program

The USAID program will focus on strengthening and making sustainable USAID more successful NGO partners in the strategic areas of biodiversity conservation, pollution prevention, family planning and MCH, strengthening democracy and civil society, improved transparency and governance and strengthening microenterprises. These NGOs will continue to influence the GOE to make the reforms needed to improve the quality of life of its people. Specifically, through FY 1999, USAID will:

- ◆ Work to promote the conservation of biodiversity in selected protected areas by strengthening the technical and institutional capacity of NGOs and civil society active in biodiversity conservation and by supporting the design and implementation of sound natural resource management plans in and around selected protected areas.
- ◆ Through partner organizations in the public and private sectors, seek to prevent the health hazards caused by uncontrolled industrial and other emissions, particularly in low-income areas that neighbor industrial zones in Ecuador's major urban centers.
- ◆ Assist in the development of models for targeting public sector (Ministry of Health) resources to the poor; decentralization and deconcentration of health care at the local level; alternative financing schemes; quality improvement, and sustainability in private sector provision of family planning services.
- ◆ Given that civil society organizations (CSOs) in Ecuador are demonstrating a growing ability to promote change, to demand a more responsive and accountable government, and to provide needed services, especially for poverty groups, work to increase the capabilities of NGO partners to protect and promote the civil and political rights of citizens; and to influence public policies and programs in areas consistent with Agency policy objectives.
- ◆ Work to increase accountability of public officials and promote consensus for specific reforms related to corruption and state modernization. This will be achieved, among other mechanisms, through mass media campaigns and technical assistance to selected NGOs/CSOs to prepare analysis and studies that will enable these groups to develop and present specific reform proposals and to lobby for such reform proposals.
- ◆ Provide assistance to expand opportunities and participation by low-income groups in a growing market economy through increased access to financial services by microentrepreneurs throughout the country, especially women, and thereby improve their income and general living standards.

ECUADOR
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
SO 1 - Biodiversity conserved in selected protected areas & buffer zones. - DA			3,100				3,100
SO 2 - Increased use of sustainable FP/MCH services. - DA - CSD		5,505 1,450					5,505 1,450
SO 3 - Civil society strengthened in the areas of justice and education. - DA				1,000			1,000
SpO 1 - Improved capacity of public and private institutions to prevent pollution. - DA			500				500
SpO 2 - Increased access to financial services by micro-entrepreneurs. - DA	750						750
SpO 3 - Improved transparency and governance in target governmental institutions. - ESF*							
Totals - DA - CSD	750	5,505 1,450	3,600	1,000			10,855 1,450

* LAC Regional request includes \$1,200,000 attributed to Ecuador democracy special objective

USAID Mission Director: Thomas L. Geiger

ACTIVITY DATA SHEET

PROGRAM: ECUADOR

TITLE AND NUMBER: Biodiversity Conservation, 518-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,100,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: Biodiversity conserved in selected protected areas and their buffer zones. This will be achieved through strengthened capacity of targeted NGOs and CSOs active in biodiversity conservation; the adoption of economically viable natural resource management (NRM) practices; critical scientific and socio-economic information better incorporated into NRM plans and policies which affect biodiversity conservation; and key policies and legal frameworks introduced and/or implemented to conserve biodiversity.

USAID Role and Achievements to Date: Ecuador's biodiversity is one of the richest in the world. With only two percent of South America's area, Ecuador contains numerous habitats of globally and regionally outstanding biological value. This environment, however, is seriously threatened, since Ecuador has the highest population density and one of the lowest per capita GNP incomes in South America, and ranks third in population growth. Ecuador suffers the highest rate of deforestation among the Amazonian countries (200,000 hectares per year) as a result of colonization and resultant agricultural expansion by poor people seeking to meet their economic needs, timber extraction, and petroleum production.

With USAID support, some critical steps towards improved natural resource management and biodiversity protection have recently been taken. Of particular significance is the development of the national legal framework which enables the demarcation of community lands, while the paralegal program has trained and assisted local people in community laws and legal advocacy on issues such as land titling and natural resource access rights. A policy that prohibits the commercial use of trees from areas which are not covered by an approved natural resources management plan has reduced the pace of deforestation. Ecuadorian NGO partners have been created and strengthened. Activities in the Cotacachi-Cayapas Ecological Reserve (RECC) and the Cayambe-Coca Ecological Reserve (RECA) are strengthening secondary-level organizations to test and extend models of sustainable biological resource use. Agroforestry/garden plots have been implemented in communities in the buffer zone. Commercialization activities are now showing significant strides with the community forestry initiatives assisting local communities in the RECC buffer zone to obtain an increase in profits from sustainable forestry operations, ecotourism, cheese making, and handicraft activities. "Guardaparques comunitarios" are bolstering the weak park protection system with assistance from USAID partners and second-level organizations. The Galapagos Marine Reserve has been designated as a protected biological area. Relations between scientists at the research station and local fishermen in Galapagos have improved so that they are jointly discussing and trying to resolve issues related to marine reserve management and a new law for the Galapagos Islands has been presented to the Ecuadorian Congress for approval.

Host Country and Other Donors: Host country and NGO contributions to achieve the strategic objective total over \$2 million. Parallel contributions include World Bank and IDB funds exceeding \$28 million. The World Bank, through its Global Environmental Facility, is financing a biodiversity protection project which complements the activities which USAID supports in the Galapagos and in the RECC and RECA. In addition, the IDB is financing a feasibility study which may lead to a loan of up to \$50 million for natural resources management and biodiversity protection activities in the Galapagos Islands. Although USAID provides only a small portion of total donor assistance in this sector, USAID environmental activities are leading edge and provide the foundation for subsequent projects by other donors. For example, the IDB is capitalizing on the solid waste management and quarantine studies previously supported by USAID in the Galapagos.

Description: USAID will continue ongoing activities in the protected and buffer zone areas of the RECC and RECA. Ecuadorian partner NGOs will carry out the types of activities being currently developed and tested in and around protected areas in additional communities. The NGOs will develop coalitions of community groups, local governments and private enterprises that will be better able to influence GOE policy and achieve economic sustainability of natural resources while preserving Ecuador's biodiversity. Key activities include forest management, land demarcation and titling, and the development of income-producing ventures based on non-wood forest products and efforts to strengthen forest dwellers' (including indigenous and Afro-Ecuadorians) claims to land and resources, and to prepare them to enter into productive partnerships with the commercial sector. Steps will continue toward the establishment of an endowment and clear criteria for the use of water-user fees for the management and protection of the RECA, which is the major source of water for the greater metropolitan Quito area. Support will be continued to the Charles Darwin Foundation in the Galapagos for the conservation and preservation of the islands' marine reserves and their exotic species. This will also promote the issuance of a special law to protect the Galapagos ecology and biodiversity, which, when passed and implemented, will have positive impacts on both biological/ecological and urban components of the islands' ecosystems. Special attention will be paid to conflict resolution/mediation among the parties interested in the use of the Galapagos' natural resources, including the local population and tourism operators.

Beneficiaries: Ultimate beneficiaries are the majority of the nation's poor, especially women, children and Ecuador's indigenous communities who directly depend on sustainable use of natural resources.

Principal Contractors, Grantees, or Agencies: USAID works principally with NGOs in implementing planned activities. Key partners include PVOs CARE/Ecuador, The Wildlife Conservation Society, The Nature Conservancy, and the Charles Darwin Foundation. Both CARE and The Nature Conservancy have developed strong working relationships with Ecuadorian partners (e.g., *Ecociencia, Jatun Sacha, Consejo para la Conservación e Investigación las Aves, Fundación Antisana, Fundación Ecológica Rumicocha, Fundación Arco Iris, and Fundación Natura*) which in turn work with local partners, e.g., community groups and indigenous organizations, to carry out the planned activities. In addition, specific activities are being undertaken in collaboration with the U.S. Department of the Interior and the Peace Corps.

<u>Major Results/Indicators:</u>	<u>Baseline (1996)</u>	<u>Target (2003)</u>
Households in selected protected areas and their buffer zones adopting improved NRM practices.	3.2%	30.9%
Hectares in selected protected areas and their buffer zones under implemented NRM plans. ¹	70,000	1,402,000
Increased number of hectares under legal title outside of selected protected areas.	10,000	300,000
Key policies, legal frameworks and enforcement mechanisms prepared, modified, and introduced at the appropriate government level to improve biodiversity conservation.	5 (1997)	18 (2002)

¹ Baseline and target for this indicator were revised to more accurately reflect the activities actually being undertaken in each ecological reserve and no longer include the areas of the Galapagos Marine Reserve and the Galapagos National Park where the NRM plan is already in place.

ACTIVITY DATA SHEET

PROGRAM: ECUADOR

TITLE AND NUMBER: Family Planning and Health, 518-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$5,505,000 DA; \$1,450,000 CSD

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: Increased use of sustainable family planning (FP)/maternal child health (MCH) services. This will be achieved through increased sustainability of FP NGO partners; improved quality and access of family planning services; improved quality and access of MCH services; and increased sustainability of health NGOs.

USAID Role and Achievements to Date: Both infant and maternal mortality are high in Ecuador, especially among the rural and peri-urban poor and indigenous groups. In recent years, the economic and political crises facing Ecuador's public health system have severely jeopardized efforts to sustain trends towards acceptable levels of population growth and maternal and child mortality. Over the long term, USAID strategic assistance in health and population has focused primarily on expansion of coverage through the public and private sectors. However, harsh budgetary constraints faced by the Government of Ecuador (GOE) and its Ministry of Health (MOH), where nearly all its budget is now used to pay salaries and administrative costs, make it impossible for the MOH to maintain programs in family planning and maternal and child health. As a result, these programs have become dependent on external support. Merely increasing the budgets for public sector health programs is clearly insufficient to address the country's health problems. A major health reform effort is needed, with a focus on targeting, coordination, decentralization, alternative financing schemes, human resource capacity, and quality improvement. USAID NGO partners have demonstrated significant successes in achieving health reform actions at the local and provincial level, providing sustainable models, as well as policy analyses and studies relevant for national level change.

In the family planning and population field, USAID continues to be the major donor and therefore a critical actor in achieving reduced fertility, increased contraceptive use to prevent unwanted pregnancies, and improved women's health. USAID NGO partners have reached ever higher levels of cost recovery, while remaining focused on providing access to the less affluent and underserved populations of women.

Description: Activities in family planning will be concentrated in support of the network of forty-one private clinics operated by USAID two Ecuadorian NGO partners. USAID funding of a large portion of these organizations' operations will enable them to achieve near 100% self-reliance, plus build up a sustainability fund, derived from program income, which should ensure their viability at current levels of service for another 10-15 years. This will preserve the major investment of USAID of the past three decades, provide critical FP and MCH services to underserved populations and ensure a continued major role for the private sector.

USAID will continue working on health sector improvements and reform through activities managed by U.S. and Ecuadorian NGOs, and in coordination with the GOE. These activities will assure: the provision of health services to targeted groups, such as the rural and marginal-urban poor, indigenous populations and adolescents; the availability of alternative health care financing mechanisms; and the decentralization of services and service administration, with increased community participation. Ecuadorian NGOs will provide consensus building seminars, local level health reform models and analytical studies to help guide policy decisions on national health accounts, cost-effectiveness of disease packages, and the targeting of GOE subsidies for MOH services. U.S. NGO sub-grants to municipalities, local NGOs and community organizations are developing a number of viable and replicable models of decentralization, cost recovery, shared risk, insurance schemes, and management improvement in several geographical areas of the country, with a variety of partners such as

municipalities, church organizations, health NGOs, family planning NGOs, local communities, and the MOH. Their efforts to attract other donors and the MOH to support these demonstration sites will ensure financial viability and contribute to replicability.

Host Country and Other Donors: The major donor in this sector is the World Bank, with its \$70 million loan for strengthening the MOH, construction of health water and sanitation facilities and a national nutrition program. Limited financial resources also come from the IDB, especially for the Social Security hospital system, as well as from the Government of Japan's hospital equipment donation. UNFPA and UNICEF are major contributors to maternal and child health programs. USAID is among the leading sources of technical assistance along with the Pan American Health Organization and the World Bank. USAID technical assistance and pilot interventions have served as catalysts for leveraging large inputs of World Bank funds. The host country contribution to this strategic objective is \$18.6 million from the GOE (including up to \$1.5 million for non-project assistance), and \$10 million from USAID partner NGOs. Because of the planned FY 2000 phase-out of USAID support in this sector, donor coordination has become a key component of USAID activities, both to leverage additional resources and to coordinate ongoing efforts effectively.

Beneficiaries: Children under five and women of child-bearing age in Ecuador represent 25% to 30% of the country's total population of 11.7 million. USAID-supported programs reach about 425,000 women with reproductive health and family planning services per year. In addition, the children of Ecuador have benefited from improved child survival and primary health care services. During phase two of the Child Survival program (1995-1999), approximately 500,000 women and children will benefit from services developed, improved or expanded with USAID assistance. In addition, the planned policy reforms will benefit all Ecuadorians.

Principal Contractors, Grantees, or Agencies: USAID implements most of its activities through private sector NGOs. In health, these include an Ecuadorian NGO (Center for the Study of Population and Responsible Parenthood) for policy formulation, analysis, promotion and dissemination activities; and CARE, for efforts to develop the capacity of Ecuadorian NGOs and municipalities to implement primary health care demonstration projects with cost recovery. USAID contractors providing technical assistance for this strategic objective include: Abt Associates, The Partnership for Child Health Care Inc. (BASICS), John Snow Inc., Management Sciences for Health, University Research Corporation, and the Center for Development and Population Activities. In family planning, major partners are Ecuadorian family planning NGOs (Ecuadorian Pro Family Association-APROFE and the Medical Center for Family Planning-CEMOPLAF) with some critical inputs on social marketing, operations research and logistics management from The Futures Group, Johns Hopkins University, The Population Council, the Centers for Disease Control, Georgetown University Institute for Reproductive Health, and Association for Voluntary and Safe Contraception.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2000)</u>
Contraceptive Prevalence Rate	56.8% (1994)	60.0%
Number of women and children (1-5) using improved or expanded MCH services per year.	0 women/ 0 children (1995)	170,000 women/ 434,000 children
Couple Years of Protection (CYP) provided by APROFE and CEMOPLAF.	279,117 (1994)	770,111
Service delivery points with improved/expanded packages of MCH services.	3 (1995)	118

ACTIVITY DATA SHEET

PROGRAM: ECUADOR

TITLE AND NUMBER: Civil Society Strengthening, 518-SO03

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,000,000 DA

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: Civil society strengthened in the key democracy enhancing areas of justice and education. This will be achieved through improved capacity of selected civil society organizations (CSOs) to: educate citizens about their rights and responsibilities, with emphasis on women and indigenous groups; conduct policy reform advocacy; and become self-sustaining.

USAID Role and Achievements to Date: Ecuador was the first Latin American country to lead the way from military to democratic rule in 1978. Nevertheless, the government is still characterized by a paternalistic system under which people remain dependent upon government institutions which continually fall short in providing for their needs. More than ever before, Ecuadorians realize there is a crucial need for a strong civil society to step in to promote reforms, demand accountability, and fill the void created by ineffective government institutions. As key intermediaries between citizens and elected officials, civil society organizations, such as NGOs, are uniquely positioned to bring about a more accountable and responsive government.

Past investments in CSO-supported institutional development for the judicial sector are beginning to show concrete results. Citizen awareness and support of needed reforms and depolitization of the judicial system has reached an unprecedented level. The Ecuadorian Congress enacted implementing legislation for the Constitutional Rights Ombudsman and the Constitutional Court, including provisions governing the use of summary proceedings for the first time in Ecuador to assure the guarantee of constitutional rights. Thus, for the first time since the 1979 transition from military rule, the basic legislation for legal protection of constitutional rights is now in place. Further refinements to the Cassation law were made; the framework legislation to oversee the administration of the court system was drafted and introduced to Congress; and a new law on arbitration and mediation was formulated, approved, and is now being implemented. As a result of the computerized case tracking system developed with USAID assistance and installed in the Supreme Court in late 1994, the courts were able to identify the legal situation of prisoners pending trial or sentencing and to take action to release 1,500 prisoners who had already served more than a maximum sentence or for other legal grounds. A redesign of the computerized system was completed in 1996 that will permit more detailed information for tracking cases, analysis of caseload performance by judges and expansion of electronic access to the data base by all courts to be provided with computers under a World Bank loan. Arrangements with new partner NGOs to increase access to justice by women and minority groups were negotiated and got off to a promising start. Mediation is being introduced to Ecuador as a formal option within the judicial process as well as an extra-judicial alternative available in the private sector. Within the judicial system, a USAID supported NGO has taken the lead in introducing the concept as a means of reducing case load. Mediation outside the judicial system is also being promoted by USAID partners.

Description: Activities will continue to improve CSO capacity with respect to policy reform and the role of citizens in a democracy. Programmatic initiatives already underway in the modernization of selected legislation will continue, and assistance will be provided to enhance NGO institutional effectiveness. Promotion of alternative dispute resolution (ADR) will be expanded both as a formal adjunct or option to the judicial process and as a commercial service to the business community, as well as less formal, community-based approaches for conflict resolution with indigenous communities and other organizations working with the poor. Support to the *Comisarias de la Mujer* for a comprehensive program to increase women's access to a just hearing and treatment of domestic violence cases and to improve services provided to women and children victims of violence will be

expanded. Focused injections of assistance to work with policy advocacy NGOs will be provided in areas of specific developmental interest to USAID. The mechanisms developed in this area will have to be flexible enough to move quickly on priority topics as targets of opportunity become available. NGOs with ample experience in policy advocacy will be assisted in delivering specific policy reform products with clear periodic benchmarks for measuring progress. Better networking among NGOs will improve their capacity to influence public policies and programs. An incentive fund open to competitive process would award grants to NGOs with innovative proposals for bringing about or improving strategic alliances to achieve policy reforms and better programs. The alliances thus encouraged would promote consensus building among NGOs, public sector social service delivery entities, the business community, local governments, community-based organizations, professional associations, and other CSOs.

Host Country and Other Donors: Largely as a result of USAID efforts, the World Bank and the IDB are committed to major assistance programs in the democracy sector. USAID maintains close contact with each of these donors to ensure that our efforts are supportive and not duplicative. The World Bank's program focuses on justice sector infrastructure, court management, alternative dispute resolution, and an NGO fund for justice sector projects. The IDB is providing assistance in selected areas of legal reform, and in judicial and administrative training. Both will involve substantial GOE counterpart involvement. As counterpart to USAID assistance, USAID Ecuadorian partners are expected to contribute \$520,000.

Beneficiaries: Ecuador's population as a whole will benefit from this activity. However, much of the activity is intended to directly benefit large segments of the population which traditionally have not had access to the justice system or have not benefited from the application of existing law. These groups include women, minors, indigenous populations, and the poor. CSOs assisted will benefit directly, as their prospects for long-term sustainability will have been enhanced, as well as their ability to affect policy reform.

Principal Contractors, Grantees, or Agencies: Virtually all assistance provided under this Strategic Objective will be channeled through Ecuadorian CSOs, including *Centro Ecuatoriano para la Promocion y Accion de la Mujer* in coalition with four other Ecuadorian CSOs, *Centro sobre Derecho y Sociedad*, which has developed working arrangements with two indigenous organizations, *Corporación Latinoamericana de Desarrollo*, and *Fundación Ecuador*. Minimal funds will be made available to ProJusticia, the GOE's justice sector coordinating unit, in the area of NGO institutional strengthening.

Major Results Indicators:

	<u>Baseline (1996)</u>	<u>Target</u>
Number of cases initiated per year through Comisarias de la Mujer.	25,600	38,000 (2003)
Number of active ADR and legal services cases per year processed through Alternative Dispute Resolution and indigenous legal clinics.	4	1,035 (2003)
Number of NGO/CSO coalitions formed/strengthened around key themes/areas of reform in justice and education.	0	6 (2000)

ACTIVITY DATA SHEET

PROGRAM: ECUADOR

TITLE AND NUMBER: Pollution Prevention, 518-SPO1

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$500,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: Improved sustainable capacity of selected public and private institutions to prevent pollution. This will be achieved through a strengthened local NGO providing technical assistance to local firms, universities, and municipalities on pollution prevention; and technical information disseminated on cleaner production technologies, international trade environmental concerns, and urban environmental management.

USAID Role and Achievements to Date: Ecuador's urban growth rate, one of the highest in the hemisphere, is placing increased demands on national and municipal governments for critical environmental services and improved pollution prevention. The largely unmanaged growth in many cities, particularly coastal region cities such as Guayaquil, Duran, Machala, Esmeraldas and others, has caused a large increase in both household and industrial contamination resulting in serious environmental degradation and human health hazards. This environmental degradation affects the quality of life and economic productivity of large segments of the Ecuadorian population. Poor population groups are particularly affected. Living in marginal neighborhoods without access to clean water, adequate sewerage disposal, or garbage and waste collection, they are exposed to high health risks. The problem of inadequate services is frequently compounded by these communities' proximity to industrial areas whose pollution goes largely uncontrolled, adding to the toxicity levels found in urban slums.

USAID will continue its limited support to the Ecuadorian NGO Oikos Corporation in order to complete their institutional strengthening and financial sustainability efforts. Oikos Corporation has developed innovative approaches to involve the population in pollution prevention and reduction measures and has been effective in promoting debate at the national level regarding priorities for pollution prevention and control. The cleaner production and energy efficiency strategy which Oikos Corporation uses to implement its activities has been very effective in inducing an increasing number of Ecuadorian industries to adopt cleaner production and energy efficiency practices. The sustainability of the Oikos Corporation activities which USAID plans to support is assured since Oikos Corporation charges a fee for the services it provides to industries and municipalities. In addition, Oikos has in place a sustainability plan which maps out specific steps for reducing their dependence on USAID funding and increasing their own contribution, as well as those obtained from other sources.

Funds have also been provided to enable municipalities to identify and prioritize environmental problems, and find practical, low-cost solutions, seeking the collaboration of the private sector. Models are being developed in selected coastal regional cities and the Galapagos Islands to manage solid waste through concessions with environmental microenterprises. Administrative and accounting strengthening of the municipalities and environmental microenterprises will enable them to generate income that will help to make them sustainable.

Description: The expected timeframe for this Special Objective is through FY 2000. The primary focus during this period will be to ensure the sustainability of past USAID investments in strengthening the technical capabilities of Oikos Corporation by enhancing its abilities for fund raising and income generation. As USAID support is phased out, this final injection of funding is needed to ensure a smooth landing, as partner organizations begin to stand on their own. Oikos Corporation will continue working with various chambers of industries to improve production techniques while reducing pollution

and reducing costs. In addition, follow-on assistance to municipalities in the adoption of improved solid waste management practices will be continued.

Host Country and Other Donors: Oikos Corporation has received small amounts of assistance from other donors for pollution prevention activities, principally UNIDO, UNDP, and IDB. It is anticipated that the USAID-supported program for environmental assessment of industries will be continued by Oikos Corporation with German support. Host country and NGO contributions to achieve the strategic objective results total over \$750,000.

Beneficiaries: Ecuador's increasing urban and peri-urban residents who lack access to potable water, sanitary systems and a pollution-free, residential and work environment benefit from these activities.

Principal Contractors, Grantees or Agencies: USAID implements the pollution prevention activities principally through Oikos Corporation. Additional assistance is provided through the U.S. Environmental Protection Agency.

Major Results and Indicators:

	<u>Baseline</u>	<u>Target (2000)</u>
Number of industrial plants implementing cleaner production technologies in their production processes	2 (1995)	100
Number of municipalities adopting cleaner production policies and/or improved solid waste management practices.	1 (1996)	21

ACTIVITY DATA SHEET

PROGRAM: ECUADOR

TITLE AND NUMBER: Microenterprise Assistance and Strengthening, 518-SPO2

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$750,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: Increased access to financial services by microentrepreneurs, with emphasis on women. This will be achieved through new, licensed, for profit, financial institutions serving the needs of microentrepreneurs; upgraded microcredit delivery systems of selected financial institutions and NGOs; and strengthened institutions implementing village banking programs.

USAID Role and Achievements to Date: Experience worldwide shows that microentrepreneurs represent a vast pool of hardworking people who, given access to minimal resources, can evolve into a formidable force contributing to job creation, poverty alleviation, democratic stability, and economic growth. The World Bank's 1995 Ecuador Poverty Report and other studies on the sector show that in Ecuador, this pool of microentrepreneurs and potential entrepreneurs is over 1.1 million people, who have between 400,000-450,000 microenterprise businesses. Over half are women. USAID has designed these activities to bring quality financial services to the poor, thereby helping them to build stronger enterprises which ultimately improve their incomes and quality of life. Two principal problem areas are targeted: outreach and financial sustainability. Outreach aims at providing large numbers of poor people, especially the very poor and women, access to quality financial services. Financial sustainability refers to the creation and/or strengthening of existing institutions that become independent of continuing inputs from government, international agencies or charitable organizations. There are three main components: technical assistance to strengthen the institutional capability of selected financial institutions; equity investments in selected banks and other, similar financial institutions to expand and facilitate access to financial services by microentrepreneurs; and village banking -- a methodology suited to reach poor women and promote their empowerment through the establishment of banks comprised of 25-30 women who receive very small loans for their income-producing ventures.

Micro-credit activities were started in FY 1996, with a major USAID contribution to two U.S. PVOs for equity investments in a fully private bank (Banco Solidario) established for the purpose of serving Ecuador's microenterprise sector; and Cooperative Agreements with three U.S. PVOs for the expansion of their village banking programs. In addition, external technical assistance was delivered to strengthen the institutional capability of selected financial institutions. Most notably, this assistance proved vital to the establishment of the above mentioned bank.

Description: Through FY 1999, USAID will continue to provide technical assistance and training to Banco Solidario, CorpoMicro (a microenterprise guarantee corporation) and its network of NGOs, and may invest additional funds in a guarantee trust fund. USAID will also conduct an analysis of the formal banking system with a view toward identifying banks interested in microenterprise lending as a means of significantly expanding sources of credit to the microenterprise sector; provide technical assistance to banks selected; and dialogue with the IDB and the *Corporacion Financiera Nacional* to discuss the possibility of providing lines of credit to these banks for microenterprise lending. USAID also will provide additional funding to village banking aimed at establishing a network of NGOs with sustainable anti-poverty lending programs.

Host Country and Other Donors: USAID's total \$1.9 million equity investment in Banco Solidario played an important catalytic role, leveraging some \$3.2 million in additional equity for this bank from other donors, namely the *Corporacion Andina de Fomento* (\$500,000), ProFund (\$1.7 million) and Accion International (\$1 million). Our partner, Seed Capital Development Fund, played a role in obtaining a portion of this financing. The only other large donor in this sector is the IDB, which has

operationalized two lines of credit in the amounts of \$16 million and \$2.5 million for credit and technical assistance, respectively, through the *Corporacion Financiera Nacional*. The World Council of Credit Unions indirectly services the microenterprise sector, providing technical assistance worth \$500,000 annually to some 18 credit unions, whose members include microentrepreneurs.

Beneficiaries: USAID beneficiaries are low-income Ecuadorians. Special emphasis is placed upon microentrepreneurs in both urban and rural areas. Microenterprises owned by women represent about 50% of the total number of microentrepreneurs (approximately 1.2 million) in Ecuador.

Principal Contractors, Grantees, or Agencies: USAID's assistance to microentrepreneurs is being implemented primarily through U.S. and Ecuadorian NGOs. Technical assistance has been provided by Accion International, CARE, Development Alternatives, and Carana Associates. Equity financing mechanisms for Ecuadorian microcredit financial institutions have been developed with grantees CARE and Seed Capital Development Fund. Village banking activities are undertaken with U.S. PVOs Catholic Relief Services, FINCA and Project Hope.

Major Results Indicators:

	<u>Baseline (1996)</u>	<u>Target (2000)</u>
Increase in the number of micro-entrepreneur borrowers assisted by USAID partner organizations per year, disaggregated by gender. ²	1,300 men/ 1,000 women	15,000 men/ 35,000 women
Increased number of village banks	0	630

² Baseline and target for this indicator are significantly reduced from last year's Congressional Presentation as: (1) a key USAID partner and local NGO Fundacion Ecuatoriana de Desarrollo dropped out of the USAID/Ecuador program; and (2) USAID decided not to support through equity investments one of two financial institutions included in USAID/Ecuador planning documents, Financiera Uno, primarily due to the financial weakness of this institution.

ACTIVITY DATA SHEET

PROGRAM: ECUADOR

TITLE AND NUMBER: Good Governance, 518-SPO3

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,200,000 ESF (attributed under LAC Regional request)

INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: Improved transparency and governance in target governmental institutions. This will be achieved through GOE efforts to modernize the state; and strengthened capacity of public prosecutors to investigate and prosecute white collar crime.

USAID Role and Achievements to Date: Pervasive corruption contributes significantly to the growing lack of confidence among Ecuadorians about their political system's ability to deal with issues of good governance. Activities designed specifically to address transparency and good governance issues are new for USAID. However, a number of ongoing activities, most notably those under USAID democracy and economic growth strategic objectives, have contributed to strengthening institutions and/or affecting policy changes that are important pieces in the overall mosaic of improved transparency. For example, the Ecuadorian Congress has enacted with USAID support implementing legislation for the Constitutional Rights Ombudsman and the Constitutional Court. In addition, the USAID LAC Regional Financial Management Improvement Project supported USAID efforts to raise awareness and knowledge about modern anti-corruption measures and techniques. USAID has also assisted the GOE in its efforts to restructure the economy and modernize the state, with a focus on economic reform.

Description: Certain functions of the Ministry of Finance (MOF) are generally perceived as being corrupt and dysfunctional. Corruption in the Ecuadorian Customs Secretariat is one of the most persistent, lucrative, and now highly visible fraudulent practices to be addressed. This activity would support the GOE's National Council for Modernization (CONAM) efforts to create a depoliticized, autonomous, and highly technical customs control system. USAID may finance technical assistance that would review new, draft legislation and otherwise assist CONAM in the design and implement this new system. As with the customs service, the Ecuadorian tax administration is widely viewed as being highly corrupt and inefficient. The administration is overly bureaucratic and centralized. The number of different types and amount of taxes assessed by the government are excessive, as are public and private exonerations. And while most large businesses, accounting for some 80% of total tax revenues, are paying their taxes, medium and small businesses, as well as large numbers of private citizens, are not. This activity would support CONAM's efforts to create a new tax administration which permits increased tax collection. USAID may provide short-term technical assistance needed to review new, draft legislation and to assist CONAM in the design and implement this new tax administration.

Ecuador is far behind other Latin American countries on moving ahead with its efforts to modernize the state. Previous GOE administrations have been unable to mount a coherent public information campaign to build a national consensus on the new role of the state. Efforts of past Presidents have been thwarted by organized resistance from public institutions, unions of public employees, students, and other groups lacking facts concerning privatization or defending perceived self interests. Streamlining of the state bureaucracy and simplifying administrative procedures are crucial to changing the practice of corruption at all levels. USAID will work with CONAM in the design and testing of an effective public information campaign.

Weaknesses in the ability of Ecuador's prosecutor to act decisively in cases involving corruption has contributed both to the spread of corrupt practices and to a weakened respect for democracy among a growing skepticism of its legal system. USAID will provide U.S. expertise to collaborate with the

legislative, judicial, and executive branches in identifying and designing concrete measures to improve the effectiveness of the prosecutorial function in Ecuador. Finally, a special anti-corruption unit would be organized within the Office of the Prosecutor General, in a team approach between prosecutors and investigators trained in modern anti-corruption skills and techniques.

Host Country and Other Donors: Under an existing agreement with the MOF, the IDB is providing grant-funded technical assistance for automating the customs service. USAID currently is coordinating its planned activities to help reform the customs and tax administrations with the IDB. CONAM-led tax and customs reform efforts, as well as its modernization mass media campaign, are being supported through a World Bank loan. Projusticia, an autonomous entity within the GOE, is already implementing assistance from USAID, IBRD and the IDB to reform court administration and for judicial reform. It worked closely with the Supreme Court in the negotiation of the \$14.3 million World Bank project to support modernization of court administration and related activities, including pilot mediation facilities within the judicial function. The IDB recently approved a \$2 million grant for the development of a judicial training system, further improvements in judicial administration, and the development of implementing legislation. USAID's contribution will serve as a catalyst for other donor funding and should otherwise influence and/or serve to redirect ongoing IDB and IBRD efforts in these areas.

Beneficiaries: Customers include CONAM, the Ministry of Finances, the Office of the Prosecutor General, Fundacion Ecuador, and others, as these not only will implement the activities contemplated herein, but will receive the benefit of USAID-financed technical assistance and training, that may improve national capacity to affect change in the areas covered by this activity. Ultimate customers are the Ecuadorian public at large, who would benefit through a restructured, transparent MOF that may include significantly reduced corruption in the country's tax and customs administrations, as well as increased public investment through improved tax and customs revenue collection. More broadly, the public at large will also benefit from greater understanding of economic restructuring and modernization efforts, and from more effective prosecution of private and public sector corruption cases.

Principal Contractors, Grantees or Agencies: USAID will work with both public and private sector partners. Development partners will include CONAM, the MOF, and the Public Ministry; and Ecuadorian PVOs *Fundación Ecuador* and *Corporación Latinoamericana de Desarrollo*. Contracts and/or PASAs could be undertaken with entities such as the Federal Judicial Center, the Department of Justice Office for Professional Development and Training (OPDAT), the National Center of State Courts, the U.S. Customs Service and/or other appropriate sources.

Major Results and Indicators:

	<u>Baseline (1997)</u>	<u>Target (1999)</u>
Reforms implemented in key government offices and entities.	None	Reforms implemented
Special "anti-corruption" unit created in Prosecutor General's office.	None	Pilot Unit in full operation
Number of anti-corruption cases brought to trial.	8	12

EL SALVADOR

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$16,963,000	\$23,152,000	\$20,550,000
Child Survival and Disease	\$8,950,000	\$10,964,000	\$10,778,000
Economic Support Funds*	\$5,000,000	\$1,000,000	

* LAC Regional request for FY 1999 includes \$2,000,000

Introduction

Recent history has demonstrated the impact which political or economic instability in El Salvador has on its neighbors, including the United States. El Salvador alone has sent more illegal immigrants to the United States than all of Europe, Asia and Africa and this phenomenon would likely be repeated if political and economic instability returned. USAID support for economic growth is designed to prevent that eventuality by helping to give El Salvadorans a stake in a peaceful future. Equally important is the country's role in facilitating regional cooperation in the fight against international crime, the expansion of economic opportunities for U.S. citizens, regional integration and protection of the environment.

The Development Challenge

El Salvador has made considerable progress toward sustainable development and democracy, but is not considered to be a candidate for graduation from U.S. assistance in the near-term. Nonetheless, the potential for social and economic instability is still present. Its primary sources are poverty and the unfinished consolidation of democratic processes. Nationally, 41 infants die for every 1,000 live births. The literacy rate is the fourth lowest in the hemisphere; fewer than 50% of Salvadorans graduate from sixth grade. Heavy population density is exacerbating the already severe environmental degradation. Virtually all natural surface water systems are contaminated with sewage, agricultural runoff, industrial waste and sediment--with consequent impacts on human health and environmental stability. Freedom House's rating of El Salvador's political rights and civil liberties as "free" is the result of significant improvements in governance since the civil war ended. Nonetheless, El Salvador's high rate of violent crime--with one of the highest per capita murder rates in the world--reflects a weak rule of law and constitutes a major challenge to the consolidation of full democracy. Furthermore, El Salvador is still building a strong broad-based civil society mechanisms and institutions for redressing social inequalities and protecting individual rights.

In FY 1997, USAID began implementation of a six-year rural poverty alleviation strategy. Under this strategy, USAID is pursuing four inter-dependent strategic objectives in economic growth, democracy, health and water. Achievements to date, building on the achievements of the prior strategy, have been impressive. Greater access to quality primary education throughout the country has been achieved through a comprehensive program of reforms. These reforms, based on decentralization and an enhanced community and parental role in managing schools, have been internationally acclaimed. USAID's support for privatization and decentralization of key public services was a positive and important contribution to passage of laws in late 1997 to deregulate the telecommunications sector and privatize the national telephone company. New legal codes were enacted in 1997 that will have a revolutionary effect on the justice sector, and enable the courts to address the exploding prison population, about 80% of which is awaiting trial or sentencing. A National Registrar, responsible for issuing new identity cards, was named as a precursor to additional electoral reforms. The municipal mayors' association is showing greater capacity to lobby for and effect national policy changes. Municipal and parliamentary elections in March 1997 resulted in a shift in the balance of political power

between the political left and right, enhancing public dialogue and debate on key issues and building new coalitions and consensus in the Legislative Assembly. This made possible the passage of major legislation in the telecommunications sector (mentioned above); passage of legislation to privatize electricity generation and distribution (including provision for greater worker participation than in earlier drafts); the unanimous election of the President of the Supreme Court; and the approval of the 1998 budget which included a six percent transfer to municipalities and major increases for justice and basic education.

Infant and child mortality rates and malarial cases have dropped dramatically over the past 20 years, as a direct result of USAID's leadership as the largest donor in the health sector since the 1970s. In addition, 94,680 more people have potable water and 66,272 more have sanitary latrines, resulting in a plummeting in diarrheal disease cases of between 25% and 75% over two years in targeted communities. Awareness of environmental issues rose 39%, from 14% in 1993 to 53% in 1996, as a consequence of USAID-financed national education campaigns in the media and in the schools.

In 1996, El Salvador's external debt was one of the lowest in Central America, both in absolute terms (\$2.496 billion) and as a percent of GDP (23%). 68% of the debt is held by multilateral organizations. Debt to the U.S. Government was \$320 million after the United States, in 1993, forgave \$471 million under the Enterprise for the Americas Initiative and rescheduled another \$155 million.

Other Donors

USAID continues to be the largest bilateral donor, followed by Japan, Germany, Spain, the Netherlands and Sweden. Other major donors include the Inter-American Development Bank (IDB), the World Bank, the European Union (EU) and the United Nations Development Program (UNDP). Overall donor assistance is declining rapidly as donors wind up their assistance to the National Reconstruction Program. The major exception is the Japanese Government which resumed its assistance program in 1992 and is now the second largest bilateral donor, with support going to bridge reconstruction and activities in education, agriculture and the environment. The IDB, the largest donor, is focused on social sector reforms, local development, the environment, promoting private investment and modernizing the State.

FY 1999 Program

In FY 1999, USAID will continue to pursue its poverty alleviation strategy. USAID will expand access and opportunity for poor, rural families to participate in and benefit from El Salvador's growing economy. One activity will work with cooperatives and other rural organizations to promote the cultivation and marketing of organic crops. Another activity will support policy reforms in privatization and decentralization and the development of policy options for the next administration for combating rural poverty. A third activity, building on USAID's education successes, will focus on the needs of early childhood education. The activity will be executed through local NGOs and government institutions. Technical assistance and training will be provided to increase the awareness of the importance of child-raising practices and skills for those who care for the youngest children. Other ongoing activities will expand access by the poor to credit through microfinance lending and provide targeted training opportunities in support of the overall strategy.

USAID will deepen democracy in El Salvador by helping Salvadorans to develop more inclusive and effective democratic processes. Activities will increase citizen awareness and participation in democratic processes, while continuing to strengthen key institutions. Among these institutions are the prosecutors' and public defenders' offices which in 1998 will begin implementing the new legal codes. For the 1999 presidential elections, USAID will promote greater citizen understanding and participation in the electoral process. Other ongoing activities will be to upgrade the administrative capacity of municipal governments and strengthen the involvement of citizens in the local government processes.

USAID will help Salvadorans expand the coverage of health services in rural areas, especially for women and children, and to enhance the sustainability of those services. USAID will continue to support the Government of El Salvador (GOES) and NGO health providers to provide basic preventive health care services to reduce child and maternal mortality in rural areas. These approaches will be complemented by policy reform to encourage greater attention to the needs of rural areas and to implement more cost-effective approaches to delivering health care.

FY 1999 will be the second year of implementation for USAID's strategic objective to increase access to clean water. This objective, formerly a broader environment objective, was revised in October 1997 to focus on the primary environmental problem facing the rural poor and to adjust to declining resources available for the environment programs. This water focus also enables USAID to integrate and coordinate all water-related activities under all of the strategic objectives to maximize impact and ensure sustainability. In FY 1999, funding provided for this objective will support efforts primarily at the municipal and community levels to strengthen municipal management of watersheds, increase citizen involvement in addressing water problems and protect water sources. These actions will be complemented by targeted support for policy reforms at the national level to support decentralization of local water resource management, improve waste water management, and establish and enforce water quality standards. In addition, community-based water distribution systems will be installed or rehabilitated, and combined with health education, to reduce water-borne illnesses.

**EL SALVADOR
FY 1999 PROGRAM SUMMARY
(\$000s)**

USAID Strategic and Special Objectives	Economic Growth	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Expanded Access and Economic Opportunity - DA - CSD	8,890		1,400		3,300		10,290 3,300
S.O. 2 More Inclusive and Effective Democratic Processes - DA - ESF*				4,215			4,215
S.O. 3 Sustainable Improvements in Health of Women and Children Achieved - DA - CSD		2,800 7,478					2,800 7,478
S.O. 4 Increased access by rural households to clean water - DA			3,245				3,245
Totals - DA - CSD	8,890	2,800 7,478	4,645	4,215	3,300		20,550 10,778

* LAC Regional request includes \$2,000,000 attributed to El Salvador democracy objective

USAID Mission Director: Kenneth C. Ellis

ACTIVITY DATA SHEET

PROGRAM: EL SALVADOR

TITLE AND NUMBER: Expanded Access and Economic Opportunity, 519-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$10,290,000 DA; \$3,300,000 CSD

INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To expand access and economic opportunity for El Salvador's rural families in poverty.

USAID Role and Achievements to Date: USAID's economic growth activities are directed toward the objective of reducing rural poverty by creating income opportunities for rural residents. USAID works to expand access by rural residents to education, training, infrastructure, extension services and credit. USAID also promotes Government of El Salvador (GOES) adoption of policies that create growth and employment, especially in rural areas.

USAID has helped the GOES implement ground-breaking reforms, including deregulating the power and telecommunications sectors, and privatizing the national pension system. In addition, USAID has collaborated with the Ministry of Education on an internationally acclaimed top-to-bottom education reform. USAID has helped raise both quality and access for basic education, and has helped the GOES to decentralize decision-making to local communities and parents. USAID has assisted small farmers and cooperatives diversify their production into higher value crops, especially organic products. Real per capita income has grown by 23.8% since 1990, and poverty has decreased from 60.2% of the total population in 1990 to a projected 49% in 1997.

Description: Rural residents have not received full benefit of the economic growth enjoyed by El Salvador in recent years, which has primarily boosted standards of living in urban areas. For this reason, USAID has elected to emphasize rural poverty reduction in its economic growth activities. USAID's economic growth SO includes five intermediate results: (1) education and training, (2) land markets, (3) rural productive services (technology, marketing and financial), (4) infrastructure, and (5) policy. The majority of the SO resources are dedicated to basic education, microfinance and agricultural technology and marketing, with lesser amounts allocated to the other areas.

In education and training, USAID's flagship basic education activity, Strengthening Achievement in Basic Education (SABE), is in its last year. USAID is complementing this effort with its social sector reform activity that works with local NGOs to foment classroom level research on the impact of educational reform on student outcomes and addresses other key reform issues such as the quality of higher education. A new activity in early childhood education will be developed in 1998.

In land markets, USAID is assisting Peace Accords land recipients to gain secure individual titles to their properties, working through local NGOs.

In rural access to productive services, USAID's new microenterprise activity was initiated last year and will provide competitive grants to NGOs and other institutions with demonstrated interest in providing financial services (credit and savings) to rural poor households. Several activities in agriculture are helping small farmers, cooperatives and rural enterprises to diversify production and raise incomes, through better technology and improved marketing opportunities.

In infrastructure, USAID has revamped and raised the funding for its small community-based infrastructure program, to better address linkages to local economic development. USAID is also completing work on rural electrification and roads activities with local currency.

In policy, to facilitate reductions in rural poverty, USAID is supporting GOES and civil society efforts to develop and implement policy reform proposals. Reforms to be supported include budgetary and

public investment improvements to expand services such as education and infrastructure for the rural poor, and adoption of market-based policies that multiply economic activities in rural areas. Recognizing the importance of agriculture to rural incomes, USAID is helping the Ministry of Agriculture improve its analytical capabilities, provide better information to producers, and lower barriers to agricultural trade. USAID is working with civil society to develop private consumer protection mechanisms (e.g., similar to Better Business Bureaus, consumer advocacy groups, and producer-organized quality control efforts).

USAID will primarily work through institutions and service providers whose mandate is rural poverty reduction. For example, USAID works with NGOs to expand access to credit and extension services. A new training initiative will help USAID's NGO and government partners strengthen management of development activities, achieve self-sufficiency and address cross-cutting issues such as gender and environment.

Host Country and Other Donors: El Salvador has implemented the most decisive economic reforms in Central America, contributing to strong economic growth, a stable currency and low inflation. Its actions to reform education, modernize the pension system and deregulate public utilities serve as examples to the region. Recognizing the positive climate supporting development, the international financial institutions and more than 16 bilateral development agencies provide assistance.

Bilateral assistance levels have dropped with the successful conclusion of most Peace Accords-related programs. Nonetheless, the legacy of close collaboration among the GOES and the donor community remains strongly in place and facilitates USAID efforts. Examples of USAID coordination with bilateral donors includes collaboration with the European Union (EU) and German assistance programs in the areas of education and microfinance.

Multilateral institutions now provide the largest flow of development finance for El Salvador in the economic growth area. USAID coordinates with the IDB on issues relating to economic policy, microfinance infrastructure and education. USAID and the World Bank consult regularly on agriculture, economic policy, financial sector and education activities.

Beneficiaries: While all Salvadorans benefit when the economy grows, USAID intends through its activities to accelerate the benefits of growth accruing to rural households in poverty.

Principal Contractors, Grantees or Agencies: USAID implements its activities through U.S. firms such as Chemonics and the Academy for Educational Development (AED). GOES counterparts include the Ministries of Education, Economy and Agriculture. USAID also works with an array of local and U.S.-based NGOs, which include Catholic Relief Services (CRS), CARE, the Cooperative League of the USA (CLUSA), the Foundation for International Community Assistance (FINCA), Foundation for Economic Development (FUNDE), the Microenterprise Support Center, the Foundation of Entrepreneurs for Educational Development and the Ungo Foundation.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (1999)</u>
Rural population with children aged 7-10 attending school	79.4% (1995)	84.3%
Rural individuals receiving services (e.g., marketing, TA, processing, management)	36,350 (1996)	51,500
Percent of GOES investment budget allocated to the four poorest departments	2.8 (1995)	4.5

ACTIVITY DATA SHEET

PROGRAM: EL SALVADOR

TITLE AND NUMBER: More Inclusive and Effective Democratic Processes, 519-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$4,215,000 DA; \$2,000,000 ESF
(attributed under LAC Regional request)

INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To support Salvadoran efforts to strengthen democratic processes and increase citizen participation.

USAID Role and Achievements to Date: USAID has supported efforts to strengthen democratic processes since the mid-1980s, initially focusing on strengthening and reforming the Salvadoran justice sector. Later, USAID added programs to strengthen key democratic institutions and processes such as the legislature, local government, electoral administration and organized labor. The Peace Accords of 1992 provided the framework to consolidate support to key democratic institutions and legal reforms. Elements of civil society, such as the national mayors' association and a coalition of women's organizations supported by USAID, assumed stronger roles in democratic processes and practices at both the national and local levels.

USAID's support for local government infrastructure projects and the national mayor's association laid the basis for passage of a law in November 1997 that provides for the transfer of a fixed level (six percent) of the national budget to municipalities. This demonstrated the increased capability of the mayors' association to effect change in support of decentralization. Efforts will now be directed towards developing regulations to determine the distribution and operational procedures for using these funds, including USAID assistance to municipalities to implement an improved municipal financial management system. This effort builds upon improvements in financial management and auditing which helped to broaden the coverage and quality of the Salvadoran Court of Accounts auditing program and the dissemination of audit findings.

Major achievements in the rule of law include significant legal reforms in key areas such as criminal, family and juvenile law. Advocacy efforts by local NGOs helped ensure passage of these reforms. USAID and other donor support subsequently enabled these NGOs to expand their popular legal education programs to educate women and key community leaders on the new legislation. Institutional strengthening efforts resulted in creation of a Coordinating Commission for the Justice Sector (CCJS), strengthened public defenders' and prosecutors' offices, and improved constitutional and criminal case tracking systems. In April 1998, new criminal legislation that introduces oral and adversarial procedures in the criminal courts will take effect.

USAID assistance to the 1997 municipal and legislative elections was limited to assisting NGOs in voter registration programs and short term technical assistance in electoral administration. Despite lower than anticipated levels of voter participation (38% of eligible voters) and some continued administrative problems, the electoral results were widely accepted. More importantly, the elections altered significantly the balance of political power in the legislative assembly and municipalities such that, for the first time in recent history, no single party controls the Legislative Assembly. Civil society groups have assumed an increasingly active role in the electoral and legislative processes presenting legislative proposals and stimulating public debate and use of established procedures to resolve and discuss differences. Civil society actors also contributed to achieving a key electoral policy reform in 1997: based upon legislation passed in 1995, an individual was named as the National Registrar and preparations for establishment of the new civil registry and issuance of a new single citizen/voter identification card are underway. This registry is the key to additional electoral reforms such as residential voting in allowing Salvadorans to vote in the communities in which they reside.

Description: USAID will facilitate democratic consolidation and improve the quality of governance through supporting activities that enhance citizen participation in the formulation and implementation of democratic reforms. This will lead to greater legal protection for individuals and more responsive local governance. USAID activities to strengthen local government will facilitate citizen involvement in municipal affairs and improve municipal administration by introducing computer-based accounting and budgeting systems and training for personnel. Assistance to selected municipalities will improve citizen-local government interaction through the development, negotiation and monitoring of a local development agenda. This will be complemented by improved financial management and efforts directed toward increasing transparency to enable local citizen groups to oversee municipal level budget execution. In the legal/judicial protection area, USAID will support principal judicial actors including prosecutors, public defenders and trial court judges to complete and ensure the implementation of the new criminal legislation through coordinated planning efforts, on-the-job training and limited equipment purchases. USAID will begin to work with the Office of Human Rights Ombudsman (OHRO) and with civil society groups to lobby for continued legal reform such as mediation and reconciliation. Efforts to increase citizen participation and transparency in governance will focus on policy advocacy training for NGOs, greater openness in the legislative process, and activities that improve transparency in public decision-making process.

Host Country and Other Donors: The Government of El Salvador (GOES) continues to support judicial sector reform efforts, decentralization, and the implementation of a new national civil registry. The IDB and UNDP are providing critical support for judicial reform efforts, and municipal infrastructure/service improvement projects. The EU, Sweden, Germany, Spain, UNICEF, and Japan support activities through the GOES and NGOs to assist the expansion of citizen education and participation in the making of laws and other public policy USAID has close working relationships with the donor community and works hand-in-hand with them to develop and implement development strategies.

Beneficiaries: Beneficiaries are the rural poor, primarily women and young sectors of the population that have not previously had the opportunity to participate.

Principal Contractors, Grantees or Agencies: USAID's principal government counterpart agencies are the CCJS, the Supreme Court, the Ministry of Justice, the Public Ministry, the OHRO, the National Council for the Judiciary, the Legislative Assembly and the new National Civil Registry. Two U.S.-based institutional contractors - Research Triangle Institute (RTI) and the International Foundation for Electoral Systems (IFES) - work in partnership with USAID in the areas of municipal development and elections. Numerous Salvadoran NGOs receive grant assistance from USAID, either directly or through sub-grants from RTI or IFES, implementing activities in voter documentation and civic education programs, legal education, and municipal development.

<u>Major Results Indicators:</u>	<u>Baseline (1996)</u>	<u>Target (1999)</u>
Electoral Reform		
- Civil Registry established	N/A	Established
- New ID/Voter Registration Cards Issued	0	500,000
Legal/Judicial Reform		
- Case processing time (average) for criminal cases reduced	16 months	12 months
Municipal Development		
- Municipal svce improvement and area development plans developed by communities implemented	0	18 municipalities
- Locally generated tax revenue increased	0	50% increase in target municipalities

ACTIVITY DATA SHEET

PROGRAM: EL SALVADOR

TITLE AND NUMBER: Sustainable Improvements in Health of Women and Children Achieved,
519-S003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 1999: \$2,800,000 DA; \$7,478,000 CSD

INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To improve the health of women of reproductive age and children under age five through the increased use and sustainability of appropriate health practices and services.

USAID Role and Achievements to Date: USAID's support for health and population activities in El Salvador spans several decades and is associated with a steady improvement in health and population indicators. USAID was virtually the only donor in the health sector during the 12 years of civil conflict in El Salvador during the 1980s. The last two health and demographic surveys (1988 and 1993) showed marked improvement in the health status of Salvadorans: infant mortality dropped from 54 to 41 per 1000 live births. (In targeted rural areas, infant mortality dropped to 11 per 1000 live births by 1996) Child mortality dropped from 15 to 12 per 1000 live births. Contraceptive prevalence increased from 47% to 53%. The total fertility rate dropped from 4.17 to 3.83 children per woman. Now, rural inhabitants have more access to potable water and latrines; due to USAID support, 94,680 more people have potable water and 66,272 more people have sanitary latrines. Between 1991 and 1996, USAID support resulted in major strides against malaria in El Salvador. In 1997, El Salvador had under 3,000 malaria cases, down from 90,000 in 1980. USAID also focused high-level public attention on health risks of street children and has proposed solutions to this serious problem.

Description: The USAID health portfolio is focused in three areas:

- **Child Survival:** USAID programs reduce mortality and morbidity in children under the age of five through support to the Ministry of Health (MOH) and to NGOs providing primary health services such as vaccinations, growth monitoring, and the prevention and treatment of preventable diseases.

- **Reproductive Health:** USAID programs reduce reproductive health problems through the improved delivery of health services for pre- and post-natal care and safe deliveries by NGOs and MOH personnel. Families also receive assistance to have fewer unplanned and mis-timed pregnancies.

- **Policy:** To improve health for women and children, USAID works with the government and other donors to enhance the policy environment to support long-term changes. The policy component supports decentralization by training key personnel and providing technical assistance in service delivery sustainability through the introduction of fee-for-service practices.

USAID activities within this objective increase the use of appropriate child survival and reproductive health services through increased access to quality services especially for the rural poor. The activities have national impact while focusing on key departments as determined by the MOH and USAID. Specific activities include: training and supervising health promoters and midwives; expanding coverage of the population by health promoters and midwives; increasing the availability of family planning education and services; and increasing access to potable water.

Despite positive trends in health indicators between 1988 and 1993, some data from the MOH suggests that child deaths are increasing and that the rate of increase in new family planning acceptors is decreasing. In addition, poor policies and practices--including over-emphasis on curative care, limited cost-recovery for services, and a restricted role for health promoters--continue to impede the efficient and cost-effective delivery of health services.

To combat these trends, USAID is initiating a new activity in 1998 with an integrated approach to family planning, child health, and policy reform. The new activity will strengthen the MOH's ability to provide services to underserved rural areas and support NGO efforts to ensure the accessibility of health services. Major emphasis will be put on decentralization, access to primary health care, and support for family planning. USAID also will continue support for MOH and NGO implementation of the World Health Organization's Integrated Management of Childhood Illness (IMCI) initiative to decrease deaths in children under age five. USAID plays a central role in strengthening the services and sustainability of local NGO health providers and in facilitating their collaboration with the MOH to extend health services to the most remote areas.

Host Country and Other Donors: USAID is the largest donor in the health sector and has led donors in health coordination, particularly in the area of decentralization. In the area of decentralization, the IDB, the Pan-American Health Organization (PAHO), and Germany are the major partners working on decentralization and health sector modernization. The IDB is expected to initiate a \$19.2 million loan in 1998 for health sector modernization. PAHO is assisting the MOH to develop a management information system to facilitate decentralization. Germany is improving health management systems and hospital infrastructure in four departments. In the area of child survival, PAHO, the United Nations Children's Fund (UNICEF), and Spain are the other major donors. PAHO is supporting the MOH's implementation of the IMCI initiative and other aspects of child health and emerging diseases. UNICEF supplies essential medicines, has established rotating drug funds in several NGOs with which USAID works, and is the lead donor on food fortification and micronutrient issues. The Government of Spain is improving health curricula for health promoters. PAHO, UNICEF, Japan, IDB and the EU have (or anticipate having) activities to address water quality and distribution, sanitation, and environmental contamination. In the area of reproductive health, the United Nations Fund for Population Activities is working with the MOH to develop a national reproductive health plan. UNICEF is targeting adolescents with reproductive health information including HIV prevention and, together with PAHO, educating Salvadorans on domestic violence and women's roles in society.

Beneficiaries: Beneficiaries are poor Salvadoran women in reproductive age and children under age five, particularly those in rural areas. Poor women and children under five in El Salvador total approximately 1,000,000 people.

Principal Contractors, Grantees or Agencies: USAID assistance in the health area is implemented through the following contractors, local NGOs and U.S. PVOs: Medical Services Corporation International, CARE, Project Concern International, and the Salvadoran Demographic Association. In addition, USAID directly finances a consortium of 12 local NGOs that support a national network of health promoters.

Major Results Indicators:

	<u>Baseline (1993)</u>	<u>Target (1999)</u>
Maternal Mortality Ratio (per 1,000 live births)	158	139
Infant Mortality Rate (per 1,000 live births)	41	34
Child Mortality Rate (per 1,000 live births)	52	42
Total Fertility Rate (children per woman)	3.85	3.40

ACTIVITY DATA SHEET

PROGRAM: EL SALVADOR

TITLE AND NUMBER: Increased access by rural households to clean water, 519-SO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,245,000 DA

INITIAL OBLIGATION: FY 1998; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To increase the number of rural households with access to clean water in sufficient quantity to meet basic needs.

USAID Role and Achievements to Date: USAID has been the leading donor on environmental issues in El Salvador since 1990. It has focused assistance on national policy reforms, environmental education, strengthening of local environmental NGOs and the demonstrating of benefits of sustainable resource management. In the policy reform area, draft laws on general environmental protection, forestry (and a forestry incentives program), and protected areas were prepared with USAID assistance. Environmental education materials were prepared and distributed to all 300 primary model schools and 250 NGOs. National environmental mass media campaigns focused on air and water pollution. As a result of these education campaigns, awareness of environmental issues rose from 15% in 1993 to 66% in 1996. Several local NGOs are now credible advocates for the environment. Collaterally, through the Initiative for the Americas Debt Reduction Fund (FIAES), NGOs have implemented over 220 conservation and child survival projects since 1994. A demonstration area was established and is being used to demonstrate sustainable resource management in an important watershed to policy makers and small farmers from other parts of the country. In 1997, a environmental profile and action plan of the greater San Salvador area was prepared by a joint government, private sector and NGO commission with support from USAID.

Description: In October 1997, USAID reformulated its environment objective in El Salvador to focus on improving access by rural households to clean water in sufficient quantities to meet their needs for domestic consumption and productive enterprises. This change reflects USAID's focus on the needs of poor, rural customers and the recognition that lack of access to clean water is the leading environmental concern in El Salvador. The resources requested for this objective will address the environmental aspects of the water problem. At the national level, a policy advisor will work with the new Ministry of the Environment to ensure key water-related legislation takes the environmental perspective into account. Chief among these policies is the decentralization of the water distribution authority, the focus of significant IDB assistance. At the municipal level, USAID will work nationwide with 15 municipalities, through a GOES agency (ISDEM), to strengthen intra- and inter-municipal management of watersheds.

Environmental education activities will focus on increasing awareness and understanding of the causes and possible solutions for resolving problems of water quality and insufficiency. This will be complemented by replication of lessons learned from the watershed demonstration area, particularly in the area of soil and water conservation, to other parts of the country. While the emphasis of this objective will be on the 15 municipalities, which cover three significant watersheds, efforts will be made to replicate this approach to the rest of the country through other USAID, GOES and donor activities.

To maximize the impact of this objective, the activities described above will be complemented by and integrated with other new and ongoing USAID activities related to water. In the area of municipal watershed management, these environmental activities are being integrated with efforts by the democracy objective and a USAID regional environmental activity to strengthen municipal administration and citizen participation. These activities will assist municipalities to better manage water distribution and solid waste disposal--two primary concerns of municipalities and their

constituents. Environment education will be linked with activities in the health and democracy objectives to strengthen civil society and create community water committees, thereby increasing citizen action to resolve water problems. Soil and water conservation efforts are being coordinated closely with the economic growth objective's new activity related to organic farming. The health objective's activity to rehabilitate or install community water distribution systems will be closely coordinated with environmental education and community participation in managing upstream contamination sources and protecting water sources.

Host Country and Other Donors: Close coordination with other donors and the GOES is critical to leveraging USAID's investment through complementary activities and replicating the approach to other parts of the country. The IDB is USAID's principal donor partner in this effort. One IDB loan for \$30 million will focus on the management of the Upper Lempa watershed from which the metropolitan area of San Salvador obtains much of its water. Another pending IDB loan, for \$55 million, will finance technical assistance to decentralize the national water distribution authority, create a multi-sectoral water regulatory body, and install or rehabilitate community water systems. The IDB-financed community water systems will follow the model pioneered by USAID for community organization and sustainability. UNICEF and Japan also finance water distribution systems. The German Government is working with ISDEM to strengthen municipal governments and address solid waste disposal in areas other than those covered by USAID activities.

In June 1997, the GOES signalled its commitment to protecting the environment with the creation of a new Ministry of Environment and Natural Resources. Its creation also reflects the growing recognition within the government, due in part to USAID's efforts, of the need for greater attention to El Salvador's environmental problems. The estimated host country counterpart contribution for FY 1999 towards the environmental activities described above is \$2 million.

Beneficiaries: More than 278,699 people residing in the 16 targeted municipalities will directly benefit from this objective. Through replication to other parts of the country, it is likely that another 300,000 people will also benefit indirectly.

Principal Contractors, Grantees, or Agencies: USAID implements activities under this objective through Abt Associates, the Academy for Educational Development and two local NGOs, SalvaNatura and Salvadoran Development and Natural Resources Research Program (PRISMA).

Major Results Indicators:

	<u>Baseline (1997)</u>	<u>Target (1999)</u>
Number and percent of households in target areas with access to clean water	16,750; 25%	23,450; 35%
Number of rural households in actively managed watersheds	0	12,000

GUATEMALA

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$9,560,000	\$15,750,000	\$16,900,000
Child Survival and Disease	\$9,029,000	\$7,588,000	\$6,985,000
Economic Support Funds	\$20,000,000*	\$25,000,000	\$25,000,000
P.L. 480 Title II	\$11,826,740	\$11,789,400	\$10,505,000

* excludes \$8 m. prior year funds

Introduction

With 36% of the total population of Central America and a similar percentage of regional economic production, Guatemala plays an important role in the long-term growth and stability of the region, which is of rapidly increasing trade and investment importance to the United States. Specific U.S. interests in Guatemala are currently focused on intensive support to the full implementation of the Peace Accords signed December 29, 1996 between the Guatemalan Government and the Guatemalan National Revolutionary Union (URNG). U.S. support to the Accords is directed to four areas: (1) demobilization, reinsertion and reconciliation; (2) integrated human capacity development; (3) sustainable productive investment; and (4) modernization and strengthening of the state. Key to this effort is U.S. support to strengthen fragile democratic practices and institutions while promoting respect for human rights. A successful post-war period of recovery and reintegration will support other major U.S. interests, such as controlling illegal immigration and narcotics trafficking, as well as address the global issues of environmental protection, rapid population growth, and the improvement of human health.

The Development Challenge

While Guatemala is the largest Central American country in terms of population (10 million) and economic activity (1997 gross domestic product \$18 billion), its largely rural, Mayan population lives in some of the most difficult conditions found in the Central American region. Distribution of land, income and other wealth is highly skewed toward a small share of Guatemala's Spanish-speaking population. An estimated 75% of Guatemalans live in poverty, and the roughly five million Mayans are isolated socially, economically, and politically due to geographic and language barriers. The country's social indicators are among the worst in the hemisphere, and national averages mask even sharper inequalities between ethnic groups and gender. Overall adult literacy is estimated at 48%, but literacy among Mayan women is estimated as low as 10%. Less than half of rural Guatemalans have access to running water, only a quarter have access to electricity, and less than one in ten have access to modern sanitary facilities. Infant, child, and maternal mortality rates are among the highest in Latin America, despite decreases in recent years. These indicators reflect the country's persistent underinvestment in social services and basic rural infrastructure, as well as past practices of political and socioeconomic exclusion of the indigenous population.

The transition to a full peace and a sustainable process of development in Guatemala began with great expectations in December 1996, with the signing of the final Peace Accord. This included the establishment of some 19 participatory commissions with specific mandates to address critical aspects of the Accords. Moreover, the impetus for change created by these peace-related efforts has also elevated the level of achievement within established USAID development programs, resulting in demonstrable progress in democratic development. However, the ambitiousness of the substantive Accords (with almost 400 specific commitments) has become increasingly apparent, and the expectations of the early months have been reduced to a more realistic level.

During the first year of implementation, Guatemala received strong international support and generous donor contributions, and recorded successful and timely progress through the initial phases of demobilization and reinsertion of ex-combatants. Due to effective coordination among donors, and with the Government and the URNG, fully 90% of the ex-combatants are already settled throughout the country. The remaining 10% should be settled permanently by the end of February 1998. Vocational training programs are underway and USAID and other donors are promoting self-sufficiency among the ex-combatants through credit for agricultural land, small enterprise programs, and the institutional strengthening of the URNG's development foundation.

The requirements for addressing Guatemala's multiple challenges, in addition to financing the costs associated with the peace agreements, are enormous and far exceed the country's current revenue-generating capacity. With total external debt standing at \$2.1 billion, the current debt situation does not indicate the need for debt relief. However, increased donor funding is essential to complement domestic financing given the estimated \$2.3 billion cost of implementing the Accords between 1997-2000. Furthermore, the deeply entrenched inequalities of wealth and power created by several centuries of social exclusion require sustained, enduring efforts over the next decade. Thus, Guatemala is not considered a candidate for graduation from U.S. assistance in the near term.

Other Donors

The United States continues to be the largest bilateral donor, having pledged \$260 million of the total \$1.9 billion in donor pledges in support of the Peace Accords over the four-year period 1997-2000. Other important bilateral donors include Japan, Germany, Spain, Taiwan, and the Nordic countries supporting Peace Accords activities mainly in community development, modernization of the state and the judiciary, and infrastructure. Major multinational donors include the Inter-American Development Bank (IDB), the World Bank, the UNDP and other United Nations agencies, and the European Union (EU) with programs supporting demobilization and reinsertion, emergency assistance to affected populations, community development, integrated human development, income generation activities, infrastructure, and modernization of the state.

FY 1999 Program

Beyond the special ESF-funded Peace Program, the range of sustainable development activities supported by USAID has been continually refined to focus on four principal areas: democratic development, improved health for women and children, poverty reduction, and sustainable natural resource management. Geographically, USAID programs are targeted on the departments most affected by the civil conflict and highest levels of poverty. The proposed mix of \$23.9 million Development Assistance, \$10.5 million P.L. 480 Title II and \$25 million Economic Support Funds in FY 1999 will enable the United States to pursue its highest priority objectives and help address the root causes of Guatemala's longstanding armed conflict, among them, persistent and widespread poverty.

GUATEMALA
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 More Inclusive and Responsive Democracy - DA				2,800			2,800
S.O. 2 Poverty Reduced in Selected Geographic Areas - DA - CSD - P.L. 480 Title II	2,700				2,000	8,000	2,700 2,000 8,000
S.O. 3 Better Health for Rural Women and Children - DA - CSD		5,900 4,985					5,900 4,985
S.O. 4 Improved Natural Resource Management and Conservation of Biodiversity - DA			5,500				5,500
Sp.O. 1 Support the Implementation of the Peace Accords - P.L. 480 Title II - ESF	16,250		500	8,250		2,505	2,505 25,000
Totals - DA - CSD - P.L. 480/II - ESF	2,700 16,250	5,900 4,985	5,500	2,800	2,000	10,505	16,900 6,985 10,505 25,000

USAID Mission Director: William S. Rhodes

ACTIVITY DATA SHEET

PROGRAM: Guatemala

TITLE AND NUMBER: More Inclusive and Responsive Democracy, 520-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 \$2,800,000 DA

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To foster the development of organizations for citizen's rights, and to teach governments how to be responsive to citizen expectations.

USAID Role and Achievements to Date: USAID is working to help Guatemala increase protection of human rights through a strengthened criminal justice system and the full implementation of the Criminal Procedure Code of 1994. USAID and its development partners have implemented two of eight planned justice centers outside the capital city, supported the implementation of oral trial proceedings and the creation of a Public Defenders program. Public Ministry functions have been decentralized, improving its investigative and prosecutorial capacity. With USAID-funded assistance, two local universities developed new course materials on trial practice and advocacy so future generations of lawyers can meet the challenges of the reformed criminal justice system; one university now offers a diploma in indigenous law. USAID has trained 90 interpreters to extend access to justice to non-native Spanish speakers. USAID has assisted the Office of the Human Rights Ombudsman (OHRO) to decentralize and expand operations by establishing departmental offices, purchasing equipment, and training personnel. USAID grant funds assist local organizations which work with street children, and promote children's rights through legislation.

USAID activities have contributed to broader, more effective citizen participation in political decision-making. Through our local partners, USAID helped establish a database to track major legislative initiatives; a congressional directory was created to track congressional voting records; a monthly newsletter reporting on key legislative issues is being published; and public fora have been organized to provide citizens the opportunity to interact with their elected representatives. A USAID grant facilitates greater civilian-military dialogue on issues of national importance.

The ongoing USAID Special Development Fund (SDAF) assists rural community groups in completing small community development projects (e.g., bridges, roads, school buildings). The SDAF works throughout the country, putting special emphasis on assisting former conflictive areas. The program is structured to give communities a "live" experience with democratic processes. Approximately 40 to 50 small community improvement projects are completed annually.

Finally, USAID is working to improve public policy through a strengthened national legislature. USAID financing created the Legislative Development Center (CEDEL) which supports the operation of the Legislative Technical Assistance Unit (UPAT) within the Guatemalan Congress. CEDEL responds to requests by congressional representatives and commissions to draft high-quality bills researched and developed by CEDEL's legislative interns (generally law students). CEDEL provides expert assistance to Congress to strengthen executive oversight and reviews legislative initiatives for relevance and sensitivity to existing indigenous law practices.

Description: USAID democracy activities are designed to capitalize on the positive environment for change produced by the signing of the Peace Accords and are linked closely to USAID Special Objective for Peace, especially in the area of modernization of the State. Some of the peace funded activities that will be closely coordinated with the regular democracy program are the decentralization of justice services to ex-conflictive zones and technical assistance for specific legislative and constitutional reforms implied by the Peace Accords.

USAID support to the Guatemalan justice sector greatly contributed to the implementation of the new Criminal Procedure Code and the promotion of a more transparent, efficient criminal justice system. USAID programs focus on the channels and mechanisms employed by civil society to administer justice and resolve conflicts at the local level, as called for in the Peace Accords. In the area of human rights, USAID assists the OHRO in monitoring the compliance of State agencies with their commitments for the full and timely implementation of the Peace Accords. A new civil society activity will strengthen mechanisms and channels of citizen participation in the democratic process and increase opportunities for civil society organizations (CSOs) to influence the formulation, implementation, and oversight of public policy at the national level. Another new activity will improve democratic governance at the local level through increased collaboration between citizens and government officials in the formulation of public policy, development agendas and budget priorities leading to increased opportunities for citizens for more constructive engagement in local decision making. Also, assistance provided through an indigenous CSO is intended to increase voter registration and participation in the upcoming municipal and future elections. USAID will continue to provide technical assistance to the Congress through a follow-on activity.

Host Country and Other Donors: The United Nations Verification Mission for Guatemala (MINUGUA) is actively engaged in institutional strengthening and human rights verification. Other multilateral donors such as the European Union, the Organization of American States, the World Bank, and the IDB, as well as Sweden, Norway and Holland plan major investments in this sector. USAID has been the lead donor in supporting democratic initiatives, particularly in justice sector reform.

Beneficiaries: USAID activities in the democracy sector are targeted at historically disenfranchised populations, especially the poor rural, indigenous majority and women.

Principal Contractors, Grantees, or Agencies: USAID has implemented activities with the Guatemalan judicial branch, the Public Ministry, San Carlos University Law School, Rafael Landivar University, Guatemalan Bar Association, the Office of the Human Rights Ombudsman and the National Congress. Activities are managed by a mix of U.S. partners such as DPK Consulting, Partners of the Americas, Creative Associates International, the University of Texas at Austin, the National Center for State Courts, and local NGOs and CSOs.

Major Results Indicators

	<u>Baseline (1993)</u>	<u>Target (2002)</u>
System Support Index	40%	46-48%
Democratic Liberties Index	55%	63-65%

Performance indicators for this program are derived from a national survey that tracks trends in public values and attitudes deemed essential for democratic consolidation and sustainability. The two indices utilized here measure the legitimacy of key democratic institutions and support for civil liberties.

ACTIVITY DATA SHEET

PROGRAM: Guatemala

TITLE AND NUMBER: Poverty Reduced In Selected Geographic Areas, 520-S002

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$2,700,000 DA; \$2,000,000 CSD; \$8,000,000 Title II

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To expand economic and social opportunity for the rural poor through programs which will: 1) increase incomes; 2) improve the nutritional status of food aid program participants; and 3) improve access and quality of intercultural bilingual education.

USAID Role and Achievement to Date: In late FY 1997 USAID and the Guatemalan Ministries of Agriculture, Food and Livestock (MAGA), Public Finance (MOF), and the Economic Planning Secretariat (SEGEPLAN), signed a \$16.5 million five-year agreement to increase productive incomes for the rural poor by expanding access to credit and training and strengthening intermediary organizations. Earlier, USAID supported the Ministry of Finance and the National Development Bank in the design of a trust fund which is providing credit to microenterprises and small scale farmers in rural areas. This fund now provides the Guatemalan Government counterpart contribution to the agreement. Sustainability and expansion of activities into the poorest rural areas remains problematic, primarily due to the inability of local organizations to manage credit and to provide direction, leadership and training to their members. USAID-supported on-the-ground productive activities in formerly conflictive areas have increased income for small coffee producers with improvements in both the quality and quantity of the product.

Also in FY 1997, USAID and the Ministry of Education (MOE), MOF, and SEGEPLAN, signed a \$8 million five-year Agreement to increase access to and improve the quality of intercultural bilingual education in selected geographic areas. USAID's support to education in Guatemala includes community based, active learning interventions, bilingual education services for Mayan students, a girls' education program, management information systems, and management services and training. Successful models in bilingual education, one-room, active learning pilot schools and girls' education are being replicated by the GOG with support from USAID and other donors.

Description: Guatemala has one of the highest rates of poverty incidence among low to middle income countries and has the highest poverty incidence rate for countries of comparable GNP per capita. In 1980, 71% of the population was classified as poor, and 35% as extremely poor. However, in 1989/90, based on the same criteria, the data indicate a worsening situation with 79% of the population as poor and 59.3% as extremely poor. Civil conflict over a 36-year period ravaged the poor more than any other segment of Guatemala's population. The Final Peace Accords, signed on December 29, 1996 between the GOG and the revolutionary guerrilla leadership, committed Guatemalan society for the first time in history to implement programs which specifically target endemic poverty and social, economic and political inequality.

The USAID-supported program for increasing the incomes of the rural poor targets on and off-farm income generation, expanded economic opportunities for microentrepreneurs and small scale farmers, and expanded capacity of local organizations and institutions to provide financial and technical assistance services.

The Title II Food Aid program is fully incorporated within USAID's Poverty Reduction Strategic Objective. The delivery network of private voluntary organizations (PVOs) will continue to focus activities on the most marginal rural communities. The nutritional aspects of the Title II program target maternal and child health by increasing the level of understanding of the nutritional and health needs

of the family. The program supports small-scale community activities and the development of sustainable agricultural production technologies to encourage income generation and increase food production.

USAID's intercultural bilingual education program with the Ministry of Education will include teacher training, the development of instructional methodologies and materials, an emphasis on increasing the participation of parents and the community in decision making, and improving the policy decision and program coordination process.

Host Country and Other Donors: As part of its contribution to poverty reduction, the Guatemalan Government established an \$18 million credit trust fund based on the design of successful models supported by USAID. Other donors are now replicating USAID's ongoing credit and technical assistance programs. USAID assisted in the design of the International Fund for Agriculture Development (IFAD) and the Guatemalan National Land Fund both of which provide rural credit at the community level. The IDB is funding a major sector loan for community development and actively supports USAID's poverty reduction program.

The World Bank and IDB will provide major education sector loans which will facilitate the expansion of previous USAID pilot activities in the education sector at the national level. With USAID-funded technical assistance, the GOG's Social Investment Fund supports more than 1,200 community based schools in communities that lack education services. The GOG has increased its budget for rural education in recent years which, nonetheless, remains insufficient to meet the needs.

Beneficiaries: Rural communities, local credit and technical assistance organizations, and the rural, primarily indigenous poor, will be the primary beneficiaries of this program.

Principal Contractors, Grantees, or Agencies: USAID works with Guatemalan Ministries of Agriculture, Education, and Finance to achieve the Poverty Strategic Objective. Local and international nongovernmental organizations currently assisting in program implementation are Guatemala's National Coffee Association (ANACAFE), the Banco de Desarrollo Rural, CARE, Catholic Relief Services, and World Share.

Major Results Indicators: Major results indicators and targets are being developed and include: 1) Childhood malnutrition (weight/age of children 5 years and younger); and 2) a standard of living index being developed with a local university. The anticipated results at the program level include:

- increased access to credit and technical assistance by microentrepreneurs and small scale farmers;
- strengthened intermediary and community based organizations;
- increased preprimary and primary enrollment rates in the poorest areas and departments most effected by the years of conflict; and
- increased completion rates at the third grade level.

ACTIVITY DATA SHEET

PROGRAM: Guatemala

TITLE AND NUMBER: Better Health for Rural Women and Children, 520-S003

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$5,900,000 DA; \$4,985,000 CSD

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To reduce high levels of neonatal, infant, child and maternal mortality by increasing the coverage and quality of basic health services, especially in remote rural areas, thus contributing to sustainable development.

USAID Role and Achievements to Date: Mortality rates of women, infants and children in Guatemala are the highest in Central America; the total fertility rate (5.1) is also the highest in the region, and for indigenous Mayan groups, it is one of the highest rates in the world (5.9). The key constraints to reducing mortality and fertility include limited access to basic health services by more than half of the population, low government investment in the social sectors, and the government's weak leadership in establishing an effective mandate for primary, preventive health services. USAID has been providing assistance to the public sector and local nongovernmental organizations in child survival and reproductive health activities for the last 10 years. USAID's new integrated maternal-child health strategic objective has a strong focus on rural areas. USAID's support to the health sector includes five high-impact interventions to save women's and children's lives: childhood immunizations, promotion of oral rehydration therapy for childhood diarrhea, improved management of childhood pneumonia, voluntary family planning services, and improved management of obstetric complications and births. Between 1987 and 1995, USAID activities contributed to reducing infant mortality by 23% from 74 deaths per 1000 live births to 57; child mortality has dropped by almost 28% from 109 deaths of children under five years per 1000 live births to 79 during this eight-year period. USAID's support for integrated reproductive health services is designed to reduce maternal and neonatal mortality through voluntary family planning counseling and services and improved management of obstetric complications. The USAID program has also contributed to a reduction in the total fertility rate from 5.6 to 5.1 between 1987 and 1995.

Description: USAID's program focuses on strengthening three critical levels of care. At the household level, the program provides information and counseling to women about reproductive health and the prevention of childhood illness; this program also teaches women to recognize symptoms (such as pneumonia and obstetric complications) that require medical attention. At the community level, the program helps traditional birth attendants and health promoters learn to provide essential services for women and children including temporary birth spacing methods, prenatal care, prevention of dehydration from diarrheal disease, and when to refer clients to formal health services for more sophisticated care. At the health facility level, USAID trains health workers in the clinical management of obstetric and perinatal complications and childhood illnesses as well as family planning counseling and services. USAID supports the Guatemalan Government's efforts to decentralize public health services by establishing information systems and providing management training at lower levels of the health system.

Host Country and Other Donors: Social sector reforms figure prominently within the Guatemalan Government's overall strategy for the period 1996-2000. The Peace Accords signed in December 1996 contain specific targets for reducing infant and maternal mortality by 50% by the year 2000. The Accords also call for a redistribution of public expenditures in the health sector toward preventive care. In 1997, the Ministry of Health announced plans to establish a new nationwide community health model based on some of the principles of primary health care. USAID signed a new bilateral agreement to support integrated maternal-child health care, especially in rural areas, in support of the implementation of the new community health model. Other donors, including the EU, UNICEF and the

Pan American Health Organization (PAHO) are also supporting the new model. USAID and the EU are working in concert to expand proven strategies to reduce maternal and perinatal mortality.

Beneficiaries: The USAID program focuses on children under five and women of child-bearing age. USAID provides some support at the national level, however, beginning in 1996, USAID began providing more targeted assistance to rural areas that had been seriously affected by civil war and where health indicators were far worse than the national average. The majority of USAID beneficiaries live in rural communities and speak one of Guatemala's 23 indigenous languages.

Principal Contractors, Grantees or Agencies: USAID implements activities through U.S. PVOs/NGOs and firms (The Population Council, Project Concern International, Management Sciences for Health, John Snow, Inc., Johns Hopkins University, the Association for Voluntary and Safe Contraception, and the Partnership for Child Health) as well as local NGOs.

Major Results Indicators:

	<u>Baseline (1995)</u>	<u>Target (2002)</u>
Infant mortality per 1000 live births	57	43
Child mortality (<5 years) per 1000 live births	68	60
Contraceptive prevalence rate	31%	35%
Total fertility rate	5.1	4.8
Immunization coverage (% of children <1 year fully immunized)	42%	80%
Use of oral rehydration therapy	22%	40%

ACTIVITY DATA SHEET

PROGRAM: Guatemala

TITLE AND NUMBER: Sustainable Natural Resource Management and Conservation of Biodiversity in Priority Areas, 520-S004

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$5,500,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To conserve national biological resources of international importance by providing sustainable income alternatives to marginalized populations and improving the management and protection of these natural resources.

USAID Role and Achievements to Date: For a decade, USAID has been a lead donor supporting environmentally sound management in Guatemala through activities such as improved small farmer production systems, watershed management, and more environmentally sound coffee processing. Over 20,000 families have adopted more sustainable land-use practices and income strategies, including improved hillside agriculture, agro-forestry, forestry, and tourism related enterprises. USAID has also supported the establishment of a legal framework for a national system of protected areas and the linking of conservation and development through the "biosphere" concept. USAID has assisted Guatemala establish two formal biospheres and to achieve a seven-fold increase in legally declared protected areas from 2,870 km² in 1990 to over 20,000 km² in 1997, representing about 20% of the nation. In the Maya Biosphere, over 80% of the original target population has adopted more sustainable farming practices, 1.5 million hectares have been brought under improved management, and over 500,000 hectares have been saved from conversion to unsustainable slash and burn agriculture. USAID also provided assistance which resulted in the passage of important laws to strengthen Guatemala's environmental policy framework.

Description: USAID-supported initiatives focus on developing a broad-based local constituency for environmentally sound management of natural resources, promoting increased local participation in management of resources, improving the policy framework, and demonstrating and disseminating environmentally sustainable income-generating practices. Public and private institutions are being strengthened to improve the administration of legally established protected areas and to develop and promote environmentally sound enterprises (eco-tourism and related services, organic agriculture, agro-forestry, and forestry systems). The program is testing and demonstrating the environmental, social and financial sustainability of approaches, empowering local communities through concessions governing natural resource use, extending best management practices into new areas, and improving people's welfare while effectively counteracting historic deforestation trends.

Host Country and Other Donors: Counterpart contributions include over \$11 million from the host country and nearly \$9 million from local and international NGOs. USAID has assisted the GOG to assure that environmental impact analyses are prepared for all donor programs and large private projects with potential negative impacts. USAID coordinates activities with the IDB's \$50 million Peten Sustainable Development Investment project, the World Bank on land tenure issues, the German agencies on policy reform and forest management, and the European Union on its Agricultural Frontier program.

USAID and the United Nations Development Program work closely on the Global Environmental Facility (GEF) Izabal Department project using USAID's micro-watershed management work as a model. Similarly, coordination continues with United Nations High Commission on Refugees and other donors to encourage concentration on mid- to long- term sustainable solutions to resource management and socioeconomic issues facing resettled and displaced populations.

Beneficiaries: Marginalized families living in and around the Maya Biosphere and other protected areas are the immediate beneficiaries; this includes returnees and displaced persons from formerly conflictive zones in support of Guatemala's peace process. The conservation of natural resources and biological diversity generates benefits for the entire country and the region.

Principal Contractors, Grantees, or Agencies: USAID implements this program through U.S. PVOs, (CARE, The Nature Conservancy, Conservation International, and Rodale Institute), local NGOs (ProPetén, Maya Center, Defenders of Nature, and the National Coffee Association), regional organizations (CATIE), and national agencies (National Environmental Commission, National Council for Protected Areas, and the Ministry of Agriculture and Livestock).

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2000)</u>
People adopting more sustainable land use practices, % of total population in new ('97) target area (70,000)	0% (1990)	60%
Hectares of natural habitat saved from conversion to agriculture, compared to trends	0 (1991)	700,000
Income from non-USAID sources increased for selected institutions (US\$)	80,000 (1990)	6,000,000
Policy regime reflects increased incentives for sustainable development and conservation (annual assessment based on 26-point policy agenda)	No (1992)	Yes
Total area officially protected (km ²)	2,870 (1990)	21,500
Public land under sustainable land use management concession with local communities (hectares)	0 (1993)	150,000

ACTIVITY DATA SHEET

PROGRAM: Guatemala

TITLE AND NUMBER: Support the Implementation of the Peace Accords, 520-SPO1

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$25,000,000 ESF; \$2,505,000 Title II

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To support Guatemala's transition from armed conflict to peace and sustainable development through support of the full implementation of the Peace Accords.

USAID Role and Achievements to Date: The first year of this four-year program (1997) focused on initiating a range of activities supporting the implementation of the Peace Accords. While most of the substantive Accords require longer term focus, some of the more immediate commitments have been successfully completed with significant USAID support, most notably the demobilization of guerrilla and military combatants. USAID assistance has played a leading role among donors in supporting the Guatemalan Government's (GOG) implementation of the Accords by: (a) helping design a comprehensive plan for overhauling the tax administration, crucial to the GOG's ability to finance implementation of its commitments in the Accords; (b) capitalizing the Land Fund, a market-based financing mechanism for land purchases and titling, and a key element of the GOG's effort to address one of the most fundamental sources of conflict; (c) institutionalizing the GOG's capacity to manage the complex array of commitments and resources supporting the implementation of the Accords, through the new Secretariat for Peace (SEPAZ); and (d) funding the crucial work of the Historical Clarification (or "Truth") Commission, and leveraging other donor and GOG contributions to support this process.

Description: USAID's program is focused on four major areas: (1) demobilization of ex-combatants, their integration into society, and national reconciliation; (2) economic reactivation of ex-conflictive and resettlement zones through efforts in human capacity development; (3) increased access to credit and technical assistance, and improved infrastructure in the same areas; and (4) modernization of the state, to assure the GOG has the financial and institutional resources necessary to implement high-impact Peace Accord commitments. Over 20 activities designed to achieve these four major results were initiated in the first year. Several others are in the final stages of design or award.

USAID's program includes a cash grant component which generates the local currency to respond to immediate, high priority needs, including the work of SEPAZ and the Commissions mandated by the Accords, and the provision of assistance to survivors of human rights abuses (e.g., war widows and orphans). USAID has taken the lead in designing an effort to support national reconciliation and enlist the GOG and other donor support to respond to needs in ex-conflict areas with a high potential for violence through local, small-scale infrastructure and productive activities. Programs for increasing human capacity are currently being implemented. These programs provide university fellowships to Mayan leaders, training and certification of teachers in rural ex-conflict areas, and development of models for--and expanding access to--bilingual education. The Peace Program is also in the process of initiating a major activity for increasing literacy among rural, indigenous youth and women. USAID also supports microenterprise development, village-banking schemes and expanded access to other financial institutions, land titling, vocational and entrepreneurial training, and development of basic infrastructure. To enhance the GOG's capacity to achieve the rapid implementation of the Accords, USAID activities are supporting the modernization and strengthening of the National Legislature, decentralization, justice reforms, the strengthening of relations between municipal governments and their constituents, and tax administration reforms.

Host country and Other Donors: The GOG has estimated the cost of financing Peace Accord commitments to be approximately \$2.3 billion and recognizes that a significant portion of the funding must be generated internally. External pledges of \$1.9 billion were made in 1997. Major donors include the IDB, the World Bank, the United Nations, the EU and Canada.

Beneficiaries: The beneficiaries of this program will be the entire Guatemalan nation which has expressed its desire for peace and development through the negotiation of the Peace Accords. In particular, ex-combatants, refugees, displaced persons, and the permanent populations in the formerly conflict and resettlement zones will most directly benefit from the full implementation of the Peace Accords.

Principal Contractors, Grantees or Agencies: Entities from all three branches of the Guatemalan Government (Legislative, Judicial, and Executive) are implementing USAID-financed activities, in addition to UN agencies, the International Organization for Migration (IOM), the University of Texas, and local universities. International, U.S. and local NGOs (CARE, Conservation International, Rodale Institute, Centro Maya, Cooperative Housing Foundation, Canadian Center for Studies and International Cooperation) are implementing activities in conjunction with local governments and community organizations.

Major Results Indicators:

	<u>Baseline (1996)</u>	<u>Targets (2001)</u>
National Reconciliation, <u>Demobilization and Reintegration</u>		
Conflict mechanisms established	0	10 high risk communities
Demobilized ex-guerrillas	0	3,000
Integration Training/housing	0	3,000
<u>Human Capacity Development</u>		
University Fellowships degrees awarded	0	500 men and women
Innovative Community Education designed/adopted	0	75 Model Schools
Certification of Educators awarded	0	200 teachers
Youth and Women newly literate	0	250,000 people
<u>Sustainable Productive Activities</u>		
Increased access to productive resources	0	1,000 families
Forest under management by local communities	0	Over 100,000 hectares
Sustainable productive enterprises established	0	30
Land titles granted	0	1,000 families
Modernization and Strengthening <u>of State to Implement Accords</u>		
Increased points of access for Justice Sector Services	0	8 Justice Centers
Congressional modernization plan implemented	0	1
Increased tax revenues collected (% of GDP)	8.5%	10.0% (1998) 11.4% (1999) 12.0% (2000)

GUYANA

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$2,786,000	\$2,800,000	\$2,300,000

Introduction

Despite impressive achievements since its return to democracy and a free market economy, Guyana is the third poorest country in the Western Hemisphere and its democratic institutions are weak. Assisting Guyana's economic and political transition promotes internal and regional stability. The USAID program plays an important role in improving the business climate, and U.S. investment is expected to grow as Guyana further liberalizes its investment policies and more fully utilizes its enormous natural resources. Guyana also cooperates in stemming the flow of narcotics and illegal immigrants to the United States.

The Development Challenge

Guyana's transition from a state controlled to an open, free market economy began in 1989; transition from authoritarian rule to democracy began in 1992. Although there has been significant progress, many obstacles remain. Poverty is still manifest, structural distortions persist, and income distribution is highly skewed. Indeed, some indicators are only now reaching the levels enjoyed in the 1970s and 1980s. A fragile democracy has taken root in Guyana: political discourse is open; public participation is encouraged; the media are far freer; and a more active civil society is emerging. However, ineffective institutions, a dearth of skilled human resources, low public confidence and strained ethnic relations continue to plague the democratic process. Guyana's debt is approximately \$1.6 billion, of which about \$30 million is owed to the United States. Since 1991, \$127 million in U.S. debt has been forgiven. Guyana is not a candidate for graduation from U.S. development assistance in the near term.

Guyana's progress in democracy and more effective governance has been remarkable, particularly in view of its socialist/authoritarian past and its current development constraints. USAID's assistance has improved the efficiency of the justice system, enhanced the effectiveness of local government, and strengthened Parliament. A Parliamentary library, for example, has been established, enabling lawmakers to enter the modern information age, engage in more informed debate, and prepare better legislation. Select committees on constitutional reform and the electoral process have also received technical guidance and reference materials. USAID has also played a key role in improving the capacity of the Guyana Elections Commission to plan and manage elections. The otherwise excellent performance of the Commission leading up to the December 1997 election was, however, marred at the last moment by a deficient tabulation process and subsequent allegations of fraud. The resulting legal action and demonstrations reflect deep ethnic and political polarity, suspicion, and distrust more than malfeasance. Despite these problems, the electoral process is clearly moving toward greater openness and transparency.

Other Donors

Donor assistance to Guyana in CY 1997 totalled approximately \$102 million. In terms of actual disbursements and including the PL480 Title I Program, the United States was the largest bilateral donor. The World Bank, International Monetary Fund (IMF) and Inter-American Development Bank (IDB) provide significant macroeconomic policy reform, stabilization, and structural adjustment assistance. Their sectoral programs in health, agriculture, environment, and education complement the bilateral programs of the other major donors: Canada, the United Kingdom and the European Union (EU).

FY 1999 Program

Guyana's reform program has resulted in the highest rate of economic growth in the hemisphere, sharply reduced inflation, increased exports, greater foreign investment, and more product diversification. USAID has played a major role in this process by filling important niches within the IMF/World Bank macro framework, reinforcing multilateral conditionality, and providing assistance which complements other donor programs. Strategic planning and policy analysis assistance in key ministries, for example, have helped the Government of Guyana (GOG) to meet conditionalities and satisfy requirements for significant debt relief. Guyana's trade regime is also moving toward openness and compatibility with regional and global trade practices. Also as a result of USAID assistance, increased dialogue between the public and private sectors has led to a better business environment, improved economic analysis and budgeting has resulted in significantly higher funding levels for programs benefitting the disadvantaged, and the Ministry of Finance is being restructured to more efficiently fulfill its responsibilities.

The current USAID development strategy for Guyana covers the period FY 1994-FY 1998, and a new strategy for FY 1999-FY 2003 is now being prepared for USAID/Washington review in early CY 1998. In developing the new strategy, it was determined that the current strategy is on track and should build on past investments, but with sharper focus. The new strategy proposes two mutually reinforcing, cross-cutting strategic objectives: improved climate for private investment; and more responsive and participatory governance and rule of law.

In the area of private investment, the Mission will initiate programs to: assist the government to develop trade policies conforming to international norms; ensure marketing and investment information is widely available to producers and investors; enable more effective application of laws and regulations relating to commerce and investment; and enhance the capacity of the private sector to influence public policy.

Governance and rule of law programs to be initiated in FY 1999 will focus on five priority results: (1) improved lawmaking and regulatory governance and rule of law processes; (2) increased capacity to adjudicate court cases; (3) sustained capacity to conduct free and fair elections; (4) greater civil society influence in public policy; and (5) strengthened local government.

GUYANA
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Improved climate for private investment - DA	1,200						1,200
S.O. 2 More Responsive and Participatory Governance and Rule of Law - DA				1,100			1,100
Totals - DA	1,200			1,100			2,300

USAID Representative: Patrick McDuffie

ACTIVITY DATA SHEET

PROGRAM: GUYANA

TITLE AND NUMBER: Improved Climate for Private Investment, 504-SO1

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,200,000 DA

INITIAL OBLIGATION: FY 1998; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To encourage broad-based economic growth by improving the climate for private investment.

USAID Role and Achievements to Date: USAID uses a strategic model which, with limited resources, will leverage substantial impact on the economic reform process. The USAID program supports the policy agenda of international financial institutions such as the International Monetary Fund, World Bank, and the Inter-American Development Bank (IDB), and also fills critical niches in the programs of other bilateral donors. USAID has assisted the GOG, for example, to satisfy macro reform conditionalities, to qualify for debt relief, and to develop a plan which should reduce debt to a manageable level. USAID assistance has also improved economic analytical capacity, resulting in far better national budgeting processes and more funding for programs benefitting the disadvantaged. Other achievements include computerization of key offices in the Ministries of Finance and Trade, the establishment of a strategic planning process, improved dialogue between the public and private sectors on economic policy, and accelerated implementation of the public sector investment program. The completed PL480 Title III Program and ongoing Title I Program have resulted in tremendous achievements in rehabilitating economic infrastructure such as drainage and irrigation systems, farm to market roads, and sea defenses to protect the agriculturally rich coastal zone. To better ensure the future integrity of agricultural economic infrastructure, USAID conducted technical analyses and developed options for increasing cost recovery. The resulting recommendations will be implemented by the Government of Guyana in partnership with the IDB.

Description: Several critical activities are underway which support both the current strategic objective (expanded economic opportunities for the urban and rural poor) and the proposed, new strategic objective of increasing private investment. An investor's guide is being finalized, a trade policy unit is being established, and an investment strategy describing options to stimulate private investment is under review. Once approved, the investment strategy will be used to develop an investment code clearly articulating policies and incentives. USAID will also provide assistance to finalize the national development strategy and to formulate a plan of action for its implementation. The strategy, which provides options for addressing structural distortions, promoting trade and investment, and rationalizing regulatory bodies, will provide an excellent development road map for the GOG and donors. USAID's program to improve the business environment will terminate in FY 1998 and a new activity to improve the investment climate will be initiated in FY 1999. Guyana is a resource rich country, but it lacks the technical skills and financial capital to exploit its natural resources successfully. Guyana's sustained economic growth and more equitable distribution of income is directly linked to its attractiveness to domestic and foreign investors. A new activity having the purpose of increasing investment will be designed in mid-1998, with implementation beginning in early FY 1999. It is anticipated that assistance in FY 1999 will focus on several priority areas: development of a detailed plan of action to facilitate Guyana's participation in the Free Trade Area of the Americas; identification and reforming of laws that constrain private investment; enhancing GOG capacity to carry out macroeconomic reforms; and improving the capacity of private sector institutions to analyze and advocate for key policy changes.

Host Country and Other Donors: The USAID program will be implemented in coordination with the programs of the World Bank, International Monetary Fund, and the IDB, which provide the macro framework for economic and policy reform. Other key donors providing assistance in economic growth and reform include the European Union, Canada and the United Kingdom.

Beneficiaries: The activities benefit all Guyanese but the greatest proportional benefit should accrue to the disadvantaged because of Mission and GOG emphasis on equity. Household incomes of the poorest 40% of the population will be monitored to measure progress in achieving objectives.

Principal Contractors, Grantees, or Agencies: The current primary contractor is IGI International but competitive procedures will be used to select the contractor(s) for the new main activity to be designed in CY 1998.

Major Results Indicators: Preliminary indicators for the new strategic objective have been established but baselines and targets have not been determined as activity design will not be completed until mid-CY 1998.

Proposed Indicators

1. amount of private investment
2. investment/GDP ratio
3. number of new firms investing
4. non-traditional sector investment

ACTIVITY DATA SHEET

PROGRAM: GUYANA

TITLE AND NUMBER: More Responsive and Participatory Governance and Rule of Law, 504-SO2

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,100,000 DA

INITIAL OBLIGATION: FY 1998; ESTIMATED COMPLETION DATE: FY 2003

Purpose: To promote the establishment of a sustainable democracy by strengthening governance and the rule of law.

USAID Role and Achievements to Date: USAID plays a unique leadership role in democracy and governance. While many donors have provided electoral assistance to support free and fair elections, USAID is the only donor with a broader approach to democracy which includes the legislative process, civil society, local governance, and the legal system.

USAID has two activities which support this strategic objective; a program to increase the effectiveness and efficiency of the justice system, and a program to strengthen democracy. Continued, strong progress has been made in improving the justice system; the backlog of criminal cases has been reduced from over 3,500 to approximately 2,000; the consolidation of Guyana's legislation is well underway; comprehensive recommendations to improve court management are being systematically implemented; a court reporting program has been initiated; a renovated legal library with expanded resources has opened; and a strengthened local bar is becoming more active. The GOG's infrastructure rehabilitation program proceeded smoothly, with fourteen courts rather than the planned seven being renovated. Significant achievements have also been made in strengthening democratic processes. Assistance to strengthen the Elections Commission for the December 1997 election received priority attention. The Commission's otherwise exceptional performance was unfortunately marred by allegations of fraud. The new government has been recognized by the United States, Canada and the United Kingdom. The performance of an indigenous electoral monitoring organization funded by USAID was excellent. Training of locally elected officials continued, although the target number was not achieved due to electoral priorities. Parliament was further strengthened by the continued establishment of a parliamentary library and provision of reference materials, study tours regarding constitutional reform, and assisting the committee on constitutional reform to conduct hearings.

Description: Completed activities and those underway support both the current strategic objective (strengthened democratic institutions and processes) and the proposed strategic objective of more responsive and participatory governance and rule of law. FY 1998 will witness the full consolidation of Guyana's legislation, implementation of at least 80% of all court management recommendations, completion of the infrastructure program, institutionalization of court reporting training, and reduction of the criminal case backlog from 2,000 to 1,000. The electoral process will be further strengthened by conducting a post mortem of the 1997 election and responding to lessons learned. Guidance in constitutional reform, completing the establishment of the Parliamentary library, and continued training of locally elected officials will receive priority attention in FY 1998. The justice improvement activity will terminate in FY 1998 and the strengthening democracy activity in early FY 1999. Other activities will be designed to support the new strategic objective in mid-CY 1998. It is anticipated that assistance in FY 1999 will focus on: increasing GOG technical capacity for and public participation in lawmaking; establishing alternative dispute mechanisms; further institutionalizing the electoral process; assisting the GOG to define and rationalize the role of local government; and training programs to improve media reporting on public policy concerns.

Host Country and Other Donors: USAID is the only donor assisting the judicial system or providing long-term comprehensive assistance to strengthen democracy. Other donor assistance is likely to remain limited. However, both the IDB and the United Nations Development Program will be key partners in institutionalizing the electoral process.

Beneficiaries: The people of Guyana as a whole are beneficiaries but primary benefit will accrue to the disadvantaged--women, the poor, and minority groups, such as Amerindians--as they do not have access to equal justice or actively participate in the democratic process.

Principal Contractors, Grantees, or Agencies: The University of the West Indies, in conjunction with the University of Guyana, assist in the implementation of the justice improvement activity. The National Democratic Institute is the grantee for the strengthening democracy activity. Competitive procedures will be used to select contractors/grantees for new activities to be designed in CY 1998.

Major Results Indicators: Preliminary indicators for the new strategic objective have been established but baselines and targets have not been determined as activity design will not be completed until mid-1998.

Proposed indicators:

1. frequency of laws, regulations, and public policy being influenced by public participation
2. continuation of constitutional reform.
3. number of productive partnerships established between NGOs, advocacy groups and government
4. level of public confidence in the judiciary is increased.

Despite impressive achievements since its return to democracy and a free market economy, Guyana is the third poorest country in the Western Hemisphere and its democratic institutions are weak. Assisting Guyana's economic and political transition promotes internal and regional stability. The USAID program plays an important role in improving the business climate, and U.S. investment is expected to grow as Guyana further liberalizes its investment policies and more fully utilizes its enormous natural resources. Guyana also cooperates in stemming the flow of narcotics and illegal immigrants to the United States.

HAITI

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$2,185,000	---	---
Child Survival and Disease	\$13,427,000	---	---
Economic Support Funds	\$50,048,000	\$70,000,000	\$140,000,000
P.L. 480 Title II	\$12,534,540	\$20,214,000	\$20,000,000
P.L. 480 Title III	\$10,000,000	\$10,000,000	\$10,000,000

Introduction

The U.S. assistance program in Haiti currently focuses on emergency efforts which support the restoration of constitutional democracy, poverty alleviation and economic recovery. In FY 1999, USAID plans to introduce a new six-year strategy which places greater emphasis on long-term poverty reduction with programs which continue to mitigate the worst effects of poverty, but which also address the underlying causes of poverty -- high fertility, poor education and environmental degradation. The new strategy will promote the participation by all classes of Haitians in economic growth, and will foster the strengthening of democratic institutions with programs supporting community-based approaches to governance, economic development led by the private sector, economic reform and privatization of state-owned enterprises, and decentralization of authority to local government for revenue generation and public service delivery.

The Development Challenge

Haiti presents a complex development challenge, with a history of political instability and repression, widespread poverty and illiteracy, and weak government institutions. Since the 1994 multinational intervention, international efforts have achieved considerable progress in restoring democracy, laying the foundation for sustainable economic growth, and maintaining security and social stability. The Haitian National Police, now three years old, has established itself as a civilian force in sharp contrast to its military predecessor. But much remains to be done to make it a fully respected and credible force for assuring civil order. The Government of Haiti (GOH) has been relatively successful at meeting the fiscal targets of the International Monetary Fund macroeconomic reform program, and at stabilizing the economy. However, the Administration is concerned by the lack of progress in stimulating economic growth and expanding sustainable income and employment opportunities for the poor. With \$250 per capita gross domestic product (GDP) and stagnating economic activity, widespread economic frustration and poverty remain the underlying causes of social tension in Haiti. The USAID program attempts to assist the two-thirds of the Haitian population living in poverty. USAID agricultural programs are helping to improve farm practices, which is raising small farm incomes in project areas. Assistance to develop export markets is helping small coffee and mango producers to increase production and income. Programs with mayors and civic groups are helping to instill the concepts of democracy and good governance at the local level.

Haiti's continuing rapid population growth also has serious implications for the achievement of sustainable economic growth. The current 2.3% population growth rate will lead to a doubling of the population in the next 30 years. Haiti has the highest under-five mortality rate in the Western Hemisphere, and one in three children is chronically malnourished. Maternal mortality is estimated at a high 1,000 per 100,000 live births. Some progress has been made in the area of health and population, with a 25% decline in infant mortality and total fertility rates, and a 30% decline in the incidence of severe malnutrition from 28.4% to 20% in project areas since 1994. Nevertheless, Haiti remains the poorest country in this hemisphere, and economic development is expected to be a long-term process.

Other Donors

Donor disbursements of \$400 million in FY 1997 fell short of the \$500 million projection, due largely to delays by the GOH and the Haitian Parliament in meeting the economic and policy reform conditions for the release of donor balance of payments and budget support funding. In FY 1997, the United States was the largest donor, disbursing \$102 million in economic assistance, compared to \$79 million by the European Union (EU), \$61 million by the Inter-American Development Bank (IDB), and \$40 million by the World Bank. Other major donors in FY 1997 included the International Monetary Fund (IMF), Canada, France, United Nations Development Program (UNDP) and other United Nations agencies.

FY 1999 Program

USAID plans to restructure its development strategy to strengthen efforts to expand income and employment opportunities for the poor, address the underlying causes of poverty such as illiteracy and poor health, and continue emergency safety net assistance to those at greatest risk. The USAID program also will continue to address emergency security and stability concerns, with greater attention given to establishing a strong social, political and economic foundation for sustainable growth. In FY 1999, the areas in which USAID plans to concentrate resources include: reduced family size, improved health and education, reduced environmental degradation, increased income and employment, and stronger democratic institutions and government. With \$140 million ESF and \$30 million in P.L. 480 Title II and III resources, USAID plans to expand population programs over greater geographic areas, expand the current education program to include vocational and secondary schools, intensify environmental activities, expand microenterprise programs, and expand local government and civil society activities. Funding also will be used to begin a new secondary cities program and to work on land reform issues.

USAID democracy and governance programs focus on establishing durable democratic institutions and strengthening representative government, providing support for elections, police training, justice sector reform, local government development, assistance to the new Parliament, and assistance to community-based civic groups. USAID will continue to work with Haitian civic organizations and government to promote the rule of law, and transparency and accountability in government. USAID programs will help to define the relative roles of national and local government, to establish approaches and procedures which provide responsive public services, and to ensure that public interest guides the actions of government officials. USAID will continue efforts to improve the criminal justice system with: training for judicial sector personnel; implementing a model parquet (prosecutor's office) program; strengthening case tracking, trial preparation and oral advocacy by prosecutors; and grants for legal assistance for the poor. USAID plans to increase assistance to bar associations and human rights organizations, and to initiate a pilot program on alternative mechanisms for dispute resolution.

USAID will work with public and private groups, including labor, to help improve the environment for economic growth, and increase real incomes with sustainable jobs. The USAID program will emphasize microenterprise development as a significant component of this approach. In this area, USAID plans to expand non-financial services to the informal sector, such as marketing assistance, financial management, and quality control. Because most of Haiti's population lives in rural areas, there will be a specific emphasis on increasing the incomes of rural people. Better land use and restoration of the environment remain important elements of the USAID program, as well as efforts to address the structural constraints to increasing rural income (e.g., the cost of credit and agricultural inputs, transport, lack of information on improved farm practices and production techniques, and access to markets).

USAID also intends to begin a new secondary cities program which supports efforts by local governments, business groups, civic groups, and Parliament to develop economic alternatives to rapid migration by the poor to Port-au-Prince. This new program will assist secondary cities to attract

private investment and create jobs, develop reliable infrastructure, and strengthen public education and vocational training.

In the area of population, health and nutrition (PHN), USAID is supporting programs in three of Haiti's nine departments as part of a coordinated, nationwide donor health program. USAID assistance--primarily through NGOs--has succeeded in maintaining service delivery to 2.5 million people throughout Haiti. USAID is continuing to support accessible, quality family planning services. However, high fertility rates are the result of a combination of factors, including girls' access to education, respect for women's rights, enhanced economic opportunities, and governmental policies which promote the availability of family planning and respect for the role of women. The USAID program will address this range of factors in a comprehensive approach to help reduce Haiti's fertility rate.

Increasing human capacity through education and training are essential for sustained social and economic progress. USAID has been the principal donor supporting private sector primary schools, which comprise 80% of the primary schools in the country. USAID supports efforts to improve the quality and efficiency of private sector institutions by financing teacher training and textbooks. A major accomplishment has been the initiation of a pilot distance education program which extends access to quality education by improving teachers' skills and knowledge. Basic education activities will be expanded to include direct service delivery to approximately 1,000 schools in both the public and private sector, and additional support to the development and implementation of a national education policy.

HAITI
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Sustainably Increased Income for the Poor - ESF PL480 Title III	40,644		10,036			2,212	50,680 2,212
S.O. 2 Achieve Desired Family Size - ESF -PL480 Title II -PL480 Title III	3,512	28,100			3,513	20,000 1,825	35,125 20,000 1,825
S.O. 3 Improve Human Capacity - ESF PL480 Title III					11,040	1,736	11,040 1,736
S.O. 4 More Genuinely Inclusive Democratic Governance - ESF -PL480 Title III	5,119			38,036		4,227	43,155 4,227
Totals - ESF - PL480 Title II PL480 Title III	49,275	28,100	10,036	38,036	14,553	20,000 10,000	140,000 20,000 10,000

USAID Mission Director: Phyllis Forbes

ACTIVITY DATA SHEET

PROGRAM: HAITI

TITLE AND NUMBER: Sustainably Increased Income for the Poor, 521-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$50,680,000 ESF; \$2,212,000 Title III

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: USAID's objective is to induce sustainably increased income for the poor and to slow the disastrous pace of environmental degradation.

USAID Role and Achievements to date: USAID's program results setting the stage for environmentally sound economic growth include: (1) Leadership in the development of an improved economic framework, through assistance to the Presidential Commission, resulted in the submission of a comprehensive legal package of eight bills to the President, and the selection of a secondary city (i.e. Jacmel) as a new approach to decentralized economic growth. (2) Leadership in providing credit to the poor produced a village banking system with over 3000 loans (almost 100% to women) through 42 village banks in three regions. Our activities with commercial banks have begun to open their services to the informal sector. The first bank which joined the program six months ago has already made 600 loans to small and microenterprises. Two other banks have since joined the program and will begin informal sector lending activities in 1998. USAID's support to the tourism sector resulted in the first cruise ship arrival to a Haitian city in more than fifteen years. Its resounding success opened the door to continued cruise ship visits in 1998. (3) Leadership in slowing environmental degradation led to 130,000 farmers planting six million trees in 1997, the development of new markets for tree crops (e.g., mango and cocoa), and assistance to 20,000 farmers producing the premium "Haitian Bleu" coffee. Notably, peasant extension agents working with our hillside program have been elected to local government. Community groups in Cité Soleil, one of the worst slums in the Western world, are now managing the sale of clean water for over 175,000 people and using the proceeds to manage the collection of solid waste. Two new activities were launched in 1997: an activity to formalize the property rights for the urban informal sector and a community-based environmental management program.

Description: In FY 1999, this program will support private sector, agriculture and environment activities. The activities are described below, grouped by the major results essential to achieving the SO.

1. Strengthened High Potential Zones (HPZ):

- Form Municipal Development Fund supporting market-driven solutions to public sector issues: energy, potable water, solid waste collection, and community management of infrastructure;
- Begin new energy initiatives: improved cookstoves and alternate energy sources;
- Support new communication, infrastructure and services to informal enterprises (i.e. cottage processing, handicrafts) to improve production, storage, processing and marketing;
- Enhance investments in the rehabilitation of secondary roads linking secondary cities to areas of great tourist and agricultural potential;
- Increase opportunities for job creation and investment in the tourism sector through improved training, promotion and financing.

2. Increased Environmentally Sustainable Agricultural Productivity:

- Expand planting and yields of multipurpose trees;
- Expand production, processing, and marketing of coffee and cocoa;
- Improve land use through soil conservation practices;
- Introduce new, high-value perennial crops and bio-intensive gardens;
- Improve storage and packing, value-added processing, and marketing;
- Integrate forage production, animal husbandry, and water management in farming systems;
- Empower local communities in natural resources management.

3. Improved Access to Financial Services by the Poor:
- Establish financial network (FinNet) of institutions that lend to the poor and assist in development of appropriate financial instruments and low cost savings services;
 - Assist financial institutions to expand and improve services to informal sector and rural areas;
 - Expand FinNet credit to the agribusiness sector and producer cooperatives;
 - Develop specialized financing for community-driven environment-related projects.
4. More Participative and Responsive Economic Policy Framework and Institutions:
- Support to civil society to advocate for environmental and economic reforms and to establish a legal framework for community management of resources;
 - Support to the GOH to respond to demands for improved environmental and economic reforms;
 - Strengthen institutional capacity of the Ministries of Agriculture and Environment specifically to support their efforts to implement the National Environmental Action Plan (NEAP) and establish an agricultural and environmental information system;
 - Establish a Haitian environmental foundation providing competitive grants for sustainable agriculture and improved environmental management;
 - Continue to support the GOH privatization of parastatals and demonopolization of the economy;
 - Improve access to and security of urban land owned by the informal sector;
 - Launch a social marketing program promoting values and technologies which lead to a better understanding of the interplay between the environment, free enterprise and sustainable economic growth.
5. Policy and Institutions Protect the Environment:
- Strengthen institutional capacity of the Ministry of Environment specifically to support their efforts to implement the NEAP and establish an agricultural and environmental information system and respond to demands for improved environmental and economic reforms;
 - Support to civil society to advocate for environmental concerns and to establish a legal framework for community management of resources;
 - Institution and capacity building to facilitate restructuring process and privatization;
 - Policy reform/restructuring support at policy level for energy and environment sectors (e.g. social marketing, conditionality, policy dialogue, analyses);
 - Risk mitigation for private investment in the power sector;
 - Establish a Haitian Environmental Foundation providing competitive grants for sustainable agriculture, improved environmental management and energy.
6. Sustainable Energy Options Used:
- Decrease use of charcoal through improved stoves and cooking methods in households, small enterprises and schools;
 - Substitution with alternative fuels;
 - Increased efficiency of charcoal production;
 - Promote the formation and growth of community level groups around the collective management of sustainable resources used for energy;
 - Development of technical and institutional strategies for supply and management of electrical power for secondary and smaller cities not part of current or future interconnected system;
 - Assist with project identification, pre-feasibility study co-financing, facilitated access to credit and local participation, and local institutional/policy constraints for small-scale power supply;
 - Assist with data on local renewable energy resources, and provide pilot project assistance for small scale power supply.
7. Civil Society Organizations Solving Long-Term Environmental Problems:
- Promote the formation and growth of community level groups around the collective sustainable management of natural resources and sanitation e.g. sub-catchment basins, woodlots, small-scale irrigation, water, energy fuels, or solid waste;

- Support to civil society to advocate for environmental concerns and to establish a legal framework for community management of resources;
- Environmental awareness campaign: radio broadcast, on site demonstration of training, support for environmental curriculum and community action;
- Develop specialized financing for community-driven environment-related projects.

Host Country and Other Donors: The IDB, World Bank and EU are assisting in institutional reform, encouraging private investment, and supporting the agricultural and environmental sectors in Haiti. Support to the Presidential Commission led to the leverage of other donors' resources, including the IDB and the Government of Chile, to improve the climate for investment in Haiti, including the development of a vocational training center. USAID's Agribusiness Guarantee Fund has already leveraged an additional \$4.5 million from the European Investment Bank. The WB (\$22.5 million) Park program was built on USAID lessons learned in Parc Macaya and success in hillside agriculture. The UNDP, WB, and Canadians support the NEAP and efforts in the energy sector. The Haitian government programs P.L. 480 Title III local currency support for irrigation interventions and secondary road rehabilitation. The EU and the IDB are replicating the USAID success in coffee to other regions. The Inter-American Institute for Agricultural Cooperation (IICA) has attracted additional resources to support expansion of village banking linked to family planning services in coffee program regions.

Beneficiaries: The direct beneficiaries include the currently unemployed, microentrepreneurs, small business owners, small agricultural producers, urban slum dwellers, U.S. and Haitian agricultural input suppliers, non-bank institutions, agricultural transformation businesses, the GOH and the United States.

Principal Contractors, Grantees, or Agencies: Under the Program for the Recovery of the Economy in Transition (PRET): Development Alternatives Inc. and SOFIHDES. Under the project Agriculturally Sustainable Systems and Environmental Transformation (ASSET): SECID, Winrock, CARE, PADF, and IICA in partnership with many indigenous NGOs.

Major Results Indicators:

	<u>Baseline and Targets</u>		
	<u>1997</u>	<u>1998</u>	<u>1999</u>
Formal private sector jobs (Thousands/national)	---	115	130
Increase in agriculturally based-income (% change) in participating regions	10	15	20
Loans to small/micro and women-owned enterprises	2500	4500	9000
Selected non-traditional and niche market exports of goods and services (\$m/national fig)	---	50	60
Sustainable increase in agricultural productivity (% change - Base 1995)	0	3	5
Number of farmers adapting improved environmental practices (thousands)	140	160	200
Increase in hectares of land protected	TBD	TBD	TBD
Increase in usable energy due to new energy sources and increased efficiency of energy production in participating regions	TBD	TBD	TBD
Number of communities served and involved in the management of water and sanitation systems	TBD	TBD	TBD

ACTIVITY DATA SHEET

PROGRAM: HAITI

TITLE AND NUMBER: Achieve Desired Family Size, 521-S002

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$35,125,000 ESF; \$20,000,000 P.L. 480 Title II; \$1,825,000 P.L. 480 Title III

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: USAID's objective is to assist Haitian families in achieving their preferred family size and to preserve and promote family health.

USAID Role and Achievements to date: Programs provide health services to 2.5 million people nationwide. Almost all indicators in program areas are well above national averages: vaccination coverage rates are 47% compared to the national rate of 30%; contraceptive prevalence rates (CPR) of 37% are nearly double the national CPR; exclusive breast feeding is practiced by 36% of women against a national average of three percent; ORT is used by 61% of women compared to 31% nationally; and the incidence of acute malnutrition is only 3.4%, while it is eight percent nationally.

Description: This objective's design is based on the recommendations of the 1994 International Conference on Population and Development, and includes child, maternal and reproductive health interventions including prenatal, delivery and postnatal care, family planning information and services, and HIV/AIDS prevention, as well as programs combating the major causes of infant mortality. The objective includes activities designed to strengthen the role of women in society, including support for policies and interventions promoting women's legal rights, measures to address and reduce violence against women, and measures to improve women's ability to achieve economic self-reliance. The strategic objective (SO) promotes improved access to education for girls by supporting interventions designed to increase female education such as incentives and public awareness.

The program will finance direct, ongoing grants to nongovernmental organizations (NGOs) to provide a minimum package of health services, including family planning. An increasing number of these grantees is integrating nutrition interventions into their health programs using P.L. 480 Title II resources. There is also a separate grants program to support partners who focus primarily on family planning and reproductive health care services.

Other activities include:

- Enhancing awareness among Haitian decision-makers as to the impact of population growth on national development;
- Increasing availability of family planning and reproductive health services;
- Continuing support to a "minimum package" of child survival and nutrition services, including immunization, breastfeeding promotion, oral rehydration therapy (ORT), acute respiratory infection (ARI) treatment, and vitamin A supplementation.
- Providing incentives to enable more girls to complete the primary school cycle;
- Preparing youth for responsible family life by developing family planning, reproductive health, AIDS and sexually transmitted infection (STI) services and information adapted to the needs of young people and couples;
- Enhancing economic opportunities for women by supporting training and making financial services, including credit, more accessible;
- Supporting legal assistance for female victims of sexual and domestic violence, and support to women's advocacy groups;
- Promoting more responsible behavior and involvement by men in family life by developing RP health program interventions and messages designed to inform, attract and influence males.

Host Country and Other Donors: Key donors in the social sectors of health and education are the IDB, EU, World Bank and UNICEF. Smaller players include the World Health Organization (WHO) and UNFPA. Other donors in food aid and food security are the World Food Program (WFP), the EU and CIDA. The Japanese and Taiwanese also make modest food aid commitments. Representatives of all donors meet with the Ministère de la Santé Publique et de la Population on a monthly basis to coordinate activities, discuss sector issues and exchange information.

Beneficiaries: USAID programs in the health sector currently reach two million people, with USAID funding directly contributing to 600,000 family planning acceptors. The food aid program will reach 120,000 people through the nutrition program targeting women and children.

Principal Contractors and Grantees: USAID administers its health program through a U.S firm, Management Sciences for Health, which in turn makes subgrants and contracts with U.S. PVOs and Haitian NGOs. There is also a grant program managed by the Haitian NGO *Association des Oeuvres Privées de Santé* (AOPS) to support reproductive health and family planning services providers. The food aid program is implemented through three U.S. PVOs, CARE, Catholic Relief Services and the Adventist Relief and Development Agency; a U.S. contractor, Chemonics, which manages the food policy information system; and a local warehousing contract.

Major Results Indicators:	Baseline (1994)	Target (1999)
Total Fertility Rate	4.7	4.6
Under 5 mortality rate (per 1,000)	131	127
Malnutrition rate children under age 5 (in pro- gram areas)	27%	26%

ACTIVITY DATA SHEET

PROGRAM: HAITI

TITLE AND NUMBER: Improving Human Capacity, 521-S003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$11,040,000 ESF; \$1,736,000 P.L. 480 Title III

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: USAID's objective is to improve the capacity of Haitians to seize or create economic opportunities.

USAID Role and Achievements to date: During the last 10 years, USAID activities have improved the quality of primary schools. Particularly important, private religious and non-sectarian schools were united under the Haitian Private School Foundation (FONHEP), chiefly supported by USAID. With the Ministry of Education, Youth and Sports (MENJS) hard pressed to deal with population increases and resource shrinkage, FONHEP has been instrumental in ensuring that the high demand for education has been partially met. Through FONHEP, 7,274 teachers and 459 directors were trained. The number of qualified school staff grew by 10%, while pupil drop-out and repetition rates shrank by 20%. FONHEP also developed and pilot-tested a new radio education curriculum in mathematics and reading. Significant gains from the pilot tests in 40 schools have spurred plans to expand the program nationally.

Description: The design of USAID's SO to improve human capacity was shaped by consultations with partners in the Haitian education sector. The largest activity will be the continuing quality improvement in primary schools--both public and private. This will be enhanced by in-service training of teachers and directors in 485 core quality schools. School staff thus trained will, in turn, share innovations with neighboring schools in its quality network. In total, 1,000 schools will be involved. The distance education package and training also will be shared throughout each quality school cluster.

Quality network schools will benefit from USAID's school feeding program. Education facilitators working with the nongovernmental organizations (NGOs) providing food to pupils will use these programs to leverage quality improvements in client schools.

Other activities include:

- Policy dialogue between the public and private education sectors on quality standards and the implementation of the National Education Plan;
- Workforce development through quality demand-driven training, maintained through closer links between the labor market and training institutions; and
- Improvement of access to information through rural radio, cellular phones, internet, etc.

Host Country and other Donors: Other influential donors in the education sector include the EU, IDB, UNESCO, UNICEF, the World Bank and the French Government.

Beneficiaries: 144,000 students will benefit directly from improved instruction; 240,000 students will have access to radio education in reading and mathematics; 600 communities will bring school support groups and parent-teacher associations (PTAs) into the school management and improvement process. Five hundred thousand pupils will become better nourished through school feeding programs. 500,000 students and 2,000 schools receive a school lunch; about one-third are expected to receive quality improvement package in FY 1999.

Principal Contractors and Grantees: USAID administers its Education 2004 through a consortium of contractors including the Academy for Educational Development, the Education Development Center and the Mitchell Group. The education quality improvements through school feeding are managed by three NGOs: Catholic Relief Services, the Adventist Development and Relief Agency (ADRA) and CARE. These three organizations leverage school quality improvements through the school feeding programs.

Major Results Indicators:

	<u>Target</u> (FY 1998)	<u>Target</u> (FY 1999)
Number of schools benefiting from radio education in math and reading	180	510
Teachers receiving certificate training	450	2,400
Directors trained	75	400

ACTIVITY DATA SHEET

PROGRAM: HAITI

TITLE AND NUMBER: More Genuinely Inclusive Democratic Governance, 521-S004

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$43,155,000 ESF; \$4,227,000 P.L. 480 Title III

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: USAID's objective is to support Haitian efforts toward more genuinely inclusive governance. At present, many Haitians find democratic government to be as unresponsive as previous regimes and to be particularly unresponsive to the needs of those in rural areas. An indicator of popular loss of faith in government was the alarmingly low voter turnout, estimated at less than five percent, in the April 1997 parliamentary and local assembly elections. To address the dangerous decline of participation in elections, and the perception that government and politicians are indifferent to the needs of citizens, USAID will assist Haitian organizations and representative institutions to become more genuinely aware of and responsive to citizen views.

USAID Role and Achievements to Date: During the period from 1994-1998, USAID assisted Haitians in: establishing a 5,200 member civilian police force; completing its local, parliamentary, and presidential elections; training over 500 judicial personnel; ensuring that former members of the Haitian Armed Forces received re-training or monetary compensation when required; and implementing over 2,250 community projects in 113 out of Haiti's 133 communes. It also helped Haitians to realize a number of other achievements and positive trends. Parliament has made advances toward becoming a more effective and independent institution; associations and federations of local officials have been formed and are spearheading important decentralization initiatives; through Haitian NGOs, more than 12,000 poor prisoners have received legal assistance; and civil society organizations have taken advantage of increased freedom of expression and association and have begun to engage themselves more constructively in policy discussions and debates, such as in the area of decentralization.

Description: The program builds upon activities initiated since the return of the constitutional government, and focuses on the problem of ensuring greater and more meaningful inclusion of citizens in the process of democratic governance. USAID has worked in the elections area, and will continue to assist Haitians in holding free and fair elections. USAID will continue to strengthen elections oversight and monitoring mechanisms to deter fraud, with special emphasis on voluntary citizen observers. Another activity to make future elections more credible and participatory will be to strengthen political parties through the development of party platforms that accurately reflect the views of the people they represent. USAID will also focus on voter education. A target of 35% voter turnout for the next presidential election in 2000 has been set, contrasting sharply with the less than five percent estimated turnout in the April 1997 elections and the 30% estimated turnout in the 1995 presidential election. USAID will continue to work with organizations in all development sectors to build their advocacy skills so that they may positively influence government policies and oversee public institutions. Moreover, USAID plans to support a civic education program to focus on creating good citizens with better understanding of both their rights and responsibilities in a democracy. In particular, USAID will engage citizens in civic education through practical initiatives such as users groups and parent-teacher associations (PTAs) that provide people with concrete experiences working to resolve community-level development problems. USAID plans to place greater emphasis upon improving local governments' relations with their constituents so that people are involved in deciding on policies and resolving problems at the lowest level possible. USAID will continue to assist parliament to improve its ability to represent constituent desires, and work with the most effective and responsive parliamentarians to create role models for effective representation of their constituents. USAID's planned efforts in justice will focus primarily on strengthening the local constituencies that demand judicial independence and reform (such as judges associations and human rights groups) with a continued effort in training judicial personnel. Absent a Ministry of Justice strongly committed to implementing judicial

reforms, USAID continues working with the judiciary at the local level, fostering streamlining to reduce case backlog, training to improve performance, and legal assistance for the poor to reduce unnecessary prison stays. If, in the future, the Ministry of Justice demonstrates greater commitment to reform, then greater emphasis will be placed on activities to strengthen the Ministry's ability to lead the judicial reform effort (e.g., proposing and implementing reform legislation, developing a judicial supervision unit, introducing budgeting and administrative systems). Finally, USAID plans to encourage a Haitian human rights monitoring and oversight capability to ensure that government abuses of human rights are documented and publicized, and that greater deterrents to abuse are established.

Host Country and Other Donors: Donors coordinate closely in the democracy arena in two general categories. In justice programs (also including police and prisons), Canada, the EU, France and the United Nations Development Program (UNDP) are the principal donors. USAID regularly collaborates with these donors to ensure complementarity of program implementation, planning, and policy discussions. In the area of governance, UNDP serves as the coordinator of the effort, which includes USAID, the EU, Canada, Organization of American States (OAS), France and others. The Haitian public and private sectors are also USAID's partners in the democracy program. In terms of the government, USAID's principal counterparts and partners are the Parliament, Ministries of Justice and the Interior, and the Prime Minister's Office. In terms of the private sector, Haitian NGOs, bar associations, law schools, citizen groups, popular movements, and rural and inner-city low-income people are directly involved, particularly through USAID's various small grants programs.

Beneficiaries: The Haitian people are the ultimate beneficiaries of the democracy program. USAID works most directly with judicial personnel, members of Parliament, local government, civil society and NGOs.

Principal Contractors, Grantees, or Agencies: National Democratic Institute; International Republican Institute; International Foundation for Electoral Systems; U.S. Department of Justice (OPDAT and ICITAP); America's Development Foundation; Associates in Rural Development; Checchi and Company Consulting, Inc. and numerous local and U.S. NGOs.

<u>Major Results Indicators:</u>	<u>Base(1998)</u>	<u>Target(1999)</u>
Percent of people voting in elections*	5	15
Number of public policies changed consistent with civil society advocacy	4	8
Percent of people who think that local officials care about their problems**	13	20
Percent of people who think that parliamentarians care about their problems**	10	15
Number of volunteer election workers and party pollwatchers*	500	1000
Level of user satisfaction with courts (based on a three-point scale)	TBD	1
Number of members of the Haitian National Police	6,400	6,900

* Elections are not scheduled for 1999; therefore the 1998 baseline reflects April 1997 elections, and the 1999 target reflects USAID's projections for the Fall 1998 elections.

** Public opinion polls providing 1998 baseline were conducted in Spring & Summer 1997.

HONDURAS

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$11,668,000	\$10,085,000	\$15,345,000
Child Survival and Disease	\$9,983,000	\$7,600,000	\$6,540,000
P.L. 480 Title II	\$3,723,000	\$5,097,000	\$4,403,000

Introduction

Foreign aid supports U.S. interests in Honduras which are driven by its proximity to the United States and include: a desire for a stable democracy with protection of human rights; expanding trade and investment opportunities; high levels of illegal immigration, narcotics transit, global environmental and health threats; and Honduran support for U.S. positions in international fora. Honduras recently completed its fifth consecutive open and fair election and is undertaking broad judicial reforms, thus rapidly deepening its democratic processes and respect for human rights. Honduran cooperation in curtailing both alien smuggling and drug transit has been excellent. Recent reforms are stimulating economic growth, expanding employment, reducing illegal migration, and opening markets for U.S. exports and investment. Foreign aid is also addressing such U.S. global interests as destruction of biodiversity and tropical rain forests, high levels of HIV/AIDS, and rapid population growth.

The Development Challenge

Honduras faces daunting development challenges: severe poverty, protectionist economic tendencies, archaic judicial practices, inadequate education and health care systems, and widespread environmental degradation. While the challenges are enormous, Honduras is making very impressive progress due in part to USAID, but continued aid is needed. Graduation from U.S. assistance is not expected in the near-term. U.S. and other debt relief efforts in 1997 helped reduce the external debt to \$3.8 billion (177% of exports). Honduras is not in the World Bank-IMF group of "heavily indebted poor countries."

Honduras is the fourth poorest country in Latin America with per capita annual income below \$750 and a poverty rate above 65%. Expanded efforts are needed to stimulate rapid economic growth and provide small entrepreneurs and farmers with adequate access to land, technology, financial services, markets, and basic education (e.g., farmers lose when: the Government of Honduras (GOH) controls markets to keep urban food prices low; secondary and vocational schools can accommodate only 35% of the children graduating from primary school; and the vast pine forest resource is not being harvested efficiently or sustainably). USAID strategy involves policy reforms to remove remaining detrimental state interventions (such as price, trade, and regulatory controls), and awareness campaigns to expand the culture of open markets and competitiveness. It also involves targeted activities to: improve economic access; expand financial services to microenterprises; promote sustainable management of commercial pine forests and environmental protected areas; and enhance basic and vocational education. Recent USAID results include: over 25,000 land titles issued; 95,000 microenterprise loans; 9,000 youth completing alternative basic education programs; 70% of children now completing grade six; and 600,000 hectares of commercial pine forest under effective management. While progress is encouraging, continued strong GOH commitment and donor support is needed.

Honduran democratic institutions must be strengthened. A major problem is an archaic, inefficient, unfair inquisitorial court system (e.g., 80% of prisoners have not been tried or sentenced). The overly centralized government is not responsive to public needs. USAID strategy is to strengthen rule of law and respect for human rights, and develop more responsive and effective municipal government. Recent Honduran successes to which USAID programs and policy dialogue have contributed include prosecutions of corrupt officials, some of whom are now incarcerated, and a seven-fold increase since 1994 in prosecutions for corruption and crimes against women, minorities and the environment. Local

government is far more effective and responsive; budgets are up; public services are much better; and civic participation is accelerating. While public enthusiasm is strong, some groups still resist judicial reforms and decentralization of the central government power to local municipalities.

Basic health care is weak in Honduras, a poor country struggling to meet the needs of a population growing at 2.7% a year. Infant mortality remains at 40 deaths per 1000 live births, and over 25% of the surviving infants are seriously malnourished during the second year. Recent progress, while impressive, is not sustainable without continued donor aid; thus sustainability constitutes an important challenge. USAID's strategy for sustainable improvements in family health focuses on reducing fertility, infant and maternal mortality, malnutrition, and the spread of HIV/AIDS by improving delivery and increasing use of health care services. USAID assisted results include vaccination of 94% of children against childhood diseases; halving infant mortality since 1979; slowing the spread of HIV/AIDS, and increasing couple-years contraception protection by 19% in the past year. Environmental abuse is destroying biodiversity and ruining key fresh water, soil, forest, and marine resources, but is still not a high government or public priority. USAID's strategy supports NGO activities and has expanded environmental protection to 192,000 hectares in 1997 compared to only 5,000 hectares in 1993. Continued progress is highly dependent on continued foreign aid.

Other Donors

Based on 1995 ODA data, the top five donors are: World Bank (18% of total aid - government reform, education); Japan (18% - health, agriculture); USAID (11%); IMF (8% - structural adjustment); and IDB (7% - government reform, education). USAID coordinates closely with other donors.

FY 1999 Program

FY 1999 funds are needed to achieve development results by the end of the current strategy (2003) in the areas of broad-based economic growth, improved family health, democracy, and sustainable environmental management. We expect to consolidate economic policy reforms, institutionalize accessible financial services for small and microenterprises, expand the culture of open markets and entrepreneurship, and open markets and economic access to microenterprises and the poor. In target secondary cities, farmers and other entrepreneurs will have better access to inputs, production technology, credit, and markets; incomes will rise generating more economic growth through multipliers as rising incomes and employment create greater demand for goods and services. Virtually all commercially viable pine forest areas will be under sustainable management plans almost doubling economic return and generating 100,000 new jobs. About 2.6% of Honduras' total area will be under improved management as protected areas. In five years, sixth grade graduates will increase 20% and successful participation in the alternative basic education program will double to 110,000 per year. Annually, 3,000 new vocational schools graduates will be employed augmenting their pre-training salaries by \$1,000 per year (a total of \$3 million/year).

The FY 1999 budget will contribute to efforts to improve greatly the sustainability of health care systems, while improving health care delivery. By 2003, maternal mortality and malnutrition of children 1-2 years old to decline by 30%, while infant mortality will decrease by 16%. Fertility rates will decline from 4.9 children per women to 4.1. HIV/AIDS seroprevalence rates will be checked. Funding of private and public health care will rely much more on domestic resources and much less on donor aid. Funds are also requested to continue USAID efforts to strengthen rule of law and respect for human rights, and develop more responsive and effective municipal government. Expected results include the replacement of current written, inquisitorial justice system with a new oral, adversarial system, which will be far more transparent and fair. We also expect significant improvements in administrative efficiency of both the court system and local government. Municipal governments will be more responsive to their constituents, will have increased authorities, will be generating greater revenues, and will ensure better provision of public services such as water, sewers, and refuse collection.

HONDURAS
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Enhanced Economic Participation							
- DA	2,909		1,550				4,459
- CSD					2,500		2,500
S.O. 3 Improved Family Health							
- DA		5,236					5,236
- CSD		3,490					3,490
- P.L. 480/II						4,403	4,403
S.O. 4 More Responsive Democratic Processes							
- DA				4,600			4,600
- CSD		550					550
Sp.O. 1 Improved Management of the Environment							
- DA			1,050				1,050
Totals							
- DA	2,909	5,236	2,600	4,600			15,345
- CSD		4,040			2,500		6,540
- P.L. 480/II						4,403	4,403

USAID Mission Director: Elena L. Brineman

ACTIVITY DATA SHEET

PROGRAM: HONDURAS

TITLE AND NUMBER: Expanded and Equitable Access to Productive Resources and Markets, 522-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$4,459,000 DA; \$2,500,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To reduce poverty and stimulate economic growth by opening the economy and providing opportunities to the vast majority of Hondurans who currently are living in poverty. This will be achieved through a four-pronged approach: (1) improved policy environment conducive to poverty reduction through economic growth, (2) improved market access and competitiveness by the poor, (3) increased educational attainment, and (4) increased practice of sustainable pine forest management.

Broad-based economic growth in Honduras is directly dependent on enhanced economic participation, higher productivity, and increased incomes for the over 65% of Hondurans currently living below the poverty line. Access to land, credit, technology, markets, and basic education is essential to break the poverty cycle and enable all Hondurans to achieve their full economic potential. Widespread achievement of this potential will stimulate self-sustaining growth for the economy as a whole. The GOH is committed to this objective and is removing important constraints to its achievement by undertaking reforms to liberalize markets, to provide land titles to small farmers, to support credit programs for small farmers and entrepreneurs, to rationalize timber sales, and to sustainably manage commercial pine forests, a major economic resource. Recent experience indicates that low income groups, with proper assistance programs, can take advantage of such reforms, increase incomes, and contribute to economic growth.

USAID Role and Achievements to Date: USAID provides analytical leadership to Government of Honduras (GOH) policy reform efforts, technical assistance, training, and some capital assistance to NGO and GOH programs. The poverty rate declined 3% in 1997 to 66%. In 1997, USAID-supported NGOs made 95,000 loans to micro and small entrepreneurs, 86% to women. The productivity of these loan programs is evidenced by strong demand for the loans and high repayment rates by borrowers. The GOH increased its monthly issuance of individual land titles from 350 in 1994 to over 2,000 in 1997; a quarter of the titles are issued to women. The GOH maintained the movement toward liberalized trade and price policies. As a result, investment in agriculture has increased by 27% and total employment by 4.1%. The number of hectares of commercial pine forest under sustainable management increased from 24,000 in 1992 to 600,000 in 1997. A total of 362,000 cubic meters of timber were sold through a transparent auction system in 1997, compared to a target of 150,000. Since 1986, the number of primary school graduates increased 63% while the proportion of children completing primary school increased from 50% to 70%; standardized test scores for grades 1-6 increased by an average of nearly 40%. USAID-assisted improvements to primary education since the 1980s are increasing Honduran incomes by an estimated \$85 million annually. Over 90% of 30,000 graduates from USAID-supported vocational training programs, 35% of them women, are employed with annual incomes increased by about \$1,000 per graduate, for a total of \$27 million per year.

Description: USAID-supported programs are improving the access and opportunities of low-income Hondurans to resources that increase their productivity and income. The policy program is increasing incomes and investment by implementing appropriate policies for agricultural prices, trade, land-tenure, and forestry management. The small farmer export development program transfers production technology and marketing skills to small farmers. Microenterprises, small farmers, and small businesses are receiving improved financial services from agricultural cooperatives, farmer-owned enterprises, and a network of NGOs under the USAID small farmer agribusiness and small business programs. Forestry activities demonstrate sound forest management planning in the most important forest districts in Honduras and extend proven approaches nationwide. USAID supports alternative

basic education and NGO vocational training programs which target low-income, out-of-school youth and adults. Also contributing to the strategic objective are related USAID activities directed toward strengthened rule of law and improved management of the environment.

Host Country and Other Donors: Through its economic reforms and ongoing education and agriculture programs, the GOH is the main contributor to this objective. In pursuing economic reforms, USAID collaborates closely with the multinational financial institutions and with the GOH economic and social policy analysis unit (UDAPE). USAID-supported land titling program is coordinated with the World Bank cadastral registration activity. Forestry activities are coordinated closely with the multilateral banks, Canada, Finland, and Germany. In education, USAID coordinates closely with Germany and the World Bank as they replace USAID's assistance to formal primary education while USAID, along with the Inter-American Development Bank (IDB), expand efforts in alternative basic and vocational education.

Beneficiaries: Primary beneficiaries are the more than 3.5 million Hondurans who are currently below the poverty line, the more than one million school children seeking to achieve their full economic potential as adults, and out-of-school youth and young adults needing alternative basic and vocational education in order to improve their productivity and income.

Principal Contractors, Grantees, or Agencies: U.S. organizations: The U.S. Forest Service, Management Systems International, Finance Company for Agricultural Cooperatives, Chemonics International, and Accion International. Honduran organizations: Honduran Council for the Private Business, Jose María Covelo Foundation, Honduran Agricultural Research Foundation, National Foundation for Honduran Development, and Advisory Council for Human Resource Development.

Major Results Indicators:		Baseline	Target
Improved Wall Street Journal Index of Economic Freedom		3.15 (1996)	3.00 (2000)
Private Sector Employment in Agric., Industrial, and Services	Total (1990)	1,094,200	1,500,000 (2000)
	Female	262,608	475,000 (1998)
Number of Loans to Small and Microenterprises	Total (1993)	28,538	115,000 (1999)
	Female	19,120	93,400
Annual Number of Land Titles Issued	Total (1993)	1,999	20,000 (1999)
	Female	394	5,000
Pine Forest Effectively Managed (hectares)		24,000 (1992)	1,100,000 (2000)
Number of Youth Passing Alternative Basic Education Programs	Total (1996)	43,000	110,000 (2003)
	Female	22,400	55,000
Percent of Children Completing Primary School (grade 6)	Total (1996)	71.4%	80.0% (2003)
	Female	72.0%	80.5%
Graduates from PVO and Municipal Training Centers Employed	Total (1994)	1,202	3,400 (2004)
	Female	366	1,020

ACTIVITY DATA SHEET

PROGRAM: HONDURAS

TITLE AND NUMBER: Sustainable Improvements in Family Health, 522-SO03

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$5,236,000 DA; \$3,490,000 CSD; \$4,403,000 P.L. 480 Title II

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To make sustainable improvements in family health in terms of reduced infant and maternal mortality, malnutrition, and fertility, and stabilized HIV seroprevalence. This will be achieved by: increasing the use of reproductive health services, including family planning, sustaining the use of child survival services via health reform, increasing the use of practices to prevent sexually transmitted infections including HIV/AIDS, and improving household food security in Title II target areas. Improved family health is vital to the well-being of Honduras, a poor country struggling to address the basic health needs of a population growing at 2.7% per year. The GOH is committed to a series of quality and efficiency improvement measures in a decentralized health care system. Family planning has been a major factor in reducing infant and maternal mortality; however, efforts are constrained, by lack of an official Government of Honduras (GOH) policy on reproductive health and by negative publicity and unfounded press statements by strong and vocal opposition groups.

USAID Role and Achievements to Date: USAID plays a lead role in the sector, engaging in policy dialogue and providing technical assistance, training, and capital assistance. USAID activities include technical assistance, training and limited commodity support to the Ministry of Health (MOH), assistance to private family planning agencies, a rural water and sanitation program, and a P.L. 480 Title II food security program. Infant mortality declined from 85 per 1,000 live births in 1979 to 42 in 1993. With vaccination rates for children under one year exceeding 94%, Honduras has the best record in Latin America. Children aged 12-23 months, who are seriously malnourished, declined from 30% in 1987 to 27% in 1996. Recent data indicate that the spread of HIV/AIDS has started to slow. The total fertility rate declined from 5.1 children per women in 1991 to 4.9 in 1993-95; while couple-years of contraception protection increased from 311,724 in 1996 to 371,760 in 1997. Total contraceptive prevalence in women increased from 47% in 1991 to 50% in 1996. The use of modern methods of contraception increased from 35% in 1991/92 to 41% in 1996.

Description: USAID supports a variety of interventions, including vaccination programs, oral rehydration therapy, maternal health care, reproductive health, and targeted nutrition programs. Particular attention is given to achieving sustainable delivery of services. Under a new health reform activity in 1999, USAID will assist the GOH to: a) improve the quality and efficiency of its public sector primary health services; b) improve health policy to increase equitable access to primary health care; and c) increase public and private sector resources for primary health care. The national AIDS prevention program promotes preventive practices, including condom use. USAID grants support AIDS prevention activities of Honduran NGOs and the MOH. The P.L. 480 Title II program implemented through CARE focuses on improving nutritional status and food security in the neediest regions of the country. USAID's family planning activities with the MOH and the private sector Honduran Family Planning Association are expanding access to and quality of services, with the goals of increased use of modern family planning methods and greater financial self-sufficiency of the Association. Related USAID activities, which increase incomes and education levels of the poor, contribute directly to improved family health.

Host Country and Other Donors: Despite its austere financial reform program, the GOH is committed to providing high-quality, health services for its citizens. Weak management systems and inadequate sources of financial support within the MOH remain a challenge to an effective and sustainable public health system which is able to keep pace with growing needs and demands for services. USAID

coordinates with the IDB on AIDS prevention assistance and interventions, and with the cooperative programs of Japan, Sweden, United Nations Children's Fund, the Pan American Health Organization, the European Union, and the Spanish Technical Cooperation on child survival interventions.

Beneficiaries: Primary beneficiaries are the over two million women and children in low-income Honduran families, which currently lack access to quality reproductive health, child survival, and family planning services. Approximately 128,000 children and adults receive nutrition supplements. Beneficiaries of the AIDS prevention program are the high-risk groups, including female factory workers in major cities and the Garffuna ethnic group (of African heritage).

Principal Contractors, Grantees, or Agencies: U.S. organizations: CARE, Management Sciences for Health, Family Health International, Population Council, University Research Corporation and Center for Human Services, Abt. Associates, John Snow Inc., Futures Group, Johns Hopkins University, Centers for Disease Control and Prevention (CDC), Partnership for Child Health, and Save the Children. Honduran organizations: Honduran Family Planning Association (ASHONPLAFA), Health Promotion Foundation (FFS), and the Program for the Development of Women and Children (PRODIM).

<u>Major Results Indicators:</u>	<u>Baseline</u>	<u>Target</u>
Infant mortality per 1,000 live births (direct estimates)	45 (1986-90)	30 (2001-05)
Maternal mortality ratio per 100,000 live births	221 (1989)	125 (2003)
Malnutrition among children 12-23 months of age	30% (1987)	19% (2003)
Total fertility rate (average number of live births per women)	5.6 (1987)	4.1 (2002-04)

ACTIVITY DATA SHEET

PROGRAM: HONDURAS

TITLE AND NUMBER: More Responsive Democratic Processes With Greater Citizen Participation, 522-SO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$4,600,000 DA; \$550,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETED DATE:** FY 2003

Purpose: To strengthen rule of law and respect for human rights, and to develop more responsive and effective municipal government. In the past, corruption, nonresponsive and centralized government, weak judiciary, and lack of citizen participation plagued Honduran development efforts and discouraged investment. However, the situation is improving rapidly. Continued strong U.S. assistance is a crucial factor to the success of this process. Principal constraints are resistance of some groups to judiciary reform and reluctance by central government agencies to relinquish power to municipalities.

USAID Role and Achievements to Date: USAID engages in policy dialogue and provides technical assistance, training, and capital assistance. Achievements to date are impressive. The Public Ministry, established in 1993, is recognized as an effective force against corruption and impunity. Cases adjudicated by the courts involve, for the first time, accusations against high-level civilian and military officials, some of whom have been incarcerated. The number of cases prosecuted for corruption and crimes against women, minorities, and the environment has increased seven-fold since 1994, while adjudication of these cases has increased by eight-fold since 1995. Sanctions against dishonest court officials during the first nine months of 1997 increased by 11% compared to the same period in 1996. Average participation at open town meetings grew from zero in 1990 to 137 individuals per meeting by 1997. Local government is becoming more responsive to citizens' needs. For example, the proportion of municipal budgets going to capital projects increased from 15% in 1991 to 48% in 1997. As a result, municipal population simultaneously provided with water, sewerage and refuse collection increased from 17% in 1991 to 31% in 1997.

Description: The rule of law program supports the Public Ministry, justice sector reforms, strengthening of Supreme Court and lower courts, and public participation in the justice system. The municipal development program is increasing citizen participation in local government decision-making, improving municipal administration, and enhancing local governments' ability to respond to constituents' needs. Related USAID activities which improve the income, education and health of the poor also enable them to participate more effectively in democratic processes. P.L. 480 Title II food-for-work activities provide roads, markets and other infrastructure as well as addressing food security constraints in the poorest municipalities in the country.

Host Country and Other Donors: USAID coordinates administration of justice programs with international donors such as the IDB, Spanish cooperation, and UNDP, as well as with Honduran agencies such as the Judiciary and Public Ministry who provide in excess of 25% counterpart financing for most justice sector programs. In supporting municipal water and sanitation activities, host country organizations include municipal governments, the Honduran Association of Municipalities, the Foundation for Municipal Development, and the Honduran Social Investment Fund, which also receives support from IDB and Spain.

Beneficiaries: All Hondurans benefit, especially the politically, socially, and economically disadvantaged and those who historically have suffered from a corrupt and ineffectual justice system. USAID provides assistance to 35 to 40 municipalities.

Principal Contractors, Grantees, or Agencies: U.S. organizations: National Center for State Courts, DPK Consulting, and one more U.S. institutional contractor to be determined. Honduran organizations: Honduran Association of Municipalities, Foundation for Municipal Development, Central American Technological University, National Autonomous University of Honduras, and University of San Pedro Sula.

<u>Major Results Indicators:</u>	<u>Baseline</u>	<u>Target(1999)</u>
Criminal cases prosecuted by the Public Ministry	275 (1994)	4,865
Criminal cases adjudicated by the Courts	258 (1995)	2,585
Court officials investigated by Court Inspector General and sanctioned by the Court: Investigated	258 (1994)	550
Sanctioned	46 (1994)	80
Real municipal income increase over 1997 levels		
Larger municipalities	0% (1997)	+20%
Smaller municipalities	0% (1997)	+20%
Increased municipal coverage of public services (water, sewerage, refuse collection): Larger municipalities	17% (1991)	33%
Smaller municipalities	3% (1996)	17%
Increased community attendance to town meetings in participating municipalities: Larger municipalities	20 people (1991)	215
Smaller municipalities	97 people (1996)	135
Increased number of small municipalities incorporated into the municipal development program	0 (1997)	6

ACTIVITY DATA SHEET

PROGRAM: HONDURAS

TITLE AND NUMBER: Improved Management of the Natural Environment, 522-SpO1

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,050,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To improve sustainable management of the natural environment and protection of biodiversity. The most serious environmental problems are destruction of forests, watersheds, marine resources, and biodiversity; hillside erosion from farming; and health problems tied to poor sanitation and pollution. Experience with sustainable environmental management is limited. There are few trained professionals. Hillside farmers and foresters are not familiar with soil and water conservation methods. Environmental groups are few and relatively weak, though their number and strength are growing. The Government of Honduras (GOH) is taking some steps; for example, numerous "protected areas" have been declared, but budget to actually "protect" these is lacking because environmental protection is still a low government priority.

USAID Role and Achievements to Date: USAID provides technical and financial assistance to strengthen Honduran institutions and finances sub-grants for environmental protection. With USAID help, protected areas under improved environmental management have increased from one covering 5,000 hectares in 1993 to 15 areas covering 192,000 hectares in 1997.

Description: Sub-grants, which give priority to conservation of ecosystems/biodiversity and sustainable management of watersheds, are developing improved management plans for protected areas within the Honduran National System of Protected Areas. Improved management includes definition of areal limits, legalization, demarcation of boundaries, assignment of institutional responsibilities, preparation of management plans, and infrastructure development. Sustained implementation involves mobilizing public and private resources and economic incentives for wise resource use. Related USAID activities include aid for family planning, sanitation, solid waste, and the special GOH prosecutor for environment.

Host Country and Other Donors: Close technical cooperation between USAID, UNDP, other donors, and environmental NGOs is helping the GOH to fulfill its proper role as a guardian of Honduran environmental patrimony.

Beneficiaries: Primary beneficiaries are the next generation of Hondurans who must depend upon the country's natural resource base for its future economic well-being.

Principal Contractors, Grantees, or Agencies: U.S. organizations: Department of the Interior, Peace Corps, The Nature Conservancy, Global Village, Katalysis, Tropical Forest Management Trust, Rare Center for Tropical Conservation, Wildlife Conservation Society, and World Wildlife Fund. Honduran organizations: Honduran Environmental and Development Foundation.

<u>Major Results Indicators:</u>	<u>Baseline</u>	<u>Target</u>
Number of areas under effective environmental protection	1 (1994)	28 (2003)
Area under effective environmental protection (hectares)	5,000 (1990)	335,164 (2003)

JAMAICA

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$8,310,000	\$7,590,000	\$8,170,000
Child Survival and Disease	\$2,938,000	\$3,450,000	\$2,726,000

Introduction

The United States has a strong interest in Jamaica's economic health and political well-being based on trade and investment relations, cooperation in interdiction of illegal drugs destined for the United States, and shared regional security and environmental issues. U.S. development assistance in Jamaica contributes directly to the U.S. strategic goals of expanding U.S. exports and promoting broad-based economic growth in developing countries, as well as reducing levels of illegal immigration and drug entry into the United States, increasing foreign government adherence to democratic practices and securing a sustainable global environment. Assistance targeted at developing a solid Jamaican economy protects existing U.S. markets and investments in Jamaica and fosters opportunities for expanding the already strong market for U.S. imports. Promoting economic growth and employment generation in Jamaica also provides Jamaican youths with viable economic alternatives to drug trafficking and migration to the nearby U.S. borders.

The Development Challenge

Although Jamaica made significant strides in liberalizing its economy under its structural adjustment program (1981-1995), economic growth has been stagnant in the 1990s, declining in both 1996 and 1997. Unemployment rates also have remained stagnant and living conditions have deteriorated for the majority of Jamaicans. Increasing numbers of poor people reflect the inherent disparity in Jamaica's income distribution pattern, as well as the economic costs of high levels of crime and violence, especially in inner-city "garrison communities". To address these issues, USAID has provided enhanced job and income opportunities for the poor through a self-sustaining micro-finance lending program which provides both loan and deposit services to poor Jamaicans, as well as support to job-creating small businesses in promising export-oriented fields. Jamaica's greatest social challenge is to provide productive opportunities for its citizens, particularly for young Jamaicans, who are greatly affected by crime and violence (related largely to drugs), AIDS and other sexually transmitted diseases, and a decline in basic education standards. These combined problems put youth at risk, and compromise the potential of tomorrow's workforce. In response to this challenge, USAID is supporting an integrated program of interventions that target improved performance by primary school students and improved life skills, including prevention of unwanted pregnancy and AIDS/STD, and vocational training for at-risk adolescents. Furthermore, Jamaica's economic dependence on tourism, bauxite, and traditional agriculture has generated widespread negative impacts on the country's natural resource base which threaten the very existence of these key sectors. Exacerbating these impacts, Jamaica's population and economic activity is becoming increasingly concentrated in urban and coastal areas, placing the natural habitats and resources in these areas under increasing threat, from deforestation and degradation of upland watersheds to pollution of coastal waters and degradation of the island's coral reefs. In response to these threats, USAID is working to strengthen the Government of Jamaica (GOJ) agency and local NGOs which are attempting to protect Jamaica's fragile natural resource base. USAID efforts also have supported the development of a national environmental policy framework and a national system of parks and protected areas.

Intensifying Jamaica's development challenge is an external debt of about \$3.6 billion (including \$670 million to the United States), the servicing of which consumes one-third of total tax revenues. Jamaica's long-term development prospects are dependent on its ability to create equitable economic growth through increased exports, conserve its natural resources and generate productive employment

for a literate citizenry. Improved governance, accompanied by generation of employment are especially important to consolidate and strengthen the mandate received by the GOJ in recent national elections which were not only free and fair but were not marred by the violence which has plagued previous elections. USAID will continue to play an important role in Jamaica's development and graduation from U.S. assistance is not expected in the near-term.

Other Donors

USAID and the donor community pledged over \$140 million for development activities in Jamaica in FY 1996. The European Union (EU) is the largest bilateral donor, followed by the U.S., Canada, Japan, the Netherlands, Germany and the UK, in rank order. Multilateral donors/lenders include: the World Bank (IBRD); Inter-American Development Bank (IDB); Caribbean Development Bank and United Nations agencies. Major activities supported by these donors/lenders include the Social Investment Fund and public sector modernization (IBRD), microenterprise development (the Netherlands, EU, IDB, IBRD, Canada); water supply/road infrastructure improvement (Japan); capacity building for environmental management (Canada), watershed and forestry management (Canada, IDB); support for parks and protected areas (EU), sewage and wastewater treatment (EU, Japan, UNEP); energy and solid waste management, integrated rural development (IDB); climate change (OAS/IBRD); development of an information management and transfer system for the Caribbean region's marine and coastal resources (UNEP with USAID assistance); primary and secondary school reform (IDB, IBRD), teacher education (Britain); AIDS/STD prevention (Germany, the Netherlands). Through a strong donor/lender coordination program, the U.S. was able to leverage over \$200 million of other donor funds in 1997.

FY 1999 Program

USAID/Jamaica's planned FY 1999 program will require a total funding level of approximately \$11 million in Development Assistance. Of that amount, \$1.850 million will support achievement of increased participation for economic growth; \$3.413 million will support increased protection of key natural resources in environmentally and economically significant areas; \$4.833 million will support better equipped young Jamaicans for the 21st Century; and \$800,000 will support development of a regional environmental strategy.

USAID assistance will help Jamaica to achieve increased participation in economic growth and better governance through three focused initiatives--Micro and Small Business Support Services; Increased Sales for Small Businesses; and Increased job opportunities for youth in garrison areas. Activities will include financial and non-financial services to microenterprises in urban and rural areas; a program of integrated support to businesses with competitive growth potential in selected sectors; and the development of a public-private sector partnership to simplify and improve government regulations and processes to foster an improved business and trade environment. USAID will continue to support Jamaica's integration into the Free Trade Area of the Americas (FTAA) and will develop the use of information technology as a tool in promoting economic growth. USAID will address threats to Jamaica's environment through an integrated "ridge-to-reef" resource management program which will focus on two geographic areas, selected for their economic and environmental importance. Assistance will focus on three targeted results--increased adoption of environmentally sound practices; increased effectiveness of environmental organizations to sustainably manage natural resources; and increased compliance with environmental regulations by resource users. USAID's strategy for improving the prospects of Jamaica's at-risk youth is to support a comprehensive plan to improve their life skills and provide opportunities through improved educational standards and training. Specific activities targeted to achieve this strategic objective include the delivery of cost-effective packages of services to 80,000 at-risk out-of-school youths in the age cohort 10-14. These packages aim to promote self-esteem and socialization, reduce teenage pregnancy and HIV/STDs, increase literacy, and to re-instate "drop-outs" into schools. In FY 1999, USAID's priorities will include improving literacy/numeracy levels among both primary school graduates and out-of-school youth; decreasing teenage pregnancy; and improving the social and job skills of Jamaican adolescents.

JAMAICA
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Increased participation in economic growth - DA	1,850						1,850
S.O. 2 Increased protection of natural resources - DA	100		3,313				3,413
S.O. 3 Young Jamaicans Better-Equipped for 21st Century - DA - CSD		2,107 1,700			1,026		2,107 2,726
S.S.O.1 Caribbean Regional Environment Program - DA			800				800
Totals - DA - CSD	1,950	2,107 1,700	4,113		1,026		8,170 2,726

USAID Mission Director: Carole H. Tyson

ACTIVITY DATA SHEET

PROGRAM: JAMAICA

TITLE AND NUMBER: Increased Participation in Economic Growth, 532-S001

STATUS: Revised

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 \$1,850,000 DA

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To increase employment opportunities for poor Jamaicans

USAID Role and Achievements to Date: Proceeds from privatization of GOJ entities have totaled almost \$300 million, already far surpassing the original target of \$122 million for 1999. As the major donor in this area, USAID has assisted in the privatization of 34 entities. The assistance was also instrumental in enacting the Jamaican Employee Share Ownership Plan (ESOP), resulting in broad-based equity ownership opportunities for employees. In 1997, over 2000 loans totaling over \$500,000 million were disbursed to microentrepreneurs who would not otherwise have had access to credit. USAID has also provided technical assistance in supporting the institutionalization of the microfinance unit within Workers Bank. Delinquency, the most important indicator of viability, has been brought down to under five percent. Under the North Coast Development Project, tourism has been expanded and the environment protected through improved water supply, sewerage disposal, road construction and port facilities. The recent completion of the Montego Bay sewerage upgrading activity will accommodate increased tourism and improve the quality of effluent discharged into the bay and surrounding beaches. Over 260 Jamaican exporters now have access to marketing information through the Internet as a result of USAID's support to the Jamaica Exporters Association. By the end of 1997, the exporters' web site claimed over 26,000 hits per month, a huge increase over previous months. In addition to a 13% increase in Customs revenue to \$416 million in 1997, USAID assistance has resulted in a stronger Customs Department with simplified procedures and greater staff service and integrity.

Description: This strategic objective will give greater focus and emphasis on job creation in micro and small enterprises. The proposed strategy is subject to review and approval by USAID/Washington. Financial services, both savings and credit, are being provided to increasing numbers of micro and small entrepreneurs through a commercial bank. A microenterprise training and technical assistance program has been designed and will be implemented by Jamaica's most effective business training institutions. In an effort to spur growth and generate new employment USAID will refocus its support of export industries to a few small industry niches with competitive potential. Through integrated support in management, production and marketing, these industries will develop high quality products which respond to an increasingly sophisticated and discriminating consumer demand. The program will serve as a model to Jamaican businesses and investors as an alternative to traditional factor-based industries, some of which have depended on subsidies. Finally, USAID will provide technical assistance to support the Government of Jamaica's effort to facilitate and remove barriers to private sector job creation through a cooperative public-private partnership to strengthen the regulatory environment. This will involve breaking down age old barriers, including red tape, poor service and corruption. This program will be implemented in collaboration with the World Bank's Public Sector Modernization Project.

Host Country and Other Donors: The most effective inter-donor program implemented by USAID/Jamaica has been under the North Coast Development Project. USAID, with minimal but vital resources for management and coordination, has leveraged multi-million dollar financing from the Japanese Government. Donor coordination with the Netherlands, the European Union, the IDB, GTZ and CIDA has also been effective in developing the microenterprise sector. The World Bank is planning a major new activity in this area. USAID is coordinating with the World Bank during the proposed activity's development. Other areas of coordination between USAID and the World Bank are customs reform, export development and a new initiative in improving the GOJ's facilitation and support of the

private sector. Finally, the IDB has provided the Ministry of Finance's Fiscal Policy Management Unit with technical assistance and training to complement and carry on USAID assistance which will be terminating in 1998.

Beneficiaries: Approximately one-third of the Jamaican population is at or below the poverty line. USAID's strategy will target nearly 100,000 microentrepreneurs and thousands of small farmers, skilled and unskilled laborers, a large percentage of whom are women. Policy and regulatory reform initiatives in privatization, fiscal management, customs and other GOJ bureaucracies benefit the working class population.

Principal Contractors, Grantees, or Agencies: USAID provides technical assistance to Jamaican public and private sector agencies through contracts with such U.S.-based businesses as Clapp and Mayne, CARANA Corporation, Louis Berger International and FINTRAC International. USAID's principal local partners in implementation under this SO include the GOJ's Ministry of Finance, the Customs Service, the Jamaica Exporters Association and the Workers Bank.

Major Results Indicators*

	<u>Baseline</u>	<u>Target</u>
Number of jobs created in targetted small firms	TBD	TBD
Income of assisted microentrepreneurs	TBD	TBD
Assets of assisted microentrepreneurs	TBD	TBD

* subject to revision

ACTIVITY DATA SHEET

PROGRAM: JAMAICA

TITLE AND NUMBER: Increased protection of key natural resources in environmentally and economically significant areas, 532-SO02

STATUS: Continuing

PROPOSED OBLIGATION & FUNDING SOURCE: \$3,413,000 DA

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To ensure the sustainability of the threatened natural resource base, including coastal zones and upland watersheds, on which Jamaica's economy depends

USAID Role and Achievements to Date: With USAID support, the Government of Jamaica has made good progress toward establishing a viable policy and regulatory framework for natural resources management. In FY1997, policy papers which establish the National Coral Reef Policy and the Mangrove and Coastal Wetlands Protection Policy were adopted, complementing the National System of Protected Areas policy paper passed by parliament in 1996. Also in 1997, a third protected area, encompassing 92,000 acres, was declared. The management of these protected areas has been delegated to three local nongovernmental organizations, two of which are community-based groups. All three NGOs have received USAID assistance to help strengthen their institutional capacities. With USAID support, environmental NGOs have been growing steadily in number and in strength over the past few years. The membership of the National Environmental Societies Trust (NEST), the umbrella NGO supported by USAID, has increased from 12 in 1989 to 39 in 1997. These NGOs have given a voice to local communities, allowing them to help chart their paths for sustainable development. In collaboration with the Jamaica Bureau of Standards, the Natural Resources Conservation Authority (NRCA), the Tourism Product Development Company, the Jamaica Hotel and Tourism Association and the Jamaica Manufacturers Association, a USAID program to promote the adoption of international environmental standards by the hotel and tourism, as well as manufacturing industries, conducted 10 environmental audits in the hotel sector. Audit recommendations have been enthusiastically accepted and implemented. USAID support to a Montego Bay NGO, the Sanitation Support Unit (SSU), has made access to environmentally appropriate, on-site sewage solutions possible for over 1300 households in that city's squatter communities. Although USAID assistance to the SSU concluded in 1997, the unit continues, funded by user fees, to provide education, training and advice on environmental sanitation.

Description: USAID program activities under this strategic objective support the increased adoption of environmentally sound practices by small and large resource users; increased effectiveness of Jamaican environmental organizations; and increased compliance with environmental regulations. Recent USAID assistance has focused on development of a national environmental policy framework, including the establishment of a system of resource-user fees for protected areas, with a pilot user fee system planned for Montego Bay in FY 1998. Other ongoing activities include a program of environmental audits for the hotel and manufacturing sectors which formulates specific recommendations on how management practices can be made more financially, as well as environmentally, sound. Beginning in FY 1998, the program will adopt an integrated Aridge to reef@ approach to tackling environmental issues affecting Jamaica's key natural resources, particularly coastal waters. This concept involves addressing problems and opportunities in upland watershed areas that affect coastal water quality. Important elements of the integrated approach are rural community income generation, close collaboration among the government agencies responsible for waste water management, environmental health, and environmental management; improved donor coordination; a high level of community involvement; and encouragement of public/private partnerships for waste water management. Most of our resources will be concentrated in two geographical areas, Negril and Port Antonio. Activities will be undertaken in other geographic areas according to certain ecological and economic criteria that have been set, and subject to the availability of funds. Specific activities will include: a small grants program to make funds available to community-based organizations and NGOs in targeted communities

to implement commercially viable activities that address environmental problems; a program to audit the institutional capacity of NGOs to perform technical and administrative tasks; adoption of a user fee policy in key protected areas; development of protected area operational and business plans for NGOs managing key protected areas; identification and development of policy reforms to address the underlying causes of non-compliance with regulations; assistance to NRCA in the decentralization of their operations from Kingston to rural field sites in key resource areas; establishment of public-private partnerships to improve the operation and maintenance of municipal waste water management systems; development of a water quality monitoring system to monitor changes in pollution levels associated with both human health and coral reef ecosystems; and pilot eco-tourism activities in association with protected areas to bring broad-based economic benefits to local communities.

Host Country and Other Donors: USAID is an active participant in the donor/lender working groups on the environment and the sub-group on watershed management. We have worked effectively with the European Union, the Canadian International Development Agency, the IDB, the World Bank, the United Nations Environmental and Development Programs, and the Food and Agriculture Organization which are the major supporters of environmental programs in Jamaica. These donors are expected to spend approximately \$20 million on environmental programs in FY 1998.

Beneficiaries: USAID activities under this strategic objective help to strengthen public, private, and non-governmental organizations engaged in managing key natural resources. In 1997, 490 individuals from the government and NGO/CBO community received short-term training in various aspects of environmental management and environmental science. Thirty-nine environmental NGOs from across the country receive information updates on environmental issues and proposal development assistance as members of the USAID-supported National Environmental Societies Trust. The three declared protected areas encompass important biodiversity and economically valuable resources that have been put under a sustainable management regime. Conservation of these resources enhances the eco-tourism product in these areas and provides a valuable source of income for rural communities. Thirty hotels and industrial facilities are scheduled to participate in an environmental audit program. To date, 10 hotels have received recommendations and training on how to mitigate the environmental impact of their operations and, simultaneously, enjoy cost-savings. About 1300 households in squatter communities in Montego Bay now have public health-approved, on-site sanitation facilities. The ultimate benefit to Jamaica is the sustainable management of its natural resources, protecting them for the benefit of future generations and helping to maintain the natural beauty of the island which attracts approximately two million tourists annually who spend over US\$1 billion.

Principal Contractors, Grantees, or Agencies: USAID implements environmental activities through for-profit U.S. consulting firms including Louis Berger, Technical Support Services, Inc., Hagler Bailly and Associates in Rural Development. Local counterparts include the Ministry of Agriculture, Ministry of the Environment, the Natural Resources Conservation Authority, the National Water Commission, Jamaica Hotel and Tourism Association and several local environmental NGOs.

<u>Major Results Indicators:</u>	<u>Baseline (1997)</u>	<u>Target (year)</u>
Untreated waste water from sewage system entering Montego Bay (g/day)	2 mil	0 (2000)
Water quality in MoBay (coliform/100 ml)	15 mil	1,000 (2000)
Key policy reforms enacted	0	1 (2001)
Key policy reforms drafted	3	10 (2001)
National parks and protected habitats (acres protected)	197,042	388,700 acres (2001)

ACTIVITY DATA SHEET

PROGRAM: JAMAICA

TITLE AND NUMBER: Young Jamaicans Better-Equipped for the 21st Century, 532-SO03

STATUS: Continuing

PROPOSED OBLIGATION & FUNDING SOURCE: FY 1999: \$2,107,000 DA; \$2,726,000 CSD

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To assist Jamaica's youth to increase primary school mathematics and literacy achievement in targeted schools, and develop healthier sexuality among youth of reproductive age

USAID Role and Achievement to Date: USAID has supported the development of a national family planning system, which has maintained the contraceptive prevalence rate at 62% and achieved reduced fertility to 2.9 live births per woman through programs carried out by government, non-governmental organizations (NGOs) and private entrepreneurs. USAID is also the lead donor and has played a central role in AIDS/STD (sexually transmitted diseases) awareness and prevention programs, leading to a universal awareness in Jamaica of HIV/AIDS/STDs. The HIV/AIDS/STD program is being successfully integrated in all parishes island wide, with four regional coordinators under the behavioral change component in place and fully functional. In 1997, the GOJ assumed full responsibility for contraceptive financing and procurement, capping several years of coordination and support from USAID. Also, the GOJ has passed legislation for the sale of oral contraceptives over the counter without a prescription. After several years of USAID support, GOJ passed the National Health Services Act, which mandates and promotes decentralization of health administration and services. Other recent USAID-supported health reforms have included successful divestment of hospital support services, more private sector involvement in health care provision, and greatly increased collection of hospital fees. Cost recovery among Jamaica's 22 public hospitals continues to surpass the Ministry of Health's target. Fee collection is expected to reach US\$6.7 million for 1997, a 37% increase from 1996. In 1997-98, USAID financed the computerization of the National Family Planning Board, which has enhanced the coordination, planning, record-keeping, decentralization and the quality of services island-wide.

Through USAID assistance in the development of a 20-station Local Area Network, the Ministry of Education, Youth and Culture for the first time has an Education Management Information System. Now it has current, reliable data on which to formulate and implement policies in areas such as staffing patterns, attrition, student enrollment and attendance, teacher pupil ratio, school board membership, cost sharing and compliance levels, and the status of school infrastructure. USAID also provided technical assistance and leadership to revise the primary mathematics curriculum and train primary resource teachers, thereby laying the foundation for improved student performance in mathematics under a USAID-supported activity beginning in 1998. USAID assistance has also supported and measurably strengthened 12 NGOs that are currently re-instating drop-outs into the school system, as well as providing services to at-risk youth in the areas of reproductive health, personal and family development, literacy and vocational education.

Description: In FY 1999, USAID will implement activities that build on recent initiatives to assist children in primary schools to improve their achievement in reading and mathematics. Central to the attainment of this goal will be in-service teacher training, provision of supplementary reading and mathematics materials, training of school principals and school boards, parenting education, technical and curricular support in reading and mathematics and nutritional support to primary school students. Jamaica's disadvantaged youth will continue to be assisted by a program that addresses problems of school absenteeism, teenage pregnancy, STDs, violence, school leaving, social and family dysfunction, and the lack of vocational preparation, all of which are obstacles to the transition to a productive adulthood. In the health sector, USAID will continue efforts to sustain Jamaica's family planning program and related policy development. New activities will address specific problems related to the reproductive health of adolescents. The prevention and control of STD and HIV infection will continue

to be supported through assistance to a strengthened, decentralized national program, which includes a disease surveillance system, data analysis, behavioral change interventions, training of private providers, and small grants to NGOs. The revitalized National AIDS Committee will focus on activities related to children affected with HIV/AIDS as well as presenting to Parliament a position paper on AIDS legislation in Jamaica. USAID will assist the establishment and strengthening of vibrant parish-level AIDS committees.

Host Country and Other Donors: As a prominent donor in family planning, HIV/AIDS/STDs and education, USAID works with the Government of Jamaica, the IDB, World Bank, Pan American Health Organization, United Nations Family Planning Association, United Nations Joint Program on AIDS, and bilateral donors such as the United Kingdom, Germany and the Dutch to maintain policy, funding and implementation coordination. Increased collaboration is maintained with the Peace Corps, especially in the areas of youth-at-risk, HIV/STDs and education. Many NGOs are supported to carry out USAID-funded activities.

Beneficiaries: 28,000 primary school students, 1900 teachers, 72 principals and 504 primary school board members and community representatives will benefit directly from the basic education activity starting in 1998. The pedagogical and administrative initiatives will be disseminated throughout 764 primary schools with a student population of approximately 300,000. 17 NGOs will have been strengthened to provide services to 11,000 young, marginalized, at-risk 10-14 year-olds, giving them the foundation for re-instatement in school and improving their social and job skills. At least 50,000 women and men are helped annually by the family planning and HIV/AIDS/STD control clinics.

Principal Contractors, Grantees or Agencies: USAID implements its activities through the GOJ, U.S. and Jamaican private firms, U.S. and Jamaican universities and, where possible, Jamaican NGOs. U.S. partners include Development Associates, Inc., the Futures Group, Hope Enterprises, and Family Health International, and the University of Tennessee. GOJ entities include the Ministry of Health (specifically, the Epidemiology Unit and National Family Planning Board), Ministry of Education, Youth and Culture, and the Planning Institute of Jamaica. Other local Jamaican partners include UWI's Tropical Metabolism Research Unit, the Women's Center, Jamaica Red Cross, Jamaica AIDS Support, YWCA, St. Patrick's Foundation, Youth Opportunities Unlimited and the Western Society for Upliftment of Children are some of the Jamaican NGOs implementing USAID activities.

Major Results Indicators:

		<u>Baseline (Year)</u>	<u>Target (Year)</u>
Illiteracy among out-of-school youth		30% (1997)	15% (2000)
Pregnancy rate for 10-18 age cohort		30% (1997)	15% (2000)
Mathematics Scores - Pass Rates Grades 3 & 6	Boys	49% (1997)	60% (2004)
	Girls	57% (1997)	68% (2004)
Reading Scores - Pass Rates Grades 3 & 6	Boys	47% (1997)	58% (2004)
	Girls	60% (1997)	70% (2004)
Contraceptive Prevalence		62% (1996)	62% (2001)*
Condom use with regular partner		44.5% (1996)	50% (2001)
Condom use with non-regular partner		76% (1996)	80% (2001)

*Target is to maintain baseline level

ACTIVITY DATA SHEET

PROGRAM: Jamaica

TITLE AND NUMBER: Caribbean Regional Program, 532-SS001

STATUS: Continuing

PROPOSED OBLIGATION & FUNDING SOURCE: FY 1999: \$800,000 DA

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To increase the capacity of the Caribbean region to implement regional solutions and strategies in the areas of environmental management, disaster mitigation, and productivity and growth for broad-based sustainable development (Program strategy/structure is under discussion; proposed activities are subject to review and approval by USAID/Washington)

USAID Role & Achievements to Date: Through efforts implemented under the Environment and Coastal Resource Project (ENCORE) and the Caribbean Environmental Network (CEN) project, 14 tourism-related regional institutions have adopted and are actively promoting environmentally sound environmental practices, such as using waste water for gardening, recycling, appropriate solid waste disposal and dive tour practices that reduce destruction of coral reefs. In addition, the ENCORE project has helped to improve the institutional capabilities of a key regional environmental institution, the Organization of Eastern Caribbean States/Natural Resource Management Unit (NRMU). With USAID support, the NRMU prepared a strategic operational plan which was the catalyst for restructuring of the Unit, establishment and implementation of a financial management system, delivery of targeted training for technical staff members, upgrading of laboratory facilities and improving environmental monitoring systems. As a result, the NRMU has facilitated short-term training at the regional and national level to over 1,000 individuals on technical issues such as coastal water quality monitoring, natural resource management at the community level, environmentally sustainable agricultural practices, guidelines for environmental impact assessments and grant writing, and resource mobilization for environmental NGOs. Consequently, several key regional institutions are now well positioned to provide technical and policy guidance on a wide range of environmental issues. Key policies and legislation regarding environmental impact assessments and pesticide control have been established at the regional level; they also have been adopted at the national level throughout the nine member countries of the Organization of Eastern Caribbean States (OECS). USAID support has helped establish an annual forum to facilitate coordination by donor agencies involved in environmental activities related to the Caribbean tourism sector. The forum is actively promoting the development of a regional strategy for sustainable tourism and proposed government actions to facilitate sustainable tourism.

Description: USAID assistance in the region supports a wide range of environmental management activities including strengthening of regional environmental organizations, promotion of community-based water quality monitoring, public awareness activities to promote improved coastal resource management, upgrading national facilities for coastal water quality monitoring, preparation of a regional strategy for sustainable tourism in the Eastern Caribbean and the installation of mooring buoys and other mechanisms to improve the management of fragile coastal and marine areas. Planned activities will involve a continuation of the above-mentioned interventions and the development of a lessons-learned program to share and encourage replication of best environmental management practices across the region. Through the CEN project, a number of training activities for tourism industry representatives and relevant public sector representatives are planned to address the siting and design of tourism facilities, wastewater and solid waste management practices in the tourism industry, and integrated coastal management. A regional newsletter on industry initiatives to improve environmental management practices will be distributed to environmental NGOs, hotels, dive operators and others in the tourism industry. The Mission will coordinate the preparation of a USAID Regional Environmental Strategy for the Caribbean. It is anticipated that a targeted program of activities, developed in response to the environmental priorities of the Caribbean, will be ready for implementation beginning in early FY1999.

Host Country & Other Donors: The regional program works with a number of host-country governments, such as: Antigua, Barbados, Belize, Dominica, Dominican Republic, Haiti, Jamaica, St. Kitts, and St. Lucia. There is close donor collaboration on environmental initiatives involving the Caribbean Development Bank; the Inter American Development Bank; the World Bank; the United Nations Environment Program; and the Caribbean Community (CARICOM).

Beneficiaries: Caribbean Regional Program beneficiaries include member countries of CARICOM, Haiti and the Dominican Republic. CRP activities are targeted at institutional strengthening for relevant public sector agencies and NGOs, technical training for public sector representatives, and various public awareness initiatives and changes in behavior targeted at the community level. Program beneficiaries will include over 100 public and private sector representatives from the tourism industry and approximately 650 households at the community level.

Principal Contractors, Grantees, or Agencies: USAID provides technical assistance and activity coordination for the Eastern Caribbean through a cooperative agreement with the international NGO, the World Wildlife Fund. Other key implementing partners in the region include the Governments of Dominica and of St. Lucia, the Organization of Eastern Caribbean States, the Organization of American States, the Caribbean Environmental Health Institute, the Caribbean Development Bank and the United Nations Environment Program.

Major Results Indicators:

	<u>Baseline (1994)</u>	<u>Target (1999)</u>
Number of environmental guidelines, policies and programs adopted by regional institutions	5	10
Number of households benefiting from new practices for improved environmental management	80	650

MEXICO

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$13,971,000	\$8,977,000	\$5,882,000
Child Survival and Disease	\$1,245,000	\$400,000	\$450,000
Economic Support Funds*	\$700,000	\$1,000,000	
International Narcotics Control Fund	\$500,000	\$1,000,000	\$1,000,000

* LAC Regional request for FY 1999 includes \$1,500,000

Introduction

The importance of U.S. and Mexican relationships cannot be overstated. The United States and Mexico share a 2,000 mile common border. There are 20 million U.S. residents of Mexican descent and 600,000 U.S. citizens reside permanently in Mexico. Trade with Mexico (the United States' second largest trading partner), accounts for more than 55% of all U.S. exports to Latin America and the Caribbean, and has returned to the high growth rates which existed prior to the 1995-1996 recession which effectively ended in 1997.

USAID programs in Mexico support several U.S. policy interests: a vibrant Mexican democracy, reduced flows of illegal drugs, environmentally sound energy and biodiversity use, and access to quality reproductive and HIV/AIDS health services. The programs contribute to achievement of the Bi-National Commission Agenda as well as more traditional development goals.

The Development Challenge

Mexico's recovery from the 1994-95 peso crisis has been extraordinary, but the macroeconomy masks an income distribution that has steadily worsened since 1985. The number of poor families has tripled since 1989, so that two in five Mexicans (41 million people) now live in poverty. Poverty is largely concentrated in Mexico's rural southern states, and has an ethnic and female face. It is one cause of migration to the United States and a destabilizing influence in Mexican society.

Mexico has begun to transform its political system toward increased democracy in an irreversible move towards greater political competition, greater access to justice, and devolution of power to local governments. However, rule of law and administration of justice remain areas of challenge. Local governments lack effective power and resources, but will be the recipients of significant revenue sharing under the new more pluralistic congress. Mexican NGOs began to mobilize in earnest with the 1997 election campaign, but opportunities for broader citizen participation and empowerment are slow in emerging.

Mexico is one of the most biologically diverse countries in the world but the long-term sustainable use of biological resources is threatened by one of the highest rates of deforestation in the world, 1,500,000 hectares of temperate and tropical forest have been lost in the last 20 years. One of the world's top greenhouse gas emitters, Mexico is increasingly directing its efforts toward countering high levels of pollution and greenhouse gas emissions but these remain serious problems. Mexico is an energy rich country, with few incentives to use it efficiently. It has developed capabilities in efficient and clean electrical energy production, but has not yet installed clean technology throughout its national power grid.

With USAID assistance, the rate of natural population growth has slowed from over three percent in the 1970s to 1.89% in 1997. However, continued support for improving the quality of reproductive health care provided is still needed, especially in the areas of greater technical competence of service

providers in counseling and interacting with clients, enhancing the client perspectives approach to quality of care, and improving the dissemination of the national family planning norms.

The HIV virus, almost unknown in Mexico 10 years ago, is now evident in mobile populations such as truckers and migrants, and is carried both ways across the border. HIV/AIDS has become a volatile issue in U.S.-Mexican relations, placing demands on the U.S. health system for prevention, care, and counseling services for migrants and immigrants. The largest number of cases is among the traditional at-risk population of urban males, but the fastest growing population is found in rural west- and south-central Mexico, where the number of new cases is doubling every eight months, twice the national rate. AIDS is among the top 10 causes of death for Mexican women in the 25 to 34 age group and top for causes for men. A new strategic plan for the FY 1999-2003 period will be reviewed in Washington during the spring of 1998.

Given the scope of these global problems and Mexico's importance to U.S. interests, graduation from U.S. assistance is not anticipated in the near future.

Other Donors

The World Bank is providing \$2 billion in assistance to the country's banking system, support for the social sector, and a \$30 million technical assistance loan for infrastructure privatization. In addition, the Inter-American Development Bank (IDB) is providing \$15 million in support of microenterprise development in critical poverty states. Other donor countries providing development assistance include principally Japan, Germany, Spain and the European Union (EU).

FY 1999 Program

With a \$8.8 million resource level in FY 1999 (DA/ESF/INC), the USAID assistance program in Mexico will be focused on democracy building, the environment, and population and HIV/AIDS. Building on the positive experiences of the 1997-98 U.S./Mexico federal judicial exchange program a series of seminars will be sponsored on money laundering, extradition, racketeering and narcotics, for federal and state court personnel. Other planned activities include cooperation with the Chamber of Deputies to deepen the judicial reform process, support for alternative dispute resolution to increase access to justice for the poor and disadvantaged, voter education programs to enhance citizen participation in the 1999 elections and involvement in local government affairs. On the environment, activities will promote the conservation of key terrestrial and marine ecosystems, strengthen the management capacities of NGOs to protect parks and conserve neotropical migratory birds, and provide oversight of the Mexico Conservation Fund. To reduce greenhouse gas emissions, activities will be targeted on adoption of renewable energy, energy efficiency and pollution prevention. Under the HIV/AIDS initiative, assistance will be targeted at the senior policy level to support adherence to professional norms within Government of Mexico (GOM) agencies that implement these programs. Also, technical assistance and training will be given to national and selected state AIDS organizations and prevention council. During this period, USAID will be concluding its family planning program with prior year funding focusing on ensuring quality of care.

MEXICO
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 2 Environmentally sound natural resource and energy use increased - DA			5,582				5,582
S.O. 3 Democratic reforms advanced by citizens & public institutions - DA - INC - ESF*				300 1,000			300 1,000
S.O. 4 Increased access, quality, and sustainability of HIV/AIDS - CSD		450					450
Totals - DA - CSD - INC		450	5,582	300 1,000			5,882 450 1,000

* LAC Regional request includes \$1,500,000 attributed to Mexico democracy objective

USAID Mission Director: Arthur Danart

ACTIVITY DATA SHEET

PROGRAM: MEXICO

TITLE AND NUMBER: Environmentally Sound Natural Resource and Energy Use Increased, 523-S002

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY1999: \$5,582,000 DA

INITIAL OBLIGATION 1990 ; ESTIMATED COMPLETION DATE: FY2006

Purpose: To increase conservation and sustainable use of natural resources in priority natural areas, and to reduce greenhouse gas emissions from wasteful energy use, pollution and deforestation.

USAID Role and Achievements to Date: The USAID environment program addresses global climate change (GCC) and biodiversity loss. Although these environmental problems in Mexico are complicated and long-term, our primary indicators show clear progress. For example: sustainable USAID energy activities through 1997 have prevented the emission of 16.5 thousand metric tons of CO₂. During 1990-1996 average annual deforestation rates in target areas have decreased from 1.3 to 0.9%. Park management systems have been improved in 8 parks (15 million acres), turning "paper parks" into functional, sustainable reserves.

There have been numerous successes over the past seven years, including:

- the Mexico Conservation Fund (FMCN), an national endowment to support biodiversity conservation projects, has now completed two years of grant-giving with results exceeding all expectations and is being held up in Latin America as a model national environmental fund;
- the USAID/DOE co-funded renewable energy demonstration and promotion program has installed over 125 sustainable systems in eight states, leading to important progress in the mitigation of global warming, the procurement of U.S. equipment and services, and replication via GOM funding in four additional states;
- the Mexico country studies program has supported the development of Mexico's climate change mitigation action plan, led to the creation of a national climate office, and strengthened Mexico's leadership position as a key climate change country;
- the Mexico TNC Parks-in-Peril Program, the largest and most successful in the Hemisphere, is being replicated throughout the GOM National Protected Areas System, and in other LAC countries.
- the Mexico energy efficiency (EE) program has strengthened Mexican electric sector institutions (FIDE and CONAE), leading to the design and implementation of a five-year national-scale incentives/rebates program, and elevated Mexico to a regional EE leadership position.

Description: Environmental protection plays an important and expanding role in Mexico's sustainable development agenda. With increased Mexican awareness of environmental issues, USAID/M's environment program continues to grow in scope and importance. SO2 focuses on two sectors of global and binational significance: climate change and biodiversity conservation. Specific problems being addressed include the loss of forests and biodiversity, Mexico's energy dependence on highly polluting fossil fuels, urban pollution, and inadequate environmental policies and institutional capacities. To help Mexico reduce its greenhouse gas emissions, USAID global climate change (GCC) activities promote the adoption of renewable energy, energy efficiency and pollution prevention technologies and practices in targeted industries and municipalities; improve the management of protected areas and forests; and support the Mexican climate change program. To conserve biological resources, activities promote the conservation of key terrestrial and marine ecosystems (including coastal resources management) and continue to provide oversight for the successful Mexico Conservation Fund.

Key interventions will include: (a) auditing industries to improve their energy efficiency while reducing pollution; (b) supporting renewable energy applications; (c) providing loans and equity capital to Mexican environmental entrepreneurs through the Environmental Enterprises Assistance Fund (EEAF); (d) developing environmentally-friendly economic activities in priority ecological areas; (e) strengthening the management capacities of NGOs to protect parks and conserve neotropical migratory birds; and (f) promoting community-based coastal resources management.

Host Country and Other Donors: In both climate change and biodiversity conservation, priority areas of activity for the GOM, USAID is among the top five donors providing Mexico with technical and financial assistance. Our primary partners providing parallel or co-funding include: the Global Environmental Facility in biodiversity conservation /protected areas management and renewable energy; UNIDO in pollution prevention; IDB and the World Bank in energy efficiency; and the Packard Foundation in coastal resources management. USAID plays a catalytic/supportive role in the development of other USG programs in Mexico, especially those of EPA, DOE and Department of the Interior.

Beneficiaries: Direct program beneficiaries include local, poor and indigenous populations/communities that gain tangible economic benefits from the increased economic opportunities offered by buffer zone management and renewable energy technologies. Mexican NGOs and the for-profit sector will benefit from institutional strengthening activities, and energy efficiency and pollution prevention activities. U.S. businesses will benefit from increased trade and the sale of environmental/energy technologies and services in Mexico. Conserving biodiversity and mitigating climate change will benefit U.S. and Mexican citizens, as well as the world.

Principal Contractors, Grantees, or Agencies: In the area of GCC-forestry primary partners include World Wildlife Fund, The Nature Conservancy, Conservation International, PRONATURA, as well as their approximately 25 Mexican partner organizations. The primary Mexican collaborators in the GCC/energy portfolio are FIDE, CFE, FIRCO, IIE, DDF, CONAE and industry. In the area of biodiversity conservation it is the Mexico Conservation Fund. Contractors and implementing agencies involved in the program include RCG Hagler Bailly, Sandia National Laboratories, the National University of Mexico, and the EEAF.

<u>Major Results Indicators:</u>	<u>Baseline</u>	<u>Targets (1999)</u>
1. Metric tons of CO2 averted/energy	2,000 (1997)	22,000
2. Annual rate of deforestation sites	1.3% (1990)	Significant reductions at all
3. Areas/reserves under improved management	0 (1990)	12 sites/ 3.75 million hectares
4. Environment institutions strengthened	20 NGOs (1990)	3 ESCOS (env. service companies)

ACTIVITY DATA SHEET

PROGRAM: MEXICO

TITLE AND NUMBER: Mexican Democratic Reforms Advanced by Citizens and Key Public Institutions 523-S003

STATUS: New

PROPOSED OBLIGATION & FUNDING SOURCE: FY 1999: \$300,000 DA; \$1,500,000 ESF; and \$1,000,000 INC

INITIAL OBLIGATION: FY 1999; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: The program will work with the Mexican government and civil society to achieve institutional reforms in two key areas: a more professional, independent, and effective justice sector; and more effective and accountable local governments. The strategy uses strengthened citizen participatory and organizational capabilities along with technical assistance to the Mexican Congress as a means to achieving these ends rather than as separate objectives.

Background: From 1968 to the present, Mexico has embarked on a process of political reform that is transforming the country from a centralized, one-party system to a more pluralist, democratic society. While much still remains to be done, the current administration of President Ernesto Zedillo is highly committed to pursuing these sector reforms. The United States strongly supports Mexico's democracy reform movement. A fully democratic Mexico helps fulfill the aspirations of the Summit of the Americas agreement across the hemisphere in support of democracy as a fundamental foreign policy objective. Also, it creates a sustainable basis for internal peace and rule of law, increasing Mexico's attractiveness as a trading and investment partner. In the long-term, success of political reforms will contribute to greater, and more equitable economic development, that should decrease pressures for emigration to the United States.

USAID Role and Achievements to Date: Since 1994, the democracy sector was identified as a target of opportunity and activities centered mainly on fielding election observers for the 1994 presidential elections and a number of state elections in 1995-96. In the July 1997 mid-term elections, USAID support increased significantly to include international visitors, a voter education campaign, voter rights workshops and candidate debates. National observers and international visitors confirmed the success of the electoral process and praised the ability of the Federal Electoral Institute to conduct truly free and fair elections. Proof of this success came also with the election of the first opposition majority block in the lower house of the national parliament and the election of the first opposition candidate as mayor of Mexico City.

Other activities of significance include the initiation of a judicial exchange program in August 1997. The goal of this project is to develop a dialogue between U.S. and Mexican federal judges to support judicial reform in Mexico. In the initial meetings, the Mexicans' expressed that their greatest interests are U.S. judicial governance (ethics and discipline) and judicial education. These areas are the most critical to professionalize the judiciary, creating a true judicial career, and most importantly, reducing corruption. The GOM committed to share costs of the program equally with the USG, demonstrating their commitment not only to the exchange program, but to their own reform process. Other USAID rule of law activities initiated in 1997 include: a series of workshops on the U.S. legal system for Mexican federal judges; a project with the National University of Mexico to provide Administration of Justice training for state judges; and the creation of a pilot alternative dispute resolution center.

USAID has been working with municipal governments through centrally funded projects in the states of Sonora and Chihuahua since 1995. These projects have resulted in more efficient and effective local governments and have proven that best practices learned from U.S. counterparts have many appropriate and useful applications in Mexico. Discussions of expanding the project to other states has generated an overwhelmingly positive response from state and municipal leaders throughout the country. Future participants will begin to be selected in January 1998.

Description: As Mexican political actors have already recognized in their own political reform proposals, the justice sector and local governments are two critical areas: first, because public concern about crime, impunity, human rights abuses, and its general inefficacy and inefficiency is so great as to put into question the value or reality of the political transition; and second, because adequately empowered and oriented local governments offer the best opportunity for engaging citizens in democratic practices, addressing their problems and complaints directly, and reversing the longstanding over centralization of the Mexican political panorama. In pursuit of these ends, the strategy will utilize and build citizen participation, encouraging citizen empowerment via the development of new mechanisms for engaging citizens in political reform and the normal political process.

Although rule of law and local democratization were identified by USAID's analysis of the situation, two centrally funded assessments, and the Mexican government's own programs, they are hardly the only critical ones. However, funding limitations and sensitivity to respect locally developed policies, rather than imposing our own argue for this particular emphasis. In both thematic areas, the strategy targets a narrower aspect of the problem based on its potential for leveraging broader change. It focuses on local or municipal governments and on federal, as opposed to state, courts. USAID chose municipalities because they provide the most direct opportunity for citizen participation and the most hospitable environment for innovative approaches to citizen empowerment and direct responses to popular needs. USAID will focus on a few cities as pilot projects to develop best practices for replication throughout the country by newly developing municipal associations.

In the case of the courts, the focus on federal institutions responds to U.S. policy priorities as well as to national needs. These are the courts which deal with counternarcotics efforts and with the threat that drug trafficking poses both to U.S. and Mexican security. Recent constitutional and legal changes at the federal level give the Supreme Court and the new National Judicial Council more responsibility for the federal court system. A number of states are now adopting similar reforms. Supporting the federal judiciary's efforts to improve its own operations and to enact its own legal independence encourages a systemwide move toward greater judicial autonomy and responsibility. Similar arguments apply to the emphasis on the national Attorney General's Office, undertaken under a separate INL-financed program.

Host Country and Other Donors: USAID is working with the International City Managers Association (ICMA) in the area of municipal government strengthening. ICMA contributes about 50% of the costs of the project in pro-bono labor through member cities. USAID's project is complemented by municipal development projects funded by the Ford Foundation, the Friedrich Ebert Foundation, the IDB (\$1 billion) and the World Bank (\$1 billion).

In the area rule of law, USAID is cost-sharing the U.S. Mexico Judicial Exchange Program with the Government of Mexico. USAID's main development partners are the numerous U.S. Law enforcement agencies which work with the Attorney General's Office and the Federal Police Academy. Other donors in the area of rule of law include the governments of Spain, France, Great Britain and the World Bank. In the area of citizen participation, USAID is supporting the efforts of the Citizens' Movement for Democracy (MCD), a network of over 80 civic education, election and human rights NGOs/PVOs throughout Mexico. In the past the MCD has received funding from the National Endowment for Democracy, the National Democratic Institute and League of Women Voters, Washington Office on Latin America. Other donors include the Organization of American States (OAS) and the United Nations.

Beneficiaries: The beneficiaries of the democracy program will be a broad cross-section of Mexican society in general. The most directly impacted will be participants such as judges, court employees and local governmental officials, as well as private, voluntary organizations (PVOs/NGOs) that are selected for participation in areas of technical cooperation.

Principal Contractors, Grantees, or Agencies: The main contractors for the Democracy Program are: the International City Managers Association (Local Governance), the National Center for State Courts (ROL), the National University of Mexico (ROL), the University of Texas Law School (ROL), the State University of New York (Congress), the Center for Study of State Reform (Congress), and the Citizens' Movement for Democracy (Citizen Participation).

Major Results Indicators: A draft Results Framework was developed in October 1997. USAID will work with its development partners and the USAID LAC and Global Bureaus to finalize its results indicators in March 1998, and complete annual performance targets by the third quarter of FY 1998.

ACTIVITY DATA SHEET

PROGRAM: MEXICO

TITLE AND NUMBER: Enhanced Access, Quality, and Sustainability of HIV/AIDS Services and Information Programs for Vulnerable Populations in Targeted Areas, 523-S004

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY1999: \$450,000 CSD

INITIAL OBLIGATION 1988 ESTIMATED COMPLETION DATE: FY2003

Purpose: To increase access to and quality of HIV/AIDS/STI (sexually transmitted infections) services and information for mobile populations and youth in selected rural and peri-urban areas in order to curtail the spread of the epidemic within Mexico and into the United States.

USAID Role and Achievements to Date: USAID's program of HIV/AIDS education and prevention is a constructive response to a mutual problem. Although numbers of cases are rising, it is clear that an aggressive and targeted prevention program can still circumscribe the disease. USAID assists NGOs, the National AIDS Prevention Council, and targeted Mexican states in providing STI and HIV/AIDS information and services to adolescents and mobile populations and their families in border areas and in Mexico's most impoverished states in order to reduce the rate of new HIV infection. Achievements to date include the translation of information on HIV/AIDS into 20 indigenous languages, the training of university students, rural women, and members of a rural teachers' corps as replicators of information in marginalized communities, training of peer educators in secondary schools and in maquila (in-bond) plants, and the strengthening of NGOs and state AIDS prevention councils through specialized U.S. training. Other activities are aimed at reducing cross border transmission between Mexico and Central America by targeting information and services toward mobile populations at a strategic location on the Mexico-Guatemala border.

Description: USAID has worked primarily through NGOs targeting services to vulnerable populations: adolescents, migrants, and indigenous groups. The new strategy will place USAID assistance at a more senior level, providing policy advice and supporting adherence to professional norms within GOM agencies that implement HIV/AIDS programs. Technical assistance and training is targeted for the national AIDS organization, selected state AIDS prevention councils, and NGOs that reach underserved populations. Emphasis is on NGO institution-building and strengthened linkages between public and private sector which will lead to increased capacity for delivering HIV/AIDS services and information. USAID aims to continue to play a catalytic role in AIDS prevention in Mexico by contributing to an enhanced policy environment, working with NGO partners with proven credibility and access to affected communities, and leveraging resources from the GOM and other donors for collaborative action in HIV/AIDS.

Host Country and Other Donors: : The GOM is the chief contributor to activities in HIV/AIDS; however, a large proportion of its available resources is destined to care and medications for those already infected. In the area of prevention, in addition to USAID, donors include the World Bank funded regional project for Latin America (SIDALAC), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the Pan American Health Organization (PAHO) and Japan. The MacArthur Foundation supports a small program centered on prevention of AIDS among women in Mexico and other Latin American countries.

Beneficiaries: The general population benefits from greater availability of information on modes of transmission; in addition, groups with high-risk behaviors are the beneficiaries of targeted efforts in behavior change communications. Through the USAID training program individuals active in HIV/AIDS activities around the country have received training in the United States, principally at the University of California, Santa Cruz, in AIDS prevention program planning. Because of their greater vulnerability

to HIV/AIDS and the emerging heterosexualization of the epidemic in Mexico, women are increasingly targeted as beneficiaries of USAID HIV/AIDS efforts in Mexico. Ultimately, because viruses respect neither political boundaries nor nationalities, U.S. citizens are also the beneficiaries of effective HIV/AIDS prevention activities in Mexico.

Principal Contractors, Grantees, or Agencies: USAID implements activities through cooperating agencies such as the International HIV/AIDS Alliance, Family Health International, The Futures Group, the National AIDS Prevention Council (CONASIDA) and local NGOs.

Major Results Indicators:

	<u>Baseline (1)</u>	<u>Target</u>
Percentage of target population citing at least two acceptable ways of preventing HIV infection		
Percentages of clients correctly managed for STI/HIV		
Percentage of service providers with condoms, educational materials and treatment supplies		

(1) Baseline data will be gathered in April-June of 1998 from which targets will be established for the years 1999-2003.

NICARAGUA

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$9,994,000	\$14,795,000	\$15,900,000
Child Survival and Disease	\$5,654,000	\$8,800,000	\$6,640,000
Economic Support Funds*	\$7,112,000	\$1,000,000	
P.L. 480 Title II	\$1,489,760	\$1,103,100	\$2,362,000
P.L. 480 Title III	\$1,385,000	---	---

* LAC Regional request for FY 1999 includes \$1,500,000

Introduction

Building a strong partnership with a peaceful and prosperous Nicaragua furthers U.S. national interests and strategic goals. A democratic, free market Nicaragua reduces national security threats near our borders, and offers an expanding market for U.S. products and investment. Promoting broad economic growth, creating new jobs, adherence to democratic principles, and respect for human rights slows immigration to the United States. Focused efforts to stem environmental degradation protects vital habitats and helps to assure sustainable development. The current U.S. program helped Nicaragua mitigate agricultural production losses from the El Niño-produced drought. Finally, this assistance will help to consolidate the rule of law, including resolution of U.S. citizen expropriated property claims, and help bring most citizens into the economic mainstream.

Development Challenge

Nicaragua continues to make measurable progress. The economy is in its fourth consecutive year of solid growth (estimated at five percent in 1997), led by the agricultural sector. Investment has jumped. Trade to and from the United States has soared. Unemployment and inflation have dropped. A new tax law provides incentives for private investment. 1997 witnessed a smooth transfer of power from one democratically-elected government to another. Potentially disruptive street demonstrations decreased. Remnant, armed groups from the war have demobilized. Fewer children repeat primary school grades and test scores are rising. Fewer mothers and children have fallen victim to health problems and the spread of infectious diseases. Nicaraguans have taken stronger measures to protect natural resources. However, the transition from past failed policies will take at least another four to five years to complete with sustained donor assistance levels to overcome the challenges to consolidate democracy and achieve broad-based economic prosperity. Graduation from U.S. assistance is not anticipated in the near-term.

The political challenge is to build trust in and legitimize Nicaraguan institutions and encourage civilian participation. Those in power must continue to reach out to the opposition to govern effectively and enhance reconciliation. The opposition must respect government actions and the decisions emanating from legitimate dialogue. Civil society groups need to provide an effective voice for people's interests. The National Assembly must have the tools and discipline to more professionally consider and draft legislation. The judicial system must continue modernizing to assure the rule of law in criminal and civil cases. The national and municipal bureaucracies must become more efficient, transparent and accountable to the people.

The economic challenge is to sustain growth in income and jobs. Nicaraguans must expand reforms, resolve fiscal imbalances, and reduce \$6.1 billion in foreign debt of which \$82 million is official U.S. debt (the USG forgave \$284 million in official debt in 1991). Investors must feel secure, which means confiscated property cases must be resolved fairly and quickly. Commercial laws must meet the needs

of the global economy. The great potential of small farmers and microenterprises must be realized. The country must employ better incentives to save its rich natural resources. All avenues must converge to address stubborn un/underemployment, which results in nearly 50% of the people living at or below the poverty line.

The social challenge is to prepare children to participate fully in society. The primary education system must improve teaching and testing, reduce the years needed to graduate from the sixth grade, and encourage community and parental participation. The health system must better deliver preventive care and reduce public subsidies, while combatting still high infant and child mortality rates. Gains in economic growth are placed in jeopardy without reducing population growth rates.

Other Donors

The 1998-2001 timeframe is vital to Nicaragua. The government agreed with the IMF on a new economic reform program (Enhanced Structural Adjustment Facility or ESAF II) to sustain growth. However, the Nicaraguans must undertake formidable austerity measures, which could limit rural growth and social programs. Donors will provide the financial linchpin for addressing these needs. The World Bank and Inter-American Development Bank (IDB) are the top donors and bilaterals such as the European Union (EU), Japan, Sweden, Spain, Germany, and Taiwan are major actors with projects in economic, social and democracy sectors. In 1997, the U.S. ranked number seven, where the \$27 million granted represented about six percent of official development aid to Nicaragua.

FY 1999 Program

The USAID program in 1998-99 will continue a strategy of building strong democratic institutions, encouraging broad economic growth, improving maternal and child health, and expanding primary education. To help Nicaragua address its problems in the face of the government's austerity budget, USAID is requesting \$24 million (DA/ESF) plus \$2.36 million in PL 480 Title II (and any Title III resources that may become available in FY 1999). Years 1998-2002 are critical to the strategy, in order to use recent achievements as a springboard for longer-term development.

The results expected over the next several years require persistence and innovation in these strategic objective areas: (1) More political participation, compromise and transparency; (2) Sustainable growth in small producer employment and income; and (3) Better educated, healthier, and smaller families. Under the first objective, USAID requests \$6 million (DA/ESF) in FY 1999 to advance judicial reform, strengthen democratic institutions, improve local government services, expand the role of civil society and upgrade property bonds. This assistance will help modernize the judiciary through reform of key legal codes, establishment of a public defender's office, and follow up of human rights abuses. It will help the National Assembly to perform its duties, and the executive branch to be more transparent and follow ethical procedures. By the end of 1999, Nicaragua will be a stronger, yet still developing democracy, with citizens showing support for the system (demonstrated by polling data over time) and 65% of its citizens receiving basic water/sanitation services via local governments.

USAID also asks \$8 million (DA) in FY 1999 to improve technology and marketing services, strengthen farmer organizations, provide credit and training to microentrepreneurs, and help Nicaraguans manage natural resources effectively. The aid will improve basic grains yields, diversify crops, improve seeds, speed land titling and structure a land market, strengthen rural credit unions, provide urban and rural microenterprise loans, protect natural resources and manage national parks. By the end of 1999, agricultural growth will exceed five percent for the fifth consecutive year, coffee and basic grain production will grow to 65 metric tons and 795 metric tons each (national figure), over 50,000 urban and rural microentrepreneurs (75% female) will have jobs, nontraditional agricultural exports will exceed \$110 million creating 14,000 jobs, and improved management will be in place in seven national parks.

USAID requests \$10 million (DA) in FY 1999 to improve family health and strengthen primary education. The aid will foster efficient and effective preventive health care, improve the nutrition of young children, spread reproductive health techniques, reform primary grade curriculum and improve teaching, and stimulate parental participation in schools. By the end of 1999, infant mortality will continue its decline, dropping to 47 per thousand live births, the vaccination rate for childhood diseases will reach over 90%, primary school completion will approach 40%, test scores will rise, fertility rates will drop below four children per mother, and contraceptive use will increase.

NICARAGUA
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Political Participation, Compromise and Transparency - DA - ESF*				4,500			4,500
S.O. 2 Growth in Small Producer Employment and Income - DA	6,700		1,300				8,000
S.O. 3 Better Educated, Healthier, and Smaller Families - DA - CSD - PL480 Title II		3,400 3,640			3,000	2,362	3,400 6,640 2,362
Totals - DA - CSD - PL480 Title II	6,700	3,400 3,640	1,300	4,500	3,000	2,362	15,900 6,640 2,362

* LAC Regional request includes \$1,500,000 attributed to Nicaragua democracy objective

USAID Mission Director: George Carner

ACTIVITY DATA SHEET

PROGRAM: NICARAGUA

TITLE AND NUMBER: More Political Participation, Compromise and Transparency, 524-SO01

STATUS: Ongoing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY1999: \$4,500,000 DA; \$1,500,000 ESF
(attributed under LAC Regional request)

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To strengthen democracy by helping the government be responsive to the people, by consolidating the rule of law including protection of human rights, and by empowering civil society. Mistrust still exists in society. Some groups continue to threaten extra-institutional means to address perceived wrongs. The four branches of government (executive, judicial, legislative and electoral)--slowly modernizing and becoming more open--are not coequal in power, capabilities and accountability. The judicial system operates under obsolete codes, inefficient systems and arbitrary decision-making. Human rights abuses, while diminishing, are still of concern. Civil society continues to strengthen, but nongovernmental institutions must provide more constructive avenues of expression for people's interests. The country needs to decentralize power and strengthen local governments while promoting improved management of public finances and greater transparency. Overall, broad and informed citizen participation will help de-concentrate power and lead to an effective, representative government.

USAID Role and Achievements to Date: Recent public opinion polls indicate growing confidence in the democratic system, in particular the judiciary and municipal governments. The National Assembly has become a more functional, representative body, witnessed by its dealing with a number of important and controversial bills during the 1997 session such as property, tax reform, the judicial organizational code, etc. USAID contributed through its support to the Supreme Electoral Commission and to voter education and international observation efforts which helped assure free, fair and participatory elections. USAID support to the electoral council consists of assisting with completion of registration and voter cards for the Ad Hoc and the Atlantic Coast areas in preparation of the March 1998 regional elections. The program has spurred the formation of human rights committees at the community level, which encourage reporting/mediation of human rights violations. USAID is part of a multi-donor effort to reform governmental financial management systems to reduce fraud, waste, abuse and corruption. Hundreds of judges, prosecutors, court administrators have received training to improve skills, and key codes such as organization, penal, criminal, are being modernized. USAID, working through local NGOs, has improved the democratic functioning of local labor unions, fostered dialogue on civil-military relations, and supported domestic election monitoring.

Description: USAID will continue its democratic strengthening activities, focusing primarily in two areas: consolidating the rule of law and good governance. Under the former, USAID will undertake efforts to upgrade the efficiency, improve access and promote equity of the judicial system. In particular, the program will finance development of new codes such as administrative procedure, penal, criminal and others as necessary, plus a training program to assure proper implementation. It will establish and help initiate activities for a public defender's office, strengthen the attorney general's office, improve court administration with a view to address unique problems affecting the Atlantic Coast. It will continue to pursue a comprehensive system to protect human rights, by strengthening (through technical assistance) the peace commissions in towns and cities, improving the capabilities of human rights NGOs, and assisting the government's Human Rights Ombudsman, once he/she is appointed. Finally, USAID will continue to help improve the bond compensation mechanism for compensating owners of confiscated properties and support case resolution.

USAID will also undertake efforts to improve public sector transparency as well as provision of more cost effective and better quality services, and to promote greater citizen participation in community affairs. The program will emphasize municipal development and decentralization by improving the

capacity to deliver public services like water, sewer and garbage collection, helping local governments to increase locally-generated revenue and encouraging citizen participation in local decision-making by seeing that decisions are made more transparent and community views taken into account. It will improve the National Assembly committees' ability to research and draft legislation, train staff, foster better constituent relations, automate the information system and provide orientation to new deputies after the 2001 election. It will continue working with civil society groups to improve civilian-military relations, skills building for democratic trade unions, and to address women's rights through raising awareness of and opening avenues for protection from domestic violence. As groups graduate from our assistance, new ones that link closely to our democracy priorities like municipal development will be considered. The program will continue working on integrated financial management, but place more emphasis on public awareness of anti-corruption and ethics, and independent audits of government programs. After the 1998 Atlantic Coast election, USAID envisages small levels of technical assistance for the Electoral Council for the 2000 municipal and 2001 Presidential/Legislative Assembly elections.

Host Country and Other Donors: USAID takes the lead role in the rule of law, while Sweden, the U.N. and EU continue to support courthouse construction and penitentiary system reform. Spain, the U.N., the IDB and World Bank have funded complementary activities in police training, legal reform, statistics, and judicial administration. In good governance, the Danes and Swedes have worked on improving municipal administration in towns other than those USAID covers, while the World Bank, IDB and EU have financed construction and rehabilitation projects. The IDB (internal regulations) and Taiwan (building construction) have helped the National Assembly. The World Bank, IDB and USAID joined in a multi-donor effort to carry out financial management reform. Almost all donors have provided assistance to the election process.

Beneficiaries: All citizens of Nicaragua who: enter the criminal and civil judicial system; have been the subject of human rights violations; want to participate in local and national decision-making; want to know the use of public resources; want more efficiency in government and better services; and want a level playing for private investment.

Principal Contractors, Grantees, or Agencies: Nicaraguan: Nicaraguan Association for Human Rights (ANPDH), Permanent Commission for Human Rights (CPDH), Ethics and Transparency (ET), Supreme Electoral Council (CSE), Nicaraguan Strategic Studies Center (CEEN), Women's Center for Research and Action (CIAM), CONCIENCIA, FUNDEMOS, Nicaraguan Center for Labor Studies (CENDEL), Association of Nicaraguan Municipalities (AMUNIC), Ministry of Finance, Supreme Court, Attorney General's Office and the Comptroller General. United States: National Democratic Institute (NDI), Academy for Educational Development (AED), Casals and Associates, the Planning Associates Development Collaborative (PADCO), Interamerican Institute for Human Rights (IIDH), Center for the Education for Democracy (CED), AIFLD and the National Center for State Courts (NCSC).

Major Results Indicators:

	<u>Baseline (1995)</u>	<u>Target (1999)</u>
Political system support	43%	53%
Public confidence in judicial system	35%	45%
Households access to basic services	52% (1996)	65%
Human Rights Ombudsman named (yes/no)	--	yes (1998)
Independent audits of public institutions made public (cumulative)	0	20

ACTIVITY DATA SHEET

PROGRAM: NICARAGUA

TITLE AND NUMBER: Sustainable Growth in Small Producer Employment and Income, 524-SO02

STATUS: Ongoing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$8,000,000 DA

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To sustain growth of incomes and employment opportunities of small producers through helping small farmers produce more and diverse crops, increasing small and microbusinesses in rural and urban areas, and fostering more rational use of natural resources. Jobs remain the major concern of the average Nicaraguan. Including low-wage underemployment, largely in agriculture, over 50% of the labor force needs more or higher-paying work. Productive jobs are the result of investments--primarily private--in capital, technology and marketing. Although Nicaragua has made substantial progress in encouraging private investment, impediments remain. The poorer members of society need to participate in economic gains. Continued progress will require a rapid resolution of property claims, clearer/simpler export regulations, appropriate fiscal and monetary policies, less external debt burden, continuing privatization of state enterprises, increasing the competitiveness of Nicaraguan products, a stronger and a more responsive financial system, and modernized commercial laws and regulations.

Encouraging small farmers to produce more, and higher valued crops will improve the rural economy. Doing so will require increased access to more productive technology, credit and secure land titles. Rural markets must function efficiently so small producers can sell their products profitably. Access to new markets - nontraditional and internal - are essential. Agribusiness must expand so on-farm and off-farm employment will increase. In addition, microenterprise programs can provide opportunities to the poor in both urban and rural areas. Natural resources management is critical to Nicaragua's ability to improve production and exports. Protection and wise use of these resources require linkages to production to make activities sustainable.

USAID Role and Achievements to Date: Growth rates over the last four years have averaged 4.5%, including an estimated five percent growth in 1997. Inflation dropped from over 13,000% in 1990 to an estimated seven percent in 1997. Agriculture has been one of the key engines behind the growth, with basic grains and coffee enjoying big gains; agricultural exports more than tripled between 1992 and 1997. Nontraditional agricultural exports generated more than 11,000 jobs. Over 25,000 small farmers and cattlemen have benefitted from USAID services as of 1997. Microenterprises have generated around 30,000 jobs in the last three years. The GON has resolved U.S. citizen property confiscation cases; thus far almost 1,750 cases have been settled although another 1,000 remain. USAID helped the environmental ministry develop and pass the first environmental law with accompanying regulations. The quality and amount of protected lands under effective management has risen dramatically since 1993, but still lags well below world standards.

Description: The programs will provide the following services: 1) transfer technology to increase improved seeds and sustainable production practices; introduce new crops, including non-traditional high-value crops; and improve on-farm storage of basic grains; 2) marketing and business development; 3) agro-forestry, soil protection and training to better access financial markets; and 4) environmental education, implementing legislation and protecting selected biodiversity sites. The program will also strengthen artisanal seed production activities; develop and expand the use of inoculant for bean production; and build a national seed system. To accelerate titling and strengthen the land market, the activity will: support surveying and preparing topographical maps of farmers' land, and help to prepare legal title documentation; assist in analysis of the land market and current register procedures; study the feasibility of using partial mortgages for agricultural loans; and study the feasibility of establishing a land bank. It will support studies to: help non-conventional agricultural lending groups become more market-oriented; reduce costs of financial intermediation and promote lending for small

producers; and determine the barriers to inter-regional trade in agricultural products. The activity will target agricultural lands where ownership is not in dispute. P.L. 480 Title III activities (if any resources become available) will reinforce technology transfer and institutional strengthening capacity of small farmer service organizations.

The non-farm activity will strengthen twenty-eight credit unions and financial services in rural areas and provide technical assistance to national credit unions associations. It will develop a micro-enterprise program in rural areas to support value-added activities, including processed foods, post-harvest processing and storage, equipment manufacture and repair, and commercial services, such as small stores. It will also support microenterprise activities in the larger cities. Conservation of biodiversity and natural resource management will key on protected areas. Primary emphasis will center on increasing incomes of buffer zone communities through environmentally sound agricultural production and management practices, and increased tourism to national parks.

Host Country and Other Donors: Alleviating rural poverty has become a focal point for the government's economic strategy. They are increasing resources and requesting additional donor financing for small producer programs. The IDB provides credit for rural areas, funds for agricultural and livestock strengthening, a large property resolution program, and technical assistance to the government on privatization and the Superintendency of Banks. The EU is designing complementary efforts to promote agricultural production in various departments. The Netherlands, Sweden, and Norway provide credit for microenterprises and small producers, and Switzerland gives post-harvest assistance to basic grains producers. Germany and the World Bank are involved in protecting the Bosawas Reserve.

Beneficiaries: Small farmers, landless rural poor, small savers, small business people and micro entrepreneurs are the primary beneficiaries. Approximately 40,000 small farmers and 70,000 micro-entrepreneurs will directly benefit.

Principal Contractors, Grantees, or Agencies: Requests for proposals are being issued for our new small farmer and microenterprise activities. Therefore, grantees and contractors will not be known until later in FY98. For ongoing activities, U.S. partners include: Development Associates, The Nature Conservancy (TNC), TECHNOSERVE, Cooperative League of the United States of America (CLUSA), World Relief, and Center for International Environmental Law. Nicaraguan partners include: Nicaraguan Association of Producers & Exporters on Non-traditional Products (APENN), Nicaraguan Union of Agricultural Producers (UPANIC), National Union of Farmers and Cattle Owners (UNAG), Cocibolca Foundation, and the Ministry of Agriculture.

Major Results Indicators:

	<u>Baseline</u> (1993)	<u>Target</u>
Number of farmers w/access to improved production and marketing services	7,100	40,000 (1999)
Agricultural Growth Rate (GDP)	-0.5%	5% (1999)
Coffee Production (metric tons)	40	70 (2000)
Basic Grain Production (metric tons)	500	900 (2000)
Microentrepreneurs receiving USAID credit	0 (1994)	65,000 (2000)
Protected areas under effective management (index)	22	45 (1999)

ACTIVITY DATA SHEET

PROGRAM: NICARAGUA

TITLE AND NUMBER: Better Educated, Healthier, and Smaller Families, 524-SO03

STATUS: Ongoing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,400,000 DA; \$6,640,000 CSD; \$2,362,000 Title II

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To develop human capital through basic education, health, and family planning. Education lays the foundation for an informed citizenry in a functioning democracy and productive workers in a competitive economy. The Nicaraguan education system requires a substantial effort to promote modern teaching methods, using improved curriculum. Parents and communities are beginning to participate in school activities, but need more assistance to assume a more positive role in their children's educational development. Sick citizens are unable to take advantage of job and educational opportunities, thereby increasing the burden placed on the social safety net. Particularly vulnerable segments of the population in Nicaragua are women and children. Primary and preventive health care are critical to mothers' and childrens' survival, full realization of their potential, and a more efficient, cost effective social support network. An unrestrained population growth rate can quickly reverse the gains achieved in other sectors. Family planning is an important ingredient in improving maternal health and child survival, and impacts on potential results in economic growth, environmental preservation, and poverty reduction activities.

USAID Role and Achievements to Date: USAID plays a major role in supporting basic education, health and family planning. Primary school completion rates have risen since 1993 from 23% to 30% in 1997. High repetition rates in the first grade have been cut in half over the past three years. Test scores for boys and girls in core subjects of math and Spanish have begun to rise. Infant mortality has dropped from 58/1000 to 49/1000 since 1993. Immunization coverage rates have sustained relatively high levels of close to 90%. The percentage of children with Vitamin A deficiency has dropped to below 20% from a 70% level in 1993. Fertility rates are estimated to have dropped from an average of 4.6 in 1993 to a bit more than 4.0 children per woman in 1997. Contraceptives have become more acceptable and more widely used in restraining unwanted pregnancy and preventing the spread of infectious diseases.

Description: In FY 1998-99 USAID will design and implement second phases of its maternal/child health, reproductive health, and primary education activities. We will continue to support curriculum reform, training in modern teaching methods; and increased community participation in the school system. The nationwide program will emphasize the higher primary grades (4-6), and provide a special focus on multi-grade schools and examine problems with bilingual education on the Atlantic Coast. USAID will continue civic education activities in primary and secondary school systems. In health, we support: an expanded program of immunizations; community health education through private voluntary organizations; technical assistance for decentralized health centers; training and commodities for AIDS control programs. USAID and the government will begin to explore realistic cost recovery activities, while assuring the rural and urban poor receive adequate coverage. USAID promotes Vitamin A and micronutrient fortification of foods, focusing on women and children under five years of age; support food supplements through P.L. 480 Title II programs in geographic areas where malnutrition is most severe; and encourages exclusive breast feeding for the first six months. We are financing the expansion of Profamilia, a local private voluntary organization; training MINSA and Profamilia personnel in contraceptive technology and patient counseling techniques; and supporting local NGOs and U.S. PVOs active in family planning and reproductive health services.

Host Country and Other Donors: The Swedes support regional health departments complementing USAID's activities. The World Bank and Japanese provide funding to improve health infrastructure including hospitals, water and sanitation projects. The Pan American Health Organization supports the immunizations program, while the U.N. helps in reproductive health activities. The World Bank and Japanese finance school construction. The Dutch provide support in education planning and curriculum development. The European Union is planning to focus on secondary education relative to teacher training, curriculum development and construction.

Beneficiaries: In the health sector, the primary beneficiaries are mothers and children under age 5. In education, our customers are approximately 800,000 primary school kids and 26,000 teachers.

Principal Contractors, Grantees, or Agencies: U.S. partners include: Management Sciences for Health (MSH), Ministry of Health (MINSa), The Pan American Health Organization (PAHO), Academy for Educational Development (AED), Save The Children, Project Concern and Development Associates. Nicaraguan partners include: Ministry of Education (MED), The Nicaraguan Association for the Promotion of Family Well Being (PROFAMILIA), and ADRA

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2000)</u>
Total fertility rate	4.6% (1993)	3.8%
Infant mortality rate (per thousand)	58 (1993)	46
Children with Vitamin A deficiency	67% (1993)	28%
Women Breastfeeding exclusively for 4 Months	11.5% (1993)	20%
Immunization coverage for children under 1 year of age	65% (1994)	90%
Primary school completion rates (6th grade graduate)	23% (1993)	40%
Achievement Test scores 4th grade		
Spanish	58% (1995)	84%
Math	33% (1995)	58%

PANAMA

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$2,741,000	\$2,932,000	\$4,850,000

Introduction

U.S. assistance to Panama supports the successful implementation of the Panama Canal Treaties. Under the treaties, Panama will assume full ownership, control and operation of the Canal on December 31, 1999. The assistance also contributes to the achievement of other U.S. foreign policy objectives in the areas of economic growth, democracy, law enforcement and environment.

Assistance to Panama at this critical juncture is clearly in the U.S. national interest. Substantial amounts of U.S. (13%-14%) and world (4%) ocean-going cargo transit the Panama Canal. The protection of the Panama Canal Watershed's natural environment is vital to safeguarding the fresh water resources upon which Canal hydrology depends. Additionally, a democratic, transparent, prosperous and stable Panama will help ensure smooth transfer of Canal ownership and control, contributing to efficient Canal operations well into the 21st Century. Well-planned, productive uses of U.S. military bases and other properties scheduled to revert to Panama can help offset the loss of income from the closure of the bases, contribute to political stability and help preserve the ecology of the Canal Watershed.

Development Challenge

Fresh water powers the Panama Canal. The Panama Canal Watershed is the only source of water to meet the needs of the Canal as well as fast growing population in the area. During the past 50 years, massive deforestation has reduced the forest cover in the Watershed by 60% and in the process eroded its river valleys and lake shores. As a result, the fresh water supplies of the Canal Watershed are increasingly vulnerable to siltation, sedimentation and the reduction of storage capacity of the lakes. USAID will continue to provide assistance to improve the management and technical capabilities of key responsible Government of Panama (GOP) institutions, local governments, non-government organizations, and communities in the area, to better protect and conserve the natural resources of the Panama Canal Watershed. As a result of USAID ongoing assistance, four of the five national parks established to help protect the Panama Canal Watershed have been demarcated, provided with essential infrastructure, communication and transportation equipment, and have developed management plans. USAID has also supported a monitoring program to measure changes in forest cover, hydrology, biodiversity and human settlements.

It is essential to Panama's future political stability that the process of assuming ownership and control of the Panama Canal in 2000, as well as the productive uses adopted for the reverted areas, be carried out in an open, transparent, and efficient fashion. This process should produce results in which all Panamanians from all social classes clearly benefit. USAID supports these Panamanian efforts by providing technical assistance to facilitate the transfer of the Canal and to evaluate management and asset disposition options related to reverted military areas. USAID assistance was instrumental in the development of GOP's Canal Transition Plan and the framework law which created the new Panama Canal Authority, successor agency to the Panama Canal Commission (PCC). Additionally, USAID has funded numerous feasibility studies which have guided the decision making process related to disposition of major reverted military areas and infrastructure. USAID assistance is being provided to assist the environmental protection of the Panama Canal Watershed, to support the transfer of Panama Canal operations to Panamanian control, and to facilitate the productive uses of the reverted U.S.

military and other properties. We anticipate completing our assistance to Panama by September 30, 2000. Currently, the GOP's external public debt is \$5.2 billion. The U.S. Government has no plans for debt relief.

Other Donors

The Inter-American Development Bank (IDB) is the lead donor in Panama, with a projected \$800 million loan program over the next few years. The IDB is optimally positioned to move into sectors which USAID has either left or will soon leave. These include: financial management reform, economic policy development and administration of justice. The IDB also provides loan funding for major new initiatives in road construction, energy development, agriculture, health services, secondary and technical education, housing and improved systems for urban potable water and sanitation. Germany, Spain, the European Union and Japan provide a total of approximately \$40 million annually in grant assistance. All are involved to some extent in supporting environmental protection, although none has provided assistance to address the needs of the Panama Canal Watershed. The U.S. is virtually the only donor in the Canal Watershed.

FY 1999 Program

USAID will focus resources on the protection of the Panama Canal Watershed and on issues related to the effective and efficient transfer of the canal and the reverted areas adjacent to the Panama Canal.

In FY 1999, USAID will continue to support the institutional strengthening of Panama's Institute of Renewable Natural Resources (INRENARE) to provide sustainable environmental protection of the Panama Canal Watershed. Additionally, USAID will continue to support the Panama Canal Transition Commission/Panama Canal Authority (PCTC/PCA), which came into existence in 1997. Assistance will be used to help the two entities to set up organizational and operational policies for overseeing the management, maintenance, use and conservation of water resources in the Panama Canal Watershed. This support will also include activities with key municipalities, the private sector and NGOs within and bordering the Canal Watershed. During FY 1999, the last of five national parks in the Canal Watershed will become completely operational. Additionally, USAID will continue to support specific objectives of the Interoceanic Regional Authority (ARI), which is responsible for the planning and implementing privatization or productive uses of the reverted areas as well as for its appropriate share of the environmental protection of the Canal Watershed. During FY 1999, feasibility studies and technical assistance will enhance the decision making process of PCTC/PCA and ARI.

**PANAMA
FY 1999 PROGRAM SUMMARY
(\$000s)**

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Improve Management and Protection of Panama Canal Watershed - DA			3,300				3,300
Sp.O. Ensure Smooth Transfer of the Panama Canal and Facilitate Productive Use of Reverted Areas - DA	1,550						1,550
Totals - DA	1,550		3,300				4,850

USAID Mission Director: Lars Klassen

ACTIVITY DATA SHEET

PROGRAM: PANAMA

TITLE AND NUMBER: Improved Management and Environmental Protection of the Panama Canal Watershed, 525-SOO1

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,300,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To protect and preserve fresh water sources vital to the operation of the Panama Canal.

USAID Role and Achievements to Date: USAID supported a Government of Panama (GOP) development plan for coordinated protection and sustainable development of the Panama Canal Watershed (PCW). The GOP Institute for the Management of Renewable Natural Resources (INRENARE) and the Smithsonian Tropical Research Institute (STRI) are our principal partners in this effort. In this regard USAID supported a GOP initiative, the Monitoring Program of the Canal Watershed to measure forest cover, hydrology, biodiversity, and human settlements through a grant agreement with STRI. Staff have been trained and baseline data established in these areas. USAID further supported the development of INRENARE's provision of essential infrastructure in the protected areas throughout the PCW. Also, park guard training, equipment, transportation, communications and management plans have been provided for the protected areas in the PCW. As a result of USAID assistance, four of the five parks established to help protect the PCW are now complete.

The FIDECO Trust Fund continues supporting environmental activities. To date, 33 grants representing \$2 million were provided to NGOs for environmental programs. An additional \$1,000,000 was provided to INRENARE for protection, maintenance and operation of Panama's national parks in the PCW and throughout the country. USAID continued training community leaders and progressive farmers in the PCW in agroforestry techniques. USAID also supported NGOs and Community Based Organizations (CBOs) involved in project implementation in the PCW and local governments, the business community and civil society in their active involvement in the protection of the PCW.

Description: During FY 1999, USAID will continue to work with INRENARE, STRI, NGOs, communities and municipalities, within and bordering the Canal Watershed, and civil society to discourage encroachment into national parks and encourage agroforestry activities, and protection of natural resources within the watershed.

Effective and sustained management and protection of the Panama Canal Watershed requires appropriate policies and regulations, particularly with respect to changes in land use, adequate funding for Watershed protection activities, effective coordination among GOP institutions, and an informed civil society. Economic alternatives for the Canal Watershed's residents that are compatible with effective protection and management will also be stressed, as will a continued monitoring of the watershed's monitoring system.

To achieve the proposed Strategic Objective, USAID will continue to support GOP efforts, the Panama Canal Transition Commission/Panama Canal Authority (PCTC/PCA) and Interoceanic Regional Authority (ARI) to assure reverted areas land uses are compatible with ARI's Regional Plan. Geographic information system (GIS) data will generate annual information of changes.

USAID will work with the PCTC/PCA and the Panama Canal Commission (PCC) in the implementation of Panamanian Laws that give the PCA the responsibility for management, maintenance, use and conservation for the water resources of the Canal Watershed when the Canal is transferred. An Inter-Institutional Commission (IIC) will be established to harmonize the Policy/Legal/Regulatory framework of all GOP, NGO and private sector entities operating within the PCW.

USAID will work with corresponding GOP agencies and other institutions to assure financing for the management and protection of the PCW, e.g., that Canal tolls will be set to cover the costs of operating the Canal, including support for water resources protection. With IDAAN's (the GOP water company) anticipated privatization in 1998, the new entity will either pay for raw water or provide some funding arrangement for the protection of the watershed. USAID will work with PCA/PCC, STRI and INRENARE to ensure the institutionalization and sustainability of the PCW monitoring program. The monitoring program will continue measuring forest cover, hydrology, biodiversity and demography within the Canal Watershed.

USAID and FIDECO grants to NGOs will support pilot agroforestry projects in buffer areas of the PCW national parks as well as funding INRENARE agroforestry efforts in key communities of the watershed and support INRENARE in managing the PCW protected areas effectively. Support for the provision of essential infrastructure, park guard training, and development of management plans will continue.

USAID will continue to promote participation by local governments, the business community and civil society in the formulation and implementation of PCW management and protection efforts.

Host Country and Other Donors: USAID continues to be the primary donor supporting management of natural resources in the PCW. INRENARE, PCA/PCC through the IIC will become more and more responsible with USAID assistance and guidance. Japan and several other countries continue active but small-scale assistance efforts in other areas of the country, but not in the Watershed. For 1998, INRENARE's budget is \$16 million, a reduction from the \$18 million in 1997.

Beneficiaries: The sustainable improvement in management and protection of the Panama Canal Watershed will benefit the U.S. and other international users of the Panama Canal and 1.5 million Panamanians of Panama and Colon city which depend upon the canal lakes for potable water.

Principal Contractors, Grantees or Agencies: USAID implements activities through a grant with the Smithsonian Tropical Research Institution, PASA agreements with U.S. Army Corps of Engineers, the USDA Forestry Service, Cooperative Agreements with regional organizations, Technoserve and Panamanian NGOs and GOP agencies.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (1999)</u>
All waterways and forested areas in the Canal watershed declared legally protected (in hectares)	156,000(1990)	245,000
Forest cover in the PCW (in hectares)	122,575(1990)	126,000
Land Area reforested in the canal Watershed (in hectares)	100(1990)	6,400
Funding disbursed from the Ecological Trust to NGO's, community associations, education groups and GOP entities for conservation/environmental activities (\$000 - cumulative)	\$000(1994)	\$ 6,100

ACTIVITY DATA SHEET

PROGRAM: PANAMA

TITLE AND NUMBER: Efficient Transfer of the Panama Canal and Facilitate the Productive Use of the Reverted Areas, 525-Sp001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,550,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: The purpose of this special objective is to prepare for a seamless transition of the Panama Canal to Panamanian ownership, control and operation, and to offset the loss of employment and income resulting from the closure of U.S. military bases.

USAID Role and Achievements to Date: USAID is acting primarily as a facilitator in the Canal transfer and reversion processes in those areas of expertise where the U.S. possesses a particular, comparative advantage to help accelerate the process, and to ensure high quality of the technical assistance "products" that the Interoceanic Regional authority (ARI) and the Panama Canal Transition Commission/Panama Canal Authority (PCTC/PCA) need in order to evaluate management and asset disposition options.

USAID helped to develop the terms of reference and funded the development of the GOP's Canal Transition Plan which guides current planning. Based on that planning, the PCTC/PCA developed the framework law to operationalize the new PCA. This law was approved by the GOP Legislature in mid-1997. USAID has also assisted the PCTC/PCA by funding technical assistance efforts to: develop a public information plan to explain to a world-wide audience the role of the PCA; determine the programming, monitoring and control mechanisms required to manage the transition process; establish a documentation and translation center with Internet outreach; analyze insurance/risk management and support non-confrontational resolution of labor issues using the services of the U.S. Federal Mediation and Conciliation Service.

USAID is actively supporting the institutional strengthening of ARI as the primary interlocutor of the GOP for reversion and investment. USAID funded feasibility studies for tourism development for Fort Amador, optimal uses for Albrook Air Force Station, and privatization of Gorgas Military Hospital. ARI has carried out planning, marketing and sales activities for private sector productive use of the U.S. military bases and certain Canal operating areas that are being transferred to Panamanian control.

USAID support of Fundación ANDE is encouraging the private sector's partnership with the GOP in a fair and transparent reversion process, through improvements to the business climate, particularly as they relate to the Canal and reverted areas. Fundación ANDE has produced an incentive law for tourism development in the reverted areas and another law for streamlining procedures for business licensing by the GOP and is actively involved in promoting intellectual property rights and fair business practices.

Description: In FY 1999, technical assistance will be provided to the GOP's PCTC/PCA to strengthen financial management, including budgeting, accounting, procurement and auditing, labor relations, insurance/risk management, a documentation/translation center and a sustainable management plan for public-private stewardship of Canal operating areas.

The International Executive Service Corps will continue to provide highly experienced U.S. technical experts on a short-term basis to address a wide range of specific base conversion issues identified by the PCTC/PCA and ARI, e.g., optional uses, opportunity costs, market feasibility, marketing appropriate areas for tourism, light industry, maritime uses, and research/educational development needs. Further strengthening of the Geographic Information System (GIS) is anticipated to assist the base conversion work.

Selected assistance to the GOP Financial Controller office will be provided to assist with the completion of the automatization of the National Integrated Financial System through which accurate accounting data on reverted areas will be generated.

Host Country and Other Donors:

The IDB provided ARI with loan-funded technical assistance to develop a General Use and Regional Plans for the reverted areas in 1997. Also, under its Multilateral Investment Fund (MIF) program, IDB makes available a small grant to finance investment banking costs, associated with Reverted Area projects, complementary to USAID's assistance to ARI through the IESC grant. The United Nations Development Program (UNDP) has financed workshops and seminars between the GOP and selected NGOs to encourage participation in the Canal and military property reversion process and to develop a unified Panamanian "visionary" approach to these processes. USAID's use of the NGO community will be increased to ensure equitable and sustainable investments occur in the Reverted Areas.

Beneficiaries: The beneficiaries are the U.S. and other international users of the Panama Canal; the Panamanian people, who depend on revenues derived from the U.S. military bases and the Panama Canal, and its 8%-15% contribution to gross domestic product; and the Panamanian labor force, including 7,500 permanent Panama Canal Commission employees, and 8,000 U.S. military contract and concession employees.

Principal Contractors, Grantees or Agencies: The primary implementor is the U.S.-based NGO, the International Executive Service Corps. USAID is also providing services of advisors through the Free Market Development Advisory Program to a number of Panamanian institutions involved in various aspects of the reversion process and the transfer of the Canal. Lastly, the Federal Mediation and Conciliation Service is implementing training in support of non-confrontational resolution of labor issues for the Panama Canal labor force.

Major Results Indicators:

	<u>Baseline (1995)</u>	<u>Target (1999)</u>
New jobs created replacing those lost by closure of U.S. military bases (cumulative)	0	10,000
New revenues generated replacing income lost by closure of U.S. military base (\$000 - cumulative)	\$0	\$125,000
Additional wages generated offsetting lost due to U.S. military base closure (\$000 - cumulative)	\$0	\$63,000

PARAGUAY

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$4,785,000	\$5,625,000	\$4,525,000
Economic Support Funds*	\$200,000	\$500,000	

* LAC Regional request for FY 1999 includes \$800,000

Introduction

Paraguay, an emerging democracy of five million people, faces political, social, environmental, and economic challenges. The U.S. Government's main policy objective in Paraguay is to consolidate and strengthen democracy to help preserve political and economic stability in the region. Environmental degradation and high population growth are also of concern to U.S. regional and global interests.

The Development Challenge

Paraguay has taken important steps to reform the government and adopt basic democratic principles since it began its transition to democracy in 1989. Despite these accomplishments, the transition has been erratic and needs to be consolidated. In November 1996, 83% of eligible voters participated in well-run, transparent municipal elections. In 1998, national elections will determine if the country continues towards democratic consolidation. USAID is assisting the Electoral Tribunal to organize and prepare for this enormous task by training Tribunal staff and poll-watchers, providing technical assistance to upgrade their information and communication systems, and carrying out voter education campaigns. Challenges facing the country are attempts to modernize the state, reform the judiciary, reduce corruption, and tackle socio-economic and environmental problems.

Institutions are weak and confidence in the government remains extremely low. A strong legal and regulatory framework backed by a more professional judiciary are fundamental to Paraguay's democratic and economic development. Key legislation to strengthen judicial reform, such as a modern Penal Code, are being passed with USAID support. Local governments are providing new services to their communities as the decentralization of basic public services begins. Consolidating these decentralization initiatives will remain a significant struggle in the near future.

Paraguay has one of the highest rates of deforestation in the world which, if unabated, will result in a country with no significant remaining forests in less than 10 years. Conservation of Paraguay's unique natural resources is of regional and global importance and is critical to the country's long-term sustainable development. Models are being developed to set aside substantial protected areas to decrease the deforestation rate and rationalize land use through a national private reserve program.

The country's annual population growth rate is one of the highest in the LAC region at 2.6% and maternal mortality is one of the highest in the hemisphere. The country is now in the process of undertaking major reforms in health, education, and family planning services. A recently conducted national reproductive health survey has pinpointed primary areas in which to focus USAID-sponsored activities.

Paraguay has a relatively low level of international debt and is current on debt payments. This is not a significant issue for U.S. concern. Paraguay is not a candidate for graduation from U.S. development assistance in the near term. The state of the country's democratic institutions such as the Electoral Tribunal, key GOP Ministries, the Judicial System and the newly formed local governments as well as NGOs and political parties indicate that substantial time and effort are still required. However, USAID's population and environmental special objectives will be achieved by FY 2000.

Other Donors

The United States is the fifth largest bilateral donor after Japan, Germany, the European Union (EU) and Spain. The Inter-American Development Bank (IDB), World Bank, and United Nations Development Program (UNDP) are major multilateral contributors. USAID/Paraguay will continue to leverage other donor resources, such as influencing the World Bank and the IDB to include decentralization components in their new loans of a combined total of \$60 million for the health sector. Discussions are underway with the Japanese to develop a joint reproductive health initiative under the U.S.-Japan Common Agenda. This program is expected to begin in mid-1998.

FY 1999 Program

USAID will assist Paraguay to increase its capacity for sustainable development in a participatory democracy. The program has a strategic objective of improved responsiveness and accountability of key democratic institutions. Consolidation of this nascent democracy is the cornerstone of the USAID program, as well as Paraguay's highest priority. This responds directly to the U.S. interests of preserving regional stability and promoting U.S. economic interests. A government that responds to citizens' needs and is accountable for its actions is fundamental. Funding of \$2.9 million (DA/ESF) in FY 1999 will be used to achieve: more efficient, transparent, and participatory electoral systems and to better inform citizens on their civic rights and responsibilities; support more participatory and better functioning selected sub-national governments; and improve access to strengthened judicial and legislative systems. Special, narrower program objectives include improved management of an expanded protected areas system and increased use of voluntary family planning services.

Free and fair elections are key to a functional representative democracy. USAID/Paraguay's strategy will use the results of a comprehensive evaluation of the May 1998 general elections to guide the institutional strengthening programs for the new Election Tribunal. This activity will be complemented by electoral education programs by NGOs and civic organizations which include programs that reach traditionally marginalized groups such as youth and women. In addition, activities to strengthen political parties and improve civil-military dialogue will continue. USAID will also promote the adoption of a major package of legal reforms which will completely revamp the judicial system, including the elimination of gender bias. Training of judicial sector personnel in new procedures will be supported. Furthermore, local planning exercises, in which local governments and the community are co-responsible for carrying out municipal development action plans, will be expanded. Pilot activities in health decentralization will be underway and in FY 1999 the results of these operational research activities will be incorporated into a broadened decentralization of basic health care service delivery.

Intensive, unsustainable exploitation of land, water, and wildlife resources continues and poses a major threat to the survival of characteristic local and regional ecosystems. Successful models of sustainable private reserves are being developed under cooperative agreements with local NGOs. USAID will fund activities to develop management plans for these areas, build local management capacity, and develop economic alternatives to deforestation. The USAID-supported Parks in Peril program will be fully operational. This program strengthens the largest national park in the Chaco region with partial private sector park management, for the first time ever in Paraguay. These models, with an estimated \$425,000 in FY 1999 funding, will enable the Government of Paraguay, private land owners, local NGOs and other donors to increase private and public protected areas.

During previous administrations, maternal and child health services and family planning deteriorated. Less than one-third of women of reproductive age have access to family planning services. USAID support of \$2 million in FY 1999 will increase voluntary family planning through the introduction of quality public sector services and strengthened private sector information systems and services, including an innovative contraceptive social marketing program.

PARAGUAY
FY 1999 PROGRAM SUMMARY
(\$000s)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Improved Democratic Institutions - DA - ESF*			100	2,000			2,100
Sp.O. 1 Improved Management of Protected Areas - DA			425				425
Sp.O. 2 Increased Use of Voluntary Family Planning Services - DA		2,000					2,000
Totals - DA		2,000	525	2,000			4,525

* LAC Regional request includes \$800,000 attributed to Paraguay democracy objective

USAID Mission Director: Barbara C. Kennedy

ACTIVITY DATA SHEET

PROGRAM: PARAGUAY

TITLE AND NUMBER: Improved responsiveness and accountability of key democratic institutions, 526-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 1999: \$2,100,000 DA; \$800,000 ESF (attributed under LAC Regional request)

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To support greater government responsiveness and accountability through creation of an effective judiciary and legislature, an independent functioning electoral system, citizens informed of their new civic rights and responsibilities, and local government with decentralized services based on wide citizen participation.

USAID Role and Achievements to Date: USAID is improving the responsiveness and accountability of key democratic institutions by carrying out a series of activities which feature institutional strengthening and human resource development. Technical assistance has been provided to the newly established Election Tribunal to create a new voter registry, inform voters of electoral procedures, supervise the work of new local and regional tribunals and councils, and successfully conduct the November 1996 municipal elections with an impressive 83% nationwide turnout. Preparations are underway to organize the national elections in May 1998. After the attempted coup in April 1996, President Wasmosy endorsed a USAID-sponsored program to enhance civil-military dialogue. For the first time Congress, key politicians, academics and top military officers met to discuss the roles of the military in a democracy and review new proposed defense legislation and a draft of a national defense strategy. Major support is still needed to assist the judiciary and legislature overcome their poor public images, improve access to the system, fight corruption, pass needed laws, and move toward an accusatorial and oral process system. The Supreme Court and the Office of the Attorney General are receiving technical assistance to move toward the passage of major legislation which will completely modernize the judicial system, including a new penal code which was recently enacted. Local governments are receiving training in administration, budgeting, and financial management and are part of a USAID supported policy dialogue on decentralization. After great debate, the National Health System Law was enacted. USAID supported this landmark legislation, the first ever to authorize decentralization of public services. Citizen groups are beginning to play a greater role in defining local priorities and are participating in community-wide public hearings. Technical assistance is being provided to develop models of decentralized services in key regions.

Description: USAID will focus on: a) election assistance to support the Election Tribunal in conducting free and fair national elections in 1998; b) promotion of more effective electoral education programs by local NGOs and civic organizations, including work with an NGO consortium to do a quick count of election results; c) the creations of a widely accessible elections information resource center; d) judicial and legislative reform through strengthening institutional and human capacity, especially through training of judges and court personnel in new penal code and in conducting oral proceedings; e) the adoption and execution of priority legal reforms, including the introduction of an alternate dispute resolution program and a civic education campaign; f) support for local governments to better plan and manage their programs which encourage joint local government and a community approach to solving community problems; and g) address the decentralization of basic public services to regional and local levels to increase transparency, accountability and efficiency. Funding will be channeled through both local and U.S. based NGOs or contractors working in coordination with the corresponding national or sub-national governmental agency.

Host Country and Other Donors: USAID has taken the lead in encouraging the donor community to support democracy, especially with the IDB. Using USAID-initiated studies, the IDB is designing

complementary projects to help modernize the judicial and legislative branches. The Organization of American States (OAS) is working collaboratively with USAID in the area of election assistance. USAID/Paraguay has successfully leveraged other donor resources to support this strategic objective, such as by influencing the World Bank and the IDB to include decentralization components in their new loans of a combined total of \$60 million for the health sector. The GOP provides substantial, complementary support to USAID-sponsored initiatives.

Beneficiaries: Most segments of the population of approximately five million will directly benefit from increased participation and decision-making as a result of electoral support and the reforms in the judicial system. Local communities will have a greater say in the plans and actions of their local and regional governments and will benefit from better management of local health services. Citizen groups involved in urban environmental concerns will receive the benefits of a cleaner and safer environment.

Principal Contractors, Grantees, or Agencies: USAID implements activities through several U.S. private non-profit companies and international and local NGOs. U.S. principal contractors and grantees are the National Democratic Institute (NDI), the International Foundation for Electoral Systems (IFES), Development Alternatives Inc. (DAI) and State University of New York (SUNY). Local and international NGOs and grantees include the Information and Resources Center for Development (CIRD), the International Union of Local Authorities (IULA), the Paraguayan Center for Economic Liberty and Social Justice (CEPPRO), Alter Vida, and the Center of Electoral Assistance and Promotion (CEPAL).

<u>Major Results Indicators:</u>	<u>Baseline</u>	<u>Target</u>
Population who believe that the national government is responsive to their needs	39% (1996)	50% (2000)
Population that consider the elections clean	45% (1993)	65% (1998)
Registered voters who vote (in national elections)	69% (1993)	87% (1998)
Number of target sub-national governments with joint community project implemented	2 (1996)	17 (2000)
Population who express satisfaction with municipal service delivery	44% (1996)	60% (2000)
Number of key reforms enacted by Congress	0 (1996)	4 (2000)
Population who believe that they receive a fair trial	40% (1996)	50% (2000)

ACTIVITY DATA SHEET

PROGRAM: PARAGUAY

TITLE AND NUMBER: Improved management of an expanded protected areas system, 526-SpO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$425,000 DA

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To increase protection of Paraguay's natural resources through a strong National Parks and Private Reserve system while promoting compatible activities in the surrounding areas.

USAID Role and Achievements to Date: Under the previous Parks-in-Peril program USAID assisted a Paraguayan consortium of public and private agencies to purchase and put under long-term protection a 240 square mile reserve, one of the last large continuous tracts of Interior Atlantic Rainforest in the tri-country region of Paraguay, Brazil and Argentina. USAID's successful private reserves program, which incorporates conservation and sustainable use of resources, includes 15 reserves and 585,000 hectares under protection. The program has targeted developing effective models of public and private reserves which will be used as a basis for future environmental activities.

Description: Paraguay, with one of the highest rates of deforestation in the world, loses 10% of the its remaining forest cover every year, threatening the future of unique regional ecosystems. Environmental problems aggravate poverty, complicate the transition to democracy, and have detrimental impacts on indigenous and non-indigenous women and men. It is imperative that Paraguay develop and implement sustainable land use models and preserve the last remnants of these important ecosystems. Long term growth and sustainability cannot be sustained if the country's resource base is not protected. All USAID activities are carried out in close collaboration with the Government of Paraguay's (GOP) Directorship of National Parks and Wildlife (DNPW). Activities include the delineation of new parks, training park guards and other park/reserve personnel, development of enforcement regulations, equipment, and organizing public awareness campaigns on conservation. Through a prominent local conservation NGO, a private reserve program plan is being established which will provide an effective conservation compatible with sustainable income generating activities. Important components of this plan include health, wildlife, and forestry projects with indigenous communities within and close to the parks. This is because of their close link to the forest and great need for these local populations to use and sustain themselves with food and cash income. A new public, national park has been incorporated into USAID's Parks-in-Peril program which includes an innovative public/private system for park management.

Host Country and other Donors: The GOP has increased funding for DNPW progressively over the past several years and will continue to do so as the issue of environmental degradation continues to command attention nationally and internationally. The GOP has presented a bill to Congress to create a Ministry of the Environment which is currently under study in commission. Other key donors include Japan and Germany. Under U.S.-Japan Common Agenda USAID has initiated joint programming whereby the Japanese have agreed to fund a local NGO to augment USAID's private reserves program. This is the first of a number of proposals being discussed under the common agenda. Importantly, the World Bank and IDB emphasize environmental mitigation in their loan packages and have directly provided loans for resource management. USAID coordinates closely with these international financial institutions for maximum impact and plans to use the models developed to encourage other donors to add more funds to expand protected areas.

Beneficiaries: Indigenous groups living in and close to national parks and reserves. Small farmers and rural inhabitants within buffer zones of parks, which comprise about 49% of Paraguay's population. The general public through an improved economy which is not based on natural resource depletion.

Principal Contractors, Grantees, or Agencies: USAID implements activities through The Nature Conservancy (TNC), a U.S.-based organization and two local NGOs, the Moises Bertoni Foundation and the Desdel Chaco Foundation.

<u>Major Results Indicators:</u>	<u>Baseline (1996)</u>	<u>Target (2000)</u>
Number of reserves graduating to self-sufficiency	2	6
Number of areas created	15	24
Number of reserves that are offering education programs to people in the reserves or in areas	1	10
Number of economic alternatives implemented on reserves	4	15

ACTIVITY DATA SHEET

PROGRAM: PARAGUAY

TITLE AND NUMBER: Increased use of Voluntary Family Planning Services, 526-Sp002

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$2,000,000 DA

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To increase current contraceptive prevalence by expanding access and use of family planning services and strengthening capacity and sustainability of family planning programs.

USAID Role and Achievements to Date: While USAID had funded population and family planning activities on a limited basis in the past, it was not until 1994 that the Government of Paraguay (GOP) made reproductive health and family planning a priority. In 1994, USAID jointly developed a population assistance program with the Ministry of Health and a local family planning NGO. This program was approved and implementation began in 1995. Currently the Ministry of Health's reproductive health plan strongly endorses family planning and for the first time includes funds for contraceptive supplies. USAID focuses jointly on the private and public sector and has completed a national reproductive health survey. Expansion of services to include special services for males and permanent methods has begun. Activities to assist the private sector organize cost-effective services are being carried out.

Description: USAID/Paraguay's strategy is to expand family planning access by offering family planning services through existing facilities which do not currently provide them, rather than establishing new facilities; to define quality of family planning services as the provision of a range of modern family planning methods by providers with adequate technical and managerial skills; and to support activities aimed at increasing efficiency and reducing the costs of family planning programs. These activities will be carried out through local NGOs and U.S. cooperating agencies. USAID's support for expanded access to family planning services includes the expansion of community-based and alternative distribution systems, including a new innovative contraception social marketing program, to reach undeserved rural and marginal urban areas as well as programs targeted to special groups such as male clinics, adolescents and permanent family planning methods. In addition, program efficiency and sustainability are addressed through training and technical assistance in contraceptive logistics management, specialized clinical training, financial and program management and closer coordination between the public and private sector. USAID is also introducing the concept of model quality service delivery in certain regions which more directly address specific community needs. This model includes a basic package of selected family planning services for the community and establishes minimum service delivery conditions which assure quality family planning.

Host Country and Other Donors: The GOP National Reproductive Health Council includes members from the public and private sectors and donor community. The Council is active in organizing and coordinating all population and family planning activities. The United Nations Population Fund provides public sector support and the World Bank and the IDB are initiating health sector loans which provide equipment and training to improve quality of public sector health services. The International Planned Parenthood Federation also provides support to its local affiliate.

Beneficiaries: About 1.2 million women of child-bearing age, including approximately 750,000 couples. Young adults and men will also be beneficiaries for targeted information and services. USAID-supported programs are targeted towards at-risk couples not currently using family planning, which includes nearly 330,000 couples which do not have access to family planning services.

Principal Contractors, Grantees or Agencies: USAID implements the program through a number of U.S.-based firms such as Population Services International (PSI), Management Sciences for Health (MSH), Access to Voluntary and Safe Contraception (AVSC), Family Health International (FHI), John Hopkins University and John Snow Inc.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2000)</u>
Contraceptive prevalence for women 15-49 using modern methods	35% (1990)	50%
Couple years of contraceptive protection (CYP)	107,000 (1996)	156,000
Rural women within 1/2 hour of a service delivery point	15% (1990)	50%
Urban women within 1/2 hour of a service delivery point	57% (1990)	80%
Quality service delivery points providing services in priority regions	0 (1996)	15

PERU

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$18,626,000	\$23,629,000	\$26,372,000
Child Survival and Disease	\$5,900,000	\$7,131,000	\$7,937,000
International Narcotics Control Fund	\$13,000,000	\$10,000,000*	\$25,000,000
P.L. 480 Title II	\$53,866,000	\$53,981,000	\$49,745,000

* initial allocation. Additional reprogramming to increase these funds is expected during FY 1998.

Introduction

USAID assistance to Peru is a crucial U.S. foreign policy instrument for promoting democracy and human rights, including reproductive rights, reducing the entry of illegal drugs into the United States, protecting and promoting human health while reducing the spread of infectious diseases, securing a sustainable global environment, and reducing poverty through broad-based economic growth. These actions contribute to the stability of a trading partner with one of the fastest growing economies in the region that is becoming increasingly important to the United States.

The Development Challenge

Although there has been considerable progress, much remains to be done to bolster a fragile and uneven democracy in Peru. The human rights situation continues to improve due to the elimination of the "faceless" courts and prisoner releases, but concerns still remain. USAID assistance has contributed to broader citizen participation in decision-making processes of local governments, the emergence of the Human Rights Ombudsman Office as one of the most respected Peruvian institutions, and the release of hundreds of individuals from jail who have been "unjustly" accused or convicted of terrorism.

Peru is one of the world's leading producers of illicit coca leaf and its cultivation, processing and trafficking has caused serious harm to Peru. To address this problem, joint U.S./Peru efforts have achieved a dramatic net reduction of 45,000 hectares of coca in the past two years. These efforts have consisted of effective law enforcement efforts to disrupt the illegal drug trade and USAID's Alternative Development (AD) Program which has offered coca farmers licit economic alternatives.

Macroeconomic improvement has been impressive, but continuing inequities, particularly in the poorest urban and rural areas of the country, indicate that much needs to be done to generate productive employment and income to meet the needs of those in poverty and eliminate constraints that prevent the poor from participating in the country's economic growth. In 1996, 51.3% or 12.3 million Peruvians lived below the poverty line, 4.5 million (18.9%) of them in extreme poverty conditions. USAID has been addressing the major causes of poverty by improving the capacity of the poor and incorporating them into the market economy. In 1997, over 20,700 USAID-assisted small farmers and microentrepreneurs increased their incomes by 30%, 15,000 new full-time jobs were created, and more than 2.3 million Peruvians, 400,000 of them children under five years of age, were assisted through food assistance programs.

Despite advances in national health indicators, urban-rural disparities persist. While the national average is 26%, chronic malnutrition of children in rural areas is 40%, and infant/child mortality and fertility in rural areas are twice as high as in urban areas. Unintended pregnancies among adolescents are also on the rise. Additionally, threats exist from new and reemerging infectious diseases and the *El Niño* phenomenon has increased them.

Uncontrolled urbanization, pollution and lack of adequate environmental polices and public awareness threaten the natural resources in a country with one of the richest diversity of habitats and largest forest areas in the world. USAID has addressed this global concern by supporting the 1997 passage of the first environmental regulation framework for the manufacturing industry and new laws for the sustainable use of natural resources, natural protected areas, and the conservation of biodiversity.

Peru's foreign debt was reduced from \$35.5 billion in 1996 to \$27.5 billion in 1997 due to successful debt negotiations. In 1997, the U.S. and the GOP signed Debt Swap/Buyback Program and Americas Fund Agreements that will permit Peru's repurchase of \$176 million in USAID concessional loan debt.

USAID resource levels are projected to decline with an orderly phasedown of assistance once civil society and public sector capacity have developed sufficiently. However, the areas of extreme poverty, environment and alternative development will require continued assistance over the medium-term.

Other Donors

Net Official Development Assistance to Peru in 1996 was \$410 million. The U.S. contribution was 12.4%, making it the second principal bilateral donor after Japan, which provided assistance mainly for infrastructure. The contribution of the United Nations, Germany, and the European Union was 52.9%, focusing on health and human resource development, rural development, microenterprise support and humanitarian assistance. The Inter-American Development Bank (IDB) and the World Bank played a major role in the areas of economic support, road rehabilitation, education and other areas.

FY 1999 Program

The FY 1999 program will focus on disadvantaged groups to achieve the following integrated objectives related to Agency Goals: broader citizen participation in democratic processes; increased incomes of the poor; improved health, including family planning, of high-risk populations; improved environmental management in targeted sectors; and reduced illicit coca production in target areas.

USAID assistance in democracy will increase the poor's access to justice, increase civic awareness, promote more accountable public institutions at the central and local government levels to make them more responsive to their constituents, and foster greater participation of disadvantaged groups in the upcoming electoral processes of 1998 and 2000. Activities in economic growth (including the Title II program) will increase incomes of the poor through improved nutrition, increased productivity and market access, improved policies (including basic education) and financial services for the poor, and improve the effectiveness of organizations assisting the poor. The AD Program will continue helping the Peruvians to accelerate licit economic activities and social/productive infrastructure to sustain coca reductions.

In population, health, and nutrition, USAID assistance will continue to support Peru's efforts in strengthening the quality, coverage, delivery and use of basic health care and related reproductive services to reduce fertility and maternal, infant/child mortality in poor urban and rural areas. Assistance in 1999 will also improve nutrition, promote a girl's education initiative, and enact a health strategy to identify, prevent and control outbreaks of emerging and reemerging diseases that, if left unattended, will likely result in epidemics. In environment, USAID will continue its special emphasis on environmental awareness, strengthening private and public environmental institutions (particularly the GOP's National Environmental Council as the country's leading environmental policy setting authority), developing new pollution prevention and management technologies, and improving the management of national parks.

PERU
FY 1999 PROGRAM SUMMARY
(000's)

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
SO 1. Broader Citizen Participation in Democratic Processes - DA				2,200			2,200
SO 2. Increased Incomes of the Poor - DA - PL480 Title II	6,250					49,745	6,250 49,745
SO 3. Improved Health Including Family Planning of High-Risk Populations - DA - CSD		12,822 7,687			250		12,822 7,937
SO 4. Improved Environmental Conditions in Vulnerable Sectors - DA			5,100				5,100
Sp.O 1. Alternative Development - INC	25,000						25,000
Totals - DA - CSD - PL480 Title II - INC	6,250 25,000	12,822 7,687	5,100	2,200	250	49,745	26,372 7,937 49,745 25,000

USAID Mission Director: Donald W. Boyd, Jr.

ACTIVITY DATA SHEET

PROGRAM: PERU

TITLE AND NUMBER: Broader Citizen Participation in Democratic Processes, 527-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$2,200,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To expand the participation of citizens in the myriad events that affect their lives, while also ensuring that government is more responsive to their needs.

USAID Role and Achievements to Date: Recent USAID assistance has focused on electoral reform, human rights, decentralization, civic education and public accountability. Technical and financial assistance were provided to public and private sector institutions to develop and discuss democratic reform issues. A total of 360 persons unjustly accused of terrorism have been released from jail through the efforts of the Pardon Commission and hundreds more have been released through the legal defense efforts of USAID-supported NGOs. In USAID-assisted municipalities, 51% of the local governments held public town meetings and budget hearings. This was a result of USAID-financed training of leaders of community organizations (30% women) as well as of municipal staff on their roles as elected and public officials. In addition, community participation in discussions of proposed municipal legislation and the development of local infrastructure projects continues to increase. Over 400 human rights promoters have been trained, who in turn, have trained more than 8,000 of their compatriots upon return to their communities. The Controller General has improved its functions and was recently certified to conduct audits of USAID and other donor-financed projects. USAID-sponsored legal clinics have provided free legal and mediation services to nearly 7,000 poor Peruvians, 70% of them women who were seeking alimony and protection mechanisms from abusive husbands. These pilot conciliation activities have been successfully established and well placed to serve as models given the recent passage of a law that will make conciliation obligatory in a variety of cases. Civic education activities have continued promoting greater citizen awareness and involvement reaching 35,000 people from marginalized groups, including women, youth, blacks and indigenous people. The U.S. Participant Training Alumni Association continues as an active, nationwide institution that promotes civic activities and transfers the experiences its members gained from training in the United States.

Description: The USAID strategy is implemented through three efforts which mobilize citizen interest and support in making public institutions more responsive. The Participatory Democracy (PARDEM) effort provides assistance to the GOP electoral bodies and nongovernmental organizations (NGOs) to strengthen the electoral system, to the Controller General to improve public accountability, to local NGOs to promote civic awareness, and to Congress to improve its functioning and citizens outreach. The Justice Sector Support (JUST) effort provides assistance to local human rights groups to defend those unjustly accused of terrorism, to inform citizens of their rights, and to promote the development of the Ombudsman Office. The Local Government Development (LGD) activity supports the decentralization process by strengthening local governments -- where most interaction between the state and citizens does and should occur -- and promoting community participation in governance.

In FY 1999, USAID will continue to focus in marginalized and vulnerable groups over four areas: greater access to justice, greater civic awareness, more accountable public institutions, and more responsive local governments. To promote greater access to justice, USAID will continue to assist private human rights groups, the Ombudsman, and public and private sector organizations that will address the needs of the poor for legal defense and for alternative dispute resolution mechanisms. To achieve greater civic awareness, USAID will provide assistance in civic education curriculum development as well as diversity sensitization activities. Efforts will continue to strengthen and consolidate the electoral system, primarily on activities to foment greater participation in the electoral processes of disadvantaged groups, such as indigenous populations. To foster more responsive local

governments, activities will continue to strengthen local governments to promote community participation, and to assist in the development of appropriate legislation in decentralization.

Host Country and Other Donors: USAID continues to be an important donor in the democracy sector. Recently, other donors have become more significantly involved in the sector, in part due to some increased GOP receptivity, USAID's ground-breaking in the justice and local government areas, and recognition of the importance of democratic reform as it relates to economic development. The World Bank (WB) has approved a large judicial reform project (\$22.5 million), which will improve the performance of Peru's justice system by enhancing its access, quality, independence, efficiency and integrity. The Inter-American Development Bank (IDB) just began a \$20 million program to modernize judicial administration in communities inhabited by the poorest population groups. The European Union (EU) is assisting in developing the Judicial Academy and is providing grants to local NGOs and human rights groups. The WB and IDB are designing several local government strengthening projects for a potential total of \$240 million. The GOP is politically committed to this strategic objective, through its judicial reform process and provision of limited funding to key institutions (such as the Judicial Academy, the Ombudsman and the Judiciary Council).

Beneficiaries: Although targeted, democracy activities tend to benefit a wide segment of the population. Direct beneficiaries are individuals and community groups previously excluded from participating, and those who are the most vulnerable and marginalized, including indigenous groups, women, minorities and poor persons with little access to the justice system. By the end of 1999, 39% of Peruvians will be actively participating in resolving community problems; 29% will have confidence in national institutions; well under 300 innocents will remain in prison (down from over 1,000 in 1996); over 22% of citizens will feel that their local governments are responsive to their needs and demands; and 28% of Peruvians from disadvantaged groups (low income members of native Amazonian communities, Quechua and Aymara-speaking groups, and Afro-Peruvian populations and women) will know their basic rights and responsibilities as citizens. Other beneficiaries are human rights and democratic reform groups that implement activities and are being strengthened, local governments, key electoral bodies, the Controller General, the Ombudsman and congressional members and their staffs.

Principal Contractors, Grantees, or Agencies: USAID implements democracy activities through the U.S. NGO, IFES (International Foundation for Election Systems), local NGOs, the GOP Ministry of Justice, the Ombudsman, the Institute for National Development and the Peruvian Controller General Office.

Major Results Indicators:

	<u>Baseline (1996)</u>	<u>Target (2001)</u>
Valid votes cast as a percent of registered voters in presidential elections	60 (1995)	70 (2000)
Percent of citizens who actively participate in resolving community problems	32	48
Number of incarcerated citizens who are "unjustly" accused of terrorism	1,048	250
Percent of citizens from disadvantaged groups who know their basic rights and responsibilities	19	35

ACTIVITY DATA SHEET

PROGRAM: PERU

TITLE AND NUMBER: Increased Incomes of the Poor, 527-SOO2

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$6,250,000 DA; \$49,745,000 Title II

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To provide access of the poor to income-generating opportunities which will result in reduced poverty and improved food security.

USAID Role and Achievements to Date: Through support to private sector and not-for-profit organizations since 1994 USAID has been responsible for increasing the value of agricultural production marketed by \$45 million, the value of non-agricultural production (shoes, apparel, handicrafts) marketed by microenterprises by \$17 million, accessing 25 new export markets, and creating 32,000 permanent full-time jobs. USAID is also providing services to 20,000 microcredit clients, mainly women, having mobilized \$14 million of credit and \$2 million of savings among target clients. More than 1.3 million food-insecure Peruvians are participating in USAID food-assisted programs, with 550,000 children benefiting from nutrition and growth monitoring activities and 100,000 graduating from feeding programs. Nearly 100,000 small farmers have instituted improved soil conservation and agroforestry practices on 25,000 hectares, 5,000 kilometers of access roads have been rehabilitated, and 154,000 temporary jobs have been created by Title II food-for-work projects, impacting positively on food security, nutrition and productive infrastructure. On the basis of USAID-funded studies to improve the policy environment, the GOP has: reduced a series of taxes on the private sector which made Peruvian export industries more price competitive in international markets; decided to concentrate large public sector procurements with small and microenterprises; simplified the property titling process; improved oversight and enforcement of competition and intellectual property rights in the marketplace; and facilitated the creation of the Lima Commodities Exchange. USAID support continues to improve the focus and monitoring of GOP social investments in the extremely poor regions of the country as a key poverty reduction measure. To date, 172 Peruvian NGOs from poor highland regions have been trained in strategic planning, financial management, monitoring and evaluation, approximately \$2 million have been leveraged by these trained NGOs from other donors for development projects, and USAID has assisted the GOP in streamlining its NGO registration process.

Description: Under this program, USAID is focusing on poverty reduction and alleviation through various mechanisms: improving the policy environment for private sector-led growth, expanding access to markets, improving production, increasing productive and social investments in poverty areas, improving access to and distribution of food resources, and strengthening service delivery (inputs, credit, technology) in poverty areas. Based on the poverty map of Peru which identifies 419 extremely poor districts, by FY 1999 USAID will be focusing its activities in up to 10 economic corridors in the highlands and jungle where these poor districts are physically and economically linked with growing markets in intermediate cities. These economic corridors have potential to provide long-term job creation and increased income opportunities to the poor. Activities will support the establishment of business promotion centers in intermediate cities, which will facilitate access to financial services, information on markets, technical and management assistance, legal protection, and other trade/production services, thus fostering productive investment, market access and increased job opportunities. The Title II nutrition and production activities, which will also be focused in these corridors, will enhance participating extremely poor family members' physical and productive capacity to take advantage of these opportunities. In addition, USAID will be collaborating with the GOP to improve public social investments in the same economic corridors. Particular emphasis will be given to the promotion of public policies and programs that improve the lives of poor people by focussing Peru's economic growth more towards higher labor productivity; investments in improved health status and in human capital-- especially basic education-- are essential towards this end. USAID will be

implementing expanded microfinance activities with target clients and microenterprises, with an emphasis on sustainability of credit institutions within the larger financial system. Policy dialogue will be focused on a few high-impact issues linked to GOP social investment, agricultural and microenterprise sector rules and regulations and market access.

Host Country and Other Donors: In 1997 the GOP allocated 40% of its budget to social investments, principally through the Ministry of the Presidency and its sectoral ministries. The GOP's Financial Development Corporation (COFIDE) is acting as a conduit to channel \$450 million in credit to finance agricultural and microenterprise activities. The IDB and the World Bank are financing newly-signed agreements with the GOP in the areas of plant health (\$42 million), coastal irrigation (\$85 million), highland irrigation (\$51 million), rural road construction and rehabilitation (\$90 million), and poverty alleviation through FONCODES (\$150 million). Considerable resources are also being provided by the European Union, Japan, Germany, Canada, the Swiss and the Dutch.

Beneficiaries: USAID clients under this program are poor people who are microentrepreneurs, small producers, rural laborers or unemployed, located principally, but not exclusively, in the highlands of Peru where poverty is the severest. By the end of 1999, beneficiaries will include 45,000 laborers with full-time employment, 25,000 microentrepreneurs and small producers being provided with technical assistance and training, 80,000 small farmers with improved production practices, 20,000 women with access to credit, 300,000 children receiving nutrition and growth monitoring assistance, and 90,000 individuals being employed temporarily through food-for-work activities.

Principal Contractors, Grantees or Agencies: Principal implementers of USAID-funded activities are: GOP Ministries of the Presidency, Industry and Commerce, Agriculture, and Health; the private sector Exporters' Association (ADEX) and Businessmen's Association (CONFIEP); U.S. PVOs CARE, CRS, TechnoServe, ACDI, PACT, ADRA; and local NGOs CARITAS and PRISMA.

Major Results Indicators:

	<u>Baseline</u>	<u>Target (2001)</u>
Value of expenditures per capita of the poor ¹	\$447 (1994)	\$592
Percent of extremely poor in the population	18.9 (1996)	11.2
Value of exports of selected non-traditional export products (\$000)	\$354 (1995)	\$800
Chronic malnutrition rates in rural areas	40 (1996)	36

¹ Average expenditures per capita per year of the poor. The poor are those whose per capita expenditure per year is below \$1,570, which is the cost of a basic food nutritional basket plus the cost of other necessary goods and services.

ACTIVITY DATA SHEET

PROGRAM: PERU

TITLE AND NUMBER: Improved Health, including Family Planning, of High-Risk Populations, 527-S003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$12,822,000 DA; \$7,937,000 CSD

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To help low-income Peruvians, particularly children and women, enjoy longer lives and a higher quality of life, by making it easier for them to take appropriate preventive, promotive and curative actions, and by supporting the development of sustainable health systems that ensure access to quality services.

USAID Role and Achievements to Date: USAID supports interventions in child survival, family planning and wider reproductive health, infectious diseases and basic education. These investments have paid off. Over the five-year period 1991-96, infant mortality declined 22%, from 57 to 43 deaths per 1,000 live births. Under-five mortality fell 24%, from 78 to 59 deaths per 1,000 children. Chronic malnutrition (stunting, or low height for age) decreased by 30%; currently 26% of children under five are stunted, relative to 37% in 1991. Nationwide, immunization coverage of infants exceeded 95% in 1996. Immunization trends for 1997 point to a matching or surpassing of 1996 levels. Based on Ministry of Health data through September 1997, vaccination coverage of children under one should reach 95% for polio, DPT, measles and BCG (tuberculosis). Related data reveal that this year 54% of women living in high-risk areas will receive the required two doses of tetanus-toxoid vaccine, just below the USAID target of 55%.

Achievements in family planning are similarly encouraging. Total fertility (average births per woman over a lifetime) declined from an average of 3.9 in 1991 to 3.5 in 1996, a fall of 10%. Couple years of protection (CYP)--the generic way to measure contraceptive use and distribution--reached 1.9 million in 1996. Based on data available for the first nine months of 1997, CYP production should surpass the 1997 target of 2.1 million. Finally, a significant achievement in sustainability of family planning programs has been the commitment by the Ministry of Health to begin purchasing contraceptives for the first time in 1998; initial plans call for the GOP to procure contraceptives valued at \$1.8 million.

Description: USAID's strategy takes an integrated, primary health care approach, focusing on decentralization and strengthening of civil society, seeking to remove constraints to demand and to improve quality of care, explicitly recognizing reproductive rights and gender issues, and espousing a pluralistic approach to service provision. USAID support in family planning is devoted in its entirety to helping people realize their reproductive intentions by exercising voluntary and informed consent in acceptance or not of any of the full gamut of contraceptive options, offered within a framework of quality of care.

Ongoing activities in health and family planning are aimed at the public and NGO sectors. USAID's support to NGOs includes efforts to: (1) aid NGOs in developing organizationally to deliver health services in a client-centered, quality way; (2) through community-based organizations, help the most disenfranchised in Peru become informed promoters of their own health and discriminating users of health services; and (3) increase the availability of health services, including the gamut of family planning methods, in a sustainable fashion.

USAID's assistance to the public sector seeks to: (1) improve child survival services (such as immunization, nutrition and diarrheal disease control) and maternal health services; (2) strengthen and expand the participation of public and private-sector entities in HIV/AIDS prevention; (3) enact a public health strategy that is capable of identifying risks and preventing and controlling outbreaks of infectious diseases that, left unattended, may result in epidemics; and (4) support the GOP in extending family planning programs in a quality manner.

Via 10 mutually-reinforcing activities in FY 1999, USAID will continue to support U.S. and local NGOs and Peruvian public sector institutions in efforts to: (1) strengthen the quality of basic health care services, including immunization, family planning, oral rehydration therapy for diarrhea and related reproductive, maternal and child health services; (2) extend the coverage of and increase the use of these services by population groups in which mortality and fertility have remained high; (3) promote health and nutrition in homes and communities; (4) encourage long-term sustainability by strengthening local organizations that deliver health services, including their ability to report and diagnose emerging diseases; (5) test new models of service delivery; (6) strengthen girls' education, for which Peru has been designated a USAID emphasis country; and (7) promote safe sex, expanding the participation of public and private-sector entities in HIV/AIDS prevention. A new activity in nutrition will work at the community level to promote the types of weaning practices that can prevent chronic malnutrition, Peru's major nutrition problem, from gaining a foothold during poor children's first year of life.

Host Country and Other Donors: USAID coordinates actively with other donors in Peru. Under an inter-agency committee for the immunization program, USAID (the major donor), UNICEF, the Pan American Health Organization (PAHO) and Rotary International plan together program activities with the Ministry of Health, which has progressively assumed the recurrent costs of annual immunization campaigns. Through a second committee, USAID, the World Bank and the IDB collectively coordinate with the Ministry of Health on their health projects and debate policy issues and recommendations for reforms. The IDB project aims to strengthen national systems, and the World Bank finances a health and nutrition project. Both are complementary to USAID projects. UNICEF supports micronutrient interventions in iodine deficiency, while USAID works actively in iron and vitamin A deficiency. The World Health Organization and PAHO provide focused technical assistance in policy and service delivery. USAID remains the largest donor in family planning, investing annually several times more than the second donor, the United Nations Fund for Population Activities (UNFPA). UNFPA and the Department for International Development (the United Kingdom bilateral agency) donate complementary contraceptives and supplies and fund small-scale activities in population research, management and service delivery. Over the past year, coordination with these two donors has been especially close in the area of contraceptive supply, as part of a concerted effort led by USAID to involve the GOP in direct contraceptive purchase. The Government of Japan, under the Common Agenda, is collaborating with USAID in the area of HIV/AIDS. Other bilateral donors, such as those from the Netherlands, Canada, Germany and France, as well as the European Union, hold regular meetings with USAID, particularly in reproductive health issues, following the Cairo and Beijing Plans of Action. Estimated host country and other donor contributions for the life of the strategic objective are over \$100 million.

Beneficiaries: Children under age five number 2.9 million, or 12% of the Peruvian population. Women of child-bearing age total 6.4 million and represent 26% of the national population. In sum, three of every 10 Peruvians fall in one of these two target groups. Some USAID projects have a regional focus, complementing the work of other donors. The population in these priority regions is 7.7 million, or roughly 32% of the total population.

Principal Contractors, Grantees, or Agencies: Principal U.S. implementors include: CARE, Pathfinder International, Development Associates, MACRO International, Centers for Disease Control (CDC), NAMRID (Naval Medical Research Institute Detachment), John Hopkins University, Tulane University, University Research Corporation. Other entities responsible for implementing activities under this strategic objective include: local NGOs and universities, the Peruvian Ministry of Health, and UNICEF.

Major Results Indicators:

	<u>Baseline (1991)</u>	<u>Target (2001)</u>
Infant mortality per 1,000 live births	57	39
Mortality per 1,000 children under 5 years	78	48
Percent of infants fully vaccinated by age 1	85	95
Total fertility rate	3.9	3
Couple-years of protection (000s)	598 (1993)	2,600

ACTIVITY DATA SHEET

PROGRAM: PERU

TITLE AND NUMBER: Improved Environmental Management in Targeted Sectors, 527-SO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$5,100,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: To improve protection of the natural resource base, fragile ecosystems, and biodiversity conservation, and to reduce urban and industrial pollution.

USAID Role and Achievements to Date: Through the Sustainable Environment and Natural Resources Management (SENREM) activity, USAID's strategy aims to improve the legal, policy, regulatory and normative environment and natural resource framework, promote pollution prevention in selected peri-urban and industrial settings, and protect natural resources including biological diversity and fragile ecosystems. Ongoing activities contributed to improving environmental management and conditions in Peru. The Pacaya-Samiria project in the Amazon, which ended in September 1997, made considerable progress towards conserving the Reserve's biodiversity. The Project laid the foundations for the local population's socio-economic development through environmentally sustainable income generating activities linked to the protection of natural resources. With the participation of public and private sector environmental organizations, USAID developed a Protected Areas Management Matrix, a tool which will be used under the SENREM's biodiversity component, to evaluate the progress in improving the efficiency of the parks system to protect and conserve biological diversity. In fact, this matrix independently concluded that Pacaya-Samiria is at present the best managed park in Peru. The first two pilot demonstration projects under SENREM were completed in 1997: the Solid Waste Management Pilot, which demonstrated highly effective and profitable new technologies, using women-owned microenterprises to manage solid waste in peri-urban areas; and the Lima's Comparative Risk Assessment, which analyzed, ranked and prioritized environment and natural resources (ENR) problems affecting health. The Paracas pilot project is also showing an impact in the fishmeal industry, with many plants switching to more efficient and cleaner technologies. With USAID assistance, Peru's first environmental policy framework for the manufacturing industry, which emphasizes best practices for pollution prevention, was approved in October 1997, and a program of technical assistance to the Ministry of Industry was launched to support the implementation of the new framework. Other key pieces of ENR legislation issued during the year included new laws for sustainable use of natural resource, for natural protected areas, and for the conservation and use of biodiversity.

Description: This program supports participatory policy debate, policy research and analysis, information dissemination and training, and development of innovative sustainable technologies in the green, brown and blue areas of the environment. Institutional capabilities of the Government of Peru (GOP) and private sector organizations are being strengthened, aiming at mobilizing public support for environmental change, sound policies and effective legislation, and cost-effective practices. The GOP's fledgling National Environmental Council (CONAM) is being provided with technical assistance to solidify Peru's environmental and natural resource legal and policy framework. GOP sectoral environmental units will be trained in the management of public participation processes and assessment methodologies. Research institutions will undertake analysis and outreach on environmental law and policy. An annual State of the Environment Report will be published focusing on environmental trend analysis. Sector-specific (mining, fishing, and manufacturing) sustainable industry seminars will continue to take place to discuss pollution prevention, incentives, and how private voluntary organizations (PVOs) can support private industry initiatives. At least four industrial plants will have programs to adopt ISO 14000 -- an international voluntary environmental business standard. Adoption of this international standard will also create opportunities for U.S. technology transfer and U.S.-Peruvian scientific cooperation. Municipalities will be trained in monitoring local environmental conditions, using low-cost techniques. Building on the Environmental Initiative for the Americas pilot activities, PVOs are being supported to develop successful and innovative practices in biodiversity and

natural resources conservation, reduction of urban and industrial pollution, and improved water management. At least 10 new demonstration projects will be initiated by April 1998. Results-oriented, sustainable activities with strong likelihood of replication throughout Peru will receive support, which will promote increased other donor investments to support sustainable environmental programs. New activities are considered for initiation in FYs 1998-1999: "Biological Diversity and Fragile Ecosystems Conservation and Management", directed to combat global warming and establish a balance between the conservation of biological diversity and fragile ecosystems and the sustainable use of their resources; and "Environmental Health", whose purpose is to help low-income Peruvians, particularly women and children, enjoy longer and higher quality lives, by addressing problems and risks to health, particularly derived from urban and industrial pollution. This activity will also promote increased environmental awareness, which will afford opportunities to engage in important environmental interventions, such as the phase-out of leaded gasoline and the management of hazardous wastes.

Host Country and Other Donors: Other donors are investing resources mainly in environmental health, conservation and reforestation areas, which will improve environmental conditions in Peru. The World Bank (WB) and Japan's International Cooperation Agency are providing \$100 million and \$121 million to rehabilitate Lima's water and sewage systems, respectively. The WB is also funding a wastewater treatment feasibility study that will lead to another \$100 million loan to protect Lima's coastline, and is also channeling \$5 million through the Global Environment Fund to the National Fund for Protected Areas. The IDB approved a \$140 million project to improve basic sanitation services provided by 36 provincial water and sewerage firms; \$1.4 million to develop options for the containment of mining-related environmental damage in the Mantaro Valley; and \$1.8 million to assist CONAM in developing a master plan for the National Environmental System and a pilot environmental data system in the Grau Region. The German Cooperation Agency is helping the GOP's National Institute of Natural Resources develop a master plan for protected areas. Other donor assistance includes United Nations support of Agenda 21; Food and Agriculture Organization aid for reforestation and rural education; assessment from the EU and the Governments of the Netherlands and Switzerland for forestry, protected areas, and biodiversity; and, finally, assistance from the Governments of Canada and Finland for small debt swaps in the environmental area. Host country contributions are close to \$ 4 million.

Beneficiaries: Large segments of Peruvian population will ultimately benefit from improved environmental conditions resulting from an improved environmental and natural resource legal, regulatory and policy framework; private sector participation; and validated innovative technologies. However, the pilot activities will directly benefit low-income, poor urban and rural populations where these programs will be implemented. By FY 1999, 20% of Peruvians will adequately understand and be concerned about environment and natural resources (ENR) management issues; local authorities in three areas of the country will have received training in techniques to rapidly assess and monitor ENR problems; 120 to 150 top-level industry leaders and managers will have received training aimed at increasing their awareness and involvement in ENR matters; and, ten pilot demonstration projects will be completed (or nearing completion) and another ten will be starting with thousands of beneficiaries across the country.

Principal Contractors, Grantees, or Agencies: Principal implementer of the SENREM activity is the GOP's CONAM. In addition, a U.S. firm, Abt Associates, is providing technical assistance services, while a Peruvian consortium of NGOs, lead by ECOTEC S.A., is managing the private sector advocacy activities and the pilot demonstration projects.

<u>Major Results Indicators:</u>	<u>Baseline (1996)</u>	<u>Target (2001)</u>
Number of biologically important national parks that have achieved management improvements.	0	5
Percentage of solid waste properly dis-		

posed of in sanitary landfills in Lima.	24.4	58
Percentage of industrial plants in targeted sectors that have adopted new pollution prevention practices.	0	15

ACTIVITY DATA SHEET

PROGRAM: PERU

TITLE AND NUMBER: Alternative Development, 527-Sp01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 : \$25,000,000 INC

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To promote an adequate social and economic environment in target coca-growing areas, to reduce voluntarily coca cultivation pursuant to the GOP National Drug Prevention and Control Plan.

USAID Role and Achievements to Date: Peru is widely recognized as a major success story in reducing coca production. The successes to date of the joint US/Peru counternarcotics strategy, of which USAID's Alternative Development Program is an integral part, are indisputable. In 1997 the area of coca leaf production fell by 27%, or nearly 25,400 hectares. The net reduction of over 45,000 hectares during the past two years--a 45% decrease from 1995 levels--signifies reductions of potential coca leaf production of 53,000 metric tons and potential cocaine production of 350 metric tons, thus reducing the flow of harmful drugs to the United States and elsewhere.

Currently, there are signed voluntary agreements with 239 communities in the most important coca growing areas to reduce coca hectareage over a five year period, while committing not to plant any new coca. More coca reduction commitments will be obtained as additional funding becomes available. Based on these agreements, USAID has trained over 5,500 municipal officials and community leaders in municipal management and program planning and implementation, constructed over 250 social infrastructure projects (schools, health clinics, potable water systems, irrigation canals, etc.), and rehabilitated 380 kilometers of farm-to-market roads and 12 bridges USAID has also provided 8,000 land titles and has initiated a three year program to provide training, production, and marketing assistance for over 35,000 hectares of licit cultivations, established a sustainable \$14 million credit system for farmers, provided needed support to strengthen the GOP's new national drug coordinating entity, and increased the awareness among a majority of Peruvians that the illicit coca trade is a serious problem that needs to be addressed.

One of the most important successes of the program is that most of the coca reduction has occurred in the same areas as those targeted for assistance. In fact, in one of the poorest and most populated districts of the Apurimac Valley, the coca reduction rate is double that of other areas in the valley not receiving the same intensive assistance. This further demonstrates that a concentrated alternative development effort yields significant results in changing the economic behavior of coca farmers which will lead to a permanent, sustainable reduction in coca production.

Description: The counternarcotics strategy consists of a strong interdiction program to depress the price of coca leaf coupled with an Alternative Development (AD) Program aimed at restoring local authority, increasing licit economic alternatives, and improving economic and social infrastructure to ensure that farmers do not return to coca cultivation. The Alternative Development Program engenders a participatory methodology and includes a broad range of socioeconomic initiatives to alleviate poverty, generate licit employment alternatives, and improve the well-being of people in coca-producing areas. The program targets the major coca cultivation areas of Peru with initial intervention focused primarily in the three principal coca-growing areas where over 60% of coca leaf is produced: the Upper Huallaga, Aguaytia, and the Apurimac River Valley. Assistance is provided to communities that have expressed a willingness to reduce coca cultivation in exchange for development assistance packages.

The AD Program's six integrated components focus activities to strengthen local governments, meet immediate subsistence needs, provide increased income and employment opportunities, improve infrastructure, protect natural resources and increase awareness of the harmful effects of coca cultivation and the benefits of development. The first component, increased access to basic services,

fosters voluntary coca reduction by improving access to basic services, supporting democratic structures, and promoting broad-based citizen participation. Through the second component, increasing licit economic activities, communities are assisted in increasing licit, profitable agriculture activities through a comprehensive program providing land titling, credit, and technical assistance in agriculture production, processing, and marketing. To support licit economic activities, a third component is placing increased emphasis on improved transportation and other productive infrastructure. A fourth natural resource component promotes awareness of environmental issues and educates former coca farmers on how to sustain their productive activities while protecting the environment. A critical fifth component of the program involves changing attitudes by increasing public awareness of the social and environmental damage caused by coca cultivation via social communication. The sixth component is designed to institutionally strengthen the GOP entity responsible for coordinating the National Plan for Alternative Development.

Host Country and Other Donors: Among the GOP and other donors, the U.S. is regarded as the leader in AD, both in terms of strategy and in funding. USAID maintains close relationships and coordinates with the principal donors (including the UN Drug Control Program-- UNDCP, Japan, Germany, and Canada) in the planning and implementation of alternative development activities. Other donor development assistance investments in the coca-growing areas is estimated at \$24 million. Additionally, the IDB and the WB have recently approved loans for \$239 million for construction of national main roads that will facilitate access to the coca-growing areas and to markets for licit crops. The GOP considers alternative development a high-priority and has committed to provide over 30% of the alternative development program costs-- a counterpart commitment of at least \$33 million through 2001.

Beneficiaries: The AD Program is being implemented in the five major coca-growing areas of Peru: the Central Huallaga, Upper Huallaga, Aguaytia, Pichis-Palcazu, and Apurimac River Valleys. The indirect beneficiary population in these valleys includes 60,000 families living in 41 districts and approximately 1,600 villages. During 1997 some 8,000 families living in 200 villages benefitted directly from program activities that contributed to better physical infrastructure, increased licit economic opportunities, more responsive local governments, and improved security.

Principal Contractors, Grantees, or Agencies: USAID's AD Program is coordinated jointly with CONTRADROGAS, the primary GOP entity charged with planning and coordinating all alternative development activities in Peru. The National Development Institute (INADE), a unit of the GOP Ministry of the Presidency, is responsible for implementing activities designed to improve economic infrastructure and basic services provision. Other implementers include local governments, communities, women's clubs, producers associations, and NGOs. A U.S. PVO, Winrock International, provides training and technical assistance to the program, while the Center for Drug Education and Information (CEDRO), a local NGO, implements drug awareness activities in the coca areas. A private bank, BANEX, is responsible for implementing a \$14 million commercial credit program to assist farmers in coca-growing areas to improve agricultural production and marketing of their products. PRISMA, an indigenous NGO, implements "safety net" activities in selected areas aimed at meeting the basic needs of the subsistence level families hardest hit by the drop in coca prices. ADEX, the Exporters' Association, also a local NGO, is implementing a major component of the program to promote the production and marketing of selected agricultural crops to provide an alternative, and sustainable, source of income and employment to those formerly involved in the coca economy.

Major results indicators:

	<u>Baseline (1995)</u>	<u>Target (2001)</u>
Hectares devoted to coca production	115,300	60,000
Coca leaf production (metric tons)	183,600	111,000
Number of communities represented in coca reduction agreements	0	1,006
Licit jobs generated in target areas	0	19,540

CENTRAL AMERICAN REGIONAL PROGRAMS

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$6,044,000	\$9,625,000	\$8,400,000
Child Survival and Disease	\$4,700,000	\$3,900,000	\$3,000,000

Introduction

Key areas of U.S. interest in the Central American region include: expanding economic integration; opening markets; improving labor conditions; promoting sustainable development by stemming regional resource degradation and loss of biodiversity; and containing the spread of communicable diseases, especially HIV/AIDS. Central American imports from the U.S. doubled over the last five years to nearly \$8 billion and trade links with the United States continue to expand. The Conjunta Central America-USA (CONCAUSA) agreement to increase trade and promote sustainable development, signed by the Presidents of Central America and the United States at the December 1994 Summit of the Americas, provides the shared framework for the trade and environmental objectives of USAID's regional program for Central America. The May 1997 U.S.-Central American Presidents' Summit in San Jose, Costa Rica reconfirmed the commitments under CONCAUSA and the common objectives shared by the U.S. with its closest neighbors.

The Development Challenge

The Central American region encompasses seven small countries: Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. The region's current population of over 34 million will reach 37 million by the year 2000 at the current 2.6% annual growth rate. Approximately half of all Central Americans live in rural areas and some 64% live below the poverty line. The 1997 United Nations Human Development Index ranks Nicaragua, Guatemala, El Salvador and Honduras among the lowest countries falling into the "medium" human development category. Beyond the challenges of poverty reduction, the Central American countries also remain ill-equipped to face the cross-border spread of HIV/AIDS and other contagious diseases and the continuing loss of biodiversity and environmental degradation.

To combat poverty and promote sustainable development in Central America, higher economic growth rates are required. That growth must occur in an equitable manner that does not lead to the depletion of the natural resource base and must also be accompanied by adequate investment in the human resources of the region, in order to be broadly-based and sustainable. The region's ability to achieve more open markets, better protection of worker's rights and increased labor productivity, and improved regional environmental management are limited by intra-regional trade barriers, sparse technical capacity, weak and inconsistent legal frameworks, and rapid depletion of key natural resources in cross-border areas.

Central Americans, recognizing these and other common development challenges, established the "Alliance for Sustainable Development" in 1994, which provides a shared blueprint to transform the region into a peaceful, prosperous, and democratic area. The United States supports the Alliance through the CONCAUSA Agreement. USAID's Central American regional program works with regional institutions that are part of the Central American Integration system and in partnership with nongovernmental organizations (NGOs) to implement the Summit and CONCAUSA commitments in the areas of hemispheric free trade and environmentally sound natural resource management. The regional program also includes a special strategic objective aimed at enhancing Central American capacity to respond to the threat of HIV/AIDS.

A key feature and success of the Central American program is the continuing, direct involvement of Central American Ministers of Trade, Environment and Labor in supporting regional programs. Despite some residual protectionist sentiments in the region, the Central American Ministers of Trade have achieved interim tariff reductions targets as they move toward a common, lower external tariff by 1999. USAID regional program support to modernize El Salvador's electricity sector regulatory law resulted in US private sector investment in the now privatized electricity distribution companies. Recognizing Central America's commitment and leadership in sustainable development and the environment, President Clinton recently selected the region as a priority area for U.S. Global Climate Change assistance. USAID support to the Central American Commission for Environment and Development (CCAD) in drafting environmental legislation on key pollutants is showing results as air contamination laws were passed in Nicaragua, Panama, El Salvador and Guatemala, and waste water laws in Nicaragua and Honduras. USAID has also helped establish a working group of the Ministers of Labor which is supporting efforts to modernize labor markets.

Other Donors

Data on official assistance flows to the region taken as a whole are not readily available. Besides USAID, other major donors providing support on a regional basis to Central America are the United Nations agencies, the Pan American Health Organization (PAHO), Canada, the European Union (EU), the Nordic countries, and the Inter-American Development Bank (IDB).

FY 1999 Program

The regional program will help increase Central America's readiness to participate in global markets through support for improved trade and investment policies, improved protection of worker rights, productivity-enhancing labor market policies, and increased private investment in energy and telecommunications services. In the environment, the program will support activities with regional economies of scale and cross-border impacts to consolidate a Central American system of protected areas and to harmonize national environmental policies. The regional special strategic objective will help local Central American organizations deliver HIV/AIDS awareness and prevention services for a disease which respects no borders. The \$11.4 million in Development Assistance resources will enable the United States to achieve its priority objectives in the region.

**CENTRAL AMERICAN REGIONAL PROGRAMS
FY 1999 PROGRAM SUMMARY
(\$000s)**

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
S.O. 1 Increased Participation in Global Markets - DA	2,900						2,900
S.O. 2 Effective Stewardship of the Environment and Key Natural Resources - DA			5,500				5,500
Sp.O. 1 Enhanced Central American Capacity to Respond to the HIV Crisis - CSD		3,000					3,000
Totals - DA - CSD	2,900	3,000	5,500				8,400 3,000

USAID Mission Director: William S. Rhodes

ACTIVITY DATA SHEET

PROGRAM: Central America Regional

TITLE AND NUMBER: Increased Central American Participation in Global Markets, 596-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 \$2,900,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To increase the Central American region's readiness to join and honor commitments made under free trade agreements, such as the Free Trade Area of the Americas (FTAA) and the North America Free Trade Association (NAFTA), and to accelerate regional integration into hemispheric and global markets.

USAID Role and Achievements to Date: Through its program supporting Central American Participation in the Free Trade Area of the Americas (PROALCA), USAID has provided technical assistance, training and research to support Central American efforts to reform its trade regime. This has contributed to the adoption of a more outward-oriented regional integration model characterized by lower tariffs, faster implementation of World Trade Organization (WTO) commitments, and fewer non-tariff trade barriers. Central American countries have increased their participation in the FTAA process and now chair three of the 11 hemispheric working groups laying the basis for FTAA negotiations. Reflecting an improved policy framework, Central America's trade performance continues to improve. Over the last five years imports from the U.S. have nearly doubled to almost \$8 billion which supports 160,000 U.S. jobs. USAID also promotes private sector participation in the electricity and telecommunications sectors. Recent successes in these areas included passage in Guatemala and in El Salvador in 1996 of regulating laws considered among the most advanced and liberal in the world. These have already resulted in strong expressions of interest by U.S. investors.

Description: USAID directly supports Central American efforts to expand trade to hemispheric and global markets in the following areas:

(1) Further trade openness. USAID is supporting Central American measures to further liberalize both intra- and extra-regional trade. Activities focus on critical non-tariff barriers and emphasize making regional legislation consistent with WTO standards. While fully supportive of San Jose Summit and Summit of the Americas' objectives, Central America's ability to participate in FTAA is severely limited by its shortage of technical expertise to implement existing trade agreements and commitments, dismantle trade barriers, and enhance the region's competitiveness. PROALCA provides training and technical assistance to close these gaps.

(2) Intellectual Property Rights (IPR). USAID supports Central American efforts to strengthen IPR policies and enhance enforcement capabilities through: (a) development of model regional conventions for trademark, patent and copyright protection; (b) increasing public awareness on the importance of adequate IPR protection for investment, technology transfer, and sustainable development; (c) support for regional and national consensus on required IPR policy changes; and (d) technical training for patent, trademark, and copyright registry officials. Through USAID support and encouragement, the Permanent Secretariat for Central American Economic Integration (SIECA) negotiated a Memorandum of Understanding with the U.S. Patent and Trademark Office to cooperate toward strengthening IPR protection. This program also supports implementation of Central American commitments made in bilateral IPR agreements with the United States.

(3) Better investment policies. USAID supports regional efforts to improve dispute resolution procedures, eliminate policy constraints to regional and foreign investment, afford national or most-favored-nation treatment to all investors, and establish international standards for expropriation which

provide for prompt, adequate and effective compensation. USAID's support will facilitate implementation of commitments made by Central American countries in bilateral investment treaties with the United States.

(4) Energy and telecommunications regulatory frameworks. USAID is aiding Central American governments in the design and development of more open and competitive telecommunication and energy regimes which encourage private sector participation. The support provided includes technical assistance on drafting new laws and regulations as well as training in the most relevant aspects for the implementation of the new legislation.

(5) Better functioning labor markets. USAID, along with the IDB, has initiated design of an innovative joint program to build consensus on the steps required to modernize labor markets consistent with the region's social, economic and integration objectives. The new program will also support modernization of the region's labor ministries in areas supporting integration. The program will reinforce USAID's current activities contributing to improved labor-management relations and stronger protection of core labor standards through both improving and simplifying labor legislation and upgrading enforcement. USAID-financed regional workshops and national seminars stress the link between increased trade and better wages, models of labor-management cooperation that contribute to increased productivity and higher wages, the need for greater productivity and improved competitiveness to succeed in hemispheric markets, and workers rights and their relationship to trade preferences.

Host Country and Other Donors: USAID coordinates closely with IDB activities strengthening regional trade institutions and supporting better trade policies. USAID is concentrating on IPR and investment protection, areas where the IDB does not plan major investments. USAID and the IDB are designing a joint activity to help modernize labor markets. USAID maintains close contact with the United Nations Economic Commission for Latin America (ECLA)-Central American Office, which provides research and technical analysis on Central American economic integration issues.

Beneficiaries: Greater Central American integration to hemispheric and global markets will contribute to higher levels of production and increased employment. Beneficiaries will include those enjoying increased employment opportunities and higher incomes throughout the economy but primarily in the export sector. Small producers who depend for their subsistence exclusively on nontraditional agricultural exports directly benefit both from trade liberalization measures leading to more fair exporting conditions, and from a decrease of production costs.

Principal Contractors, Grantees, or Agencies: USAID coordinates with USTR, the U.S. Patent and Trademark Office of the Department of Commerce, the U.S. Department of Labor, the U.S. Customs Service, and the Economic/Commercial Sections of U.S. Embassies in the region. The Permanent Secretariat for Central American Economic Integration is a grantee, as are several governments. Contracts and grants with U.S. and local firms and nongovernmental organizations are planned.

<u>Major Results Indicators:</u>	<u>Baseline</u>	<u>Target (2000)</u>
Trade Openness (total merchandise trade as a percent of GDP)	45% (1994)	50%
Readiness to enter hemispheric FTAs (composite index with maximum of 5)	2.7 (1992)	3.5

ACTIVITY DATA SHEET

PROGRAM: Central American Regional

TITLE AND NUMBER: Effective Regional Stewardship of the Environment and Key Natural Resources, 596-S002

STATUS: Continuing

PROPOSED OBLIGATIONS AND FUNDING SOURCE: FY 1999 \$5,500,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** 2000

Purpose: To develop and consolidate a Central American system of protected areas by providing appropriate management models for terrestrial and coastal protected areas, and to promote a strengthened regional regulatory and enforcement framework for environmental management.

USAID's Role and Achievements to Date: USAID's regional environmental program contributes to the achievement of the goals of both the Summit of the Americas Action Plan, and the CONCAUSA agreement signed by the United States and the Central American (CA) countries. USAID supports biodiversity conservation and environmental legislation initiatives in the Central American region through consensus building among key stakeholders, targeted public awareness campaigns, grants to local organizations, and by providing technical and advisory services to help build national and regional capabilities in managing protected areas and in reducing environmental degradation.

In support of conservation of biodiversity and protected areas, over 40 small grants averaging \$60,000, have been made to Central American NGOs to develop effective models for addressing specific natural resource issues and to foster CA leadership and organizational strengthening. With USAID assistance, some 39,400 additional hectares are now under improved management, and the concept of the "Mesoamerican Biological Corridor" and its usefulness as a foundation for site specific work has been accepted throughout the region by national governments. The "Corridor" is envisioned as a network of key ecosystems connected through corridors of plant and animal life, both terrestrial and marine, extending throughout the isthmus. USAID, with cofinancing from the international development banks, established the Mesoamerican-Caribbean Reef Program in collaboration with Mexico and Belize; a sea turtle protection program in Panama and Costa Rica; and a program to provide interim enforcement and surveillance of illegal fishing and manatee hunting, being implemented by local residents in the tri-national Gulf of Honduras.

With USAID support, Central American countries have developed and strengthened environmental legislation and regulations, primarily in water quality, solid waste, and pesticides. Environmental networks of legal and technical specialists have been established, significantly increasing public access to information and level of informed debate. The program has completed a CA-wide comparative diagnostic of lessons learned on forest certification, strengthened the convention on international trade in endangered species (CITES) in the region by support for the development of a regional agreement to improve the control of illegal traffic of flora and fauna, and provided for "rapid response" technical assistance in addressing emergency pollution and contamination problems such as disposal of pesticides and toxic chemicals. Training to judges, controllers, legal advocates, and environmental auditors has strengthened law enforcement initiatives.

Description: The Regional Environmental Program implements these main activities: Central American Protected Areas System (CAPAS), Coastal Zone Management (CZM), and Environmental Protection. The underlying vision for these activities is the establishment of a Central American "biological corridor." Consistent with the CONCAUSA agreement, USAID supports the consolidation of a Central American System of Protected Areas and the gradual ecological restoration and sustainable use of areas surrounding them. CAPAS is envisioned as a network of key ecosystems which are interconnected through "corridors" of biological material, both terrestrial and marine. USAID also supports the Central American Commission for Environment and Development (CCAD), a regional treaty organization supported by all seven Central American countries to specifically address environmental

and natural resource management issues.

In general, poor governance and policies related to coastal zone management hinder the protection and sustainable use of the few existing designated protected areas. Legislation and regulations either do not exist, are inadequate, or are poorly implemented and enforced. USAID programs address these issues while working in priority coastal areas where effective models for protection of core areas are demonstrated and then adapted for application at the national and regional levels. These priority areas have been chosen based on their biological importance and the regional nature of the problems to be confronted. The Coastal Zone Management activities are implemented primarily through grants to local NGOs working with local communities at selected sites within the targeted priority coastal areas to demonstrate replicable solutions to coral reef and coastal zone management.

The Environmental Protection activity is designed to support sustainability and help control contamination threatening priority areas through upward harmonization of environmental laws and regulation throughout the region within the context of the CONCAUSA agreement, and in anticipation of sub-regional free trade agreements. Specific activities underway include: compilation and synthesis of existing environmental legislation in Central America to identify critical areas where additional legislative and regulatory strengthening are required at the national and regional levels; completion of a management risk assessment to evaluate each country's capacity to address the priority environmental contamination risks, implement current laws and design a viable environmental protection program; and harmonized legal frameworks and environmental standards to serve as the foundation for ensuring adequate levels of environmental protection and enforcement of environmental laws and regulations.

In 1999 USAID will incorporate new initiatives in support of Global Climate Change and develop linkages between trade and environment, such as ecotourism, natural forest management and product development, and organic production.

Host Country and Other Donors: USAID works with several donors including: GTZ (Germany), the Nordic countries, Canada, Japan, Switzerland, European Economic Community, the Global Environmental Facility (GEF), World Bank, UNDP, International Union for the Conservation of Nature (IUCN), FAO, IDB, and the Ford and MacArthur Foundations. The estimated other donor contribution to environmental initiatives is over \$17 million a year. The Central American Commission for Environment and Development will provide an estimated \$540,000 to the program.

Beneficiaries: Program beneficiaries include poor rural families living in, and adjacent to, selected sites receiving sustainable income generation opportunities, and urban poor families receiving expanded services and health-threatening pollution abatement. Regional environmental organizations (e.g., CCAD), and local NGO grant recipients, benefit through greater effectiveness and program sustainability. In 1997 750 Central American judges, prosecutors, public attorneys, legal advisors, nongovernmental organizations (NGOs) and business associations received training in environmental law, regulations and enforcement issues that impact on water.

Principal Grantees, Contractors or Agencies: USAID's grantees and contractors include the Central American Commission for Environment and Development, The Nature Conservancy (TNC), World Wildlife Fund, University of Rhode Island, Cooperative Housing Foundation, International Resources Group, and Winrock International, with support from the U.S. Environmental Protection Agency.

Major Results Indicators:

	<u>Baseline (1995)</u>	<u>Target (2000)</u>
Regional Policy frameworks endorsed by CCAD	0	24
Cumulative Number of international and national agreements ratified by all seven Central American		

countries](e.g. Río Biodiversity,
C.A. Biodiversity, C.A. Climate Change, C.A. Forest
Protection, C.A. Sustainable Development, and the
Regional Biodiversity Strategy)

No. of assisted transboundary sites where
local threats to key natural resources and the
environment have been reduced

1

7

0

10

ACTIVITY DATA SHEET

PROGRAM: Central American Regional

TITLE AND NUMBER: Enhanced Central American Capacity to Respond to the HIV Crisis, 596-SPO1

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 \$3,000,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To strengthen the capabilities of local Central American organizations to deliver HIV/AIDS prevention services.

USAID Role and Achievements to Date: The future political, economic and social development of Central America is threatened by the HIV/AIDS epidemic. The areas most likely to be affected by HIV/AIDS include work productivity, medical care costs, and the size of the labor force. To maintain economic, political and social stability in Central America, HIV/AIDS prevention activities consider the specific sub-regional commonalities and cross-border transmission. At least three major policy changes have been enacted (blood bank legislation, a sanitary code, and national norms in Guatemala) with a number of other important legislative initiatives under way. A massive regional information gathering process has been completed and dissemination activities are ongoing. There has been a large increase in positive media coverage of the problem. The activity has also reached agreement on an important memorandum of understanding with the United Nations Joint Program on AIDS (UNAIDS) that will support them in implementing an intersectoral approach to HIV prevention throughout Central America. The four point integrated NGO support plan (training, technical assistance, small grants, and information dissemination) has been validated, the first round of small grants (peer education) awarded, and the second round (national documentation/information dissemination centers) is being evaluated. There are two new national NGO networks (Panama and El Salvador) and the electronic NGO database has been widely disseminated and in use. The project's brand of condoms has been developed and launched in one country, with five other countries to follow in the first quarter of 1998.

Description: USAID will support activities on three different levels. On the broadest level, the activities are designed to improve the policy environment for the promotion of HIV programs. On an intermediate level, USAID supports an improved institutional capacity of NGOs and local institutions to deliver HIV prevention programs and to conduct research. Lastly, the activities will promote individual behavioral changes that are required to prevent the spread of HIV/AIDS.

The Central American HIV/AIDS program has three components. The Policy and Public Awareness Component is the vehicle through which USAID will provide assistance in support of interventions that enhance the perceived urgency for and the commitment to HIV prevention programs at the local, national, and regional levels. The three major activities that will be carried out under this component are: regional policy research; leadership training; and policy development and public awareness. Through the NGO Strengthening Component, USAID will assist local NGOs to improve their capacity to deliver HIV prevention programs. This component delivers an integrated package of technical assistance, training, networking and information exchanges, and small grants. The Condom Social Marketing Component will establish a sustainable marketing program to provide affordable condoms to the population at risk of contracting a sexually transmitted infection.

Host Countries and Other Donors: National governments are budgeting insufficient resources to slow the epidemic, and the donor response has been mixed. The Pan-American Health Organization (PAHO) assisted and provided essential budget support for the establishment of a National AIDS Control Program (NACP) in each country. However, the NACPs still have insufficient high level support and/or financial and human resources to be effective. Other donors in the region include the European Union, Japan, Holland, GTZ (Germany), Spain, the IDB, and the Nordic countries. The World Health

Organization Global Program on AIDS, through which PAHO received the bulk of its resources that it channeled to the countries, terminated in 1995 and was superseded by the multiagency UNAIDS. However, this program is still in its development stages and has almost no programmatic support funds available, and it is still unclear what the role of the various member agencies will be. The World Bank has begun a regional project (SIDALAC). However, they are contributing only \$1 million of their own funds for all the Americas. The USAID activity is actively engaging these and other potential donors in dialogue to increase the level of response and to improve overall donor coordination.

Beneficiaries: The Central American HIV/AIDS program will strengthen the capacity of 91 nongovernmental organizations and leaders from various sectors (private enterprise, congressional deputies, and the health sector) to deal with the HIV/AIDS crisis in the region. The ultimate beneficiaries of the program are those groups and individuals who are at risk of contracting HIV/AIDS.

Principal Contractors, Grantees or Agencies: USAID is implementing activities through a consortium of U.S. firms (Academy for Educational Development, International Planned Parenthood Federation/Western Hemisphere Region, and The Futures Group) and a cooperative agreement with a U.S. NGO (Population Services International).

<u>Major Result Indicators:</u>	<u>Baseline</u>	<u>Target</u>
AIDS Policy Environment Score (PES)*	43.8 (1996)	48.8 (2000)
Percentage of NGOs that score two or higher on the Systematic Approach Scale (SAS)*	71.4% (1996)	86.0% (2000)
Number of condoms sold under the project's brand name (cumulative total)	.1 million (1997)	97 million (2003)

* The Policy Environment Score is derived from a sample survey of HIV/AIDS experts and reflects the level of support for HIV/AIDS prevention programs. The Systematic Approach Scale is derived from an assessment which measures the capacity of local NGOs to respond with systematic approaches to HIV/AIDS project design, audience needs assessment, and monitoring and evaluation.

LAC REGIONAL

	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Request
Development Assistance	\$35,280,000	\$35,550,000	\$42,180,000
Child Survival and Disease	\$5,606,000	\$17,202,000	\$15,072,000
Economic Support Funds	\$12,000,000	\$14,000,000	\$23,000,000
International Narcotics Control Funds	\$2,000,000	\$2,000,000	\$2,000,000

Introduction

At the Miami Summit of the Americas in 1994, the U.S. launched a major cooperative effort to address the pressing problems of the region: poverty, weaknesses in basic education, democratic governance, environmental dangers and the continuing challenge of regional economic integration. The Summit and USAID's LAC Regional program support and reinforce key U.S. national interests in the LAC region, such as promoting broad-based economic growth, increased adherence to democratic practices and respect for human rights, securing a sustainable global environment, stabilizing world population growth, and protecting human health, including control of infectious diseases. The results have been significant--per capita income in the region has increased as have productivity and investment. Since 1990, there have been more local officials elected in Latin America than in the preceding 200 years. Polio has been eradicated from this hemisphere, and measles--the primary vaccine preventable killer of infants and young children--has been reduced dramatically since 1990. Each year, more of the region's biodiversity in key ecosystems is being protected. The second Summit of the Americas, scheduled for April 1998, provides an opportunity to chart a course toward even greater sustainable growth and more solid democratic institutions.

The Development Challenge

Persistent poverty, inequity and social instability threaten many of the achievements which governments throughout the hemisphere are so rightly proud. Absent measures to improve income distribution and increase growth, for example, it will take thirty years to achieve the Summit objective of reducing regional poverty by half. Certain measures have been shown to improve the distribution of income, and, at the same time, promote growth. These are: improvement in the coverage and quality of basic education and health services; greater access to financial services by the poor; and access by the poor to secure and marketable land titles at reasonable cost. The above measures are highly complementary to democracy and governance reforms that we are already supporting, such as strengthening of the judicial system, bolstering the roles of local government, and a more vibrant civil society. Hemispheric initiatives to conserve the natural resource base and to introduce clean production technologies, both of which are integral to progress towards the Global Climate Change goals of the Administration, are also critical to ensuring lasting benefits from the positive changes now occurring in the region.

The Miami Summit of the Americas called for universal access to education and a 100% primary completion rate by 2010. Although overall enrollment in basic education in the region is now quite high, quality in many areas remains low, with high repetition rates leading to many poor students, especially indigenous and female students, not completing primary school. Needed reforms include: curriculum reform; improved teacher training; improved standards and testing; increased funding for textbooks and supplies; and accountability and increased parental involvement in schooling. Over the past 12 months, the LAC Regional program has sponsored a series of events that have helped crystalize the debate on critical policy reforms for the region. As a result, attention to national standards and assessment is a key feature of the education action plan being prepared for the Santiago Summit. In addition, awareness of the importance of linking education budgets to learning outcomes

is growing. A regional conference is planned to bring together Ministers of Finance and Planning as well as Ministers of Education to focus on finance issues in this sector.

Microenterprise has been identified as a key tool to achieve the Summit goal of reducing poverty in the region by one-half. The past five years have seen a major increase in the capacity of microenterprise NGOs to mobilize resources and make loans. The LAC Regional program will join efforts with the IDB to expand the number of microentrepreneurs (estimated to be 50 million) by strengthening the capacity of lending institutions to mobilize capital and deliver financial services to the poor. Expanded legal access of the rural and urban poor to land and property is also an essential element, in the short term, for greater participation and equality of opportunity for the poor in a market economy. The LAC Regional program provided assistance to indigenous groups to enable them to negotiate secure land title and use rights with resource extraction concessionaires operating near their lands. This activity has developed a model for minimizing latent conflicts associated with increased economic activity in areas inhabited by indigenous peoples.

Trade-induced economic expansion is a key factor for improving living standards, sustained growth and political stability in the LAC region. Negotiations of a Free Trade Area of the Americas will be launched at the Santiago Summit. As smaller economies face substantial obstacles in joining a hemispheric free trade arrangement, program initiatives that support economic integration will focus on improving the capacity of these economies to participate. In this regard, the LAC Regional program has already taken steps to improve the capacity of the Caribbean Association of Industry and Commerce to assist its members to take advantage of economic integration trends affecting the region.

The first Summit of the Americas reaffirmed that representative democracy is indispensable for the stability, peace and development of the region. Over the past year, the LAC Regional program has contributed significantly to the trend toward deepening democracy through the region. In response to the growing devolution of authority to local governments in Latin America, the program has worked with other donors within the Summit process to develop a new democratic local governance program. To build on the growing strength and activism of civil society groups, the Inter-American Democracy Network has provided technical assistance and training to over 80 civil society organizations in the region. In the area of justice and human rights, a strategic review of the Inter-American Institute of Human Rights, the premier human rights training institution in the hemisphere, led to a new orientation towards women's rights as human rights. The fourth RESPONDA CON conference, an important forum for highlighting anti-corruption efforts in the hemisphere, was, again this year, extremely well received in the region.

The Miami Summit affirmed the view that social progress and economic prosperity of the hemisphere can be achieved only if its citizens live in a healthy environment and the natural resources are managed carefully and responsibly. The LAC Regional program has taken the lead in forging a hemispheric-wide "partnership for biodiversity." Through the Parks in Peril program, park protection has been greatly improved at 28 globally significant sites in 12 countries, covering over 22 million acres. In FY 1997, the activity also leveraged over \$3.4 million in non-USAID funding for park protection, greatly strengthened 14 local NGOs, and improved local policies which improved conservation efforts. A similar partnership to promote pollution prevention and sustainable energy was established at the Miami Summit. Regional activities have supported policies and regulatory frameworks to encourage pollution prevention, energy efficiency and economic incentives to adopting clean production technologies, with special emphasis on the transfer of U.S.- based environmental services and technologies.

Despite impressive gains in the hemisphere, limited access and poor quality of health services have resulted in persistently high child and maternal mortality. Interventions critical to addressing these problems include use of low-cost sustainable technologies in order that all segments of the population have access to quality health care. These technologies include the further development of vaccines and increased availability of essential drugs as well as health care reform aimed at improving the quality of care and at focusing public resources on the most critical health needs of the population. LAC

Regional programs promote the Summit objectives through support of alternative financing schemes, quality assurance and greater use of NGOs and community-based services for the poor. Increasing effective delivery of these services will help ensure that all countries in the hemisphere make significant progress towards the Summit goals of reducing child mortality by one-third and maternal mortality by one-half of the 1990 levels. In collaboration with the World Bank and the IDB, several countries in the hemisphere have agreed on standards for national health accounts and initiated analysis of health spending regardless of source. In addition, six of the eight sustainable development target countries in the region adopted new health delivery plans that will focus on increasing access of the poor to basic health care. Lastly, vaccination coverage continued to rise and has now reached over 80% in all countries, except for Guatemala and Haiti.

Other Donors

Much regional donor coordination centers around the hemispheric organizations charged with the implementation of the Summit of the Americas agenda. Most notable is our collaboration with: the Organization of American States (OAS) on human rights and anti-corruption initiatives, the Pan American Health Organization (PAHO) on vaccinations, maternal mortality, and health reform programs, and the Inter-American Development Bank (IDB) on local government and microenterprise activities. One notable example is the Parks in Peril Program, which since 1991 and with a USAID investment to date of \$27.5 million has leveraged \$122.2 million from such sources as the Japanese, the European Community, the multilateral banks and local governments. The Regional program also consults closely with the World Bank and the European Union as part of the Working Group on Democracy in Latin America and the New Transatlantic Agenda, and with Japan in the context of the Common Agenda.

The FY 1999 Program

The LAC Regional program will continue to advance U.S. foreign policy interests by directly supporting the Summit of the Americas agenda of improving education, preserving and strengthening democracy and human rights, promoting economic integration and free trade, and eradicating poverty and discrimination. As active participants in the development of the action items for the Summit, LAC regional activities in FY 1999 will be geared to the implementation of the Plan of Action which will emerge from the Santiago meeting. Effective collaboration with our partners in the hemisphere as well as with the IDB, the World Bank and other donors is essential to the success of our efforts.

Agency Goal: Human Capacity Built through Education and Training

In the area of education, more attention will be given to providing local communities with greater control and responsibility for the education of their children. Support for civic organizations that can advocate for policy reforms, such as quality, equity, governance and finance, will be the primary vehicle for the implementation of regional activities.

Agency Goal: Broad-Based Economic Growth and Agricultural Development Encouraged

In microenterprise, the LAC Regional program will formalize a technical cooperation program with the IDB that will improve the capacity of NGOs engaged in microfinance to mobilize capital and expand their programs to underserved areas. The Regional program will also work with the IDB and the World Bank to ensure that their land titling programs incorporate the special needs of poor and indigenous communities providing both groups with secure title to their land and the incentive to make productive investments in these properties. Work will also be done with other U.S. agencies, such as the Office of the U.S. Trade Representative and the Department of Commerce, to enable smaller economies to comply with World Trade Organization obligations and expand trade with their neighbors in the hemisphere.

Agency Goal: The World's Environment Protected for Long-Term Sustainability

In the environment, the Parks in Peril program will emphasize improved park management, NGO strengthening and self sufficiency, compatible economic development activities, and targeted policy interventions to improve conservation. Four additional sites, covering almost five million acres, will graduate from USAID assistance, and eight new sites will be included in the program. The LAC Regional program will also be seeking opportunities to introduce U.S. energy efficiency and renewable energy technologies in the region.

Agency Goal: World Population Stabilized and Human Health Protected

In the PHN area, increased attention will be given to countries with the lowest vaccination coverage rates to bring their levels up to 90% and 95% for measles vaccine, to move closer to eliminating this child-killer from the hemisphere. In conjunction with PAHO, data collection instruments to measure health reform and its effects on equity of access will be defined and monitoring initiated.

Agency Goal: Democracy and Good Governance Strengthened

In democracy, the LAC Regional program will continue to work on Summit planning and help develop and implement programs derived from its Principles and Plan of Action. Chief among them will be a new justice activity to support a Summit initiative to strengthen professionalization of judges throughout the hemisphere, with increased emphasis on the networking of educational and training institutions. The Regional program will also seek to strengthen institutions and networks that provide training and assistance to new local officials, particularly in areas of high priority such as accountability and transparency, public security, sectoral service provision, and effective governance.

**LAC REGIONAL
FY 1999 PROGRAM SUMMARY
(\$000s)**

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environ- ment	Democracy	Human Capacity Develop- ment	Human- itarian Assistance	Total
S.O. 1 Resolving key market issues impeding envi- ronmentally- sound, equi- table free trade in hemisphere - DA - ESF	3,680 700						3,680 700
S.O. 2 Improved human re- source policies adopted - CSD					1,400		1,400
S.O. 3 Delivery of selected health services/policy interventions - CSD		4,672					4,672
S.O. 4 Parks and reserves important to conserve the hemisphere's biological diversity - DA			4,500				4,500
S.O. 5 Strengthened regional trends that deepen democracy - DA - ESF - INC				7,000 19,300 2,000			7,000 19,300 2,000
S.O. 6 Potential lead- ers equipped with technical skills, training and academic education - DA - CSD	6,000	2,000			2,000		6,000 4,000

USAID Strategic and Special Objectives	Economic Growth and Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
SpO. 1 Promotion of Peaceful Transition to Democracy in Cuba - ESF				3,000			3,000
Support to Micro-enterprise - DA	6,000						6,000
Presidential Summit Initiative - DA - CSD	15,000				5,000		15,000 5,000
Totals - DA - CSD - ESF - INC	30,680 700	6,672	4,500	7,000 22,300 2,000	8,400		42,180 15,072 23,000 2,000

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL

TITLE AND NUMBER: Progress Toward Resolving Key Market Issues Impeding Environmentally-Sound and Equitable Free Trade in the Hemisphere, 598-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,680,000 DA; \$700,000 ESF

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To resolve key market issues impeding environmentally-sound and equitable-free trade in the Western Hemisphere. This LAC Regional program responds to the 1994 Summit of the Americas' initiatives to establish the Free Trade Area of the Americas, to foster Hemispheric economic integration and trade, and to support economic prosperity and environmentally sustainable development.

USAID Role and Achievements to Date: The Hemispheric Free Trade Expansion (HFTE) program supports trade-induced economic expansion as a catalyst for reducing poverty and sustaining economic growth and political stability in the LAC region. USAID collaborates closely with the Office of the U.S. Trade Representative (USTR) and USG agencies that participate on the Interagency Trade Policy Staff Committee, while closely monitoring the reports of the Hemispheric Working Groups that meet on Free Trade Area of the Americas (FTAA) issues and process. USAID works closely with the USTR, USG agencies, and other HFTE partners to assist the LAC smaller-economy countries and subregional trading blocs (e.g., Andean Pact, Central American Common Market-CACM, Caribbean Community-CARICOM, South American Common Market-MERCOSUR, and G-3 (Mexico, Colombia and Venezuela)) to access technical assistance to facilitate reforms in key trade disciplines. HFTE initiatives in trade liberalization are complemented by support for interventions which advance trade-related labor/management relations, market participation, and environmental management.

An important achievement under trade liberalization was the negotiation and start-up of a Memorandum of Understanding for Caribbean Economic Diversification in response to the President's Caribbean initiative. Specifically an assessment of Sanitary and Phytosanitary Barriers to Trade for the Americas was completed and serves as the basis for the design of a comprehensive U.S.-Caribbean Food Safety program. Additionally, a plan of work to guide joint U.S.-CARICOM analysis of Caribbean agricultural competitiveness in support of its regional agricultural negotiations was completed. Other accomplishments include the completion of a series of hemispheric-wide workshops on customs reform, competition policy and statistical accounting for trade in services completed by our U.S. government partners. Related to trade and labor/management relations, a new trilateral system of interest-based negotiations between sub-national entities of labor, management and government in contrast to traditional national level collective bargaining was introduced in the Andean Pact region. For the MERCOSUR region, a Labor Inspectors Manual to guide labor standards enforcement was completed. For the CACM, a workforce development study was completed and distributed throughout the region to assist with trade-induced workforce retraining requirements. Trade and market participation efforts were directed to foster improved micro, small and medium-sized producer and enterprise access to capital, technical and property markets.

Progress in microenterprise lending through ACCION affiliates in 11 countries to link NGOs to bank credit was achieved. Market integration was enhanced with the establishment of an Internet website serving as a clearinghouse for digitized spatial data and with the establishment of an electronic agribusiness network (AgroInfo Americas) to link partners, customers, and beneficiaries. Progress on property rights for indigenous groups to facilitate their participation in the trade in the extractive industries was furthered with the successful introduction of a participation model which includes a modern mapping technology based system to clarify land rights complemented by an interest-based negotiation process between the indigenous population and the concessionaire codified by government. In trade and the environment, several important initiatives were sponsored including the first comprehensive analysis of LAC trade and environmental issues; hemispheric meetings and analysis on

private sector investment in sustainable forestry; a model program developed for "greening" the tourism hotel industry; and a regional clean mining initiative.

Description: In FY 1999, with HFTE DA and Windward Islands Development Project¹ ESF funding, USAID will continue to focus on: (1) trade liberalization--strengthen the capability of LAC countries to implement trade discipline reforms consistent with country obligations for World Trade Organization (WTO) and FTAA membership; (2) trade and labor/management relations--foster the adoption of improved trade-related labor and management practices through support for democratic free labor movements and modern labor-management relations; (3) trade and market participation--in coordination with the Santiago Summit of the Americas, support an expanded initiative to accelerate micro, small and medium-sized producer and enterprise access to key productive resources, specifically, capital through microenterprise lending programs and property through property titling programs; and (4) trade and the environment--develop and disseminate replicable models integrating policy, technology and investment considerations (e.g., improved standards, regulations, financing mechanisms, market-based incentives and management practices) for clean mining, clean food processing, clean tanneries, sustainable shrimp aquaculture, sustainable forestry, and sustainable tourism.

Host Country and Other Donors: The HFTE program is working with the IDB to support economic growth and trade initiatives, and World Bank to support environmental initiatives in support of the 1994 Summit of the Americas and Bolivia Summit on Sustainable Development. In FY 1999, donor coordination will be expanded to include the FTAA Tripartite Committee--the IDB, OAS Trade Unit, and Economic Commission for Latin America and the Caribbean (ECLAC) to foster improved donor coordination on strengthening the capacity of the Hemisphere's trade policy education infrastructure to play a constructive educational role vis-a-vis civil society. As HFTE builds a stronger partnership with other donors, USAID will begin to leverage other donor resources (e.g., allocation of IDB loan funds to support country-level investments in customs automation, targeting European Union STABEX funds to support infrastructural investments in the Eastern Caribbean Windward Islands, etc.).

Beneficiaries: The HFTE program will focus its activities primarily on the LAC smaller-economy countries, while emphasizing the equitable integration of small and medium-sized producers and enterprises into the Hemisphere's evolving socioeconomic system. LAC governments, producers, industry, NGOs, and civil society groups will all benefit.

Principal Contractors, Grantees, or Agencies: Selected U.S. partners include the State Department, USTR, Department of Agriculture, Food and Drug Administration, Federal Trade Commission, Department of Justice, Customs Service, Department of Commerce (NTIA), U.S. Geological Survey, Department of Labor, and the Federal Mediation Conciliation Service. Other partners include the National Center for Food and Agricultural Policy, Inter-American Institute for Agricultural Cooperation, Catholic University of Chile, ACCION International, World Resources Institute, Institute of the Americas, National Association of State Development Agencies, and the Environmental Law Institute.

Major Results Indicators:

	<u>Baseline</u>	<u>Target</u>
Number of subregions with at least one-third of the countries advancing toward resolving identified trade-related equity issues (e.g., WTO consistent sanitary/phytosanitary standards).	0	2
Number of subregions with at least one-third of the countries advancing toward resolving identified trade-related environmental issues (e.g., clean mining and industrial export sectors)	0	2

¹ The WIDP provides technical assistance and training in agricultural diversification and rural microenterprise development to help the four Windward Island nations offset the economic and social dislocations accompanying the loss of their preferential banana market in Europe.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL

TITLE AND NUMBER: Improved Human Resource Policies Adopted in Selected Latin American and Caribbean (LAC) Countries, 598-S002

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$1,400,000 CSD

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To promote a better understanding of education policy issues and develop a broader and more active constituency for educational policy reform within the LAC region.

Background: Education policy reform is a timely issue on the hemispheric agenda. With the shift toward open economies in most of the region, countries are increasingly concluding that success in world trade and political stability depends more on human resources than on natural resources. Large segments of society in the LAC region--particularly women, minorities and indigenous groups--have not been equipped to participate fully in the economic, social or political life of their country. Nearly one half of the hemisphere's population lives in ignorance and poverty. The low level of primary school attainment is a major constraint to economic development. Considerable evidence suggests that policies change only when local policy thinkers and leaders become intellectually convinced of the merit of an argument.

USAID Role and Achievement to Date: There were two major accomplishments during the last year: 1) policy reform efforts initiated and 2) the establishment of a Secretariat. The Secretariat which provides policy leadership in the hemisphere, held ten workshops, consulted with ministries of education, and provided technical and analytical support throughout the hemisphere. Research and analyses were conducted on education standards and student assessment including policy reform options for the education systems of Latin America and the Caribbean. These results were disseminated at an international workshop, held in Washington, D.C. The findings from these studies and the workshop helped to crystalize debate in the region on the cutting edge issue for education reform. For example, discussion of the importance of developing national standards and student assessment has noticeably increased in the region. As a result of a sub-regional workshop on education finance, over 160 leaders (including Ministers of Education, Finance and Planning) from 14 countries reviewed the need to link funding to learning outcomes and to clearly delineate this responsibility in any education finance system.

Description: The essence of USAID's approach in the region is to effect policy change through the development of a network of hemispheric "change agents," who will work to reform educational systems in their own countries. USAID, in cooperation with other donors, will support a consultative forum for government, nongovernmental organizations (NGOs), the business community, donors and international organizations which will establish a framework to identify, showcase and replicate the best educational policies and practices in the hemisphere. This forum will encourage country-level reform in a variety of areas, including educational quality, finance, decentralization and equity. With a relatively small investment, USAID will effect large changes in the manner in which national governments invest massive expenditures in education, which will result in dramatic efficiencies and savings. With modest investments in education policy reform in LAC countries, USAID can, and is already, having a direct effect on developing influential constituencies to support policy reform and on the delivery of quality primary education.

Host Country and Other Donors: USAID's effort to improve the quality and efficiency of education in the LAC region is a partnership between USAID, host countries, other donors, and LAC education organizations. The Inter-American Development Bank continues to provide support for this activity. On hemispheric educational policy, the LAC Regional program works with the Inter-American Dialogue, LAC regional institutions and the U.S. Department of Education (USDOE). The USDOE is the lead

Agency in the U.S.-Brazil Partnership in Education; USAID is working with USDOE to facilitate the partnership's objectives to foster policy reform in Brazil.

Beneficiaries: The ultimate beneficiaries of the effort will be the school-age children in the LAC region, especially those in primary grades. Other beneficiaries will include the host country governments which will provide higher quality cost effective services, the private sector which will draw on a better educated, more productive labor force, and people at large who will gain more equitable and politically stable societies.

Principal Contractor, Grantee or Agencies: The Partnership for Educational Revitalization in the Americas (PERA) is implemented through a cooperative agreement with a U.S.-based NGO, the Inter-American Dialogue. We will also collaborate with the U.S. Department of Education in the implementation of the U.S.-Brazil Partnership.

Major Results Indicators:

	<u>Baseline (1996)</u>	<u>Target (2001)</u>
Number of countries progressing towards implementation of key education reform policies* at the national and or local level.	0	10
Education reform monitoring system established and operating efficiently in selected LAC countries.	0	10
Increased education budgets allocated to primary education in selected LAC countries	0	10

* Reform policies include: quality, equity, governance and finance.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL

TITLE AND NUMBER: More effective delivery of selected health services and policy interventions;
598-S003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$4,672,000 CSD

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: The purpose of the activity is more effective delivery of selected health services and policy interventions. This activity subsumes the activity reported in the FY 1998 CP as "Sustainable Country Health Sector Reforms in Effect." Infant, child, and maternal mortality remain high in LAC, especially among disadvantaged populations. While vaccination coverage is increasing towards the target levels, there are pockets of low coverage and programs are not yet sustainable; furthermore, the ambitious measles elimination goal adopted by the region will require substantial strengthening of service delivery and surveillance systems. The primary killers of infants and children in the LAC region are diarrheal disease and acute respiratory infections; maternal mortality is approximately seven times as high as in the U.S. Changes in health status can be made sustainable only if health sector reforms achieve more equitable access to higher quality basic health services.

USAID Role and Achievements to Date: This activity builds on successful efforts of prior activities with the Pan American Health Organization (PAHO) supporting regional vaccination activities as well as the LAC Regional Health and Nutrition Technical Services Support Project. Vaccination coverage for infants with all antigens has increased to about 80% in six of the eight target countries; tetanus toxoid coverage among fertile-age women in high risk districts has increased so that only 312 cases were reported in 1996, 78% less than 1988. The Americas have been polio-free since 1992, but there was a significant outbreak of measles in 1997, which started in an area which had not followed the eradication strategies; the surveillance system and regional assistance contained it quickly. Health authorities in six of the eight target countries made the decision to adopt Integrated Management of Childhood Illnesses (IMCI) for their child survival programs, developed national plans, and began training. The implementing agencies reached agreement on how to test coordinated community and health facility program initiatives designed to prevent maternal mortality and selected sites and local partners to do so. In collaboration with other major donors (World Bank and IDB), agreement was reached on standards for National Health Accounts and six countries were assisted to initiate analysis of health spending from all sources; a thesaurus for abstracting the health reform literature from the region so it can be easily available by internet to health authorities was developed.

Description: This activity provides assistance to LAC country programs to strengthen quality and availability of selected health services and policy interventions: 1) vaccinations; 2) essential emergency obstetrical care; 3) integrated management of childhood illness (especially acute respiratory infections and diarrheal disease); and 4) health sector reforms to increase equity of access to basic health care. These themes support the action plan from the Miami Summit of the Americas and the ongoing work of the Symposium of First Ladies in the Americas: to reduce infant mortality and eliminate measles from the hemisphere; to reduce maternal mortality; and to increase equity of access to basic health services by implementing health sector reforms in management and financing. Strategic approaches include: 1) improving service delivery; 2) improving surveillance systems; 3) increasing the sustainability of health programs; and 4) health management and financial reforms (e.g., decentralization of responsibility for health service delivery). Target countries are specific to each component; e.g., for vaccinations and integrated management of childhood illness, the eight LAC child survival emphasis countries will receive more intense support. Implementation will use PAHO's recognized regional leadership and influence on policy and national programs and the cutting edge technical leadership of USAID's worldwide partners in these health technologies. USAID missions may supplement the grants to PAHO to implement their programs and have ready access to USAID's worldwide program partners for country program implementation.

Host country and Other Donors: For the regional vaccination program, PAHO has budgeted \$10 million and has pledges of \$1 million from Spain and \$2.2 million from the IDB. USAID missions implement programs which assist countries to improve effective delivery of vaccinations, emergency obstetrical care, and services to manage diarrhea and acute respiratory infections in children, and to identify and implement country health sector reforms; and work with other donors (principally PAHO, UNICEF, World Bank and IDB), through the Inter-Agency Coordinating Committees, to coordinate such efforts for each country.

Beneficiaries; Principal Contractors, Grantees, or Agencies: The direct beneficiaries will be host country personnel and others involved in service delivery, surveillance, and health reform programs. Ultimately, children under five and women of childbearing age in LAC will benefit from improvements in the selected health services, and from improved access to basic health services due to health sector reforms. Grantees and contractors implementing this activity include: PAHO, John Snow International, University Research Corporation, The Partnership for Child Health, Abt Associates, Harvard University School of Public Health, and Management Sciences for Health.

<u>Major Results Indicators End-of-Activity Targets:</u>	<u>Baseline (1996)</u>	<u>Target (1999)</u>
<u>Vaccination component -</u>		
- No. of countries with at least 90% vaccination coverage against tuberculosis, polio, diphtheria, pertussis, and tetanus (among children under one)	3	7
- No. of countries with at least 95% measles vaccine coverage (among children under one)	2	6
- No. of countries with 90% vaccine coverage with tetanus toxoid (women of childbearing age in high-risk areas)	0	6
<u>Integrated Management of Childhood Illness component</u>		
- No. of target countries with 10% of health facilities delivering IMCI services.	0	5
- No. of target countries with 90% of health facilities in designated districts delivering IMCI services.	0	5
<u>Maternal Mortality component - proposed revised indicators:</u>		
Target countries with percentage of births attended by trained personnel increased by one percent over prior year;	N/A	6
Target countries with 5% increase over prior year in percentage of reporting units with active maternal mortality committees.	N/A	6
<u>Health Sector Reform component</u>		
Target countries* with in-country capability to assess health sector problems and to design, implement and monitor reforms, demonstrated by having an entity responsible for reform.	8 (1997)	10 (2000)

* target countries are the thirteen USAID-presence countries with PHN objectives

ACTIVITY DATA SHEET

PROGRAM: LAC Regional

TITLE AND NUMBER: Selected Latin America and the Caribbean Parks and Reserves Important to Conserve the Hemisphere's Biological Diversity, 598-S004

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 1999: \$4,500,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To ensure on-site protection of 32-35 critically-threatened LAC national parks and reserves of global, biological significance.

USAID Role: LAC contains nearly half of the world's biodiversity. However, such pressures as population growth and increased demands for agricultural and grazing land are rapidly degrading key ecosystems, especially tropical rain forests. A cost-effective means to protect some of the Hemisphere's biodiversity is to improve the management of key LAC parks and reserves.

Through the Parks in Peril (PiP) program--a partnership among USAID, The Nature Conservancy, local NGOs and local government agencies--"paper parks" (those legally recognized but lacking on-the-ground management) are transformed into functioning protected areas. Key interventions include: (a) improving on-site capacity to protect parks (e.g., building key infrastructure, training park guards, etc.); (b) strengthening local conservation NGOs; (c) incorporating local communities in park planning and compatible economic activities; (d) establishing sources of long-term financing for park management; and (e) utilizing PiP sites as demonstration and training areas to advance conservation in other endangered ecosystems. The PiP program directly supports the Summit of the Americas initiative to establish a "partnership for biodiversity" in key ecosystems in selected LAC countries.

Achievements:

(i) PiP has significantly improved protection of 29 parks covering over 22 million acres in 12 countries. Of these, 13 PiP sites covering nearly 10 million acres have graduated from the program and are now independent, functioning protected areas.

(ii) Over \$40 million of non-USAID funds to date have been leveraged for park management. Key contributors include The Nature Conservancy, the Global Environment Facility, power companies supporting joint implementation projects, the Governments of the Netherlands and Japan, local LAC governments, local NGOs, the Caribbean Development Bank, and numerous philanthropic organizations (e.g., Packard Foundation).

(iii) 19 local conservation NGOs are now effective technical and administrative organizations. These NGOs have become Hemispheric leaders in promoting policy reforms in such areas as mining, land tenure and zoning, local community involvement, and local government support for biodiversity conservation.

Host Country and Other Donors: PiP has greatly increased the funding and diversity of funding sources for LAC biodiversity conservation. Many LAC Governments are now financially supporting PiP sites. A good example of this is in Mexico. In FY 1997, Mexican federal, state (Chiapas), and municipal governments provided around \$720,000 for PiP sites. In addition, USAID resources have leveraged funds from the Global Environment Facility, the Dutch, the Japanese, the Swiss, and numerous U.S. philanthropic organizations (e.g., Packard, Ford, MacArthur).

Beneficiaries: Local rural people who depend on the sustainable use of natural resources in and around LAC protected areas benefit directly from PiP community development and ecotourism activities. Where parks serve as watersheds for major cities (e.g., Chingaza Park for Bogota, Colombia; Podocarpus Park for Loja, Ecuador; Tariquia Reserve for Tarija, Bolivia), the program benefits city dwellers. U.S. citizens also benefit by the protection of genetic sources for future medicines and crop varieties, and by the storing of carbon in tropical forests and mangroves.

Principal Contractors: The Nature Conservancy, local NGOs (e.g., The Friends of Nature Foundation, Bolivia; National Association for the Conservation of Nature, Panama; Defenders of Nature, Guatemala; ProNaturaleza, Peru; Pronatura, Mexico).

Major Results Indicators:

	<u>Baseline</u> **	<u>Target (2001)</u>
Independently Functioning Parks and Reserves		32-35
Area (millions of acres):		at least 25
Effective local NGOs:		24-27
Host country funds leveraged:		US\$16 million

** Baselines (1990/91): At the beginning of the Parks in Peril program, there were no (zero) independently functioning parks and reserves, and our partner local NGOs were not yet effective. In 1991, the program leveraged \$179,000.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL

TITLE AND NUMBER: Strengthened Regional Trends that Deepen Democracy, 598-S005

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 1999: \$7,000,000 DA; \$19,300,000 ESF; \$2,000,000 INC

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To help consolidate and deepen democracy in the LAC region by funding institutions, networks and exchanges essential to emerging regional democratic trends and by working with LAC missions so that Summit of the Americas commitments and other policy priorities are developed into programmatic initiatives in the region.

Background: With the exception of Cuba, the countries of the hemisphere are now headed by democratically elected leaders. Through the 1994 Summit of the Americas and the planning process of the 1998 Summit, leaders have reaffirmed their strong commitment to supporting democratic trends: protection of human rights, citizen participation in nation-building, reform of judicial structures, political parties and legislatures, strong and democratic local governance, and improved accountability and responsiveness at every level of government. At this time, there is a unique opportunity to deepen and make permanent these commitments, which are under challenge by rising crime rates, drug trafficking, and societal inequalities and poverty.

USAID Role and Achievements to Date: Based on a strategy to reinforce regional trends that deepen democracy, the Democracy and Human Rights (DHR) team actively participated in preparing new democratic initiatives for the Summit of the Americas planned for April 1998. In justice and human rights, DHR supported and participated in a strategic review of the Inter-American Institute of Human Rights (IIDH), a highly respected human rights training institution, and coordinated a meeting with First Lady Hillary Rodham Clinton, Secretary of State Madeline Albright, and Latin American women human rights activists, convened by IIDH. This led to a renewal of our assistance, and a stronger orientation towards women's rights. In response to the growing devolution of authority to local governments, DHR worked with other donors and USAID missions to develop a new local governance program to begin in FY 1998. DHR also supported the Inter-American Mayors Conference in Miami, and re-oriented the Regional Financial Management Improvement Project to address financial management concerns in municipalities, while continuing to coordinate national-level projects. To build on the growing strength and activism of civil society groups, the Inter-American Democracy Network, through Partners of the Americas, has provided technical assistance and training to over 80 civil society organizations in the region. With increased south/south collaboration, the network can have greater impact on civil society participation in the political process. DHR sponsored the fourth RESPONDACON teleconference, which provided an important forum for highlighting anti-corruption efforts in the hemisphere, and mobilized civil society organizations in the region in support of further reform.

Description: The program focus is based on the policy framework established at the Summit of the Americas and through the New Transatlantic Agenda with the EC to protect and expand human rights and democracy by using regional institutions and mechanisms to complement bilateral USAID programs. It has three main components:

Strengthening regional mechanisms to promote human rights and rule of law -- Responding to a Summit initiative, USAID will launch with other donors and countries a hemispheric-wide effort to promote more professional and independent judicial systems, focusing on training and networking. In human rights, the regional program will support IIDH programs to better incorporate women's human rights into all human rights training and work on specific gender issues in democratic development through a hemispheric conference. IIDH will continue to build, through its Center for the Promotion

of Electoral Assistance, nations' capabilities to provide legitimate, free and fair elections professionalizing electoral processes, and will strengthen its core programs in justice training.

Strengthening regional mechanisms to improve public sector legitimacy -- Capable, democratic government institutions build long-term support for democratic governance and create greater potential for broader participation in decision-making. The LAC regional program builds directly from two Summit initiatives in the areas of financial accountability/anti-corruption and decentralization/local democracy-building. The Regional Financial Management Project (run as a part of regional donor consultative activity) will be expanded to include local as well as national governments, as local governments are given new resources to manage with greater control over them. It will also continue to foster professional associations of public accountants and other key governmental personnel involved in financial management, support anti-corruption NGOs, and provide public fora for discussion of anti-corruption issues. A new initiative in building local democracy and decentralization will help build regional capacity to strengthen local governments and leadership, develop new linkages to constituencies, support policy reform for financial reform and improve local governance in important areas.

Strengthening regional mechanisms to promote pluralism and the growth of civil society -- The recently established Inter-American Democracy Network of NGOs will continue to expand, creating a website and placing special emphasis on incorporating women-led NGOs. The Office of Regional Sustainable Development will begin to link in its programming NGOs in the area of democracy-building to those in environment, education, and other areas at the local level.

Economic Support Funds (ESF) -- The regional democracy program will provide ESF to those nations where it is critical to consolidate democracy, support human rights, and promote economic reform and equitable growth. ESF funds also provide support for institutional strengthening and development of various aspects of judicial and police systems in the hemisphere. In Cuba, for example, USAID will provide assistance through appropriate NGOs for support of individuals and organizations to promote the development of civil society and nonviolent democratic change. In El Salvador, USAID will promote more effective legal/judicial protection for all citizens, with emphasis on municipal development, effective citizen pressure for rule of law and due process, effective citizen access to the legal system, a more effective police force and responsive judicial system, and increased timeliness in the administration of justice. In Nicaragua, USAID will focus ESF resources on the democracy sector to support rule of law efforts (e.g., developing improved criminal and civil codes, fostering a better human rights situation through supporting the Human Rights Ombudsman Office and the community peace commissions, and opening more access and participation for citizens through civil society efforts).

International Narcotics Control (INC) Funds -- These funds will continue to support the Administration of Justice program in Colombia.

Host Country and Other Donors: The Democracy and Human Rights program works closely with the 33 other signatories to the Summit of the Americas Principles to develop a program furthering hemispheric democratic goals. The regional program works closely with the IDB in public sector areas of financial accountability, and this year will expand its coordination into decentralization and judicial professionalization. Other major participants in democratic development include the European Union, Organization of American States, United Nations, World Bank, and bilateral donors.

Beneficiaries: As human rights practices improve and democracies are strengthened, direct beneficiaries are the citizens of LAC countries. The United States benefits as U.S. national security interests are closely tied with improved regional stability and democracy.

Principal Contractors, Grantees, or Agencies: Partners in LAC's regional democracy efforts include bilateral/multilateral donors (European Union, World Bank and IDB), regional organizations (IIDH and CAPEL), U.S. PVOs (Partners of the Americas and the Carter Center), a U.S. contractor (Casal & Co.),

and LAC countries themselves. LAC NGOs participating in these activities include PARTICIPA (Chile), Conciencia (Argentina), Poder Ciudadano (Argentina), Institute for Investigation and Political Self-Formation (INIAP), and the University of the Andes (Colombia).

Major Results Indicators:

	<u>Baseline (1995)</u>	<u>Target (2000)</u>
Number of strengthened national and regional electoral bodies	5	11
Number of countries adopting integrated financial management systems	2	6
Number of multilateral donor-supported accountability projects	0	15
Public confidence level in media in targeted LAC countries	38%	50%
Number of LAC NGOs participating in regional network	5	80

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL

TITLE AND NUMBER: A Broad-base of Leaders and Potential Leaders in LAC Countries Equipped with Technical Skills, Training and Academic Education, 598-S006

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 1999: \$6,000,000 DA; \$4,000,000 CSD

INITIAL OBLIGATION: FY 1990 **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To equip a broad-based cadre of leaders and potential leaders in LAC countries with technical skills, training, and academic education, and an appreciation for and understanding of the workings of a free enterprise economy in a democratic society.

Background: The LAC Regional program's participant training strategy is based on the hypothesis that to have long-term impact there are two factors which are critical to lasting improvement in the economic and social conditions of the region: (1) a stable social, political and economic environment that is conducive to economic development; and (2) an educated and skilled population with capable leaders to manage and implement programs and policies. The importance of human resources to any country cannot be overstated - everything from the broad direction of public policy to the management of individual firms and productivity of individual laborers rest on the skills, knowledge and values of people.

The Cooperative Association of States for Scholarships (CASS) project, implemented by Georgetown University since 1989, focuses training to support LAC strategic objectives and meet human resource development needs of LAC countries for technical expertise, for example, in business-related areas such as agribusiness, small business management, industrial maintenance administration, environmental subjects including forestry and fisheries management, and in health care including facilities administration and food science technology.

In addition, the CASS training program aims to instill attitudes and beliefs of responsibility and initiative in participating scholars. These values often lead to a greater sense of commitment to family, community and country.

USAID Role and Achievement to Date: The U.S.-based CASS training program is a particularly effective vehicle for strengthening societal commitment to the understanding of free enterprise and democratic pluralism. The combination of exposure to democratic values and institutions and their practical application in economic development, technical skills transfer, and establishment of human and institutional linkages are a potent catalyst for social and economic change. This fact is born out by program accomplishments and its continued high performance.

* Approximately, 92% of the returnees are employed; many of those not employed are continuing their education.

* Of those employed, 95% are able to put into practice what they have learned in the U.S. training program.

* 70% of the trainees reported an increase in salary, and/or job responsibilities since returning to their home country. 82% of the trainees attribute this increase in salary, at least in part, to their U.S. training.

Description: The Special Objective is a LAC Regional training program consisting of individual USAID Mission projects, and the regional activity, which includes the CASS program.

Host Country and Other Donors: The participant training program strategy was designed to expand the "partnership" between the cooperating agents and the U.S. training institutions. The objective is to foster cost sharing between institutions and USAID. For example, the CASS agreement requires 25% cost sharing. College cost sharing has taken many forms such as the provision of tuition and allowances, as well as indirect cost. In-country contributions include office and conference space, participant room/board during orientation and re-entry, and coverage of various administrative costs.

Beneficiaries: Direct beneficiaries of this program are women, disadvantaged populations and other previously excluded groups in developing countries. These groups and individuals constitute the human resource base of the nation. The Special Objective also endeavors to identify and recruit scholarship candidates who have demonstrated leadership potential, but who are clearly unable to obtain their educational objective in the United States without scholarship assistance. Indirect beneficiaries are the various ministries and organizations that have sponsored participants for U.S. training.

Principal Contractor, Grantee or Agencies: Georgetown University Center for Intercultural Education and Development.

<u>Major Results Indicators:</u>	<u>Baseline (FY 92)</u>	<u>Target (FY 99)</u>
Number of leaders and potential leaders successfully completed training	18,106	25,000
Returned Scholars employed In area of expertise and applying skills	70%	92%
Percent of returned scholars involved in community and/or professional activities.	80%	90%
Returnees finding new jobs or increased earnings or responsibility	92%	95%
Percentage of returnees who maintain ties* with the U.S.	11%	13%

* such as an ongoing relationship with a U.S. institution of higher education, various professional affiliations, personal connections with Americans, etc.

ACTIVITY DATA SHEET

PROGRAM: CUBA

TITLE AND NUMBER: Peaceful Transition to Democracy Promoted, 598-Sp001

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$3,000,000 ESF

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: To promote a peaceful transition to democracy in Cuba through: 1) improved outreach to the Cuban people; 2) increased promotion and protection of human rights; and 3) greater multilateral efforts to press for democracy.

USAID Role and Achievements to Date: In October 1995, the President announced the first USAID grant aimed at promoting a democratic transition in Cuba. The grant supported Freedom House in its program of dissemination of informational materials to the people of Cuba, visits by external democratic activists to Cuba, publication and dissemination of materials written by democratic activists in Cuba, and modest humanitarian material assistance to victims of repression. Under the USAID grant, Freedom House extended its contacts outside Havana to include deliveries of informational materials and humanitarian goods in the towns of Pinar del Rio, Santiago de Cuba, Santa Clara, Camaguey, Cienfuegos, among others. Freedom House sent more than 40,000 Spanish language books, pamphlets and brochures (over 80 different titles) concerning the transition to democracy and market economics, history and politics. The program provided 3,000 Spanish language copies of the President's January 1997 report, *Support for a Democratic Transition in Cuba*, as well as 30,000 Spanish language copies of the Universal Declaration of Human Rights, and over 1,500 Spanish language copies of the Cuba chapter from the State Department's annual report on human rights. The program also sent communications equipment and supplies to the pro-democracy movement on the island. More than 35 individuals--including teachers, journalists, labor leaders, human rights activists, photographers, university students and environmentalists from the U.S. and other countries participated in the program, travelling to Cuba to meet with pro-democracy activists, carrying publications, communications equipment and supplies, and providing humanitarian assistance. The program established contacts with more than ten nongovernmental organizations (NGOs) in the U.S. and elsewhere and with several governmental organizations, to share information on the human rights situation in Cuba. During FY 1998, USAID has also provided grants to an number of additional U.S. NGOs, including Partners of the Americas, the International Republican Institute and the American Center for International Labor Solidarity to help promote a peaceful transition to democracy in Cuba.

Description: As authorized by the *Cuban Liberty and Democratic Solidarity Act of 1996*, (section 109a), USAID will continue to work with individuals and independent non-governmental organizations to support democracy-building efforts for Cuba, including: a) published and informational matter--such as books, videos, and cassettes--in transitions to democracy, human rights and market economies, to be made available to independent democratic groups in Cuba; b) humanitarian assistance to victims of political repression, as well as their families; c) support for democratic and human rights groups in Cuba; and, d) support for visits and permanent deployment of independent international human rights monitors in Cuba. Section 202 of the *Cuban Liberty and Democratic Solidarity Act of 1996* authorizes the President to begin planning now for U.S. assistance to a future transition government in Cuba and to a future democratically elected Cuban government. USAID, in cooperation with the Department of State and U.S. universities and NGOs, will help develop such plans, which will be shared with the people of Cuba through an update to President Clinton's January 1997 report "Support for a Democratic Transition in Cuba."

A peaceful democratic transition in Cuba must stem from the successful initiatives of Cubans on the island who seek to build civil society and promote respect for human rights in Cuba. Moreover, it will require that Cubans develop the means to peacefully reconcile conflicts during the transition--be they

economic, social or political. USAID will consider funding proposals by U.S. NGOs that help the Cuban people achieve these objectives.

Other Donors: The Roman Catholic Church provides assistance to *CARITAS CUBANA*, one of the few independent Cuban non-governmental organizations. The European Union provided approximately \$10.9 million in humanitarian assistance to Cuba in 1997, through eleven NGOs. This included medicine, hospital supplies and food, as well as \$1 million for a five month business management course. The Government of Japan, in July 1997, announced a socio-economic assistance program involving an unspecified number of grants to Cuban organizations, with an individual grant ceiling of approximately \$80,000. One of the first Japanese grants was to *Caritas Cubana* to help private farmers construct small irrigation systems. Canada, the UNDP and some other bilateral donors also provide some support.

Beneficiaries: Promotion of a peaceful transition to democracy in Cuba benefits all of the Cuban people, and furthers the foreign policy goals of the United States.

Principal Contractors, Grantees, Agencies: U.S. nongovernmental organizations to be determined.

Major Result indicators:

	<u>Baseline (FY 1998)</u>	<u>Target (FY 2000)</u>
Independent Cuban NGOs	TBD	+ 30%
Cuban citizens aware of Independent NGO activity	TBD	+ 30%

ACTIVITY DATA SHEET

PROGRAM: LAC Regional

TITLE AND NUMBER: Improved Access of the Poor to Financial and Non-financial Services for Microenterprise

STATUS: Ongoing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: \$6,000,000 DA

INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** Ongoing

Purpose: To promote the expansion and effectiveness of microenterprise services into rural areas to facilitate entrepreneurial activities of the poor, especially women and youth.

LAC's Role and Achievements to Date: The Latin America and Caribbean (LAC) Bureau has steadily increased its use of central programs in support of our Agency's recently renewed Microenterprise Initiative. This includes: (1) the Implementation Grant Program for U.S. PVOs; (2) the Program for Innovation in Microenterprise Fund (PRIME), a mission co-financing facility; and (3) numerous technical assistance Indefinite Quantity Contracts (IQCs). Based on past utilization of these central programs, we can project our FY 1999 program to support activities in 16 countries in which the bureau has a presence, as well as in four non-presence countries in support of a Presidential Initiative for the Eastern Caribbean. These funds will leverage an equal amount in counterpart funding provided by our regional development partners (e.g., the Inter-American Development Bank, commercial banks and non-governmental organizations). The MicroServe, Assessing the Impact of Microenterprise Services and the Microenterprises Best Practices IQCs provide the bulk of the technical assistance that the bureau and its missions use in support of this sector.

Description: There is a three-part strategy for implementing this program: (1) continued bilateral funding of indigenous NGOs from mission funds; (2) leveraging of Global Bureau programs to augment bilateral programs and to mobilize U.S. PVOs in our shared microenterprise agenda; and (3) strategic partnerships with multilateral development partners to complement our bilateral funding for this sector. All programing targets self-sustaining activities.

Host Country and Other Donors: The Inter-American Development Bank, World Bank, and members of the Microenterprise Coalition.

Beneficiaries: Microentrepreneurs and the organizations that serve them gain greater access to financial services and technical assistance through the expansion and strengthening of local institutional capacity.

Principal Contractors, Grantees, or Agencies: LAC implements the activity's components through private non-profit organizations, contractors, U.S. universities and host-country NGOs.

Major Results Indicators: The central programs of the Global Bureau are available on a competitive worldwide basis. As such, the mix of countries and number of participants from the LAC region vary from year-to-year. Illustrative indicators used by the Bureau include number of new institutions serviced, number of loans made and those made to targeted customers, disaggregated data on gender, age and location of beneficiaries, as well as counterpart funding and graduation of clients from donor assisted activities to commercial programs.

ACTIVITY DATA SHEET

PROGRAM: LAC Regional

TITLE AND NUMBER: Presidential Summit Initiative

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: 20,000,000 DA

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To support the Summit of the Americas objectives of reducing poverty by one-half and achieving a Free Trade Area of the Americas (FTAA). Studies have shown that the quality of basic education, lack of access to the financial system, and inadequacies in the legal and regulatory environment in smaller countries are key obstacles to the achievement of these objectives.

USAID's Role and Achievements to Date: Both the bilateral and regional programs in the region have been extensively involved in improving effective small farmer participation in markets for high-value export crops. USAID's regional program in Central America has assisted the Governments of El Salvador and Guatemala in the drafting of enabling legislation for competitive, private telecommunications and energy markets. The regional program has also assisted governments in improving protection of internationally recognized worker rights. In all of LAC, USAID has extensively and successfully promoted microenterprise lending and reform, and addressed the quality of basic education.

Description

- A key obstacle to reducing poverty by one-half is the poor quality of basic education in most of the region. Curricula are poorly designed and of little relevance to most students, criteria for advancement are poorly articulated, textbooks and other instructional materials are in short supply, and there is little or no local control and accountability of schools to parents and communities. As a result, repetition and dropout rates are extremely high. LAC will use \$5 million of the Initiative to expand its ongoing efforts to improve curricula and teacher training, improve budget allocation for non-wage costs, and increase decentralization and accountability to local communities.
- A second obstacle to poverty alleviation is the continuing lack of access by the poor to the financial system, both as depositors and as lenders. Microfinance NGOs have made enormous progress in demonstrating the capacity and willingness of the poor to repay on a full cost recovery basis and to utilize the proceeds of the loans productively. LAC will use \$6 million of the Initiative to improve the interconnection of Microenterprise lending activities with the resource mobilization capacities of the formal financial system so that the needs of the region's poor can be fully met.
- Central America presents unique problems and opportunities in alleviating poverty and in increasing economic integration both within the region and within the context of the FTAA. A decade of civil war and economic crisis left the region with badly deteriorated infrastructure and vast unmet social needs. At the same time, the region is uniquely positioned to take advantage of opportunities from expanding integrated markets in both North and South America. LAC will use \$9 million from the Initiative to improve the ability of Central Americans to meet vital infrastructure needs through improving the legal and regulatory framework so that the private sector can finance the vast needs for improved energy, telecommunications, and transportation infrastructure. This will enable governments to devote their scarce tax revenues to meeting critical social needs. The initiative will also assist small producer groups and governments to: better cope with sanitary and phytosanitary standards in order to meet food safety concerns in destination markets; meet rules of origin, intellectual property rights, and

other requirements that the FTAA will entail; open and better regulate financial markets; and improve governments' ability to enforce internationally-recognized labor standards, including activities to encourage young adolescents that are currently working to return to school.

Host Country and Other Donors: USAID works with the World Bank and the Inter-American Development Bank in the promotion of regional integration and the elimination of poverty. USAID is uniquely positioned to assist governments in the improvement of legal and regulatory environment, especially in the sensitive area of labor relations, and to promote producer groups and other private, self-regulatory bodies as a substitute for state regulation.

Beneficiaries: The beneficiaries will be the poor throughout the region who suffer from low-quality schooling and lack of access to adequate financial services, as well as underserved populations within Central America and rural populations dependent on very small plots of land. Poor populations throughout LAC will receive better quality education and access to essential financial services.

Principal Contractors, Grantees, or Agencies: TBD

Major Results Indicators: TBD

ABBREVIATIONS AND ACRONYMS

ACDI/VOCA	-	Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance
ADEX	-	Exporters' Association (Peru)
ADOPLAFAM	-	Dominican Family Planning Association
ADR	-	Alternative Dispute Resolution
ADRA	-	Adventist Development and Relief Agency
AED	-	Academy for Educational Development
AIDS	-	Acquired Immune Deficiency Syndrome
AIDSCAP	-	Acquired Immunodeficiency Syndrome Control and Prevention Project
AIFLD	-	American Institute for Free Labor Development
AMUNIC	-	Association of Nicaraguan Municipalities
ANACAFE	-	Guatemala's National Coffee Association
ANEEL	-	Brazilian Energy Regulatory Agency
ANPDH	-	Nicaraguan Association for Human Rights
APENN	-	Nicaraguan Association of Producers & Exporters on Non-traditional Products
APROFE	-	Pro Family Association (Ecuador)
ARI	-	Acute Respiratory Infection
	-	Interoceanic Regional Authority (Panama)
ASHONPLAFA	-	Honduran Family Planning Association
ASSET	-	Agriculturally Sustainable Systems and Environmental Transformation
AVSC	-	Access to Voluntary and Safe Contraception
BEP	-	Brazil Energy Program
CACM	-	Central American Common Market
CAPAS	-	Central American Protected Areas System
CAPEL	-	Center for the Promotion of Electoral Assistance
CARE	-	Cooperative for Assistance and Relief Everywhere, Inc.
CARICOM	-	Caribbean Community
CASS	-	Cooperative Association of States for Scholarships
CBO	-	Community-based Organization
CCAD	-	Central American Commission for Environment and Development
CCC	-	Commodity Credit Corporation (Dominican Republic)
CCH	-	Community and Child Health
CCJS	-	Coordinating Commission for the Justice Sector (El Salvador)
CCP	-	Criminal Procedures (Bolivia)
CCT	-	Constitutional Court (Bolivia)
CDC	-	Centers for Disease Control and Prevention
CDO	-	Cooperative Development Organization
CED	-	Center for the Education for Democracy
CEDEL	-	Legislative Development Center
CEDRO	-	Center for Drug Education and Information (Peru)
CEEN	-	Nicaraguan Strategic Studies Center
CEMOPLAF	-	Medical Center for Family Planning (Ecuador)
CEN	-	Caribbean Environmental Network project
CENDEL	-	Nicaraguan Center for Labor Studies
CEPAL	-	Center of Electoral Assistance and Promotion
CEPPRO	-	Paraguayan Center for Economic Liberty and Social Justice
CFC	-	Chlorofluorocarbon
CG	-	Consultative Group
CIAM	-	Women's Center for Research and Action (Nicaragua)
CICON	-	Congressional Research Center (Bolivia)
CIDA	-	Canadian International Development Agency

CIES	-	Center for Information, Education and Services
CIRD	-	Information and Resources Center for Development
CLUSA	-	Cooperative League of the United States of America
CO ₂	-	Carbon Dioxide
COFIDE	-	Financial Development Corporation (Peru)
CONAM	-	National Council for Modernization (Ecuador)
	-	National Environmental Council (Peru)
CONASIDA	-	National AIDS Prevention Council (Mexico)
CONCAUSA	-	Conjunta Central America-USA
CONFIEP	-	Businessmen's Association (Peru)
CP	-	Congressional Presentation
CPDH	-	Permanent Commission for Human Rights (Nicaragua)
CPR	-	Contraceptive Prevalence Rate
CRP	-	Caribbean Regional Program
CRS	-	Catholic Relief Services
CS	-	Child Survival
CSD	-	Child Survival and Disease
CSE	-	Supreme Electoral Council
CSO	-	Civil Society Organization
CYP	-	Couple Years Protection
CZM	-	Coastal Zone Management
DA	-	Development Assistance
DAC	-	Development Assistance Committee
DAI	-	Development Alternatives Inc.
DCA	-	Development Credit Authority
DG	-	Democracy and Governance
DHS	-	Demographic Health Survey
DNPW	-	Directorship of National Parks and Wildlife
DPT	-	Diphtheria, Pertussis and Tetanus
DOE	-	Department of Energy
	-	Department of Education
EAI	-	Enterprises for the Americas Initiative
EC	-	European Community
	-	European Commission
ECLAC	-	Economic Commission for Latin America and the Caribbean
EEAF	-	Environmental Enterprises Assistance Fund
EIA	-	Environmental Initiative for the Americas
ENCORE	-	Environment and Coastal Resource Project
ENR	-	Environment and Natural Resources
ENV	-	Environment
EPA	-	Environmental Protection Agency
ESAF	-	Enhanced Structural Adjustment Facility (IMF)
ESF	-	Economic Support Fund
ESOP	-	Employee Share Ownership Plan (Jamaica)
ET	-	Ethics and Transparency (Nicaragua)
EU	-	European Union
FA&H	-	Armed Forces of Haiti
FAO	-	Food and Agriculture Organization
FFP	-	Food for Peace
FFS	-	Health Promotion Foundation (Honduras)
FIAES	-	Initiative for the Americas Debt Reduction Fund
FINCA	-	Foundation for International Community Assistance
FUNDE	-	Foundation for Economic Development (El Salvador)
FMCN	-	Mexico Conservation Fund

FONAMA	-	National Environment Fund (Bolivia)
FONHEP	-	Haitian Private School Foundation
FP	-	Family Planning
FTAA	-	Free Trade Area of the Americas
FUNBIO	-	Brazilian Fund for Biodiversity
G-7	-	Group of Seven (leading industrialized nations consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States)
GATT	-	General Agreement on Tariffs and Trade
GCC	-	Global Climate Change
GDP	-	Gross Domestic Product
GEF	-	Global Environmental Facility
GIS	-	Geographic Information System
GNP	-	Gross National Product
GTZ	-	German Development Agency
HA	-	Hectare
HCD	-	Human Capacity Development
HIV	-	Human Immunodeficiency Virus
HFTE	-	Hemispheric Free Trade Expansion
HPZ	-	High Potential Zones (Haiti)
IBAMA	-	Brazilian environmental agency
IBRD	-	International Bank for Reconstruction and Development (World Bank)
ICITAP	-	International Criminal Investigation and Training Assistance Program
ICMA	-	International City Managers Association
IDB	-	Inter-American Development Bank
IESC	-	International Executive Service Corps
IFAD	-	International Fund for Agriculture Development
IFES	-	International Foundation for Electoral Systems
IIC	-	Inter-Institutional Commission (Panama)
IICA	-	Inter-American Institute for Agricultural Cooperation
IIDH	-	Inter-American Institute for Human Rights
IMAZON	-	The Institute of Man and the Amazon Environment (Brazil)
IMCI	-	Integrated Management of Childhood Illnesses
IMF	-	International Monetary Fund
IMR	-	Infant Mortality Rate
INADE	-	National Development Institute (Peru)
INC	-	International Narcotics Control (State Department)
INL	-	International Narcotics and Law Enforcement (State Department)
INRENARE	-	Institute for the Management of Renewable Natural Resources
INSALUD	-	National Health Institute (Dominican Republic)
IOM	-	International Organization for Migration
IPAM	-	Amazon Environmental Research Institute (Brazil)
IPR	-	Intellectual Property Rights
IPPF	-	International Planned Parenthood Federation
IR	-	Intermediate Result
IRI	-	International Republican Institute
IUCN	-	International Union for the Conservation of Nature
IULA	-	International Union of Local Authorities
JC	-	Judicial Council (Bolivia)
JUST	-	Justice Sector Support (Peru)
LAC	-	Latin America and the Caribbean
LGD	-	Local Government Development (Peru)
MAGA	-	Guatemalan Ministries of Agriculture, Food and Livestock
MCD	-	Citizens' Movement for Democracy (Mexico)
MCH	-	Maternal and Child Health

MDB	-	Multilateral Development Bank
MED	-	Ministry of Education
MENJS	-	Ministry of Education, Youth and Sports (Haiti)
MIF	-	Multilateral Investment Fund (IDB)
MINUGUA	-	United Nations Verification Mission for Guatemala
MOF	-	Ministry of Finance
MOH	-	Ministry of Health
MSH	-	Management Sciences for Health
MUDE	-	Women in Development (Dominican Republic)
NACP	-	National AIDS Control Program
NAFTA	-	North American Free Trade Agreement
NAMRID	-	Naval Medical Research Institute Detachment
NAS	-	Narcotic Affairs Section (State Department)
NCBA	-	National Cooperative Business Association
NCSC	-	National Center for State Courts
NDI	-	National Democratic Institute
NEAP	-	National Environmental Action Plan
NGO	-	Nongovernmental Organization
NRCA	-	Natural Resources Conservation Authority (Jamaica)
NRMU	-	Natural Resource Management Unit
NRM	-	Natural Resource Management
OAS	-	Organization of American States
ODA	-	Official Development Assistance
OECD	-	Organization for Economic Cooperation and Development
OECS	-	Organization of Eastern Caribbean States
OHRO	-	Office of the Human Rights Ombudsman
OPDAT	-	Office of Professional Development and Training
ORT	-	Oral Rehydration Therapy
PADCO	-	Planning Associates Development Collaborative
PAHO	-	Pan American Health Organization
PARDEM	-	Participatory Democracy (Peru)
PASA	-	Participating Agency Service Agreement
PCA	-	Panama Canal Authority
PCC	-	Panama Canal Commission
PCTC	-	Panama Canal Transition Commission
PCW	-	Panama Canal Watershed
PERA	-	Partnership for Educational Revitalization in the Americas
PHN	-	Population, Health and Nutrition
PIP	-	Parks in Peril
PPG-7	-	G-7 Pilot Program to Conserve the Brazilian Rain Forest
PRET	-	Program for the Recovery of the Economy in Transition
PRISMA	-	Salvadoran Development and Natural Resources Research Program
PROALCA	-	Central American Participation in the Free Trade Area of the Americas
PROCEL	-	Brazilian government agency
PRODEEM	-	National Energy Development Program for States and Municipalities (Brazil)
PRODIM	-	Program for the Development of Women and Children (Honduras)
PROFAMILIA	-	Dominican Association for Family Well-Being
PVO	-	Private Voluntary Organization
RECC	-	Cotacachi-Cayapas Ecological Reserve (Ecuador)
RECAV	-	Cayambe-Coca Ecological Reserve (Ecuador)
REPSO	-	Renewable Energy Project Support Office (Brazil)
ROL	-	Rule of Law
RTI	-	Research Triangle Institute
SABE	-	Strengthening Achievement in Basic Education

SAP	-	Structural Adjustment Program
SDAF	-	Special Development Fund
SEGEPLAN	-	Economic Planning Secretariat
SENREM	-	Sustainable Environment and Natural Resources Management activity (Peru)
SEPAZ	-	Secretariat for Peace (Guatemala)
SIECA	-	Permanent Secretariat for Central American Economic Integration
SMSE	-	Sustainable Markets for Sustainable Energy (Brazil)
SO	-	Strategic Objective
SSU	-	Sanitation Support Unit (Jamaica)
STD	-	Sexually Transmitted Disease
STI	-	Sexually Transmitted Infection
STRI	-	Smithsonian Tropical Research Institute (Panama)
SUNY	-	State University of New York
TFF	-	Tropical Forest Foundation (Brazil)
TNC	-	The Nature Conservancy
UDAPE	-	Government Economic and Social Policy Analysis Unit (Honduras)
UN	-	United Nations
UNAG	-	National Union of Farmers and Cattle Owners (Nicaragua)
UNAIDS	-	United Nations Acquired Immunodeficiency Syndrome
UNDCP	-	United Nations Drug Control Program
UNDP	-	United Nation Development Program
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
UPANIC	-	Nicaraguan Union of Agricultural Producers
URNG	-	Guatemalan National Revolutionary Union
UPAT	-	Legislative Technical Assistance Unit within Guatemalan Congress
USDA	-	United States Department of Agriculture
US/ECRE	-	U.S. Export Council for Renewable Energy
USG	-	U.S. Government
USTR	-	Office of the U.S. Trade Representative
WHO	-	World Health Organization
WTO	-	World Trade Organization
WWF	-	World Wildlife Fund