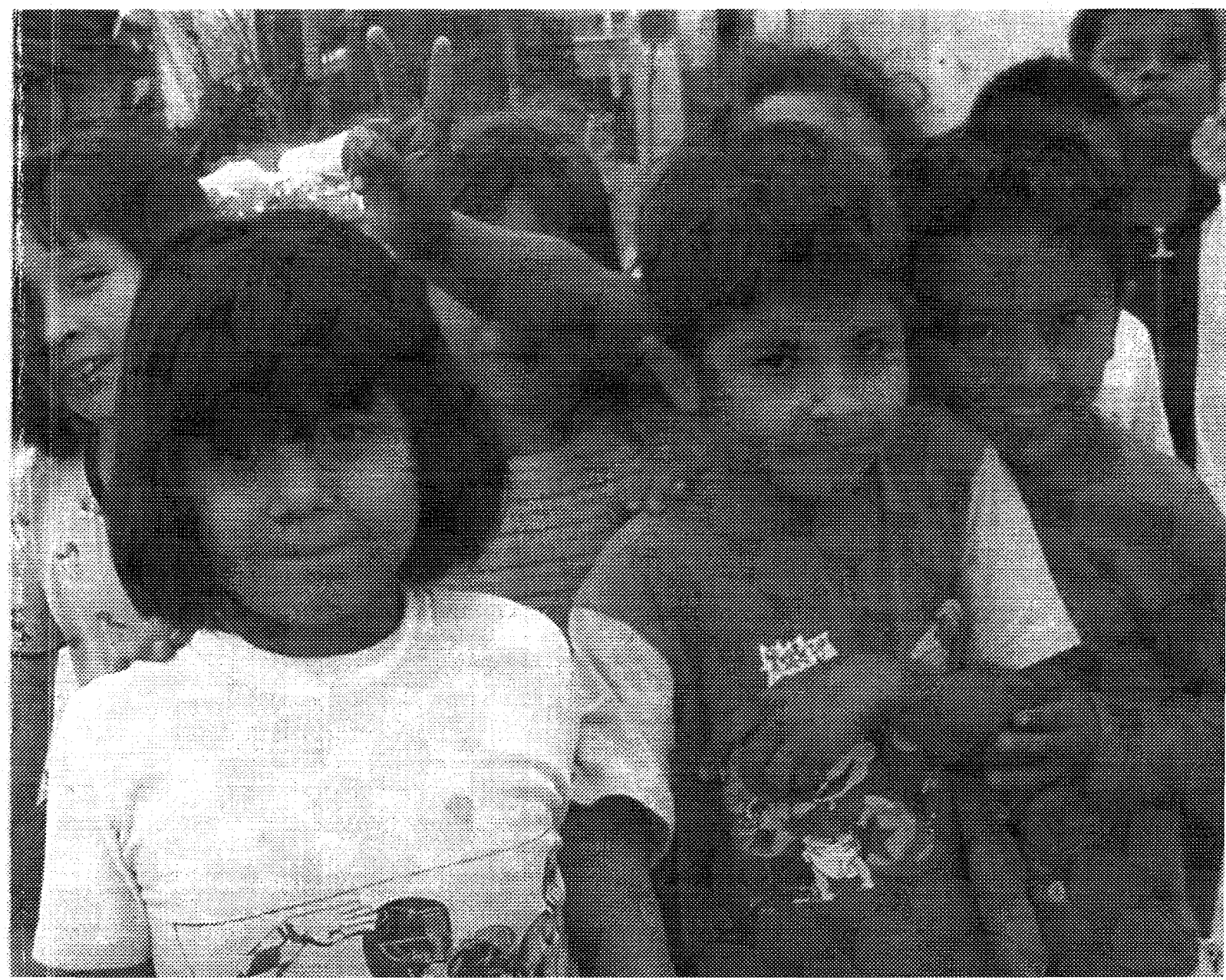
U.S. Agency for
International Development

Fiscal Year 2005

Budget Justification to the Congress

Annex IV: Latin America and the Caribbean



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 2005 BUDGET JUSTIFICATION

LATIN AMERICA AND THE CARIBBEAN
ANNEX IV

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Cover Photograph: Mexican school-aged children at play. In FY 2003, USAID installed solar power equipment in 10 rural "telesecundaria" schools in Chihuahua State, Mexico, to provide lights and computers in classrooms for more than 1,000 students. This project has provided power to more than 60 schools to date and enables students to participate in distance education opportunities, even while in remote areas. USAID is a leader of the Global Village Energy Partnership, a key component of the Presidential Clean Energy Initiative that provides energy access to underserved populations. Photo: USAID/Jeffrey Grieco

LATIN AMERICA AND THE CARIBBEAN

The Development Challenge: Latin America and the Caribbean (LAC) and the United States have a shared destiny by virtue of geography, history, culture, demography, and economics. As stated by Secretary Powell in September 2003, "there is no region on earth that is more important to the American people than the Western Hemisphere." The United States has a profound interest in the successful, sustainable development of our hemisphere. A prosperous LAC region provides expanded opportunities for increased trade, and a peaceful hemisphere is paramount for our national security. USAID is fulfilling its development and humanitarian mandate in LAC countries as it continues to respond to the U.S. National Security Strategy. This strategy, as stated by President Bush, links "the future of our Hemisphere to the strength of three commitments: democracy, security and market-based development."

On balance, LAC countries have experienced greater political stability over the last several decades. With the exception of Cuba, governments have shifted from mainly authoritarian rule to representative and constitutional democracy. Even where governments have fallen due to popular pressure (as in Argentina, Ecuador, and Bolivia), this has happened within constitutional constraints. More of the region's governments and the private sector realize that corruption and crime are antithetical to the effective rule of law, fair government, and sound economic growth. Official human rights abuses have diminished throughout the region. There is greater civil society oversight of public institutions, and elections are held under the management and supervision of professional electoral commissions. Governments seek support to stamp out corruption, strengthen civil society, improve local governance, build trade negotiating capacity, attract foreign investment, and increase productivity. Centralized economies are transforming into privatized competitive markets with corresponding reductions in corruption. The World Bank estimates that weak judiciaries and corruption in LAC reduce annual growth by 15%; however, governments are taking steps to reduce this threat to developmental gains.

The lack of effective rule of law threatens business interests and puts citizens, including Americans, at risk. Narcotics wealth gives large trafficking organizations a practically unlimited capacity to corrupt. In economically weak countries such as Haiti and Jamaica, the drug trade's wealth makes it a great threat to democratic government. Terrorist organizations overtly seek to topple governments by force, while drug syndicates undermine them surreptitiously from within. This has led to Colombia's protracted conflict with narco-traffickers and the forced resignation of Bolivia's president. In recognition of this threat, the U.S. government is committed to improving security overseas so that threats never arrive on our shores. This calls for targeted foreign assistance and complementary institutional reform programs where organized crime exploits weak governance and institutions, especially in the justice sector.

The region's economic situation is improving and LAC countries are closer to trade liberalization and integration with their neighbors than they have ever been. The World Bank and the U.N. Commission for Latin America and the Caribbean estimate that the region's gross domestic product (GDP) grew by 1.5% in 2003 (slightly more than the population growth rate of 1.3% - 1.4%), compared with a 0.4% - 0.8% contraction in 2002. Those LAC countries that have adopted sound fiscal policies and oriented their economies toward greater foreign investment and rules-based trade proved more resilient to the recent global economic downturn than those that did not take such outward-looking, market-based steps. The region's GDP is expected to continue to expand to 3.5% in 2004, with growth predicted across the region.

Since 1990, external debt for the region as a whole has increased substantially, from $444 billion to $750 billion, and debt service consumes about one-fifth of the region's export earnings. The biggest increases occurred in Central and South America. Central America's total external debt increased by $2.7 billion, almost all of which is accounted for by Guatemala and Honduras. South America's external debt increased from $295 billion to $552 billion, and its debt service ratio increased from 28% of export earnings to an even more burdensome 37%. The debt-to-income ratios of Nicaragua, Honduras, Guyana, and Bolivia make them eligible for the World Bank/International Monetary Fund Heavily Indebted Poor Country (HIPC) program, which will relieve substantial portions of their external debt upon completion of policy reforms and successful implementation of a poverty reduction strategy.

On aggregate, the region's economic recovery rate is still not enough to reverse the effect of recent years of economic stagnation. Approximately 44% of the region's population lives under the poverty line of two dollars a day, and unemployment averages 10.7%, with underemployment significantly higher. Most of the region returned to an average inflation rate of 8.5% in 2003, down from 12% in 2002, though real wages fell. In response to improved monetary and fiscal policies, more competitive exchange rates, and stronger domestic economic policy performance, central banks reduced interest rates during the second half of 2003.

Although economic growth is still weak, governments increasingly understand the benefits of free trade and are willing to take steps to make it happen. The recent signing of the U.S.-Central American Free Trade Agreement (CAFTA) demonstrates the commitment by Guatemala, Honduras, Nicaragua, and El Salvador to implement policy, trade, and economic growth reforms. Two recent studies by the World Bank and the Carnegie Foundation concluded that many of Mexico's trade gains from the North American Free Trade Agreement (NAFTA) were due to reforms carried out in anticipation of the agreement. Lessons learned from Mexico and shared with the Central American countries indicate that more open trade leads to improved policies, export diversification, political reform, stable exchange rates, increased foreign direct investment, employment generation, greater public investments in the social sector, and a more open society. The United States is working with the Dominican Republic to have it become an active partner in CAFTA, as well as with the smaller economies of the Caribbean toward achieving a Caribbean Single Market and Economy by 2005. Negotiations are proceeding for the docking of Peru and Colombia with the Andean Trade Preferences and Drug Eradication Act.

The progress with CAFTA bodes success for the Free Trade Area of the Americas (FTAA), which will further strengthen and expand economic partnership in the Americas. They form a vast market of over 800 million people producing nearly $14 trillion in goods and services every year. For example, the political and economic liberalization encouraged by the United States and successfully adopted by El Salvador has made El Salvador a model for post-conflict developing countries. The United States is El Salvador's most important trading partner, receiving 67% of its exports and providing 50% of its imports. An estimated two million Salvadorans reside in the United States. By promoting prosperity in El Salvador through USAID programs and mechanisms such as CAFTA, the United States can help strengthen the Salvadoran economy, thereby reducing the flow of economic migrants to the United States, as well as the country's vulnerability to narcotics trans-shipment and trafficking in persons. The example of El Salvador can serve as inspiration for the other countries in the hemisphere.

Despite gains in human rights and democracy, and increased economic linkages across the region, threats to the development achievements of the last decade persist. Great inequities remain in access to and delivery of quality health care and education. These impediments weaken economic growth, labor productivity, and the ability to compete globally. Maternal and neonatal mortality rates remain unacceptably high, and resistance to accessible medicines is on the rise. The LAC region has the second highest HIV/AIDS rate in the world, with over two million people living with HIV, including the estimated 200,000 that contracted the deadly virus in 2003. Diseases such as dengue and malaria are posing an emerging threat as well. In education, nearly one-half of the children who enter primary school fail to make it to the fifth grade, and only about 30% graduate from secondary school. Access to education especially affects poor, rural, and indigenous children, particularly girls.

The success of U.S. development assistance must not be viewed in yearly snapshots as unpredictable political factors and global economic downturns can divert scarce resources and interrupt longer-term progress. Popular dissatisfaction with tepid economic growth, public sector inefficiencies, and failure by elected governments to perform effectively and responsibly have led to numerous setbacks including: political crisis and economic instability in Venezuela; rapidly escalating violence and abysmal poverty in Haiti; and growing civil unrest in the Dominican Republic. President Bush noted that "...when governments fail to meet the most basic needs of their people, these failed states can become havens for terror... No amount of resources transferred or infrastructure built can compensate for – or survive – bad governance." (March 2002). Thus, sustained efforts by the United States to work in partnership with our neighbors are essential to promote democratic and economic integrity in the Western Hemisphere.

The USAID Program: USAID's strategic priorities in the LAC region are to: 1) improve good governance and reduce corruption; 2) increase economic growth and free trade; and 3) reduce narcotics trafficking. These themes give paramount importance to the implementation of policies that address the key constraints to development, with the overarching goal of advancing the U.S. foreign policy agenda. In addition, USAID is addressing critical transnational issues such as HIV/AIDS and other infectious diseases, a deteriorating natural resource base, and trafficking in persons.

Furthermore, the LAC Bureau is responding to Presidential Initiatives, especially those that have implications for the Western Hemisphere, including: the U.S.-Central America Free Trade Agreement; Global Fund to Fight AIDS, Tuberculosis, and Malaria; Emergency Plan for AIDS Relief; Mother and Child HIV Prevention; Centers for Excellence in Teacher Training; Initiative for a New Cuba; Global Climate Change; and Initiative Against Illegal Logging.

Democracy and Good Governance. Justice sector modernization remains the largest focus of USAID governance programs in the LAC region. In addition, governance programs promote accountability and transparency in government institutions; increase the capacity of local governments to manage resources and provide services; and strengthen civil society organizations to advocate for citizens' rights.

Without a reliable and fair justice system, investor confidence and a stable trade environment are jeopardized. Likewise, impunity for crime and corruption undercuts social and economic growth. USAID efforts to advance criminal justice reform, strengthen judicial independence, expand access to justice, and improve administration of justice, are underway in 12 LAC countries. New criminal procedure codes and other criminal justice system reforms, developed and enacted over the last decade with USAID support in Nicaragua, Honduras, Guatemala, El Salvador, Bolivia, Colombia, and the Dominican Republic, are introducing profound changes. USAID is helping Peru to increase judicial accountability by introducing reforms to make judicial selection more transparent and improve oversight of the courts. In Colombia and Guatemala, USAID's assistance has expanded access to alternative dispute resolution and other legal services to millions of poor citizens through a network of community-based centers. New efforts in justice reform will examine crime prevention and commercial codes.

USAID anticorruption programs in 15 countries emphasize citizen oversight and building capacities to attack weak governance, entrenched political institutions, and poor public sector management. USAID provides assistance to citizens groups and nongovernmental organizations to devise anticorruption plans and monitor government officials and agencies. USAID supports local initiatives to establish special commissions and investigative units to expose and prosecute cases of corruption by public officials. In Nicaragua, USAID assistance to improve the capacity of the Attorney General's Office to tackle high-profile corruption cases is beginning to bear fruit. The United States is the only country helping the Dominican Republic with the bank fraud cases under investigation and in the courts.

With direct election of local mayors and devolution of authority to municipalities, USAID is helping citizens and elected leaders devise community development plans that respond to local needs and generate growth. In 14 countries USAID helps mayors establish transparent accounting and fiscal management procedures to create a framework for greater revenue generation for roads, schools, health centers, and job creation. In turn, citizens monitor the use of public funds and devise "social audits" in countries such as the Dominican Republic and Bolivia to track spending in accordance with local development plans and hold officials accountable.

Economic Growth. USAID is assisting LAC countries to enact legal, policy, and regulatory reforms that promote trade liberalization, hemispheric market integration, competitiveness, and investment, which are essential for economic growth and poverty reduction. Increased support is envisioned to respond to increasing demands for assistance. In FY 2003, USAID provided technical assistance and training in support of CAFTA negotiations to Central American government officials, and assisted Bolivia, Peru, Guyana, and Suriname to prepare national trade capacity building strategies. USAID also assisted governments in Central America and the Caribbean as well as Brazil to raise the public level of understanding about the benefits of free trade under CAFTA and FTAA.

USAID played a major role in helping the U.S. Government shape and launch the FTAA Hemispheric Cooperation Program. Negotiation of the FTAA will continue to be a priority. USAID's trade capacity building (TCB) programs will focus on helping LAC countries to implement the three major components of their national TCB strategies—preparing for trade negotiations; implementing obligations under the WTO, FTAA, and bilateral free trade agreements; and transitioning to free trade, the latter emphasizing small business development and rural diversification. USAID will work with the region's smaller economies to help them join the global trading system by meeting their WTO-related obligations, developing specialty markets, and providing assistance for business development. USAID will assist governments to comply with the rules of trade, such as sanitary/phytosanitary measures, customs reform, and intellectual property rights. In the Caribbean, a sub-region with small island economies that lack diverse sources of income, USAID is conducting outreach programs that describe the benefits of free trade, providing assistance for small business development, and assisting eight Caribbean Community (CARICOM) countries to prepare national trade capacity building strategies. USAID has also developed a regional program to help Andean Community countries address rules of trade and competitiveness issues, including customs reforms, sanitary/phytosanitary measures, and competition policy. USAID has begun an aggressive program in Peru to improve the regulatory and institutional framework to facilitate trade and investment and help Peru's private sector take advantage of the Andean Trade Preferences and Drug Eradication Act, and prepare for accession to the FTAA.

Numerous USAID programs support development of regulatory frameworks and innovative approaches to widen and deepen financial intermediation in the small and microenterprise sector. As a result, marginalized business people have greater access to borrowing capital, increasing the number of self-employed entrepreneurs, especially women, and their profitability. USAID's demonstrated successes in microfinance (Haiti, Jamaica, Ecuador, and Peru) have made other prominent donors eager to replicate its approaches. USAID is also supporting cutting-edge efforts to increase the developmental impact of remittances, which were estimated at $32 billion in 2003 – more than all other development assistance combined. In response to the coffee crisis, consequent to the devastating drought in 2001 and the decline in coffee prices, USAID helped Central American coffee farmers apply best practices to increase sales to the high-value, niche coffee market through expanded partnerships with U.S. and European coffee traders and roasters. This project is resulting in increased rural competitiveness, incomes, and employment, all crucial to poverty reduction.

USAID has been involved in implementing the President's Initiative Against Illegal Logging, which seeks to address the negative impacts of the illegal timber trade on economic, social, and political stability. In Peru, illegal loggers have developed a symbiotic relationship with resurgent terrorist groups in remote forested areas. In response, the USAID environmental program in Peru is targeting resources to combat illegal logging and support improved management of Peru's forest resources. In Brazil's Amazon Basin, a largely unexplored biodiversity treasure, USAID is helping to develop management systems that maintain a balance between development and protection of natural resources. Other USAID programs have contributed to the conservation of millions of hectares of land and passage of key laws such as the Special Law for the Galapagos. USAID's sustained support helped develop sustainable timber harvest, and reduced significantly the rate of deforestation in several South American protected reserves.

Investing in People. USAID has made significant progress in raising vaccination coverage and reducing or eliminating major childhood illnesses such as measles. Also, because of USAID assistance, affected countries are more willing to openly discuss HIV/AIDS, which is particularly relevant since the Caribbean has the second highest rate of HIV/AIDS in the world. Haiti and Guyana, the two Presidential priority countries in LAC, have expanded their fight against HIV/AIDS by initiating national programs to prevent mother to child transmission of HIV/AIDS. While progress is being made to lower maternal mortality and apply proven, cost-effective protocols for combating malaria, tuberculosis, and other infectious diseases, rates remain unacceptably high. Because diseases do not respect geographic boundaries and due to the high numbers of legal and undocumented immigrants to the United States, USAID's health-related assistance to LAC countries is critical to the security and health of the United States.

The quality and relevance of primary and secondary schooling in LAC countries continue to cause concern, as the majority of students attend weak and under-funded schools and fail to acquire basic skills

in mathematics, language, and science. Fewer than 30% of students in the region complete secondary school, and many of those who do finish lack the skills to compete in the workplace, let alone in an increasingly competitive global economy. USAID education and training programs are improving education systems by developing innovative pilots and more effective service delivery models, many of which are being replicated by host governments and multilateral development banks. USAID will continue to improve the skills of teachers and administrators through the Centers of Excellence for Teacher Training, an initiative announced by President Bush in April 2001. Three sub-regional training networks established in Peru, Honduras, and Jamaica are training up to 15,000 teachers who will serve 600,000 students. USAID has been a leader in education policy reform through efforts such as the Partnership for Educational Revitalization in the Americas. In addition, USAID is supporting advancements in workforce training and helping youths prepare to enter the workforce; for example, USAID's Training, Internships, Exchanges, and Scholarships program in Mexico is enhancing the capacity of Mexican scholars and institutions to respond to the emerging U.S./Mexico Common Development Agenda.

Alternative Development. The scourge of narcotics threatens the social and economic fabric of the Andean countries and poses a threat to the United States. Despite bold efforts by Colombia, Bolivia, and Peru to combat narco-trafficking, the lack of a state presence in some areas has allowed illegal narcotics production and armed terrorist organizations to continue to flourish. Drug-related spillover criminal activity makes Ecuador's northern border with Colombia vulnerable; and intensive eradication efforts by one country may increase pressure by the narco-trafficking industry in another. Alternative development programs emphasize licit crop production and rural competitiveness, improved social, physical, and productive infrastructure, access to fair justice, and increased state presence in coca-growing regions. USAID is working in partnership with the Andean region's leadership, who are actively pursuing policies to fight narco-terrorism and expand the reach of government and rule of law.

To help small farmers permanently abandon illicit crop production, USAID's alternative development programs increase licit income opportunities for small producers of opium poppy and coca. In 2003, USAID supported cultivation of over 135,000 hectares of licit crops in Bolivia, including pineapple, bananas, specialty coffee, and black pepper. In Peru, the newly established voluntary coca eradication program resulted in the elimination of 5,445 hectares of coca, with 459 communities and more than 19,000 families participating. In Colombia, USAID completed 406 social infrastructure projects, including construction of roads, bridges, schools, and water treatment facilities, in 13 municipalities to provide short-term employment and access to markets necessary to sustain a licit economy. Since some coca growing areas are not suitable for sustainable agriculture due to agronomic or security reasons, USAID works with the private sector to increase licit income opportunities, making coca production less attractive. Expanded democracy and good governance activities are another important component of USAID's approach to combating illegal drugs.

One effect of the narcotics trade is the large number of internally displaced persons (IDPs); and Colombia has one of the largest IDP populations in the world (about 2.5 million). USAID has provided relief to about 1.1 million IDPs and demobilized child soldiers, targeting aid at female heads of households.

Alliances: Private investments in Latin America, including contributions from civil society and faith-based organizations, far exceed official development assistance levels. Linking USG investments with private investments will assure a greater impact for both, as was articulated by President Bush at the Monterrey Conference last year. The Global Development Alliance (GDA) and the Development Credit Authority (DCA) are exciting business models where USAID has given U.S. resources much greater impact by partnering with businesses, municipalities, universities, and philanthropic groups. Key alliances in LAC include working with coffee companies and small producers to address the crisis in this sector; cutting-edge work on remittances, and a new alliance for the chocolate industry. Using DCA authority to provide guarantees to microfinance institutions, commercial banks, rural savings and loans, and municipalities, USAID leveraged more than $30 million in private capital in 2002.

Enhancing Management Efficiency and Effectiveness: By responding to initiatives in the President's Management Agenda, including Strategic Management of Human Capital, USAID is maximizing the impact of foreign assistance. In FY 2003, using OMB's Program Assessment Rating Tool, the LAC

Bureau scored 65% and 63% respectively on the Development Assistance and Child Survival and Health accounts. The LAC Bureau has begun to develop indicators to track performance at the regional level. Administrator Andrew Natsios recently approved staffing levels to better allocate staff in overseas missions and ensure best use of personnel. Four more mission management assessments were completed in 2003, resulting in measures to improve efficiency by consolidating financial management and other support services in four LAC missions to serve 16 country programs. Similarly, the assistance programs in Central America and Mexico were consolidated into one regional strategic framework thereby enhancing coordination, sharing best practices, and creating synergies in program implementation. In addition, a new regional hub is being established which will operationally consolidate provision of support services thereby further streamlining implementation. To improve alignment of USAID programs with U.S. foreign policy objectives, an incentive-based Performance Fund, to be initiated in FY 2005, will reward good performance by host countries as well as serve as an incentive to focus on national-level impact.

Other Donors: Official development assistance to LAC totals just over $5.0 billion (all figures compiled by the OECD are for 2001, as 2002 data are not yet available). Multilateral donors play a very significant role across the entire region, accounting for $1.3 billion in assistance; bilateral donors provided $3.7 billion. The largest multilateral donor is the European Commission ($507 million), followed by the International Development Association ($257 million), United Nations agencies ($237 million), and the Inter-American Development Bank ($234 million). The United States and Japan have been the top two bilateral donors for the last 10 years; Japan was the top donor for the six years up to 2001. U.S. assistance in 2001 was just over $1.0 billion, followed by Japan ($719 million), Spain ($631 million), and Germany ($295 million). The United Kingdom, Netherlands, and Germany are very active donors as well.

FY 2005 Program: USAID employed a strategic and performance based budgeting tool to estimate its FY 2005 program resources needs. Factors considered were country need and commitment, administration priorities, management decisions, foreign policy considerations, and relative sector focus. FY 2005 resources requested for the LAC region total $805,656,000. Of this amount, $241,700,000 is Development Assistance (DA), $130,300,000 is Child Survival and Health (CSH), $92,000,000 is Economic Support Funds (ESF), $229,300,000 is Andean Counterdrug Initiative (ACI), and $112,356,000 is P.L. 480 Title II.

Latin America and Caribbean
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	219,000	248,375	229,200	229,300
Child Survival and Health Programs Fund	144,815	163,317	147,500	130,299
Development Assistance	220,241	260,578	267,840	241,700
Development Credit Authority	785	1,859	0	0
Economic Support Fund	166,500	79,620	84,498	92,000
ESF - Wartime Supplemental	0	4,500	0	0
PL 480 Title II	124,333	139,966	71,867	112,356
Total Program Funds	**875,674**	**898,215**	**800,905**	**805,655**

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Latin America and Caribbean

Latin America and Caribbean
PROGRAM SUMMARY

(in thousands of dollars)

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Bolivia				
Andean Counterdrug Initiative	39,600	41,727	42,000	42,000
Child Survival and Health Programs Fund	19,690	18,594	15,302	16,139
Development Assistance	12,853	12,082	12,032	14,454
Economic Support Fund	10,000	10,000	8,000	8,000
ESF - Wartime Supplemental	0	2,000	0	0
PL 480 Title II	19,566	31,547	17,827	23,696
Total Bolivia	101,709	115,950	95,161	104,289
Brazil				
Child Survival and Health Programs Fund	9,150	10,300	9,850	7,638
Development Assistance	4,799	7,967	7,876	6,993
Total Brazil	13,949	18,267	17,726	14,631
Caribbean Regional Program				
Child Survival and Health Programs Fund	3,550	4,233	3,733	4,637
Development Assistance	0	8,775	3,935	11,798
Economic Support Fund	10,800	2,500	3,976	9,000
ESF - Wartime Supplemental	0	500	0	0
Total Caribbean Regional Program	14,350	16,008	11,644	25,435
Central America Regional Program				
Child Survival and Health Programs Fund	4,000	4,950	4,950	6,708
Development Assistance	15,792	24,383	16,487	21,582
Development Credit Authority	0	469	0	0
Total Central America Regional Program	19,792	29,802	21,437	28,290
Colombia				
Andean Counterdrug Initiative	101,900	122,200	122,200	122,300
Total Colombia	101,900	122,200	122,200	122,300
Cuba				
Economic Support Fund	5,000	6,000	6,959	9,000
Total Cuba	5,000	6,000	6,959	9,000
Dominican Republic				
Child Survival and Health Programs Fund	9,532	12,508	12,700	11,354
Development Assistance	6,450	8,631	10,982	8,324
Economic Support Fund	2,300	3,000	2,982	3,000
Total Dominican Republic	18,282	24,139	26,664	22,678
Ecuador				
Andean Counterdrug Initiative	10,000	15,896	15,000	15,000
Child Survival and Health Programs Fund	0	0	0	351
Development Assistance	6,840	7,127	6,821	6,953
Development Credit Authority	198	0	0	0
Economic Support Fund	17,250	17,500	14,911	15,000
PL 480 Title II	1,530	0	0	0
Total Ecuador	35,818	40,523	36,732	37,304
El Salvador				
Child Survival and Health Programs Fund	15,653	9,800	7,150	8,871
Development Assistance	45,640	26,334	28,605	17,342
Economic Support Fund	25,200	0	0	0
PL 480 Title II	0	1,809	0	0
Total El Salvador	86,493	37,943	35,755	26,213

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Guatemala				
Child Survival and Health Programs Fund	15,700	12,017	11,400	9,723
Development Assistance	12,320	14,810	11,099	6,647
Development Credit Authority	0	530	0	0
Economic Support Fund	10,000	6,500	4,971	4,000
PL 480 Title II	21,502	16,673	11,154	17,631
Total Guatemala	59,522	50,530	38,624	38,001
Guyana				
Child Survival and Health Programs Fund	1,000	4,200	1,700	1,700
Development Assistance	3,100	2,180	2,750	4,957
Total Guyana	4,100	6,380	4,450	6,657
Haiti				
Child Survival and Health Programs Fund	638	19,207	19,626	16,525
Development Assistance	250	13,999	8,119	7,963
Economic Support Fund	30,000	0	0	0
PL 480 Title II	23,128	36,580	24,693	27,000
Total Haiti	54,016	69,786	52,438	51,488
Honduras				
Child Survival and Health Programs Fund	13,177	13,400	12,777	10,777
Development Assistance	15,430	24,112	22,367	19,925
Development Credit Authority	298	162	0	0
Economic Support Fund	1,000	0	0	0
PL 480 Title II	6,436	10,479	2,406	11,916
Total Honduras	36,341	48,153	37,550	42,618
Jamaica				
Child Survival and Health Programs Fund	3,121	3,713	3,117	4,339
Development Assistance	9,471	13,713	13,234	17,532
Development Credit Authority	0	106	0	0
Economic Support Fund	1,532	0	0	0
Total Jamaica	14,124	17,532	16,351	21,871
LAC Regional				
Child Survival and Health Programs Fund	9,434	11,194	12,128	4,621
Development Assistance	39,910	36,734	51,574	32,501
Development Credit Authority	0	35	0	0
Economic Support Fund	16,163	5,470	15,362	14,000
Total LAC Regional	65,507	53,433	79,064	51,122
Mexico				
Child Survival and Health Programs Fund	5,509	5,200	3,700	3,230
Development Assistance	7,715	10,440	17,855	13,915
Economic Support Fund	10,000	11,650	11,432	11,500
Total Mexico	23,224	27,290	32,987	28,645
Nicaragua				
Child Survival and Health Programs Fund	8,470	9,830	7,805	6,913
Development Assistance	16,602	23,460	27,206	25,311
Development Credit Authority	158	0	0	0
Economic Support Fund	2,800	0	0	2,500
PL 480 Title II	15,136	16,200	5,662	11,013
Total Nicaragua	43,166	49,490	40,673	45,737

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Panama				
Development Assistance	4,500	5,499	5,322	5,446
Economic Support Fund	4,205	3,000	2,982	3,000
Total Panama	8,705	8,499	8,304	8,446
Paraguay				
Child Survival and Health Programs Fund	2,525	1,959	2,125	1,907
Development Assistance	3,600	3,895	4,140	4,040
Economic Support Fund	3,500	3,000	2,982	3,000
Total Paraguay	9,625	8,854	9,247	8,947
Peru				
Andean Counterdrug Initiative	62,500	68,552	50,000	50,000
Child Survival and Health Programs Fund	23,666	19,912	17,282	13,037
Development Assistance	14,969	16,437	15,036	10,492
Development Credit Authority	131	557	0	0
Economic Support Fund	16,750	11,000	9,941	10,000
ESF - Wartime Supplemental	0	2,000	0	0
PL 480 Title II	37,035	26,678	10,125	21,100
Total Peru	155,051	145,136	102,384	104,629
South America Regional				
Andean Counterdrug Initiative	5,000	0	0	0
Child Survival and Health Programs Fund	0	2,300	2,155	1,829
Development Assistance	0	0	2,400	5,525
Total South America Regional	5,000	2,300	4,555	7,354
Total Program Funds	**875,674**	**898,215**	**800,905**	**805,655**

Adolfo A. Franco
Assistant Administrator
Latin America and Caribbean

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2004
(in thousands of dollars)

Program/ SO Number	Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
BOLIVIA				
511-002	Increased Income for Bolivia's Poor	DA	5,550	1,000
511-003	Improved Health of the Bolivian Population	CSH	15,302	0*
511-004	Forest, Water and Biodiversity Resources Managed for Sustained Economic Growth	DA	4,773	0*
511-005	Illegal and Excess Coca Eliminated from Bolivia	ACI	38,500	0*
511-006	Economic Stabilization (Balance of Payments Support)	ESF	8,000	8,000
511-XXX	Increased Confidence in Democratic Institutions and Processes	ACI	3,500	0*
		DA	1,709	0*
BRAZIL				
512-007	Transmission of Selected Communicable Diseases Reduced in Target Areas	CSH	9,050	0*
512-008	Natural Ecosystems Sustained	DA	5,000	0*
512-009	Global Climate Change Mitigated Through Renewable Energy and Energy Conservation	DA	1,276	0*
512-010	Access to Training and Employability Skills and Opportunities Increased for Disadvantaged Youth	CSH	800	0*
		DA	600	0*
512-011	Increased Economic Opportunities for Trade-Led Small and Medium Enterprise Growth and Poverty Reduction	DA	1,000	0*
COLOMBIA				
514-007	Promote More Responsive, Participatory and Accountable Democracy	ACI	25,000	0*
514-008	Provide Economic and Social Alternatives to Illicit Crop Production	ACI	54,200	0*
514-009	Provide Economic and Social Opportunities to Vulnerable Groups, Particularly Internally Displaced Persons	ACI	43,000	0*
CUBA**				
516-001	Civil Society Developed through Information Dissemination	ESF	6,959	0*
DOMINICAN REPUBLIC				
517-008	Increased Sustainable Economic Opportunities for the Poor	DA	7,618	0*
517-009	More Participatory, Representative and Accountable Democracy Achieved	DA	3,364	0*
		ESF	2,982	0*
517-010	Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic	CSH	12,700	0*
ECUADOR				
518-001	Biodiversity Conserved in Selected Protected Areas, Their Buffer Zones, and Indigenous Territories	DA	4,691	0*
		ESF	1,000	0*
518-011	Improved Social and Economic Conditions of Inhabitants along the Peru-Ecuador Border, thereby Promoting Border Integration	ESF	1,988	0*
518-012	Increased Support for the Democratic System	DA	100	0*
		ESF	7,923	0*
518-013	Spread of the Andean Regional Coca/Cocaine Economy into	ACI	15,000	0*

* Previously notified
** Separated notification required

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
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(in thousands of dollars)

Program/ SO Number	Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
	Ecuador Contained (Northern Border Development Program)			
518-014	Increased Economic Opportunities for the Poor	DA	2,030	0*
		ESF	4,000	0*
EL SALVADOR				
519-001	Expanded Access and Economic Opportunities for Rural Poor Families	DA	5,730	0*
519-002	More Inclusive and Effective Democratic Processes	DA	5,362	0*
519-003	Health of Salvadorans, Primarily Women, Youth and Children, Improved	CSH	7,150	816
519-004	Increased Access by Rural Households to Clean Water	DA	4,500	0*
519-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	13,013	13,013
GUATEMALA				
520-021	Ruling Justly: More Responsive, Transparent Governance	DA	1,821	0*
		ESF	4,971	0*
520-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	5,878	0*
520-023	Investing in People: Healthier, Better-Educated People	CSH	11,400	1,150
		DA	3,400	500
GUYANA				
504-005	HIV Transmission Reduced and the Impact of AIDS Mitigated	CSH	1,700	1,700
504-006	Democratic Governance Consolidated	DA	1,750	1,750
504-007	Environment for Sustained Growth of Value-Added Exports Strengthened	DA	1,000	1,000
HAITI				
521-001	Sustainably Increased Income for the Poor	DA	1,719	0*
521-003	Healthier Families of Desired Size	CSH	19,626	0*
521-004	Increased Human Capacity	DA	3,500	1,000
521-005	Genuinely Inclusive Democratic Governance Attained	DA	2,900	0*
HONDURAS				
522-021	Ruling Justly: More Responsive, Transparent Governance	DA	5,710	0*
522-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	10,857	1,881
522-023	Investing in People: Healthier, Better-Educated People	CSH	12,777	0*
		DA	5,800	1,000
JAMAICA				
532-002	Improved Quality of Key Natural Resources in Selected Areas That Are Both Environmentally and Economically Significant	DA	3,266	0*
532-003	Improved Reproductive Health of Youth	CSH	3,117	0*
532-004	Increased Literacy and Numeracy among Targeted Jamaican Youth	DA	4,878	0*
532-006	Improved Business Environment for Developing the Small, Medium, and Micro Enterprise Sectors	DA	2,590	0*
532-008	Improved Citizen Security and Participation in Democratic Processes	DA	2,500	0*

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BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2004
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Program/ SO Number	Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
MEXICO				
523-009	Strengthen the Institutional Base for Sustainable Microenterprise Growth by Supporting Mexican Initiatives	DA	200	100
523-010	Enhanced Capacity of Participating Mexican Scholars and Institutions to Respond to the Common Development Agenda	DA	5,700	2,200
		ESF	1,932	0*
523-021	Ruling Justly: More Responsive, Transparent Governance	DA	781	0*
		ESF	9,500	1,000
523-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	11,174	8,574
523-023	Investing in People: Healthier, Better-Educated People	CSH	3,700	400
NICARAGUA				
524-021	Ruling Justly: More Responsive, Transparent Governance	DA	6,750	0*
524-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	15,156	1,054
524-023	Investing in People: Healthier, Better-Educated People	CSH	7,805	950
		DA	5,300	2,000
PANAMA				
525-004	Panama Sustainably Manages the Canal Watershed and Buffer Areas	DA	5,322	0*
525-005	Momentum Toward Fairer and Faster Justice Established	ESF	0	0*
525-006	Selected Darien Communities Strengthened	ESF	741	741
525-021	Ruling Justly: More Responsive, Transparent Governance	ESF	2,241	2,241
PARAGUAY				
526-004	Key Democratic Governance Practices Instituted	DA	1,952	0*
		ESF	2,982	0*
526-005	Management of Globally Important Ecoregions Improved	DA	938	0*
526-006	Use of Voluntary Reproductive Health Services Increased	CSH	2,125	0*
526-007	Increased Incomes for the Poor in Selected Economic Regions	DA	1,250	250
PERU				
527-006	Local Management of Quality Basic Education in Selected Geographic Areas	DA	2,924	500
527-008	Improved Quality of Life of Peruvians along the Peru-Ecuador Border Target Areas	ESF	1,988	0*
527-009	Democratic Processes and Institutions Strengthened in Critical Areas	DA	1,632	0*
		ESF	7,953	0*
527-010	Increased Economic Opportunities for the Poor	DA	6,420	0*
527-011	Improved Health fo Peruvians at High Risk	CSH	17,282	0*
527-012	Strengthened Environmental Management to Address Priority Problems	DA	4,060	0*
527-013	Sustained Reduction of Illicit Coca Production in Target Areas of Peru	ACI	50,000	0*
CARIBBEAN REGIONAL				
538-004	Improved Business Environment to Meet International Standards	DA	2,905	0*
		ESF	860	0*

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BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2004
(In thousands of dollars)

Program/ SO Number	Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
538-005	Improved Environmental Management by Public and Private Entities	DA	570	570
538-006	Increased Efficiency and Fairness of Legal Systems in the Caribbean	DA	460	0*
		ESF	516	91
538-008	Enhanced Caribbean Response to the HIV/AIDS Crisis in Target Countries	CSH	3,733	0*
CENTRAL AMERICA REGIONAL				
596-005	Increased Central American Competitiveness in Global Markets	DA	7,616	0*
596-006	Improved Environmental Management in the Mesoamerican Biological Corridor	DA	6,021	0*
596-009	Increased Diversification of the Rural Economy	DA	2,850	0*
596-023	Investing in People: Healthier, Better-Educated People	CSH	4,950	4,950
LAC REGIONAL				
598-005	Reinforcement of Regional Trends that Deepen Democracy	DA	4,194	0*
		ESF	4,924	0*
598-017	Enabling Environment for Market Access Strengthened	DA	4,700	0*
598-018	Environmental Performance of LAC Businesses and Communities Improved Through the Promotion of Replicable Market-Based Models	DA	300	0*
598-020	Program Development and Learning	CSH	5,105	5,073
		DA	1,955	0*
598-021	Advancing Development Cooperation Opportunities in the Hemisphere	CSH	623	513
		DA	18,240	10,405
		ESF	10,438	10,438
598-022	Improved Conservation of the Region's Biological Resources	DA	4,500	0*
598-023	Strengthened Regional Initiatives to Improve Equity and Quality of Education and Training	DA	17,685	2,730
598-024	Population, Health and Nutrition Policies and Program Developed and Advanced in LAC	CSH	6,400	1,373
SOUTH AMERICA REGIONAL				
530-001	Participation of the Andean Countries in Free Trade Agreements	DA	2,400	0*
530-XXXX	South America Reduction of Infectious Diseases	CSH	2,155	1,001
530-YYY	Improved Country Performance (South America Performance Fund)	CSH	0	0*
		DA	0	0*

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BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2005
(in thousands of dollars)

Program/ SO Number	Title	Account	Request FY 2005
BOLIVIA			
511-002	Increased Income for Bolivia's Poor	DA	6,632
		ESF	5,000
511-003	Improved Health of the Bolivian Population	CSH	16,139
511-004	Forest, Water and Biodiversity Resources Managed for Sustained Economic Growth	DA	5,083
		ESF	333
511-005	Illegal and Excess Coca Eliminated from Bolivia	ACI	37,500
511-XXX	Increased Confidence in Democratic Institutions and Processes	ACI	4,500
		DA	2,739
		ESF	2,667
BRAZIL			
512-007	Transmission of Selected Communicable Diseases Reduced in Target Areas	CSH	6,660
512-008	Natural Ecosystems Sustained	DA	4,738
512-009	Global Climate Change Mitigated Through Renewable Energy and Energy Conservation	DA	1,000
512-010	Access to Training and Employability Skills and Opportunities Increased for Disadvantaged Youth	CSH	978
		DA	400
512-011	Increased Economic Opportunities for Trade-Led Small and Medium Enterprise Growth and Poverty Reduction	DA	855
COLOMBIA			
514-007	Promote More Responsive, Participatory and Accountable Democracy	ACI	25,000
514-008	Provide Economic and Social Alternatives to Illicit Crop Production	ACI	54,300
514-009	Provide Economic and Social Opportunities to Vulnerable Groups, Particularly Internally Displaced Persons	ACI	43,000
CUBA**			
516-001	Civil Society Developed through Information Dissemination	ESF	9,000
DOMINICAN REPUBLIC			
517-008	Increased Sustainable Economic Opportunities for the Poor	DA	5,584
517-009	More Participatory, Representative and Accountable Democracy Achieved	DA	2,740
		ESF	3,000
517-010	Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic	CSH	11,354
ECUADOR			
518-001	Biodiversity Conserved in Selected Protected Areas, Their Buffer Zones, and Indigenous Territories	DA	4,645
		ESF	1,000
518-011	Improved Social and Economic Conditions of Inhabitants along the Peru-Ecuador Border, thereby Promoting Border Integration	ESF	2,000
518-012	Increased Support for the Democratic System	ESF	8,000
518-013	Spread of the Andean Regional Coca/Cocaine Economy into Ecuador Contained (Northern Border Development Program)	ACI	15,000
518-014	Increased Economic Opportunities for the Poor	DA	2,308
		ESF	4,000

** Separate notification required

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2005
(in thousands of dollars)

Program/ SO Number	Title	Account	Request FY 2005
EL SALVADOR			
519-021	Ruling Justly: More Responsive, Transparent Governance	DA	2,347
519-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	11,316
519-023	Investing in People: Healthier, Better-Educated People	CSH	8,871
		DA	3,679
GUATEMALA			
520-021	Ruling Justly: More Responsive, Transparent Governance	DA	1,409
		ESF	4,000
520-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	2,501
520-023	Investing in People: Healthier, Better-Educated People	CSH	9,723
		DA	2,737
GUYANA			
504-005	HIV Transmission Reduced and the Impact of AIDS Mitigated	CSH	1,700
504-006	Democratic Governance Consolidated	DA	1,957
504-007	Environment for Sustained Growth of Value-Added Exports Strengthened	DA	3,000
HAITI			
521-001	Sustainably Increased Income for the Poor	DA	2,879
521-003	Healthier Families of Desired Size	CSH	16,525
521-004	Increased Human Capacity	DA	2,737
521-005	Genuinely Inclusive Democratic Governance Attained	DA	2,347
HONDURAS			
522-021	Ruling Justly: More Responsive, Transparent Governance	DA	3,992
522-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	10,916
522-023	Investing in People: Healthier, Better-Educated People	CSH	10,777
		DA	5,017
JAMAICA			
532-x10	Natural Assets/Rural Living Program	DA	5,051
532-x11	Healthy Lifestyles Program	CSH	4,339
532-x12	Better Educated Program	DA	4,561
532-x13	Legal/Political Reform Program	DA	4,500
532-xx9	Competitiveness Program	DA	3,420
MEXICO			
523-010	Enhanced Capacity of Participating Mexican Scholars and Institutions	DA	5,268
	to Respond to the Common Development Agenda	ESF	1,000
523-021	Ruling Justly: More Responsive, Transparent Governance	DA	986
		ESF	10,500
523-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	7,661
523-023	Investing in People: Healthier, Better-Educated People	CSH	3,230
NICARAGUA			
524-021	Ruling Justly: More Responsive, Transparent Governance	DA	5,283

** Separate notification required

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2005
(in thousands of dollars)

Program/ SO Number	Title	Account	Request FY 2005
		ESF	2,500
524-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	17,018
524-023	Investing in People: Healthier, Better-Educated People	CSH	6,913
		DA	3,010
PANAMA			
525-021	Ruling Justly: More Responsive, Transparent Governance	ESF	3,000
525-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	5,446
PARAGUAY			
526-004	Key Democratic Governance Practices Instituted	DA	1,847
		ESF	3,000
526-005	Management of Globally Important Ecoregions Improved	DA	911
526-006	Use of Voluntary Reproductive Health Services Increased	CSH	1,907
526-007	Increased Incomes for the Poor in Selected Economic Regions	DA	1,282
PERU			
527-006	Local Management of Quality Basic Education in Selected Geographic Areas	DA	1,299
527-008	Improved Quality of Life of Peruvians along the Peru-Ecuador Border Target Areas	ESF	2,000
527-009	Democratic Processes and Institutions Strengthened in Cricitial Areas	DA	1,565
		ESF	8,000
527-010	Increased Economic Opportunities for the Poor	DA	4,103
527-011	Improved Health fo Peruvians at High Risk	CSH	13,037
527-012	Strengthened Environmental Management to Address Priority Problems	DA	3,525
527-013	Sustained Reduction of Illicit Coca Production in Target Areas of Peru	ACI	50,000
CARIBBEAN REGIONAL			
538-x10	Global Competitiveness and Open Trade	DA	4,362
		ESF	3,500
538-x11	Regional Response to HIV/AIDS	CSH	4,637
538-YYY	Caribbean Performance Fund	DA	7,436
CENTRAL AMERICA REGIONAL			
596-022	Economic Freedom: Open, Diversified, Expanding Economies	DA	14,795
596-023	Investing in People: Healthier, Better-Educated People	CSH	4,950
596-025	Performance Fund for Central America and Mexico	CSH	1,808
		DA	6,787
LAC REGIONAL			
598-005	Reinforcement of Regional Trends that Deepen Democracy	DA	5,000
598-017	Enabling Environment for Market Access Strengthened	DA	5,000
598-018	Environmental Performance of LAC Businesses and Communities Improved Through the Promotion of Replicable Market-Based Models	DA	500
598-020	Program Development and Learning	CSH	222
		DA	1,349
598-021	Advancing Development Cooperation Opportunities in the Hemisphere	CSH	0
		DA	3,752

** Separate notification required

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2005
(in thousands of dollars)

Program/ SO Number	Title	Account	Request FY 2005
		ESF	9,000
598-022	Improved Conservation of the Region's Biological Resources	DA	4,900
598-023	Strengthened Regional Initiatives to Improve Equity and Quality of Education and Training	DA	12,000
598-024	Population, Health and Nutrition Policies and Program Developed and Advanced in LAC	CSH	4,350
SOUTH AMERICA REGIONAL			
530-001	Participation of the Andean Countries in Free Trade Agreements	DA	2,180
530-XXXX	South America Reduction of Infectious Diseases	CSH	1,000
530-YYY	Improved Country Performance (South America Performance Fund)	CSH	829
		DA	3,345

** Separate notification required

Bolivia

The Development Challenge: Through January 2003, Bolivia experienced two decades of relative political and economic stability, including 21 uninterrupted years of democracy and 17 years of far-reaching and fundamental reforms in fiscal management, human rights, and democratic decentralization. Since January 2003, Bolivia has been confronted with serious social and political instability, including two periods of severe social unrest and violence that have left dozens dead. This turmoil has resulted in millions of dollars in property damage and forced the resignation of President Gonzalo Sanchez de Lozada, which has put the national government on the political defensive regarding a broad range of national policies. This threatens key initiatives that address major U.S. foreign policy objectives emphasizing support for Bolivian democracy and counter-narcotics efforts. Radical opposition groups, emboldened by their success in ousting President Lozada, are calling for severe restrictions on trade and investment, easing or elimination of restrictions on all coca cultivation, and an overhaul of the national constitution.

With a new President and cabinet in place, USAID is closely supporting peaceful and positive resolution of conflicts through its regular assistance program, continuous policy dialogue with the Government of Bolivia, and a special series of carefully targeted activities in specific areas. Much of Bolivia's political and social conflict is rooted in the deep and widespread poverty and social exclusion of the indigenous majority, which is aggravated by inequitable economic growth, over-reliance on price-volatile exports, lack of state presence in most rural and some urban areas, government corruption and administrative incompetence, and a weak and under-capitalized private sector.

Though significant progress has been made over the last 20 years, high levels of poverty and social exclusion remain. Currently, about 58% of the Bolivian population lives in poverty, and 24% live in extreme poverty. Over 80% of the rural population is poor. Economic growth and job creation are lagging due to limited financial services, poor productive infrastructure, lack of access to technology and markets, and low levels of education. A worldwide economic downturn, coupled with economic crises in neighboring Argentina and Brazil, has exacerbated Bolivia's economic problems. The crisis and its attendant problems are becoming a threat to the consolidation of Bolivia's democracy and economic stability. Despite important progress in social indicators, Bolivia still has the second highest level of infant, child, and maternal mortality in the hemisphere. Land tenure is becoming the most contentious issue in rural areas, occasionally leading to deadly violence. Illegal coca replanting is a constant threat to the successful implementation of Bolivia's anti-narcotics strategy. These issues require close and continuous attention to avoid the failure of the Bolivian state.

The Government of Bolivia and USAID have a strong and positive partnership. The Government of Bolivia remains committed to the objectives of USAID's collaboratively developed strategy; however, the Government's political weakness and severe fiscal crisis impede its ability to fully meet its commitments. The private sector has also been significantly debilitated by the recession and its own structural weaknesses.

The USAID Program: The Data Sheets provided below cover the six strategic objectives for which USAID is requesting FY 2004 and FY 2005 funds. These objectives are designed to advance key U.S. Government foreign policy objectives regarding Bolivia and the requirements of Bolivia as represented in its government policy agenda, including the Poverty Reduction Strategy Paper. The objectives focus on: improving the responsiveness and transparency of national and local governance and the justice system; increasing economic opportunities for poor rural populations through business development, trade, and improved agricultural productivity; improving health practices and the quality of, and access to, health services; sustainably managing natural resources and biodiversity; promoting licit income alternatives for rural farm families to reduce excess coca production; and providing budget support for the payment of multilateral debt held by the Bolivian Government. USAID is adjusting its current program to help address, in an expedited manner, the causes of the recent violent conflict. Changes include increased focus on the indigenous population especially in conflict-prone geographic areas, such as the city of El Alto, and measures to increase the State's presence in previously underserved rural and urban areas.

"State presence" in this context refers to the presence of the government as a legal authority and arbiter; service provider (including health, education, and basic infrastructure); and protector of law and order. The effective absence of the State in many areas is a leading contributor to the underdevelopment, poverty, and disorder that prevails there. USAID will also fund a series of targeted high-impact activities addressing urgent economic and social service needs in conflictive areas.

Other Program Elements: USAID's Office of Private and Voluntary Cooperation support ongoing child survival projects implemented by three U.S. private and voluntary organizations (PVOs) under the Democracy, Conflict and Humanitarian Assistance Bureau (DCHA). All projects are in under-served rural areas of Bolivia where child health is at greatest risk. DCHA also funds a political party training activity. Under the Economic Growth, Trade, and Agriculture (EGAT) Bureau, various grants support U.S. non-governmental organizations to expand financial services in Bolivia as well as a Farmer-to-Farmer program, which provides short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity. EGAT also funds an adult literacy program and is helping to support the 2003 Demographic and Health Survey. The Centers for Excellence in Teacher Training, managed by the Latin America and Caribbean Bureau's Office of Regional Sustainable Development (LAC/RSD), provides teacher training. USAID also funds vocational education aimed at increasing the employability of poor youth through skills training. LAC/RSD also manages a grant to help fight trafficking in persons in Bolivia. The Global Development Alliance (GDA) Office supports ongoing efforts in the forestry sector through the Bolivian Chamber of Forestry. These efforts were matched by the Chamber itself; Fundación PUMA, an environmental fund established under the Enterprise of the Americas Initiaitive; and the Swedish Development Agency. A new GDA activity will increase cocoa production in partnership with the U.S. chocolate industry. USAID is also exploring a potential partnership with a local natural gas producer/distributor which will supply funding for the establishment of a permanent agricultural research and extension service in the Chapare region. Finally, as part of USAID's South America Regional program, trade capacity building and malaria control activities are also implemented in Bolivia.

Other Donors: Donor coordination is strong in Bolivia, with the participation of eight multilateral and 15 bilateral donors. Thirteen of the bilateral donors are DAC (Paris Club/Consultative Group) members. Principal areas of donor interest are health, education, democracy and poverty reduction. The United States and Japan are the largest bilateral donors, and collaborate in the health sector. Multilateral donors include the United Nation agencies, the World Bank, the Inter-American Development Bank, and the European Union. The donors' assistance is organized around the Bolivian Poverty Reduction Strategy Paper and the Government of Bolivia's Plan of Action. USAID plays an active role in donor coordination and will continue to take a leadership position in the Alternative Development Donor Group. Spain, the United Nations Drug Control Program, and the European Union are also active members of this group.

Bolivia
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	39,600	41,727	42,000	42,000
Child Survival and Health Programs Fund	19,690	18,594	15,302	16,139
Development Assistance	12,853	12,082	12,032	14,454
Economic Support Fund	10,000	10,000	8,000	8,000
ESF - Wartime Supplemental	0	2,000	0	0
PL 480 Title II	19,566	31,547	17,827	23,696
Total Program Funds	**101,709**	**115,950**	**95,161**	**104,289**

STRATEGIC OBJECTIVE SUMMARY				
511-001 Democracy				
ACI	4,000	3,500	0	0
DA	2,500	2,500	0	0
ESF	4,000	0	0	0
511-002 Increased Economic Opportunities				
DA	3,500	4,650	5,550	6,632
ESF	5,000	0	0	5,000
PL 480	8,556	13,632	7,827	8,600
511-003 Improved Health				
CSH	19,690	18,594	15,302	16,139
ESF	0	0	0	0
ESF - Wartime Supplemental	0	2,000	0	0
PL 480	11,010	17,915	10,000	15,096
511-004 Natural Resources Sustainably Managed				
DA	6,853	4,932	4,773	5,083
ESF	1,000	0	0	333
511-005 Alternative Development				
ACI	35,600	38,227	38,500	37,500
511-006 Balance of Payments Support				
ESF	0	10,000	8,000	0
511-XXX Democracy				
ACI	0	0	3,500	4,500
DA	0	0	1,709	2,739
ESF	0	0	0	2,667

Mission Director,
Liliana Ayalde

Data Sheet

USAID Mission:	Bolivia
Program Title:	Increased Economic Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-002
Proposed FY 2004 Obligation:	$5,550,000 DA; $7,827,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$6,632,000 DA; $5,000,000 ESF; $8,600,000 PL 480
Year of Initial Obligation:	FY 1995
Year of Final Obligation:	FY 2008

Summary: USAID aims to increase the income of Bolivia's poor through technical assistance and training for providing financial services to the poor, producing and marketing agricultural commodities, improving teacher competency to improve student performance, and increasing trade and Bolivia's competitiveness. Poorly equipped schools ultimately contribute to lower economic growth and reduced competitiveness in the global market. USAID also aims to increase food security.

Inputs, Outputs, Activities:

FY 2004 Program:
Rural financial services ($1,248,000 DA). USAID will continue funding technical assistance to microfinance institutions so they can strengthen the capacity to expand their client base and generate sufficient profits to ensure sustainability; develop the supervisory capacity of the Superintendency of Banks and Financial Institutions; and create an all-inclusive credit referencing system. USAID will also continue programs to strengthen Bolivia's network of rural credit unions and launch a follow-on activity to promote a policy environment supportive of microfinance. The prime contractors are Development Associates Inc. and a new contractor to be determined.

Rural business and market efficiency ($3,302,000 DA). USAID will continue to support the adoption of new technologies to increase production and sales of primary commodities for small producers and increase their market access for targeted agricultural products. USAID will continue to work in the Valleys region of Bolivia, while extending similar support to the Altiplano highlands region. The prime contractor is Chemonics International.

Support to primary schools ($1,000,000 DA). USAID will help repair and upgrade school buildings and provide furnishings, classroom supplies, and libraries to primary schools in under-served, high-need, and conflict-prone areas such as El Alto and the broader Altiplano region. The implementers are to be determined.

New technologies for increased food security. The P.L. 480 Title II program will continue introducing new technologies, effective food security assessment tools, and training materials to increase yields and reduce storage losses. The Title II cooperating sponsors will also organize farmers' groups and marketing associations, and deepen existing partnerships with communities and municipalities. Principal cooperating sponsors are: Adventist Development and Relief Agency, Food for the Hungry International, CARE, and Save the Children.

FY 2005 Program:
Rural financial services ($1,920,000 DA). USAID will provide technical assistance to microfinance institutions to increase access of microentrepreneurs to financial services; enhance the solvency and efficiency of microfinance institutions; and diversify services by developing new products. Prime contractor to be determined.

Rural business and market efficiency ($3,800,000 DA). Technological services will be provided to farmers to increase yields and improve their access to markets, thereby raising household incomes. USAID will expand current agricultural activities to other areas of Bolivia. Implementers will be Chemonics International and another contractor to be determined.

Increased trade and competitiveness ($5,000,000 ESF). USAID will continue to support the Bolivian Trade and Business Competitiveness program in its initial trade building capacity activities. A contract to implement the second, more comprehensive phase of this program will be competed. The prime contactor is Chemonics International and a contractor for the second phase to be determined.

Support to primary schools ($912,000 DA). USAID will continue support for primary schools as described above. The implementer is to be determined.

Improved agricultural technologies for increased food security. The P.L. 480 Title II program will continue to enhance the effectiveness of agriculture, income generation, and community development activities while targeting the Bolivian poor. Same implementers as above.

Performance and Results: As a result of USAID activities supporting access to rural financial services, over 56,000 new deposit accounts were opened, a 40% increase from last year. USAID supported new deposit services and 58 new points of service in rural and peri-urban areas. The microfinance credit bureau began operations and laws are being drafted to allow Private Financial Funds (regulated microfinance institutions) to offer more services. The financial situation and efficiency of 14 credit unions receiving technical assistance has improved.

USAID's market access and poverty alleviation activities directly assisted almost 6,300 families in seven commodity chains (onions, chilies, peppers, oregano, berries, table grapes and tomatoes), increasing average sales by 38% and reducing the use of agricultural chemicals. Beneficiary households' annual income continued to rise to an average of $1,729. Over 50% of farmers assisted are women. USAID-provided market information in Spanish and indigenous languages over the radio was used by 72% of small farmers nationwide to obtain information to negotiate better prices for their products. Recipient farmers export to Canada, Brazil, Argentina, and other countries.

USAID training and technical assistance to small and micro businesses directly generated over 400 jobs and $2.5 million in additional exports. At the same time, total non-traditional exports at the national level rose by $19 million (three percent), but increased by 50% in areas of focus under the USAID-supported Bolivian Trade and Business Competitiveness program: textiles and apparel, wood products, jewelry and leather products. The Bolivian Government prepared a trade capacity building strategy needed for effective participation in the Free Trade Area of the Americas' Hemispheric Cooperation Program. USAID promoted the adoption of the Patent Cooperation Treaty and other measures to promote intellectual property rights.

During the past year, the P.L. 480 Title II program helped about 393,000 beneficiaries increase their incomes through technical assistance in agricultural production, marketing and productive infrastructure. Average annual gross income of rural households increased from $675 in FY 2002 to $808 in FY 2003.

Upon the completion of this strategic objective, several thousand farm families in the Valleys region will have achieved significant, permanent increases in their income through better quality and quantity of products and the establishment of market linkages inside and outside Bolivia. Bolivia's artisan exporters will have established long-term export markets that generate thousands of permanent jobs. Affordable credit will be available nationwide for small- and micro-entrepreneurs.

US Financing in Thousands of Dollars

Bolivia

511-002 Increased Economic Opportunities	ACI	DA	ESF
Through September 30, 2002			
Obligations	0	21,856	4,913
Expenditures	0	14,969	0
Unliquidated	0	6,887	4,913
Fiscal Year 2003			
Obligations	3,000	4,573	60
Expenditures	0	5,582	1,524
Through September 30, 2003			
Obligations	3,000	26,429	4,973
Expenditures	0	20,551	1,524
Unliquidated	3,000	5,878	3,449
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	5,550	0
Total Planned Fiscal Year 2004			
Obligations	0	5,550	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	6,632	5,000
Future Obligations	0	13,950	18,000
Est. Total Cost	3,000	52,561	27,973

Data Sheet

USAID Mission:	Bolivia
Program Title:	Improved Health
Pillar:	Global Health
Strategic Objective:	511-003
Proposed FY 2004 Obligation:	$15,302,000 CSH; $10,000,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$16,139,000 CSH; $15,096,000 PL 480
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2008

Summary: This Strategic Objective (SO) seeks to improve the health of the Bolivian population by improving individual, family, and community health practices; assisting local governments and non-governmental organizations (NGOs) to improve the quality and coverage of health services according to established technical norms and culturally acceptable standards; and helping central, departmental, and municipal governments to assume new, complementary roles in a decentralized and participatory health system. USAID's program supports the health sector priorities of the Government of Bolivia and focuses on reproductive and sexual health, child survival, HIV/AIDS, and other infectious diseases, with activities targeted for under-served populations (particularly in peri-urban and rural areas) and those at high risk for specific diseases.

Inputs, Outputs, Activities:

FY 2004 Program:
Improved health practices ($4,657,000 CSH). USAID will continue to provide technical assistance and training to develop community-based activities that empower local groups to effectively demand quality health services; improve their own child survival rates and reproductive and sexual health; and prevent HIV/AIDS and other infectious diseases through improved health practices. Non-governmental organizations will be assisted to provide clinical and community health services. USAID will continue to support a reproductive health hotline and a health education materials clearinghouse. Prime implementers are PROSIN (within the Bolivian Government's Ministry of Health); the Coordination Program for Integrated Health (PROCOSI, a network of 36 NGOs); the Health Protection Association (PROSALUD, an NGO operating the social marketing program); the Center for Research, Education and Services (CIES); the Communications Programs Center; and the P.L. 480 Title II partners: Adventist Development and Relief Agency, Save the Children, CARE, and Food for the Hungry International.

Improved quality and increased coverage of health networks ($7,323,000 CSH). USAID will strengthen local immunization programs, increase coverage and quality of clinical services in priority areas, promote the prevention and control of infectious diseases, and improve disease surveillance, population research, and demographic analysis. These activities will improve the technical and administrative capacity of health program personnel and the logistics capacity of health networks. Prime implementers include PROSIN, PROCOSI, PROSALUD, CIES, Partners in Health, and the Title II partners.

Bolivian health system strengthened ($3,322,000 CSH). USAID will provide technical assistance to regional and municipal health systems to increase their managerial capacity and technical competence. In addition, USAID will foster greater communication and collaboration among health officials, political leaders, and the community. Prime implementers include PROSIN, Partners in Health, PROCOSI, the Title II partners, and CODEPO (a project with the Ministry of Sustainable Development for population data collection, analysis, and use).

P.L. 480 Assistance. The health objective of the Title II program is to systematically address immediate and underlying causes of childhood nutrition by improving household food security and strengthening

child health care practices. The Title II program will enhance local capacities, increase access to key services, improve child care and feeding practices, and improve food security.

FY 2005 Program:
Improved health practices ($4,822,000 CSH). USAID will continue to support effective behavior change communication programs, community mobilization activities for health, and enhanced support for grassroots NGOs and other organizations to improve community health practices. Prime implementing partners include: PROCOSI, Partners in Health, and PROSALUD.

Improved quality and increased coverage of health services ($7,694,000 CSH). Activities to improve the quality and accessibility of health services will also be continued. Prime implementers include: PROSIN, PROCOSI, Partners in Health, and PROSALUD.

Improved government policies and administrative system ($3,623,000 CSH). USAID will continue to support the decentralization of health services and local NGOs to promote community participation and oversight. Prime implementers include: PROCOSI, Partners in Health and PROSALUD.

P.L. 480 Title II resources will continue to support activities to improve child health, nutrition and household food security.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Performance and Results: As a result of USAID's interventions, there is greater use of modern methods of family planning (almost 334,000 couple-years of protection). Half of pregnant women received their first pre-natal consultation before the fifth month of pregnancy and a higher percentage (54%) of births were attended by trained personnel. Ninety-six percent of children under one year of age received their third pentavalent vaccine for protection against pertussis, tetanus, polio, hepatitis B, and Hemophilus Influenza B meningitis. Bolivians have greater access to quality health services. NGO networks have expanded their membership and geographic scope and have strengthened their internal management procedures and financial sustainability.

Upon completion of the health strategic objective, Bolivia will have a successfully institutionalized network of quality health services oriented toward maternal and child and reproductive health, and will maintain a regular program of child immunization, which will maintain immunization levels above 80%. Communities, particularly in previously under-served areas, will be better able to identify their own health needs and problems and effectively demand appropriate, high-quality health services.

US Financing in Thousands of Dollars

Bolivia

511-003 Improved Health	CSH	DA	ESF
Through September 30, 2002			
Obligations	39,086	31,666	0
Expenditures	23,181	29,463	0
Unliquidated	15,905	2,203	0
Fiscal Year 2003			
Obligations	15,939	0	2,000
Expenditures	10,483	1,579	0
Through September 30, 2003			
Obligations	55,025	31,666	2,000
Expenditures	33,664	31,042	0
Unliquidated	21,361	624	2,000
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	15,302	0	0
Total Planned Fiscal Year 2004			
Obligations	15,302	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	16,139	0	0
Future Obligations	46,215	0	0
Est. Total Cost	132,681	31,666	2,000

Data Sheet

USAID Mission:	Bolivia
Program Title:	Natural Resources Sustainably Managed
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-004
Proposed FY 2004 Obligation:	$4,773,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,083,000 DA; $333,000 ESF
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2008

Summary: To generate economic growth based on sound use of natural resources, USAID will finance technical assistance and training to: 1) promote sustainable forest management through improved community management and increased trade in forest products; 2) improve park and protected area management, fostering participation to create local benefits, particularly through tourism; and 3) help Bolivian industries become more efficient, more competitive, and less polluting through cleaner production practices. Forestry and cleaner production activities help prepare Bolivia for participation in the Free Trade Area of the Americas.

Inputs, Outputs, Activities:

FY 2004 Program:

Sustainable forest management ($2,250,000 DA). USAID will provide technical assistance to communities to better manage their forests with continued attention to securing independent certification of forest management practices. Assistance to private sector companies will reduce their operating costs, help them become more competitive, and foster partnerships with communities and U.S. firms to increase sales of timber and non-timber forest products. Technical assistance will be provided to government institutions to develop and implement policies that support sustainable forest management. USAID will also support a communications activity to raise the national profile of the forestry sector. Prime implementers are The Nature Conservancy, the Amazonian Center for Sustainable Forest Enterprise, and the U.S. Forest Service.

Parks and protected area management ($1,523,000 DA). USAID will provide technical assistance to local organizations (e.g., communities living in and around protected areas, indigenous groups, and local non-governmental organizations) in conserving the globally important eastern slope of the Andes and other key Bolivian protected areas. Activities include: 1) assistance to local communities to develop sustainable benefits from the protected areas through the development of income-generating activities, such as ecotourism; 2) fostering local participation in park management; 3) training local leaders in conflict management techniques; and 4) carrying out scientific research to inform management decisions. Prime implementers are Conservation International, The Nature Conservancy, the World Wildlife Fund, and the Wildlife Conservation Society.

Cleaner production practices by Bolivian industry ($1,000,000 DA). Through technical assistance, training, and environmental audits of facilities, USAID will assist the private sector in adopting cleaner production technologies and practices. These methods have proven to increase operating efficiency, reduce production costs, and improve environmental performance, all of which contribute to improved competitiveness. USAID will also continue to train university students in cleaner production methods to help build the cadre of Bolivian professionals qualified to do environmental audits. Prime implementers are the Center for the Promotion of Sustainable Technologies and PA Consulting Group.

FY 2005 Program:
Sustainable forest management ($2,100,000 DA; $333,000 ESF). Using DA, USAID will continue to provide technical assistance in sustainable forest management, targeting community managed forests and private sector firms. ESF funds will be used to increase the competitiveness of the Bolivian private sector in the exporting of timber and non-timber forest products. A focus will continued to be placed on the certification of forest management and the provision of value-added exports. Same implementers as above.

Parks and protected area management ($1,983,000 DA). USAID will continue to provide technical assistance to local organizations to conserve the globally important eastern slope of the Andes and other key protected areas in Bolivia. The focus will continue to be on promoting conservation through the identification of local alternative income-generation activities. Same implementers as above.

Cleaner production practices by Bolivian industry ($1,000,000 DA). USAID technical assistance and training in adopting cleaner production technologies will continue. Funds also may be used to support municipal environmental management systems. Prime implementers include the Center for the Promotion of Sustainable Technologies and a new recipient to be determined.

Performance and Results: As a result of investments catalyzed by USAID, Bolivia remains the global leader in tropical forest management, with almost 1.2 million hectares of forest independently (and voluntarily) certified as well-managed, with another million hectares pending certification. Certified forestry remains one of the few relatively bright spots in Bolivia's economy--2003 exports are estimated at $15,000,000, more than a $1,000,000 increase from 2002.

In 2003, with assistance from USAID, two indigenous communities were granted title to their territory. One community received title to 325,000 hectares of intact tropical forest and grassland critical for the conservation of Madidi National Park. The second received title to 297,000 hectares (another 350,000 hectares are pending) adjacent to Kaa-Iya National Park in the Bolivian Chaco, the largest protected area in Bolivia and one of the best examples of remaining dry tropical forest.

Through USAID's partnership with Bolivian industry, 52 industrial plants have adopted cleaner production practices. A sub-set of 14 companies made a one-time total investment of $2.5 million to implement recommended improvements in their production systems. The improvements resulted in annual savings of $1.5 million, in addition to the significant environmental benefits. Bolivian industries implementing cleaner production practices have become more competitive.

Fundación PUMA, established under the Enterprise for the Americas Initiative, is now a well-organized environmental fund, fulfilling its mission of funding natural resource management activities through grants to civil society organizations. The resources of Fundación PUMA, approximately $17.5 million, will be a significant complement to USAID environmental programs in Bolivia.

Upon completion of the environment strategic objective, sustainable forestry management will be institutionalized through both private sector bodies and the strengthening of Government of Bolivia oversight agencies, such as the Superintendancy of Forests. Communities living in and around parks and protected areas will see increased income through diverse activities, consistent with sustainable resource management principals. Significant numbers of private industries will adopt new technologies, lessening their negative impact on the environment while lowering operating costs.

US Financing in Thousands of Dollars

Bolivia

511-004 Natural Resources Sustainably Managed	DA	ESF
Through September 30, 2002		
Obligations	33,588	1,000
Expenditures	28,902	0
Unliquidated	4,686	1,000
Fiscal Year 2003		
Obligations	4,396	0
Expenditures	5,173	666
Through September 30, 2003		
Obligations	37,984	1,000
Expenditures	34,075	666
Unliquidated	3,909	334
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,773	0
Total Planned Fiscal Year 2004		
Obligations	4,773	0
Proposed Fiscal Year 2005 NOA		
Obligations	5,083	333
Future Obligations	17,319	0
Est. Total Cost	65,159	1,333

Data Sheet

USAID Mission:	Bolivia
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-005
Proposed FY 2004 Obligation:	$38,500,000 ACI
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$37,500,000 ACI
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2008

Summary: USAID's program to eliminate illegal and excess coca from Bolivia includes technical assistance and infrastructure investments to establish sustainable farm-level production capacity and market linkages; increase licit net household income; and improve municipal planning capacity, social infrastructure, and public health in targeted communities.

Inputs, Outputs, Activities:

FY 2004 Program:
Sustainable production of licit crops/Chapare region ($11,000,000 ACI): USAID will provide 4,000 additional farm families with training and grants to improve licit crop production, forestry, and livestock; diversify income; reduce costs; and increase employment. Prime implementers are Development Alternatives, Inc. (DAI), Cooperative Housing Foundation International (CHF), the United Nations Food and Agriculture Organization (FAO), the Center for the Promotion of Sustainable Technology, the Bolivian Institute of Agricultural Technology, and the Bolivian Government's Regional Alternative Development Program (PDAR).

Improved market access and increased competitiveness/Yungas region ($3,600,000 ACI). USAID will increase licit crop production, sales and market access, and will support the adoption of improved harvest and post-harvest technologies for coffee and tea. Low-cost forestry and agro-forestry practices will improve soil fertility, increase crop yields and promote sustainable use of forest resources. Prime implementers are Chemonics and FAO.

Improved social and productive infrastructure/Yungas region ($9,900,000 ACI). USAID will support Bolivia's voluntary coca reduction strategy through projects in communities that signed coca reduction and non-proliferation agreements. USAID will fund infrastructure projects such as bridges, road improvement, electrification, potable water, sanitation systems, or health and education facilities. Prime implementers are Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA), the National Rural Electric Cooperative Association (NRECA), the Government of Bolivia Rural Roads Authority (CCVV), and PDAR.

Market linkages and improved roads/Chapare region ($8,000,000 ACI). A USAID marketing campaign will enhance positioning of licit products in domestic and export markets, increasing sales of fresh produce by 20-30%. USAID-financed local road maintenance associations will maintain at least one-fifth of the Chapare's roads in good condition. Prime implementers are DAI, CHF International, the Rural Roads Maintenance Association (AMVI), and the CCVV.

Social capital and democracy activities/Chapare region ($4,500,000 ACI). USAID will enhance the capacity of selected municipalities to respond to the needs of under-served communities. Their administrative-financial management, leadership and business planning capacity will be strengthened, and their decision-making roles in the development of the region enhanced. The National Institute of Land Reform and the Land Survey Registry Office will provide at least 6,000 additional land titles to

increase security of property rights. Complementary administration of justice interventions will improve access to justice and the rule of law. Prime implementers are DAI, Chemonics, International Labor Organization, Management Sciences for Development (MSD), and PDAR.

Social development programs/Yungas region ($1,500,000 ACI). USAID will strengthen municipalities and provide health and higher education programs for under-served rural areas to increase access to critical services. Prime implementers are International City/County Management Association (ICMA), SERVIR (Bolivian non-governmental organization), and the Bolivian Catholic University's Carmen Pampa campus.

FY 2005 Program:
Sustainable production of licit crops/Chapare region ($11,174,000 ACI). USAID will continue funding technology transfer and agricultural extension services and grants, coupled with extensive training, to improve the competitiveness of licit products in domestic and export markets. Prime implementers are CHF International, AMVI, CCVV, and a contractor to be selected through a competitive process.

Market linkages and improved roads/Chapare region ($8,126,000 ACI). At least 20 producer organizations and businesses will double their sales volume or gross income. USAID-financed local road maintenance associations will maintain at least one-fourth of roads. Prime implementers are CHF International, AMVI, CCVV, and a contractor to be selected through a competitive process.

Technical assistance and infrastructure improvements/Yungas region ($12,900,000 ACI). USAID will fund improved infrastructure in communities that engage in coca reduction and non-proliferation agreements. Prime implementers are ACDI/VOCA, NRECA, CCVV, PDAR, the FAO, and Chemonics.

Social capital and democracy activities/Chapare region ($4,000,000 ACI). USAID will assist municipalities to ensure their annual plans respond to needs of farm communities. Approximately 10,000 land titles will be delivered to farmers, and a cadastral system will be established in some municipalities. A center will be established to provide integrated justice services. Prime implementers are Chemonics, MSD and PDAR.

Citizen participation, health and education investments/Yungas region ($1,300,000 ACI). USAID will continue supporting municipal governments and associations to increase participation in health and education initiatives. Endemic diseases like leishmaniasis and tuberculosis will continue to be a primary focus of health activities. Continued support will be provided to university scholarship students. Prime implementers are ICMA, SERVIR and the Bolivian Catholic University's Carmen Pampa campus.

Performance and Results: Through September 2003, about 26,000 families received USAID-project assistance. Licit crops hectarage in the Chapare increased to about 135,000 by December 2003. Over 5,000 families improved coffee harvest and post-harvest techniques, increasing their income by an average of 38%. CCW completed 149 kilometers of road maintenance, 27 kilometers of road improvement, 5.4 kilometers of stone paving and the construction of six bridges. Forty small grant projects have been completed, including potable water systems, schools, and coffee post-harvesting plants. Seven out of eight municipalities of the Yungas have been strengthened. Through September 2003, 907 people received successful attention for tuberculosis (102% of target), and 1,250 people were cured of leishmaniasis (127% of target).

Upon completion of this strategic objective, illicit coca production in the Chapare and Yungas regions will be at negligible levels, and hectarage of licit crops will be over 150,000 and permanent. The two regions will enjoy improved communications and energy infrastructure, health and justice services, and more effective and responsive municipal government.

US Financing in Thousands of Dollars

Bolivia

511-005 Alternative Development	ACI	ESF	Plan Colombia
Through September 30, 2002			
Obligations	35,514	40,043	48,000
Expenditures	0	26,591	30,909
Unliquidated	35,514	13,452	17,091
Fiscal Year 2003			
Obligations	38,287	0	0
Expenditures	17,705	4,147	14,859
Through September 30, 2003			
Obligations	73,801	40,043	48,000
Expenditures	17,705	30,738	45,768
Unliquidated	56,096	9,305	2,232
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	38,500	0	0
Total Planned Fiscal Year 2004			
Obligations	38,500	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	37,500	0	0
Future Obligations	142,500	0	0
Est. Total Cost	292,301	40,043	48,000

Data Sheet

USAID Mission:	Bolivia
Program Title:	Balance of Payments Support
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-006
Proposed FY 2004 Obligation:	$8,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2004

Summary: USAID's program will help the Government of Bolivia to stabilize its dire fiscal situation. Bolivia's fiscal crisis is due to a weak economy caused largely by a general downturn in the region that has severely affected its major trading partners (Brazil and Argentina). Tax revenues have also been insufficient. The balance of payments program is used to pay multilateral development debt owed by the Bolivian Government and has leveraged additional bilateral and multilateral contributions.

Inputs, Outputs, Activities:

FY 2004 Program:
Balance of payments support ($8,000,000 ESF). USAID's cash transfer assistance will contribute to the Government of Bolivia's payment of multilateral development debt. The assistance is part of a package of international donor assistance to help the Government of Bolivia address its immediate financial crisis and restore public and investor confidence. The program is intended to provide quick-disbursing support to help address the Bolivian Government's financial difficulties.

FY 2005 Program:
USAID does not plan to request FY 2005 funding for this program.

Performance and Results: Ten million dollars of cash transfer assistance has been used to pay a portion of the multilateral development debt owed by the Government of Bolivia. Results will be considered to be achieved when the second tranche of $8,000,000 has been used by the Government of Bolivia to pay additional multilateral debt.

US Financing in Thousands of Dollars

Bolivia

511-006 Balance of Payments Support	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	10,000
Expenditures	10,000
Through September 30, 2003	
Obligations	10,000
Expenditures	10,000
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	8,000
Total Planned Fiscal Year 2004	
Obligations	8,000
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	50,000
Est. Total Cost	68,000

Data Sheet

USAID Mission:	Bolivia
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	511-XXX
Proposed FY 2004 Obligation:	$3,500,000 ACI; $1,709,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,500,000 ACI; $2,739,000 DA; $2,667,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID's program will help to increase confidence in Bolivia's democratic institutions and processes. The program provides technical assistance and training to achieve the following results: 1) key justice sector institutions are more transparent, efficient, and accessible; 2) political representatives are more responsive to citizen demands; 3) local governments are more effective and efficient in responding to increased citizen demands; and 4) anti-corruption efforts yield more transparent and effective government.

Inputs, Outputs, Activities:

FY 2004 Program:

Administration of justice/rule of law ($1,000,000 ACI). USAID will provide technical assistance to the justice sector institutions and the Bolivian Congress to consolidate criminal justice reform; implement institutional reforms; and provide training to justice system operators to increase effectiveness, improve efficiency, and promote transparency. Public education campaigns and civil society advocacy will promote citizen participation in, access to, and sustainability of justice system reforms. In light of the recent social unrest and subsequent democratic crisis, priority initiatives include technical assistance to the constitutional committee of Congress on a Constitutional Assembly and establishment of pilot justice centers in the most conflictive areas of the country (El Alto, Chapare, and Yungas). The prime implementers are Management Sciences for Development and Partners of the Americas.

Institutional strengthening of the national legislature ($1,709,000 DA). USAID will intensify its technical assistance and training to focus on key Congressional concerns that have surfaced due to the recent democratic crisis, including: single district Congressional representatives to interact effectively with their constituents; the women legislators' caucus; and indigenous legislators. The program will provide technical assistance and training to democratize internal party structures; improve internal party communications; strengthen communication between parties and society; and promote civic education activities. Technical assistance and training will also be provided to help increase indigenous participation in the democratic process and for conflict resolution activities. Prime implementers are the National Democratic Institute, International Republican Institute, State University of New York (SUNY), and the Organization of American States.

Local government capacity building ($1,200,000 ACI). Technical assistance and training will be provided to strengthen municipal management; increase local revenue collection; and improve basic service provision and planning capacity. The participatory municipal governance model will be expanded to include women and other under-represented groups and will be disseminated for use in urban areas. Technical assistance will be provided to municipalities to better promote economic growth through innovative use of their own purchasing power and through developing projects in partnership with local employers of all sizes. The sustainability of inter-municipal organizations will be promoted. The prime contractor is the International City/County Management Association.

Anti-corruption ($1,300,000 ACI). USAID will provide technical assistance and training to create an integrated capacity within the Government of Bolivia to recognize, denounce, and successfully prosecute corruption. Activities will focus on strengthening enforcement institutions in the investigation and prosecution of acts of corruption; supporting civil society organizations to monitor, make known and challenge corrupt practices; enhancing institutional capacity and government leadership; and promoting implementation of a law that addresses greater access to information. Prime implementers are Casals and Associates and the Carter Center.

FY 2005 Program:
Administration of justice/rule of law ($3,200,000 ACI). USAID will continue the activities identified above and initiate a new program to promote the transparency, consistency, and predictability of judicial decision-making in the commercial, administrative, and civil arena to increase confidence in the country's business climate. The prime implementer will be Partners of the Americas.

Institutional strengthening of the national legislature ($2,739,000 DA; $800,000 ESF). Technical assistance and training activities described above will continue to be provided to further strengthen the national legislature. The implementers are the same as above.

Local government capacity building ($1,867,000 ESF). Technical assistance and training will continue to enhance the capacity of local government in areas described above. The implementers are the same as above.

Anti-corruption ($1,300,000 ACI). Technical assistance and training will continue to be provided for anti-corruption activities described above. The implementers are the same as above.

Performance and Results: The Bolivian Code of Criminal Procedures moved Bolivia to an oral, accusatory criminal justice system that is significantly more transparent, efficient, and participatory. Through USAID's support, trial time has been dramatically reduced, the legislative capacity of Congress has been enhanced and the courts' capacity to monitor judicial performance and combat corruption has been improved. Under the Congressional component, 52 outreach mechanisms have been implemented. USAID has also helped Congress implement 17 public hearings covering all nine departments. USAID has assisted the women legislators' caucus in the successful passage of two laws on their agenda: the Domestic Workers law and the Free Rural Registration Law. Implementation of a local participation model has dramatically increased citizen participation in municipal governance, including budget meetings and other key decision-making fora. Four departmental municipal associations are now generating revenues that account for between 20% and 40% of their operating budgets. A municipal government transparency program has led to 108 municipalities presenting current and accurate financial statements. USAID has assisted in creating 37 municipal websites and in developing electronic systems for municipal procurement.

With the completion of this strategic objective, key Bolivian Government institutions will operate more effectively and transparently, and be more responsive to legitimate citizen demands. Elected representatives will be better able to represent the needs of their constituents at the national level. Administration of justice will be more fair, equitable, transparent, and expeditious. Corruption in governance will be reduced and prosecuted when exposed. The overall impact of these changes will be a much greater confidence by citizens in their political system and institutions of government, consolidating Bolivia's democracy through a high degree of public legitimacy.

US Financing in Thousands of Dollars

Bolivia

511-XXX Democracy	ACI	DA	ESF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	0	0	0
Expenditures	0	0	0
Through September 30, 2003			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	3,500	1,709	0
Total Planned Fiscal Year 2004			
Obligations	3,500	1,709	0
Proposed Fiscal Year 2005 NOA			
Obligations	4,500	2,739	2,667
Future Obligations	10,500	7,500	12,000
Est. Total Cost	18,500	11,948	14,667

Brazil

The Development Challenge: The most pressing development challenge facing Brazil today is how best to generate sustainable economic growth while responding to overwhelming public pressure for rapid solutions to extensive poverty and social inequality. During the first year of President Luis Inacio Lula da Silva's administration, considerable progress was made in stabilizing the economy: inflation is under control, interest rates are beginning to fall, and investor confidence is rising. Likewise, several programs have been launched to address hunger, unemployment, and needed improvements to Brazil's health care and education systems. However, the effectiveness of these measures, particularly in the social sector, is still in question. Heavy foreign debt remains a serious constraint to productive spending, crime has grown dramatically, and unemployment stands at 12.9% nationally and as high as 18% in major urban centers, while Brazil's income distribution continues to be among the world's worst. Approximately 15% of the nation remains illiterate, nearly 20 million Brazilians lack access to reliable energy and an estimated 53 million people (one third of the population) live below the international poverty line. Brazil is home to nearly 60% of all HIV/AIDS cases in South America and the majority of its malaria cases, and is a high-burden tuberculosis country. Finally, environmental degradation continues at an alarming rate, with increased pressure to look towards the Amazon for the resources needed to generate economic growth and employment. It is important to note, however, that the Government of Brazil (GOB) has achieved outstanding success in implementing the kinds of fiscal and monetary policies that will be critical to eventually turning the tide on these daunting socio-economic challenges. In addition, USAID has found the Government of Brazil and Brazilian civil society to be highly collaborative and committed partners in joint efforts to address the U.S. transnational priorities of combating HIV/AIDS and other communicable diseases, protecting the region's unique biodiversity and natural ecosystems, mitigating global climate, and combating poverty.

The USAID Program: USAID is working with Brazil to address regional and global issues of mutual concern and in addressing its serious socio-economic problems. USAID's program, for which FY 2004 and FY 2005 funding is being requested, comprises five objectives contributing to: (1) protection of Brazil's environment and unique biodiversity;(2) reduction of greenhouse gas emissions through the promotion of alternative energy and energy efficiency;(3) increased training and employment opportunities for disadvantaged Brazilian youth and the elimination of trafficking in youth; (4) HIV/AIDS prevention and decreased tuberculosis and other communicable diseases; and (5) promotion of free trade and small and medium enterprise development, as well as support for the Government of Brazil's Zero Hunger program. Implementation of the above strategic objectives began in October 2003, following the approval of a six-year Country Strategic Plan (FY 2003 - FY 2008).

Four of the current objectives build upon successes achieved under USAID's Country Strategic Plan (FY 1998 - FY 2002), while the fifth reflects U.S. foreign policy priority of promoting free trade, the Free Trade Area of the Americas (FTAA), and enhanced hemispheric integration. This objective will also contribute to Brazil's efforts to alleviate poverty and overcome social exclusion by promoting economic growth in the small and medium enterprise sector and supporting a social safety net.

USAID does not provide funding directly to the Government of Brazil, but rather, works through U.S. and Brazilian non-governmental organizations (NGOs) and firms. In addition, USAID works with its contractors and grantees to form strategic partnerships with national and local government and other donors, which have resulted in shared development agendas, enhanced resources, and a high degree of collaboration. USAID also manages four Global Development Alliances in Brazil that are leveraging private sector funds and support for activities that prepare disadvantaged youth for employment and promote the use of certified forest products. Throughout its program portfolio, USAID has identified extremely capable and committed government, NGO, private sector and donor community partners.

Other Program Elements: USAID, through centrally-funded programs, implements complementary activities to the bilateral programs described in the data sheets. For example, in the health sector, in FY 2003 HIV/AIDS prevention programs and key family planning studies are supported through the Global Health Bureau. Also, under the Amazon Malaria initiative a malaria control program is managed through

the South American Regional program. In support of free trade and hemispheric integration, the Latin America and Caribbean Bureau funds supplemental activities, such as six Free Trade Area of the America (FTAA) outreach events in major Brazilian industrial cities, the travel of key public opinion makers to Mexico to observe the impact that the North American Free Trade Agreement (NAFTA) has had on that country, and a Washington visit by members of the Brazilian congress to discuss free trade with their U.S. counterparts.

The International Youth Foundation received support for its Entra 21 program, which supports youth employment training, through the Global Development Alliance Secretariat with significant support provided by the Inter-American Development Bank (IDB). The goal of the Entra 21 program is to enhance opportunities for disadvantaged youth in the formal job market, which complements similar Mission-funded activities in the northeastern region of the country.

USAID's Bureau for Economic Growth, Agriculture and Trade (EGAT) supported Lions Clubs International Foundation with assistance to disadvantaged youth. Finally, in the energy sector, EGAT supported development of: (1) a joint environment/energy initiative to promote awareness and engagement of indigenous populations in the development of small hydro-electric plants; (2) two solar powered tele-centers in the Amazon to connect isolated communities to the internet; and (3) a diagnostic study of the possibility of using performance-based contracts for public sector energy efficiency projects.

Other Donors: USAID collaborates extensively with bilateral and multilateral donors, the Government of Brazil, and the country's private sector, for the purpose of leveraging funds and coordinating efforts, and plays a key role in donor coordination by actively participating in conferences, workshops, and meetings that address USAID's focus areas. In addition, USAID takes the lead in facilitating annual meetings in the environment and energy sectors, which bring key government, international donor, and NGO representatives together to discuss challenges and priorities, lessons learned, and potential areas of collaboration.

Key interest areas of other donors in the environment sector include: protection of the Brazilian rainforest, biodiversity conservation, natural resource management, expansion of parks and indigenous reserves, sustainable forest management and the elimination of predatory logging; promotion of ecotourism and green markets for forest products, poverty alleviation and economic activities compatible with environmental protection, community-based development projects, indigenous issues, and institutional strengthening.

USAID also meets regularly with a multi-donor United Nations Joint Program on HIV/AIDS theme group to ensure cooperation on prevention activities. USAID also meets with the Pan-American Health Organization to address tuberculosis and malaria treatment and prevention. In the energy sector, the United Nations Development Program (UNDP) is focused on co-generation issues, while Japan and Great Britain share USAID's interest in promoting renewable, alternative energy sources and energy efficiency. In the area of assisting disadvantaged youth and combating trafficking and the sexual exploitation of youth, USAID collaborates with the Brazilian Ministries of Justice, Labor, and Education, several NGOs, the World Children's Fund, and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

The World Bank and European Union are the first and second largest development partners, respectively. They are followed by USAID, the Inter-American Development Bank, the German Government, UNDP (education, environment, and health), the United Nations Children Fund, the Canadian Government (health and education), and Great Britain (health and sustainable development).

Brazil
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	9,150	10,300	9,850	7,638
Development Assistance	4,799	7,967	7,876	6,993
Total Program Funds	**13,949**	**18,267**	**17,726**	**14,631**

STRATEGIC OBJECTIVE SUMMARY				
512-001 Environment Program				
DA	3,349	0	0	0
512-002 Clean and Efficient Energy Program				
DA	1,000	0	0	0
512-003 HIV/AIDS and TB Program				
CSH	7,700	0	0	0
512-005 At-Risk Youth Program				
CSH	1,450	0	0	0
DA	450	0	0	0
512-007 Communicable Diseases Program				
CSH	0	9,300	9,050	6,660
512-008 Environment Program				
DA	0	6,319	5,000	4,738
512-009 Energy Program				
DA	0	1,294	1,276	1,000
512-010 At-Risk Youth Program				
CSH	0	1,000	800	978
DA	0	354	600	400
512-011 SME Growth, Trade, and Poverty Reduction				
DA	0	0	1,000	855

Mission Director,
Richard Goughnor

Data Sheet

USAID Mission:	Brazil
Program Title:	Communicable Diseases Program
Pillar:	Global Health
Strategic Objective:	512-007
Proposed FY 2004 Obligation:	$9,050,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$6,660,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's six-year health strategy aims at reducing the transmission of selected communicable diseases in target areas, with an emphasis on enhanced HIV/AIDS prevention activities and the expansion of tuberculosis (TB) control programs to selected geographic areas in Brazil. In consultation with the Ministry of Health (MOH), USAID will focus on four main areas: 1) expanding condom social marketing, including behavior change communications; 2) strengthening non-governmental organizations (NGOs) that provide services to high-risk populations and youth; 3) improving epidemiological surveillance and research; and 4) strengthening and expanding TB control through Directly Observed Therapy Short Course (DOTS), the World Health Organization recommended strategy for TB identification and treatment.

Inputs, Outputs, Activities:

FY 2004 Program:
Expand condom social marketing ($2,000,000 CSH). The USAID-funded program increases awareness and access to information on safer sex practices by developing and distributing targeted educational materials and conducting peer education workshops. It emphasizes behavior change for high risk populations, media campaigns for the general population, and outreach to vulnerable populations. The implementers are DKT, a local social marketing firm and BEMFAM, a Brazilian NGO.

Strengthen NGO capacity and performance in providing prevention services to high risk populations and youth ($3,000,000 CSH). USAID will support activities that provide peer education and training of NGO staff members and volunteers to focus on the promotion of safer sex practices; partner reduction; peer information, education, and communications; voluntary counseling and testing, and referral services; sexually transmitted infection (STI) detection and treatment; HIV/AIDS/TB co-infection detection and treatment; and referrals to public social services and primary care providers. USAID also provides training in the identification of best practices for targeting vulnerable/high prevalence populations. Funding will also be available for prevention activities appropriate for young adults. The establishment of a demand-driven grant mechanism will be agreed upon and coordinated between USAID and the Ministry of Health. Private Agencies Cooperating together is the implementing NGO.

Improve epidemiological surveillance and research ($1,300,000 CSH). USAID funded activities emphasize reporting of HIV prevalence by supporting the Ministry of Health and other stakeholders in the development of appropriate HIV testing methodologies, national guidelines, and training strategies to be used in developing a national network of sentinel surveillance sites. USAID supports operations research that will develop protocols to address critical program implementation issues such as different prevention interventions and their cost-effectiveness, and the appropriateness of prevention and care strategies. The Centers for Disease Control and Prevention (CDC) is the implementer.

Expand Directly Observed Therapy Short Course (DOTS) coverage ($2,750,000 CSH). Building upon the successful implementation of USAID's pilot TB control program in the state of Rio de Janeiro, USAID will increase TB activities in Rio and expand to the state of Sao Paulo, which also has a high TB rate. A

USAID-funded Brazilian NGO will begin DOTS expansion in Recife, another high burden city in the Northeast. USAID's support of a pharmaceutical management project will strengthen DOTS expansion by ensuring a continuous flow of quality anti-TB drugs and decentralizing the management of multi-drug resistant TB cases (MDR-TB). USAID will support information, education and communications activities to inform the population about TB and the availability of free treatment under DOTS. USAID will provide technical assistance, fund operations research, provide training to medical personnel and community health workers, and help to strengthen the political commitment to improve and expand DOTS programming at the federal, state and municipal levels. The TB Coalition for Technical Assistance and Johns Hopkins University are the implementing partners for this program component.

FY 2005 Program:
Expand condom social marketing ($2,000,000 CSH). USAID will fund behavior change communications with tailored messages to high prevalence groups; support media campaigns promoting safe sex practices among the general population; expand condom social marketing activities to other geographic areas; and increase the access of vulnerable populations to condoms and safer sex information. Funds will also support operations of a national STI/HIV/AIDS information and referral hotline. Implementers will be the same as in FY 2004.

Strengthen NGO capacity and performance in providing services to high-risk populations and youth ($3,500,000 CSH). Targeting high-risk groups, USAID-funded NGOs will continue activities including peer education and training of staff members and volunteers that emphasize the promotion of safer sex practices; partner reduction; peer information; education and communication outreach; voluntary counseling and testing services; STI treatment and services; HIV/AIDS/TB co-infection treatment; and referrals to public social services and primary care providers. Appropriate prevention messages will be provided to targeted young adults. Implementer will be the same as in FY 2004.

Improve epidemiological surveillance and research ($800,000 CSH). USAID will emphasize program and indicator reporting by supporting the implementation of HIV sentinel surveillance sites to be selected in consultation with the Ministry of Health. Operations research may include the development of protocols to answer questions critical for successful program implementation, such as different prevention interventions and their cost-effectiveness, and the appropriateness of prevention and care strategies. Implementer will be the same as in FY 2004.

Expand Directly Observed Therapy Short Course (DOTS) coverage ($360,000 CSH). USAID will continue to build on success from previous years by expanding DOTS to other high prevalence areas in the southeastern and northeastern regions of Brazil. USAID will continue to emphasize operations research and training of medical personnel and community health workers in the implementation of DOTS services. In addition, USAID will continue the policy dialogue with federal, state and municipal governments in order to reinforce the political commitment to DOTS programming. Implementers will be the same as in FY 2004.

Performance and Results: Through the above program, USAID will help reduce HIV/AIDS infection rates among selected high prevalence groups and promote sexual behavior change. In addition, an increased number of people will be tested and referred for sexually transmitted infection (STI) and HIV/AIDS treatment. Anticipated results include a 20% reduction in HIV prevalence among target groups; a 20% increase in referral for STI, and a 15% reduction in HIV prevalence among injecting drug users in target areas.

In combating TB, USAID expects to obtain results in targeted high prevalence areas in cooperation with the Ministry of Health, and state and municipal TB control programs. USAID and its partners will measure DOTS completion rates and the identification of new cases within the selected target areas to provide information on DOTS-based control activities. Anticipated results include 75% DOTS coverage; 85% cure rate; and a 70% case detection rate in USAID target areas. In addition, DOTS completion rates are expected to increase from 40% to 85%.

US Financing in Thousands of Dollars

Brazil

512-007 Communicable Diseases Program	**CSH**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	9,520
Expenditures	4
Through September 30, 2003	
Obligations	9,520
Expenditures	4
Unliquidated	9,516
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	9,050
Total Planned Fiscal Year 2004	
Obligations	9,050
Proposed Fiscal Year 2005 NOA	
Obligations	6,660
Future Obligations	30,480
Est. Total Cost	55,710

Data Sheet

USAID Mission:	Brazil
Program Title:	Environment Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-008
Proposed FY 2004 Obligation:	$5,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,738,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's environment program in Brazil builds upon research findings and management experience showing that protected areas alone are insufficient to halt large-scale forest clearing and preserve Brazil's biodiversity. To truly sustain natural ecosystems, conservation practitioners need to extend their focus beyond core protected areas and address a wide range of issues affecting people's resource-use decisions. Accordingly, USAID's environmental program will increase benefits to the rural poor and shape future land use trends over large geographic areas, especially the Amazon, while continuing to mitigate the global impact of climate change and biodiversity loss. These opportunities involve developing markets for environmental goods and services and monitoring and designing sustainable landscapes. The increasing adoption of sound forest management practices, market mechanisms at the community level, and scaling-up of lessons learned in both forest conservation and sustainable use at a regional level are indications that Brazilian society is poised to sustain natural ecosystems in healthy, productive landscapes that provide both social and environmental benefits. USAID will also incorporate activities working directly with indigenous populations to assist them in protecting their cultures, lands and ecosystems.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve sustainable forest management practices ($1,750,000 DA). USAID will improve management practices through the promotion of cutting-edge research on the resilience and flammability of Amazonian ecosystems as a basis for developing models to guide fire monitoring and predict the consequences of future land use scenarios. With a gender focus of including woman in activities, USAID will also provide training and capacity building for the adoption of sound forest management practices in both industrial and community level forestry operations. Implementing agencies include International Institute of Education of Brazil (IIEB), World Wildlife Fund (WWF-Brazil), and the Environmental Research Institute for the Amazon (IPAM).

Develop markets for environmental goods and services ($1,200,000 DA). With an emphasis on including women in activities, USAID will provide training and technical assistance to develop business skills in rural communities, conduct market analysis, formulate policy, and develop private investment portfolios to increase community access to capital; and build capacity and improve communication, in order to strengthen community-based networks to disseminate relevant market information. Implementing agencies: same as the above

Monitor and design sustainable landscapes to enhance environmental and socioeconomic benefits ($2,050,000 DA). USAID-funded activities will design and test landscape mosaics that include protected areas, low-impact forestry and agriculture, related government policies and planning, and sustainable human settlements, including assistance to Amazonian indigenous populations to protect their culture, lands and ecosystems. Implementing agencies: same as the above, additional groups will be selected.

FY 2005 Program:
Improve sustainable forest management practices ($1,680,000 DA). USAID will maintain its focus on identifying, disseminating, and adopting environmentally sound land-use and forest management practices.Implementing agencies include International Institute of Education of Brazil (IIEB), World Wildlife Fund (WWF-Brazil), and the Environmental Research Institute for the Amazon (IPAM).

Develop markets for environmental goods and services ($1,024,000 DA). USAID's environment program expects to intensify promotion of public and private partnerships to facilitate access to national and international markets for environmental goods and services ranging from certified forest products to carbon. Implementing agencies: same as the above.

Monitor and design sustainable landscapes enhancing environmental and socioeconomic benefits incorporated into government planning and policies ($2,034,000 DA). USAID intends to continue supporting the activities from FY 2004. This will generate technical information used to formulate government planning and policies by engaging broad sectors of Brazilian civil society. Implementing agencies: same as the above.

Performance and Results: USAID has promoted key initiatives in research, policy analysis, training, and public education with enormous effect. It is scaling up from site based research and testing of land use alternatives to investigations of current and future land use options for the Amazon region as a whole and for key areas in the Atlantic Forest. Activities began in October 2003 with an innovative consortium structure that has magnified the impact of program investments. For example, in November of 2003 the Green Highways Consortium facilitated a public debate on the impact of government efforts to complete a north-south highway through the Amazon. At this meeting the Ministers of Environment and National Integration listened to the concerns of over 300 representatives from local communities and indigenous reserves. As a result, a local oversight committee was established and a one-year moratorium on paving was approved to allow time to address environmental concerns including the need for appropriate buffer zones; the review of local development considerations; and the establishment of effective mechanisms to enforce environmental protection measures.

USAID is reducing the pace of deforestation in the Amazon. It is accomplishing this through improved forest management practices that are measurably improving the social and business behavior of forest dwellers and forest entrepreneurs, increasing economic valuation of the forest, and improving public policies designed to sustain forested areas. By program completion, two million hectares of Amazon forest will be managed as permanent, sustainable timber production forests, directly employing 20,000 skilled laborers in rural communities. Amazon forest fire incidents will be reduced by 20%, and areas burned by accidental fires by 50%; and family income will double in selected Amazon forest dweller communities. In addition, this program will help achieve a five fold increase in private investment in sustainably managed community forest products and ensure that 80% of the forested landscape is maintained intact in frontier areas. It will also help to put in place credit and investment policies that favor forest-based regional development.

US Financing in Thousands of Dollars

Brazil

512-008 Environment Program	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	6,448
Expenditures	6
Through September 30, 2003	
Obligations	6,448
Expenditures	6
Unliquidated	6,442
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	5,000
Total Planned Fiscal Year 2004	
Obligations	5,000
Proposed Fiscal Year 2005 NOA	
Obligations	4,738
Future Obligations	29,830
Est. Total Cost	46,016

Data Sheet

USAID Mission:	Brazil
Program Title:	Energy Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-009
Proposed FY 2004 Obligation:	$1,276,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,000,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: The primary goal of USAID's energy program is to reduce green house gases by developing and encouraging clean energy production through renewable resources, such as biomass fuels, solar and wind power, and small-scale hydropower plants. A secondary goal is to reduce poverty and improve the quality of life for those Brazilians that currently lack access to reliable energy. The USAID energy strategy in Brazil includes technical assistance and capacity building to: 1) develop and implement energy policies that support the establishment of a viable renewable energy market; 2) raise awareness of the productive use of energy as a means to reduce poverty and promote sustainable socio-economic development; 3) implement a comprehensive training program for NGOs, local cooperatives, state and federal government, and the private sector to foster clean and efficient energy policies, technology options, concepts, and applications; and 4) increase renewable energy technology cooperation and trade between U.S. and Brazilian firms. In addition, USAID will provide technical assistance to the Government of Brazil for the preparation of a comprehensive Global Village Energy Partnership Action Plan to identify opportunities for engaging a range of partners across different sectors such as health, the environment, education, agriculture, governance, and land reform.

Inputs, Outputs, Activities:

FY 2004 Program:
Promote policies that increase the use of renewable energy ($400,000 DA): USAID will provide technical assistance to ensure that renewable energy technologies are included in the Brazilian government's "Light for All" program, and encouraged as a means to promote sustainable development. Technical assistance will also improve and disseminate related government policies and support the Brazilian Renewable Energy NGO Network (RENOVE). By strengthening RENOVE, USAID expects to ensure that renewable energy policies and initiatives endure beyond USAID's interventions in the area. Implementing agency: Winrock International (prime) and local NGO sub-recipients.

Increase technological cooperation between U.S. and Brazilian firms ($276,000 DA). USAID will promote cooperation between U.S. and Brazilian firms in the field of renewable energy and energy efficiency and expand opportunities for U.S. businesses. Specific activities include: Power Future 2004, a regional workshop and trade fair on renewable energy; Renewable Amazon, a workshop to showcase small hydropower technologies that can be effectively applied in the Amazon region; and at least two trade missions bringing U.S. renewable energy equipment suppliers to Brazil. USAID will work closely with the U.S. Department of Energy and the U.S. Foreign Commercial Service in the preparation of these events. In addition, USAID will continue to disseminate information on the Brazilian renewable energy and energy efficiency markets. Implementing agency: Same as above.

Develop markets for renewable energy ($300,000 DA). USAID will implement demonstration projects of productive uses of renewable energy in communities without access to the national electricity grid. In collaboration with the Brazilian government's "Light for All" program, USAID will provide technical assistance for at least four demonstration projects including renewable energy-powered drying applications and micro-irrigation systems, and solar-powered digital inclusion initiatives. In addition,

USAID will provide technical assistance to the government to assess the feasibility of a landfill biogas facility to replace a thermal power plant in the Amazon. Implementing agency: Same as above.

Increase access to information on market-based mechanisms for renewable energy and energy efficiency projects ($300,000 DA). USAID will provide training on renewable energy and energy efficiency-related topics, including cutting-edge energy efficiency technologies and methodologies training for Brazil's Energy Efficiency Program (PROCEL) staff. USAID will also provide training to federal and state level energy regulatory agencies to help them establish a more conducive and effective regulatory framework for renewable energy and energy efficiency activities in Brazil. Implementing agencies: Winrock International and ICF Consulting.

FY 2005 Program:
Implement policies supportive of renewable energy and energy efficiency ($200,000 DA). USAID plans to work with the Brazilian administration and the legislative branch to ensure that policies and regulations, such as those related to universal service, off-grid rural electrification, use of renewable energy sources, and energy efficiency are effectively enforced. Implementing agency: Winrock International (prime) and NGO sub-recipients.

Increase technological cooperation between U.S. and Brazilian firms ($100,000 DA). USAID plans to continue funding activities that promote cooperation between U.S. and Brazilian firms in the field of renewable energy and energy efficiency. USAID will work closely with the U.S. Department of Energy and the U.S. Foreign Commercial Service to effectively promote technology transfer and market access. Implementing agency: Same as above.

Develop a market for renewable energy ($400,000 DA). USAID plans to expand this activity by increasing the number of demonstration projects and renewable energy technologies, such as bio-fuels and micro and small hydro systems. USAID also plans to demonstrate a variety of innovative, productive uses for renewable energy such as water pumping and micro irrigation, bio-digesters and efficient stoves, and solar dryers. USAID will contribute to the development of micro and small financing mechanisms to support renewable energy projects with technical assistance and training. Implementing agency: Same as above.

Increase access to information on market-based mechanisms for renewable energy and energy efficiency projects ($300,000 DA). USAID will continue to provide training to the energy community on energy efficiency and renewable energy-related issues. Implementing agencies: Winrock International and ICF Consulting.

Performance and Results: The main outcomes expected at the end of this program include increased energy services and/or more efficient energy services, which will directly or indirectly benefit 320,000 Brazilians as a result of USAID-supported technology cooperation initiatives and a 30% reduction in the number of Brazilians without access to adequate energy supply. The program will also help to mobilize $10 million from various sources for the development of renewable energy and energy efficiency projects and result in a 50% increase in Brazil's installed renewable energy generation capacity.

US Financing in Thousands of Dollars

Brazil

512-009 Energy Program	**DA**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	1,294
Expenditures	600
Through September 30, 2003	
Obligations	1,294
Expenditures	600
Unliquidated	694
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,276
Total Planned Fiscal Year 2004	
Obligations	1,276
Proposed Fiscal Year 2005 NOA	
Obligations	1,000
Future Obligations	4,506
Est. Total Cost	8,076

Data Sheet

USAID Mission:	Brazil
Program Title:	At-Risk Youth Program
Pillar:	Global Health
Strategic Objective:	512-010
Proposed FY 2004 Obligation:	$800,000 CSH; $600,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$978,000 CSH; $400,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: An estimated 53 million Brazilians, 30% of the population, live in poverty. Of these, 22 million are youth. The youth national unemployment rate for those of legal working age has steadily increased from 9.1%in 1991 to 14.7% in 2000; this surpasses the overall unemployment rate which has edged up from 4.8%in 1991 to 7.5% in 2000. However, in some major urban areas of the Northeastern region, the youth unemployment rate is nearly 26%. One of the major challenges facing disadvantaged youth is the lack of skills training programs to help them successfully enter the mainstream economy. USAID's At-Risk Youth Program is providing disadvantaged youth with access to employment opportunities through technology-based and other market-driven training that enhance employment skills. USAID seeks to build life and employability skills by working in partnership with the private sector, NGOs, and federal and local government to identify formal employment and internship opportunities for participating youth. USAID will continue to assist at-risk youth by extending its network of cooperation with the Brazilian Government and the International Labor Organization (ILO) to provide psycho-social and legal support to victims of trafficking in persons (TIP) and sexual abuse, and exploitation.

Inputs, Outputs, Activities:

FY 2004 Program:
Marketable skills training for at-risk youth ($500,000 CSH). USAID will provide basic, intermediate, and advanced medium-to long-term information and communication technology (ICT) training to disadvantaged youth in Northeast Brazil, through an existing network of ICT schools operated by the local Committees for Democracy in Information Technologies (CDI). Participants will also be engaged in market survey task forces aimed at identifying technology-based sectors that provide strong entry-level employment potential. Implementing agencies: American Institutes for Research, Committees for Democracy in Information Technology, Brazilian Institute for Development, Counterpart International, and the Hospitality Institute.

Increased access to formal employment opportunities for at-risk youth ($300,000 CSH). USAID, in coordination with the private sector, supports the establishment of mentoring programs for young entrepreneurs, the creation of a job placement and applicant preparation program, the identification of on-the-job internships and other mechanisms that support disadvantaged youth employment and entrepreneurship. Implementing agency: American Institutes for Research.

Improved policies and programs to curb trafficking in persons ($600,000 DA). USAID helps non-governmental organizations (NGOs) improve social and psychological support to TIP victims, and assist the Government of Brazil to implement policies to prevent internal and international trafficking and sexual exploitation of children and youth. Activities will be expanded to selected Brazilian municipalities that report high rates of TIP and sexual exploitation. USAID funds train multidisciplinary teams to identify TIP cases, and provide legal and psychosocial assistance to victims. Implementing agencies to be determined.

FY 2005 Program:
Marketable skills training for disadvantaged youth ($600,000 CSH). The Mission will expand the ICT focus of at-risk youth training to include other promising technology-based employment markets. These areas may include the tourism industry, renewable energy generation (e.g., solar panel maintenance), and environmental conservation. Implementers: American Institute for Research, Committees for Democracy in Information Technology, and Brazilian Institute for Development.

At-risk youth increased access to formal employment opportunities ($378,000 CSH). With a significant cadre of youth completing the initial program training courses, USAID will intensify efforts to identify internship/employment opportunities for disadvantaged youth within the formal sector. USAID will continue to work closely with the private and public sectors. USAID activities complement the Government of Brazil's First Employment Program which subsidizes the employment of youth hired by businesses. USAID-funded participants will be able to take advantage of this program. Implementing agency: American Institutes for Research.

Improved policies and programs to curb trafficking in persons ($400,000 DA). Working in close collaboration with the Government of Brazil, USAID will expand the number of municipalities using proven methodologies to assist TIP victims. In addition, USAID plans to strengthen the participation of Brazilian women's rights movements in programs to curb trafficking in children and adolescents for sexual exploitation purposes, and to intensify campaigns to raise awareness on TIP. Implementing agencies to be determined.

Performance and Results: Activities under this program were initiated in October of 2003. The main outcomes expected are a 30% decrease in the unemployment rate of program-assisted youth, and the establishment of youth intern and mentor programs as a corporate policy of private sector partners. Additionally, USAID will expand access to and improve the quality of assistance for trafficking victims, most of whom are children and adolescents, in 10 municipalities where TIP and sexual exploitation are high.

US Financing in Thousands of Dollars

Brazil

512-010 At-Risk Youth Program	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	1,000	826
Expenditures	0	0
Through September 30, 2003		
Obligations	1,000	826
Expenditures	0	0
Unliquidated	1,000	826
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	800	600
Total Planned Fiscal Year 2004		
Obligations	800	600
Proposed Fiscal Year 2005 NOA		
Obligations	978	400
Future Obligations	3,100	1,327
Est. Total Cost	5,878	3,153

Data Sheet

USAID Mission:	Brazil
Program Title:	SME Growth, Trade, and Poverty Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-011
Proposed FY 2004 Obligation:	$1,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$855,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY2006

Summary: Brazil is a key strategic partner in advancing the United States' highest regional priorities: increased hemispheric integration, trade, and investment. Brazil and the United States co-chair the Free Trade Area of the Americas (FTAA) negotiations, which are scheduled to conclude January 1, 2005. Increased participation of small and medium enterprises (SMEs) in trade will both enhance the effectiveness of the anticipated FTAA agreement and contribute directly to poverty alleviation through the creation of more jobs and the expansion of economic opportunities for the poor.

Although the SME sector has the potential to expand and increase employment opportunities in Brazil, many obstacles exist. In surveys conducted by the Brazilian Institute for Geography and Statistics and the Brazilian SME Support Services (SEBRAE), businesses were asked to list the main constraints to doing business in Brazil. Survey results pointed to an overly burdensome bureaucracy, especially in terms of registration and licensing of businesses; excessive taxes; lack of access to credit; poor market and management information; and financial and regulatory policies that are unfavorable to small businesses. USAID endeavors to minimize these constraints and support economic growth and increased employment opportunities within the SME sector.

Sustained economic growth in the SME sector is a process that will take time to achieve. In the short to medium-term a social safety net must be in place in order to assist eventual beneficiaries until new jobs can be realized. During the June 2003 United States/Brazil Presidential Summit, the United States government agreed to support Brazil's Zero Hunger Program, a comprehensive initiative undertaken by the Lula Administration to address hunger alleviation, nutrition, health, education, and expanding economic opportunities for the poor. The Zero Hunger Program is a natural conduit for developing this social safety net.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased economic opportunities for trade, SME growth and poverty reduction ($800,000 DA). USAID will mobilize a mix of policy reform and development assistance interventions to increase SME participation in two-way trade. USAID will conduct a SME study to assess the constraints to greater SME participation in export markets. The results of this study will be used to promote policy reforms that improve the enabling environment and assist targeted SME firms and associations to access credit, market information, training opportunities, and related assistance. USAID will support policy reform for small enterprise development by fostering dialogue to develop public-private consensus on SME policy reform. USAID will provide technical assistance and managerial training to strengthen the capacity of targeted NGOs to deliver enterprise development assistance. USAID will also work to reduce the amount of time and steps required to establish a new business in Brazil. Implementing Agency: To be determined.

Promotion of the free trade area of the Americas ($200,000 DA). An FTAA agreement will significantly increase regional trade for both the United States and Brazil, and in turn, create a number of opportunities

for increased SME participation. The current Brazilian political climate with respect to an FTAA agreement is highly mixed. Widespread public doubts and misconceptions on FTAA, tied to fear that it will lead to U.S. commercial domination of Brazil and/or the closure of Brazilian industries, is presently hampering the negotiation process. By encouraging public debate and the exchange of factual information on the benefits of free trade, USAID can have a positive impact on promoting this key U.S. foreign policy objective. USAID will provide funding for seminars and talks by expert speakers which are designed to acquaint Brazilian government officials and public opinion makers with the NAFTA experience. Training will be provided to trade associations, trade promotion agencies, business association, university-based trade programs, and other NGOs for a training of trainers in trade techniques and related application software in trade. Implementing Agency: To be determined.

USAID proposes to follow a four-pronged approach: 1) technical assistance to the Government of Brazil, state and local governments to design and implement the Zero Hunger Program; 2) technical support for policy reform that directly contributes to poverty reduction; 3) support to community-based poverty alleviation programs that can be replicated in conjunction with the Zero Hunger Program; and 4) technical assistance in micro-credit. Implementing agency: U.S. Department of Agriculture (USDA) and a microcredit NGO to be determined

FY 2005 Program:
Increased economic opportunities for trade, SME growth and poverty reduction ($705,000 DA). USAID will organize and launch specific policy campaigns to mobilize and focus local resources on targets of opportunity for SME growth. USAID will provide capacity-building support to an SME public/private policy steering group to improve its effectiveness in engaging authorities in a dialogue on issues affecting the SME sector. A congressional group will be sent to the United States for discussions with U.S. legislators and congressional staffers on the development of legislation favorable to the SME sector. Implementing agency: To be determined.

Promotion of the Free Trade Area of the Americas ($150,000 DA). USAID will expand the FTAA component, designed to strengthen the debate on the benefits of free trade, to include professional training for technical managers and directors of international trade departments in both public and private sector organizations throughout Brazil. USAID will provide orientation to trade associations, state level federations of industries, and key Chambers of Commerce in the areas of trade policy and road maps, information networks, and trade finance. USAID will expand dissemination of this information through a training of trainer's course that will be facilitated by USAID in selected cities. USAID will continue follow-up trade outreach events in key Brazilian cities to encourage open dialogue on FTAA issues to disseminate factual information related to the FTAA. Implementing agency: To be determined.

USAID will continue to support the Zero Hunger agenda sites in northern and northeastern Brazil, with increased emphasis on income generating opportunities for target populations. Business management training and information on micro credit will be provided with strong participation from local institutions; these partnerships will support the expansion of appropriate income generating opportunities to graduate individuals from the food supplement component of the Zero Hunger program to independent, self-reliant entrepreneurs. Continued technical assistance will be provided to support policy reform that directly contributes to poverty reduction as well as community-based poverty alleviation programs. Implementing agency: To be determined.

Performance and Results: FY 2004 will be the first year for implementing this program. By the end of the strategic planning period, these activities will have contributed to the following results: a FTAA ratified and operational; strengthened U.S./Brazil bilateral relationship; increased SME trade within the hemisphere; increased U.S. access to Brazilian markets; increased public-private partnerships assisting SMEs; improved access to affordable SME trade credit; increased SME employment opportunities; and better targeting of social programs, with more efficient use of Brazilian government resources and increased use of microcredit in the Zero Hunger target areas.

US Financing in Thousands of Dollars

Brazil

512-011 SME Growth, Trade, and Poverty Reduction	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,000
Total Planned Fiscal Year 2004	
Obligations	1,000
Proposed Fiscal Year 2005 NOA	
Obligations	855
Future Obligations	0
Est. Total Cost	1,855

Colombia

The Development Challenge: Since President Alvaro Uribe Velez took office in August 2002, he has worked relentlessly to reestablish state control throughout the country, revitalize the Colombian economy, and combat corruption. Throughout 2003, the Colombian economy has grown at roughly 3% per quarter. Colombia's ranking in the Transparency International Corruption index improved 17% between 2000 and 2003, the highest improvement among the more than 40 medium and low-income countries surveyed. Similarly, the country's human rights record improved significantly as the national homicide rate fell by 22%, trade unionist killings were reduced by 68%, and kidnappings fell by 27%. Moreover, the National Planning Department reported a 60% reduction in the number of attacks on vulnerable civilian populations and a 46% decrease in the forced displacement of Colombian families. With critical support from the United States, the Colombian military is hitting the country's illegal armed groups harder, as demonstrated by an 85% increase in desertions. Furthermore, the combined tactics of eradication, interdiction, and alternative development resulted in a coca crop reduction of 37.5% between 2000 and 2002 and an additional 43% between 2002 and 2003, exceeding Plan Colombia goals.

Despite these significant accomplishments, Colombia continues to face several challenges. Numerous rural municipalities remain isolated by poor infrastructure and fragile institutions and, thus, remain prone to violence, illicit crop cultivation, forced displacement, and human rights abuses. Colombia faces severe income disparities, poverty, and inadequate social services. The World Bank estimates that 65% of the population lives below the poverty line. The poverty rate for rural dwellers in Colombia is estimated at 80%, of which 42% is considered extreme. Also, only 15% of rural dwellers have access to telephone services, 62% to potable water, and 32% to sewage treatment services. These conditions are exacerbated by a 15% illiteracy rate. World Bank studies estimate that Colombia will require sustained economic growth of 4% through 2010 to reduce poverty to the levels recorded in 1995. This is especially challenging considering that the Uribe Government has tightened fiscal spending and that foreign direct investment in 2002 fell to just under $2 billion -- a decline of about one-half relative to the mid-1990s. Finally, lack of state presence in large portions of the country has allowed illegal narcotics production to flourish and armed, drug-dealing terrorist organizations to continue inflicting violence against the state and civilians.

The USAID Program: Since USAID initiated support for Plan Colombia in 2000, significant advances have been made in expanding state presence, strengthening Colombian democracy, creating licit economic opportunities, and providing assistance to the internally displaced. However, given the magnitude and complexity of the challenges facing Colombia, much remains to be done. Coca and poppy cultivation has sprouted in new regions; democratic institutions, especially in rural areas, remain fragile; and thousands of rural Colombians continue to abandon their homes to escape guerilla and paramilitary violence. In confronting these realities, USAID's strategy in Colombia directly supports President Uribe's Democratic Security Policy, which seeks to consolidate the rule of law and defend and strengthen democratic institutions throughout the country.

The USAID program has three objectives: stemming the flow of illegal drugs into the United States by encouraging small producers to join the legal economy through licit economic activities and infrastructure projects; promoting more responsive, participatory and accountable democracy; and relieving the plight of Colombian refugees.

Other Program Elements: USAID assists the Government of Colombia in the management of a $45 million environment fund created under the Enterprise for the Americas Initiative, which forgives foreign debt in exchange for environmental and child protection initiatives. In addition, activities in trade capacity building and malaria control are implemented in Colombia under USAID's South America Regional program. USAID is also carrying out activities in Colombia through the Latin America and the Caribbean Bureau and the Democracy, Conflict Prevention, and Humanitarian Assistance Bureau. Programs include democracy, environment, and health.

Other Donors: Multilateral assistance to Colombia from the World Bank, Inter-American Development Bank, the European Union, United Nations agencies, the Andean Development Corporation and others totaled $49.9 million in 2002 to strengthen the Colombian social safety net and support the peace process. Other bilateral development assistance to Colombia reached roughly $65 million in 2002 with Germany, Spain, and the Netherlands the most significant contributors.

USAID has been an active participant in the "Group of 24" international donors committee. This committee, which includes 24 primary donor countries active in Colombia, has met on a regular basis to discuss and coordinate programs and policies. The "Group of 24" also has worked closely with the Colombian Government to assist in preparing for the international donors conference scheduled for March 2004. The U.S. Government and other donor countries have helped the Colombian Government formulate a strategy for presenting its medium and long-term programmatic and policy priorities to the international donor community as a means of garnering greater support and funding for Plan Colombia.

Colombia
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	101,900	122,200	122,200	122,300
Total Program Funds	**101,900**	**122,200**	**122,200**	**122,300**

STRATEGIC OBJECTIVE SUMMARY				
514-007 Democracy				
ACI	22,000	24,000	25,000	25,000
514-008 Alternative Development				
ACI	49,400	50,429	54,200	54,300
514-009 Internally Displaced Persons				
ACI	30,500	43,300	43,000	43,000

TRANSFER				
ACI	0	4,471	0	0

Mission Director,
Michael Dean

Data Sheet

USAID Mission:	Colombia
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	514-007
Proposed FY 2004 Obligation:	$25,000,000 ACI
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$25,000,000 ACI
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY2005

Summary: USAID's democracy program provides technical assistance and training to modernize the criminal justice system; protect and promote human rights; strengthen local governance; increase government transparency and accountability; and support peace initiatives.

Inputs, Outputs, Activities:

FY 2004 Program:
Modernization of the justice system and increase access to legal services ($6,500,000 ACI). USAID will assist the transition to an accusatory judicial system through policy support and training and by constructing six additional oral trial courtrooms. Technical assistance will be provided to the Public Defender's Office to strengthen its capacity to provide full-time public defense lawyers, who will ensure due process and rights for the accused. To increase citizen access to justice, USAID will continue to work with the Ministry of Justice to expand coverage through Justice Houses that offer community legal services. USAID will build four new Justice Houses that will handle an additional 628,000 cases and train 225 conciliators to provide services in targeted communities. USAID will also work with the Ministry of Justice to design a regional model to bring services to marginalized rural areas and to install small claims courts in some Justice Houses. The prime implementer is Checchi & Company.

Human rights ($6,500,000 ACI). USAID will continue to provide technical assistance to strengthen the Early Warning System in order to prevent massacres and forced displacements. Assistance will be provided to help the Government of Colombia effectively respond to and track alerts. USAID will provide protection to an additional 1,000 unionists, journalists, elected officials, community leaders, and others under threat and to 20 human rights offices. Temporary protection will also be provided to several former mayors. The program will continue working with key Colombian Government institutions in formulating national and local human rights policies. The prime implementer is Management Sciences for Development.

Local governance ($6,500,000 ACI). USAID will continue to provide technical assistance to enhance municipal capacity to deliver services, increase revenue, and address citizen priorities by increasing community participation. This includes updating cadastres and municipal tax codes to increase municipal revenues; improving service delivery; and developing social infrastructure. Approximately 40 municipalities will be fiscally strengthened and 20 will improve their delivery of public services. Moreover, at least 100 social infrastructure projects will be developed with citizen participation and 60 citizen oversight committees will be formed. Additionally, USAID will provide technical assistance to promote dialogue at the local and national level and strengthen organizations active in Afro-Colombian, indigenous, and other traditionally marginalized communities. The prime implementer is Associates in Rural Development.

Transparency and accountability ($2,500,000 ACI). USAID will begin the second phase of the program to increase transparency and accountability at the national and municipal levels. Technical assistance and training will be provided to at least 40 Colombian Government entities in developing electronic

government and standardizing internal control systems. USAID will support efforts of civil society to improve transparency and efficiency in the use of public resources. USAID also plans to strengthen at least 100 citizen oversight groups. Casals & Associates is the prime implementer.

Peace initiatives ($3,000,000 ACI). USAID will continue to promote peace by working with Colombia's High Commissioner for Peace to support negotiations between the Government of Colombia and illegal armed groups, pending satisfactory resolution of policy and funding issues. USAID may also assist the Colombian Government with implementation of potential peace settlements and demobilization/reintegration activities. USAID will support community peace initiatives to help establish seven additional Co-existence Centers that provide communities with a neutral space for dialogue, conflict mitigation, and social services. Support to civil society organizations that promote peace through local projects will continue. The prime implementer is the International Organization for Migration.

FY 2005 Program:
Modernization of the justice system and increase access to legal services ($5,500,000 ACI). Technical assistance and training to implement the accusatory justice system nationwide will continue in targeted regions. An additional two oral trial courtrooms and two Justice Houses will be established, an additional 695,000 cases will be handled, and 100 conciliators certified. Same implementer as above.

Human rights ($7,300,000 ACI). Support for the Early Warning System will continue. Protection will be provided to an additional 1,000 threatened individuals and 20 offices of human rights non-governmental organizations (NGOs). Support in human rights policy-making will be directed at policy implementation, including initiatives related to the demobilization and reincorporation of illegal armed groups. Same implementer as above.

Local governance ($6,500,000 ACI). Local governance strengthening will be consolidated in key regions where approximately 100 social infrastructure projects will be created in 60 new municipalities. Public policies that foster local development will be implemented. Ten municipalities will improve their delivery of public services and an additional 30 will be fiscally strengthened. Same implementer as above.

Transparency and accountability ($2,450,000 ACI). Anti-corruption activities will continue to strengthen internal control systems and the use of electronic government to promote transparency and efficiency. Citizen oversight will be fortified in key regions by continuing to strengthen 100 oversight groups. Same implementer as above.

Peace initiatives ($3,250,000 ACI). Peace activities will continue to support the High Commissioner in negotiations, potential peace settlements, and demobilization/reintegration. One additional Co-existence Center will be established and selected organizations active in promoting peace will be supported. Same implementer as above.

Performance and Results: A total of 33 Justice Houses have been established, handling some 1.9 million cases. USAID has also established 28 oral trial courtrooms and helped strengthen public defense through the training of judges in oral trials, legal evidence, and procedures. Through FY 2003, 3,145 individuals and 71 human rights NGOs received protection. The Early Warning System was expanded to 20 regions and was key to the Government of Colombia's response to 177 of the 234 alerts issued through 2003. The local governance program promoted effective public administration by helping finance 148 social infrastructure projects in eight departments. The establishment of 163 citizen oversight committees reinforced transparency and participation. To fight corruption, USAID standardized internal control units in 19 Government of Colombia entities and supported 75 citizen oversight initiatives in FY 2003. This contributed to Colombia's impressive improvement in Transparency International's annual corruption perception index. Under the peace program, USAID is assisting the High Commissioner's Office with the design of its demobilization/reintegration initiative and supported community-based projects, including the establishment of three Co-existence Centers. By the end of USAID's program, democracy in Colombia will be more responsive, participatory and accountable to the needs of Colombian citizens.

US Financing in Thousands of Dollars

Colombia

514-007 Democracy	ACI	Plan Colombia
Through September 30, 2002		
Obligations	28,000	47,000
Expenditures	1,612	28,714
Unliquidated	26,388	18,286
Fiscal Year 2003		
Obligations	24,000	0
Expenditures	19,840	8,679
Through September 30, 2003		
Obligations	52,000	47,000
Expenditures	21,452	37,393
Unliquidated	30,548	9,607
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	25,000	0
Total Planned Fiscal Year 2004		
Obligations	25,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	25,000	0
Future Obligations	25,000	0
Est. Total Cost	127,000	47,000

Data Sheet

USAID Mission:	Colombia
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	514-008
Proposed FY 2004 Obligation:	$54,200,000 ACI
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$54,300,000 ACI
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY2005

Summary: USAID's alternative development program seeks to increase legal economic opportunities for small producers of coca and opium poppy. This increase will contribute to permanent abandonment of illicit crop production.

Inputs, Outputs, Activities:

FY 2004 Program:
Strengthen national and local institutions ($1,000,000 ACI). USAID will continue to strengthen the Government of Colombia's National Alternative Development Plan in the areas of planning, implementing, monitoring, and evaluating projects. Technical assistance will be provided to strengthen local non-governmental organizations (NGOs) in technical areas, as well as accounting and other aspects of internal management. USAID will also provide technical assistance to strengthen several business development service providers. Assistance will be provided to the Colombian Government to strengthen the long-term sustainability of the Family Forest Guards program. Prime implementers are Chemonics, Pan-American Development Foundation (PADF), Associates in Rural Development, Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA), Carana Corporation, Land O'Lakes, and Aid to Artisans.

Rural social infrastructure ($3,400,000 ACI). Infrastructure initiatives are an important component of the alternative development program because they provide short-term employment and income to families making the transition to licit crops. Projects are designed to be labor intensive, employing the maximum number of local people and educating them on basic construction methods. Technical and financial support will be provided to build or rehabilitate roads, bridges, electric power grids, schools, health clinics, potable water systems, and sewage systems in remote regions of the country to generate new jobs and improve access to basic services. USAID will continue to support community-based decision making and provide technical assistance in the sound financial management of infrastructure projects. The prime implementers are Chemonics, U.S. Army Corps of Engineers and PADF.

Supporting licit productive activities ($36,100,000 ACI). USAID will continue to provide technical assistance to promote agricultural and non-agricultural alternatives through the provision of modern production technologies, food processing, credit, and marketing assistance to producer associations. Non-agricultural activities will include technical and managerial support to small and medium-sized private enterprises to generate employment in Colombia's secondary cities and help them become more competitive nationally and internationally. Other activities will include vocational training and technical workshops for rural families that are transitioning to licit agricultural activities. USAID plans to expand activities into other agricultural areas shifting the focus of the program from Putumayo to other illegal crop producing regions of the country. The program will concentrate on geographical areas involved in, or under the influence of, illicit crop production; where there is a strong market and economic growth potential; and where the number of beneficiaries is significant and will result in a positive impact on the region. Additionally, USAID will focus on private sector, market-driven activities for increased

sustainability. Prime implementers are Chemonics, PADF, Associates in Rural Development, ACDI/VOCA, United Nations Office of Drugs and Crimes, and Aid to Artisans.

Improve management of natural resources and environment ($9,200,000 ACI). In many drug-producing regions, the long-term success of alternative development depends on the conservation of fragile soils by small farmers and proper management of tropical forests. USAID will promote sustainable production of alternative crops through forestry systems particularly suited to the financial and ecological conditions of small farms in remote tropical lowlands. USAID will continue to assist the Colombian National Parks Unit (CNPU) to improve the overall management of the park system, protect its resources, and improve visitor services. This assistance covers all protected areas with priority given to areas where illicit crop cultivation occurs. USAID will continue to work with indigenous communities in Putumayo, Nariño, and Caquetá in protecting the environment and indigenous cultures. The assistance will strengthen CNPU institutional presence in protected areas and enhance its capacity to improve management. Activities to promote Colombia's potential to improve or create more integrated production chains for forest products will continue in four geographically selected forest clusters. USAID will continue to provide support for forestry activities in Putumayo. The prime implementers are Chemonics and Amazon Conservation Team.

Program management ($4,500,000 ACI). USAID will continue to use funds to cover the operating expense costs of managing the program.

FY 2005 Program:
Strengthening national and local institutions ($2,000,000 ACI). USAID will continue to implement the activities described. Implementers are the same as above.

Rural social infrastructure ($10,000,000 ACI). USAID will continue to implement the activities described above. Implementers are the same as above.

Supporting licit productive activities ($31,800,000). USAID will continue to provide assistance in areas that support licit productive activity by working with the private sector in market-driven activities such as agri-business, forestry, and small/medium enterprise development. Agribusiness activities are designed to leverage a significant amount of private sector financial resources from businesses, producer associations, and local non-governmental organizations. USAID will promote the growth of licit economic activities in secondary cities that currently serve as a conduit to illegal drug activity, while it continues to support small farmers and communities in rural areas. Implementers are the same as above.

Improve management of natural resources and environment ($6,000,000). USAID will continue to implement the activities described above. Implementers are the same as above.

Program management ($4,500,000 ACI). USAID will continue to use funds to cover the operating expense costs of managing the program.

Performance and Results: Since 2000, USAID has helped to establish 38,563 hectares of licit crops and completed 630 social and productive infrastructure projects in areas where coca and poppy were cultivated. The program has benefited over 31,170 families. These results were achieved through a strong collaborative effort of 112 local NGOs. USAID continues to enhance the capabilities of local NGOs through technical assistance and training in financial management and procurement. The large-scale spraying of coca areas and continued fighting between the armed groups, especially in Putumayo, have helped persuade small farmers to abandon their illegal crops.

USAID's program will help reduce coca cultivation in Colombia and stem the flow of illicit drugs to the United States.

US Financing in Thousands of Dollars

Colombia

514-008 Alternative Development	ACI	Plan Colombia
Through September 30, 2002		
Obligations	52,000	42,500
Expenditures	49	36,048
Unliquidated	51,951	6,452
Fiscal Year 2003		
Obligations	55,700	0
Expenditures	32,485	3,804
Through September 30, 2003		
Obligations	107,700	42,500
Expenditures	32,534	39,852
Unliquidated	75,166	2,648
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	54,200	0
Total Planned Fiscal Year 2004		
Obligations	54,200	0
Proposed Fiscal Year 2005 NOA		
Obligations	54,300	0
Future Obligations	78,500	0
Est. Total Cost	294,700	42,500

Data Sheet

USAID Mission:	Colombia
Program Title:	Internally Displaced Persons
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	514-009
Proposed FY 2004 Obligation:	$43,000,000 ACI
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$43,000,000 ACI
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY2005

Summary: USAID's Internally Displaced Persons (IDP) program provides economic and social assistance to vulnerable groups, particularly internally displaced persons. USAID-funded activities focus on medium and longer term solutions leading to the sustainable reincorporation of IDPs and former child combatants into mainstream Colombian society through programs at the national and local levels that help prevent displacement and illegal recruitment of children.

Inputs, Outputs, Activities:

FY 2004 Program:
IDPs and other vulnerable persons assisted ($30,000,000 ACI). USAID will assist at least 170,000 IDPs during 2004. Technical assistance and training will be provided to enable IDPs and host communities to improve community infrastructure, attend to those who need emotional counseling, ensure educational opportunities for children, address critical and chronic health requirements, assist in providing shelter and housing solutions, promote vocational training tied to job acquisition, support income generation opportunities, and develop micro and small businesses. Whenever possible, the program observes the Government of Colombia's preference that IDPs return to their original places of residence. Prime implementers include Cooperative Housing Foundation International (CHF), the International Organization for Migration (IOM), the Pan American Development Foundation (PADF), Profamilia (a Colombian non-governmental organization), the United Nations Children's Fund (UNICEF), the United Nations High Commission for Refugees (UNHCR), and the World Food Program (WFP).

International, national, and local IDP programs strengthened ($10,000,000 ACI). USAID will provide technical assistance to strengthen the institutional capacity of Colombian organizations that assist IDPs and other vulnerable groups. IDPs are encouraged to participate more actively at the municipal level, both with other displaced persons and with local authorities. Technical assistance will continue strengthening coordination among donor institutions and Colombian governmental entities at the national and local levels. The prime implementers are CHF, IOM, PADF, Profamilia, UNHCR, and UNICEF.

Former child combatants and other vulnerable children served ($3,000,000 ACI). USAID will provide technical assistance and training to at least 350 former combatant children. Training will be provided for juvenile justice personnel working in the special treatment of former child combatants. A prevention strategy that seeks to diminish the participation of children in the armed conflict will continue to be implemented . The prime implementer is IOM.

FY 2005 Program:
IDPs and other vulnerable persons assisted ($30,000,000 ACI). Technical assistance and training will continue to be provided for an approximately 170,000 IDPs in areas of credit, micro-enterprise, vocational training, job placement, health care, shelter and housing, income generation, increased access to education, and improved/expanded basic community infrastructure (such as water and sewage systems, centers for conflict resolution, etc.). Implementers are the same as above.

International, national, and local IDP programs strengthened ($10,000,000 ACI). Technical assistance and training will be provided to continue strengthening institutions responsible for providing medium and long-term assistance to IDPs. Implementers are the same as above.

Former child combatants and other vulnerable children served ($3,000,000 ACI). USAID will provide technical assistance to serve at least 350 children. The program is prepared to serve a vastly expanded number of children in the event there is a mass demobilization of illegal armed groups that include children. Implementers are the same as above.

Performance and Results: Since 2000, USAID programs benefited over 1.2 million IDPs and at least 1,176 former child combatants. The following is illustrative of some of the services that the internally displaced have received since 2001. More than 46,586 new jobs have been created for IDPs and other vulnerable groups and 15,291 IDPs have received vocational and skill development training. Access to education has increased for 104,006 displaced and other vulnerable children. Health care services have been provided to 527,360 individuals. One of the principal objectives of the IDP program is to assist families that are willing and able to safely return to their original communities; 8,802 IDP families have returned to their communities. With input from all key IDP implementing partners, the IDP program initiated a major lessons learned study which will be completed in early FY 2004.

By the end of FY 2005, USAID will have helped more than 1.5 million displaced persons and at least 1,800 ex-combatant and other vulnerable children. This represents a serious effort to address Colombia's displaced population of more than 2.5 million people and the estimated 11,000 child soldiers serving in the illegal armed groups.

US Financing in Thousands of Dollars

Colombia

514-009 Internally Displaced Persons	ACI	CSH	ESF	Plan Colombia
Through September 30, 2002				
Obligations	17,400	0	6,600	30,000
Expenditures	2,078	0	4,113	27,217
Unliquidated	15,322	0	2,487	2,783
Fiscal Year 2003				
Obligations	38,000	200	0	0
Expenditures	16,036	0	2,475	2,451
Through September 30, 2003				
Obligations	55,400	200	6,600	30,000
Expenditures	18,114	0	6,588	29,668
Unliquidated	37,286	200	12	332
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2004 NOA				
Obligations	43,000	0	0	0
Total Planned Fiscal Year 2004				
Obligations	43,000	0	0	0
Proposed Fiscal Year 2005 NOA				
Obligations	43,000	0	0	0
Future Obligations	43,000	0	0	0
Est. Total Cost	184,400	200	6,600	30,000

Cuba

The Development Challenge: Cuba continues to suffer under one of the world's most repressive regimes. The Cuban government denies its people the opportunity to read the United Nations Declaration on Human Rights, labeling it a "subversive document." The government continues to violate fundamental human rights, and directly controls all educational institutions, trade unions, and formal economic activity. It censors access to all information, banning foreign books, newspapers and magazines, and forbidding importation of videocassettes and videocassette recorders. Freedom House, Human Rights Watch, the Committee to Protect Journalists, and other human rights organizations have systematically documented the human rights abuses of the Cuban government.

During 2003, the Cuban government cracked down on Cuba's emerging independent civil society. The government imprisoned 75 leading human rights activists, independent journalists, and independent librarians, sentencing them to 15 to 25 year prison terms. Nevertheless, the peaceful opposition continued to operate openly. Organizers of a petition calling for a referendum on economic and political reform gathered nearly 30,000 signatures and presented them to the National Assembly. The government dismissed this action, although it is authorized by the current Cuban Constitution.

Cuba's sugar dropped 40% in 2003. Tourism, nickel exports and overseas remittances provide most of the island's foreign exchange. During 2003, increased tourist visits, and higher sugar and nickel prices helped to bolster foreign exchange earnings, but oil prices remained high, and disruptions to supplies from Venezuela added to the procurement cost of Cuba's oil imports. Cuba saw little foreign direct investment during 2003 and continued its default on its more than $20 billion in foreign debt. Cuba suffered no hurricanes in 2003, but continued a slow recovery from storms that struck central and western agricultural areas the previous year.

Although the Cuban government reported GDP increased 2.6% in 2003, the average Cuban's standard of living and calorie consumption level remained below that of 1991 when the collapse of the Soviet Union resulted in the withdrawal of massive Soviet subsidies. The level of literacy is quite high, but books and newspapers are in short supply. Cuban government health statistics report one of the world's lowest rates of infant mortality: 7 per 1,000 live births, but many former Cuban health officials say this claim is exaggerated. Repeat abortion is the most prevalent form of family planning practiced on the island.

Unofficial estimates of unemployment in Cuba exceed 25%. Unemployment and under employment in Cuba increased substantially after the government closed more than 70 sugar mills, displacing more than 100,000 sugar workers and their dependents. In 2003, the government again tried to reduce self-employment by increasing already high taxes on owners of small restaurants and those leasing out rooms to tourists. The government issued 210,000 licenses for self-employment in 1997. The number fell to 110,000 by the end of 2001. In 2002, the government stopped issuing new licenses.

The country remains on the list of terrorist countries compiled by the U.S. Department of State. The goal of U.S. policy toward Cuba is to promote a rapid, peaceful transition to democracy. To achieve this goal, U.S. policy continues a multifaceted approach: comprehensive economic sanctions; outreach to the Cuban people; promotion and protection of human rights; multilateral efforts to press for democracy; and migration accords to promote safe, orderly and legal migration.

The USAID Program: To support a rapid, peaceful transition to democracy in Cuba, USAID focuses on development of civil society through information dissemination. The objective is to increase the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba, as authorized by the Cuban Democracy Act of 1992 and the Cuban Liberty and Solidarity (LIBERTAD) Act of 1996. Authorized assistance includes informational material, assistance to victims of political repression and their families, support for democratic and human rights groups in Cuba, and support for visits to Cuba by independent international human rights monitors.

USAID requests funds under the formulated objective, "Civil Society Developed through Information Dissemination," as described in the Data Sheet below. The program provides grant support to U.S. universities and nongovernmental organizations to further achievement of this objective. The program also encourages grantees to undertake humanitarian, information-sharing, and civil-society building activities in Cuba with private funds, subject to applicable U.S. Treasury and Commerce Department regulations. Over the past seven years, USAID has provided $30 million to 25 U.S. universities and nongovernmental organizations for this purpose.

Other Program Elements: USAID participates in all five working groups of the Presidential Commission for Assistance to a Free Cuba, chaired by the Secretary of State. These groups plan for U.S. Government support to a future transition government in Cuba.

Other Donors: The Roman Catholic Church provides assistance to CARITAS Cubana, one of the few independent Cuban nongovernmental organizations. In 2000, Canada, China, Russia, the European Union, Japan, and the United Nations Development Program delivered more than $90 million in economic and humanitarian aid through Cuban government organizations.

Cuba
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	5,000	6,000	6,959	9,000
Total Program Funds	**5,000**	**6,000**	**6,959**	**9,000**

STRATEGIC OBJECTIVE SUMMARY				
516-001 Civil Society Developed				
ESF	5,000	5,668	6,959	9,000

TRANSFER				
ESF	0	332	0	0

Mission Director,
David Mutchler

Data Sheet

USAID Mission:	Cuba
Program Title:	Civil Society Developed
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	516-001
Proposed FY 2004 Obligation:	$6,959,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$9,000,000 ESF
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	2005

Summary: USAID's Cuba program seeks to develop civil society on the island. The program: 1) builds solidarity with democratic activists' groups on the island and funds visits to Cuba by international human rights monitors; 2) gives voice to Cuba's independent journalists by disseminating their reports on human rights violations within Cuba; 3) develops independent nongovernmental organizations (NGOs) in Cuba; 4) defends the rights of Cuban workers; 5) provides direct outreach to the Cuban people, providing information on democracy, human rights, and free enterprise; and 6) plans for assistance to a future transition government in Cuba, and while communicating the plans to the Cuban people.

Inputs, Outputs, Activities:

FY 2004 Program:
Build solidarity with democratic activists ($3,959,000 ESF). USAID will continue to provide humanitarian aid to political prisoners, their families, and other victims of repression; promote information-sharing and other assistance to Cuba's human rights activists; and support visits to Cuba by international human rights monitors. Implementing NGOs are selected through a competitive process.

Give voice to independent journalists ($1,000,000 ESF). USAID will provide information and training to Cuban independent journalists and publish their reports worldwide. Implementing NGOs are selected through a competitive process.

Help develop independent Cuban nongovernmental organizations ($600,000 ESF). USAID will help independent NGOs to provide humanitarian assistance to victims of repression. USAID support will also help build the institutional capability of independent libraries and strengthen independent groups so they can evolve into stronger and more effective civil society organizations. Implementing NGOs are selected through a competitive process.

Defend the rights of Cuban workers ($200,000 ESF). The program will continue to denounce Government of Cuba violations of worker rights, and will fund activities to strengthen independent labor organizations on the island. Implementing NGOs are selected through a competitive process.

Providing direct outreach to the Cuban people ($700,000 ESF). USAID will transmit information on democracy, human rights, and free market economics directly to the Cuban people in hard copy and by electronic means. Implementing NGOs are selected through a competitive process.

Planning for transition ($500,000 ESF). USAID will expand on-line data bases, publish transition studies, and sponsor seminars that discuss study findings and make policy recommendations. USAID will also provide training for future Cuban leaders in democracy and enterprise. Implementing NGOs are selected through a competitive process.

FY 2005 Program:
Build solidarity with democratic activists ($5,000,000 ESF). In FY 2005 the program will continue to support humanitarian aid to political prisoners, their families, and other victims of repression; information-sharing and other assistance to Cuba's human rights activists; and visits to Cuba by international human rights monitors. Implementing NGOs are selected through a competitive process.

Give voice to independent journalists ($1,300,000 ESF). USAID will continue to provide information and training to Cuban independent journalists and publish their reports worldwide. Implementing NGOs are selected through a competitive process.

Help develop independent Cuban nongovernmental organizations ($800,000 ESF). USAID will continue to help independent NGO's provide humanitarian assistance to victims of repression. USAID support will also continue to help build the institutional capability of independent libraries and strengthen independent groups so they can evolve into stronger and more effective civil society organizations. Implementing NGOs are selected through a competitive process

Defend the rights of Cuban workers ($300,000 ESF). The program will continue to denounce Government of Cuba (GOC) violations of worker rights, and will fund activities to strengthen independent labor organizations on the island. Implementing NGOs are selected through a competitive process.

Providing direct outreach to the Cuban people ($900,000 ESF). USAID will continue to transmit information on democracy, human rights, and free market economics directly to the Cuban people. Implementing NGOs are selected through a competitive process.

Planning for transition ($700,000 ESF). USAID will expand on-line data bases, publish transition studies, and sponsor seminars that discuss study findings and make policy recommendations for approaches to Cuba's transition. USAID will also provide training for future Cuban leaders in democracy and enterprise. Implementing NGOs are selected through a competitive process.

Performance and Results: In FY 2003, USAID provided food and medicine to political prisoners, their families, and other victims of repression; information sharing and other assistance to Cuba's human rights activists; and supported visits to Cuba by international human rights monitors. Cuba On-Line sent copies of its newsletter, and reports by independent journalists, directly to the Cuban people. The program also supported the training of Cuban NGO leaders in the management and delivery of social services. Books, pamphlets and magazines on democracy, human rights, and free enterprise were procured and shipped to support Cuba's growing independent library network. The program also continued to denounce Government of Cuba (GOC) violations of workers' rights, and funded activities to strengthen independent labor organizations on the island. To support the plan for transition, the University of Miami expanded on-line databases, published transition studies, and sponsored seminars. Two Washington-based seminars and one Miami-based seminar discussed study findings and make policy recommendations. A grant to Georgetown University trained future Cuban leaders in private sector development and democratic principles.

Successful implementation of this objective will result in the development of a Cuban civil society increasingly knowledgeable of their civil and legal rights and responsibilities under a freely elected Cuban government. It will provide understanding of the function and benefits of a free market enterprise system. It will help to alleviate the suffering of political prisoners and their families. It also will strengthen the role and delivery capacity of independent Cuban NGOs and provide transition scenarios on the development of economic, financial, and legal institutions required in a post-Castro democratic and free-market Cuban society.

US Financing in Thousands of Dollars

Cuba

516-001 Civil Society Developed	ESF
Through September 30, 2002	
Obligations	19,245
Expenditures	12,956
Unliquidated	6,289
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	19,245
Expenditures	12,956
Unliquidated	6,289
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	6,959
Total Planned Fiscal Year 2004	
Obligations	6,959
Proposed Fiscal Year 2005 NOA	
Obligations	9,000
Future Obligations	0
Est. Total Cost	35,204

Dominican Republic

The Development Challenge: The Dominican Republic is facing enormous challenges - hardship not seen in this country since the early 1990s. Serious economic and political crises - including three failed banks, a government fiscal crisis, a currency that has lost half of its value, high inflation rates, a serious shortage of electricity generation leading to sporadic, localized blackouts throughout the country, a divisive 2004 presidential campaign, and government corruption and cronyism - are collectively resonating through Dominican society and directly affecting vital government services, especially health, education, and justice. These dilemmas make USAID's work more difficult and important than ever in this country, which is a close U.S. ally for geographic, political, and economic reasons. The biggest challenges in the year ahead will be to help the Dominican Republic regain macroeconomic balance, maintain social services, and strengthen key government and democratic institutions.

The collapse of the country's third-largest bank, Banco Intercontinental (Baninter), was followed by problems with two smaller banks, Banco Mercantil and Bancredito. The Central Bank intervened to secure depositors' money, which led in turn to a huge increase in the quasi-fiscal debt, sustained depreciation of the Dominican peso, sharp increases in the cost of living, and stagnation of salaries while jobs were being lost. After years of vigorous growth, the Dominican government is currently forecasting a negative 1.3% gross domestic product (GDP) growth rate for 2003 with inflation forecast at close to 40%. In 2004, the economy is forecast to contract by 1%, and inflation is forecast to be 14%. Although the government secured a two-year, $600 million standby agreement with the International Monetary Fund (IMF) in August 2003, its unannounced purchase of two previously privatized but failing electricity distribution companies increased the debt burden beyond IMF agreed-upon limits and the IMF stopped the program after the first disbursement. The IMF is reassessing its agreement with the Government of the Dominican Republic, and a new agreement is expected to gain approval in early 2004. Although tourism, free trade zones, export sectors, and remittances are experiencing healthy growth in response to the upsurge in the U.S. economy, the internal economy, imports, and investments have fallen dramatically and capital flight is evident.

The USAID-funded 2002 Demographic and Health Survey shows an HIV/AIDS seroprevalence rate of 1.0% in the adult population, with certain age groups and regions higher than the national average; for example, the rate for residents of former sugar cane worker villages is 5.0%. Government expenditures for HIV/AIDS prevention have been limited and largely dependent on external support from international agencies. More than 96% of mothers deliver their newborns with a trained attendant but, paradoxically, maternal mortality continues to be high (estimated at 178 deaths per 100,000 live births) due to poor quality care. Infant mortality is 31 per 1000 births, and vaccination rates continue to be low (the fully vaccinated coverage rate in 2002 was 34.9%). Inequities in access to quality health services remain an important issue, and the government is undertaking a fundamental health sector reform intended to guarantee a basic package of primary care services through health insurance plans. The quality of basic education is poor, particularly for children in rural areas, and public investment in education remains relatively low. Additionally, the sustained influx of illegal and transient Haitians adds to the country's poverty burden and further strains the already inadequate health and education services.

Overall lack of transparency and confidence in public sector institutions, high levels of corruption, lack of respect for the rule of law, and high transaction costs limit the economy's competitiveness. The Dominican Republic is being carefully monitored for human rights violations and trafficking in persons. The May 2004 presidential campaign has begun, and the country will be closely scrutinized for the fairness and transparency with which it is able to conduct the election and transfer power to the winning candidate.

Sustained economic growth and continued social and political progress in the country depend on increasing the country's competitiveness in world markets, resolving the electricity sector crisis, protecting the fragile island environment, addressing the health and education needs of the country's poor, bringing widespread corruption under control, strengthening rule of law, and reinforcing key government and democratic institutions. The Dominican Republic serves as a source of employment and public services

for large numbers of Haitians, while the porous border creates a challenge in controlling illegal activities such as drug, arms, and alien smuggling.

U.S. national interests include ensuring economic prosperity and security in this strategic partner, which has strong economic, trade, diplomatic, and cultural ties to the United States, as well as important links to other Caribbean and Latin American countries. The United States is interested in seeing the Dominican Republic become an active partner in a Free Trade Area of the Americas (FTAA), attain robust democratic institutions where rule of law and respect for human rights predominate, develop efficient and reliable systems for transparent governance, collaborate fully with the war against international terrorism and U.S. efforts to safeguard homeland security, maintain regional stability, deter illegal immigration, curb international crime, fight the spread of HIV/AIDS and other diseases, and safeguard U.S. citizens.

The USAID Program: USAID's objectives are designed to: 1) increase and sustain economic opportunities for all Dominicans, especially the poor; 2) strengthen participatory democracy; and 3) improve the health of vulnerable populations. The economic opportunities portfolio concentrates on institutional changes, policy reforms, and public-private partnerships that will help expand job creation, foster private-sector led growth, increase trade and investment, achieve a sustainable energy sector, expand electrical service in rural areas, improve environmental protection, and enhance the quality of basic education. Through technical assistance to key government institutions coupled with support to sustain dynamic participation of civic action groups, USAID's democracy program fosters continued progress through development and enforcement of the rule of law and advancement of political and electoral reforms and anticorruption systems. In addition to working with the Government of the Dominican Republic to carry out an ambitious health sector reform program, health activities are concentrated on HIV/AIDS prevention and care services, tuberculosis detection and treatment, vaccination coverage for children under age five, community managed clean water systems, and reproductive health services. All USAID programs work with partners from the public and private sectors, nongovernmental organizations, and citizen coalitions.

Other Program Elements: In addition to the bilateral program, the Central America Regional Program (G-CAP) and the Bureau for Latin America and the Caribbean's Office of Regional Sustainable Development (LAC/RSD) each manage two programs in the Dominican Republic. G-CAP's regional trade and investment program trains officials in trade, labor, and energy policies to prepare for the Dominican Republic's integration into free trade agreements. G-CAP's rural diversification program will improve coffee quality and marketing. LAC/RSD manages a program to strengthen regional mechanisms to promote human rights, fortify government accountability, promote decentralization and local governance, and provide outreach to civil society on trade and economic issues. LAC/RSD also manages the Cooperative Association of States for Scholarships (CASS) program, which funds scholarships for socioeconomically disadvantaged students who demonstrate leadership potential. These students study in the United States in programs tailored specifically to meet the development needs of the students' respective countries. The Center of Excellence for Teacher Training (CETT) Presidential Initiative, a program designed to improve teacher training and address high rates of school underachievement and illiteracy in disadvantaged areas, is managed by the USAID mission in Jamaica. The USAID mission in the Dominican Republic also manages initiatives to reduce trafficking in persons as well as a Haiti/Dominican Republic bi-national program to reduce tensions and foster joint development efforts along the Haiti/Dominican Republic border.

Other Donors: Donor coordination in the Dominican Republic is good and roundtables take place regularly to exchange information on issues, funding, and activities. Development assistance to the Dominican Republic in calendar year 2002 totaled $318 million. After the United States, the largest bilateral donors and their principal areas of focus are Venezuela (petroleum), Japan (agriculture, education, water, urban infrastructure, and health), and Spain (governance, education, environment, health, infrastructure, tourism, and private sector development). Other top bilateral donors include Taiwan, Brazil, Germany, and France. Multilateral donors include the Inter-American Development Bank (the largest donor overall at $112 million), the World Bank, the European Union, and multiple United Nations agencies.

Dominican Republic
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	9,532	12,508	12,700	11,354
Development Assistance	6,450	8,631	10,982	8,324
Economic Support Fund	2,300	3,000	2,982	3,000
Total Program Funds	**18,282**	**24,139**	**26,664**	**22,678**

STRATEGIC OBJECTIVE SUMMARY				
517-002 Basic Health Care				
CSH	1,932	0	0	0
517-003 Democracy Consolidation and Better Governance				
DA	700	0	0	0
517-007 Policy Reform				
DA	575	0	0	0
ESF	600	0	0	0
517-008 Economic Growth				
DA	2,375	6,369	7,618	5,584
517-009 Consolidating Democracy and Improving Governance				
DA	2,800	2,262	3,364	2,740
ESF	1,700	3,000	2,982	3,000
517-010 Improved Health Services and Systems				
CSH	7,600	12,508	12,700	11,354

Mission Director,
Elena Brineman

Data Sheet

USAID Mission:	Dominican Republic
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	517-008
Proposed FY 2004 Obligation:	$7,618,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,584,000 DA
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: The USAID program to increase economic opportunities will: 1) improve conditions for a more competitive economy; 2) strengthen environmental protection policies; and 3) improve basic education through community and private sector participation. USAID will fund technical assistance and grant support to initiate reforms of key economic policies, especially those that affect economic opportunities for poor Dominicans, and improve the country's ability to compete in global markets. USAID will strengthen and support public-private partnerships in sectors such as tourism and agriculture (exotic fruit and vegetable production and specialty coffee) to improve the Dominican Republic's international competitiveness. Technical assistance will help improve trade policy formulation, prepare for new trade agreements, and implement existing trade obligations. USAID will grant funds to support rural electrification that will provide economic opportunities for thousands of Dominicans. USAID-funded technical assistance will continue key environmental policy reforms that help protect the environment and safeguard natural resource-based economic opportunities. Finally, USAID will support technical assistance to improve the quality of basic education through increased community and private sector participation. This will enable better-educated children to become productive members of society.

Inputs, Outputs, Activities:

FY 2004 Program:
Competitiveness policies ($4,118,000 DA). USAID will fund technical assistance to advance reform of key economic policies that affect trade and investment, especially those that spur regional and product-specific competitiveness initiatives, develop niche markets for specialty agricultural exports, encourage small business development, and strengthen trade institutions. Technical assistance for trade capacity building will assist the Dominican Republic in preparing for bilateral and Free Trade Area of the Americas (FTAA) negotiations and implementation. USAID will continue its assistance to promote energy sector reforms to provide sustainable electrical service and improve fiscal management, including increased reliance on the secondary securities market as an instrument for government financing and capital mobilization. In order to provide more stable and affordable electricity to communities, USAID-funded technical assistance will continue to expand and develop new energy partnerships for rural and periurban electrification. Principal contractors and grantees are Chemonics, Boston Institute for Developing Economies, and the National Rural Electric Cooperative Association.

Environmental resources preservation and protection ($1,600,000 DA). USAID-funded technical assistance and training will promote formation of new public-private partnerships to protect the environment through co-management of protected areas and encourage adoption of clean production techniques. Technical assistance and training will also support continued development of environmental norms and standards and strengthen the public institutions charged with environmental management and protection at the national and local levels. Principal contractors and grantees are International Resources Group and the Nature Conservancy.

Private sector and community involvement in basic education ($1,900,000 DA). USAID will continue to expand the number of private sector organizations working with communities in the adopt-a-school

program, which provides technical assistance to private companies and civil society organizations interested in improving the quality of basic education through school sponsorship and community involvement. An evaluation of USAID-funded "innovation" school sites will judge the impact of activities on the quality of education, evaluate merits and shortcomings, demonstrate concrete procedures for conducting evaluations, and train a small cadre of education evaluation professionals in the Dominican Republic. USAID support to the Global Food for Education Initiative and grants to nongovernmental organizations will help link communities with schools in education improvement efforts. Primary contractors and grantees are State University of New York, Falconbridge Foundation, and the World Bank Institute.

FY 2005 Program:
Competitiveness policies ($2,744,000 DA). USAID plans to continue its assistance to improve tourism competitiveness, expand markets for niche market agricultural exports (a sector traditionally served by small and medium businesses that employ the Dominican poor), encourage small business development, and strengthen trade institutions. As assistance to prepare the Dominican Republic to dock with the Central America Free Trade Agreement (CAFTA) and FTAA negotiations phases out, USAID plans to focus on assisting public and private sector entities to implement the new agreements. USAID expects to continue technical assistance to improve internal debt management, including increased reliance on secondary markets as a means of government financing and capital mobilization. USAID plans to continue to fund technical assistance to further expand and develop new energy partnerships for rural electrification. Principal contractors and grantees would remain the same.

Environmental resources preservation and protection ($1,270,000 DA). USAID plans to continue funding technical assistance and training programs to further strengthen environmental institutions and management, develop environmental norms and standards, and strengthen the public institutions charged with environmental management and protection at the national and local levels. Principal contractors and grantees would remain the same.

Private sector and community involvement in basic education ($1,570,000 DA). USAID plans to continue the adopt-a-school program by expanding the number private sector/community alliances, principally in urban areas. USAID also plans to help develop and implement use of education quality indicators (e.g., changes in enrollment, attendance, and retention) to improve educational management. Principal contractors and grantees would remain the same.

Performance and Results: In FY 2003, USAID established three new collaborative competitiveness initiatives, bringing the total number to nine. Competitiveness initiatives are strategic business alliances in discrete geographic and sectoral areas that lead to more productive investments; for example, three initiatives bring together hotels and local business owners in three of the Dominican Republic's most modern tourist destinations. Also in FY 2003, six public schools were adopted through the school sponsorship program, three partnerships were established for rural electrification, and USAID established several municipal environmental units and provided environmental training for local government officials. Municipal environmental units, which are established in collaboration with the Ministry of the Environment and in accordance with the 2000 Environmental Law, assist municipalities in adopting ordinances that suitably adapt national environmental standards to local needs and problem diagnosis.

Expected end-of-program results include key economic policy reforms that lead to sustainable economic growth, especially in sectors that employ the Dominican poor; a better informed and proactive business community more competitively engaged in the global economy; enhanced national export capability and an increase in trade opportunities; electricity in rural and peri-urban areas that is affordable, reliable and community-managed; more economic opportunities in economically disadvantaged and isolated areas; national parks that are better protected and managed with community participation; national and municipal institutions and officials that are better prepared to formulate and implement environmental policy; students in selected schools who are prepared to compete in a global economy and participate in democratic processes; and increased civil society and community participation in competitiveness, trade, environment and education reform activities. USAID anticipates that these efforts will help sustain economic growth and reduce poverty by the end of the strategy period in 2007.

US Financing in Thousands of Dollars

Dominican Republic

517-008 Economic Growth	**DA**
Through September 30, 2002	
Obligations	2,373
Expenditures	0
Unliquidated	2,373
Fiscal Year 2003	
Obligations	6,925
Expenditures	3,423
Through September 30, 2003	
Obligations	9,298
Expenditures	3,423
Unliquidated	5,875
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	7,618
Total Planned Fiscal Year 2004	
Obligations	7,618
Proposed Fiscal Year 2005 NOA	
Obligations	5,584
Future Obligations	6,223
Est. Total Cost	28,723

Data Sheet

USAID Mission:	Dominican Republic
Program Title:	Consolidating Democracy and Improving Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	517-009
Proposed FY 2004 Obligation:	$3,364,000 DA; $2,982,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,740,000 DA; $3,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's program to strengthen democracy in the Dominican Republic includes support for the following: a more representative and effective electoral system; a more democratic political party system with effective civil society involvement; strengthened rule of law and respect for human rights; and enhanced public sector anticorruption systems.

Inputs, Outputs, Activities:

FY 2004 Program:
Electoral system reform ($578,000 DA). Through grants to civil society organizations, USAID will support activities that: promote more issue-oriented campaigns; implement public voter information and education programs; promote electoral reform through regional roundtables, conferences, and preparation of a proposal for changes to the Central Electoral Board; and enhance civil society capacity to improve and monitor administration of the 2004 national elections. Principal grantee is Participación Ciudadana.

Representative and accountable government ($1,398,000 DA). Through grants to civil society organizations, USAID will help facilitate reform of political parties, including their legal frameworks and leadership selection processes. USAID will fund activities that: advance creation and/or strengthening of municipal and national citizens coalitions that monitor performance of elected officials; promote educational programs that contribute to formation of a more representative and accountable political leadership; and lead to equal gender representation among elected officials. Principal grantee is Participación Ciudadana.

Justice system personnel and institutions ($1,388,000 DA, $1,346,000 ESF). To ensure effective implementation of the Criminal Procedures Code (CPC), scheduled to take effect in September 2004, USAID will fund technical assistance and training for judges, prosecutors, and public defense lawyers. In addition, USAID will fund grants to civil society organizations to advocate for constitutional, human rights, and judicial institutional policy reform, as well as the transparent selection of a national ombudsman. Principal contractor is DPK Consulting and principal grantee is Foundation for Institutionality and Justice (FINJUS).

Public sector anticorruption systems ($1,636,000 ESF). USAID will fund technical assistance, training, and financial support to civil society organizations, including the recently formed anticorruption coalition, to monitor the Government of Dominican Republic's progress in implementing the Inter-American Convention against Corruption (IACC). USAID will advocate for passage of an anticorruption legislative agenda and monitor the judicial proceedings of the Banco Intercontinental (Baninter) and other bank fraud cases to advocate for fair and transparent processes. USAID will fund technical assistance and training courses for the judiciary, as well as oversight, investigative, and control agencies to strengthen their institutional and managerial capacity to perform investigations and prosecute fraud and corruption. This assistance validates and advances implementation of the Dominican Republic National Anti-Corruption Plan. The principal contractor is DPK Consulting and principal grantees are FINJUS and Participación Ciudadana.

FY 2005 Program:
Electoral system reform ($533,000 DA). Following the 2004 presidential election, USAID plans to fund civil society programs that advocate for electoral reform. Principal grantee would remain the same.

Representative and accountable government ($1,078,000 DA). To make political parties more democratic, USAID plans to support civil society public information, education, and advocacy efforts for constitutional and political party reform. Planned activities will also help foster changes in the public attitude regarding the respective roles of political parties, government, and citizens, and support education and advocacy programs to achieve balanced gender representation in elected positions. Principal grantee would remain the same.

Justice system personnel and institutions ($1,129,000 DA, $1,855,000 ESF). USAID plans to continue technical assistance to justice sector actors to ensure successful implementation of the CPC and improve the effectiveness of justice sector institutions. USAID-funded training will strengthen the capacity of the Public Ministry and improve court management procedures and administrative systems. To support further development of alternative dispute resolution systems and educate citizens on gaining better access to justice and respect for rule of law, USAID plans to support civil society efforts to assess and advocate for rule of law, justice sector, and police reforms. Principal contractor and grantee would remain the same.

Public sector anticorruption systems ($1,145,000 ESF). USAID expects to continue technical assistance, training, and support for government and civil society organizations implementing the Inter-American Convention against Corruption (IACC) and the National Anti-Corruption Plan. Planned activities include assisting government agencies responsible for oversight, investigative, and control functions to strengthen their institutional and managerial capacity, as well as support civil society organizations to monitor corruption cases and government compliance with the IACC. In addition, USAID plans to support civil society efforts to advocate for an anticorruption legislative agenda. Principal contractor and grantees would remain the same.

Performance and Results: In FY 2003, USAID helped the Government of the Dominican Republic establish a public defenders program and select and train 14 public defenders to provide access to justice for poor and disenfranchised populations. USAID provided technical assistance to the Public Ministry and the National Congress to approve the legal framework for a career civil service for prosecutors and begin its implementation. USAID helped civil society establish an active anticorruption coalition and to select more than 6,000 presidential election poll watchers who will be trained before the May 2004 presidential election.

By program completion, the electoral and political party systems will be more representative and effective, strengthened by civil society participation. The judiciary will be more independent and professional, the judicial process will be more efficient and effective, and citizens, especially the poor and disenfranchised, will have greater access to justice. The judiciary will more capably and transparently handle complex fraud and corruption cases. Government ministries and regulatory or oversight entities will have a greater capacity to combat corruption, and civil society will be actively involved in oversight and advocacy for good governance.

US Financing in Thousands of Dollars

Dominican Republic

517-009 Consolidating Democracy and Improving Governance	DA	ESF
Through September 30, 2002		
Obligations	2,800	2,000
Expenditures	0	0
Unliquidated	2,800	2,000
Fiscal Year 2003		
Obligations	2,263	2,999
Expenditures	1,724	1,150
Through September 30, 2003		
Obligations	5,063	4,999
Expenditures	1,724	1,150
Unliquidated	3,339	3,849
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,364	2,982
Total Planned Fiscal Year 2004		
Obligations	3,364	2,982
Proposed Fiscal Year 2005 NOA		
Obligations	2,740	3,000
Future Obligations	1,037	5,001
Est. Total Cost	12,204	15,982

Data Sheet

USAID Mission:	Dominican Republic
Program Title:	Improved Health Services and Systems
Pillar:	Global Health
Strategic Objective:	517-010
Proposed FY 2004 Obligation:	$12,700,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$11,354,000 CSH
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: The health program increases access to and utilization of improved quality health services in the Dominican Republic. Funding will support: HIV/AIDS prevention and care services; tuberculosis/ directly observed therapy (DOTS) services; reproductive health and family planning services; the national vaccination program; rural community management of potable water systems; health care decentralization; and health sector reform. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Inputs, Outputs, Activities:

FY 2004 Program:
HIV/AIDS prevention and mitigation ($6,345,000 CSH). USAID will fund a comprehensive set of HIV/AIDS prevention and mitigation programs including: consolidation of 74 voluntary HIV/AIDS counseling and testing centers; programs to prevent mother to child transmission of HIV/AIDS (MTCT); expansion of treatment, care, and support services for persons living with HIV/AIDS; and activities to mitigate the impact of HIV/AIDS on orphans and vulnerable children and their families. USAID will support HIV/AIDS prevention through the "ABC" approach (abstinence, be faithful and condom usage) and fund a condom social marketing program. USAID will fund training and technical assistance for more than 60 nongovernmental organizations (NGOs) to improve the quality and availability of services for persons living with HIV/AIDS. USAID will expand the DOTS (tuberculosis treatment) strategy nationwide and integrate tuberculosis services into HIV/AIDS voluntary counseling and testing centers, MTCT prevention programs, and community- and home-based care facilities. Principal contractors are Family Health International (FHI) (prime), Abt Associates (sub), and ALEPH (sub).

Reproductive health services ($2,285,000 CSH). USAID will continue to provide financial and technical assistance to three local family planning NGOs (Profamilia, MUDE, and ADOPLAFAM) to enable them to provide quality reproductive health services to poor and vulnerable population groups while becoming financially viable institutions. USAID will also fund an external evaluation of this activity to determine future directions. In the public sector, USAID will fund technical assistance to improve the quality of maternal health and birthing services in the two major maternity hospitals and five municipal "feeder" hospitals in Santo Domingo, as well as two regional hospitals. Assistance will improve medical students' obstetric/maternal health rotation to strengthen these skills in future physicians. Principal contractors are FHI (prime), Abt Associates (sub), and ALEPH (sub).

Child survival services ($685,000 CSH). USAID will continue to focus on two important areas of the Dominican government's National Vaccination Program, which seeks to fully vaccinate children under the age of five from the most common childhood diseases: 1) improve the geographic coverage and incidence of routine vaccinations (including preserving vaccinations by supplying refrigerators to approximately 40 rural clinics); and 2) community mobilization. Community mobilization supports sustainability by involving the community in encouraging its members to take children to the vaccination post, usually a public health clinic or hospital. In water and sanitation, USAID will continue working with the National Water Authority to strengthen the total community participation model, which focuses on

mobilizing community involvement to achieve sustainability for rural water and sanitation programs. USAID supports the development of a network of water committees as advocates for this model, and will continue to train technical personnel from NGO partners specializing in behavior change who can act as community consultants on how to use clean water and latrines effectively - such as washing hands and cleaning food. Additionally, USAID will provide financial assistance for a water and sanitation revolving fund for educational materials. Principal contractors are FHI (prime), Abt Associates (sub), ALEPH (sub), and Environmental Health Project (prime).

Health sector reform ($3,385,000 CSH). During FY 2004, the 17 demonstration projects laying the foundation for health sector reform - including 49 primary care clinics, 14 public hospitals, five provincial health directorates and the new social security institutions - will be in full implementation. These demonstration projects help identify, develop, and implement appropriate solutions to the management problems facing health care institutions in the eastern part of the country. Use of these management tools will enable health care institutions to apply limited resources more efficiently, thus improving access to and quality of services. USAID will support the start-up of the family health insurance system by assisting with enrollment of approximately 150,000 poor Dominicans, who will then be entitled to a basic package of quality health services. USAID will provide technical assistance and computerized programs to help identify eligible families. Additionally, two new cohorts for the graduate program in social security health services management will begin; these and 30 additional participants in the program will form a critical mass to help lead the health sector reform process. USAID will also fund an evaluation of the impact of its health sector reform strategy. The principal contractor is Abt Associates.

FY 2005 Program:
HIV/AIDS prevention and mitigation ($5,958,000 CSH). USAID expects to further strengthen and expand HIV/AIDS prevention, care and treatment services and improve tuberculosis detection and cure rates. FHI will remain the prime contractor.

Reproductive health services ($1,898,000 CSH). USAID plans to continue to support improvement of maternal health services in the nine participating hospitals as described above. Support to the NGOs (described above) is contingent upon recommendations of the external evaluation. FHI will remain the prime contractor.

Child survival services ($500,000 CSH). USAID expects to continue programs that strengthen routine coverage and supervision of the vaccination program as well as the data collection process. USAID plans to continue to support the total community participation model in new rural water systems as well as activities that promote behavior changes to improve hygiene. FHI will remain the prime contractor.

Health sector reform ($2,998,000 CSH). An evaluation of the impact of USAID's heath sector reform strategy will help define follow-on activities. A new implementation mechanism will be identified early in FY 2005 and contracts may be recompeted.

Performance and Results: USAID-supported programs continue to help improve health indicators. According to the 2002 Demographic and Health Survey, infant mortality dropped from 47 deaths per 1000 births (in 1996) to 31; maternal mortality fell from an estimated 229 deaths per 100,000 live births (1996) to 178; the total fertility rate is now 3.0 children per woman (from 3.2 in 1996); and the contraceptive prevalence rate (modern methods) is 65.8% (up from 59.2% in 1996). The HIV seroprevalence rate is estimated at 1.0% of the adult population.

With continued progress, USAID expects that by FY 2007, tuberculosis detection and cure rates should reach 85% and 75% respectively; 80% of HIV-infected pregnant women will participate in the MTCT prevention program; the vaccinate rate for the diptheria, pertussis, tetanus immunization series will reach 80%; and 80% of the poor population in the eastern region will have access to health care services. As a result, USAID expects that (as measured by the 2007 Demographic and Health Survey), the HIV prevalence rate will remain stable at 1%; infant mortality will remain at 31 per 1,000 births (or may drop slightly); the total fertility rate will drop to 2.9 children per woman; and maternal mortality will be significantly reduced.

US Financing in Thousands of Dollars

Dominican Republic

517-010 Improved Health Services and Systems	**CSH**
Through September 30, 2002	
Obligations	6,895
Expenditures	147
Unliquidated	6,748
Fiscal Year 2003	
Obligations	12,599
Expenditures	5,304
Through September 30, 2003	
Obligations	19,494
Expenditures	5,451
Unliquidated	14,043
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	12,700
Total Planned Fiscal Year 2004	
Obligations	12,700
Proposed Fiscal Year 2005 NOA	
Obligations	11,354
Future Obligations	0
Est. Total Cost	43,548

Ecuador

The Development Challenge: Ecuador is still recovering from the disastrous, twin effects of the interruption in the constitutional order and the collapse of the economy and the banking system that befell the country in 1999. Rampant inflation and capital flight in that same year caused Ecuador to dollarize the economy almost literally overnight, and the country experienced five changes in government in a little over a year. In short, the end of the century saw Ecuador in economic and political shambles, bordering on social chaos. However, Ecuador has made significant strides in recovering from the low points of 1999. The government completed the country's first International Monetary Fund (IMF) standby agreement since the 1980s, and the 2002 presidential election was deemed by international observers as the fairest in Ecuador history. A former army colonel, Lucio Gutierrez won the 2002 elections and took office in January 2003. This year also marks the 25th anniversary of Ecuador's return to democratic elections and civilian rule.

Nevertheless, much remains to be done before stability, development, and prosperity are assured. In 2003, Transparency International ranked Ecuador as the 20th most corrupt country out of 133, as perceived by business people, academics, and risk analysts. Without appropriate policy reforms called for by dollarization, competitiveness suffers. The lack of competitiveness fuels concerns about the stability and the future of dollarization. Although a real gross domestic product (GDP) growth of 3% was originally estimated for 2003, this figure has been adjusted to 2.2%, based on the poor second quarter results, which showed a quarter-on-quarter contraction of 0.8%. The total external debt estimated for 2003 represents 59% of GDP, and debt service estimated as a percentage of earnings from exports reached 20.8%. The most recently reported data indicates an unemployment rate close to 10%, while underemployment is approaching 50%. Over 60% of the population lives in poverty and only 40% has access to safe water.

Furthermore, Ecuador continues to suffer from the destabilizing effects of drug trafficking activities in neighboring countries and the collateral effects on its internal security. Communities along Ecuador's northern border are especially vulnerable to drug-related criminal activity and incursions by guerillas across the Colombian border. Finally, the destruction of natural ecosystems is threatening Ecuador's impressive biodiversity. The country that is one of the world's richest biodiversity centers and holds 10% of the earth's plant species and 18% of bird species, now also has the second highest deforestation rate in South America.

The United States and Ecuador maintain close ties based on mutual interests in upholding democratic institutions; combating drug trafficking; combating terrorism; fostering Ecuador's economic development; building trade, investment, and financial ties; combating poverty; and cooperating and participating in inter-American organizations. Ecuador's position in the heart of South America's most conflicted region also underscores the country's importance to U.S. interests. A democratic and prosperous Ecuador can help restrain the spread of illegal drugs and violence across the Northern Andes.

The USAID Program: The Data Sheets provided below cover the five strategic areas for which USAID is requesting FY 2004 and FY 2005 funds: biodiversity conservation; democracy and governance; economic opportunities; and development of Ecuador's northern and southern borders. USAID supports the conservation of biologically-important regions within Ecuador's protected area systems. USAID also seeks to increase support for the democratic system by strengthening the transparency and accountability of Ecuador's democratic institutions, fostering greater inclusiveness of disadvantaged groups in its democratic processes, and increasing consensus on policies critical to democratic consolidation. USAID aims at reducing rural and urban poverty by helping to develop a strong and sustainable microfinance sector in Ecuador and by improving the macroeconomic environment for more equitable growth. USAID continues working with the Government of Ecuador to contain the spread of a coca/cocaine economy into Ecuador by supporting the construction of social and productive infrastructure projects and providing alternative income opportunities for small and medium-sized farmers. Finally, USAID assists in the improvement of social and economic conditions of inhabitants along the Peru-Ecuador border,

encourages equitable development on both sides of the border, and fosters economic integration along this border.

USAID does not currently have a health program in Ecuador. However, available health data suggest deterioration in major health indicators since the closing of the health objective in September 2000. Ecuador could benefit from targeted technical assistance in the health sector. Staff from the Latin America and the Caribbean (LAC) Bureau and the Global Health Bureau are working with the USAID mission in Ecuador to define the type of activities that might be feasible for assistance in following years. USAID/Ecuador will transfer $351,000 in FY 2005 Child Survival and Health funds to the LAC Bureau's Office of Regional Sustainable Development for possible health programming which will be defined in FY 2004, following the results of a USAID-funded national household health survey.

Other Program Elements: In addition to activities described in the program data sheets, USAID's office of Private and Voluntary Cooperation within the Democracy, Conflict, and Humanitarian Assistance Bureau manages a program to increase farm and agribusiness productivity and incomes. The Office of Natural Resource Management within the Bureau for Economic Growth, Agriculture, and Trade manages programs to protect the biodiversity of the Ecuadorian Amazon and improve the well-being of farmers in Ecuador by increasing their capacity to produce, utilize, and market agricultural commodities through cost-effective and environmentally sustainable methods.

USAID manages three South America regional programs that involve Ecuador: 1) the Andean Region Trade Capacity Building program enhances the capacity of the Andean Community (CAN) as a partner in the negotiations leading to the creation of the Free Trade Area of the Americas (FTAA) and strengthens regional capacity to implement the rules of trade emerging from FTAA negotiations; 2) the Centers of Excellence for Teachers Training (CETT) in the Andean region trains teachers working in disadvantaged communities to improve the quality of reading instruction -- by the end of FY 2003, 527 teachers and 92 school directors participated in this training program; and 3) the Amazon Malaria initiative, which is a malaria control program.

In order to improve current health information, the LAC Bureau is contributing FY 2004 funds to support a national household health survey that will provide detailed data for future health program planning. Subsequent programming, funding levels, and management approaches will be determined based on availability of funds, LAC Bureau guidance, and results from the survey. The LAC Bureau provisionally included Child Survival and Health funding in the LAC Regional Program's FY 2005 budget, as a basis for possible health programming which will be defined in FY 2004.

Other Donors: USAID has worked with the IMF, the World Bank, the Inter-American Development Bank (IDB), and the Andean Development Corporation (CAF) to support government initiatives that have brought inflation under control, reduced budget deficits, and stabilized a financial system that was spinning out of control. USAID's assistance has been instrumental in enabling the Government of Ecuador to obtain balance of payments assistance under the standby agreement with the IMF. Overall development assistance to Ecuador in 2002 totaled approximately $236 million; the United States accounted for 46% of the grant assistance and continues to be the largest donor, followed by the European Union and Japan. The IDB's strategy for Ecuador is centered on economic stabilization and recovery of growth capacity, poverty reduction, and management of infrastructure with private sector participation. The World Bank is working to consolidate Ecuador's macroeconomic framework, broaden access to economic resources, and strengthen government institutions. The CAF provides funding mainly for infrastructure projects.

Ecuador
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	10,000	15,896	15,000	15,000
Child Survival and Health Programs Fund	0	0	0	351
Development Assistance	6,840	7,127	6,821	6,953
Development Credit Authority	198	0	0	0
Economic Support Fund	17,250	17,500	14,911	15,000
PL 480 Title II	1,530	0	0	0
Total Program Funds	**35,818**	**40,523**	**36,732**	**37,304**

STRATEGIC OBJECTIVE SUMMARY				
518-001 Biodiversity Conservation				
DA	5,375	5,097	4,691	4,645
ESF	2,000	1,000	1,000	1,000
518-011 Southern Border Development				
ESF	2,250	3,000	1,988	2,000
518-012 Democracy and Conflict Prevention				
DA	85	300	100	0
ESF	8,000	8,251	7,923	8,000
518-013 Northern Border Development				
ACI	10,000	15,896	15,000	15,000
518-014 Economic Opportunities				
DA	1,380	1,730	2,030	2,308
DCA	198	0	0	0
ESF	5,000	5,249	4,000	4,000

TRANSFER				
CSH	0	0	0	351

Mission Director,
Lars Klassen

Data Sheet

USAID Mission:	Ecuador
Program Title:	Biodiversity Conservation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	518-001
Proposed FY 2004 Obligation:	$4,691,000 DA; $1,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,645,000 DA; $1,000,000 ESF
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2008

Summary: USAID's environment strategy in Ecuador promotes biodiversity conservation by strengthening natural resources management in three globally areas: 1) over 1,000,000 hectares in indigenous territories in northern and eastern Ecuador (Awa, Cofan and Huaorani); 2) the 133,000 km2 Galapagos Marine Reserve (GMR); and 3) conservation of tropical Andes in the Condor Bioreserve, which provides 70% of Quito's water. USAID's environmental activities in the territories, which are held by indigenous people, focus on territorial consolidation, capacity building for territorial conservation, and financial sustainability. Within the Galapagos Marine Reserve, USAID supports: the implementation of a marine zoning plan; strengthening governance of the Marine Reserve; reduction of illegal fishing and over-fishing; increase of ecotourism; and promotion of public education and outreach. Activities in the Condor Bioreserve include strengthening natural resource management through innovative financing arrangements (e.g. conservation easements) and protected area management. All the programs create direct incentives for conservation.

Inputs, Outputs, Activities:

FY 2004 Program:
Conservation in indigenous lands ($1,155,000 DA, $1,000,000 ESF). In northern Ecuador, indigenous peoples and their territories are vulnerable to the growing spillover effect of drug-related violence in Colombia and to the cultivation of illicit crops due to local needs to generate income. USAID will continue strengthening the legal rights of indigenous peoples over their resources, providing training in conflict mitigation, assistance for demarcation and defense of vulnerable boundaries (Cofan and Awa lands), and in the elaboration of natural resource management plans in the Huaorani and Awa lands. In addition, the indigenous federations of Awa, Cofan, and Huaorani will receive USAID-funded training to strengthen their administrative and technical capacities and to develop economic means, such as tourism and micro-enterprise, to guarantee their financial sustainability. Prime implementer is Chemonics and subimplementers are the indigenous federations and partner nongovernment organizations (Altropico Foundation, Foundation for the Survival of the Cofan People, Jatun Sacha, and Ecolex).

Biodiversity program in the Galapagos ($1,536,000 DA). USAID efforts will focus on: 1) strengthening the governance of the Marine Reserve, 2) increasing the capacity to sustainably manage fisheries, 3) increasing tourism's contribution to conservation, 4) implementing a zoning plan, and 5) improving communication with target audiences. A central program hypothesis is that by USAID improving the governance of the Marine Reserve and reducing fishing pressure on the ecosystem, a better balance can be achieved between conservation and socio-economic activities. USAID programs will also update the Galapagos Management Plan, produce a strategic plan for the Charles Darwin Foundation, and complete the community-based ecotourism activity in Puerto Villamil, Isabela Island. Prime implementer is World Wildlife Fund in an alliance with eight other local and international nongovernmental organizations, Galapagos National Park, and the U.S. Department of the Interior.

Conservation of the tropical Andes ($2,000,000 DA). To stem the loss of grasslands and forests that threatens protected areas and Quito's water supply, USAID will focus on consolidating the conservation of

protected areas and their buffer zones in the Condor BioReserve through the hiring and training of community park guards, partnerships with private landowners to improve the management of their forests and farms (including both individuals and indigenous groups), closer collaboration and planning with local government, and legal and financial reforms to strengthen the Ministry of Environment. USAID will fund a new communication component to build on these interventions to catalyze behavior change in target audiences. Prime implementers are The Nature Conservancy and OIKOS Corporation, and sub-implementers are the Antisana Foundation, the Rumicocha Foundation, and EcoCiencia.

FY 2005 Program:
Conservation in indigenous lands ($1,000,000 ESF, $1,020,000 DA). USAID will fund sustainable income generating activities that provide alternative income sources to reduce the vulnerability of indigenous groups to coca production, given their proximity to the Colombian border. USAID will continue to provide technical assistance to indigenous groups to consolidate and sustainably manage their territories, defend their rights, and improve negotiations with outside economic and political actors. USAID will also initiate similar activities along the northern border and Amazon Basin with additional indigenous groups such as the Secoya and Siona. Same implementers as above.

Biodiversity program in the Galapagos ($1,615,000 DA). will continue to improve the governance of the Galapagos Marine Reserve and reduce fishing pressures on the ecosystem.

Conservation of the tropical Andes ($2,010,000 DA). USAID will increase the focus of the program on the conservation of private lands, including indigenous territories threatened by colonization in the northern border. Same implementers as above.

Performance and Results: In fiscal year 2003, USAID's environment program achieved important results. NonUSAID financing of key conservation activities increased by $1.8 million, ten new key policy documents were developed on water and fishing matters, and management plans were developed for 23,700 additional hectares in the Awa territories and Condor BioReserve.

The Indigenous Lands Program contributed to the recognition and legalization of the ancestral rights of the indigenous Cofan's 110,000 hectares through an agreement with the Ministry of Environment; initiated patrols to defend Cofan territory from external pressures; and strengthened the institutional capacity of the three indigenous groups. By Fiscal Year 2008, at least three indigenous groups (Awa, Cofan, and Huaorani) will be culturally, economically, and institutionally strong enough to sustain the conservation of their rich territories in the face of inroads made by colonists, coca producers, and extractive industries.

In the Galapagos, socio economic and scientific data collected during and after fishing seasons were used in the decision making process by the new forum for local governance supported by USAID. A quantitative study confirmed that the USAID-supported outreach program is bearing fruit: there is a growing public interest in the participatory management of the Marine Reserve and two-thirds of Galapagos residents now identify themselves as having a medium or high understanding of the Marine Reserve. By fiscal year 2008, the Galapagos governance system will be effectively functioning, law enforcement at sea and in the trade channels will be effective, the vast majority of fisherman and tourism operators will be implementing best practices, and populations of key harvested species will become measurably healthier.

A 2003 study revealed that the program in the Condor BioReserve is having a positive biophysical impact, the Antisana and Cayambe Reserves remain relatively well conserved, losing only 0.12% and 0.24%, respectively of natural habitat per year, well below Ecuadorian averages for deforestation (which range from 1 to 4% per year). As a result of the community park guard activities, the number of fires damaging natural grasslands has been reduced by 35% (from 99 to 64) during the period from CY 2000 to 2002. By FY 2008, the Ministry of Environment, collaborating NGOs, and local governments will consolidate the conservation of the Antisana and Cayambe Coca Reserves, and Cotopaxi and Llanganates National Parks, conserving 776,203 hectares, with no further significant loss of habitat.

US Financing in Thousands of Dollars

Ecuador

518-001 Biodiversity Conservation	DA	ESF
Through September 30, 2002		
Obligations	20,833	2,000
Expenditures	15,420	0
Unliquidated	5,413	2,000
Fiscal Year 2003		
Obligations	5,097	1,000
Expenditures	4,299	2,000
Through September 30, 2003		
Obligations	25,930	3,000
Expenditures	19,719	2,000
Unliquidated	6,211	1,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,691	1,000
Total Planned Fiscal Year 2004		
Obligations	4,691	1,000
Proposed Fiscal Year 2005 NOA		
Obligations	4,645	1,000
Future Obligations	12,445	4,000
Est. Total Cost	47,711	9,000

Data Sheet

USAID Mission:	Ecuador
Program Title:	Southern Border Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	518-011
Proposed FY 2004 Obligation:	$1,988,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2005

Summary: The goal of USAID's Southern Border Integration Program is to improve the social and economic conditions of people living along the Peru-Ecuador border. The border program comprises five components, three of which are USAID's responsibility, while the other two are the responsibility of the Government of Ecuador, other donors, and the private sector. USAID's activities include: 1) construction and/or improvement of social infrastructure (i.e., potable water systems, sanitation units, and garbage collection programs); 2) technical assistance and training of local communities to increase the area of land legally titled and the scope of natural resources management plans in the Kutuku mountain range; and 3) delivery of technical assistance and training to local governments in administration and financial management, participatory strategic planning, and elaboration of local development plans. The Ecuadorian government and other donors are responsible for 4) increasing popular access to major infrastructure projects, and 5) promoting private investment in the border area.

Inputs, Outputs, Activities:

FY 2004 Program:
Expand and improve social services ($888,000 ESF). USAID will continue to expand access to social services. In FY 2004 USAID will fund the construction and improvements of 15 potable water systems, along with 609 new or improved sanitation units, and five new or improved garbage collection programs. These outputs will benefit over 50,000 people. To manage and maintain the water systems, USAID will ensure that benefited communities elect water boards, whose main goal will be to make the systems sustainable. Women constitute 25% of the water board's members. Based on the positive results in reaching self sustainability of the water systems, USAID will sponsor an international conference in Loja Province to share best practices with institutions from Central America, Peru, Bolivia, and Colombia. CARE is the prime implementer and subimplementers are the Prefecture of Loja, and Municipal Councils of El Oro, Morona Santiago, and Loja.

Improve natural resources management ($700,000 ESF). USAID will provide technical assistance and training in land titling to local technicians and encourage the participation of communities in this process. Together they will develop two new policy documents that will strengthen the legal basis for natural resources conservation and management in the biodiverse Kutuku mountain range. It is expected that an additional 40,000 hectares of communal land will be under natural resource management plans and an additional 40,000 hectares will have legal titles. The number of beneficiaries for this component will be approximately 10,000. The prime implementer is CARE and subimplementers are the following local nongovernmental organizations: Jatun Sacha, Ecolex, and Arcoiris.

Local government strengthening ($400,000 ESF). USAID will help provide technical assistance and training to improve the capacity of six additional local government entities to plan and implement service delivery programs and to improve service delivery management of six new municipalities. USAID will support local governments to promote the participation of different ethnic groups, in meetings with associations and chambers of commerce, with the purpose of addressing local needs in their

development plans. The prime implementer is CARE and subimplementers are the Dutch Service for Development Cooperation (SNV), Pan-American Health Organization (PAHO), and Plan International.

FY 2005 Program:
Expand and improve social services ($900,000 ESF). USAID will support efforts to build or improve social infrastructure as an expansion of activities implemented in FY 2004. In addition to building infrastructure, activities will focus on assuring the long term sustainability of USAID's efforts.To this end, USAID will provide operational guidance to the democratically formed water boards and the local government sanitation and garbage management units. This component will benefit approximately 41,000 new beneficiaries. Same implementer and subimplementers as mentioned for FY 2004.

Improve natural resources management ($700,000 ESF). USAID will continue to provide technical assistance and training in natural resource management and will increase the land area with legal titles in or near protected areas and their buffer zones. The number of hectares that are under natural resource management plans will also increase. This will contribute to the conservation of this region's rich biological diversity and complement USAID's biodiversity program. This component will benefit more than 11,000 new beneficiaries. Same implementer and subimplementers as mentioned for FY 2004.

Local government strengthening ($400,000 ESF). USAID plans to expand its efforts to other municipalities to improve their capacity in project planning and service implementation by means of a consultative process. This will complement USAID's work in the democracy sector. Same implementer and subimplementers as mentioned for FY 2004.

Performance and Results: In fiscal year 2003, 20 potable water systems and 829 sanitation units were constructed or improved as a result of USAID assistance. USAID also succeeded in improving natural resources management in selected areas along the southern border. USAID contributed to the legal titling of an additional 38,000 new hectares of land. In FY 2003, USAID assisted four local governments in the south in improving service delivery management. The capacity of several municipalities to effectively deliver services, with greater citizen participation and oversight, is instilling in local communities an appreciation for the benefits of good governance. This is particularly important for long term economic stability and continued economic growth along the southern border. As the region's citizenry works together to build sustainable community service systems, its sense of self reliance and local empowerment is increasing. During the implementation of this program, strong partnerships were formed with NGOs and the Government of Ecuador, and USAID is successfully expanding the availability of social services. Indeed, best practices developed under this program were shared with other development programs in Ecuador. For example, procedures developed in the south for the implementation of the "Mecate" manual water pump are being implemented with great success in the Amazon area. Approaches to land titling, critical to natural resources management, are also being shared with other USAID programs. USAID's assistance benefited approximately 85,000 people out of the 90,000 originally planned for FY 2003. Migration is the principal reason why USAID did not reach 100% of the targeted number of beneficiaries. However, it is expected that the results achieved will help curb migration in coming years.

By the end of FY 2005 there will be over 400,000 people benefiting from water, sanitation, and other social services delivered effectively by their local governments. Furthermore, the appropriate management of natural resources and titling of land will provide an element of sustainability necessary for the long term development of Ecuador's southern border communities.

US Financing in Thousands of Dollars

Ecuador

518-011 Southern Border Development	ESF
Through September 30, 2002	
Obligations	12,392
Expenditures	8,544
Unliquidated	3,848
Fiscal Year 2003	
Obligations	3,000
Expenditures	3,806
Through September 30, 2003	
Obligations	15,392
Expenditures	12,350
Unliquidated	3,042
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,988
Total Planned Fiscal Year 2004	
Obligations	1,988
Proposed Fiscal Year 2005 NOA	
Obligations	2,000
Future Obligations	858
Est. Total Cost	20,238

Data Sheet

USAID Mission:	Ecuador
Program Title:	Democracy and Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	518-012
Proposed FY 2004 Obligation:	$100,000 DA; $7,923,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$8,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	2006

Summary: Public support of and confidence in Ecuador's democracy are alarmingly low as shown by the first Democratic Values Survey completed in November 2001 by a University of Pittsburgh research team. To help reverse this situation and prevent a return to nondemocratic government, USAID seeks to increase support for the democratic system by strengthening the justice system, building democratic local governance, fighting corruption, and supporting free and fair elections.

Inputs, Outputs, Activities:

FY 2004 Program:
Justice Reform ($1,967,000 ESF). USAID will fund technical assistance, training, observational trips and grants to: 1) strengthen the National Justice Reform Commission; 2) support the accusatory criminal justice system and further reforms to the Criminal Procedures Code; 3) promote justice reform through public-private partnerships; 4) lobby for justice reforms and judicial independence and impartiality with support of the Civil Society Justice Coalition; 5) assist the new Presidency of the Supreme Court to implement the judicial evaluation system and strengthen the Internal Affairs Office in the National Judicial Council; and 6) promote judicial security, including elimination of antiquated legislation and judicial and legal monitoring. Fundacion Esquel is the prime implementer for justice activities. Hacia La Seguridad is the prime implementer for judicial security efforts.

Local Democratic Governance ($2,275,000 ESF, $100,000 DA). USAID will expand technical assistance and training for citizen participation and oversight, local government strengthening, and decentralization policy programs to 16 additional local governments in 2004 and consolidate previous work in 15 local governments. USAID will continue supporting the Shuar Federation, an indigenous organization, to strengthen local governance services. Associates in Rural Development (ARD) and CARE are the prime implementers.

Anti-corruption ($3,206,500 ESF). USAID will fund technical assistance, training, and grants to local organizations to support the Government of Ecuador and civil society to: 1) increase transparency and accountability of key democratic institutions and processes; 2) improve the investigative and sanction capacities of institutions legally empowered to carry out such functions; 3) strengthen the ethical conduct and democratic values of public officials and citizens; and 4) support the Government of Ecuador's Anti-Corruption System to define anti-corruption policies, coordinating mechanisms, and major anti-corruption actions by the Government and civil society. Management Systems International (MSI) is the prime implementer.

Elections Support ($474,500 ESF). USAID will support domestic observation efforts of local elections scheduled for October 2004, including civic campaigns, quick vote counts, mobilization of volunteers to observe elections, monitoring of campaign spending, and promotion of future electoral reforms. USAID will provide technical assistance, training, and commodities to strengthen the Electoral Court through the Consortium for Elections and Political Party Support Cooperative Agreement and other mechanisms. Participacion Ciudadana is the prime implementer.

FY 2005 Program:
Justice reform ($2,654,500 ESF).USAID will fund a second evaluation of the application of the Criminal Justice Reform program. Based on the results, USAID will adjust its support for: 1) application of the criminal accusatory system; 2) implementation of a public defense system; 3) expanding public-private partnerships to strengthen justice reform; and 4) civil society groups to promote justice reforms and judicial independence. Implementing agency: To be selected through a competitive bid process.

Local democratic governance ($1,891,000 ESF). USAID plans to support the consolidation of citizen participation and oversight, local governance strengthening, and decentralization policy programs in the 16 local governments selected in 2004 with additional technical assistance, training, and grant funds. Implementing agency: To be selected through a competitive bid process.

Anti-corruption ($2,348,500 ESF). USAID will continue the implementation of anti-corruption activities to promote transparency and to reduce corruption through the provision of technical assistance, training, and grants to public and civil society organizations. USAID will also maintain support for the implementation of the Ecuadorian Government's Anti-Corruption System. Implementing agency: To be selected through a competitive bid process.

Elections support ($1,106,000 ESF). USAID will support election observation and monitoring of campaign spending and civic campaigns for the 2006 National Elections and the Elections Tribunal. USAID plans to fund the third series of the Democratic Values Survey to measure the pulse of democracy and bring about national and local democratic dialogues. Implementing agency: To be selected through a competitive bid process.

Performance and Results: USAID support is critical to improving criminal justice reform, building local governance, fighting corruption, and promoting the effective participation of citizens in oversight processes. USAID funded major efforts that have gradually enhanced the application of the new Criminal Procedures Code and promoted the participation of a civil society justice coalition in defending judicial independence and demanding transparency. USAID consolidated its Local Governments Strengthening Program in 15 municipalities and facilitated the creation in January 2003 of a presidential decentralization commission that included key public sector agencies concerned with decentralization of public functions. USAID non-governmental organization (NGO) partners played a major role in the definition of the Ecuadorian Government's anti-corruption plans and mechanisms. USAID funded the development of a comprehensive design and selection process to intensify the fight against corruption in 2004. With USAID support, the local NGO Participation Ciudadana has become a major actor in the promotion of civic and democratic practices nationwide.

By the end of fiscal year 2006 USAID expects: significant improvements in Ecuador's accusatorial criminal justice system; a more independent judiciary; more advanced democratic local governance and decentralization; less corruption; and stronger democratic values among the citizenry. The government's Interagency Commission will have improved Ecuador's capacity to execute more effectively a reformed Criminal Procedure Code. The judiciary will be encouraged to act more independently following implementation of a judicial evaluation system of its judges. Successful practices in local governance, popular participation, and decentralization will be expanded to additional localities. Government and civil society efforts to promote the implementation of the Ecuadorian Anti-Corruption System will be advanced. Participacion Ciudadana will again have played a major role during the 2004 sub-national elections and in subsequent election activities.

US Financing in Thousands of Dollars

Ecuador

518-012 Democracy and Conflict Prevention	DA	ESF
Through September 30, 2002		
Obligations	6,157	13,390
Expenditures	5,592	2,427
Unliquidated	565	10,963
Fiscal Year 2003		
Obligations	400	8,251
Expenditures	919	7,393
Through September 30, 2003		
Obligations	6,557	21,641
Expenditures	6,511	9,820
Unliquidated	46	11,821
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	100	7,923
Total Planned Fiscal Year 2004		
Obligations	100	7,923
Proposed Fiscal Year 2005 NOA		
Obligations	0	8,000
Future Obligations	0	1,200
Est. Total Cost	6,657	38,764

Data Sheet

USAID Mission:	Ecuador
Program Title:	Northern Border Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	518-013
Proposed FY 2004 Obligation:	$15,000,000 ACI
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$15,000,000 ACI
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2006

Summary: USAID's Northern Border Program is aimed at containing the spread of a coca/cocaine economy into Ecuador, by strengthening northern border communities through an integrated strategy of preventive development. Activities funded under this program include: 1) support for social infrastructure projects (mainly potable water and sanitation); 2) productive infrastructure (primarily farm-to-market roads, small bridges, and irrigation canals); 3) strengthening of local government capacity and citizen participation; 4) increasing employment and income through licit productive activities, including a new Global Development Alliance (GDA) project for cacao; 5) and a communications/public diplomacy strategy to create support for these activities.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve living conditions of the northern border citizens ($9,000,000 ACI). USAID will support the construction of water and sanitation systems for approximately 37 communities, which will bring clean water to 70,000 beneficiaries in at least five provinces. USAID will provide technical assistance and training to build community and municipal government capacity for the sustainable management of these systems and for building more effective participation of communities in local government decision-making. This activity will help up to ten municipalities address a wider range of governance issues democratically, including: participatory planning; budgeting and financial management; transparent contracting in public services; and land titling. USAID will expand community organizations' strengthening activities by building the capacity of local indigenous, Afro-Ecuadorian groups, and other community-based organizations to participate effectively in local government planning, decision making, and oversight. The prime implementer is the International Organization for Migration (IOM) and the sub implementers for the Local Governance Improvement Programs will consist of private voluntary organizations.

Create Employment Opportunities ($5,600,000 ACI). USAID will fund productive and infrastructure construction activities. The latter primarily consists of farm-to-market roads, small bridges, and community irrigation systems. USAID plans to continue this component with completion of ten new bridges and a major irrigation project unifying several traditional canals in Carchi Province, benefiting at least 20,000 people. USAID will fund efforts to increase competitiveness of existing rural enterprises by mitigating constraints to increasing licit jobs and incomes. USAID will develop competitive productive activities alternatives to those related to the drug economy. In addition to increasing income and employment, USAID will help increase agricultural and nonagricultural products and productivity; strengthen the financial viability of enterprises; consolidate business linkages; increase economic investment in the region; and reduce or eliminate selected policy and regulatory bottlenecks. USAID will identify and select five to seven promising product clusters within the geographic region and will design the interventions in the most critical segments of the value chains included in the clusters. Cacao has already been selected as the first priority cluster, due to its high and growing demand on the international market. To further support this cluster, USAID recently jointly funded a private sector counterpart to focus primarily on expansion of purchase of cacao from small northern border farmers and marketing a specialty chocolate product for export. Prime implementers are ARD and Yachana.

Expand public awareness about coca/cocaine threat ($400,000 ACI). USAID will implement two related but distinct activities: 1) educating the Ecuadorian public about the potential coca/cocaine threat and build awareness about the efforts by the U.S. Government and the Unidad de Desarollo, which is the Government's Coordinating Unit for the Northern Border Program, to address the multiple spillover effects from Colombia; and 2) a community-based communications program that enhances the effectiveness of interventions in water, sanitation, health, and community development through radio and other mass media as well as face-to-face education and community promotion efforts. The Embassy Public Affairs Section (PAS) is the prime implementer.

FY 2005 Program:
Improve living conditions of the northern border citizens ($9,000,000 ACI). USAID will continue to assist the construction and rehabilitation of water systems and other infrastructure in six provinces, aimed at demonstrating to the population that their government works to provide useful services. USAID will also expand local government development and improved governance activities to other municipalities. Same implementers as above.

Create employment opportunities ($5,800,000 ACI). USAID will expand into three or four additional sub-sector clusters, such as vegetables or tropical fruits, with intensified technical assistance, training and grants to strengthen farm-to-market linkages in support of improved rural competitiveness and increased employment and incomes. Support for complementary productive infrastructure such as small bridges, farm-to-market roads, and irrigation systems will also be continued. Same implementers as above.

Expand public awareness about coca/cocaine threat ($200,000 ACI). Funding of a public diplomacy program through PAS and communications activities in support of infrastructure and local government interventions will continue with emphasis on evaluation of the program's impact. Same implementers as above.

Performance and Results: In FY 2003 over 110,000 poor, marginalized beneficiaries were provided with potable water and improved roads, bridges, and irrigation channels, in addition to the less visible, but equally important institution-building activities implemented in communities and municipalities. Fourteen water systems were built or improved, while municipal sewage disposal systems in two of the largest border towns were completed. Sustainability of these systems was a priority focus, with 29 local water boards trained to manage and operate systems. USAID also provided technical and management training and resources to five larger municipalities. Other important results included training for community organizations aimed at strengthening leadership and organizational capacity building benefiting thousands of indigenous groups and Afro-Ecuadorians in the Esmeraldas and Carchi provinces. Meanwhile, youth were targeted for drug prevention activities that reached more than 11,000 high school students, parents, and teachers. USAID's licit economic activities and public diplomacy efforts were designed and contracted near the end of FY 2003, but significant efforts to obtain baseline data, establish partners in the field, and develop working groups for implementation were all successfully accomplished. By the end of FY 2006, USAID's northern border program will have reached over 500,000 beneficiaries, strengthened at least ten local governments and 70 community water boards, and constructed over 70 water and sanitation systems. Other expected results are: a substantial increase of income for poor families, paralleled by an increase of licit on-farm and off-farm employment; the efficient functioning of five to seven product clusters based on profitable and sustainable products; and strengthening of producer organizations.

US Financing in Thousands of Dollars

Ecuador

518-013 Northern Border Development	**ACI**	**Plan Colombia**
Through September 30, 2002		
Obligations	10,000	8,000
Expenditures	3	7,824
Unliquidated	9,997	176
Fiscal Year 2003		
Obligations	15,896	0
Expenditures	8,313	176
Through September 30, 2003		
Obligations	25,896	8,000
Expenditures	8,316	8,000
Unliquidated	17,580	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	15,000	0
Total Planned Fiscal Year 2004		
Obligations	15,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	15,000	0
Future Obligations	14,104	0
Est. Total Cost	70,000	8,000

Data Sheet

USAID Mission:	Ecuador
Program Title:	Economic Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	518-014
Proposed FY 2004 Obligation:	$2,030,000 DA; $4,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,308,000 DA; $4,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2006

Summary: USAID's economic opportunities program is targeted at reducing rural and urban poverty through a two-pronged approach. The first intervention aims to improve the macroeconomic environment for more equitable growth. Activities are designed to help improve tax policy and administration; strengthen the investment climate; facilitate trade and promote competitiveness; and develop a strong, liberalized, and more transparent financial sector. The second intervention aims to develop a strong and sustainable microfinance sector in Ecuador, increasing access to financial and non-financial services by rural and urban micro-entrepreneurs. Activities are focused on institutional strengthening of microfinance service providers and the creation of a facilitative regulatory and supervisory framework.

Inputs, Outputs, Activities:

FY 2004 Program:
Macroeconomic policy reform ($110,000 DA, $4,000,000 ESF). USAID will continue to provide institutional strengthening and capacity building to the Internal Revenue Service (SRI) to build stronger tax policy and administration capabilities within the institution. USAID plans to provide technical asistance to the the Ecuadorian Customs Corporation (CAE) to solidify a tamper-proof, automated customs processing and information system. USAID will also support the Superintendence of Banks (SBSE) to fortify regulatory norms, increase effectiveness, streamline supervision systems, and implement a major organizational restructuring effort to ensure that its personnel have the technical and managerial qualifications required by international standards for risk supervision. USAID will also provide technical assistance to the Ministry of Economy and Finance (MEF), the leading economic policy entity, to improve the efficiency and transparency of fiscal management. A trade capacity building program will begin to complement a $4 million Inter-American Development Bank program. This effort will assist Ecuador in becoming an effective free trade partner with the United States and will facilitate a smooth and faster transition to free trade for some of the more highly-protected Ecuadorian sectors. Prime implementer is Development Alternatives, Inc.

Access to microfinance services ($1,920,000 DA). USAID's high-priority activities for FY 2004 include: 1) start-up of new microfinance strengthening activities for two private banks; 2) completion of in-depth feasibility work for transforming a finance company to a commercial bank and a non-governmental organization (NGO) to a finance company; 3) completion of second-stage strategic planning for two credit unions; and 4) technical assistance to one of the largest private banks to initiate a microfinance program. USAID will support other important activities including assistance to strengthen the institutional capacity of four additional credit unions; the development of the Third Annual Ecuadorian Microfinance Forum, with special attention to furthering consensus-building on key policies affecting the microfinance industry; guiding and monitoring the SBSE's licensing decisions for establishing Ecuador's first private credit bureaus; and carrying out a nationwide micro-enterprise benchmark study. USAID will also provide funds for the institutional strengthening of two additional credit unions to qualify for formal supervision by the SBSE and will intensify this effort to the eight selected credit unions. Technical assistance will focus on: 1) creating and using business plans; 2) policy reform in the areas of savings, credit and collections, investment, asset-liability management, human resource and internal controls; 3) credit analysis,

administration, and collections; 4) savings mobilization; 5) risk management and 6) financial monitoring. Prime implementers are Development Alternatives, Inc. and the World Council of Credit Unions.

FY 2005 Program:
Macroeconomic policy reform ($298,000 DA, $4,000,000 ESF). Planned assistance to the SRI will focus on promoting equity in the taxation system, and on continued strengthening of the audit and administrative capacities of the institution. With the appropriate demonstrated political will, USAID will continue to fund CAE's reform strategy to reduce corrupt practices. Activities to strengthen the financial sector will continue through fortifying the regulatory norms and capabilities of the SBSE. USAID will also continue to support MEF's efforts to solidify its reorganization and enhance its operational functions with respect to the implementation of the fiscal reform. Activities to promote trade, competitiveness, and structural reforms in Ecuador will continue to be an important part of the macroeconomic component in FY 2005. Selected activities will depend on the progress of trade agreement preparations and opportunities for helping to enhance competitiveness. Same implementer as above.

Access to microfinance services ($2,010,000 DA). Funds will be used to continue intensive technical assistance to microfinance service providers, including banks, finance companies, credit unions, and NGOs committed to becoming licensed financial intermediaries. Same implementer as above.

Performance and Results: Positive macroeconomic results obtained to date have depended upon the Government's willingness for change. The program's transition to the newly elected Gutierrez Administration was successful and previous groundwork for major activities was endorsed. Technical assistance to improve tax collection and administration with the SRI is bearing fruit. Through September 2003, actual tax revenue collections represented 12% of the Gross Domestic Product (GDP); this result annualized would be one percentage point above the planned figure of 14%. Long-term benchmark agreements containing actionable plans conditioned by results were signed with the SBSE and the MEF. Successful initial discussions with the public sector will lead to a highly facilitative program, provided Ecuador meaningfully participates in free trade agreement talks, and presents complementary trade positions based on its partners' respective competitive advantages, thus creating a solid basis for realistically implementable treaties. USAID continues to collaborate with the major multilateral donors and leverages the successes of each throughout all aspects of its macroeconomic program. Although USAID's assistance will continue to support institutional and policy reforms, political will remains the significant factor affecting the success of macroeconomic activities.

The key to the success of the microfinance component is the enhanced performance of microfinance service providers. Through September 2003, the 16 assisted institutions have increased the number of credit clients by 37,150 to a total of 189,600, and reached an average financial sustainability of 109% based on key financial indicators, with less than 5% of portfolio at risk. In addition, remarkable strides have been achieved in microfinance supervision, paving the way for rigorous oversight, and have even spread into the supervision of other financial service areas as well. Given the severe impact of the 1999 financial crisis, this is an important advance and a prerequisite for a sound economic climate according to the IMF. USAID assisted the SBSE on the development of new manuals for supervision of microfinance institutions and the establishment of a new microfinance normative framework. For the first time, due to USAID's technical assistance and the Government's support, private credit bureaus are now authorized to operate in Ecuador. In FY 2003, three credit bureau companies obtained business licenses and a fourth is in process of obtaining a license. A national network of 15 credit unions will be established.

By the end of FY 2006, USAID expects a sustainable microfinance sector in Ecuador through strengthened service providers and a facilitative regulatory and supervisory framework for the sector. Goals through 2006 include an increase of 350% in the number of microcredit clients that are served by institutions which are 100% financially sustainable.

US Financing in Thousands of Dollars

Ecuador

518-014 Economic Opportunities	DA	DCA	ESF
Through September 30, 2002			
Obligations	2,882	198	7,326
Expenditures	1,704	0	274
Unliquidated	1,178	198	7,052
Fiscal Year 2003			
Obligations	1,810	0	5,249
Expenditures	975	0	3,090
Through September 30, 2003			
Obligations	4,692	198	12,575
Expenditures	2,679	0	3,364
Unliquidated	2,013	198	9,211
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	2,030	0	4,000
Total Planned Fiscal Year 2004			
Obligations	2,030	0	4,000
Proposed Fiscal Year 2005 NOA			
Obligations	2,308	0	4,000
Future Obligations	0	0	0
Est. Total Cost	9,030	198	20,575

El Salvador

The Development Challenge: El Salvador has made progress on all fronts--political, economic and social--despite the problems caused by Hurricane Mitch, the earthquakes of 2001, the U.S. recession and September 11th. In March 2003, El Salvador held its fifth series of free and fair national elections since the 1992 Peace Accords, electing 262 municipal mayors and 84 deputies to the National Legislature. There is every expectation that the upcoming March 2004 presidential elections will also be free and fair, firmly consolidating democratic electoral processes in El Salvador. Over the past three years, while much of Latin America has experienced negative economic growth rates, the Salvadoran economy has maintained a positive average annual growth rate of 2%. Economic growth projections for 2004 indicate a more modest 1.5%-1.8% rate of increase due to a 30% increase in prices of imported oil dampening economic activity. Despite this decade of positive economic growth and a 35% decrease in levels of poverty, the country continues to be challenged by extreme income inequality. In 1991, the poorest 20% received only 3% of the nation's wealth. As of 2002, this percentage has dropped to a mere 2.8%. This declining share of national income for the poor undercuts the significant progress that El Salvador has made over the past decade and poses a serious threat to an emerging democracy. Finally, despite significant reductions in levels of crime and violence over the last five years, they are still at critical levels--a direct disincentive to direct foreign investment and economic growth.

El Salvador still suffers from poverty: approximately 49% of the rural population lives below the poverty line; almost 17% of the population is illiterate; the average educational level among the rural population is 3.4 years; and 61% of the rural population has no access to water piped into the home. Security issues in urban and rural areas and low citizen confidence in the justice system compound the poverty problem and are a strong disincentive to investment and growth. Centralization of power and decision-making has resulted in the national government being perceived as unresponsive and unaccountable to citizen concerns.

El Salvador's strategic location and strong historical and cultural ties to the United States make political and economic stability in El Salvador a vital U.S. interest. El Salvador's adoption of the political and economic liberalization that the United States has encouraged has made it a model for developing countries in the region. The United States is El Salvador's most important trading partner, receiving 67.3% of its exports and providing 50.1% of its imports. There is both hope and expectation that the recently concluded U.S.-Central American Free Trade Agreement (CAFTA) between the United States and four Central American countries will be key to the future economic growth and prosperity for El Salvador and the region. An estimated two million Salvadorans live in the United States, many of them illegally. By promoting prosperity in El Salvador through USAID programming and mechanisms such as CAFTA, the United States can strengthen the Salvadoran economy, thereby reducing the flow of economic migrants to the United States and the country's vulnerability to narcotics transshipment and trafficking in persons.

The USAID Program: FY 2004 and FY 2005 are transition years as USAID concludes ongoing programs under its 1997-2004 strategy and begins programs under its new FY 2004-FY 2008 El Salvador Country Plan under the Central America and Mexico (CAM) Regional Strategy. Accordingly, in FY 2005, USAID will conclude four objectives that focus on: 1) economic opportunities for rural poor families, 2) promote democracy and good governance, 3) improve health of rural Salvadorans, and 4) increase rural household access to clean water. USAID will also finish its high-profile earthquake recovery program, having contributed to significant reconstruction of rural housing, health and education facilities, water systems, and reactivation of the most affected sectors of the rural economy. Under the CAM Regional Strategy, and consistent with the Millennium Challenge Account, USAID will initiate a new objective--Economic Freedom--in FY 2004, and will begin the new Investing in People and Ruling Justly objectives in FY 2005. Activities and funding requests under these objectives are described in the Data Sheets.

Other Program Elements: In addition to the bilateral program, the Regional Central American Program (G-CAP) also manages programs in El Salvador. G-CAP provides training to the electricity regulatory body to help it comply with the responsibilities, functions, and roles laid out in its mandate. G-CAP will

continue working with HIV/AIDS high-risk populations to control and prevent the spread of HIV/AIDS through behavioral change interventions at the community level. Another G-CAP program, the Environmental Program for Central America (PROARCA), will continue supporting environmental conservation of the Gulf of Fonseca, and will assist El Salvador in the area of clean production related to the CAFTA. Finally, the regional quality coffee program will continue to improve production, processing, and marketing of high quality specialty coffees grown by small and medium-scale coffee producers.

Through the Department of State's International Criminal Investigation Training and Assistance Program (ICITAP), assistance is provided to continue strengthening community policing. USAID's Economic Growth, Agriculture and Trade Bureau (EGAT/NRM) assists projects protecting migratory birds and their winter habitats in El Salvador's El Imposible National Park and works with a local NGO to provide rural water quality testing. USAID's Democracy, Conflict, and Humanitarian Assistance Bureau funds activities through the Farmer-to-Farmer Program and the Private and Voluntary Cooperation Program to promote economic opportunities for the rural poor.

Other Donors: Donor coordination in El Salvador is dynamic. The United States remains the largest bilateral donor. Multilateral lending institutions continue to provide the largest share of economic development assistance to El Salvador (76%) of the total. Major lending institutions in order of contributions include: the Inter-American Development Bank focusing on earthquake reconstruction, infrastructure, legislative and judicial strengthening, microfinance, agribusiness, local governance, education and modernization of the state; the World Bank focusing on earthquake reconstruction, education, health infrastructure; and the Central American Bank for Economic Integration focusing on rural development, markets, health, and earthquake-related infrastructure reconstruction. Active multilateral donors in order of significance include the European Union (earthquake reconstruction), World Food Program (health), United Nations Children's Fund (health), United Nations Development Program (rule of law and local development), and the Pan American Health Organization (health). Among the bilateral donors, Japan ranks second to the United States and provides assistance for earthquake reconstruction, education, and the agriculture sector; Germany ranks third and provides assistance for health and local governance; Spain is next and provides assistance for earthquake reconstruction and judicial strengthening.

El Salvador
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	15,653	9,800	7,150	8,871
Development Assistance	45,640	26,334	28,605	17,342
Economic Support Fund	25,200	0	0	0
PL 480 Title II	0	1,809	0	0
Total Program Funds	**86,493**	**37,943**	**35,755**	**26,213**

STRATEGIC OBJECTIVE SUMMARY				
519-001 Economic Growth, Agriculture and Education				
DA	6,555	17,285	5,730	0
519-002 Democratic Consolidation and Governance				
DA	3,225	4,950	5,362	0
ESF	200	0	0	0
519-003 Health of Women and Children				
CSH	9,353	9,800	7,150	0
519-004 Clean Water Access				
DA	3,200	4,099	4,500	0
519-008 Earthquake Response				
CSH	6,300	0	0	0
DA	32,660	0	0	0
ESF	25,000	0	0	0
519-021 Ruling Justly				
DA	0	0	0	2,347
519-022 Economic Freedom				
DA	0	0	13,013	11,316
519-023 Investing in People				
CSH	0	0	0	8,871
DA	0	0	0	3,679

Mission Director,
Mark Silverman

Data Sheet

USAID Mission:	El Salvador
Program Title:	Economic Growth, Agriculture and Education
Pillar:	Global Development Alliance
Strategic Objective:	519-001
Proposed FY 2004 Obligation:	$5,730,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2004

Summary: USAID's Economic Growth and Education Strategic Objective (SO) seeks to expand access and economic opportunities for rural poor families; stimulate growth by strengthening the regulatory environment for energy investments and promoting small-scale rural infrastructure; expand financial services for micro- and small enterprises; increase trade and economic opportunities for small- and medium-sized enterprises; support small farmers to increase agricultural sales and production; and improve pre-school and basic education for rural residents.

Inputs, Outputs, Activities:

FY 2004 Program:
Address economic policies that will stimulate rural growth and poverty reduction ($800,000 DA). USAID will provide technical assistance and training to improve the capacity of its key energy sector regulator and support efforts to attract new investment, to reduce energy costs, and to facilitate trade capacity building. Prime implementer is PA Consulting.

Develop sustainable microfinance institutions (MFIs) to expand financial services to rural communities ($1,400,000 DA). USAID will provide technical assistance and training to at least six MFIs to expand credit and saving services to poor rural entrepreneurs. This action will lead to a stronger and more effective rural financial system and increased access to financial services. Prime implementer is Development Alternatives Inc.

Promote environmentally sound agricultural practices and exports ($1,000,000 DA). USAID will work with 500 small farmers to increase both product sales and rural incomes by improving quality crop production, marketing, and processing of fruits and vegetables. USAID assistance will help the Ministry of Agriculture and the private sector to understand and comply with the imported food standards and regulations of the United States and facilitate Salvadoran exports under the opportunities to be created by the Central America Free Trade Agreement (CAFTA). Prime Implementers: FINTRAC, Cooperative League of the USA (CLUSA) of El Salvador, and a contractor to be determined for the sanitary and phytosanitary activity.

Improve the quality of basic education for rural poor families ($2,530,000 DA). USAID will assist pre-school children and children up to the sixth grade improve learning skills. USAID will assist the Salvadoran Institute for Integrated Development of Children and Youth (ISNA), the Ministry of Education (MINED), and the Ministry of Health (MOH) to continue implementation of the early childhood care and education (ECCE) activity. The activity will improve the knowledge and skills for effective parenting and child development for rural caregivers and educator; introduce a new curriculum for children below six years of age; carry out an awareness campaign in rural areas to promote ECCE; and promote strategic partnerships with the Salvadoran Government, municipalities, private sector, and nongovernmental organizations to expand ECCE coverage in rural areas. To foster excellence in the classroom, USAID advisors will work with the MINED to improve academic performance of 43,500 students in 250 rural primary schools. The program will also enhance MINED policy implementation capacity, modernize

school-monitoring systems, and improve management and education skills of primary school principals. Prime implementers are: Academy for Educational Development, American Institutes for Research, CARE, Development Associates, Education Development Center, ISNA, UNICEF, Save the Children-U.S, and the Sesame Workshop.

FY 2005 Program:
Activities implemented under this Strategic Objective (SO) will be completed by June 2005. A new strategic objective titled "Economic Freedom: Open, Diversified, Expanding Economies" (519-022) will be the follow-on for activities completed under this SO.

Performance and Results: With USAID support, durin FY 2003 the Government of El Salvador has generated more revenue by increasing tax collections by $135 million (more than 12%). A USAID assessment will help the General Superintendent of Electricity and Telecommunications (SIGET) overcome constraints to implementation of new energy laws and regulations. The Salvadoran Government has increased access to education, resulting in over 97% of rural children aged seven to 10 years old now attending school. Nearly 19,000 children are receiving better childcare due to USAID-supported training to over 8,400 nonformal promoters and educators. The microfinance program expanded financial services to the rural poor, including women--who represent 63% of total borrowers. Rural loans to clients increased by over 12,400 while over 1,800 rural clients opened savings accounts. Additionally, MFIs continued to service the very poor by providing more than 2,348 new loans under $400. USAID-assisted 1,752 individual farmers (1,531 men and 221 women) and rural organizations to increase sales by over $1,800,000 in high-value food crops such as, sesame, tomato, sweet pepper, squash, watermelon, cucumber, and loroco (a local herb). Through decentralized grants with local communities, 12 rural infrastructure projects, benefiting over 19,000 people, are presently under construction.

By June 2005, USAID expects nationwide rural electricity access to have increased to 64%; voluntary tax compliance and additional tax revenues will have increased by .5-1.0% of GDP; at least 45,000 new rural clients will have access to financial services; a clear and practical regulatory system that facilitates the transition of Non-Bank Financial Institutions into regulated financial service entities will have been established; at least $4.3 million in exports and local sales will have been generated and 2,475 micro-, small- and medium enterprises will have improved export capacity; assisted farmers will have increased sales by $5 million;sales of Salvadoran quality coffee will have increased by 10%; 250,000 rural children under age six will be receiving better ECCE services; and the academic performance of 43,500 children in 250 rural schools will have improved.

US Financing in Thousands of Dollars

El Salvador

519-001 Economic Growth, Agriculture and Education	CSH	DA	ESF
Through September 30, 2002			
Obligations	10,702	54,772	39,162
Expenditures	7,975	43,470	39,162
Unliquidated	2,727	11,302	0
Fiscal Year 2003			
Obligations	0	17,747	1,000
Expenditures	1,259	6,232	6
Through September 30, 2003			
Obligations	10,702	72,519	40,162
Expenditures	9,234	49,702	39,168
Unliquidated	1,468	22,817	994
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	5,730	0
Total Planned Fiscal Year 2004			
Obligations	0	5,730	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	10,702	78,249	40,162

Data Sheet

USAID Mission:	El Salvador
Program Title:	Democratic Consolidation and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	519-002
Proposed FY 2004 Obligation:	$5,362,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2004

Summary: USAID's program is aimed at strengthening democratic processes and encouraging good governance by providing technical assistance and training to: 1) promote increased access to justice and improved court case preparation; 2) strengthen local governments to provide basic public services; 3) increase public access to legislative processes; and 4) encourage active civil society advocacy and promotion of transparency.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase access to justice and improve court case preparation ($2,000,000 DA). One of the key focus areas will be consolidation of criminal code reforms. This includes training of key justice sector operators in appropriate use of rules of evidence to assure fairer and more equitable treatment of court evidence. Technical assistance will further develop modern rules of evidence. Other training areas will include evidence collection and management, case preparation, criminal investigation techniques and use of oral arguments. This training will be available to a wide range of judges, prosecutors and public defenders. Selected law schools will receive additional training and technical assistance to consolidate curriculum and teaching reforms as well as broaden and deepen the use of recently established legal clinics and moot courts (mock trials) as hands-on learning tools for law students. Expanding the use of mediation and other alternative dispute resolution mechanisms such as arbitration will increase access to justice. At least five additional mediation centers will be established by the Public Defender's Office and training in the appropriate use and application of mediation will be provided to all justice sector institutions. Technical assistance will be provided to the Judicial Training School to develop training plans in the civil/commercial law area. Principal contractors and agencies are: DPK Consulting, Department of State, Public Defender's Office, Attorney General's Office, Judicial Training School, and National Judiciary Council.

Strengthen local governments ($1,700,000 DA). Technical assistance and training will be provided to 22 target municipalities to continue to improve coverage of basic public services, especially potable water provision and solid waste collection and disposal. Training and assistance in the transparent administration of public funds will also be provided, accompanied by a deepening of citizen oversight and participation in local decision-making. Medium-term community development and multi-year investment plans will be developed with USAID assistance. Policy dialogue will be supported between local government authorities, the Legislative Assembly, and Executive Branch to further define decentralized roles and responsibilities for public service delivery and for revenue generation authority. Principal contractor and grantees: Research Triangle Institute; the Salvadoran National Mayors Association (COMURES).

Citizen participation in legislative process, civil society advocacy and transparency ($1,662,000 DA). Approximately eight to ten small grants to selected civil society organizations will support targeted advocacy or oversight activities to strengthen democratic processes. Complementary training in internal administrative and financial management will also be provided. The Legislative Assembly will receive

assistance in development and adoption of internal regulations to institutionalize public hearings in the legislative process. In addition, technical assistance will be provided to improve awareness and use of the legislative hotline for consultations, to establish a centralized citizen's ombudsman office and to promote of civic education programs for students concerning the role of the legislature. Additional technical assistance and limited training will be provided to help the Government of El Salvador implement a code of ethics for government employees. Principal contractor/grantees: Creative Associates Inc., prime; the University of Texas (sub); the Legislative Assembly; and the Court of Accounts.

FY 2005 Program:
Activities implemented above will be completed in FY 2005. The follow-on program will begin under a new Strategic Objective "More Responsive, Transparent Governance" (519-021).

Performance and Results: USAID programs have assisted in increasing access to justice in El Salvador. Through USAID support, four additional mediation centers were opened during the past year, raising the total to six. These centers have provided free legal advice and mediation services to 4,252 mostly rural people who have limited access to the formal justice system. The Public Defender's Office has decided to replicate and finance this successful initiative on a national scale over the next three years, starting with the establishment of five new mediation centers during 2004. Based on the positive results of the first modern legal education clinic, four more major law schools opened clinics this past year. Now, five of the eight largest law schools in the country are using legal clinics as a teaching methodology and providing hands-on, practical experience for law students. USAID's programs helped nine legislative committees hold twelve public hearings and reach 13,573 young people through the Assembly's civic education initiative. USAID technical assistance and training in electoral preparation and management significantly contributed to holding internationally recognized free and fair elections for legislative and local government authorities. A code of ethics for government employees was submitted to the Legislative Assembly for approval. Local governments, assisted by USAID, continued to increase delivery of public services. Given the increased responsiveness of these municipalities, residents have answered by paying a higher percentage of their taxes and fees, resulting in a 15% increase in local revenue generation. ESF funding was made available in late FY 2003, under special authority to carry out community policing activities in El Salvador. Within this authority and funding, USAID will assist the community policing program to improve its operations through the purchase of portable radios and accessories, 911 emergency call consoles, and other necessary equipment.

It is expected that by June 2005, El Salvador will have improved its criminal justice system and its citizens should have increased access to justice. More transparent and effective public management of services at the local level will have been established and Salvadorans will be more active in policy dialogue. Legislative decision-making should be more transparent, with more citizen participation. The community policing model will be working nationwide and assisting in lowering the levels of crime and violence.

US Financing in Thousands of Dollars

El Salvador

519-002 Democratic Consolidation and Governance	DA	ESF
Through September 30, 2002		
Obligations	28,201	16,832
Expenditures	22,143	14,935
Unliquidated	6,058	1,897
Fiscal Year 2003		
Obligations	4,950	750
Expenditures	4,670	1,188
Through September 30, 2003		
Obligations	33,151	17,582
Expenditures	26,813	16,123
Unliquidated	6,338	1,459
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	5,362	0
Total Planned Fiscal Year 2004		
Obligations	5,362	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	38,513	17,582

Data Sheet

USAID Mission:	El Salvador
Program Title:	Health of Women and Children
Pillar:	Global Health
Strategic Objective:	519-003
Proposed FY 2004 Obligation:	$7,150,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2004

Summary: USAID's health program is improving child survival through activities that provide water supply and sanitation services to rural communities that reduce diarrheal disease; prevention and control of sexually transmitted diseases including HIV/AIDS, support for Ministry of Health (MOH) efforts to decentralize the planning and management of health services at the local levels, and support to the MOH and nongovernmental organizations' (NGOs') efforts to improve quality of and access to reproductive health services and practices--especially for rural women and adolescents.

Inputs, Outputs, Activities:

FY 2004 Program:
Ministry of Health decentralization ($400,000 CSH). USAID-financed technical assistance to the MOH will help make community-level health services more efficient. Assistance to the MOH will support a legal framework for the SIBASI (basic integrated health system) structure. USAID will continue to provide technical assistance targeted to strengthen administration of human resources, supply management, program monitoring, maintenance and budgeting at both the central and the SIBASI levels. The principal contractor is: Abt Associates, Inc.

Maternal and reproductive health ($3,600,000 CSH). USAID will fund MOH monitoring, training and technical assistance in: 1) prenatal, delivery and postpartum care, including training 325 nurses, to improve emergency obstetrical care in the seven USAID-supported SIBASIs; 2) family planning counseling and services for mothers and families, including training 500 health promoters, 118 nurses and 336 doctors; 3) community education to increase knowledge of family planning and reproductive health care; 4) prevention of pregnancies and sexually transmitted diseases among adolescents; and 5) contraceptive logistics system improvements. In addition, USAID support to the Salvadoran Demographic Association (SDA) will enable it to generate income to cover 85% of operating costs while providing family planning services to 38,250 rural women and extending family planning services to approximately 10,100 new users. SDA will also provide maternal health care services to 118,600 women and health care services to 14,000 children. The final results of the 2003 National Family Health Survey (FESAL) will be disseminated. Family planning agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy. Principal contractors and grantees are: the Salvadoran Demographic Association, the U.S. Centers for Disease Control and Prevention (CDC), the University of North Carolina, and John Snow, Inc.

Child survival ($2,650,000 CSH). USAID will provide technical assistance, monitoring, training, and select commodities to the MOH to help: a) improve referrals between rural health promoters and health facilities; b) continue support for the Integrated Management of Childhood Illnesses (IMCI) strategy, emphasizing five danger signs and five basic practices related to newborn care; c) monitor births in 28 maternity hospitals and increase the number of health units under this program from 50 to 300 nationwide; d) expand nutrition interventions to 300 high-risk rural communities to prevent malnutrition in young children and pregnant women; and e) expand breastfeeding counseling at the local level in 100 health facilities. The expected impact is a decrease in infant morbidity and mortality due to timelier, higher quality care

received by newborns. Four rural water systems will be constructed for at least 15,000 rural beneficiaries along with the provision of latrines and intensive community health education. The expected impact is a 26% decrease in diarrhea-incidence in young children at project sites. USAID will continue to address and control dengue fever with community-based interventions that include municipal offices, schools, and other nonhealth personnel. The expected impact of these interventions is an increase in mosquito control and a subsequent decrease in larval infestation and dengue cases. Principal contractors and grantees are CARE, Management Sciences for Health (BASICS II), and the Academy for Educational Development (CHANGE).

HIV/AIDS ($500,000 CSH). USAID will continue to play a lead role as a member of El Salvador's country Coordinating Mechanism for the Global Fund to Fight AIDS, Tuberculosis and Malaria. USAID-financed technical assistance to the MOH will expand voluntary HIV counseling and testing (VCT) to target members of specific high-prevalence groups, as well as pregnant women. In addition, technical assistance to NGOs will help prevent and control HIV/AIDS among these high-risk groups. Principal contractors are Population Services International (PASMO) and the Academy for Educational Development (CHANGE).

FY 2005 Program:
Activities implemented under this Strategic Objective (SO) will be completed by June 2005. This will be followed by a new SO titled "Investing in People: Healthier, Better Educated People" (519-023).

Performance and Results: The National Family Health Survey (FESAL), carried out by the Salvadoran Demographic Association (SDA) with substantial USAID-financed technical assistance was completed in late 2003. Close coordination and support was provided by public institutions and other donors such as the Pan American Health Organization, UNICEF and the U.N. Population Fund. Results, released to the public in October 2003, showed impressive improvements in El Salvador during 1998-2003, the period of the current USAID health strategy. FESAL results show an increase in the rate of use of contraceptives from 60% in 1998 to 67% in 2003; a drop in the infant mortality rate from 35 in 1998 to 25 in 2003; an increase in the percentage of births attended by trained personnel from 58% in 1998 to 69% in 2003; and an increase in the percentage of survey respondents with access to potable water from 57% in 1998 to 63% in 2003.

With USAID support, the MOH initiated decentralization in four specific administrative areas: supply management, human resources, maintenance and financing. USAID technical assistance assisted the MOH by detecting deficiencies in the decentralization process and providing tools to correct them.

USAID has strengthened the MOH contraceptive logistics system by training 1,919 personnel. Also as a result of USAID's intervention, MOH rural health promoters have increased community-based contraceptive distribution by 29%. SDA clinics provided 100,185 maternal health care consultations and 12,673 child health care consultations. SDA's network of over 700 rural promoters referred 43,876 women for family planning, prenatal, and delivery services.

USAID funded training of 780 volunteer nutrition counselors in Integrated Nutrition Care to serve approximately 5,845 young children and 766 pregnant women living in rural areas. A total of 373 doctors and nurses were trained in the IMCI strategy, and 360 registered and auxiliary nurses were trained at the hospital level on Monitoring and Direct Support for Breastfeeding. Over 1,588 health promoters, 250 nutritional volunteers, and 1,218 nurses were trained nationwide in the prevention of anemia while 645 doctors were trained in neonatal resuscitation.

It is expected that by June 2005, the decentralization of health services in rural areas will have improved the efficiency and quality of service delivery in the seven local health districts assisted by USAID. Improved health services will reduce malnutrition among rural children; increase the quality of newborn care; increase access to contraceptives; increase the quality and use of antenatal, delivery and postpartum care; decrease diarrhea among young children; and increase knowledge and practices related to HIV/AIDS prevention.

US Financing in Thousands of Dollars

El Salvador

519-003 Health of Women and Children	CSH	DA	ESF
Through September 30, 2002			
Obligations	39,882	148,922	36,610
Expenditures	30,313	147,851	36,610
Unliquidated	9,569	1,071	0
Fiscal Year 2003			
Obligations	9,800	0	0
Expenditures	7,113	242	0
Through September 30, 2003			
Obligations	49,682	148,922	36,610
Expenditures	37,426	148,093	36,610
Unliquidated	12,256	829	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	7,150	0	0
Total Planned Fiscal Year 2004			
Obligations	7,150	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	56,832	148,922	36,610

Data Sheet

USAID Mission:	El Salvador
Program Title:	Clean Water Access
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	519-004
Proposed FY 2004 Obligation:	$4,500,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2004

Summary: USAID's Water and Environment program is promoting sustainable, replicable, and integrated water resource management for rural Salvadorans living throughout 14 subwatersheds in three regions of the country. Human capacity development and technical interventions are funded to: 1) improve water source quality and quantity through improved watershed practices that increase water infiltration and decrease soil erosion; improve performance of water delivery systems and local management capacity; 2) increase citizen actions and advocacy to address water issues through education and training; and 3) improve municipal management of water resources through increased local technical and administrative capacity. Investment partners included the Salvadoran Social Investment Fund for Local Development (FISDL), 14 municipal governments within the targeted watersheds, international donors such as the Canadian Development Agency and the World Conservation Union (IUCN), and partner nongovernmental organizations (NGOs).

Inputs, Outputs, Activities:

FY 2004 Program:
Improved quality of water sources ($2,300,000 DA). USAID will continue efforts to promote water source protection and the physical improvement of watersheds. More than 9,400 small farmers participating in the watershed improvement component will implement conservation practices on 31,000 hectares (77,000 acres) to improve watertable recharge and decrease soil erosion. Natural springs will be protected and their water conserved for human consumption. The promotion of recycling and treatment of residential waste should lead to significant leveraging of counterpart funding (at least 80%) for additional demonstration projects, building on a successful program. The water storage reservoir activity will be significantly expanded, demonstrating surface water management for increased agricultural yields during the dry season and serving as a mitigation measure for farmers against the risks of drought. Principal grantees and government agencies are the CARE Consortium and Project Concern International, the Ministry of Environment, the National Administration for Aqueducts and Sewage, and FISDL.

Improved performance of water delivery systems ($400,000 DA). Water delivery systems will be implemented by leveraging increased counterpart and international donor resources to pay for construction materials, while USAID provides necessary technical and managerial services including design, construction management, and local administrative training. This will increase clean water access in focus areas to more than 185,000 rural Salvadorans by expanding the number of water systems to 118, at the same time that USAID is able to reduce funding levels. USAID will promote private sector financing of water systems by encouraging local banks to lend money for these activities and evaluate use of Development Credit Authority (DCA) to support this program. Each water system's tariff structure will include a line item for environmental services payment destined for the conservation of the water source. Implementing grantees and government agencies are the same as for the above activity.

More effective citizen actions to address water issues ($1,000,000 DA). USAID will continue to develop local management capacity and the promotion of community participation in clean water access and

water resources improvement initiatives. The number of technicians trained will surpass 12,000, leading to more than 500 water-related improvements such as water systems, pollution prevention, and conflict resolution. Watershed organizations will continue to be promoted as the most effective means of locally managing water and water-related issues. Six of the twelve microwatersheds selected to serve as demonstration models will have established watershed organizations supported by payment for environmental services tariffs collected from water users, such as potable water systems. Assistance will continue to promote passage of effective national watershed policy to further this objective. Implementing grantees and government agencies are the same as for the above activities.

Increased municipal participation in water resources management ($800,000 DA) Assistance will strengthen municipal capacity in managing water resources. Support will continue for the operation of 14 municipal water resource management plans. Impact areas include decentralization of water management and service, the use of municipal ordinances to ensure the prevention of solid- and liquid-waste pollution, and municipal financial support of water systems and waste treatment. A rural water systems technical services model will be formed in Usulután to support an association of local water systems under development. This will be similar to the association developed in Ahuachapán, which is now working to overcome the primary cause of rural water system failure--a lack of technical expertise in diagnosing and repairing system defects and problems. Implementing grantees and government agencies are the same as for the above activities.

FY 2005 Program:
This program is scheduled to end in March 2005. Please see data sheet for the new watershed management program under the Strategic Objective "Economic Freedom: Open, Diversified, Expanding Economies" (519-022).

Performance and Results: Access to clean water within the 18 target subwatersheds reached 64% this year, up nearly 5% over last year's measurement. This represents over 150,000 people with access to clean water and is double the national average for rural municipalities. This year's efforts intensified development of local technical and management capacity, resulting in the formation of 14 watershed committees. This was an important step towards effective local water management and is the cornerstone of the program's exit strategy that defines measures for successful completion of local water system development. Over 10,500 farms are participating in water conservation practices over an area exceeding 27,000 hectares, (roughly 69,000 acres), producing increased quality and quantity of water resources. The number of project supported water systems now exceeds 100, providing services to 185,000 rural Salvadorans. These projects continue efforts to decentralize control of local water delivery systems and raise awareness of need for effective national policy. As originally planned, potable water systems are now being built with reduced USAID funding by leveraging other donor financing for purchase of construction materials and services. Payment for environmental protection services is being promoted by including a service fee in the water bill paid by users. A high level of environmental and environmental health awareness (94%) was maintained and more than 11,500 local organization members have been trained. All 14 participating municipalities have developed water resource management plans linked to local watershed management through municipal development committees.

By the end of the program in March 2005, integrated water resources interventions will result in the provision of sustainable access to clean water for more than 200,000 rural Salvadorans. Farmers will be applying water conservation practices to 33,000 hectares (82,500 acres) of land. Four sewage and six solid waste treatment facilities demonstrating appropriate technologies for local communities will be operational and selfsustainable. The Ahuachapán and Usulután support services model for rural water systems will be operational and financed by user tariffs, offering technical services to 30 water systems and serving as models for other rural areas. The program's exit strategy will be successfully implemented in the 14 target subwatersheds. A successful model may be the basis for clean water access initiatives in the future.

US Financing in Thousands of Dollars

El Salvador

519-004 Clean Water Access	**DA**
Through September 30, 2002	
Obligations	16,240
Expenditures	14,286
Unliquidated	1,954
Fiscal Year 2003	
Obligations	4,100
Expenditures	3,316
Through September 30, 2003	
Obligations	20,340
Expenditures	17,602
Unliquidated	2,738
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	4,500
Total Planned Fiscal Year 2004	
Obligations	4,500
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	24,840

Data Sheet

USAID Mission:	El Salvador
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	519-021
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,347,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2008

Summary: The new USAID democracy and governance program will focus on strengthening rule of law and achieving greater transparency and more responsive governance through technical assistance and training to: 1) increase accountability in public management and decision-making; 2) improve access to justice and alternative dispute resolution; and 3) promote devolution of responsibilities and resources to local governments.

USAID is requesting FY 2005 resources for this program within its new country plan (2005-2008). USAID is designing a new democracy and governance program to help address concerns of citizens who are beginning to question democratic principles. Confidence in key democratic institutions is fragile and citizens are skeptical of responsiveness and transparency in the public sector. Building more responsive and accountable governance, open to public scrutiny, is key to creating credible democratic systems. Likewise, a level legal playing field and clear work rules are essential to ensuring equity in access to justice and fair treatment in the justice system. Dealing with the challenges of corruption and a weak rule of law, which undercut faith in democracy, will be priorities under the program.

Inputs, Outputs, Activities:

FY 2004 Program:
This program will begin in FY 2005.

FY 2005 Program:
Improved access to justice and consolidated rule of law ($1,500,000 DA). USAID plans to focus rule of law initiatives on increasing judicial access and equity. This will be accomplished by providing technical assistance to improve the transparency, efficiency and promptness of the judicial system, including monitoring and investigating corruption. Guidance will be given to assist in the design and implementation of selected reforms in both criminal and civil/commercial codes and related legal and regulatory environment. Technical assistance and training will be provided to deepen understanding and use of alternative dispute resolution mechanisms, especially mediation and arbitration, for both criminal and civil cases. Building upon the successful community policing initiative, innovative approaches to community-based public security initiatives may be explored, pending special authorization and funding. Implementers to be determined through a competitive process.

Good governance and transparency ($847,000 DA). With a newly elected government in El Salvador taking office in mid 2004, USAID will seek to further promote anticorruption measures and encourage more transparent and honest management of public resources and decision-making. This will be accomplished by establishing more modern financial management systems, introducing stronger procurement reforms, and encouraging civil society oversight will be considered. Technical assistance and training will be provided to promote a dialogue on the devolution of power to local governments, to review revenue generation authorities, and to help decentralize selected public services. Assistance will also be provided to promote greater transparency and accountability of political parties. Implementers to be determined through a competitive process.

Performance and Results: This new strategic objective is scheduled to begin in mid FY 2005 and therefore has no results to report at this time.

Successful implementation of this strategic objective will result in: increased governmental transparency and reducing corruption; decentralized resources and decision-making to local levels; improved access to civil and criminal justice through both the formal justice system and particularly through alternative dispute resolution mechanisms; creation of sustainable, alternative models to enhance public security; and deepened citizen oversight and participation in government.

US Financing in Thousands of Dollars

El Salvador

519-021 Ruling Justly	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	2,347
Future Obligations	15,000
Est. Total Cost	17,347

Data Sheet

USAID Mission:	El Salvador
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	519-022
Proposed FY 2004 Obligation:	$13,013,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$11,316,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID is promoting trade, investment and economic diversification initiatives that will contribute to a more open, diversified and expanding economy. USAID will support trade promotion and job creation through policy and legal reforms, more efficient functioning of markets, and increased access to external markets for micro, small and medium enterprises (MSMEs). Expected results will be increased trade, enhanced development of value-added products--leading to increased and more equitably distributed incomes--and improved management of critical watersheds and natural resources.

Inputs, Outputs, Activities:

FY 2004 Program:
Policy reform, investment, and trade capacity ($3,000,000 DA). USAID will place greater emphasis on policy and regulatory reform to enhance the competitiveness of El Salvador's private sector to take advantage of free trade agreements. USAID will assist the Government of El Salvador to reduce trade barriers, and consolidate regulatory reforms in the fiscal, financial and energy sectors. USAID will explore formation of strategic alliances with the private sector and International Financial Institutions to leverage financing and complement USAID technical assistance and training. Implementers to be determined through a competitive process.

More competitive, market-oriented private enterprises, agriculture, economic diversification, and rural enterprise expansion ($7,513,000 DA). Assistance and training will be provided to 1,100 small and medium-sized enterprises (SMEs), agribusinesses, and agriculture enterprises. USAID will: 1) help private enterprises diversify products, generate approximately 2,000 jobs and better compete in local, regional and world markets; 2) expand current efforts to assist SMEs and farmers to operate under demand-based market linkages; 3) link over 1,500 producers to agribusiness, traders, buyers, and international investors; 4) address international export requirements which may include sanitary and phytosanitary (SPS) practices, pesticide residues, and U.S. bioterrorism regulations; 5) increase access to modern technologies; and 6) address obstacles to increased trade and economic activity by promoting small-scale infrastructure projects. Implementers to be determined through a competitive process.

Broader access to financial markets and services ($2,500,000 DA). USAID will work with finance institutions to promote increased lending to MSMEs. USAID will 1) assist four to six local microfinance institutions (MFIs) to become regulated, nonbank financial institutions that capture savings, attract private capital, and expand their lending programs; and 2) work with the regulator to ensure that policies and systems are in place to promote investment in these areas. USAID's focus on policy reforms would lead to increased lending to MSMEs, assist in the diversification of financial instruments, and modernize collateral requirements. The primary counterparts will be modernizing banks and MFIs that can expand into small and medium enterprise lending. To facilitate lending to SMEs, USAID will explore the use of the Development Credit Authority (DCA) to leverage resources and will look for ways to link remittances to this entire effort. Implementers to be determined through a competitive process.

FY 2005 Program:
In the economic growth program, USAID plans to expand FY 2004 efforts on trade and job creation, working with MSMEs and farmers in both domestic and export operations, and to start up a watershed management program. Implementers to be determined through a competitive process.

Policy reform, investment and trade capacity ($1,400,000 DA). USAID will continue technical assistance to the Salvadoran government on legal, policy, and regulatory reforms to improve market access and expand trade with U.S. and other trading partners. Depending on progress in FY 2004, USAID intends to complete several reforms responsive to a new U.S.-Central American Free Trade Agreement (CAFTA) environment and to initiate work on some of the more complex and challenging ones, including strengthening commercial contract enforcement, promoting enterprise development, and strengthening fiscal reform. Implementers to be determined through a competitive process.

More competitive, market-oriented private enterprises, agriculture, economic diversification, and rural enterprise expansion ($5,616,000 DA). USAID will continue assisting and training SMEs, agribusinesses, and agriculture enterprises to: 1) diversify products and reduce production and transaction costs to better compete in local, regional and world markets; 2) expand current efforts to establish demand-based market linkages; 3) link producers to agribusinesses, traders, buyers and international investors; 4) address international import requirements, including SPS restrictions, pesticide residues, and new U.S. bio-terrorism regulations; 5) increase access to modern technologies; and 6) address local obstacles to increased economic activity by promoting small-scale infrastructure activities. Implementers to be determined through a competitive process.

Broader access to financial markets and services ($1,600,000 DA). USAID plans to continue progress in expanding bank and regulated, nonbank financial institution reforms with the intent of increasing lending to small and medium sized companies. USAID will consider establishing DCA guarantees with selected local banks and other financial institutions to leverage lending in priority sectors. Implementers to be determined through a competitive process.

Promotion of watershed management ($2,700,000). This activity, designed to improve clean water availability in rural areas, will promote alliances with both public and private sectors to leverage financing for capital improvements such as potable and surface water systems. This approach would allow USAID's limited financial resources to be focused on developing local rural water sector technical and management capacity. User groups such as watershed organizations and potable water system associations will be strengthened to assume responsibility for managing sustainable clean water access. Implementers to be determined through a competitive process.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2004, therefore the Mission has no results to report.

With successful completion of this strategic objective, USAID will: introduce further trade capacity development reforms that will lead to increased private trade, investment, and job creation; expand SME access to private financing; and increase sustainable management and use of watershed natural resources in support of sound growth. USAID expects to graduate several MFIs by the time FY 2005 funding is fully expended.

US Financing in Thousands of Dollars

El Salvador

519-022 Economic Freedom	**DA**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	13,013
Total Planned Fiscal Year 2004	
Obligations	13,013
Proposed Fiscal Year 2005 NOA	
Obligations	11,316
Future Obligations	43,667
Est. Total Cost	67,996

Data Sheet

USAID Mission:	El Salvador
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	519-023
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$8,871,000 CSH; $3,679,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2008

Summary: USAID plans to promote policies and programs that will produce improvements in maternal, child, and infant mortality; help Salvadorans achieve more educationally; and strengthen responses to HIV/AIDS and other infectious diseases under its new strategy. These activities will help El Salvador participate more fully and actively in a free trade agreement and work to ensure that benefits are shared broadly among its citizens.

Inputs, Outputs, Activities:

FY 2004 Program:
This program will begin in FY 2005.

FY 2005 Program:
Increased and improved social sector investments and transparency ($1,400,000 CSH, $350,000 DA). El Salvador has among the lowest per capita educational expenditures in Central America. USAID will assist the Government of El Salvador to: 1) increase per capita investments in basic education and health; 2) better manage public investment; and 3) adopt improved management strategies to achieve greater effectiveness, efficiency, and coverage of basic education and health services, including water and sanitation services and contraceptive methods. USAID will provide assistance to improve Salvadoran government capability to identify cost effective interventions in education and health that demonstrate the long-term benefits of increasing investments; improve the efficiency and equity of health and education expenditures, and increase decentralized decision-making and control over budgets. USAID also will promote alliances with the private sector, and increase accountability by assisting the Government of El Salvador to institutionalize policies that broaden participation of local groups and private sector entities. Implementers to be determined through a competitive process.

Increased and improved basic educational opportunities ($3,329,000 DA). El Salvador needs greater and more effective per capita expenditures in education combined with educational reforms focused on improving student performance by the end of the third and sixth grades. The approach to improving student performance in rural schools might include a) in-service training to upgrade teaching skills, b) providing more appropriate classroom teaching materials, c) improving skills of school principals to better guide teachers, d) increasing the role of local community associations and parents in student learning, and e) establishing better monitoring and testing systems. USAID will seek alliances with the private sector and international financial institutions to leverage assistance for materials and infrastructure as a complement to USAID's technical assistance and training. Implementers to be determined through a competitive process.

Improved child and reproductive health ($5,841,000 CSH). USAID will provide technical assistance and training to improve essential child and reproductive health services, promote decentralized decision-making and institutionalize quality assurance systems to sustain results. This assistance will likely be provided to the Ministry of Health and NGOs that are part of a national network, with a focus on the SIBASI (basic integrated health system) level. Efforts may promote increasing coverage of health

services for women, youth and children, concentrating on the poor and those with the highest incidence of malnutrition, the highest rates of infant and maternal mortality, and the highest total fertility rates. USAID-supported strategies to improve child and reproductive health will likely include the successful Integrated Management of Childhood Illnesses and Integrated Nutrition Care strategies, while incorporating field-tested strategies to improve: 1) practices and services related to water and sanitation; 2) birthing practices; 3) antenatal and postpartum care; 4) maternal mortality surveillance; 5) communication campaigns; 6) service provision; 7) contraceptive methods; and 8) supervisory and management systems. Family planning agreements will incorporate clauses that implement the U.S. President's directive restoring the Mexico City policy. Implementers to be determined through a competitive process.

Spread of HIV/AIDS an other infetious diseases controlled ($1,630,000 CSH). Seroprevalence levels among general population groups indicate that the HIV/AIDS epidemic in El Salvador is concentrated in high prevalence, at-risk groups. The demographic group with the fastest growing transmission rate is adolescent girls. USAID will likely focus HIV/AIDS prevention activities on these most vulnerable groups to prevent HIV transmission from spreading into the general population. Through proven strategies--including media campaigns, training, mentoring, and the ABC approach to HIV/AIDS prevention (abstinence, be faithful, and condoms)--USAID will support the expansion of voluntary counseling and testing services (VCT) and behavioral change interventions. USAID will coordinate both bilateral and regional activities to maximize impact. Additionally, USAID may work in the area of reducing antimicrobial resistance, improving local capacity for surveillance and response, and addressing specific infectious diseases that are of significant public health importance. Implementers to be determined through a competitive process.

Performance and Results: This new strategic objective is scheduled to begin in FY 2005. Therefore the Mission has no results to report.

Successful completion of this strategic objective will result in increased primary education completion rates, increased immunization rates, reduced total fertility rates, a decrease in infant mortality, and increased knowledge and practices in HIV/AIDS prevention.

US Financing in Thousands of Dollars

El Salvador

519-023 Investing in People	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	0
Total Planned Fiscal Year 2004		
Obligations	0	0
Proposed Fiscal Year 2005 NOA		
Obligations	8,871	3,679
Future Obligations	25,500	11,971
Est. Total Cost	34,371	15,650

Guatemala

The Development Challenge: Guatemala has passed a critical juncture in 2003 by holding the most participatory election in its democratic history. Both presidential candidates in the December run-off election were individuals of character, who advocated social reform. Business sector leaders are energetically engaged in initiatives to meet Millennium Challenge Account Goals, such as extending education and achieving universal access to basic health care. The administration of newly elected Oscar Berger will enjoy strong popular support and a mandate to clean up government. Moreover, it will be able to count on United Nations and donor backing for a special commission to investigate organized crime and free Guatemala from its dreadful influence. Guatemala, as one of the strongest supporters of the U.S. Central American Free Trade Agreement (CAFTA) during negotiations and as Central America's largest economy, will take full advantage of its unprecedented opportunities for investments to spur economic growth. The change of government affords an important opportunity to reverse negative trends in the country. Donor support will remain essential, however, to keep Guatemala on the positive democratic path and avoid any fall towards a failing state so near to U.S. borders.

Guatemala's $23.3 billion economy and population of 12 million are the largest in the region, yet it has a highly unequal distribution of income and pervasive poverty. Despite a per capita gross national income of $1,740, its lower-middle income classification is deceiving, masking extreme inequalities between urban, largely ladino (non-indigenous) and rural, indigenous populations. Over half (56%) of its population lives in poverty, and 21.5% of its people are extremely poor. Guatemala ranks among the worst in the region for life expectancy, infant mortality (39 per 1,000 live births), maternal mortality (153 per 100,000 live births), and chronic malnutrition (49%). Only three out of every 10 school-age children graduate from the sixth grade, and only one in 20 enters high school. Guatemala's complex topography and its 23 languages hugely complicate efforts to expand education and health services, and contribute to an extremely low rate of labor productivity. Agriculture, which employs the majority of the poor, was particularly hard hit from the combined impact of the worldwide economic downturn and crises in the world coffee and cardamom markets.

On the positive side, the United States is Guatemala's most important trading partner, accounting for 30% of its exports and providing 36% of its imports. Remittances ($1.5 billion) from Guatemalans in the United States are the second leading source of foreign exchange. Guatemala's rich natural resource base and location on Mexico's southern border position the country to benefit significantly from an expansion of trade--both within the region and with the United States and Mexico. Guatemala is currently classified as a noncooperating country under the Financial Action Task Force (FATF) criteria because of vulnerability to money-laundering. However, the country has made substantial progress in all areas and could be found to be fully compliant by the next FATF meeting in February 2004.

U.S. national interests in Guatemala include the containment of illegal migration, organized crime, and narcotrafficking; strengthening of democracy; fulfillment of the Peace Accords; and building trade capacity. Strengthening Guatemala's weak governmental institutions and fostering broad-based economic growth are essential to effective collaboration in containing illegal migration, combating organized crime and drug trafficking, and addressing other potential threats to homeland security. A free and fair national election in 2003, leading to a peaceful transition in power, is a major step in this direction. Following decertification in 2002 for failing to cooperate fully to combat narcotrafficking, Guatemala made significant efforts during 2003 and was recertified in September 2003. While cooperation on combating drug trafficking has improved significantly, Guatemala remains the region's main transit point for illegal migrants and narcotics en route to the United States.

The USAID Program: The Data Sheets provided below cover the three new objectives for which USAID is requesting FY 2005 funds. These objectives are part of the new regional strategy for Central America and Mexico and support institutional changes that reinforce democracy and the rule of law, improve the quality of basic education and the health of rural families, and increase trade, rural incomes, and food security while improving natural resource management and conservation.

Other Program Elements: USAID's Central America Regional Program provides technical assistance to strengthen Guatemala's understanding of trade issues, control and contain HIV/AIDS, promote rural diversification, and support environmental conservation and clean production.

USAID's Office of Regional Sustainable Development within the Latin America and Caribbean Bureau (LAC/RSD) manages several democracy and governance activities that provide technical assistance, training and membership to regional networks of nongovernmental organizations (NGOs), human rights ombudsmen, and municipalities. These activities involve the Inter-American Democracy Network, the Inter-American Institute of Human Rights, the Federation of Municipalities of Central America, the Americas Anti-Corruption and Accountability project, the Inter-American Coalition for the Prevention of Violence, the Justice Studies Center of the Americas, the U.S. Department of Justice's ICITAP police training, as well as municipal development. In addition, LAC/RSD supports clean production and activities to preserve biological diversity. LAC/RSD's regional health initiatives for maternal child health/family planning, health sector reform, and HIV/AIDS and infectious diseases work through the Pan American Health Organization, a health NGO strengthening program. LAC/RSD funds several activities to increase access to and the quality of primary education, including the Program for Educational Reform in the Americas, the Civic Engagement for Education Reform in Central America program, and the Center for Excellence in Teacher Training in Honduras.

The Bureau for Democracy, Conflict and Humanitarian Assistance manages a matching grants program, which, through Project Hope, Curamericas, and Habitat for Humanity International, leverages financial resources to improve primary health care, support institutional strengthening of non-profit housing organizations, and alleviate poverty through microenterprise development. The Global Health Bureau's Child Survival Program funds activities that provide technical assistance to reduce infant, child and maternal mortality and morbidity.

The Bureau for Economic Growth, Agriculture, and Trade (EGAT) manages Partnerships for Food Industry Development, which, through Michigan State University and private sector partners, is assisting fruit and vegetable producers to meet developed market requirements for their products. EGAT also funds the Farmer-to-Farmer Program, which provides short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity. Finally, EGAT runs the Integrated Pest Management/Collaborative Research Support Program.

Other Donors: USAID has successfully encouraged other donors to build upon its pioneering pilot programs in education and health, and has played a pivotal role in the Consultative Group on Guatemala, which involves all the major donors. Overall development assistance to Guatemala totals about $998 million per year, excluding debt relief. The United States and Japan (health, education, and agriculture) are Guatemala's first and second largest bilateral partners, respectively. Other major bilateral donors and their principal areas of focus include Germany (education and health), Canada (rural development), Sweden (social sectors), the Netherlands (Peace Accords and the environment), and Norway (social sectors).

Multilateral donors, listed in order of program size, include the Inter-American Development Bank (infrastructure, social sectors, and financial reform); the Central American Bank for Economic Integration (infrastructure); the World Bank (financial reform and physical infrastructure); the European Union (Peace Accords implementation and decentralization); and the United Nations system/agencies, including the World Food Program, the United Nations Development Program, the United Nations Children's Fund, the World Health Organization, and the Food and Agriculture Organization.

Guatemala
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	15,700	12,017	11,400	9,723
Development Assistance	12,320	14,810	11,099	6,647
Development Credit Authority	0	530	0	0
Economic Support Fund	10,000	6,500	4,971	4,000
PL 480 Title II	21,502	16,673	11,154	17,631
Total Program Funds	**59,522**	**50,530**	**38,624**	**38,001**

STRATEGIC OBJECTIVE SUMMARY				
520-001 Democracy				
DA	2,000	1,000	0	0
ESF	1,000	0	0	0
520-002 Better Educated Rural Society				
DA	2,750	4,550	0	0
520-003 Better Health for Women and Children				
CSH	15,700	12,017	0	0
520-004 Increased Rural Incomes				
DA	3,500	4,792	0	0
DCA	0	530	0	0
PL 480	0	16,673	0	0
520-005 Natural Resource Management				
DA	4,070	3,468	0	0
520-006 Support the Implementation of the Peace Accords				
DA	0	1,000	0	0
ESF	9,000	6,250	0	0
520-021 Ruling Justly				
DA	0	0	1,821	1,409
ESF	0	0	4,971	4,000
520-022 Economic Freedom				
DA	0	0	5,878	2,501
PL 480	0	0	5,654	10,000
520-023 Investing in People				
CSH	0	0	11,400	9,723
DA	0	0	3,400	2,737
PL 480	0	0	5,500	7,631

TRANSFER				
ESF	0	250	0	0

Mission Director,
Glenn Anders

Data Sheet

USAID Mission:	Guatemala
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-021
Proposed FY 2004 Obligation:	$1,821,000 DA; $4,971,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,409,000 DA; $4,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID's democracy program strengthens key elements of a functioning democracy: the justice system and service delivery. To strengthen the rule of law, USAID provides technical assistance and training to improve coordination, efficiency, and responsiveness to community needs by decentralized justice centers. Local citizen committees are given funding and technical support for public education and community crime awareness and prevention. Crime prevention efforts are closely coordinated with the Embassy Narcotics Affairs Section and the Department of Justice police-training program (ICITAP). Technical assistance and training are also focused on improving transparency and accountability of government through support for decentralization of decision-making and authority to local levels, improved capacity and transparency of local governments, efforts to improve and institutionalize controls and checks and balances, and possibly, electoral system reform. Grants to civil society organizations will further develop social auditing capacity and alliances with private sector groups will expand public-private infrastructure and crime prevention.

Inputs, Outputs, Activities:

FY 2004 Program:
Strengthened rule of law ($2,971,000 ESF, $821,000 DA). Technical assistance will be provided to national authorities and local counterparts to respond to local needs and protect human rights. Counterparts include justice center committees in 15 departments, local government officials for community-based crime prevention, businesses, and the police. Policy dialogue supported by observational visits, conferences, forums, and workshops will promote legal and institutional reforms to improve functioning of judicial and law enforcement institutions and encourage adequate host country funding. Technical assistance and training for judges, prosecutors and others will further expand oral judicial proceedings and administrative reforms to speed up case processing, increase the number and timeliness of cases resolved, develop alternative dispute resolution, and improve investigation and prosecution of corrupt officials. Support to the Human Rights Ombudsman Office and civil society to advance legal and operational reforms will improve law enforcement, judicial processes, and respect for human rights. Principal contractors, grantees, or agencies: Government of Guatemala agencies (e.g., the Guatemalan judicial branch, the Public Ministry, and the Human Rights Ombudsman Office) and others to be determined.

Greater transparency and accountability of governments ($2,000,000 ESF, $1,000,000 DA). Support will be provided to a number of municipalities to implement recent decentralization policy reforms, including participatory planning processes at departmental and municipal levels, and budget accountability. Policy dialogue and technical assistance at national and local levels, including national municipal associates, government and congressional officials, and others, will be focused on tax reform and revenue generation to increase the level of resources managed by municipal governments and more effective service provision to citizens. Technical assistance will help key municipalities implement transparency and accountability systems, including the computerized Integrated Financial Management System and public hearings, and will also promote public-private partnerships for economic development, job creation, and service delivery. Financial and technical support will help Guatemala implement recommendations of the

National Commission on Anti-Corruption and Transparency, which will be developed in 2004. USAID will also support efforts to meet Guatemalan committments to the Inter-American Convention Against Corruption including government mechanisms to prevent corruption, such as making procurement more transparent and promoting civil society participation in combating corruption. Technical assistance will be provided to key institutions, such as the Office of the Comptroller General. Financial and technical support will also be provided to civil society social auditing efforts at national and local levels, including monitoring of budget implementation and selection processes for key government positions (e.g., the Supreme Court) as well as for legal and institutional reforms to improve accountability of elected officials, including the Election and Political Parties law, and improved checks and balances (e.g., Congressional oversight of military budget). Principal contractors, grantees, or agencies: the Office of the Comptroller General, the National Transparency Commission, municipalities, and others to be determined.

FY 2005 Program:
Rule of law ($3,000,000 ESF). Technical assistance, training and support to civil society organizations will be focused on the same activities as described above. Implementers to be determined through a competitive process.

Transparency and accountability ($1,000,000 ESF, $1,409,000 DA). Technical assistance, training, and support to civil society organizations will be focused on the same activities described above. Implementers to be determined through a competitive process.

Performance and Results: Principal outcomes expected by the end of this Strategic Objective are: 1) an increase in the percentage of cases that are concluded within stipulated time period; and 2) positive changes in user assessments/evaluations of the responsiveness/quality of service of key government agencies (e.g., local government, electoral authority, and courts)

US Financing in Thousands of Dollars

Guatemala

520-021 Ruling Justly	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	1,821	4,971
Total Planned Fiscal Year 2004		
Obligations	1,821	4,971
Proposed Fiscal Year 2005 NOA		
Obligations	1,409	4,000
Future Obligations	6,400	0
Est. Total Cost	9,630	8,971

Data Sheet

USAID Mission:	Guatemala
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-022
Proposed FY 2004 Obligation:	$5,878,000 DA; $5,654,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,501,000 DA; $10,000,000 PL 480
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: Guatemala's already large economy ($23.3 billion) and strategic location within Central America positions it to be the greatest "winner" of all the Central American countries through a free trade agreement with the United States, the U.S.-Central American Free Trade Agreement (CAFTA). Yet to enjoy fully the benefits and meet the challenges of an agreement, the new Berger Administration that takes office in 2004 must move aggressively on a range of long-standing issues that make Guatemala the least competitive of all of the Central American countries. USAID will help Guatemala meet this challenge, lending technical support to improve the policy environment for investment, facilitate business development, and improve producers' abilities to meet the quality standards of specialty markets. Because much of Guatemala's competitive advantage lies in its rich biological diversity and cultural assets, USAID's program will focus on the policies, market linkages, and business skills that the agricultural, tourism, and forestry sectors need to succeed in highly competitive, specialized markets. In the early years of the program, USAID will also provide assistance to enhance land tenure security, improve customs administration, and extend financial services to small- and medium-sized enterprises in rural areas.

Inputs, Outputs, Activities:

FY 2004 Program:
Competitive, market-oriented private enterprises ($4,000,000 DA). Activities will focus on high-value horticulture products, sustainable tourism, and forestry sectors through the forging of more competitive business clusters and improved business linkages. Support to 4,000 small-scale producers will allow them to engage in higher value production that meets market requirements. Assistance will be provided to 10 communities to manage cultural and natural resources. Forty business alliances will be developed to leverage resources and to access technology and markets. USAID's recently established alliances window with the Guatemalan Nontraditional Agricultural Exporters Association (AGEXPRONT), which leveraged a 2 to 1 match for USAID funding, will be expanded as a means of leveraging more resources from the private sector for activities that enhance trade capacity and strategic business cluster development. Principal contractors and agencies are AGEXPRONT and Michigan State University.

Laws, policies, and regulations that promote trade and investment ($1,878,000 DA). USAID will provide assistance to the Government of Guatemala to help resolve land conflicts and improve land tenure in exconflictive rural areas. USAID-funded technical assistance for customs administration will improve efficiency and security for moving imports and exports through ports and help Guatemala adopt and implement fiscal policies that support investment and trade. Contracts and grants will be compteted.

Food Security. PL 480 Title II resources will provide essential support to cooperatives and producer associations to improve and diversify agricultural production, contributing to higher family incomes and greater food security. Food for work activities are implemented for infrastructure construction that generates income such as small-scale irrigation or roads that facilitate community access to markets and health services. Principal grantees are CARE, SHARE Guatemala, Catholic Relief Services, and Save the Children.

FY 2005 Program:
Competitive, market-oriented private enterprises ($2,000,000 DA). Planned activities will focus on advancing high value horticulture products, sustainable tourism, and forestry sectors by forging more competitive business clusters and improved business linkages. Support to small-scale producers will allow them to engage in higher value production that meets market requirements. Assistance will be provided to selected communities to manage cultural and natural resources. Business alliances will be promoted to leverage resources and to access technology and markets. Principal contractors and agencies are AGEXPRONT and Michigan State University.

Laws, policies, and regulations that promote trade and investment ($501,000 DA). USAID plans to continue assistance to the Government of Guatemala to help resolve land conflicts, improve land tenure in exconflictive rural areas, improve customs administration efficiency and security, and advance implemention of fiscal policies supportive of investment and trade. Principal contractors, grantees, and agencies will be determined in FY 2004.

Food Security. Using PL 480 Title II resources, USAID plans to continue activities that help cooperatives and producer associations improve and diversify agricultural production, as well as food for work activities as described above. Principal grantees are CARE, SHARE Guatemala, Catholic Relief Services, and Save the Children.

Performance and Results: This new program will help Guatemala meet the challenges and take advantage of new opportunities under CAFTA, providing support for laws, policies, and regulations that promote trade and investment. It will help make Guatemala a more effective trading partner with the United States, the world, and the rest of Central America. Results expected include a greater contribution of selected industry clusters (e.g., high-value horticulture, forestry, and sustainable tourism) to the economy, greater revenue generated from the responsible use of environmental resources, and improved rural farm family income and food security.

US Financing in Thousands of Dollars

Guatemala

520-022 Economic Freedom	**DA**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	5,878
Total Planned Fiscal Year 2004	
Obligations	5,878
Proposed Fiscal Year 2005 NOA	
Obligations	2,501
Future Obligations	9,000
Est. Total Cost	17,379

Data Sheet

USAID Mission:	Guatemala
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	520-023
Proposed FY 2004 Obligation:	$11,400,000 CSH; $3,400,000 DA; $5,500,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$9,723,000 CSH; $2,737,000 DA; $7,631,000 PL 480
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: Despite significant progress over the past decade in the extension of primary health and education service programs to rural areas, Guatemala's health and education statistics lag far behind nearly every country in the Latin America and Caribbean region. Under USAID's new Central America and Mexico Regional Strategy, assistance to Guatemala will support government efforts to expand access to and quality of health care and education by increasing social sector investments and transparency. Working through the Ministry of Health (MOH) and nongovernmental organizations (NGOs) that provide health services, USAID will support quality maternal child health and nutrition services, prevent HIV/AIDS, and improve health and nutrition practices. Policy dialogue related to health and education will focus on increased public investments in these sectors, improved accountability and transparency, effective decentralization of services, and increased quality, efficiency, and equity of government programs. USAID's education assistance will focus on improving primary school completion rates by promoting policies and actions that increase the quality of education, reduce drop-out and repetition rates, especially in the early grades, and increase children's readiness for school. USAID will encourage private sector partnerships to advance these objectives, capitalizing on a sharp increase in corporate social responsibility programs. Assistance from USAID will help bridge the enormous health and education gaps between rural indigenous highland populations and the rest of the country.

Inputs, Outputs, Activities:

FY 2004 Program:
Social sector investment ($6,000,000 CSH, $3,400,000 DA). USAID will pursue increased public investment in education and health, more equitable resource allocation, and more cost-effective and efficient use of public and private sector funds to achieve broadly shared health and education goals. Technical assistance will improve the capacity of stakeholders (e.g., business groups, civil society groups, and government) to mobilize resources and ensure technically sound social investments. Technical and financial assistance to the Ministry of Education (MOE) will help develop policy reforms focused on increased accountability and improved quality of basic education. USAID will target policy-based reforms for improving classroom performance in the early grades, especially first grade, the key to primary school completion, and will include curricular reforms, development of standards and assessments, and administrator and teacher training. USAID will also work to develop public-private partnerships to help finance and improve basic education and health care. Principal contractors, grantees, and agencies include the Ministries of Health and Education, the Guatemalan Family Welfare Association (APROFAM), the Academy for Educational Development, and others to be determined.

Child and reproductive health care ($4,900,000 CSH). The focus of this program is to provide access to health and nutrition services in rural highland communities that currently lack coverage. Funding will support training, printing and distribution of educational materials, technical assistance, equipment, and supplies to help public and NGO health care providers to implement integrated maternal and child health and nutrition programs. Grant funding will extend health care coverage to additional rural areas. Having the MOH assume financial responsibility for health care coverage of the 317,000 people currently served by USAID-financed local NGOs is a priority for this program. USAID will build on prior investments in NGO

health networks to improve administrative and technical capacities. USAID will fund training and technical assistance for family planning services in all 1,295 MOH facilities, 32 clinics, 3,350 rural APROFAM promoters, and small rural NGOs. USAID will continue to help the MOH implement the Population and Social Development Law, which guarantees access to reproductive health information and care. Principal contractors, grantees, and agencies include the MOH, APROFAM, and others to be determined.

HIV/AIDS prevention ($500,000 CSH). Assistance will be provided to MOH clinics for training and equipment for treating sexually transmitted infections in groups with high HIV prevalence. USAID will also assist NGOs working with high HIV prevalence groups to offer voluntary HIV counseling and testing services (including testing kits) and behavior change communication. Principal implementers will include Family Health International and the MOH.

P.L. 480 Title II resources will help food insecure families maintain adequate nutrition, while monetization proceeds will be used for maternal/child health activities. Efforts will focus on growth monitoring of children less than 24 months of age, and on educating mothers regarding health practices including complementary feeding to reduce child malnutrition.

FY 2005 Program:
Social sector investment ($3,000,000 CSH; $2,737,000 DA). Technical assistance, training and support to the MOH, the MOE, and civil society organizations would focus on the same activities described above. USAID plans to focus its policy reform activities on increasing public expenditures for health and education, improving efficiency in resource use, and promoting decentralization. USAID also plans to strengthen local mechanisms to manage public-private alliance resources to increase basic health, nutrition, and education services for rural areas. Support to APROFAM and NGO networks would underscore institutional and technical sustainability through improved service delivery, alliances, and innovative financing. Principal implementers would include the MOH, the MOE, APROFAM, NGO networks, alliance partners, and others to be determined.

Child and reproductive health care ($6,223,000 CSH). USAID plans to continue the technical assistance and training activities and financial support described above to increase access to maternal and child health and nutrition services in rural highland areas that lack coverage. USAID would continue to support social marketing of micronutrients, oral rehydration therapy, and educational campaigns on improved nutritional practices. USAID would continue to support training and technical assistance for family planning services and work on contraceptive security in the public sector as well as in APROFAM and NGO clinics.

HIV/AIDS prevention ($500,000 CSH). USAID plans to focus its prevention activities among high prevalence groups in selected geographic areas. Integrated actions at the health facility level (testing, counseling and treatment of sexually transmitted infections) and NGO outreach activities would be brought closer to target populations. Principal implementers will be the MOH and others to be determined.

P.L. 480 Title II assistance would be integrated with community growth monitoring and health care to reduce child malnutrition.

Performance and Results: By program completion, the Government of Guatemala's greater commitment to social sector investment will be reflected in increased public expenditures in more effective and efficient health and education services. Rural access to quality health services will be expanded in now underserved areas. Specifically, the program anticipates a 50% increase in public health and education expenditures; student failure in first grade will be reduced by 20%, and primary completion will increase by 20% nationally. Improved allocation of the education budget and reduced inefficiencies in public education investment will free up resources to increase coverage and educational quality. The infant mortality rate will be reduced to 29 per 1,000 live births; the total fertility rate will be reduced from 4.4 to 4.0 children per woman; an additional 135,000 women will be practicing family planning; and one million people who currently do not have access to health services will be covered by an expanded public-NGO partnership program.

US Financing in Thousands of Dollars

Guatemala

520-023 Investing in People	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	11,400	3,400
Total Planned Fiscal Year 2004		
Obligations	11,400	3,400
Proposed Fiscal Year 2005 NOA		
Obligations	9,723	2,737
Future Obligations	34,029	9,100
Est. Total Cost	55,152	15,237

Guyana

The Development Challenge: Guyana's development continues to be impeded by ethnic and political polarization. This polarization negatively affects almost every sphere of national life and periodically leads to government paralysis, as it did during the minority party's boycott of parliament from February 2002 to May 2003. While the two dominant parties have since agreed on a broad range of constitutional reforms that could have a positive influence in democratization and restoration of the economy, the government has moved slowly to implement these reforms. Guyana currently faces a declining economy, a high level of debt, rising crime, social malaise, continued out-migration of skilled workers, narcotics trafficking, and a generalized HIV/AIDS epidemic. In 2002, Guyana's external debt was $1.2 billion. It is one of the Hemisphere's poorest countries, with a per capita gross domestic product (GDP) of $797 in 2002. Roughly 35 percent of the population lives below the poverty level. Guyana also has one of the lowest indicators of health status among Caribbean countries. Maternal mortality is 190 per 100,000 live births; infant mortality is 54 per 1000. The United States has several foreign policy interests in Guyana, given Guyana's geographic proximity to the United States, its participation in the Caribbean Community (CARICOM) and the Third Border Initiative, and the large expatriate Guyanese community living in the United States. The United States has a vested interest in democracy and human rights, regional stability and economic growth, stemming the flow of narcotics and illegal immigrants into the United States, as well as a humanitarian and strategic concern for Guyana's HIV/AIDS epidemic.

The USAID Program: In FY 2004, USAID will begin implementing a new five-year Country Strategic Plan (FY 2004 - FY 2008). This strategic plan builds upon past program accomplishments. USAID's development program addresses Guyana's most pressing development challenges and concentrate on institutional changes that reduce the threat of HIV/AIDS, foster continued democratic reform, and create economic prosperity. Guyana is a focus country under the President's Emergency Plan for AIDS Relief (PEPFAR). All proposed HIV/AIDS activities are being integrated into PEPFAR and are subject to the approval of the U.S. Global AIDS Coordinator. Additional funding from the Global HIV/AIDS Initiative account is anticipated for both FY 2004 and FY 2005. USAID plans to implement programs that support conflict resolution, anti-corruption and transparency, civil society and citizen participation, trade related policy reform, private sector export development.

Other Program Elements: USAID's Housing and Urban Development Office, under the Making Cities Work Program, conducts a visitor exchange program between Guyana's second largest city, New Amsterdam and Huntsville, Texas. Management and technical teams from Huntsville provide Guyanese officials with invaluable insights on management and administration issues as well as citizens' involvement in municipal affairs. USAID, through the Partners of the Americas' program, supports a Guyana Dairy Development Program which provides technical assistance and training to strengthen Guyana's dairy industry and increase the nutritional level of children in Guyana. Additionally, the local Partners of the Americas chapter is engaged in a "Farmer to Farmer" program under which fruit and vegetable husbandry and aquaculture projects are being implemented. The USAID centrally-funded Environment Program supports the creation of Guyana's first protected area in the Kanuku Mountain region. Another USAID centrally-funded program funds the Microenterprise Training Services Market Initiative. This pilot project will test and demonstrate the feasibility of establishing a sustainable market for training services to microenterprises.

Other Donors: Donor coordination is exemplary. As one of the major donors in Guyana, USAID participates regularly in donor fora and provides leadership and policy input on democratic, economic, and social reforms. USAID's implementing partners work closely with other agencies in coordinating project activities. The United States, the United Kingdom, and Canada are Guyana's largest bilateral partners, respectively, and work in the same sectors. Other bilateral donors include Germany (environment) and Japan (HIV/AIDS and assistance to NGOs). Multilateral donors include the Inter-American Development Bank (public sector reform), the European Union (infrastructure, micro-projects and civil society capacity building), the World Bank (accountability in the public sector), and the United Nations Development Program (governance and conflict resolution, and the environment).

Guyana
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	1,000	4,200	1,700	1,700
Development Assistance	3,100	2,180	2,750	4,957
Total Program Funds	**4,100**	**6,380**	**4,450**	**6,657**

STRATEGIC OBJECTIVE SUMMARY				
504-001 Economic Growth and Opportunity				
DA	1,600	836	0	0
504-003 Prevent the Spread of HIV/AIDS Among Youth				
CSH	1,000	4,200	0	0
504-004 Governance and Rule of Law				
DA	1,500	1,344	0	0
504-005 Reduced Impact of HIV/AIDS				
CSH	0	0	1,700	1,700
504-006 Democratic Governance Consolidated				
DA	0	0	1,750	1,957
504-007 Environment for Sustained Growth of Exports				
DA	0	0	1,000	3,000

Mission Director,
Michael Sarhan

Data Sheet

USAID Mission:	Guyana
Program Title:	Reduced Impact of HIV/AIDS
Pillar:	Global Health
Strategic Objective:	504-005
Proposed FY 2004 Obligation:	$1,700,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,700,000 CSH
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: In FY 2004, USAID will begin implementing a new five-year Country Strategic Plan (FY 2004 - FY 2008). USAID will build upon past program accomplishments to reduce the threat of HIV/AIDS.The HIV/AIDS objective focuses builds upon on reducing the transmission of HIV and mitigating the impact of AIDS. Guyana's response to HIV/AIDS suffers from deficiencies in policy, planning, coordination, and management. These deficiencies include an unreliable data collection system that is inadequate for planning a targeted response to the HIV/AIDS epidemic, ineffective program design and monitoring systems, and poor coordination between government ministries and between the public and the private sectors. USAID will fund HIV/AIDS policy coordination and management, prevention and treatment services which include mother to child transmission, voluntary counseling and testing, training vulnerable populations in risk-reduction practices, and developing community-based care and support services.

Inputs, Outputs, Activities:

FY 2004 Program:
Policy coordination and management ($800,000 CSH). USAID will provide advisory services to the Government of Guyana (GOG) to implement a national behavioral surveillance survey of high risk groups. USAID will also provide technical assistance to the Ministry of Health to devolve authority and responsibility for the HIV/AIDS response to the regional and local government and non-government (NGO) organizations. In addition, public and private sector organizations capacity will be strengthened in areas such as planning and coordination to ensure greatest efficiency by integrating programs and reducing overlap. USAID's programs in economic growth and democratic governance will contribute to local capacity building as well. Implementing agencies: To be determined.

Risk reduction practices by most vulnerable populations ($700,000 CSH). USAID continues to provide technical assistance to strengthen NGO institutional capacity to deliver HIV/AIDS programs. USAID-funded NGOs will increase their HIV/AIDS and sexually transmitted infection (STI) education programs through media, drama, and peer education. USAID's NGO partners will implement broad-based behavior change programs and campaigns at the national, regional and community levels. USAID will expand its reach to other organizations with a particular focus on faith-based organizations. USAID will develop and implement a social marketing program that encompasses behavior change communications to support abstinence or delay of initial sexual activities, partner reduction, and condom social marketing. Reduction of stigma and discrimination will comprise another program supported by USAID. The current anti-stigma and discrimination mass media campaign will be reviewed and modified. Additionally, technical assistance will be provided to the Ministry of Health for the creation of an adolescent health unit to develop youth friendly-health services. Implementing agencies: To be determined.

USAID will support the Prevention of Mother to Child Transmission (PMTCT) Plus program. USAID will focus on the prevention of HIV infection in young women, the prevention of unwanted pregnancies in HIV-positive women, the provision of antiretroviral therapy and treatment for opportunistic infections to all HIV-positive pregnant women to reduce mother-to-child transmission, infant feeding counseling, maternal and child health services, long-term care and support to families, especially mothers and young children.

USAID will expand the voluntary counseling and testing services and provide training for health care providers to improve the quality and availability of volunteer counseling and testing (VCT) services. Technical assistance will also be provided to USAID-funded NGOs to support VCT services. USAID will provide technical assistance to the Ministry of Health in the form of logistical technical support to the Government's central medical stores which are responsible for the distribution of all medical supplies. Implementing agencies: To be determined.

Care and support services ($200,000 CSH). A key ingredient in creating an effective local response to HIV is to provide care and support to mitigate the effects of HIV infection on people living with HIV/AIDS as well as to provide for the needs of orphans and vulnerable children affected by AIDS. USAID will support the increased use of community-based care and support services. Implementing agencies: To be determined.

FY 2005 Program:
Policy coordination and management ($800,000). USAID will continue to strengthen surveillance systems and policy coordination.

Risk reduction practices by most vulnerable populations ($700,000). USAID will continue to implement and strengthen prevention programs targeted at most at risk populations.

Prevention and treatment services. USAID will continue to support the Government of Guyana and other partners to make testing, treatment, and PMTCT services more widely available and accessible.

Care and support services ($200,000). USAID will continue to develop programs to provide care and support to people affected by HIV, especially orphans and vulnerable children.

Performance and Results: The President's Emergency Plan for AIDS relief has a goal of treating two million HIV-infected persons with antiretroviral therapy who need such therapy, providing care and support for ten million HIV-infected persons and orphans and vulnerable children, and preventing seven million infections in 15 focus countries. Under the direction of the U.S. Global AIDS Coordinator, USAID will contribute to prevention, care, and treatment goals in each of the 15 focus countries.

US Financing in Thousands of Dollars

Guyana

504-005 Reduced Impact of HIV/AIDS	CSH
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,700
Total Planned Fiscal Year 2004	
Obligations	1,700
Proposed Fiscal Year 2005 NOA	
Obligations	1,700
Future Obligations	0
Est. Total Cost	3,400

Data Sheet

USAID Mission:	Guyana
Program Title:	Democratic Governance Consolidated
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	504-006
Proposed FY 2004 Obligation:	$1,750,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,957,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID's democracy and governance program in Guyana will help to consolidate democratic institutions by promoting citizens' participation in policy making, fostering transparency and accountability in government, and reducing vulnerability to ethnic and political conflict.

Inputs, Outputs, Activities:

FY 2004 Program:
Citizens' participation in policy-making increased ($800,000 DA). USAID will provide technical assistance, training, and commodity support to roughly five to ten civil society organizations (CSOs) to increase their ability to influence government policy making at both local and national levels. CSOs representing women and other disadvantaged or marginalized groups will receive special consideration in program activities. USAID plans to work on the "supply" side of the policy-making equation by building the capacity of local government. Support for institutional strengthening of the Guyana Elections Commission (GECOM) continues in the areas of electoral reform, and improvement in elections administration. General training on organizational and operational issues will be provided for technical staff. Additionally, commodity and technical support will be provided to assist GECOM prepare for the long overdue local elections scheduled for 2005. Implementing agencies: To be determined.

Transparency and accountability in governance increased ($600,000 DA). USAID will help improve the Government's system of oversight and controls as well as enhance the oversight capacity of both local and national public institutions. USAID will provide technical and training assistance to staff members of the parliamentary sub-committees as well as other relevant agencies such as the Procurement Commission and the Auditor General. Technical assistance will also be provided to support the formulation of anti-corruption measures. USAID will provide commodities and technical assistance for the development of a website and public education materials that discusses government financial regulations, budgeting, and procurement, as well as post government publications. In the justice sector, USAID will promote the use of Alternative Dispute Resolution (ADR) methodologies in order to reduce the current case backlog. A pilot mediation project is now underway to test this as a useful form of ADR. Implementing agencies: To be determined.

Vulnerability to ethnic/political conflict reduced ($350,000 DA). To mitigate the ethno-political conflict, USAID anticipates implementing activities that foster national level dialogue that addresses ethnic issues in politics; support mediated inter-party dialogue, and creates local level conflict resolution mechanisms. Specifically, USAID will finance study tours for members of the newly formed Ethnic Relations Committee to visit South Africa and perhaps other countries to explore reconciliation approaches and benefit from lessons learned from the reconciliation process. Training and technical assistance will be provided to national and regional Ethnic Relations Committee members in strategic planning, public relations, and reconciliation techniques. Implementing agencies: To be determined.

FY 2005 Program:
Citizens' participation in policy-making increased ($880,000 DA). USAID will focus on expanding networking and consensus-building among CSOs which will allow these organizations to participate effectively in policy dialogue with elected leaders and in public discussion fora. USAID will assist CSOs expand their role in policy-making and political change by forming alliances and networks that cut across sectors as well as geographic boundaries. USAID will also begin a civic education program. USAID will work to improve the management and administrative capacity of local government organizations by providing technical assistance and training in the areas of public administration, community planning, financial management, accounting, and tax and revenue generation. Additionally, USAID will provide commodity and information technology (IT) support for local government offices. Implementing agencies: To be determined.

Transparency and accountability in governance Increased ($780,000 DA). USAID will continue its work with the parliament and the judiciary to create government transparency and accountability. Additionally, USAID will work with journalists to develop a more responsible and professional news media. Training will be provided to journalists in such areas as research and analysis, investigative reporting, opinion polling, and journalistic ethics. Technical assistance, training, and program support will be provided to create television and radio talk shows, news roundups, debates, and other reporting formats that give the public informed reports on various issues. Implementing agencies: To be determined.

Vulnerability to ethnic/political conflict reduced ($297,000 DA). USAID will continue its work fostering national level dialogue that addresses ethnic issues in politics, supporting mediated inter-party dialogue, and developing local level conflict resolution mechanisms. Implementing agencies: To be determined.

Performance and Results: Principal outcomes to be expected at the end of this program will be the formal adoption of an ADR mechanism by the judiciary to accelerate the resolution of civil cases, an efficient and fully equipped elections commission able to register voters accurately and in a timely manner, and conduct free and fair national and local elections; and a somewhat more independent and efficient National Assembly.

US Financing in Thousands of Dollars

Guyana

504-006 Democratic Governance Consolidated	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,750
Total Planned Fiscal Year 2004	
Obligations	1,750
Proposed Fiscal Year 2005 NOA	
Obligations	1,957
Future Obligations	0
Est. Total Cost	3,707

Data Sheet

USAID Mission:	Guyana
Program Title:	Environment for Sustained Growth of Exports
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	504-007
Proposed FY 2004 Obligation:	$1,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,000,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID's economic growth program is focused upon strengthening the enabling environment for the sustained growth of value-added exports by supporting trade and investment reforms and the development and marketing of niche export products. USAID will continue its efforts to strengthen the private sector and improve the policy environment for business and investment.

Inputs, Outputs, Activities:

FY 2004 Program:
Key trade and investment policies, standards, and practices implemented consistent with negotiated obligations and international best practices ($400,000 DA). USAID's economic growth program will focus on export promotion. USAID's key functional areas of assistance include: providing support to public sector regulatory reforms and public-private dialogue to ensure that regulations and policies formulated are consistent with international trade obligations and trade-related best practices and supportive of foreign direct investment (FDI), and developing the private sector's capacity, competitiveness and ability to exploit high-value external niche markets. USAID will also support the Government of Guyana in implementing key trade and investment policies to facilitate its effective participation in international trade negotiations of the World Trade Organization (WTO), the Free Trade Area of the Americas (FTAA), and the CARICOM Single Market and Economy (CSME). USAID will conduct several trade-related seminars and workshops on such issues as legislative and regulatory policies.

Institutional strengthening activities and technical assistance will be provided to government ministries and quasi-public agencies working in this area, particularly those dealing with trade policy formulation, certification, standards and the promotion of non-traditional exports and FDI. USAID will strengthen the consultative process by promoting private-public dialogue to enhance input from the private sector in the policy formulation process and to garner widespread domestic support on policy, regulatory, and legislative priorities. USAID will provide technical assistance to strengthen and streamline policies within the tourism industry. Implementing agencies: To be determined.

Firms effectively interacting to increase competitiveness in the export of value-added products and services to high-value niche markets ($600,000 DA). The second major area of USAID's intervention is on developing the "supply" side of private sector competitiveness to facilitate its participation in high-value-export niche markets. USAID will provide training and technical assistance to help the private sector build a competitive advantage to market value-added products and services to high-value niche markets on a sustainable basis. USAID will support training on certification and standards compliance to ensure that Guyana is increasingly able to export value-added products and services of high quality that not only are competitively placed in high-value export niche markets but also meet international standards. USAID will work primarily with the private sector and semi-autonomous agencies in order to increase the availability of informational products and timely dissemination of trade-related information. USAID will support the development of market surveys, preparation of technical bulletins, information technology utilization, export training and competitiveness awareness tours to targeted trade shows and cities in the United States which have an expatriate Guyanese community. Implementing agencies: To be determined.

FY 2005 Program:
Key trade and investment policies, standards, and practices implemented consistent with negotiated obligations and international best practices ($1,000,000 DA). USAID will continue its focus on export promotion. USAID will also focus on developing secondary legislation, policies, regulations and strategies. USAID will provide technical assistance and training, primarily through external experts working in collaboration with their local counterparts and with local officials of the private and public sectors. Implementing agencies: To be determined

Firms effectively interacting to increase competitiveness in the export of value-added products and services to high-value niche markets ($2,000,000 DA). USAID will continue to facilitate the participation of the private sector in high-value-export niche markets USAID will identify firms or firm clusters that target export markets and will provide technical assistance and training to facilitate their access to external niche markets.

Performance and Results: The economic growth program is expected to have the following outcomes: formulation and implementation of effective trade and investment-related policies; legislation and regulations with a detailed timetable for implementation; diversification of exports (products, services and markets); a 50% increase in value-added in exports; increased certification of Guyana's products under appropriate certification frameworks (e.g., organic certification or compliance with certification standards under the International Standards Organization); and a 50% increase in the volume of exports.

US Financing in Thousands of Dollars

Guyana

504-007 Environment for Sustained Growth of Exports	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,000
Total Planned Fiscal Year 2004	
Obligations	1,000
Proposed Fiscal Year 2005 NOA	
Obligations	3,000
Future Obligations	0
Est. Total Cost	4,000

Haiti

The Development Challenge: Haiti is the poorest country in the Western Hemisphere. The country's socio-economic profile resembles those of the most destitute nations in the world. Life expectancy is 53. Literacy ranges between 48%-52%. Average annual per-capita income hovers around $400. Income distribution leaves 76% of the population living below the poverty line. Formal employment accounts for barely 200-250,000 jobs in a non-farm labor force of some 2,000,000. Rural Haitians seek non-existent jobs in the urban areas. The country's population of eight million could double by 2040. Desperate Haitians take to the high seas or flee across the border to the Dominican Republic, hoping to secure a better life. Annual remittances of $900 million appear to be a significant factor in surviving otherwise intolerable conditions.

Haiti's economy stagnated in FY 2003. GDP increased by only 0.7%, a decline of 1.3% per capita. Exports increased by 6% and imports by 10%. Inflation was 42% in 2003. Foreign direct investment was 1% of GDP in 2003 and net international reserves are $42 million, barely enough to cover two weeks' imports. One bright spot is exports (mainly apparel and textile), which have increased significantly to the United States, Haiti's largest trading partner.

The political impasse caused by fraudulent parliamentary elections in 2000 is entering its fourth year. The executive has consolidated power at the expense of the judicial and legislative branches. In 2003, there was an increase in human rights violations, suppression of dissent, and concerted efforts to intimidate the independent media. There are mounting protests throughout the country and calls for President Aristide to resign. Private investment has almost ceased, due to a lack of confidence both in the political process and the ability of the state to uphold the rule of law. At the same time, international financial institutions that had reduced or terminated their programs have begun to re-engage with the Government of Haiti. Since the Government cleared its arrears to the Inter-American Development Bank (IDB) in July, the IDB has activated almost $146 million in suspended loans, and approved another $250 million in new loans. Furthermore, there has been progress toward completion of a twelve-month IMF Staff Monitored Program (SMP).

The USAID Program: U.S. foreign policy objectives in Haiti -- to decrease narcotics trafficking, strengthen democracy, provide humanitarian assistance, and stem the flow of illegal migrants -- will be more fully achieved if and when the Haitian Government complies with the terms of OAS Resolution 822, and free and fair elections subsequently occur. In the meantime, USAID will continue programs designed to meet essential needs, fight the scourge of HIV/AIDS, generate employment, and strengthen civil society's ability to resist authoritarianism. USAID will support self-help efforts and income generation, education, and improvement in health and nutrition. Haiti is a focus country under the President's Emergency Plan for AIDS Relief (PEPFAR). All proposed HIV/AIDS activities are being integrated into PEPFAR and are subject to the approval of the U.S. Global AIDS Coordinator. Additional funding from the Global HIV/AIDS Initiative account is anticipated for both FY 2004 and FY 2005.

In health, USAID has built a network of some 29 local nongoverment organization (NGO) service providers to reach approximately one-third of Haiti's population (2.6 million people) with basic primary care and child survival services. This extensive network will continue to increase access to a broad range of health services and a mix of modern family planning methods, including an expanded, very effective, natural family planning program and maternal health care. This NGO network is enabling the rapid scale-up of HIV/AIDS activities by combining USAID implementation experience and lessons learned with the Centers for Disease Control and Prevention's (CDC) expertise in laboratory services and applied research. Integration of health service delivery with PEPFAR activities ensures that the overall network will be strengthened and increases the potential for sustainability. USAID will also increase focus on service delivery to the peri-urban areas of Port-au-Prince where there is a high incidence of infectious diseases. In addition, USAID is pursuing new partnerships with faith-based and other volunteer health organizations interested in assisting Haiti. A USAID-sponsored Health Summit held in 2003 demonstrated that such partnerships had the potential to greatly expand health service delivery.

In the economic growth area, USAID continues to consolidate past gains in the production and export of high-value fruit and tree crops, which are yielding significant increases in small-farmer income as well as protecting the hillside environment. Last year these programs increased the revenues for more than 35,000 farmers of targeted crops, increasing farm gate prices by as much as 44% in the case of mangos. In addition, USAID is assisting Haitian artisans to regain their predominant position in the Caribbean for marketing and exporting handicrafts. USAID will continue to expand a micro-lending industry that is now serving nearly 80,000 borrowers, more than 80% of whom are women.

USAID's assistance in education is focused on improving the quality of primary education through upgrading the skills of teachers and school directors, providing materials and equipment and strengthening NGOs, community schools and parent/teacher associations. To improve performance in reading and math in grades 2, 3 and 4, USAID has employed interactive radio instruction. In FY 2004 USAID will begin a program for out-of-school youth, estimated at more than 50% of the population aged 15-20, to help them obtain basic education and job skills training.

In democracy USAID is strengthening the independent media and expanding a community radio network that broadcasts civic awareness and other education programs. The project "building coalitions for judicial reform" has been expanded to incorporate human rights promotion objectives, and the program for developing political parties has gained momentum after a slow start. USAID will continue activities designed to help Haitian society withstand authoritarianism, and to demand accountability and better performance by their government. In addition, in FY 2003 USAID provided assistance for anti-corruption activities by helping to establish a local affiliate of Transparency International and a project to combat trafficking of children.

USAID also administers a large P.L. 480 Title II food program which is critical to meeting humanitarian needs and reducing food insecurity in the economically hardest-hit areas of the country. Food is distributed through maternal child health facilities to children under five, nursing and/or pregnant mothers and children enrolled in primary schools. In addition to direct food distribution, the program monetizes a portion of the food commodities and uses the proceeds to finance projects in health care, primary education, agriculture, and provide a safety net for orphans, the elderly and physically disabled. These programs are managed by CARE International, Catholic Relief Services, Save the Children and World Vision. USAID intends to further integrate the Title II program into the overall portfolio to better align food assistance resources with overall program goals and to track the contribution of Title II to development-oriented results as well as those that are more humanitarian in nature.

Other Program Elements: Centrally funded programs include the Cooperative Association of States for Scholarships (CASS), which will send 18 students in FY 2004 to the United States to study in fields that complement USAID's objectives. HIV/AIDS activities previously funded through central mechanisms will be expanded under PEPFAR. USAID/Washington provided support for a Cross-Border Initiative in FY 2003, designed to reduce socio-economic tensions among the communities along the border between Haiti and the Dominican Republic, resulting from the out-migration of Haitians as they try to escape the economic hardships in Haiti. This program will be continued in FY 2004 and FY 2005.

Other Donors: The United States Government was the largest donor in FY 2003, providing over one-third of all humanitarian and development assistance to Haiti. The United Nations, Taiwan and Canada are other major contributors. Payment of IDB arrears freed nearly $400 million in loans and new credits. If the Haitian Government adheres to the SMP and clears its World Bank arrears, Haiti will be eligible for an IMF credit of $162 million. The World Bank could then reengage with programs in health, education, and poverty mitigation in FY 2005. The European Union currently has an approximate pipeline of $300 million that would be available to Haiti if the terms of OAS Resolution 822 were satisfied.

Haiti
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	638	19,207	19,626	16,525
Development Assistance	250	13,999	8,119	7,963
Economic Support Fund	30,000	0	0	0
PL 480 Title II	23,128	36,580	24,693	27,000
Total Program Funds	**54,016**	**69,786**	**52,438**	**51,488**

STRATEGIC OBJECTIVE SUMMARY				
521-001 Economic Growth				
DA	0	7,749	1,719	2,879
ESF	6,464	0	0	0
PL 480	0	36,580	24,693	27,000
521-003 Health Systems				
CSH	638	19,207	19,626	16,525
ESF	18,536	0	0	0
521-004 Education				
DA	0	4,000	3,500	2,737
ESF	2,500	0	0	0
521-005 Democracy and Governance				
DA	250	2,250	2,900	2,347
ESF	2,500	0	0	0

Mission Director,
David Adams

Data Sheet

USAID Mission:	Haiti
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	521-001
Proposed FY 2004 Obligation:	$1,719,000 DA; $24,693,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,879,000 DA; $27,000,000 PL 480
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2005

Summary: USAID's program to increase sustainable income to the poor includes technical assistance: to increase agricultural productivity through improved crop quality and yield; to improve market access for farmers and artisans through the development of new export and local marketing channels; and combined with training, to expand access to credit and financial services for micro-entrepreneurs and microfinance institutions (MFIs).

Inputs, Outputs, Activities:

FY 2004 Program:
Agriculture/Environment ($980,000 DA). The program will increase the income of hillside farmers by improving production, post-harvest processing and market access for target crops. USAID will restrict activities to the production and marketing of targeted crops (mangos, cacao, coffee, peppers, pumpkins, and yams). USAID's support for the development of commercial relationships between grassroots producer organizations and large-volume buyers (including U.S. importers), will continue, albeit on a smaller scale. Natural Resource Management activities will be more closely aligned with the production of target crops. The scope and geographic coverage of all activities will be streamlined. Principal contractors: Development Alternatives, Inc. and the Pan American Development Foundation.

Trade and Investment ($739,000 DA). USAID's program will continue to develop strong financial institutions to channel lending capital to Haitian micro-entrepreneurs. Partners, including commercial banks, credit cooperatives, private companies and local and international non-governmental organizations (NGOs), will benefit from USAID-sponsored training in the application of internationally accepted best practices for microfinance lending, technical assistance in the development of new product lines (e.g., savings, production loans, and health insurance); and operation of branches in under-served, especially rural, areas. Innovative approaches will be explored for continuing loan portfolio guarantees to participating commercial banks which provide direct financial support to micro-, small- and medium-sized enterprises. A microfinance capitalization fund that has been highly successful in leveraging commercial bank lending capital for key microfinance institutions may be continued on a limited scale. Technical assistance to promising MFIs will be targeted for operational sustainability of fewer MFIs. In FY 2004, five to six commercial banks are expected to be actively lending to small and micro-entrepreneurs, of whom more than 80% traditionally are women. Principal contractors include: Foundation for International Community Assistance, Development Alternatives, Inc., Haitian Development Finance Corporation, Aid to Artisans, and Florida Association of Voluntary Agencies for Caribbean Action, Inc. (FAVACA).

Through assistance from community-based agricultural field agents, food-for-work, and support to local financial institutions that provide training and small loans especially to rural women, the P.L. 480 Title II program will increase the overall availability and access of food by increasing the incomes of targeted poor families. The program will also rehabilitate rural roads through food-for-work activities to enhance market access. Program activities are managed by CARE International, Catholic Relief Services, Save the Children, and World Vision.

FY 2005 Program:
Programs will build on ongoing activities to increase the productivity and incomes of small agricultural producers and broaden the availability of credit and other financial services to heretofore-excluded small and micro-entrepreneurs. Implementers will be the same as those listed for FY 2004.

Agriculture/Environment ($1,555,000 DA). At the proposed FY 2005 funding level, USAID intends to support small hillside farmers with a continuation of a market-led approach and a focus on higher-value crops. The increased food crop productivity and market access will raise farmers' incomes and enhance food security. Principal grantee: Development Alternatives, Inc..

Trade and Investment ($1,324,000 DA). The program will continue its successful efforts to develop strong and sustainable MFIs to service Haitian micro-entrepreneurs. Technical assistance and training will assist these MFIs to apply internationally-accepted best practices in microfinance lending. USAID intends to reactivate its loan portfolio guarantee program to participating commercial banks to enable them to provide direct financial support to micro-small-and medium-sized enterprises. USAID also anticipates reactivating it microfinance capitalization fund in order to successfully leverage commercial bank loans for key microfinance institutions. Finally, credit for new rural micro-entrepreneurs will be continued on a limited scale. Principal contractors may include: Foundation for International Community Assistance, Development Alternatives, Inc., Haitian Development Finance Corporation, Aid to Artisans, and Florida Association of Voluntary Agencies for Caribbean Action, Inc. (FAVACA).

The P.L. 480 Title II program will continue to increase food access for vulnerable small-holder farm families in targeted food insecure areas through training, credit, and extension services. Rehabilitation of rural roads through food-for-work activities will continue to enhance market access. Program activities will be managed by CARE International, Catholic Relief Services, Save the Children, and World Vision.

Performance and Results: Economic Growth is USAID's most successful area of impact in Haiti. Important results include a 20.4% revenue increase among target small farmers (FY 2002/2003), and the surpassing of annual export sales targets ($984,000) by $100,000 (FY 2003). Long-term USAID investment in the coffee sector has resulted in a high-quality premium coffee brand, owned directly and exclusively by small hillside farmers who receive almost $3.00 per pound (considerably more than world commodity prices of $0.47 per pound). USAID-assisted MFIs and small-medium enterprises (SMEs) continue to exceed expectations. Outstanding MFI loans increased by 26% last year, four of the eight principal USAID-supported MFIs fully met cost recovery, and two other MFIs approached 80% cost recovery. With P.L. 480 Title II support in FY 2003, over 3,000 small scale-farmers adopted improved agricultural techniques during this period, and over 2 million tree seedlings were produced and distributed to farmers. In FY 2003, USAID/Haiti sponsored artisans ("Aid to Artisans" or ATA) signed export contracts with several major international firms, including Pier 1 Imports and T.J. Maxx. ATA supported sales increased more than 75% last year, and sales are projected to increase another 25% in FY 2004. Through June 30, 2003, the cumulative number of artisan associations or enterprises involved in SHAPE program activities was 197, involving more than 3,023 Haitian artisans.

US Financing in Thousands of Dollars

Haiti

521-001 Economic Growth	DA	ESF
Through September 30, 2002		
Obligations	2,986	91,162
Expenditures	2,986	76,247
Unliquidated	0	14,915
Fiscal Year 2003		
Obligations	7,690	-47
Expenditures	1,030	12,383
Through September 30, 2003		
Obligations	10,676	91,115
Expenditures	4,016	88,630
Unliquidated	6,660	2,485
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	1,719	0
Total Planned Fiscal Year 2004		
Obligations	1,719	0
Proposed Fiscal Year 2005 NOA		
Obligations	2,879	0
Future Obligations	0	0
Est. Total Cost	15,274	91,115

Data Sheet

USAID Mission:	Haiti
Program Title:	Health Systems
Pillar:	Global Health
Strategic Objective:	521-003
Proposed FY 2004 Obligation:	$19,626,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$16,525,000 CSH
Year of Initial Obligation:	FY 1995
Year of Final Obligation:	FY 2005

Summary: USAID recognizes the importance of improving the health and wellbeing of women and children, reducing malnutrition, helping families make informed reproductive decisions and slowing the spread of tuberculosis, HIV/AIDS, and other sexually transmitted or infectious diseases in Haiti. These objectives are reached by delivering a minimum health package that includes the following services: child immunization; respiratory infection detection and treatment; immunizations for pregnant women; nutrition, food supplementation, and growth monitoring; family planning (natural and artificial); maternal health care; prevention and treatment of HIV/AIDS (including mother-to-child transmission prevention) and other sexually transmitted diseases; tuberculosis detection and treatment; reinforcement of policy norms and procedures; health information systems; and advocacy.

Inputs, Outputs, Activities:

FY 2004 Program:

Child Survival ($5,692,000 CSH). USAID will provide technical assistance and operational support to 28 local non-governmental organizations (NGOs) to improve provision of a minimum health package of child survival and related primary care services. Approximately one-third of the Haitian population (2.6 million people) will benefit from this intervention. USAID will also increase support to the Ministry of Health micronutrient supplement program and expand vitamin A supplement coverage for children under five to 70%. USAID FY 2004 support in this area will help vaccinate over 54,000 children in Haiti. Principal contractors/grantees include Management Sciences for Health (MSH) and International Science & Technology Institute (ISTI).

Reproductive Health ($5,888,000 CSH). USAID will increase access to and the use of modern family planning services, including natural family planning and related maternal health care. USAID will build local capacity for quality reproductive health services in six health departments, focusing on emergency treatment for complications of miscarriage or faulty medical procedures and related health services. USAID will also build the capacity of 20 institutions nationwide to deliver clinical family planning methods. Natural family planning counseling will be emphasized in the USAID-supported network of 29 partner NGOs. Principal implementers/grantees are Johns Hopkins Program (JHIEGO), the Futures Group, MSH, and Population Services International (PSI).

Infectious Diseases ($8,046,000 CSH of which $4,750,000 is for HIV/AIDS). USAID will establish 20 new voluntary counseling and testing (VCT)/mother-to-child HIV transmission (MTCT) prevention centers. Nationwide, USAID will reinforce community care and support mechanisms for people living with or affected by HIV/AIDS and strengthen its collaboration with faith-based organizations in abstinence and fidelity campaigning. Community support and prevention will be linked to VCT/MTCT services, thereby providing a continuum of support from prevention to treatment. USAID will extend local NGO contacts for tuberculosis programming and establish 10 new treatment sites for increased tuberculosis (TB) treatment in high-infection urban slum areas. Principal contractors/grantees are Tuberculosis Coalition for Technical Assistance (TBCTA), MSH, and CARE.

All contracts and grants funded with resources under the health systems program have incorporated clauses that implement the President's directive reinstating the Mexico City Policy.

P.L. 480 commodities will be provided to food-insecure children under five and pregnant and lactating women through maternal child health outreach programs. USAID P.L. 480 cooperating sponsors will also provide food assistance to people living with AIDS, especially seropositive mothers receiving care under the prevention of mother-to-child transmission program. Program activities are managed by: CARE International, Catholic Relief Services, Save the Children, and World Vision.

FY 2005 Program:
Child Survival ($6,089,000 CSH). USAID will expand coverage of NGO and public sector facilities offering the minimum health service package, and increase support for micronutrient campaigning in Haiti. USAID will organize national, comprehensive "child health weeks" to increase provision of micronutrient supplements, and improve access to basic child health care. USAID's FY 2005 micronutrient support is expected to reach 75% of Haitian children. Principal contractors/grantees may include Management Sciences for Health (MSH) and International Science & Technology Institute (ISTI).

Reproductive Health ($3,958,000 CSH). USAID will continue promoting modern family planning services (including natural family planning), and improve the access to and quality of reproductive health care at departmental hospitals and specialized facilities. USAID will build emergency treatment capacity in all 10 Haitian departmental hospitals for complications due to miscarriage and related reproductive health services. Principal implementers/grantees may include Johns Hopkins Program (JHIEGO), the Futures Group, MSH, and Population Services International (PSI).

Infectious Disease ($6,478,000 CSH of which $4,750,000 is for HIV/AIDS). USAID will reinforce 70 new VCT/MTCT centers and support the entire prevention-to-treatment continuum (including palliative/community care and support for orphans and people living with HIV/AIDS). Faith-based organizations will continue to be a major partner in prevention and support efforts nationwide. Support will be continued for health surveillance information activities. USAID will continue support to the National Tuberculosis Program, establishing 10 sites and increasing treatment success rates to 82%. Principal contractors/grantees may include Tuberculosis Coalition for Technical Assistance (TBCTA), MSH, and CARE.

P.L.480 funded food security and nutrition activities are projected to continue at the same level. Program activities will be managed by CARE International, Catholic Relief Services, Save the Children, and World Vision.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Performance and Results: USAID increased vaccination coverage in target areas in FY 2003 to 87%, more than twice the national average of 34%. During FY 2003, approximately 50,000 children under five received P.L. 480 Title II food supplements and nutritional education. The President's Emergency Plan for AIDS Relief has a goal of treating 2 million HIV-infected persons with antiretroviral therapy who need such therapy, providing care and support for 10 million HIV-infected persons and orphans and vulnerable children, and preventing 7 million infections in 15 focus countries. Under the direction of the U.S. Global AIDS Coordinator, USAID will contribute to prevention, care, and treatment goals in each of the 15 focus countries. USAID dramatically improved access to TB treatment centers, almost doubling the number of institutions from 93 to 168 in one year. The quality of TB treatment has also improved, with the treatment success rate climbing from 78% to 80% in the past year. USAID is the sole donor for the National Tuberculosis Program.

US Financing in Thousands of Dollars

Haiti

521-003 Health Systems	CSH	DA	ESF
Through September 30, 2002			
Obligations	11,799	6,370	122,714
Expenditures	11,799	6,335	92,367
Unliquidated	0	35	30,347
Fiscal Year 2003			
Obligations	13,605	-35	-51
Expenditures	4,902	0	8,140
Through September 30, 2003			
Obligations	25,404	6,335	122,663
Expenditures	16,701	6,335	100,507
Unliquidated	8,703	0	22,156
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	19,626	0	0
Total Planned Fiscal Year 2004			
Obligations	19,626	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	16,525	0	0
Future Obligations	0	0	0
Est. Total Cost	61,555	6,335	122,663

Data Sheet

USAID Mission:	Haiti
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	521-004
Proposed FY 2004 Obligation:	$3,500,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,737,000 DA
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2005

Summary: The goal of the USAID's education program in Haiti is to improve the quality of primary education through training of teachers and school directors; interactive radio instruction in math and Creole reading (grades 2-4); sponsorship of cluster schools (material, equipment and training); institutional strengthening of local NGOs; promotion of parental and community support for schools, and community school strengthening.

Inputs, Outputs, Activities:

FY 2004 Program:
Quality of Primary Education ($2,000,000 DA). USAID will continue its cluster school activities initiated under the ED2004 project. Equipment, materials and training in pedagogy, classroom management, and school leadership will be provided to teachers and school directors in 150 schools in Haiti's North and West departments. Students in these schools will receive interactive radio instruction (IRI) in mathematics and Creole reading. USAID will also train parent committees in these areas in school performance monitoring and fundraising. The in-school IRI program will be extended to out-of-school youth, including street children and domestics.

USAID will expand the IRI program to 225 additional schools during FY 2004. Two geographic departments will receive the program via community radio stations sponsored under USAID's independent media program. USAID will conduct training and institutional development activities for 21 additional community schools during the fiscal year, and support new school health and nutrition and small income generating activities for targeted schools. A qualitative impact evaluation of the ED2004 and cluster school program will be conducted. Principal grantees include the Education Development Center (EDC), the Haitian Foundation for Private Education (FOHNEP), Save the Children, and the American Institutes for Research.

USAID will provide matching funds for the rehabilitation of school infrastructure, not only to improve the school environment but also to provide community shelter facilities in the event of natural disaster. This program is designed to leverage migrants' remittances and public-private alliances for school rehabilitation. Seven additional schools will be rehabilitated this year. Results from the remittances and corporate social responsibility initiative for school rehabilitation will be assessed to determine future levels of support to this public-private alliance. The principal grantee is the Pan-American Development Foundation.

Out-of-School Youth ($1,000,000 DA). USAID will develop an IRI program for out-of-school youth (aged 12-18) and overage learners. This program will emphasize literacy, numeracy, life skills, and workforce behaviors, and enable children to progress more quickly through the primary cycle. Basic education and livelihood skills training, targeting 15-20 year olds will be continued. A small number of youth-serving organizations will be awarded institutional strengthening grants to support youth-workforce development efforts. Principal implementing grantees are: EDC and FOHNEP.

Food Aid and Community Mobilization ($500,000 DA). School feeding will be phased-out of the current P.L. 480 Title II program; however, cooperating sponsors will instead increase education services, promote PTA/community involvement in school programming, and the integration of health, hygiene, and nutrition into primary school activities. Principal implementers are CARE International, Catholic Relief Services, Save the Children, and World Vision.

FY 2005 Program:
Quality of Primary Education ($1,487,000 DA). USAID intends to assess the success to date, as well as lessons learned, to be incorporated into the design of a new education program in FY 2005. USAID will continue its support of the school cluster, community schools, and in-school interactive radio instruction program. USAID will look for ways to innovate in the implementation of the IRI program to learn how it can be most effectively implemented in the most difficult school settings. Principal implementers are to be determined.

Out-of-School Youth ($750,000 DA). The out-of-school IRI program will continue to develop learning modules and the materials developed in FY 2004 will be tested and prepared for wider implementation. The youth and livelihood program will continue into its second year of implementation with a possible expansion in the number of youth-serving organizations receiving grant support. Principal implementers are to be determined.

Food Aid and Community Mobilization ($500,000 DA). USAID expects to continue its limited support to schools remaining in the food-assisted education program, especially where the schools can receive the IRI program. Principal implementers may include CARE International, Catholic Relief Services, Save the Children, and World Vision.

Performance and Results: USAID's education program underwent a re-orientation during FY 2002. The prior flagship program, which closed in October 2002, worked in 450 primary schools nationwide and showed very positive results, including better-than-average pass rates on the primary school leaving examination (80% as compared to the national average of 42%) and increased learning achievement, as reflected in improved promotion rates for the students benefiting from interactive radio instruction (at least 70% pass). During the 2002/2003 academic year, a smaller set of new schools in two geographic departments was selected to continue the approach. While this new set of schools did not achieve the same results as the former set in the first year, they are well on their way to meeting expectations once the innovations are absorbed more fully by school personnel. Promotion rates for the new school very rapidly approached the near 70% average achieved in the former set. The impacts of improved community support to education achieved through the community schools program were dramatic, as evidenced by a marked decrease in dropouts (from 26% to 5%) and a large increase in community-driven school improvement activities (100% increase).

US Financing in Thousands of Dollars

Haiti

521-004 Education	CSH	DA	ESF
Through September 30, 2002			
Obligations	1,390	1,093	24,723
Expenditures	1,390	1,093	20,835
Unliquidated	0	0	3,888
Fiscal Year 2003			
Obligations	0	3,834	0
Expenditures	0	1	1,998
Through September 30, 2003			
Obligations	1,390	4,927	24,723
Expenditures	1,390	1,094	22,833
Unliquidated	0	3,833	1,890
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	3,500	0
Total Planned Fiscal Year 2004			
Obligations	0	3,500	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	2,737	0
Future Obligations	0	0	0
Est. Total Cost	1,390	11,164	24,723

Data Sheet

USAID Mission:	Haiti
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	521-005
Proposed FY 2004 Obligation:	$2,900,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,347,000 DA
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2005

Summary: USAID continues to promote democracy in Haiti by strengthening the capacity of civil society advocacy organizations, the independent media, the judiciary, and human rights organizations to resist authoritarian tendencies and fight corruption. In addition to empowering various elements of Haitian civil society, USAID is working to raise awareness through advocacy and improve the situation of children in domesticity (restavek) and victims of torture.

Inputs, Outputs, Activities:

FY 2004 Program:
Civil Society ($1,500,000 DA). USAID will provide technical assistance, equipment, and training to build the capacity of the 36-station community radio network established under the independent media program, to improve the understanding of journalists of democracy and civil rights, and to strengthen their ability to advocate for freedom of the press. Continued support to media and civil society organizations will enable them to serve as community "watchdogs" for democracy. USAID will continue to support grassroots organizations to develop civic and self-help projects. These programs will serve as a model for new citizen-state relationships. To raise awareness about the devastating effects of corruption in Haiti, USAID will continue to support the anti-corruption and public awareness of non-governmental organizations (NGOs) engaged in this sector through through workshops, training, and conferences. Principal contractors include Creative Associates Inc. and the National Democratic Institute.

Judicial Reform and Human Rights ($1,400,000 DA). USAID will continue its rule of law and human rights activities. A USAID-funded, newly established human rights hotline provides the political space for victims to disclose human rights abuses resulting in greater transparency or misconduct by government actors. In addition to attacking the pervasive issue of impunity in Haiti, this information also informs the international community and local human rights organizations. USAID will build upon partnerships with multilateral, international and civil society organizations, and local communities to combat Trafficking in Persons, especially the deplorable condition of children in domesticity (restavek) in Haiti. This effort is part of the Cross-border Initiative in partnership with the Dominican Republic for the improvement of the conditions of Haitian children victimized in the Dominican Republic. USAID will provide support to victims of organized violence and other victims of human rights abuses through a grant to an umbrella organization developing a solid network of direct assistance to victims. Activities will focus on rehabilitation, education campaigns, training, research and documentation of abuses. Principal grantees include the International Foundation for Electoral Systems and Panamerican Development Foundation.

FY 2005 Program:
Civil Society ($597,000 DA). USAID will continue to promote an independent media and support civil society efforts to stem authoritarian rule. In the event of an election, support activities such as voter education, quick counts, political party strengthening, and assistance for candidate debates would be among the programs supported by USAID. The principal implementer is yet to be determined.

Judicial Reform and Human Rights ($1,750,000 DA). USAID will continue to promote a judicial reform and human rights agenda, support anti-corruption activities, and promote increased community participation and self-help activities this area. The principal implementer is yet to be determined.

Performance and Results: USAID democracy building efforts continue to build momentum for change within Haitian civil society. Although overshadowed by the debilitating political stalemate between Haiti's ruling LAVALAS political party and its opponents, Haitian civil society has made remarkable progress with USAID support for independent media and community radio, judicial reform, and grassroots democratic organization. Although repressed, sometimes violently, by the government, independent media actors and individual journalists exercised their right to free speech on more than 70 occasions. Since FY 2002, a striking number of coalitions, associations and federations have emerged as advocates for change in Haitian social and political affairs. The USAID independent media program has established a national network of 36 community ratio stations and, coupled with civic education and advocacy training for journalists, built a stronger, more unified community of journalist advocates for democracy and free press. Human rights and judicial reform organizations have firmly denounced Executive Branch abuses of the judiciary, and established a public human rights hotline to better document abuse and reduce the problem of impunity.

By program completion, civil society organizations will have been strengthened, better informed and organized to engage with the government to advocate and positively influence policies at the local and national level. Additionally, constituency building for judicial reform and human rights will result in a mitigation of the effects of and a reduction in child domesticity, and in general citizens being treated more in accordance with the rule of law.

US Financing in Thousands of Dollars

Haiti

521-005 Democracy and Governance	DA	ESF
Through September 30, 2002		
Obligations	32,602	70,580
Expenditures	32,353	64,555
Unliquidated	249	6,025
Fiscal Year 2003		
Obligations	3,059	-6
Expenditures	426	4,702
Through September 30, 2003		
Obligations	35,661	70,574
Expenditures	32,779	69,257
Unliquidated	2,882	1,317
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,900	0
Total Planned Fiscal Year 2004		
Obligations	2,900	0
Proposed Fiscal Year 2005 NOA		
Obligations	2,347	0
Future Obligations	0	0
Est. Total Cost	40,908	70,574

Honduras

The Development Challenge: October 2003 marked the fifth anniversary of Hurricane Mitch and its widespread devastation. Although most of the infrastructure has been rebuilt, a myriad of other challenges face the country. Honduras is suffering from a growing economic crisis, especially in the rural sector. Many farmers have been negatively affected by recurring droughts, floods, and low commodity prices. These factors accelerate migration to urban areas, putting more pressure on limited municipal resources. Honduras' failure to attract the levels and quality of private investment that could provide employment to the burgeoning urban poor exacerbates the country's social problems. Efforts to attract sizable new investment in agriculture, manufacturing, and tourism are undermined by the high costs of security, telecommunications and electricity, bureaucratic obstacles, a weak legal system, low work force skill and productivity levels, and a lack of laws and enforcement to protect investor rights. The pace of reform within the Honduran justice system continues to be stymied by political infighting and protection of vested interests, representing a direct challenge to the rule of law and eroding public confidence in the democratic system. Conflicts over the use of natural resources, ineffective environmental management and controls, lack of economic alternatives, and rapid population growth threaten the natural resource base upon which Honduras' economy is largely dependent.

Provision of social services in Honduras remains weak, with centralized decision making and an administration ineffective in dealing with serious challenges. Honduras' social indicators are among the worst in the Western Hemisphere with 4.8 million people (72% of the population) living in poverty, an annual population growth rate of 2.6%, an infant mortality rate of 34 per thousand, a high prevalence of HIV/AIDS (1.9% of the population and 50% of the reported AIDS cases in Central America), chronic undernourishment (33% of children under 5 years), an average education level of 5.3 years, and continuous deterioration of water, coastal, and forestry resources.

The World Bank estimates that in 2003, Honduras' per capita gross national income was $923 and its external debt reached $4.6 billion (approximately 76% of GDP). The Government of Honduras has failed to meet conditions to support a new three-year Poverty Reduction and Growth Facility (PRGF) Program with the International Monetary Fund (IMF). Negotiations are ongoing with the IMF, requiring the Government of Honduras to show greater restraint in government expenditures (primarily public wage increases), increased tax revenues, greater financial solvency, and prosecution of corrupt financial managers and government officials. The lack of an IMF program resulted in the loss of $250 million in 2003 from donors who tie their balance of payments programs to an IMF program.

The Government of Honduras realizes that the country must increase exports and attract new investments in order to grow and generate revenue to provide quality public social services, such as schools, hospitals, clinics, water systems, electricity, roads, security, and a fair judicial system. In 2003 the Government of Honduras supported a number of programs to encourage greater private investment, competitiveness, tourism, and exports in the areas of agro-industry, forestry and wood products, light manufacturing, telecommunications, and energy. It is also making a significant effort to open its borders to free trade through the U.S.-Central American Free Trade Agreement (CAFTA), the Free Trade Area of the Americas (FTAA), and agreements with other countries.

U.S. national interests in Honduras include: 1) increased imports of U.S. goods and services; 2) greater investment and economic growth in Honduras to increase the number of customers for U.S. businesses, reduce illegal immigration into the United States, lessen the need for U.S. border controls and law enforcement, and strengthen citizen support for democracy; and 3) consolidation of civilian-controlled military, police, and legal institutions to protect U.S. investments and reduce international crime, terrorism, and illicit narcotics activities.

The USAID Program: The Central America and Mexico (CAM) Regional Strategy focuses bilateral and regional USAID investment on three performance "arenas," designed to closely align with the Millennium Challenge Account (MCA) goals. The three arenas are: 1) just and democratic governance, 2) economic freedom, and 3) investing in people. USAID/Honduras' new Country Plan mirrors the CAM Regional

Strategy with the intent of helping Honduras meet MCA criteria and move toward broad-based prosperity. The Data Sheets below describe further these three strategic objectives.

USAID will support the first objective, Ruling Justly, by increasing the responsiveness and accountability of public institutions, building on past successes with municipal development for better models of governance, transparency and participation, and addressing critical justice reforms. USAID will bolster Economic Freedom by focusing on trade policy and maximizing Honduras' trade opportunities through CAFTA, the FTAA, and the World Trade Organization (WTO). In addition, USAID programs will help increase productivity and create linkages between agricultural production in rural areas and relatively higher value processing and marketing enterprises in urban centers. The integrated natural resource management program will improve sustainable land and water use and biodiversity, and reduce disaster vulnerability. To support the Investing in People objective, the health program will focus on improved reproductive health and family planning, child survival, HIV/AIDS and other infectious diseases, and household food security. USAID will contribute to a better-educated Honduran work force by expanding access to education at the pre-school, middle school, and upper secondary levels using alternative delivery systems. USAID will also assist the Government of Honduras' efforts to develop quality education standards, testing, and evaluation.

Other Program Elements: The Central America Regional Program (G-CAP) funds training in trade, labor, and energy policies for officials to prepare for Honduran integration into free trade agreements. The regional environmental program focuses on border areas and supports implementation of the Central America - U.S. commitment to biodiversity conservation and environmental legislation. The regional HIV/AIDS program continues to mobilize communities and organizations to deliver HIV/AIDS services, fund AIDS prevention campaigns, and lobby for rights and access to services for people affected by AIDS. Honduras has also benefited from programs managed by the Bureau for Latin America and the Caribbean's Office of Regional Sustainable Development (LAC/RSD) to strengthen regional mechanisms to promote human rights, fortify government accountability, promote decentralization and local governance, and provide outreach to civil society on trade and economic issues. Through its farmer-to-farmer program, the Office of Private and Voluntary Cooperation (DCHA/PVC) funds short-term voluntary technical assistance to increase farm and agribusiness productivity and incomes. The USAID mission in Honduras serves as the regional coordinator for implementation of President Bush's Center of Excellence for Teacher Training (CETT) Initiative. CETT is designed to improve teacher training and address high rates of school underachievement and illiteracy in disadvantaged areas in Central America. The mission also participates in the Cooperative Association of States for Scholarships (CASS) program, managed regionally by LAC/RSD. CASS funds scholarships for students to.study in the United States in programs tailored specifically to meet the development needs of students' respective countries. The program targets socioeconomically disadvantaged scholars, women, and other previously excluded groups who demonstrate leadership potential.

Other Donors: Development assistance to Honduras totaled $386 million in 2003 ($201 million in donations and $185 million in loans). The United States, Japan, and Sweden are the largest bilateral donors, while Spain provides a large amount of bilateral loans. Bilateral donors and their principal areas of focus include: Japan (public infrastructure and agriculture); Sweden (statistics, justice and human rights, and social programs); Spain (judicial reform and decentralization); Germany (agriculture and education); Canada (forestry and rural development); United Kingdom (rural development); Italy (irrigation); Holland (rural development and housing); and Switzerland (rural water projects). Multilateral donors include: the Inter-American Development Bank with a very diversified portfolio of projects valued at $460 million (2002 through 2005); the World Bank (education, land tenancy, and health); the IMF (currently negotiating a new three-year PRGF); the European Union (rural water infrastructure and food security); and the United Nations agencies (United Nations Development Program, Food and Agriculture Organization, World Food Program, United Nations Children's Fund, and International Fund for Agricultural Development). As a key player in the Group of 15 Donors, USAID will continue to strengthen donor coordination efforts in Honduras.

Honduras
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	13,177	13,400	12,777	10,777
Development Assistance	15,430	24,112	22,367	19,925
Development Credit Authority	298	162	0	0
Economic Support Fund	1,000	0	0	0
PL 480 Title II	6,436	10,479	2,406	11,916
Total Program Funds	**36,341**	**48,153**	**37,550**	**42,618**

STRATEGIC OBJECTIVE SUMMARY				
522-001 Economic Reactivation Meeting Needs of the Poor				
DA	3,730	4,945	0	0
522-002 Effective and Sustainable Water Management				
DA	2,800	0	0	0
522-003 Sustainable Improvements in Family Health				
CSH	13,177	13,400	0	0
PL 480	6,436	10,479	0	0
522-004 Rule of Law & Respect for Human Rights				
DA	2,400	1,850	0	0
ESF	1,000	0	0	0
522-006 Basic Education and Skills Training				
DA	3,500	3,250	0	0
522-007 Municipal Development Project				
DA	3,000	1,000	0	0
DCA	298	0	0	0
522-021 Ruling Justly				
DA	0	3,250	5,710	3,992
522-022 Economic Freedom				
DA	0	6,067	10,857	10,916
DCA	0	162	0	0
522-023 Investing in People				
CSH	0	0	12,777	10,777
DA	0	3,750	5,800	5,017
PL 480	0	0	2,406	11,916

Mission Director,
Paul Tuebner

Data Sheet

USAID Mission:	Honduras
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-021
Proposed FY 2004 Obligation:	$5,710,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,992,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: The Government of Honduras and USAID have jointly agreed to place maximum emphasis on strengthening the responsiveness and transparency of governance in Honduras. USAID will focus on strengthening the rule of law by improving the legal framework, improving the quality and efficiency of the justice system, expanding access to justice, and strengthening advocacy and citizen participation. In concert with public and private agencies, USAID will help Honduras develop a more decentralized government; increase local government capacity to meet citizens' needs; and ensure transparency, accountability, and oversight in the management of public funds at both the central and local levels.

Inputs, Outputs, Activities:

FY 2004 Program:
Rule of law ($3,340,000 DA). Over the last two years, implementation of the Criminal Procedures Code (CPC) has introduced oral trial procedures and dramatically strengthened the transparency and equity of criminal processes. In FY 2004, USAID will initiate a new technical assistance and training activity to refine criminal procedures, improve systems and processes for case management and evidence handling, and train judges, prosecutors, defenders, and forensics experts. Technical assistance will help strengthen judicial independence by making improvements in the legal framework and working with the Constitutional Chamber of the Supreme Court. USAID will apply its successful experience with criminal justice reform to begin civil procedure reform, including the introduction of oral proceedings and greater transparency in civil courts. To improve access to justice for marginalized groups, including women and the poor, USAID will fund the design and implementation of alternative dispute resolution systems. To strengthen advocacy on justice sector reform and monitoring, human rights, transparency, anticorruption, electoral reform, and immunity of public officials, USAID will provide small grants and technical assistance to nongovernmental justice sector organizations and local professional associations of judges and lawyers that advocate for and sustain these reforms. Contractors and grantees will be selected through a competitive process.

Municipal governance ($2,370,000 DA). USAID will target most of its government transparency and accountability efforts at the municipal level. USAID-funded technical assistance and training will help strengthen the effectiveness of citizen involvement in approximately ten municipalities. These activities will be aimed at: improving citizens' ability to participate productively in decision making with local governments; establishing oversight mechanisms for public investment; promoting public information and awareness programs; and supporting local coalitions focused on local economic development and transparency. To provide greater incentives for local governments to work collaboratively with citizen groups, USAID will establish a small grants program that will provide seed money to improve participatory design and implementation of small activities that promote community and economic development. To build on the success of previous decentralization initiatives, USAID will fund technical assistance and training to strengthen the capacity of regional associations of municipalities to promote regional development initiatives, as well as the national association (Association of Municipalities of Honduras), to enhance its ability to effectively advocate on behalf of local government interests in public policy debates. Contractors or grantees will be selected through a competitive process.

FY 2005 Program:
Rule of law ($1,440,000 DA): USAID plans to continue to focus on criminal justice system reforms as well as civil procedure reforms, including alternative dispute resolution. USAID plans to continue to work toward increasing the fairness and efficiency of the legal system and improving the quality of judicial services by funding technical assistance to improve case tracking and management systems, as well as training and continuing education for legal professionals. USAID expects to continue its technical assistance to help craft a sound constitutional and legal framework for an independent judiciary. Resources would be devoted to strengthening the capacity of selected professional associations and nongovernmental organizations (NGOs) to promote public awareness and influence legal reforms. Contractors and grantees will be selected in FY 2004.

Municipal governance ($2,552,000 DA). USAID plans to place additional focus on promoting coordinated decentralization initiatives and increasing municipal capacity by strengthening nascent regional associations of municipalities and their relationship with the national municipal association. USAID plans on strengthening specific mechanisms, such as the community liaison with local governments and participatory budgeting processes, as a way to increase the effectiveness of citizen participation in promoting transparent practices and accountability in municipal finances. Assistance will be provided to both large and small municipalities to increase their capacity for transparent municipal management, participatory decision making, and effective delivery of basic services. Contractors and grantees will be selected in FY 2004.

Performance and Results: Although this strategic objective began in late FY 2003 under the Central America and Mexico Regional Strategy, some components follow on to the previous strategy. In FY 2003, USAID's rule of law activities demonstrated that justice sector institutions have embraced the new CPC, with criminal trials and non-trial procedures taking place in key parts of the country. Case tracking and management systems designed with technical assistance from USAID have improved the transparency and effectiveness of the judicial system, and are being replicated in courts around the country. The Supreme Court has demonstrated leadership and independence in its decisions, and the Federation of Private Development Organizations of Honduras (a USAID-supported justice sector NGO) has successfully pushed forward legal reforms. Momentum for further legal reform is strong and growing, and successful criminal procedures models will serve as the basis for civil procedure reforms. Municipal development activities implemented during FY 2003 increased municipalities' capacity to manage resources, thereby enabling further decentralization of resources and responsibilities. Key legal reforms, such as the Water and Sanitation Law and the Land Use Planning Law, have advanced over the past year. The achievements of the past year have been critical in creating demands on the political system to reform national level governance institutions and practices.

By the end of the strategy period, USAID expects to see major reforms in the justice, civil, and political systems that will reduce corruption and ensure greater transparency and security, thus creating an environment more conducive to investment and economic growth. USAID expects the Government of Honduras to increasingly devolve authority to municipalities, which, in turn, will be better equipped to manage urban growth, generate and mange resources in a transparent and democratic manner, and provide public services to constituents.

US Financing in Thousands of Dollars

Honduras

522-021 Ruling Justly	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	3,250
Expenditures	0
Through September 30, 2003	
Obligations	3,250
Expenditures	0
Unliquidated	3,250
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	5,710
Total Planned Fiscal Year 2004	
Obligations	5,710
Proposed Fiscal Year 2005 NOA	
Obligations	3,992
Future Obligations	15,300
Est. Total Cost	28,252

Data Sheet

USAID Mission:	Honduras
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-022
Proposed FY 2004 Obligation:	$10,857,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$10,916,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID is working to improve Honduras' competitiveness in global markets by: upgrading laws, policies and regulations that promote trade and investment; creating more competitive, market-oriented private enterprise; and improving natural resource management. This program will enhance Honduras' ability to participate more effectively in the processes that determine the world's trade rules and take full advantage of trade opportunities made available by more open global markets. Trade capacity building activities will strengthen Honduras' ability to conduct and implement trade agreements, including the U.S. - Central America Free Trade Agreement (CAFTA), and to advance completion of the Free Trade Area of the Americas (FTAA) and the World Trade Organization's Doha Development Round. USAID will accelerate agricultural diversification, increase crop productivity and quality, and create links between rural producers and higher value processing and marketing enterprises in urban centers. USAID's integrated watershed resources management activities will focus on: improving end-use management of critical watersheds; increasing market access to environmentally-friendly products and services; improving harmonization and enforcement of environmental laws and regulations; and increasing use of clean production technologies that reduce threats to watershed health.

Inputs, Outputs, Activities:

FY 2004 Program:

Trade and investment policy ($3,500,000 DA). USAID will provide support to the Government of Honduras and the private sector for information dissemination on the context and process of trade negotiations. Technical assistance to the public and private sectors will analyze the economic impact of free trade agreements, build domestic support for free trade commitments, and upgrade regulatory standards and practices related to trade commitments (such as intellectual property rights and dispute resolution). USAID will coordinate with other U.S. government agencies on export rules, regulations, and export certifications for client firms, and will provide resources to improve sanitary and phytosanitary standards (SPS). In coordination with USAID's Central America Regional office, this program will fund technical assistance to streamline customs procedures and strengthen regional SPS measures. Contractors and grantees will be selected through a competitive process.

Competitive, market-oriented private enterprise ($4,852,000 DA). As domestic tariffs for traditional agricultural products are phased down under CAFTA and other trade agreements, expansion and diversification into nontraditional agriculture are crucial for small farmers and processors to remain viable. USAID will support economic diversification, especially in rural areas, by promoting structural changes in productivity and marketing in strategic industrial and agricultural sectors. USAID will focus on product sectors that offer the opportunity for substantial expansion of production through modern, cost-saving technology and market "clustering" channels. Accordingly, USAID will target business development services to micro-, small-, and medium-sized entrepreneurs in key sectors such as nontraditional agriculture, agro-industry, wood products, and light manufacturing. USAID will continue providing assistance to producers and exporters to implement systems to meet more robust government and market standards in worker safety, bio-terrorism protection, food safety and traceability, and agricultural practices. Production and post harvesting technologies that respond to environmental concerns, as well

as extensive regional and international links with state-of-the-art post harvest and food safety centers will be promoted. USAID will facilitate training and advisory services to microfinance lenders to alleviate the most extreme cases of rural poverty. Resources will also be allocated to help establish a regional food security early warning and vulnerability network. Contractors and grantees will be selected through a competitive process.

Management and conservation of critical watersheds ($2,505,000 DA). USAID's work will complement economic opportunities while addressing the pressing need for intervention in very poor communities in and around critical watersheds. Activities that will increase market access for environmentally friendly products and services and use of clean production technologies include agro-business market surveys, eco-tourism site identification, and environmental audits of key water consumers. In addition, USAID will provide assistance to plan for sustainable tourism growth, improve coastal zone management, and build alliances between the hotel and agriculture industries. Contractors and grantees will be selected through a competitive process.

Development of public-private alliances will focus on building alliances with Honduran companies with the highest potential to expand trade while maintaining environmentally sound production practices and addressing equitable labor issues.

FY 2005 Program:
Trade and investment policy ($3,500,000 DA). USAID expects to continue to support implementation of CAFTA as well as activities that increase Honduras' capacity to benefit from more open markets. USAID plans to assist businesses to promote and implement ethical standards and anticorruption integrity pacts.

Competitive, market-oriented private enterprise ($4,264,000 DA). USAID plans to continue to fund activities that increase economic diversification and competitiveness in rural areas.

Management and conservation of critical watersheds ($3,152,000 DA). Planned activities will address crop diversification in critical watershed areas while improving the welfare of affected communities as well as the growing tourism industry downstream. USAID plans to help strengthen enforcement of environmental laws by Honduran authorities in key areas of critical watersheds. It is expected that site identification for eco-tourism activities will move into the development stage. USAID plans to accelerate clean production activities with local organizations and client businesses participating in audits.

The public-private alliance development program will move beyond alliance building to capacity building of certain Honduran industries with the goal of certifying those companies to meet U.S. import standards.

Performance and Results: Although this is a new strategic objective that began in late FY 2003 under the Central America and Mexico Regional Strategy, some components follow on to the previous strategy. In 2003, USAID quickly mobilized critical trade capacity building support, enabling the Government of Honduras to effectively participate in CAFTA negotiations while increasing awareness and support for CAFTA among business groups and civil society. In 2003, more than 6,000 small farmers and microentrepreneurs participating in USAID activities increased their incomes by an average of 177%, and in some cases by up to 400%. Major gains were achieved in increasing and improving the quality of milk production and expanding participating farmers' exports of high-value crops, such as cucumber, peppers, sweet potatoes, and melons. USAID-supported agricultural and rural diversification efforts led to an increase in sales and exports of more than $23 million, and employment increased by 2,200 jobs (50%) on participating farms. USAID support contributed to a 10% rise in nontraditional exports and a greater percent of micro and small enterprises with access to financial and business services (87% of active clients are women). Accelerated expansion of this program will help some of Honduras' most vulnerable groups take better advantage of increased trade opportunities resulting from free trade agreements. By the end of the strategy period, USAID expects to see increased trade, greater diversity of private investment, and increased employment, all of which will contribute to poverty reduction. Honduras will be better able to manage its natural resources, particularly water, to sustain long-term growth while protecting the environment and conserving Honduras' rich biological diversity.

US Financing in Thousands of Dollars

Honduras

522-022 Economic Freedom	DA	DCA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	6,167	162
Expenditures	0	0
Through September 30, 2003		
Obligations	6,167	162
Expenditures	0	0
Unliquidated	6,167	162
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	10,857	0
Total Planned Fiscal Year 2004		
Obligations	10,857	0
Proposed Fiscal Year 2005 NOA		
Obligations	10,916	0
Future Obligations	37,858	0
Est. Total Cost	65,798	162

Data Sheet

USAID Mission:	Honduras
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	522-023
Proposed FY 2004 Obligation:	$12,777,000 CSH; $5,800,000 DA; $2,406,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$10,777,000 CSH; $5,017,000 DA; $11,916,000 PL 480
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's education program supports the Government of Honduras' Poverty Reduction Strategy and the Education for All - Fast Track Initiative (EFA-FTI) by improving the coverage and quality of pre-school and basic education and promoting key policy reforms, including decentralization. USAID's health program is: improving the availability and quality of maternal, child and reproductive health and family planning services; improving the quality and effectiveness of control over malaria, dengue, tuberculosis and other infectious diseases; and expanding HIV/AIDS prevention and treatment services. USAID is improving food security by increasing and diversifying food production, improving market infrastructure and practices, and promoting improved nutrition. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Inputs, Outputs, Activities:

FY 2004 Program:

Education policy reform ($3,800,000 DA). USAID-funded technical assistance to the Ministry of Education (MOE) will help it to achieve its goal of universal pre-school education by developing a curriculum for a pre-school radio program and a three-year implementation plan to take it to national scale. It will also help the MOE implement decentralization in ways that improve quality and efficiency, train primary school supervisors to implement the EFA-FTI, and make vocational education more responsive to the private sector. Contractors and grantees will be selected through a competitive process.

Access to quality education ($2,000,000 DA). USAID will continue and expand support for the highly successful Education for All (EDUCATODOS) program, a basic education program for children and adults not reached by the formal education system. USAID will fund development of a high school EDUCATODOS curriculum, as well as assistance to build a private foundation's capacity to work with the MOE to improve the program's management and outreach. Contractors and grantees will be selected through a competitive process.

Maternal and child health ($8,577,000 CSH). Support for the Honduras Family Planning Association and the Ministry of Health (MOH) will help these two organizations to continue expanding maternal health and family planning services in underserved areas. USAID will also support MOH efforts in child survival, and a portion will help control infectious diseases and other environmental health problems. Funds will provide budget support, commodities, and technical assistance to formulate and implement policy reforms for decentralized, integrated planning and management of health services. Contractors and grantees will be selected through a competitive process.

HIV/AIDS prevention and care ($4,200,000 CSH). USAID-funded technical assistance to help the MOH and non-governmental organizations (NGOs) expand and improve surveillance to track new infections and behavior change, increase access to voluntary counseling and testing, and improve access to anti-retroviral drugs. Funds will also support NGOs serving groups most affected by AIDS, emphasizing prevention but also supporting community care, and will intensify ongoing behavior change activities focused on high-risk groups. Contractors and grantees will be selected through a competitive process.

Food Security. P.L. 480 Title II resources will provide food to individuals and improve maternal and child nutrition and health in the poorest areas of the country. Approximately half of the value of these resources will be monetized to support programs designed to increase and diversify food production and improve market infrastructure and practices.

FY 2005 Program:
Education policy reform ($3,017,000 DA). USAID plans to finalize the pre-school pilot program and support sector-wide policy reforms in the areas of decentralization, education standards, and better testing and evaluation systems. Under the Center of Excellence for Teacher Training (CETT) Initiative, USAID will fund training programs for public school teachers and university students. Contractors and grantees will be selected in FY 2004.

Access to quality education ($2,000,000 DA). USAID plans to continue its support for EDUCATODOS, including work with the foundation to help improve management and outreach. Contractors and grantees will be selected in FY 2004.

Maternal and child health ($6,577,000 CSH). USAID plans to continue its support for the Honduran Family Planning Association and the MOH for maternal health and family planning services, as well as MOH child survival and environmental health and tuberculosis detection and treatment. Contractors and grantees will be selected in FY 2004.

HIV/AIDS prevention and care ($4,200,000 CSH). USAID plans to support the continued, decentralized expansion of public and private sector activities to conduct surveillance, prevent HIV transmission among and from high-risk groups, improve access to anti-retroviral drugs, and provide community care and support access. Contractors and grantees will be selected in FY 2004.

Food Security. P.L. 480 Title II resources will provide food to individuals and improve maternal and child nutrition and health in the poorest areas of the country. Monetized resources will support agricultural extension and rural infrastructure activities in extremely food insecure areas.

Performance and Results: This is a new program under the Central America and Mexico Regional Strategy. The education component began in late FY 2003 and the health component is beginning in FY 2004; however, many components follow on from the previous strategy. In FY 2003, EDUCATODOS achieved 98% of the target of 90,000 grade levels passed, the last of 30 vocational centers came on-line, and vocational center graduates employed exceeded the target by 23%. USAID's pilot program (Save the First Cycle), to reduce failure rates in grades 1 - 3 is on track to exceed its targets by the end of this school year. In 2004, this program will be replicated nationally under EFA-FTI. In 2003 contraceptive protection distributed through USAID-supported programs increased by 6.8%. USAID's condom marketing program accounts for an estimated 40% of all condoms sold. The national tuberculosis program exceeded targets and maintained the cure rate at 86% and the treatment abandonment rate at <5%. The percentage of rural water systems in full compliance with standards has increased from 7% to 33% since 1998. One hundred percent of planned Title II indicators were achieved or exceeded in the three program components - agriculture extension, institutional strengthening, and community health.

By the end of the strategy period, the Honduran basic education and workforce development systems will be more capable of meeting the country's needs for better educated and skilled workers that can meet evolving private sector demands, making Honduras more competitive and attractive to potential investors. Both traditional and alternative education programs, as well as workforce development programs, will be more efficient and financially sustainable. Government of Honduras' contributions to EDUCATODOS will increase substantially in the coming years and USAID funding will phase out by 2009. The Honduran health system will be more efficient, with a more capable and decentralized administration. This will contribute to reduced infant mortality, reduced total fertility, and stabilization of the HIV infection rate.

US Financing in Thousands of Dollars

Honduras

522-023 Investing in People	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	3,750
Expenditures	0	0
Through September 30, 2003		
Obligations	0	3,750
Expenditures	0	0
Unliquidated	0	3,750
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	12,777	5,800
Total Planned Fiscal Year 2004		
Obligations	12,777	5,800
Proposed Fiscal Year 2005 NOA		
Obligations	10,777	5,017
Future Obligations	49,189	18,950
Est. Total Cost	72,743	33,517

Jamaica

The Development Challenge: Achieving sustainable economic growth and eliminating the root causes of crime and violence are, perhaps, Jamaica's greatest development challenges today. After a period of negative growth in the late 1990s, Jamaica's economy began to show signs of recovery in 2000, registering a positive 0.7% of real growth in Gross Domestic Product (GDP). This growth continued through 2002 (1.0%), into the first half of 2003 (3.1%) and the Government of Jamaica projects 2-3% GDP growth for all of 2003. The reality, however, is that per capita GDP in Jamaica has not grown since 1982. Although poverty has decreased substantially over the past 20 years, many attribute that reduction to the impact of migrants' remittances as opposed to economic growth. Despite the positive trends in real GDP growth, the economy is threatened by a widening fiscal deficit (7.7% of GDP for the Jamaican Government's FY 2002/2003) and extremely high levels of both external and domestic debt. At the end of 2002, the country's debt had reached 140.3% of GDP. The percentage of government revenue used to service debt remained essentially unchanged at 63% as compared to the previous year, an indicator of the stifling impact of debt on the government's ability to invest in today's citizens and the leaders of tomorrow. Furthermore, extremely high interest rates on the government's domestic debt are stifling other more productive economic activity. Meanwhile, the government continues to grapple with ways to control sharp exchange rate fluctuations, while working to reduce the potential negative impact of inflation (12.2% in October 2003 versus 6.7% one year ago).

In this economic context, social pressures are inevitable since after debt service and payment of public sector salaries, only 5.5% of the government's operating year budget is available for all other expenditures. Crime and violence remain high, with Jamaica having the third highest murder rate in the world as well as significant amounts of domestic violence. These high levels of crime and violence erode the social fabric, chip away at the concept of rule of law, and weaken the very foundation of the bond between a government and its citizens. Further, high crime and violence lead to exorbitant financial costs that divert otherwise productive resources into increased security measures, and for managing in the aftermath of criminal acts. Moreover, crime and violence are symptoms of much more fundamental social ills such as weakened family structures, poor education, high unemployment, failed justice systems that are unable to bring redress in a timely manner, and political tribalism.

In 2002, high unemployment at 15.1% remained essentially unchanged from the previous year. The quality of primary education remains generally low in the public school system, due mainly to a shortage of resources. Likewise, the upgraded high schools, which have an enrollment of 120,000 students, are underperforming in the Caribbean Examination Council (CXC) exams and the education system in general fails to produce graduates with needed skills for the economic marketplace. HIV/AIDS indicators for Jamaica are finally showing positive trends, due to concentrated and sustained interventions from both the private and public sectors. The prevalence rate among those in their most productive years, however, is cause for grave concern as it continues to increase at an alarming rate. Estimates of the HIV prevalence rates in adults aged 15 - 49 years in 2002 ranged from 1.5 - 2%, with HIV/AIDS being the leading cause of death in this age group. This rate is higher among sex workers and other high risk populations.

The private sector struggles with the problems created by these social ills, while trying to increase operational efficiency and output. This transformation is essential for their survival in an increasingly competitive global business environment. As tourism and other productive sectors struggle to expand, there are increasing pressures on Jamaica's delicate natural resource base, creating the need for intensified interventions in this sector. Inefficiencies in the judicial system continue to negatively impact on respect for human rights and the rule of law.

The Jamaican Government is aware of the seriousness of fiscal imbalances on other social problems and the country's future growth potential; however, it is sometimes criticized for its lack of political will to aggressively attack governance issues, and take actions that would alleviate its fiscal deficit. In any event, what is needed to truly turn the current situation around is a shared awareness of these problems and their seriousness among all stakeholders -- government, private sector, labor, civil society organizations,

political leaders, and the general public, and an acceptance that change is necessary. As stated by one commentator, all key partners have to place the long-term health of the economy ahead of short-term parochial interests and all must be willing to contribute to addressing the fiscal problem. Nascent efforts to build that consensus are emerging from the private sector, but progress on this front is slow.

The U.S. national interest in Jamaica stems from its proximity to the United States, national security concerns, and the threat from transnational crime and drugs that have found a secure operating environment in Jamaica. Also, the benefits of a democratically stable and prosperous partner in the region and threats to the U.S. citizens emanating from a potential HIV/AIDS pandemic in Jamaica are important considerations for the United States.

The USAID Program: USAID's strategic program goal is to help Jamaica transform itself into a more competitive economy based on a stable political and social framework. Its strategic priorities are: 1) reducing constraints that limit growth, expansion and competitiveness in the micro, small, and medium enterprise sectors; 2) facilitating greater environmental sustainability together with economic growth by encouraging improved environmental management practices; 3) improving reproductive health by controlling the spread of HIV/AIDS and other sexually transmitted diseases, and addressing risky sexual behavioral patterns among youth; 4) increasing the literacy and numeracy skills of the country's youth to provide the human resource skills needed to support a growing economy; 5) improving efficiency and transparency in the justice system; 6) stimulating development in targeted inner city communities through activities that are increasing employment, encouraging the use of peaceful means for resolution of conflict, and improving community-police relations; and 7) strengthening civil society for improved oversight, local governance, and accountability.

FY 2004 funds will be used not only to implement and complete on-going programs but also to initiate arrangements for rapid implementation start-up under a new country strategic plan developed for FY 2005 - FY 2009. The Democracy and Governance program, which began in earnest only in 2002, will continue through FY 2005. USAID plans the implementation of a new strategy, as described in more detail in the attached Data Sheets.

Other Program Elements: In addition to the bilateral activities, a new Presidential Initiative activity, the Center of Excellence for Teacher Training (CETT), has started one of its three subregional sites in Jamaica. It seeks to upgrade the skills of classroom teachers in order to make them more effective reading instructors in the early primary grades (1-3). Schools in rural and urban poor communities that have a significant number of Creole-dominant speakers are targeted. CETT is being linked to USAID's education program which also targets primary schools.

Other Donors: Assistance from the donor community remained an important source of the Jamaican Government's funding for projects in 2002, although the levels declined by 22.8% in 2002 compared to 2001. Of the total $247.7 million provided in loans and grants in 2002, 60% supported projects that are focused on economic infrastructure (mainly improvements in road and water supply), social infrastructure (including HIV/AIDS treatment and protection) in health and education, natural resource management, and security and justice enhancement. The remaining 34% supported the legal and regulatory environment of the financial sector. The largest multilateral donor in 2002 was the Inter-American Development Bank (50.9%), followed by the World Bank (19.3%). Based on the portfolio of current programs, the U.S. Government is the largest bilateral donor, followed by the Japanese and Canadian governments in that order. Donor coordination is spotty. An annual meeting of donors is held but is largely focused at the macro level and an actionable agenda rarely emerges from the meeting. Periodically donors and other partners meet on a sectoral basis.

Jamaica
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	3,121	3,713	3,117	4,339
Development Assistance	9,471	13,713	13,234	17,532
Development Credit Authority	0	106	0	0
Economic Support Fund	1,532	0	0	0
Total Program Funds	**14,124**	**17,532**	**16,351**	**21,871**

STRATEGIC OBJECTIVE SUMMARY				
532-002 Sustainable Improvement of Natural Resources				
DA	3,203	3,248	3,266	0
DCA	0	53	0	0
532-003 Improved Reproductive Health				
CSH	3,121	3,713	3,117	0
532-004 Improving Education Quality in Jamaica				
DA	3,678	4,678	4,878	0
532-006 Enhancing Business Development in Jamaica				
DA	2,090	2,837	2,590	0
DCA	0	53	0	0
532-007 Peace and Prosperity in Inner City Communities				
DA	500	0	0	0
ESF	500	0	0	0
532-008 Strengthening Democracy and Governance in Jamaica				
DA	0	2,950	2,500	0
ESF	1,032	0	0	0
532-x10 Rural Livelihood				
DA	0	0	0	5,051
532-x11 Healthy Lifestyles				
CSH	0	0	0	4,339
532-x12 Education				
DA	0	0	0	4,561
532-x13 Strengthening Democracy and Governance in Jamaica				
DA	0	0	0	4,500
532-xx9 Bolstering Economic Growth and Competitiveness				
DA	0	0	0	3,420

Mission Director,
Karen Turner

Data Sheet

USAID Mission:	Jamaica
Program Title:	Sustainable Improvement of Natural Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-002
Proposed FY 2004 Obligation:	$3,266,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2004

Summary: USAID's strategy is to improve the quality of key natural resources in selected areas that are environmentally and economically significant including watersheds and coastal zones; support sustainable tourism through increased land under sustainable management; and improve the compliance with U.S. Environmental Protection Agency standards in targeted coastal water sites. This is being achieved by increasing the adoption of environmentally sound practices; facilitating the adoption of policies for improved environmental management; and improving the management of wastewater treatment plants.

Inputs, Outputs, Activities:

FY 2004 Program:

Increased adoption of environmentally friendly practices ($1,767,000 DA). USAID will continue to train local non-governmental organizations (NGOs) to more widely adopt sustainable environmental practices, such as improved sanitation and solid waste practices in rural areas, sustainable income-generating agricultural and livestock ventures, water quality monitoring, water harvesting techniques, and tree planting. Environmental audits and Green Globe environmental certification of small hotels and manufacturers in Port Antonio help make it a more competitive tourist destination. USAID will continue to support the pioneering work in local governance, again with a focus on Port Antonio, and will strengthen civil society groups and local agencies, such as the Destination Management Group, Watershed Management Committee, and the Parish Development Committee, to better plan and implement environmental protection policies and strategies. USAID will fund activities to strengthen the Jamaica Protected Areas Network by helping them develop and implement sustainability initiatives as well as educational and promotional materials, such as calendars and tourist guides. In addition, USAID will provide technical expertise to Jamaican organizations in the areas of forest resource development, eco/community tourism product development, and protected areas management. Principal contractors, grantees, and agencies include: Associates in Rural Development (ARD), PA Consulting Group (PACG), National Environment and Planning Agency (NEPA), Jamaica Hotel and Tourist Association, Jamaica Manufacturer's Association, the USDA/Forest Service, and the Rural Agricultural Development Agency.

Increased adoption of policies for improved environmental management ($1,032,000 DA). USAID will provide technical assistance to help finalize a new watershed policy for Jamaica and update the country's Watersheds Protection Act and Regulations. This will enhance the Government of Jamaica's capacity to better manage its precious environmental resources, which are key to maintaining the tourism industry, the main engine of economic growth on the island. Technical assistance efforts will also focus on implementation of the National Water Quality Monitoring Program as well as the introduction of the Blue Flag Beach Safety and Environmental Certification Scheme, which will make Jamaica a more attractive destination for international tourists seeking guarantees of safe and unpolluted tropical beaches. USAID will provide technical assistance to upgrade water testing laboratories and provide training for lab technicians and public awareness campaigns on the benefits of the Blue Flag program. Principal contractors, grantees, and agencies include ARD, PACG, NEPA, Social Development Commission, and the National Council on Ocean and Coastal Zone Management.

improved management of wastewater treatment plants in targeted sites ($261,000 DA). USAID will provide technical assistance to strengthen the institutional capacity of wastewater operators in Jamaica, from both the public and private sectors, to the Jamaica Wastewater Operators Association and the Wastewater Advisory Monitoring Committees. USAID will also explore developing a Development Credit Authority loan guarantee program for the water and sanitation sectors, in order to leverage private-sector capital to support water and sanitation projects in rural communities. Principal contractors, grantees, and agencies include ARD, National Water Commission, and possibly a private bank.

Audit, Evaluation & Project Design ($206,000 DA). With a new strategic plan to begin in FY 2005, USAID will build on the achievements that have been made to date in addressing critical environmental issues through an integrated Ridge-to-Reef approach. Although the basic premise of an integrated natural resource management approach on which the current strategy has been built remains valid, USAID will seek to develop a new framework that incorporates a more comprehensive approach that includes socio-economic concerns. USAID will investigate the issues and areas of potential intervention including rural development, land use planning, and small-scale sanitation in preparation for new project activities/interventions in the new strategy. USAID will use the Biodiversity and Tropical Forestry Assessment completed in FY 2003 to analyze and design the most effective intervention for USAID in protected area and biodiversity management.

Principal contractors, grantees, and agencies will be identified by various USAID mechanisms, such as Indefinite Quantity Contracts (IQCs).

FY 2005 Program:
No new funds will be obligated into this SO in 2005. During this fiscal year, this SO will focus on ensuring the sustainability of program impacts and facilitating a smooth transition into the Mission's new strategy program.

Performance and Results: USAID has again successfully achieved its targets during the review year. The Ridge-to-Reef Watershed Program focused on watershed management and its critical linkage to coastal water quality. The Environmental Audits for Sustainable Tourism project continued to promote the adoption of environmental management systems in the tourism and manufacturing sectors, and the Coastal Water Quality Improvement Project worked on enhancing community involvement in water quality monitoring, while encouraging improved environmental management of waste water systems. In addition, a Development Credit Authority agreement was signed with a local bank, providing a credit guarantee that will make $5 million accessible to the hotel and manufacturing sectors for environmental retrofitting. For the review period, the goal for the percent of land in targeted areas in the Great River and Rio Grande watersheds using appropriate practices for environmental management was 10 percentage points above the target level of 25%. In addition, the percentage of faecal coliform samples from target areas that are in compliance with U.S. Environmental Protection Agency standards increased from 78% to 84%, representing an increase above the targeted level of 80%. With 43 targeted organizations successfully implementing environmental standards the target of 38 for this indicator was exceeded by 13%.

USAID has been assisting the Jamaican Government in the development of six policies under the present strategy: (i) the National Water Policy; (ii) the Sewage Connection Policy; (iii) the National Policy on Ocean and Coastal Zone Management; (iv) the National Watershed Policy; (v) the National Environmental Management Systems Policy; and (vi) Sewage Effluent Regulations.

US Financing in Thousands of Dollars

Jamaica

532-002 Sustainable Improvement of Natural Resources	DA	DCA
Through September 30, 2002		
Obligations	12,168	0
Expenditures	10,086	0
Unliquidated	2,082	0
Fiscal Year 2003		
Obligations	3,353	53
Expenditures	2,188	0
Through September 30, 2003		
Obligations	15,521	53
Expenditures	12,274	0
Unliquidated	3,247	53
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,266	0
Total Planned Fiscal Year 2004		
Obligations	3,266	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	18,787	53

Data Sheet

USAID Mission:	Jamaica
Program Title:	Improved Reproductive Health
Pillar:	Global Health
Strategic Objective:	532-003
Proposed FY 2004 Obligation:	$3,117,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2004

Summary: USAID's health program is aimed at increasing the use of quality reproductive health and HIV and sexually transmitted infections (STI) services and preventive practices by high-risk populations, especially youth. This is being accomplished by: 1) increasing availability of and access to youth-friendly reproductive health services; 2) developing and disseminating educational materials and innovative approaches to encourage changes in high-risk behaviors; 3) improving the clinical and interpersonal skills of health workers; and 4) strengthening reproductive health policies. HIV/AIDS prevention efforts are generally targeted at high-risk groups and include voluntary counseling and testing, capacity building and program support for local non-governmental organizations, and support for the Ministry of Health's National HIV/AIDS Program.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased Access ($1,403,000 CSH). Building on past successes, USAID will continue to look for creative ways to expand access to public-sector adolescent reproductive health services and simultaneously create more demand for high-quality private-sector services. In addition, USAID will support carrying out a broad-based evaluation of adolescent reproductive health needs to gather important data and analyses that can be used to help health-care service providers be more responsive to each client's needs. USAID will also implement strategic planning exercises that take place at the parish level to help the Ministry of Health make informed decisions on how best to use their scarce budget resources to meet the reproductive health needs of Jamaica's adolescent population.

On the HIV/AIDS front, USAID will continue to support a number of important activities within the Ministry of Health's National AIDS Program. USAID will provide institutional strengthening and HIV/AIDS technical program support to non-governmental organizations (NGOs), especially those working with high-risk groups. USAID will sponsor workshops and training sessions on STIs to respond to the recommendations made following an STI clinic assessment. USAID continues to support the contact investigator program to ensure that information is channeled properly through the health surveillance system and that confidentiality remains a top priority for those providing HIV/AIDS services. USAID will support the creation of two additional specialty care centers to enhance the public sector's capacity to assist more HIV patients. USAID will fund the evaluation of the national Preventing Mother to Child Transmission (PMTCT) program to identify how best to expand the testing of pregnant women to prevent HIV transmission to their unborn children. Principal contractors, grantees, and partners will include the Futures Group International, the Ministry of Health, and a variety of NGOs.

Improving Knowledge and Skills ($1,091,000 CSH). USAID will continue the very successful mass media campaign that addresses critical adolescent reproductive health issues such as preventing unwanted pregnancies and avoiding sexually transmitted infections. USAID will provide support for voluntary counseling and testing services with the goal of getting more people to voluntarily come forward to be tested and learn their HIV status. Data synthesis and analysis for the 2003 Knowledge, Attitudes, Practices, and Behavioral Study will be conducted to provide more reliable, user-friendly data to help the

Ministry of Health and other health practitioners better understand the health challenges confronting Jamaican youth. USAID will continue to support HIV/AIDS prevention education, with special emphasis on high-risk groups. Additional research will be conducted to map out geographic areas of high HIV/AIDS transmission so that interventions can be better targeted to combat the spread of the disease. Principal contractors, grantees, and partners will include the Ministry of Health and JHPIEGO, an affiliate of Johns Hopkins University.

National Policy and Guidelines ($623,000 CSH). USAID will continue community-level advocacy activities focused on enhancing the policy dialogue related to adolescent reproductive health and youth policies. USAID will fund efforts to combat HIV/AIDS stigma and discrimination through legal and constitutional reform. Assistance will also be provided to coordinate anti-retroviral drug procurement, distribution, and service systems, complementing work that will be done through the recently approved Global Fund initiative. Principal contractors, grantees, and partners will include the Policy II Project and local NGOs.

FY 2005 Program:
No new funds will be obligated into this program in FY 2005. USAID will focus on ensuring the sustainability of program impacts and facilitating a smooth transition to the new country strategy plan.

Performance and Results: The program's performance has met expectations by achieving or exceeding most of the established targets. The 2002 Reproductive Health Survey, conducted by the Jamaican National Family Planning Board in collaboration with the Statistical Institute of Jamaica, indicated a reduction of youth fertility (15-19 age group) from 112 per 1,000 live births in 1997 to 79 per 1,000 live births in 2002, and also in the increase in contraceptive use among young people under 20 years old in targeted areas from 58.6% in 1997 to 68.8% in 2002. In 2003, seroprevalence among STI clinic attendees was recorded at 2.61%, down from 5.76% in 2002. Similarly, seroprevalence among antenatal clinic attendees dropped from 1.43% in 2002 to 1.29% in 2003. Continued progress will lead to a decline in HIV seroprevalence rates and will result in a reduction in the number of births to and sexually transmitted diseases contracted by adolescents in Jamaica.

US Financing in Thousands of Dollars

Jamaica

532-003 Improved Reproductive Health	CSH	DA
Through September 30, 2002		
Obligations	6,118	3,227
Expenditures	4,483	3,069
Unliquidated	1,635	158
Fiscal Year 2003		
Obligations	3,813	0
Expenditures	3,660	124
Through September 30, 2003		
Obligations	9,931	3,227
Expenditures	8,143	3,193
Unliquidated	1,788	34
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,117	0
Total Planned Fiscal Year 2004		
Obligations	3,117	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	13,048	3,227

Data Sheet

USAID Mission:	Jamaica
Program Title:	Improving Education Quality in Jamaica
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-004
Proposed FY 2004 Obligation:	$4,878,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: USAID's educational program is improving the numeracy and literacy skills of targeted students in 72 of Jamaica's lowest performing primary and all-age schools and providing remedial education to 6,200 at-risk youth in non-government organization (NGO) sites across the island. Through formal school-based and informal NGO-based interventions, teachers, parents, and administrators are being trained in how best, school staff, and parents, supply learning materials, improve the management capabilities of schools and give nutritional support to the children. To improve the prospects of many of Jamaica's estimated 110,000 young people between the ages of 12-24 living in poverty, a youth-at-risk program supports NGO services that are designed to promote self esteem, reduce teenage pregnancy, increase literacy, reduce the risk of HIV/AIDS, and reinstate drop-outs into schools.

Inputs, Outputs, Activities:

FY 2004 Program:
Improved quality of teaching ($2,578,000 DA). FY 2004 funds will be used to train 24 mathematics and language arts part-time teachers to assist the four teaching specialists who have been contracted to train teachers on innovative teaching strategies. Thirty-three additional mathematics and literacy resource teachers will also be trained in the use of child-centered methodologies and in implementing cooperative learning techniques. These teachers will serve as a resource to other teachers to provide information in the aforementioned skill areas. Similar training, via workshops, will reach 750 classroom teachers. Five schools using a curriculum that focuses on technology will receive additional computers, software, and other equipment to enhance their capacity to deliver state-of-the-art primary education. A technology resource center will be equipped with new high-tech equipment for use by primary school teachers on the eastern side of the island. Principal implementing contractors, grantees, and partners include Juarez & Associates, the Ministry of Education Youth and Culture's Professional Development Unit, and the National Center for Youth Development.

Increased school attendance ($200,000 DA). Limited FY 2004 funds will be directed toward the ongoing breakfast program, providing incentives for improved school attendance, and continuing capacity-building training of parents and teachers in the areas of fund raising and income generation and communication skills. The primary implementor will be Juarez and Associates.

Improved management of schools ($650,000 DA). To complement the 364 parents who were trained in FY 2003 in organizational development, planning, and management, USAID will support the training of an additional 400 parents, 115 principals and vice principals, and 286 school board members on these same topics during FY 2004. The principal implementation partner will be the National Council on Education.

NGO sites meeting literacy teaching standards ($1,450,000 DA). USAID will continue to expand the reach of the remedial education services activity, which provides basic literacy classes and life skills training to out-of-school youth. Principal grantees will include People's Action for Community Transformation and 12 other NGOs.

FY 2005 Program:
No new funds will be obligated into this program in 2005. During this fiscal year, the program will focus on ensuring the sustainability of program impacts and facilitating a smooth transition into the Mission's new country strategic plan.

Performance and Results: After making somewhat steady progress over the last few years, this program fell short of meeting expectations with regard to key indicators at the end of this reporting period. However, students in targeted schools have improved over the 1998 baseline in both the third and sixth grades and the improvements have been greater than those of children in the education system as a whole. Furthermore, targeted schools have been successful in improving the "near mastery" levels of mathematics and language arts on the Grade Six Achievement Test. Again, the improvement has been greater than that of students in the system as a whole.

During 2003, USAID continued to support the efforts of parents and communities to provide breakfast to 1,677 needy students. This program, which is seen as very critical to the attendance levels of those needy students, has been instrumental in reducing the number of underweight students within this group of 1,677, from a baseline of 7.3% to 2.7%. Over that time period, it has also contributed to an increase in the attendance levels of these needy students from a baseline of 65% to 85%. In an effort to ensure sustainability of the breakfast program, the USAID has throughout the life of the project provided training to 315 parents and community persons to assist the schools in fundraising efforts for this activity.

By 2005, the project will have integrated technology into teaching methodologies throughout project schools and introduced selected best-practice to improve the promise for sustainability.

US Financing in Thousands of Dollars

Jamaica

532-004 Improving Education Quality in Jamaica	CSH	DA
Through September 30, 2002		
Obligations	7,442	4,218
Expenditures	7,165	1,536
Unliquidated	277	2,682
Fiscal Year 2003		
Obligations	0	4,868
Expenditures	247	2,694
Through September 30, 2003		
Obligations	7,442	9,086
Expenditures	7,412	4,230
Unliquidated	30	4,856
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	4,878
Total Planned Fiscal Year 2004		
Obligations	0	4,878
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	7,442	13,964

Data Sheet

USAID Mission:	Jamaica
Program Title:	Enhancing Business Development in Jamaica
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-006
Proposed FY 2004 Obligation:	$2,590,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2004

Summary: USAID's strategy to improve the business environment in Jamaica aims at reducing constraints to doing business and improving the skills of Jamaican businesses to help them to better compete in the global economy. Program initiatives include: 1) technical assistance, training, and equipment for the public and private sectors to increase efficiency; 2) improving business skills of technologically-oriented companies in areas that will enable productivity improvements; and 3) increasing the ability of small, medium, and micro enterprises to access a wider range of financial products and services.

Inputs, Outputs, Activities:

FY 2004 Program:
Key business constraints reduced and competition fostered ($1,658,000 DA). USAID will provide technical assistance to help the private sector identify and address key legislation, regulations, and processes that are constraints to efficiently conducting business in Jamaica. Efforts will focus on such areas as streamlining mechanisms for tax payments and obtaining licenses, tax compliance certificates, and export permits. USAID-funded technical assistance will enhance Jamaica's trade capacity by improving the enforcement capabilities of the Fair Trading Commission and the Anti-Dumping and Subsidies Commission. USAID is supporting e-commerce and e-government initiatives to render a number of public sector institutions more efficient and responsive to their customers' needs. Principal implementing contractors, grantees, and agencies include Carana Corporation, the Jamaica Chamber of Commerce, Private Sector Organizations of Jamaica, and the Ministry of Commerce, Science and Technology.

Improvement of company skills ($478,000 DA). USAID will support the development of competitive clusters in target sectors, including agribusiness, entertainment, and tourism. The goal is to help Jamaican businesses actively compete in global markets in a free trade environment. USAID-funded activities will include both direct training and technical assistance programs for those enterprises participating in the program as well as institutional strengthening activities for providers of business development services, training institutions, and private-sector umbrella organizations. Principal contractors, grantees and partners include Carana Corporation, Jamaica Exporters' Association, Management Institute for national Development (MIND), JAMPRO, Jamaica Manufacturers' Association, and the Institute of Management Sciences/Institute of Management & Production.

Private financing to the micro- and small business sectors ($454,000 DA). USAID's small business enterprise program will continue to expand and provide much needed lending capital to small- and micro-entrepreneurs while simultaneously giving them the skills they need to manage their cash flow appropriately. Through the high-profile migrants' remittance program, begun in October 2003, USAID will engage the Jamaican diaspora to address key social sector challenges by creating a fund that can be used for public sector education programs. This fund will be financed by reducing the transaction costs associated with transferring funds from overseas to Jamaica. Principal contractors and grantees will include the Jamaica National Building Society and Jamaica National Small Business Loans Ltd.

FY 2005 Program:
No new funds will be obligated into this program in 2005. During this fiscal year, the program will focus on ensuring the sustainability of program impacts and facilitating a smooth transition into the Mission's new country strategic plan.

Performance and Results: This program has exceeded expectations for its overall targets. Activities aimed at improving the business skills and productivity tools of companies are progressing well, with 440 small, medium, and micro enterprises having received training in areas such as financial management, general accounting, marketing, strategic business planning, managing payroll systems, and effective leadership. The Cluster Competitiveness Project is now working in two of the three cluster industries that have been identified for assistance -- agribusiness and tourism. To date, approximately 120 firms are involved in these clusters and the numbers continue to grow. Through this program, Jamaican businesses will acquire the skills required to effectively enter and compete in the global economy. The micro-enterprise program, which began in two parishes, has now been expanded to all 14 parishes. New loans provided in the first nine months of CY 2003 totaled 3,463 for a total value of $1.1 million, bringing the total number of loans since the commencement of the program to 26,069, valued at $13.0 million. Of the 6,000 businesses expected to be registered during CY 2003, 4818 were registered by the end of September, and the program is on target to achieve its goal.

US Financing in Thousands of Dollars

Jamaica

532-006 Enhancing Business Development in Jamaica	DA	DCA
Through September 30, 2002		
Obligations	9,293	0
Expenditures	5,290	0
Unliquidated	4,003	0
Fiscal Year 2003		
Obligations	2,837	53
Expenditures	3,645	0
Through September 30, 2003		
Obligations	12,130	53
Expenditures	8,935	0
Unliquidated	3,195	53
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,590	0
Total Planned Fiscal Year 2004		
Obligations	2,590	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	14,720	53

Data Sheet

USAID Mission:	Jamaica
Program Title:	Strengthening Democracy and Governance in Jamaica
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	532-008
Proposed FY 2004 Obligation:	$2,500,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2004

Summary: USAID's democracy and governance program seeks to increase participation of civil society in issues of governance, improve community-police relations, and improve the efficiency of the justice system. The program also promotes the development of a more informed citizenry, and wider, deeper, and more frequent citizen participation in governance and public-sector decision making.

Inputs, Outputs, Activities:

FY 2004 Program:
Engaging civil society on issues of governance ($1,000,000 DA). USAID's civil society strengthening program, begun in October 2003, will strengthen the capacity of at least 21 local non-governmental organizations (NGOs) to more effectively carry out their advocacy roles and responsibilities, and to educate Jamaican citizens on their role in the democratic process. USAID will provide continued support for the development of a research and documentation center on citizen's rights, which will give Jamaican citizens easier access to information on Jamaican laws and will create a more transparent legal environment. In addition, USAID will fund activities that promote a greater flow of information on human rights and citizens responsibilities. USAID will also support programs to design anti-corruption and governance initiatives to be implemented under its new strategic plan. Principal contractors, grantees, and partners will include Management Sciences International, Jamaicans for Justice, the Jamaican Council for Human Rights, and a large cadre of civil society NGOs.

Improving community-police relations ($1,000,000 DA). USAID will support extensive community policing training, e.g., peaceful dispute resolution and techniques for de-escalating violent situations, to give the police the skills needed and generate confidence in and support for the police on the part of citizens living in conflict-prone inner city neighborhoods. In addition, USAID will fund the training of inner city residents in domestic violence reduction, community beautification, and collaborative problem solving to make them more aware of their civic responsibilities and to generate a sense of pride in their community. USAID will provide funding to construct and equip the Grants Pen Community Services Center. The services center will include a small police station, as well as a variety of other public- and private-sector outlets where citizens can conduct routine business functions. USAID will implement a mentoring program at a community school in which police officers will help students improve their academic performance, enhance their interpersonal skills, and expose them to positive adult role models. USAID will support the development of a multi-sector National Youth Strategy to include a youth anti-crime initiative. USAID support will also facilitate consensus building and awareness surrounding these initiatives among the public and private sectors in order to ensure buy-in and support from all sectors. Principal contractors, grantees, and partners will include Police Executives Research Forum, the Stella Maris Foundation, other local non-governmental organizations, the Planning Institute of Jamaica, other Government Ministries, and the Jamaica Constabulary Force.

Improving the efficiency of the justice system ($500,000 DA). USAID will continue to roll out computerized case management systems in 16 additional resident magistrate courts, to reach all 23 resident magistrate courts in the country. As part of the program, USAID will provide case management software and court

reporting equipment and train court staff in their use. USAID will provide training to judges, magistrates, and court professionals throughout Jamaica to help them remain up-to-date on new laws and systems for promoting efficiency. Principal contractors, grantees, and partners will include the Ministry of Justice, Justice Training Institute and the Jamaica Bar Association.

FY 2005 Program:
No additional funds will be obligated into this program during FY 2005. USAID will continue to ensure the sustainability of program impacts realized to date under its new strategy program.

Performance and Results: Successful implementation of this program will improve good governance in Jamaica, ensure citizen security, and promote respect for the rule of law. At the end of the strategy period, it is expected that improved community-police relations will have resulted in a reduction of tensions, a sense of community and pride in Grants Pen and its surrounding areas will have emerged, and the Government of Jamaica will have replicated this model activity in other communities. Also, it is expected than civil society networks and coalitions will be functioning and becoming effective advocates for the promotion of human rights and reducing crime and violence. A stronger, more efficient court system will serve as the foundation for economic growth, good governance, and citizen security.

US Financing in Thousands of Dollars

Jamaica

532-008 Strengthening Democracy and Governance in Jamaica	DA	ESF
Through September 30, 2002		
Obligations	0	2,995
Expenditures	0	168
Unliquidated	0	2,827
Fiscal Year 2003		
Obligations	2,950	0
Expenditures	67	1,157
Through September 30, 2003		
Obligations	2,950	2,995
Expenditures	67	1,325
Unliquidated	2,883	1,670
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,500	0
Total Planned Fiscal Year 2004		
Obligations	2,500	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	5,450	2,995

Data Sheet

USAID Mission:	Jamaica
Program Title:	Rural Livelihood
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-x10
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,051,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: USAID's Rural Livelihood program, currently being finalized as part of the new strategic plan, will emphasize the relationship between effective natural resources management and sustainable economic growth. The program will highlight concerns for the impact of economic development on the natural resource base together with increasing awareness of the close relationships between poverty, especially rural poverty, and environmental degradation.

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out under this program during FY 2004.

FY 2005 Program:
Increased adoption of environmentally friendly practices ($2,323,000 DA). USAID expects to fund programs focused on improved technologies and cleaner production, targeting sustainable environmental management systems in small and rural enterprises. USAID will introduce sustainable agricultural practices and enterprise development that will address food security issues. USAID will continue to help Port Antonio become internationally recognized as a Green Globe Destination through efforts, such as water quality monitoring. Principal contractors, grantees, and agencies will be identified.

Increased adoption of policies for improved environmental management ($1,717,000 DA). USAID will fund activities focused on improving the legislative framework for biodiversity and protected areas management in Jamaica. USAID plans to assist with the implementation of the National Water Quality Monitoring Program, including the Blue Flag Beach Safety and Environmental Certification Scheme in order to protect Jamaica's precious natural resource base and help it become a more attractive destination for international visitors. USAID will also provide technical assistance to help finalize The Watersheds Protection Act for Jamaica along with a River Policy that addresses issues related to use of the waterways by tourism interests, utility operations, and individuals. Principal contractors, grantees, and agencies include National Environment and Planning Agency, Ministry of Tourism, National Council on Ocean and Coastal Zone Management.

Improved management of wastewater treatment plants in targeted sites ($556,000 DA). USAID may seek the use of the Development Credit Authority loan guarantee program to facilitate projects in the water and sanitation sectors. USAID expects to focus on introducing low-cost community sanitation solutions, especially in populated wetlands. Principal contractors, grantees, and agencies include Associates in Rural Development, National Water Commission, and the Development Credit Authority Office.

Audit, Evaluation & Project Design ($455,000 DA). All components of the Ridge to Reef Program will conclude over the next two fiscal years. The program has registered many successes to date, and lessons learned from the integrated approach need to be documented for dissemination and future reference. In FY 2004, the Biodiversity and Tropical Forestry, and the Ridge to Reef Watershed components were evaluated. Also, an assessment of the constraints and opportunities for Rural

Development was completed. To further guide development of the new program strategy, USAID intends to conduct an evaluation of the entire program, including the coastal zone management, watershed management, and sustainable tourism components. Furthermore, an assessment of the energy sector will be undertaken to ascertain the appropriateness of USAID's support to the energy sector under the new strategy. Design efforts will also be undertaken for specific projects and activities under the new strategy. The principal contractor will be identified.

Performance and Results: Principal outcomes at the end of this program will include the integration of natural resource considerations into economic development planning with a greater national awareness and adoption of environmental management systems. The introduction and use of cleaner production technologies will also take place. An appropriate, supportive policy framework with emphasis on economic incentives for the adoption of cleaner production mechanisms will be in place. The establishment of a Development Credit Authority loan guarantee facility would ensure more private-sector involvement in the provision of water and sanitation services, and make these services more efficient while reducing the negative impact of sewage on groundwater and coastal water quality. There will be an overall improvement in environmental awareness at the national level and strengthened local governance mechanisms for natural resources management at the community level.

US Financing in Thousands of Dollars

Jamaica

532-x10 Rural Livelihood	**DA**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	5,051
Future Obligations	21,750
Est. Total Cost	26,801

Data Sheet

USAID Mission:	Jamaica
Program Title:	Healthy Lifestyles
Pillar:	Global Health
Strategic Objective:	532-x11
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,339,000 CSH
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: This new strategic objective, currently being developed as part of USAID/Jamaica's FY 2005 - FY 2009 country strategic plan, will expand beyond the traditional focal points of adolescent reproductive health and HIV/AIDS challenges to include a "healthy lifestyles" approach that addresses such important challenges as substance abuse, low self esteem, and violence. The target vulnerable groups continue to be youth between the ages of 10 and 19, and those groups that are especially vulnerable to HIV/AIDS.

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out under this program in FY 2004. The program will begin in FY 2005.

FY 2005 Program:
Increased healthy behaviors among youth ($2,077,000 CSH). USAID will promote improved adolescent reproductive health through a package of interventions that promotes abstinence, and addresses sexual risk-taking. Additional USAID activities will focus on behavior areas identified in the national health promotion strategy, including gender-based and sexual violence, and alcohol and drug use. In response to the Jamaican Ministry of Health's Healthy Lifestyles Strategy, USAID will place cross-cutting emphasis on self-esteem, resiliency, and life-skills. To promote positive behaviors, program activities will expand access to youth-friendly services; improve knowledge, attitudes, and skills related to healthy behavior; increase community support and involvement; and support implementation of improved national policies and guidelines.

Reduced HIV prevalence in vulnerable populations reduced ($2,262,000 CSH). To maximize the impact on HIV/AIDS prevalence rates, USAID will focus resources on reaching the most vulnerable people in high prevalence areas around the country. USAID will devise a more tactical approach to implementing HIV/AIDS programs by enhancing the quality of data that is available on HIV/AIDS transmission. To increase the availability of high-quality prevention, care, and support services, USAID may provide additional funds to support institutional strengthening and programmatic interventions of local non-governmental organizations. To address the important issues of HIV/AIDS stigma and discrimination, USAID proposes to engage in policy reform and educational campaigns. USAID will explore activities to create a more multi-sectoral response to the HIV/AIDS challenge by encouraging the private sector to play a more active role in addressing HIV/AIDS issues in the workplace and in society as a whole.

Performance and Results: At the end of the strategy period, Jamaican youth will be practicing healthy lifestyle behaviors, such as physical activity, good nutrition, and avoiding alcohol and substance abuse. They will be making more informed decisions and will have higher self esteem and stronger life skills. There will be also a reduction of HIV seroprevalence among high-risk groups in Jamaica, increased public dialogue, and a more coherent, integrated national response to HIV/AIDS.

US Financing in Thousands of Dollars

Jamaica

532-x11 Healthy Lifestyles	CSH
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	4,339
Future Obligations	29,680
Est. Total Cost	34,019

Data Sheet

USAID Mission:	Jamaica
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-x12
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,561,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: The strategic objective will build on the experience and success in basic education under USAID's current program. However, this new program will adopt a slightly broader approach and emphasize community partnerships and linkages, and synergies with other strategy interventions, such as promoting healthy behaviors in support of the Healthy Lifestyles objective.

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out under this program in FY 2004. The program will begin in FY 2005.

FY 2005 Program:
Improved quality of teaching in poor performing schools ($1,961,000 DA). USAID will support efforts that focus on improved literacy and numeracy among students in poor performing primary schools and upgraded secondary schools. USAID will fund training of teachers, curriculum development, and the introduction of tools to diagnose learning disabilities. Potential partners, institutional contractors or grantees will include public primary schools, upgraded secondary schools, and selected units in the Ministry of Education, Youth and Culture, as well as select private sector organizations not yet identified.

Improved quality of teaching for at-risk and out-of-school youth ($958,000 DA). USAID will address the educational needs of at-risk youth by supporting initiatives which focus on problem areas such as teacher preparation, professional support for literacy, language arts skills; adequate resource materials, and parental and community involvement. USAID-funded programs will help to stem the increasing numbers of youth entering into a life of crime and violence. Potential partners, contractors, or grantees will include local NGOs, public secondary schools, and selected units in the Ministry of Education, Youth and Culture.

Improved management of schools ($502,000 DA). USAID will complement the efforts to improve the management of schools through training of parents and school boards in effective management techniques, and revitalizing parent-teacher associations. Potential partners, contractors, and grantees will include the National Council on Education, as well as selected units in the Ministry of Education, Youth and Culture.

Strengthened community partnerships ($1,140,000 DA). In order to leverage private-sector support for education in Jamaica, USAID will help to secure community support, corporate school sponsorship, and private-sector involvement in improving educational quality. These initiatives will encourage private-sector partners to make financial and in-kind contributions which will increase the impact and sustainability of USAID's educational development efforts. Potential partners, contractors, or grantees will include selected local private-sector organizations and selected units in the Ministry of Education, Youth and Culture.

Performance and Results: At the end of the strategy period, tangible improvements will have been demonstrated through more equitable access to educational opportunities and improved academic achievement for all Jamaican children, leading to a sustainable increase in literacy and numeracy rates,

as well as a reduction in poverty. Better educated children will ultimately result in a more prepared workforce that meets Jamaica's human capacity needs as it strives to participate actively in the global economy.

US Financing in Thousands of Dollars

Jamaica

532-x12 Education	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	4,561
Future Obligations	23,800
Est. Total Cost	28,361

Data Sheet

USAID Mission:	Jamaica
Program Title:	Strengthening Democracy and Governance in Jamaica
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	532-x13
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,500,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: *This new democracy and governance program, currently being developed under USAID's new country strategic plan for Jamaica for FY 2005 - FY 2009, continues in the same vein as the previous initiative and focuses on enhancing community-level democratic processes and improving community/police relations. It will use the capacity that has been developed to date in the judicial system to build the legal foundation needed for a strong civil society and address other key issues throughout the portfolio. The program will also include a new emphasis on enhancing the capacity of key anti-corruption entities in order to develop more transparent and accountable public organizations and officials.*

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out under this program in FY 2004. The program will begin in FY 2005.

FY 2005 Program:
Enhanced democratic processes at the community level ($2,385,000 DA). USAID will focus on strengthening civil society organizations and empowering Jamaican citizens. USAID will emphasize community-based initiatives, such as increasing public access to information and creating local advocacy networks to serve as change agents for improved social policy. USAID will target Jamaican youth through civic education and other initiatives to help counter the culture of violence that has become embedded in Jamaican society. Through a creative mix of technical assistance and programmatic support, USAID will help civil society groups to become more cohesive and garner more political clout. Potential contractors, grantees, and partners will include Management Sciences International, numerous Jamaican non-governmental organizations, and others.

Improved community-police relations ($810,000 DA). Building on the success of and lessons learned from USAID's community policing program in Grant's Pen, USAID-funded activities will replicate the community policing approach in other inner city neighborhoods in order to continue to build trust and reduce the tensions between the Jamaica Constabulary Force and the general public. To this end, USAID support will provide training to members of the Jamaica Constabulary Force located within the new communities, in areas such as safe police encounters with the public and conflict resolution. Training will involve sessions with the police only, with the community members only, and with both combined. USAID's replication efforts are premised on the knowledge that the capacity of various NGOs are being strengthened to improve the efectiveness of their interventions in crime and violence reduction, human rights, and education. This will help to create a climate of greater respect for and cooperation with established authorities in these communities. Activities will also be carried out to assist with the devolution of Central Government authorities, thereby enabling inner-city communities to be more responsive to the social needs of residents, and encouraging greater receptiveness to improved police/community initiatives. Potential grantees and partners include the Jamaican Constabulary Force, the Police Executives Research Forum, and others.

Improved capacity of the justice system ($720,000 DA). USAID will utilize the Jamaican court system to bring about the legal system changes needed to improve local governance and support a strong civil society. Rule of law initiatives might include establishing the legal frameworks necessary to increase access to information. Potential contractors and grantees have not yet been determined.

Improved capacity of key anti-corruption entities ($585,000 DA). USAID will fund anti-corruption activities that focus on strengthening the capacity of public-sector corruption watchdogs as well as private-sector monitors such as civil society groups and the media. USAID will support efforts to remove or modify those legal structures, such as the present defamation law, that act as deterrents to the serious development of investigative journalism. Potential contractors and other partners might include an institutional contractor, local non-governmental organizations, and others.

Performance and Results: By the end of the new strategy period in FY 2009, a more solid foundation of trust will be in place between citizens and police in Jamaica's inner-city communities. Civil society will have become a significant force in advocating for human rights and a reduction in crime and violence. The court system will have acquired the capacity and shown commitment to supporting a strong, vibrant civil society and local governance. Jamaican citizens will have demonstrated increased confidence that public-sector officials are carrying out their mandates in an honest and transparent manner, free from corruption and fraud.

US Financing in Thousands of Dollars

Jamaica

532-x13 Strengthening Democracy and Governance in Jamaica	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	4,500
Future Obligations	9,710
Est. Total Cost	14,210

Data Sheet

USAID Mission:	Jamaica
Program Title:	Bolstering Economic Growth and Competitiveness
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-xx9
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,420,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: This new economic growth and competitiveness program, currently being developed as part of USAID's new country strategic plan for Jamaica for FY 2005 - FY 2009, will facilitate Jamaica's efforts to enter into the global economy during this time of rapid technological change and to actively participate in various trade regimes, including the Caribbean Single Market Economy, the Free Trade Area of the Americas, and the World Trade Organization. The new program will build on the achievements that have been made to date, but will work through a tactical multi-sectoral approach in order to promote more equitable economic growth across all segments of society. It will also have an element of flexibility so that it can address critical macro-economic issues as needed.

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out under this program in FY 2004. The program will begin in FY 2005.

FY 2005 Program:
Development of competitive clusters ($1,540,000 DA). USAID will provide support for the continuing development of internationally competitive clusters of related firms of all sizes, with the goal of helping Jamaica develop a strong, more equitable economic base. USAID will expand this assistance include businesses that play supportive roles, such as shipping and telecommunications. Illustrative activities might include technical assistance, workshops, and trade shows for member firms in targeted sectors and the designing and launching of websites as marketing tools for these clusters. Prospective contractors, grantees, and other partners include a U.S.-based institutional contractor, the Ministry of Industry and Tourism, Jamaica Exporters Association, Jamaica Manufacturers Association, Jamaica Tourist Board, Jamaica Hotel and Tourist Association, and numerous Jamaican businesses, both large and small.

Improved business environment ($1,880,000 DA). USAID will build on a number of the interventions that are being carried out under the current strategy, including those working to identify and amend legislation and regulations that constrain businesses, including gender-based issues, building trade capacity, modernizing public-sector offices that serve the business sector, and the forging of closer partnerships among members of the public and private sectors, labor unions, and academia. Prospective partners include the Office of the Prime Minister, Ministry of Commerce, Ministry of Science and Technology, Jamaica Chamber of Commerce, Private Sector Organization of Jamaica, University of the West Indies School of Business, Management Institute for National Development, and the Jamaican Government's Human Employment and Resource Training/National Training Agency.

Performance and Results: At the end of the strategy period, USAID is expected to have made a significant contribution to Jamaica's demonstrated competitiveness in global markets by creating strong, vibrant business clusters in targeted sectors. A dramatic increase in investment activity will have been achieved, resulting in increased export earnings. Through a series of activities aimed at improving the business environment, the Government of Jamaica will have achieved their objective of having an "on-line" government, with state-of-the-art electronic systems for conducting business with government

agencies, and simplified and streamlined processes. With the adoption of modern laws and simplified regulations, the legal framework for conducting business will be in place to enable the private sector to be more competitive in the new liberalized trade environment. By the end of the new strategy period (FY 2005), it is expected that Jamaica will have been well on its way towards attaining global competitiveness.

US Financing in Thousands of Dollars

Jamaica

532-xx9 Bolstering Economic Growth and Competitiveness	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	3,420
Future Obligations	23,600
Est. Total Cost	27,020

Mexico

The Development Challenge: Since the signing of the North American Free Trade Agreement (NAFTA) in 1994, Mexico has become the third largest trading partner of the United States and is among the top ten export markets for 43 states. In 2001, it was the ninth largest economy in the world. As President Bush said in 2001 and reiterated in early May 2002: NAFTA "is recognition that the United States has no more important relationship in the world than the one we have with Mexico . . . Good neighbors work together and benefit from each other's successes."

In 2002 with a population of 100 million, the Government of Mexico estimated gross domestic product (GDP) per capita at $6,884. By comparison, the GDP per capita in Guatemala (population 13 million) in the same period was $1,642 and in Honduras (population 6.2 million) was $920. However, not all Mexicans are reaping the benefits that this extensive trade, international visibility, and close U.S. partnership might offer. About 53% of all Mexicans--over 50 million people--had an annual income of less than $720. Moreover, environmental degradation in Mexico presents a significant development challenge to the country's biodiversity as well as the country's continued economic growth, particularly in rural areas. The government, after decades of one-party rule, has lacked the rigor necessary to achieve high standards of transparency and accountability.

The election of President Vicente Fox in July 2000 began a new era for Mexico, ending 71 years of one-party rule. Since taking office, the Fox Administration has initiated a number of promising programs to reduce poverty, improve accountability and governance, protect natural resources, and expand the benefits of trade to more Mexicans.

The USAID Program: USAID's program works with Mexico to address shared development problems. A common U.S.-Mexico development agenda has emerged that includes promoting environmental protection, alternative energy and ecotourism; improving public administration, transparency, and accountability; broadening microfinance and remittance utilization; preventing infectious diseases; and furthering competitiveness. FY 2004 is a transition year for the USAID program in Mexico, as it moves into a new strategic plan, under the new regional strategy approved for Central America and Mexico (CAM). The activities under the old strategy, including adoption of more democratic processes, biodiversity conservation, clean energy and production, HIV/AIDS prevention, and access to microfinance, will end in FY 2004. The tuberculosis program will continue to carry out activities through the end of FY 2006. The United States-Mexico joint scholarship and training programs, under the education exchange and scholarship objective started in FY 2002, will continue under the new strategy. Under the new CAM Regional Strategy, USAID/'s program in Mexico has four areas of focus: economic growth (including access to finance and natural resources management), accountable governance and rule of law, infectious disease prevention and control, and educational exchange and scholarships. Each strategic objective is discussed below in greater detail in the Data Sheets.

The new USAID program in Mexico contributes significantly to the bilateral Bush-Fox Partnership for Prosperity to stimulate private investment. USAID's scholarship and exchange program will enhance the capacity of higher education institutions in the United States and Mexico to examine development problems. In FY 2003, 16 university partnerships implemented activities and eight more partnerships will be awarded in the second quarter of FY 2004. In addition, nine U.S. and ten Mexican States will continue to address a wide range of issues, including transborder administration and governance, small business development, and water conservation in Northeastern Mexico. USAID's microfinance program will work with credit unions, private banks and associations to facilitate lower-cost remittance transfers from the United States to Mexico and to encourage savings and investment by Mexicans in both countries.

Other Program Elements: USAID will continue to collaborate closely with USAID regional activities designed to protect Mesoamerican (Mexico and Central America) Reef and the Mesoamerican Biological Corridor as well as to control wildfires in the region.

USAID will also provide technical oversight and management of a Global Development Alliance activity, the Lead Free Alliance (LFA). The LFA is a two-year, $1 million grant in support of a public-private partnership that includes American Express and other private sector partners, international agencies, such as the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and Mexican public agencies that promote handicrafts. The goal of the Lead-Free Alliance is to remove lead from pottery production in order to increase income and employment opportunities for producers of traditional low-fire pottery and to create markets for their lead-free pottery. The program seeks to train 10,000 Mexican potters over the next two years, and expects to generate $1 million in local, regional and export sales of lead-free pottery. The LFA will begin in FY 2004.

Other Donors: The World Bank is the first and the Inter-American Development Bank (IDB) is the second largest development assistance organization in Mexico. The World Bank's portfolio in Mexico in 2002 comprised about 28 active projects with five areas of focus: macroeconomic stability through budget and tax reform; enhancing competitiveness though infrastructure, financial reform, agricultural productivity and integration of more small and medium-sized firms into the new economy; developing human capacity through education and health; creating environmental sustainability; and building more efficient, accountable, and transparent government. IDB lending to Mexico funded approximately 30 projects centered around four themes: social sector modernization, economic integration through NAFTA and Plan Puebla-Panama, modernization of the state and lowering barriers that limit the competitiveness. The North American Development Bank is providing funding to the border states (4 U.S., 6 Mexican) for water, solid waste, and wastewater infrastructure development, including technical assistance on rates and management issues. Its efforts have been slow in starting, but should begin to improve water quality and use in the border states in the coming years.

Japan is the third largest donor and has historically been the largest bilateral donor. It is collaborating with USAID in several activities related to environment and HIV/AIDS. Smaller bilateral donors include the British Department for International Development (environment), the British Council (education and governance), Spain (microfinance and environment), and France (environment).

The United Nations (UN) group is represented by 18 organizations in Mexico. Among the UN organizations with which USAID collaborates more closely are the Pan American Health Organization, the United Nations Development Program, the United Nations Environment Program, the United Nations Fund for Population, UN-AIDS, and the United Nations Children's Fund (UNICEF). Areas of collaboration include prevention of tuberculosis and HIV/AIDS, streamlining government, promotion of renewable energy, and protection of natural resources.

Mexico
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	5,509	5,200	3,700	3,230
Development Assistance	7,715	10,440	17,855	13,915
Economic Support Fund	10,000	11,650	11,432	11,500
Total Program Funds	**23,224**	**27,290**	**32,987**	**28,645**

STRATEGIC OBJECTIVE SUMMARY				
523-002 HIV/AIDS				
CSH	1,500	2,200	0	0
523-003 Democratic Processes				
DA	700	800	0	0
ESF	9,000	5,700	0	0
523-006 Environmental Conservation				
DA	4,565	950	0	0
523-007 Energy Conservation and Pollution Reduction				
DA	1,750	694	0	0
523-008 Tuberculosis Control				
CSH	4,009	3,000	0	0
523-009 Microenterprise				
DA	700	900	200	0
523-010 Training, Internships, Education and Scholarships				
DA	0	2,500	5,700	5,268
ESF	1,000	2,200	1,932	1,000
523-021 Ruling Justly				
DA	0	0	781	986
ESF	0	3,750	9,500	10,500
523-022 Economic Freedom				
DA	0	4,596	11,174	7,661
523-023 Investing in People				
CSH	0	0	3,700	3,230

Mission Director,
Edward Kadunc

Data Sheet

USAID Mission:	Mexico
Program Title:	Microenterprise
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-009
Proposed FY 2004 Obligation:	$200,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: The passage of the historic new Savings and Credit Law in 2001 revolutionized the microfinance sector in Mexico. USAID's microenterprise program has responded to the new environment by slightly modifying the emphasis of its program, which informed the development of this law. It includes three inter-related components: 1) creating an improved legislative policy environment for microfinance in Mexico, 2) strengthening select microfinance institutions, and 3) conducting and disseminating research on the role of microenterprise in the Mexican economy and its relationship to migration. The first component of the program has evolved from early efforts to improve advocacy and communication with the sector to its current focus on supporting the development of a prudent regulatory environment and adequate supervision scheme. Activities under the second component were expanded in 2003 with the addition of a second long-term advisor dedicated exclusively to institutional strengthening.

Inputs, Outputs, Activities:

FY 2004 Program:
Legislative and supervisory environment ($75,000 DA). USAID will provide technical advisors to assist the Government of Mexico (GOM) in drafting secondary norms and regulations for the new Savings and Credit Law in order to help establish an effective regulatory environment for microfinance institutions. In addition, USAID will support the development of federations called for under the law that will supervise and provide other support services to their member institutions. The principal contractor is Chemonics Inc.

Microfinance Institution (MFI) Capacity Building ($125,000 DA). USAID will assist a select number of MFIs (4-6 over 2003 and 2004) to transform their operations to comply with the new law. Beyond simple compliance, USAID's activities will seek to strengthen best practices within MFIs, including sound business planning and the adoption of strong internal control systems to better manage default risk, in order to build efficient MFIs that are capable of reaching large numbers of microenterpreneurs. The principal contractor is Chemonics Inc.

FY 2005 Program:
This program will end in FY 2004 and a new follow-on microenterprise program will begin, as described in a separate Data Sheet.

Performance and Results: Technical assistance under this program during FY 2003 resulted in important improvements to the legislative framework that will improve the likelihood that the new Savings and Credit Law will contribute to a financially sound microfinance sector with broader and deeper outreach.

Through the development of an extensive list of manuals and other documents, the Pro-Development Supervisory (a microfinance federation) received official certification. USAID has also offered these manuals to a second federation, and to the Government of Mexico's development bank for the cooperative sector. As a result, the manuals will be distributed to approximately 600 institutions that are preparing to make the changes necessary to comply with the new Savings and Credit Law.

Finally, USAID expanded sources of capital for MFIs through use of the Development Credit Authority and targeted technical assistance. During FY 2003, one participating Mexican microfinance institution increased its total deposits by $1.8 million and increased its fixed deposits by 43% for a total of $9.1million; another Mexican microfinance institution increased its total fixed deposits by $5.6 million to $8.0 million (which was 0 in 2000).

By the end of the program in FY 2004, the program will have achieved several significant results since its initiation in FY 2000. First, MFIs in Mexico are now governed by a comprehensive supervision and regulatory framework that will protect depositors, improve access to capital, and promote the expansion of financial services in Mexico. Second, a selected group of microfinance institutions will have improved capacity due to the technical assistance provided under this program. These institutions will be ready to make the necessary changes when the new law takes effect in 2005. Furthermore, materials developed for these institutions will have been disseminated by the Government of Mexico to all institutions preparing for compliance with the new regulatory framework (more than 700 small- and large-scale cooperatives, and MFIs), thus expanding the impact of this program far beyond its initial scope. Finally, research on both the needs of microenterpreneurs and the impact of microenterprise on the Mexican economy will have been shared with policymakers throughout the country.

US Financing in Thousands of Dollars

Mexico

523-009 Microenterprise	DA	DCA
Through September 30, 2002		
Obligations	2,167	67
Expenditures	1,683	0
Unliquidated	484	67
Fiscal Year 2003		
Obligations	900	0
Expenditures	0	0
Through September 30, 2003		
Obligations	3,067	67
Expenditures	1,683	0
Unliquidated	1,384	67
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	200	0
Total Planned Fiscal Year 2004		
Obligations	200	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	3,267	67

Data Sheet

USAID Mission:	Mexico
Program Title:	Training, Internships, Education and Scholarships
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-010
Proposed FY 2004 Obligation:	$5,700,000 DA; $1,932,000 ESF
Prior Year Unobligated:	$112,000 ESF
Proposed FY 2005 Obligation:	$5,268,000 DA; $1,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2009

Summary: USAID's Training, Internships, Exchanges and Scholarships (TIES) program in Mexico was launched by Presidents Bush and Fox in Mexico. The program promotes an enhanced capacity of Mexican scholars and institutions to respond to the objectives of NAFTA and the Partnership for Prosperity, which serve as the basis for a Common Development Agenda between the U.S and Mexico. The agenda includes: trade and investment, environmental protection, alternative energy, microenterprise, agriculture, finance, public administration, engineering, telecommunications, information technology, and human capacity development.

The TIES program promotes this agenda through training in the United States and through a partnership program between U.S. and Mexican institutions of higher education, with support from private foundations, corporations, NGOs, and other partners. The majority of scholarships are for Mexicans living in rural, poor, and indigenous areas. The TIES program targets training directly to Mexico's youth and development professionals, for immediate application upon returning to positions in Mexico's private sector, universities, and government and nongovernmental institutions.

Inputs, Outputs, Activities:

FY 2004 Program:
University partnerships established and functioning. ($3,700,000 DA; $1,932,000 ESF). A competitive process and academic peer review will select 19 new partnerships between U.S. and Mexican higher education institutions to complement the 16 partnerships now implementing activities. Partnerships will combine master's degree training in the United States with faculty and student exchange, joint research and pilot projects to address the common development agenda, and establish activities in Mexican higher education institutions that will continue after USAID support ends. The partnerships component will continue to leverage substantial funding from non-U.S. Government sources and will train 250 scholars in the United States over the life of the TIES initiative. The principal grantee is the Association Liaison Office.

University-trained scholars prepared to work toward the Common Development Agenda. ($1,000,000 DA; $112,000 ESF Carryover). This program starts in FY 2004 with the initial selection and placement of scholars. Three primary activities are: a) graduate training for Mexican faculty teaching in universities serving poor rural areas of Mexico; b) graduate training for indigenous Mexicans who will initially receive scholarships for completing Mexican undergraduate programs and then compete for a smaller number of U.S. graduate-level scholarships; and c) skills-enhancement training for Mexican technical specialists working in sectors of high priority in USAID/Mexico's portfolio. This component will train 250 scholars in the United States over the life of the TIES initiative. Principal contractor(s) are to be determined through a competitive process.

Community-college-trained scholars prepared to work toward the Common Development Agenda ($1,000,000 DA). In FY 2004, USAID-funded Cooperative Association of States for Scholarships (CASS) program will place approximately 47 disadvantaged Mexican youth in training in U.S. community colleges

and technical institutions. Placement of this second group will bring the total scholarships to date under this program to 60. The CASS scholarship program has implemented training for socially and economically disadvantaged youth successfully in Central America and the Caribbean for two decades. Approximately 250 disadvantaged Mexican youth will be trained under this component over the life of the TIES initiative. The principal grantee is Georgetown University.

FY 2005 Program:
University partnerships established and functioning. ($2,000,000 DA, $1,000,000 ESF). This component will continue to support graduate training under already approved partnerships. (Implementers same as above)

University-trained scholars prepared to work toward the Common Development Agenda. ($1,568,000 DA). This component will continue training for all components and initiates in-country preparatory training and/or U.S. training for approximately 100 scholars. (Implementers same as above)

Community-college-trained scholars prepared to work toward the Common Development Agenda ($1,700,000 DA). The CASS component will continue to recruit and provide in-country training for disadvantaged Mexicans who will then study in U.S. community colleges in one- and two-year programs, and receive related enrichment training. After training completion participants will also be assisted with reintegration in their communities and job placement. (Implementers are the same as above).

Performance and Results: Through the TIES initiative, USAID is funding the development of closer cooperative alliances between the United States and Mexico that will help both countries to respond to the common development agenda.

In FY 2003, 16 partnerships totaling nearly $10 million funded training activities closely tied to U.S.-Mexican interests. USAID contributed approximately $4 million in funding and leveraged an additional $6 million from Mexican and U.S. partners. These partnerships support nearly 130 master's degree programs as well as other specialty training, faculty exchange, joint faculty and student research, pilot projects, and similar activities.

Ten indigenous Mexican graduates of bachelor's degree programs received English language training and an orientation program for graduate study in the United States. These students increased their language scores by over 50% on average while learning more about U.S. culture and possibilities for graduate study. Because of this training, they are stronger candidates for future graduate scholarships in the United States.

Georgetown CASS established a representative office in Mexico City, which recruited and placed an initial group of disadvantaged Mexican youth from poor rural areas in training in U.S. community colleges and technical institutions.

By TIES completion, the program will have established a minimum of 35 university partnerships and it will have left sustainable legacy programs in Mexican higher education institutions. The program will have trained 750 Mexicans in the U.S., many of whom will have come from disadvantaged backgrounds and poor rural areas. Through their participation in TIES, these scholars will more effectively work towards solutions to U.S.-Mexico Common Development Agenda objectives.

US Financing in Thousands of Dollars

Mexico

523-010 Training, Internships, Education and Scholarships	DA	ESF
Through September 30, 2002		
Obligations	0	1,000
Expenditures	0	0
Unliquidated	0	1,000
Fiscal Year 2003		
Obligations	3,150	2,088
Expenditures	1,900	2,316
Through September 30, 2003		
Obligations	3,150	3,088
Expenditures	1,900	2,316
Unliquidated	1,250	772
Prior Year Unobligated Funds		
Obligations	0	112
Planned Fiscal Year 2004 NOA		
Obligations	5,700	1,932
Total Planned Fiscal Year 2004		
Obligations	5,700	2,044
Proposed Fiscal Year 2005 NOA		
Obligations	5,268	1,000
Future Obligations	7,350	7,300
Est. Total Cost	21,468	13,432

Data Sheet

USAID Mission:	Mexico
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-021
Proposed FY 2004 Obligation:	$781,000 DA; $9,500,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$986,000 DA; $10,500,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's new democracy program in Mexico will support Government of Mexico (GOM) initiatives to provide more accountable policy making and implementation and enhance the rule of law.

Inputs, Outputs, Activities:

FY 2004 Program:
Strengthened rule of law ($3,600,000 ESF; $350,000 DA). USAID will provide technical assistance and training to support: 1) more effective civil and criminal justice reform and greater respect for human rights at the federal and state level by working with the key institutions of the criminal justice sector, including the judiciary, public defense, and prosecutors, especially in Mexican states along the U.S. border; 2) increased access to justice for disadvantaged sectors of the population by assisting six more states to set up court-sponsored mediation centers and by providing support for human rights NGOs that run treatment and legal aid centers for victims of torture and human rights abuses; and 3) increased professional standards to impart more equitable justice by reforming the legal education system and standards of professionalism. The principal contractors are the National Center for State Courts, Freedom House and the American Bar Association.

Greater transparency and accountability of governments ($5,900,000 ESF; $431,000 DA). USAID will provide technical assistance, training, and other capacity-building measures to government institutions at all three levels of the federal system--particularly state and local governments--to address the inter-related components of accountable governance, including: 1) building more effective and autonomous revenue generating capacity related to taxes, fees, transfers, and credit; 2) promoting the formation of alliances for capital market financing of local level infrastructure; 3) implementing e-government programs and decreasing the "digital divide"; 4) implementing certification standards for public officials; 5) promoting citizen participation in resource allocation and decision-making; 6) supporting more effective oversight of public resource management; 7) supporting activities for freedom of information, professionalization of the state's audit function, and strengthening oversight bodies at all three levels of government; and 8) supporting the U.S.-Mexico Border Legislative Conferences that facilitate better communication and cooperation among legislators of the border region. The key contractors are Casals & Associates, Evensen Dodge, and the Council of State Governments.

FY 2005 Program:
Strengthened rule of law ($4,500,000 ESF; $500,000 DA). USAID will provide technical assistance and training to support civil and criminal justice reform and greater respect for human rights; increased access to justice for socio-economically disadvantaged sectors of the population; and increased professional standards to impart more equitable justice. (Same implementers as above)

Greater transparency and accountability of governments ($6,000,000 ESF; $486,000 DA). USAID will continue technical assistance, training, and other capacity-building measures to support more accountable policy making and implementation; more accountable management; more effective oversight

of use and management of public resources; and the U.S.-Mexico border legislative dialogue. (Same implementers as above)

Performance and Results: Successful completion of this objective will result in: 1) career civil service implemented at federal and state levels; 2) private sector financing for public infrastructure increased; 3) secondary electoral reforms enacted, such as removing the ban on consecutive re-election for legislators; 4) oral, adversarial criminal justice procedures implemented in federal and state jurisdictions; and 5) increased respect for due process guarantees and reduced incidences of torture.

US Financing in Thousands of Dollars

Mexico

523-021 Ruling Justly	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	3,750
Expenditures	0	0
Through September 30, 2003		
Obligations	0	3,750
Expenditures	0	0
Unliquidated	0	3,750
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	781	9,500
Total Planned Fiscal Year 2004		
Obligations	781	9,500
Proposed Fiscal Year 2005 NOA		
Obligations	986	10,500
Future Obligations	0	0
Est. Total Cost	1,767	23,750

Data Sheet

USAID Mission:	Mexico
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-022
Proposed FY 2004 Obligation:	$11,174,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$7,661,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID has two primary activities under the economic growth area of the new regional Central America and Mexico strategy: microfinance and environment. These activities will serve to benefit communities by improving management of their natural resources while developing a more diversified rural economy and creating of new income opportunities.

USAID microfinance activities in Mexico are focused on increasing access to effective financial services by traditionally underserved populations. The program will seek to: build the capacity of a critical mass of microfinance institutions; improve the capacity of the supervisory system; and leverage remittances for savings and investment.

USAID environment activities focus on improving the management and conservation of natural resources in targeted watersheds. Activities will: 1) strengthen the national enabling environment to support improved natural resource management and clean energy production; 2) increase community capacity and involvement in natural resource management; 3) increase the use of environmentally sound and economical practices; 4) establish alliances between different levels of government in Mexico, local communities, and nongovernmental organizations (NGOs); and 5) promote rural diversification activities that will increase environmentally sound production of exportable timber products. The program will support the increased use of renewable energy, clean production technologies and improved preparation for climate changes.

Inputs, Outputs, Activities:

FY 2004 Program:
Microfinance institution capacity building ($2,000,000 DA). USAID will finance a technical assistance/training program for four to six microfinance institutions (MFIs) that will be competitively selected. USAID's support will enable them to expand their client base and adopt best management practices. Activities will increase the supply of financial services for populations that currently lack such access. (Principal implementers to be determined through a competitive process).

Supervisory federation capacity building ($1,000,000 DA). USAID will provide training for supervisory federations to develop a capability to oversee compliance with the new savings and credit law and to supervise member MFIs. USAID will support activities that seek to ensure effective compliance with the new Mexican Savings and Credit law and to develop standardized reporting by institutions. (Principal implementers to be determined through a competitive process).

Remittances ($1,500,000 DA). USAID proposes to link its ongoing work in microfinance to remittances. The program will seek to: 1) increase the variety of financial services available for recipient families; 2) strengthen the financial position of microfinance institutions by developing a new source of revenue; and 3) create a new source of lending capital for Mexican microenterprises. USAID will also work with migrant associations that are interested in investing in their home communities, to improve the quality of those investments. (Principal implementers to be determined through a competitive process).

Improved community-based forest and watershed management ($4,500,000 DA). Under grants to three U.S.-based NGOs, USAID will support the establishment of alliances in targeted watersheds. These alliances will bring Government of Mexico agencies together with state and local organizations and national NGOs to develop natural resource management plans in these watersheds. These plans will integrate biodiversity conservation goals with improved economic opportunities related to forestry, agriculture, grazing and other forest extraction activities. A coastal resource management activity will reduce marine pollution and protect the MesoAmerican Reef. A regional forest fire management activity will use Mexico's experience to improve fire suppression in Mexico and Central America. (Principal implementers to be determined through a competitive process).

Expanded use of renewable energy and clean production. ($2,174,000 DA). USAID will continue to promote clean production and energy efficiency concepts to selected municipalities, the Secretary of Energy, and the Mexican petroleum company--PEMEX. This activity will link with and support watershed plans. This activity will provide renewable energy to remote communities and reduce both air and water pollution. (Principal implementers will be determined through a competitive process).

FY 2005 Program:
Microfinance institution capacity building ($1,200,000). USAID plans to continue efforts in technical assistance and training for microfinance institutions. Activities will expand client outreach and build institutions that are more effective. (Principal implementers to be determined through a competitive process).

Legislative and supervisory environment ($400,000). Efforts to improve supervision and regulation of microfinance will continue. (Principal implementers to be determined through a competitive process).

Remittances ($900,000). USAID expects to continue its work on remittances by expanding the number of institutions offering low-cost services and by expanding the supply of innovative financial products tied to remittances. (Principal implementers to be determined through a competitive process).

Improved community-based forest and watershed management ($3,900,000). USAID activities will create alliances that link GOM agencies and NGOs with community-level groups to promote community involvement in the management of local resources. To provide economic opportunities for communities, rural diversification activities will increase production and international marketing of shade-grown coffee, certified timber, and other forestry products. The program will also establish alliances in tourist areas to promote clean production techniques, and improve water and waste treatment. (Principal implementers to be determined through a competitive process).

Expanded use of renewable energy and clean production ($1,261,000). USAID funds will assist key GOM agencies and local municipalities to develop clean production practices and reduce pollution, focusing on border regions and key watersheds. The program will promote renewable energy and innovative financing of power generation. (Principal implementers to be determined through a competitive process).

Performance and Results: Principal outcomes of the microfinance program will be an increase in the number of clients with microfinance services of 250%; the development of four to six financially self-sufficient microfinance institutions; the development of an effective supervisory system that ensures compliance with Mexican law; and an increase in the amount of remittances captured as savings by 100%.

Environmental Activities will protect 1,000,000 hectares of high biodiversity forests and watersheds through the implementation of improved management plans--including development of thirty integrated community watershed plans. New sources of renewable energy will be provided to remote communities.

US Financing in Thousands of Dollars

Mexico

523-022 Economic Freedom	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	4,586
Expenditures	0
Through September 30, 2003	
Obligations	4,586
Expenditures	0
Unliquidated	4,586
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	11,174
Total Planned Fiscal Year 2004	
Obligations	11,174
Proposed Fiscal Year 2005 NOA	
Obligations	7,661
Future Obligations	0
Est. Total Cost	23,421

Data Sheet

USAID Mission:	Mexico
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	523-023
Proposed FY 2004 Obligation:	$3,700,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,230,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's Infectious Disease objective has been designed to support the efforts of the Government of Mexico (GOM) to prevent and control both HIV/AIDS and tuberculosis (TB) in vulnerable populations. For HIV/AIDS, the focus is to contain and reduce the virus within vulnerable populations to prevent its spread to the general population. The approach will be to reduce barriers to behavior change and care-seeking and increase access to services that facilitate safer behavior. For tuberculosis, the focus is to improve the quality and sustainability of Directly Observed Therapy--Short Course (DOTS) treatment in 13 states that account for 70% of TB cases in Mexico.

Inputs, Outputs, Activities:

FY 2004 Program:

Improving the policy environment ($1,500,000 CSH). USAID will support continued progress toward building political will and increasing community and civil society participation in confronting HIV/AIDS in Mexico. Activities will include strengthening the national network of multisectoral citizen groups through training in advocacy, and working with the media. Activities designed to diminish stigma and discrimination will focus on four areas: internal stigma, stigma and discrimination among health service providers, policy and the legal environment, and mass media. USAID will provide technical assistance to the National AIDS Program (CENSIDA) to develop Mexico-specific effectiveness rates to project the impact of various HIV/AIDS program interventions and to allow national and state programs to better allocate resources. USAID will provide technical assistance to the Mexico City AIDS Program to analyze prevalence and socio-economic data, and map the data. The immediate impact of this work will be to identify patterns that explain the wide variation in impact of the HIV/AIDS epidemic in Mexico City, where the largest number of cases is concentrated, and thereby allow for improved targeting of prevention and treatment programs. USAID will assist the HIV community and donors in Mexico in integrating gender effectively into HIV prevention, including recommendations for policy changes and training for approximately 40 women, of which at least half are HIV positive, in advocacy and leadership skills and gender issues. USAID will support training in project design and in monitoring and evaluation for selected non-governmental organizations, as well as the participation by local HIV/AIDS leaders to deliver presentations on their work and/or conduct workshops at international and regional conferences. The principal contractor is the Futures Group International. Sub-contractors include the Mexican National Institute of Public Health, and CENSIDA.

Behavior change communication ($1,000,000 CSH). USAID will support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. The activities will include promotion of safer behaviors, including abstinence, fidelity, delay of sexual debut, and condom social marketing for most at risk groups. The principal contractor is Population Services International.

Surveillance/Research ($1,200,000 CSH). USAID will support activities designed to monitor the status of the epidemic, measure the impact of prevention, and provide data for decision makers in selecting and targeting prevention activities. USAID will support a survey to estimate coverage of key HIV/AIDS services in the various public sector institutions that provide health care services as part of a global

survey of coverage for the World Health Organization survey. The survey will provide updated estimates on the extent to which essential HIV/AIDS services are provided by the public sector in Mexico. The data will be used to better target interventions, advocacy, and resources. The principal grantees are Family Health International and Futures Group International.

FY 2005 Program:
Improving the policy environment ($750,000 CSH). USAID will continue building political will and increasing civil society participation in confronting HIV/AIDS in Mexico. The principal grantee will be the Futures Group International.

Behavior change communication ($750,000 CSH). USAID will support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. The activities will include promotion of safer behaviors, including abstinence, fidelity, delay of sexual debut, and condom social marketing for most at risk groups. Principal grantee is Population Services International.

Research and Surveillance ($230,000 CSH). USAID will support activities designed to monitor the status of the epidemic, measure the impact of prevention, and provide data for decision makers in selecting and targeting prevention activities. The principal grantee is Family Health International.

TB control program implementation and community awareness ($1,500,000 CSH). Efforts will include ongoing program oversight for DOTS, consolidation of the information and epidemiological surveillance system, continued collaboration of resources, skills, and information among key stakeholders in the public and private sectors; continued training of medical and paramedical personnel in DOTS; improved DOTS services for special populations, including migrants, indigenous people, migrant farm workers in Mexico, and those with HIV/AIDS, malnutrition, diabetes, and addictions; and through strengthening information and surveillance systems for monitoring program and outcome indicators, and program evaluation. USAID will finance ongoing activities in a TB health promotion campaign in order to promote active involvement of community in the detection and control and treatment of TB patients.

Performance and Results: USAID has delivered over $3 million in laboratory and computer equipment to the Mexican Secretariat of Health. This equipment is designed to strengthen Mexico's TB laboratory network and information systems in 13 target states. During FY 2003, USAID secured the agreement of the Mexican Secretary of Health to designate the National Institute of Respiratory Diseases (INER) as the primary implementing agency. Working directly with INER, rather than through an intermediary, will provide better opportunities for enhanced and sustainable local capacity and reduce administrative overhead costs for the program.

As a result of the infectious disease prevention activity and related activities undertaken by the National AIDS program, it is expected that the HIV/AIDS epidemic in Mexico will not become generalized to the population-at-large. This will occur as the result of effective behavior change interventions, improved surveillance, and a more enabling environment, including a decrease in stigma and discrimination toward people living with HIV/AIDS. It is expected that the number of TB cases will actually increase due to improved and enhanced case detection in target areas, but that the number of tuberculosis deaths will decrease. This result will be attained, provided that 90% of expected TB cases in target areas are identified, 90% of TB cases are treated under DOTS, and 90% of TB cases are cured.

US Financing in Thousands of Dollars

Mexico

523-023 Investing in People	**CSH**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	3,700
Total Planned Fiscal Year 2004	
Obligations	3,700
Proposed Fiscal Year 2005 NOA	
Obligations	3,230
Future Obligations	0
Est. Total Cost	6,930

Nicaragua

The Development Challenge: Nicaragua has hovered for decades in the ranks of the less developed countries of the world. Despite its rich natural and human resource potential, and substantial donor support, economic growth has failed to take off and the country remains among the poorest in the Western Hemisphere. The per capita gross domestic product (GDP) and income levels are lower than those of the 1960s, and real economic growth declined from 7.4% in 1999 to 1% in 2002. Nicaragua's external and internal debt of $6.5 billion and $1.5 billion respectively, is greater than its 2002 GDP, and serves as an economic straightjacket that inhibits future growth. Around three-quarters of the population live on less than $2 a day; unemployment and underemployment are close to 50%; and income inequality is very pronounced. Access to capital decreased sharply with the collapse of the national banking sector in 2001, and foreign direct investment has been declining.

Juxtaposed on this economic landscape are a justice and institutional system in disarray. While the country has seen three technically satisfactory presidential elections since 1990, it suffers from extremely weak institutions that continue to be manipulated by political bosses for personal gain and power. Observance of the rule of law is fragmented, and the current administration's fight against corruption will only be sustained if ingrained in the national consciousness. The justice system, in general, is inefficient and politicized, and dramatic reforms are needed to establish the legal and institutional framework that promotes transparency, rule of law, and business and investor confidence.

Though significant improvements in health and education were made over the past decade, problems remain. On average, Nicaraguans complete fewer than five years of schooling, and nearly 500,000 children remain outside the formal education system. Population growth is estimated at 2.4%, one of the highest in the region. There are serious inequities in health care access for the poorest 40% of the population, and chronic malnutrition levels remain high for Nicaraguans in the lowest income groups. Compounding these development problems are the frequent natural disasters from which Nicaragua has weak capacity to recover.

Some signs of progress have appeared. In 2003, the economy is expected to make some gains, with GDP growth rate anticipated at 2.3%. The U.S.-Central American Free Trade Agreement (CAFTA), which was recently signed and is waiting for ratification, could bring the investments and jobs that the country urgently needs, and serve as an impetus for economic growth and improved social conditions. Nicaragua is poised to reach its Heavily Indebted Poor Country (HIPC) completion point by January 2004. As a result, Nicaragua will see a significant amount of its external debt forgiven, which will free up resources for critical economic growth and poverty reduction programs.

Nicaragua is slowly moving along the right path, consistent with the development precepts outlined in the Millennium Challenge Account (MCA) of just and democratic governance, economic freedom and investing in people. Despite political pressures, the current administration has imposed discipline and demonstrated that fiscal and monetary stability can be achieved. Inflation has been kept at bay, and the internal debt is being addressed. The current government's fight against corruption and advances in health and education, if sustained, can help pave the way for achieving long-term development goals.

Increased stability in Nicaragua's democratic institutions and growth in its impoverished economy are at the heart of U.S. interests to maintain Nicaragua among those nations aspiring to contribute to a more secure, democratic, and prosperous world. Promoting economic growth through integration into regional and global markets is a top U.S. foreign policy priority, since Nicaragua's poverty and high unemployment can threaten the long-term sustainability of democracy and rule of law. The USAID assistance program for Nicaragua is a vital element in achieving these U.S. foreign policy objectives and is central to the USAID-State Department Strategic Plan goals related to democracy, economic prosperity and security, and social and environmental issues.

The USAID Program: The accompanying Data Sheets cover the three new strategic objectives (SOs) of "Ruling Justly: More Responsive, Transparent Governance," "Economic Freedom: Open, Diversified,

Expanding Economies," and "Investing in People: Healthier, Better Educated People," for which USAID is requesting FY 2004 and FY 2005 funds. These three objectives are part of the recently approved Central America and Mexico Regional Strategy. Activities for the Ruling Justly SO include promoting justice sector reform and implementing an aggressive anti-corruption program, in coordination with other U.S. government agencies. Under the Economic Freedom SO, USAID will work with the Nicaraguan government and private sector to improve their capacity to implement CAFTA and other free trade agreements by enhancing competitiveness and creating linkages to regional and world markets to promote rural diversification and economic expansion. Activities under the Investing in People SO include: improving government capacities to plan and manage health and education investments; increasing access to quality education at the primary level; and working with the Ministry of Health, private health service suppliers, and non-governmental organizations to improve health status at the household and community levels, including HIV/AIDS prevention. USAID is also continuing activities under three strategic objectives that will be closed out at the end of FY 2004, although no new funding is requested for those activities.

Other Program Elements: In addition to its bilateral program, USAID funds activities in Nicaragua managed regionally by the Bureau for Latin America and the Caribbean, including programs to strengthen regional mechanisms that promote human rights, fortify government accountability, and promote decentralization and local governance. The Bureau for Global Health implements child survival programs and provides loans for private sector family health clinics. The Central America Regional Program carries out activities in Nicaragua in trade capacity-building, rural diversification, green markets, protected area management, specialty coffee development, energy sector reforms, natural resources management, and HIV/AIDS prevention. Nicaragua also benefits from President Bush's Center of Excellence for Teacher Training (CETT) Initiative, which is designed to improve teacher training and address high rates of school underachievement and illiteracy in disadvantaged areas.

Other Donors: The Government of Nicaragua continues to strengthen donor coordination through the recently established sector coordination roundtables. USAID leads the economic growth roundtable. This new system promises to be an improved forum to prioritize development needs jointly and harmonize donor activities. The Nicaraguan Ministry of Foreign Relations reports that donor assistance in grants and loans totaled $3 billion during 1997-2002. Based on the annual average assistance level during this period, the top six bilateral donors are: Japan (education and training including school construction, health, and agricultural production), United States, Republic of China (agriculture, small- and medium-sized enterprise lending, housing, and trade promotion); Sweden (transport and communications, governance, education, and health); Germany (water supply and wastewater management, governance, and decentralization); and Denmark (productive sector programs including infrastructure, decentralization and public administration, and environment). Of the multilaterals, the major donors are the Inter-American Development Bank (IDB) (competitiveness and economic growth, governance, and social sector adjustment including social safety nets), the World Bank (support for implementation of Nicaragua's Poverty Reduction Strategy Paper, or PRSP, including institution building and modernization of the state, land tenure, agriculture, education, and health), the European Union (rural development, agricultural policy reform, governance and citizen security, and education), and the World Food Program (food security). An IDB report indicates that donors, in general, provide broad support for the pillars of the PRSP by focusing approximately 41% of their assistance in economic growth and reform programs; 38% for human capital formation and support for vulnerable groups; 7% for governance; and 14% for the cross-cutting themes of environment, social equity, and decentralization.

Nicaragua
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	8,470	9,830	7,805	6,913
Development Assistance	16,602	23,460	27,206	25,311
Development Credit Authority	158	0	0	0
Economic Support Fund	2,800	0	0	2,500
PL 480 Title II	15,136	16,200	5,662	11,013
Total Program Funds	**43,166**	**49,490**	**40,673**	**45,737**

STRATEGIC OBJECTIVE SUMMARY				
524-001 Strengthening Democracy				
DA	4,022	500	0	0
ESF	2,300	0	0	0
524-002 Sustainable Economic Growth				
DA	9,930	3,900	0	0
DCA	158	0	0	0
ESF	500	0	0	0
PL 480	5,450	9,200	0	0
524-003 Improved Health and Education				
CSH	8,470	1,750	0	0
DA	2,650	2,583	0	0
PL 480	9,686	7,000	0	0
524-021 Ruling Justly				
DA	0	5,580	6,750	5,283
ESF	0	0	0	2,500
524-022 Economic Freedom				
DA	0	6,742	15,156	17,018
PL 480	0	0	5,662	6,260
524-023 Investing in People				
CSH	0	8,080	7,805	6,913
DA	0	3,617	5,300	3,010
PL 480	0	0	0	4,753

TRANSFER				
DA	0	538	0	0

Mission Director,
James Vermillion

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	524-021
Proposed FY 2004 Obligation:	$6,750,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,283,000 DA; $2,500,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: This strategic objective helps build the foundations for more responsive, transparent governance by strengthening the rule of law and increasing government accountability. The overall program supports the consolidation of democracy by promoting transparent, accountable and professional government institutions and greater citizen participation. The democracy strengthening program features technical assistance and training for a more transparent, independent, and effective justice system that is fully accessible to Nicaraguan citizens. The inter-agency anti-corruption pilot program capitalizes on the political will of the current administration to assist Nicaraguans in deepening anti-corruption reforms, both to foster good governance and increase economic growth.

Inputs, Outputs, Activities:

FY 2004 Program:
Justice system reforms ($3,712,000 DA). USAID-funded technical assistance and training will help consolidate past gains in the creation of a modern criminal and civil justice system and strengthen implementation of justice reforms. Assuming no negative downturn in political will for reform, USAID will fund technical assistance and training for judges, prosecutors, public defenders, and other officials, which will help Nicaragua successfully implement the critically important Criminal Procedures Code and the Criminal Code, which is expected to pass in FY 2004. (The Criminal Procedures Code was developed with technical assistance from USAID and went into effect in December 2002). If an acceptable judicial career law is enacted, USAID will fund training and technical assistance for the adoption and implementation of a merit-based system for selection, promotion, and discipline of judges and other judicial personnel. In addition, USAID-funded training for non-governmental organizations (NGOs) will increase the capacity of civil society to play stronger roles in public dialogue, advocacy for judicial reform, monitoring of government activities, protecting human rights, and educating the public on topics related to the legal reform process. Principal contractors through FY 2004 are Florida International University and Checchi and Co. For the remainder of the strategy period, principal contractors, grantees, or agencies will be selected through a competitive process.

Transparency and accountability ($3,038,000 DA). USAID will advance legal reforms that are key to government accountability and transparency, as well as business confidence and investment. Assuming continued political will for the fight against corruption, USAID will continue its assistance to entities that are taking lead roles in anti-corruption cases. As part of the U.S. government inter-agency anti-corruption pilot activity, USAID will continue to focus on core activities including prosecutor training to improve prosecution of corruption cases and technical assistance to develop and strengthen social auditing mechanisms to improve government oversight. USAID also plans to fund technical assistance to advance drafting and passage of an alternative dispute resolution law aimed at providing an accessible, effective, and transparent mechanism that meets international standards for resolving commercial disputes. In addition, USAID-funded training and technical assistance for selected NGOs will increase civil society participation in government decision making, oversight, and analysis of political institutions, and enhance advocacy for citizen rights. Civil society will be mobilized to promote and implement justice and transparency reforms through mechanisms that facilitate access to information, and journalists will receive

training to improve investigative techniques for corruption cases. Through continued consensus and coalition building, this activity will build government and civil society capacity, forge alliances, facilitate institutional strengthening, and support citizen participation in the fight against corruption. Principal contractors through FY 2004 are Florida International University and Checchi and Co. For the remainder of the strategy period, principal contractors, grantees, or agencies will be selected through a competitive process.

FY 2005 Program:
Justice system reforms ($3,212,000 DA). Assuming continued cooperation from leaders of the judicial system, USAID plans to provide assistance aimed at increasing the independence and efficiency of the judiciary. USAID will continue training and technical assistance activities that advance implementation of the Criminal Procedures Code and the Criminal Code. Technical assistance will be provided to consolidate the public prosecution and defense functions, and to strengthen civil society involvement and support for legal reforms. USAID plans to promote policy dialogue to advance key elements of the legal framework needed to extend and consolidate the rule of law. Implementers will be selected in FY 2004.

Transparency and accountability ($2,071,000 DA). USAID plans to provide technical assistance and training to NGOs in areas related to transparency, monitoring of government activities, human rights protection, advocacy, and public awareness. USAID will work with public and private institutions on aspects of ethics, accountability, and transparent procurement. Ongoing technical assistance and training for judges, prosecutors, pubic defenders, and other officials will strengthen prosecution of corruption cases, provided that progress continues in promoting judicial independence. Implementers will be selected in FY 2004.

Free and fair national elections ($2,500,000 ESF). With national elections scheduled for 2006, USAID plans to provide limited support for election-related activities by continuing successful efforts in organizing Nicaraguan NGOs to perform domestic electoral observation, voter education, and related activities, contingent on availability of ESF resources. Support for international election observers may also be considered. USAID also anticipates allocating resources for discussion of issues related to the 2006 elections. Principal contractors, grantees, or agencies will be selected through a competitive process.

Performance and Results: This is a new strategic objective that began in late FY 2003 under the Central America and Mexico Regional Strategy. Activities in support of this objective are expected to result in the full implementation of the Criminal Procedures Code and other legal reforms in FY 2004 and FY 2005, including the Criminal Code. Local-level courts will be technically prepared for the full implementation of the Criminal Procedures Code, with all pertinent personnel, including judges, prosecutors, and public defenders, effectively trained. The public defender system will be expanded to help guarantee due process to Nicaraguan citizens regardless of their ability to pay. Passage and implementation of key legislation will enhance government accountability, transparency, efficiency, and effectiveness.

By program completion, USAID expects that Nicaragua will have progressed in establishing the strong democratic institutions and practices that are essential to achieving a full, functioning democracy and attracting domestic and foreign investment. Access to justice will have expanded through more capable justice institutions, as well as through the availability of alternative dispute resolution mechanisms. Accountability of government and private institutions will have improved through better internal standards and increased citizen monitoring to prevent corrupt acts; and the government will have an enhanced capacity to identify and prosecute these acts when they occur.

US Financing in Thousands of Dollars

Nicaragua

524-021 Ruling Justly	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	5,580	0
Expenditures	860	0
Through September 30, 2003		
Obligations	5,580	0
Expenditures	860	0
Unliquidated	4,720	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	6,750	0
Total Planned Fiscal Year 2004		
Obligations	6,750	0
Proposed Fiscal Year 2005 NOA		
Obligations	5,283	2,500
Future Obligations	20,420	0
Est. Total Cost	38,033	2,500

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	524-022
Proposed FY 2004 Obligation:	$15,156,000 DA; $5,662,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$17,018,000 DA; $6,260,000 PL 480
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's trade-led economic growth and rural diversification program contributes to increasing trade in diversified Nicaraguan products in local, regional, and international markets. The program fosters free trade and job creation by assisting the Government of Nicaragua in trade capacity building and economic policy reform activities, especially within the context of the U.S.-Central American Free Trade Agreement (CAFTA) and other free trade agreements. To facilitate trade, USAID will address policy and regulatory constraints to investment, trade, competitiveness, and market access. The program will work with market-oriented enterprises, mostly small- and medium-scale, to improve their competitiveness and increase sales and incomes. The P.L. 480 activities are aimed at improving food security and diversifying agricultural production. Activities will help food-insecure families diversify agricultural production and conserve soil and water resources, as well as link farmers to markets.

Inputs, Outputs, Activities:

FY 2004 Program:
Laws, policies, and regulations that promote trade and investment ($3,756,000 DA). Technical assistance activities that will help increase the Government of Nicaragua's capacity to negotiate and implement free trade agreements are the focus of this program. Working closely with public and private sector agencies to address structural, policy, and regulatory constraints to national competitiveness, USAID will fund assistance designed to identify and remove barriers to trade and investment. USAID will also ensure that trade and investment policies are supported by sound natural resource management laws, policies, and programs. USAID will fund technical assistance to help the Government of Nicaragua and the private sector meet CAFTA commitments, such as regulations pertaining to environmental protection and intellectual property rights. USAID will provide training and technical assistance to help exporters meet new regulatory requirements, such as bio-safety and sanitary/phytosanitary standards. Principal contractors, grantees, or agencies to implement these activities will be selected through a competitive process.

More competitive, market-oriented private enterprise ($11,400,000 DA). USAID will provide technical assistance to improve the competitiveness of Nicaraguan businesses, with an emphasis on small- and medium-scale enterprises. USAID activities will improve access to credit through financial sector reforms and loan portfolio guarantees. Activities will help the agricultural sector be more market-oriented and more competitive in local, regional, and international markets to take advantage of CAFTA and other free trade agreements. Competitiveness of Nicaraguan enterprises will increase through technical assistance in accessing clean, reliable and affordable energy, reliable, and affordable communication systems, cleaner production technologies, and other improved technologies. Other activities will improve the competitiveness of Nicaraguan businesses in green markets, tourism, and other enterprises that conserve and sustainably use natural resources. These activities will help protect biodiversity and mitigate global climate change. Principal contractors, grantees, or agencies to implement these activities will be selected through a competitive process.

Food security. P.L. 480 activities will provide technical assistance and training to improve food security and help families diversify agricultural production, conserve soil and water resources, and link farmers to markets.

FY 2005 Program:
Laws, policies, and regulations that promote trade and investment ($3,700,000 DA). Because activities begun in FY 2004 are envisioned to be multi-year activities, USAID will continue to pursue similar activities in FY 2005. USAID plans to develop private-public partnerships to address and remove key barriers to trade and investment, and define and pursue the competitive advantages that Nicaragua has in regional and international markets. USAID will also provide assistance to the Government of Nicaragua and the business community to implement and comply with provisions of free trade agreements. The same implementers as those chosen in FY 2004 are expected.

More competitive, market-oriented private enterprise ($13,318,000 DA). Because activities begun in FY 2004 are envisioned to be multi-year activities, USAID will continue to pursue similar activities in FY 2005. USAID plans to focus more resources on helping to diversify not only the agricultural sector, but the economy as a whole. USAID proposes to implement activities that link light industry, tourism, sustainable forestry, and service enterprises to regional and international markets and provide technical assistance to help these firms and agri-businesses become more competitive. The same implementers as those chosen in FY 2004 are expected.

Food security. P.L. 480 activities will improve food security and help families diversify agricultural production, conserve soil and water resources, and link farmers to markets.

Performance and Results: This is a new strategic objective that began in late FY 2003 under the Central America and Mexico Regional Strategy. Activities in support of this objective are expected to increase sales of diversified, non-traditional, higher value/quality crops in local, regional, and international markets for small- and medium-scale farmers and businesses. USAID expects that the expansion of market-led diversified agriculture, job creation, and increases in foreign direct investment will help diversify the rural economy and reduce rural poverty. Through the identification, prioritization, and removal of key barriers to trade and investment, USAID expects the business climate to improve significantly in Nicaragua.

By program completion, USAID expects that the competitiveness ranking of Nicaragua will have improved relative to other countries. USAID anticipates an increase in the percentage of higher value-added sectors and sub-sectors (e.g., light manufacturing, tourism, services, non-traditional agricultural and green products), relative to the overall economy.

US Financing in Thousands of Dollars

Nicaragua

524-022 Economic Freedom	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	10,520
Expenditures	4,076
Through September 30, 2003	
Obligations	10,520
Expenditures	4,076
Unliquidated	6,444
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	15,156
Total Planned Fiscal Year 2004	
Obligations	15,156
Proposed Fiscal Year 2005 NOA	
Obligations	17,018
Future Obligations	59,011
Est. Total Cost	101,705

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	524-023
Proposed FY 2004 Obligation:	$7,805,000 CSH; $5,300,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$6,913,000 CSH; $3,010,000 DA; $4,753,000 PL 480
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: This strategic objective will help sustain and expand significant but fragile gains in basic education, primary health care, child nutrition, family planning, reproductive health care, and HIV/AIDS prevention and care. USAID will concentrate its development assistance on efforts to: improve government capacity to plan, budget and manage equitable health and education investments; increase access to quality basic education; and improve health status at the household and community levels. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Inputs, Outputs, Activities:

FY 2004 Program:
Social sector investment and transparency ($3,855,000 CSH, $1,300,000 DA). USAID will fund technical assistance and training to improve the Government of Nicaragua's capacity to plan and manage health and education investments and to decentralize these services for greater impact and participation. USAID will work with the Ministries of Health and Education to identify, replicate, and institutionalize successful models for providing high-quality health and education services in municipalities. Commodity procurement for the Ministry of Health will provide a social safety net for contraceptive services while the Government of Nicaragua develops a contraceptive security plan and allocates adequate resources. USAID will also fund technical assistance to strengthen the capacity of health and education institutions at the municipal and departmental levels. USAID will work with the Nicaraguan Social Security Institute to improve the accreditation, quality control, certification and financing of the growing market of private health sector providers. A loan guarantee initiative under a Development Credit Authority mechanism will leverage private sector banks to support commercial health development projects. Principal contractors, grantees, or agencies will be selected through a competitive process.

Access to quality education ($4,000,000 DA). USAID will work with the Government of Nicaragua and other donors to implement the national education plan and the World Bank's Education for All-Fast Track Initiative, particularly in replicating and expanding USAID's successful model school program nationwide. USAID's technical assistance will ensure that high-quality teaching, curricula standards, active and participatory learning, and community involvement are adapted into the Government of Nicaragua's proposal for "Centers for Learning and Progress". The principal contractor in FY 2004 is the Academy for Educational Development. For the remainder of the strategy, principal contractors, grantees, or agencies to implement these activities will be selected through a competitive process.

Maternal and child health ($3,950,000 CSH). Working in coordination with the Ministry of Health and a national NGO federation, USAID will fund technical assistance and training to help improve household health behaviors and practices, including timely care-seeking. A central focus will be on scaling up these initiatives nationally. USAID will help prevent transmission of HIV/AIDS, targeting high-risk behavior groups and strengthening the country coordinating mechanism of the Global Fund for AIDS, Tuberculosis and Malaria. USAID plans to utilize previously competed Bureau for Global Health field support mechanisms. Principal contractors, grantees, or agencies will be selected through a competitive process.

Food security. With P.L. 480 Title II resources, USAID will target high-risk, food-insecure communities to improve child feeding practices with growth monitoring and nutrition counseling. In addition, USAID will integrate activities funded with monetized resources to improve access and outreach of public sector health clinics by linking health staff with volunteer health workers and families in rural communities and by expanding integrated management of childhood illnesses and the comprehensive Integrated Child Care model to reduce chronic childhood malnutrition in food-insecure rural communities.

FY 2005 Program:
Social sector investment and transparency ($3,550,000 CSH, $300,000 DA). USAID plans to further facilitate the national program of decentralization of social sector service delivery; strengthen leadership and management capacity within the social sector ministries; support policy dialogue and advocacy for reforms; and build into the national budget process explicit equity and performance concerns for budgetary and resource planning decisions. USAID will provide continued commodity support, with technical assistance to improve commodity distribution. The same implementers as those selected in FY 2004 are expected.

Access to quality education ($2,710,000 DA). USAID plans to continue its donor-coordinated support to implement the Government of Nicaragua's national education plan and the Education for All-Fast Track Initiative, as described above. The same implementers as those selected in FY 2004 are expected.

Maternal and child health ($3,363,000 CSH). USAID plans to strengthen and consolidate the national scale-up of household and community health program interventions described above, in coordination with the Ministry of Health and a national NGO federation. These resources may help further focus and target public health services to the most under-served communities in rural Nicaragua. The same implementers as those selected in FY 2004 are expected.

Food security. With P.L. 480 Title II resources, USAID will target high-risk, food-insecure communities to improve child feeding practices with growth monitoring and nutrition counseling. In addition, USAID will integrate activities funded with monetized resources to improve access and outreach of public sector health clinics by linking health staff with volunteer health workers and families in rural communities and by expanding integrated management of childhood illnesses and the comprehensive Integrated Child Care model to reduce chronic childhood malnutrition in food-insecure rural communities.

Performance and Results: This new strategic objective began in late FY 2003 under the Central America and Mexico Regional Strategy. Activities in support of this objective will help further reduce Nicaragua's infant mortality rate and chronic malnutrition among young children. Adolescents and young adults will increase their health knowledge, awareness, and exercise of such practices as abstinence, postponed sexual debut, fidelity, or modern barrier methods and contraceptives, with concomitant declines in teenage pregnancy and sexually transmitted diseases. Existing inequities in health will be reduced by focusing the subsidized delivery of government services exclusively toward the poor and extremely poor. More Nicaraguans under the social security system will have access to high-quality, private health services. The quality of Nicaraguan primary schools will increase, as well as the number of students completing a high-quality primary and post-primary education.

By program completion, the Nicaraguan health and education systems, and social sector as a whole, will be more efficient, with more capable, standardized, accountable, decentralized administration. The Government of Nicaragua will have improved social sector policies, accountability, transparency, and governance.

US Financing in Thousands of Dollars

Nicaragua

524-023 Investing in People	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	7,480	4,367
Expenditures	4,997	786
Through September 30, 2003		
Obligations	7,480	4,367
Expenditures	4,997	786
Unliquidated	2,483	3,581
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	7,805	5,300
Total Planned Fiscal Year 2004		
Obligations	7,805	5,300
Proposed Fiscal Year 2005 NOA		
Obligations	6,913	3,010
Future Obligations	22,165	10,033
Est. Total Cost	44,363	22,710

Panama

The Development Challenge: Panama remains on a path that lacks the impetus to achieve sustainable economic growth and development. Its dual economy consists of a progressive modern sector and a traditional rural sector. Slow economic growth, double-digit unemployment, and a highly skewed income distribution characterize Panama's poor socioeconomic performance. Around 28% of Panamanian households (37% of the population) live in poverty; of these, more than 12.3% live in extreme poverty. The economic and social wellbeing of many Panamanians, particularly those in the lower income bracket and those living in poverty, will worsen without sustained economic growth. Panama is currently in the process of transforming its education system. Although many of its education indicators are among the best in Central America, substantial inequalities in access to and quality of education remain. This situation adversely affects labor force productivity.

The overall performance of the Panamanian economy is tied to the Panama Canal and the Panama Canal Watershed (PCW). Availability of sufficient water to operate the locks system is a key factor for ensuring continued effective operation of the Panama Canal. Massive deforestation has reduced the forest cover in the Panama Canal Watershed and, in the process, eroded its river valleys and lakeshores. Increasing rates of population migration into the watershed, with concomitant urbanization and increased economic activity, threaten the Canal's environmental sustainability. The PCW is increasingly vulnerable to agricultural and industrial pollution, siltation, and sedimentation, which reduce the storage capacity of the lakes that serve as the Canal's water source.

The organization of Panama's judicial system is complex, involves numerous players, and is beset with many problems. Corruption is pervasive among the three branches of government and grudgingly accepted by many in the Panamanian private sector as a cost of doing business. Foreign investors perceive the legal system as working to the benefit of insiders. The judicial system, which is viewed as slow and cumbersome, has a substantial backlog of civil and commercial cases. In addition, the corrupting influence of the narcotics trade undermines local institutions, spawns violence and lawlessness, distorts the economy, and discourages legitimate investments.

It is in the U.S. national interest to ensure that Panama develop the capacity to sustainably manage and protect the Panama Canal Watershed. An effectively operating Canal facilitates world maritime commerce and ensures rapid transit of U.S. military vessels between oceans. Sustainable rule of law and anti-corruption measures will help increase investor confidence in Panama and attract more foreign direct investment, making it a more stable partner. Improved development and alternative sources of income in the Darien Province will stem the flow of illicit drugs into the United States and contribute to regional stability.

The USAID Program: FY 2004 and FY 2005 are transition years for the USAID program in Panama. In FY 2004, USAID will provide final year funding under the current bilateral strategy for the Panama Canal Watershed Strategic Objective. Unless unforeseen circumstances change the present situation, USAID will conclude the Darien Community Development Program, a short-term program under the Andean Regional Initiative, with final funding in FY 2004. Upon approval of a new Panama Country Plan under the Central America and Mexico (CAM) Regional Strategy, USAID plans to continue Panama Canal Watershed and justice reform activities. The Data Sheets provided below cover the two objectives for which USAID is requesting FY 2004 funding to complete activities under the current strategy, and two new objectives under the CAM Regional Strategy. USAID is also continuing activities under the justice reform special objective, which will be closed out in summer 2004; however no new funding is requested for these activities.

Other Program Elements: In addition to the bilateral program, the Central America Regional Program (G-CAP) and the Office of Regional Sustainable Development in the Bureau for Latin America and the Caribbean (LAC/RSD) manage programs in Panama. G-CAP programs expand Central American participation in global markets, improve environmental management in the Mesoamerican Biological Corridor, and enhance Panama's capacity to respond to the HIV/AIDS crisis. Activities include technical

assistance, pilot demonstrations, training, alliance building, financial strengthening, and policy studies. Initiatives include: a Development Credit Authority project supporting clean production by small- and medium-size enterprises; Global Development Alliances promoting certification and increased production and sales of environmentally-friendly products; creation of a regional fire and pest prevention and mitigation network; development of a regional remote sensing network to monitor carbon emissions from changes in land use and forest cover; and modeling of potential future climate impact for uses in decision-making concerning climate change vulnerability, adaptation, mitigation, and sustainable development. In addition, G-CAP is funding short-term technical assistance to small producers to help them offer consistent quantities of high quality Panamanian coffee for domestic and export markets. This project improves business practices and provides market linkages that increase the competitiveness and sustainability of this important industry in Panama. LAC/RSD, through its Parks in Peril program, mitigates threats to conservation in the Amistad Biosphere Reserve. Management and oversight of the Peregrine Fund, which repopulates harpy eagle populations in the Panama Canal Watershed, is now under the purview of the USAID bilateral program in Panama.

Other Donors: USAID is the major donor active in the PCW region. The Japan International Cooperation Agency (JICA) provides assistance to the Government of Panama and non-governmental organizations (NGOs) in the PCW that is complementary to, and coordinated with, USAID's efforts. JICA is supporting the establishment of a training center that provides environmental education and awareness training in forestry and agro-forestry techniques, and providing technical assistance to pilot communities in the PCW to improve environmentally-friendly agricultural production.

Beginning in FY 2004, the Inter-American Development Bank (IDB) plans to assist the Government of Panama to strengthen its institutional management and implementation mechanisms in support of community environmental mitigation efforts, with particular focus on the PCW. The IDB also supports conversion of destructive agricultural practices to environmentally friendly productive activities in the PCW. In addition, the IDB is helping the Government of Panama implement an integrated development program with important environmental elements in Darien Province. The IDB is the lead donor supporting a major Government of Panama effort to improve the criminal justice system, and has helped strengthen the Center for Mediation and Arbitration of Commercial Disputes at the Panamanian Chamber of Commerce.

The Food and Agriculture Organization of the United Nations (UN) assists the Ministry of Agricultural Development in its implementation of land use changes in the rural eastern region of the PCW, measuring the socioeconomic impact of these changes. Emphasis is on community participation and on environmental and socioeconomic sustainability. This effort is expected to lead to the development of a 20-year program with possible funding from the World Bank. The UN International Fund for Agricultural Development supports a sustainable rural development effort in Darien Province with emphasis on indigenous communities in the area. The UN facilitates coordination among other donors in Darien by sharing its extensive database. The USAID effort to strengthen selected communities in Darien complements both the IDB and UN programs.

The European Union supports a modest program to assist the Government of Panama in implementing a program of free legal services for poor pre-trial detainees.

Panama
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Development Assistance	4,500	5,499	5,322	5,446
Economic Support Fund	4,205	3,000	2,982	3,000
Total Program Funds	**8,705**	**8,499**	**8,304**	**8,446**

STRATEGIC OBJECTIVE SUMMARY				
525-004 Protection of the Panama Canal Watershed				
DA	4,181	5,499	5,322	0
525-005 Judicial Reforms				
ESF	1,205	750	0	0
525-006 Rural Community Development				
ESF	3,000	2,250	741	0
525-021 Ruling Justly				
ESF	0	0	2,241	3,000
525-022 Economic Freedom				
DA	0	0	0	5,446

TRANSFER				
DA	319	0	0	0

Mission Director,
Leopoldo Garza

Data Sheet

USAID Mission:	Panama
Program Title:	Protection of the Panama Canal Watershed
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	525-004
Proposed FY 2004 Obligation:	$5,322,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: USAID's program to sustainably manage the Panama Canal Watershed (PCW) and buffer areas includes technical assistance, training, and commodities to promote policy reforms, behavioral change, a more participatory and practical approach to watershed management, and replication of successful watershed management activities in pilot sub-watersheds and protected areas. Alliances between public and private agencies and organizations form an important part of this program.

Inputs, Outputs, Activities:

FY 2004 Program:
Watershed management ($3,172,000 DA). USAID will fund activities to test and validate principles and practices that support elements of successful watershed management. Focus will be on developing sound policies at the local level, stable funding sources, and field-based practical systems, processes, and tolls required for sustainable management of the PCW. Activities, which include on-the-ground implementation of demonstration projects such as sustainable agricultural practices, wastewater management, and clean industrial production, will incorporate community participation and close collaboration with other stakeholders. Principal contractor, grantees, and agencies are the Academy for Educational Development and the Inter-Institutional Commission for the Canal Watershed.

Environmental management of protected areas ($2,000,000 DA). Ecologically sound and economically viable activities will safeguard the long-term operation of the PCW by protecting the water supply for Panama Canal operations, industrial use, and human consumption. USAID will fund assistance to develop an effective management system for protected areas within the PCW, such as conservation plans, public/private co-management of national parks, and plans for long-term financial sustainability. In addition, assistance will help the local population and stakeholders integrate effectively to enhance on-site conservation and management. USAID-funded technical assistance (through the Parks in Peril Program) to the Government of Panama and environmental non-governmental organizations (NGOs) will complement and guide investment of funds from the new Tropical Forest Conservation Act Debt Swap for conservation of the Chagres National Park, source of more than half the fresh water required for Panama Canal operations. USAID will also fund assistance to develop environmentally sound economic options such as ecotourism. Principal contractor, grantees, and agencies are: the Academy for Educational Development, the National Environment Authority, and the Nature Conservancy.

The Peregrine Fund ($150,000 DA). USAID-funded technical assistance will help the Peregrine Fund achieve financial sustainability.

FY 2005 Program:
In FY 2005 activities will be reprogrammed under the new Panama Country Plan (SO 525-022) within the Central America and Mexico Regional Strategy

Performance and Results: During FY 2003, USAID made significant progress toward sustainable management of the Panama Canal Watershed and its buffer areas. Strategic use of $10 million obtained

by a Tropical Forest Conservation Act alliance to implement the conservation area plan for Chagres National Park, which is critical to the PCW, is ensuring the park's environmental and financial future. As a result of USAID's programs, local governments and NGOs are able to assume a more active role in watershed management, and the National Environment Authority is now willing to partner with NGOs and the private sector for co-management of protected areas - an important change for an institution previously reluctant to involve the community. A partnership among the Ministry of Health, the Municipality of Capira, two NGOs, and several communities helped complete a sanitation project that benefited 3,000 persons. The Panama Canal Authority and USAID signed a Memorandum of Understanding to pool resources to create an initial $5 million incentive fund to finance demonstration activities in pilot sub-watersheds in the PCW. The newly established Inter-Institutional Commission for the Canal Watershed improved its capacity to coordinate between Government of Panama line ministries and other major stakeholders in the Panama Canal Watershed. Action plans were developed for three rural pilot sub-watersheds and one peri-urban pilot sub-watershed.

By September 30, 2004, when USAID will transition to the Central America and Mexico Regional Strategy, this program will have achieved a number of tangible results in the Panama Canal Watershed. The master conservation plan for the Chagres National Park will be completed, and will be used to guide at least five NGO grants funded under the new Tropical Forest Conservation Act debt swap. Thus, by the end of FY 2004, USAID will have initiated protected area conservation programs in the critical Chagres Rain Forest, which provides the majority of water for Panama Canal operations. In addition, USAID will have initiated at least 10 grants in at least two sub-watersheds of the PCW to demonstrate conservation practices with stakeholder participation, and will have developed improved land use plans for one other sub-watershed.

By the end of FY 2004, USAID will have completed norms and standards for development of ecotourism and management in the Soberania National Park pilot, as well as a public-private alliance to share the costs of ecotourism attractions in the park. In addition, USAID expects to develop a mechanism approved by the Government of Panama for investment of ecotourism revenues for park maintenance, as well as plans and regulations for service concessions in public parks. The Peregrine Fund, the Panamanian NGO responsible for repopulation of harpy eagles in Panama, will have bred and released 10 harpy eagles to the wild, and completed a sustainability plan and an environmental education program.

US Financing in Thousands of Dollars

Panama

525-004 Protection of the Panama Canal Watershed	DA
Through September 30, 2002	
Obligations	11,380
Expenditures	7,586
Unliquidated	3,794
Fiscal Year 2003	
Obligations	5,151
Expenditures	899
Through September 30, 2003	
Obligations	16,531
Expenditures	8,485
Unliquidated	8,046
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	5,322
Total Planned Fiscal Year 2004	
Obligations	5,322
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	6,000
Est. Total Cost	27,853

Data Sheet

USAID Mission:	Panama
Program Title:	Rural Community Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	525-006
Proposed FY 2004 Obligation:	$741,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2004

Summary: This program, part of the Andean Regional Initiative, provides technical assistance, training, and commodities to selected communities in Darien Province, which borders Colombia. Activities support effective governance, community institution building, small-scale social and productive infrastructure, and income-generating opportunities. In addition, this program is assisting communities and locally-elected officials to better organize in order to address defined needs and effectively articulate and advocate for Government of Panama and other assistance. USAID is also establishing alliances with private enterprises and civil society, including local and international non-governmental organizations to promote environmentally friendly economic activities such as ecotourism and handicraft production and marketing.

Inputs, Outputs, Activities:

FY 2004 Program:
Social infrastructure ($391,000 ESF). USAID-funded technical assistance and local grants program will help selected communities design and implement small-scale social infrastructure projects, such as water and sanitations systems and school classrooms. Emphasis is on local management, self-help, and sustainability. In implementing this program, USAID will promote alliances between the private sector and local civil society organizations. The principal grantee is Pro Niños del Darien.

Organizational capacity of local government and community-based organizations ($50,000 ESF). USAID-funded technical assistance and training will help local leaders, elected officials, and community-based organizations improve their ability to develop projects, write proposals, and implement sustainable activities. The focus of this program is on building local capacity for planning, participatory decision-making, and oversight to address community needs. The principal grantee is Pro Niños del Darien.

Productive infrastructure and income generation ($300,000 ESF). USAID-funded technical assistance and grants will help local leaders, private enterprises, and community organizations to design, develop, seek funds for, and implement small-scale productive infrastructure such as such as rural road rehabilitation. This program also addresses income generation through improved agricultural production and access to markets. In implementing this project, USAID will promote alliances between the private sector and local government and civil society organizations. The principal grantee is Pro Niños del Darien.

FY 2005 Program:
This Strategic Objective ends in FY 2005.

Performance and Results: During the initial phase of the program, USAID established the groundwork for improved community planning and implementation in several communities. USAID-funded technical assistance and training helped selected communities design social and productive infrastructure projects to address local needs and priorities. Communities participated in the design of seven approved social infrastructure projects and one productive infrastructure project that is pending approval. The selected

communities are committed to the program's objectives of self-help, participation, and community development. Using a community-based approach, the platform for sustaining these activities is in place.

By program completion, 55 Darien communities will have improved their ability to work together for a common purpose and articulate community solutions to social and productive infrastructure needs. Thirty-five communities will have completed social and productive infrastructure projects, and an additional 85 small infrastructure projects will be underway. Moreover, USAID's Panamanian partner, Pro Niños del Darien will have gained capacity far beyond its traditional role of executing feeding programs for school-aged children in Darien.

US Financing in Thousands of Dollars

Panama

525-006 Rural Community Development	**ESF**
Through September 30, 2002	
Obligations	3,000
Expenditures	0
Unliquidated	3,000
Fiscal Year 2003	
Obligations	2,250
Expenditures	434
Through September 30, 2003	
Obligations	5,250
Expenditures	434
Unliquidated	4,816
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	741
Total Planned Fiscal Year 2004	
Obligations	741
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	5,991

Data Sheet

USAID Mission:	Panama
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	525-021
Proposed FY 2004 Obligation:	$2,241,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,000,000 ESF
Year of Initial Obligation:	2004
Year of Final Obligation:	2008

Summary: USAID's new rule of law and governance program consolidates and continues the momentum gained in the current justice reform program. In addition to rule of law, the new program will incorporate a governance component to address transparency and accountability in both the judicial system and public management, which are critical to strengthening democracy and promoting economic growth in Panama. The goals of this program are to: 1) improve access to justice and alternative dispute resolution; 2) increase accountability and transparency in public management; and 3) strengthen administration of justice at the community level and in defense of the environment.

This strategic objective, which is part of the new Panama Country Plan under the Central America and Mexico Regional Strategy, is in the design phase. Completion and approval are expected in spring/summer 2004.

Inputs, Outputs, Activities:

FY 2004 Program:
Rule of law ($1,241,000 ESF). USAID plans to focus technical assistance and training on: policy dialogue to promote legal and institutional reforms to improve operations of judicial institutions; promote use of oral proceedings and administrative reforms to speed up case processing; and increase the quantity and timeliness of cases resolved. USAID will provide technical assistance to improve investigation and prosecution of judicial corruption, assist the Public Ministry's Anti-Corruption Prosecutor's Office to present better cases for trial, and assist the Honor Tribunal (Disciplinary Committee) of the Panamanian Bar Association to investigate allegations of unethical conduct of practicing lawyers. USAID also intends to provide technical assistance and training to the Solicitor General's Office to strengthen administration of justice at municipal and lower, district council levels. To complement the Panama Canal Watershed and environmental management programs, USAID plans to address problems in administration of justice related to environmental law and regulations. This activity will respond to serious unaddressed problems of illegal logging, hunting, and waste disposal in both protected and unprotected areas of Panama. Contracts and grants will be competed.

Government transparency and accountability ($1,000,000 ESF). USAID plans to fund technical assistance and training to strengthen civil society capacity to provide government oversight and advocate for reforms needed to improve judicial processes, governance, and respect for human rights. In addition, USAID is considering strengthening a nascent public employee inter-institutional anti-corruption network and training journalists and non-governmental organizations in investigation of and reporting on corruption. Contracts and grants will be competed.

FY 2005 Program:
Rule of law ($2,000,000 ESF). USAID plans to continue the activities described above to strengthen the rule of law in Panama.

Government transparency and accountability ($1,000,000 ESF). USAID plans to continue the activities described above to improve government oversight, advocate for reforms, and address corruption in Panama.

Performance and Results: Although this strategic objective will not begin until late FY 2004, elements of this strategy are a follow on to the previous strategy. USAID's administration of justice program has succeeded in making pre-trial detention a public issue. In FY 2003, alternative dispute resolution mechanisms gained ground as an efficient way to resolve disputes, the judicial registry increased timely access to court decisions, and the quality of administrative justice improved at the community level. The Supreme Court of Justice, the Public Defenders Institute, the Judicial School, and the Citizens Alliance for Justice developed institutional foundations for strategic planning and action. The stage is set for fundamental changes in the Panamanian justice system. By the end of FY 2004, USAID expects to have completed the following results: install a case tracking system in the civil and commercial Supreme Court chambers; publish operational actions plans for the Supreme Court's Judicial School and the Public Defender's Office; extend alternative dispute resolution to two new mediation centers; develop a code of ethics for judges; and prepare and implement an ethics training course for government officials.

By program completion, USAID expects that national and local-level government institutions and courts will be more accountable and managed more transparently; citizens and businesses will have better access to justice and alternative dispute resolution; and citizens will have more voice in determining public policy.

US Financing in Thousands of Dollars

Panama

525-021 Ruling Justly	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	2,241
Total Planned Fiscal Year 2004	
Obligations	2,241
Proposed Fiscal Year 2005 NOA	
Obligations	3,000
Future Obligations	19,000
Est. Total Cost	24,241

Data Sheet

USAID Mission:	Panama
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	525-022
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,446,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2008

Summary: USAID's program to sustainably manage the Panama Canal Watershed (PCW) and its buffer areas will be incorporated into a new strategic objective in FY 2005. The program will include technical assistance, training, and commodities to promote policy reforms, behavioral change, and a more participatory and practical approach to watershed and protected areas management. Successful watershed management activities in pilot sub-watersheds and protected areas will be replicated. Alliances between public and private agencies and organizations will form an important part of this program.

This strategic objective, which is part of the new Panama Country Plan under the Central America and Mexico Regional Strategy, is a follow on to the current program. Approval is expected in summer 2004.

Inputs, Outputs, Activities:

FY 2004 Program:
This Strategic Objective begins in FY 2005.

FY 2005 Program:
Watershed management ($3,196,000 DA). USAID will fund technical assistance to test and validate principles and practices that support elements of successful watershed management. Focus will be on developing sound policies at the local level, stable funding sources, and field-based practical systems and processes required for sustainable management of the PCW. Activities, which will include on-the-ground implementation of demonstration projects such as sustainable agricultural practices, wastewater management, and clean industrial production, will incorporate community participation and close collaboration with other stakeholders. Principal contractor, grantees, and agencies will be the Panama Canal Authority, the Academy for Educational Development, and the Inter-Institutional Commission for the Canal Watershed.

Environmental management of protected areas ($2,100,000 DA). USAID will provide assistance to develop an effective management system for protected areas in the PCW. Ecologically sound and economically viable activities will safeguard the long-term operation of the PCW by protecting the water supply for Panama Canal operations, human consumption, and industrial use. Activities will include development of conservation area plans, environmentally sound economic opportunities, and public/private co-management of national parks. USAID-funded technical assistance (through the Parks in Peril Program) to the Government of Panama and environmental non-governmental organizations (NGOs) will complement and guide investment of funds from the new Tropical Forest Conservation Act Debt Swap for conservation of the Chagres National Park, source of more than half the fresh water required for Panama Canal operations. USAID will also fund assistance to develop environmentally sound economic options such as ecotourism. In addition, USAID plans to provide technical assistance to the National Environment Authority (ANAM) to help the organization integrate stakeholders into conservation and management of protected areas and reform norms and standards for protected areas. Planned technical assistance to ANAM will also help reform the organization's financial practices to allow it to

operate and maintain basic protected areas park infrastructure to facilitate ecotourism. Principal contractor, grantees, and agencies will be the Academy for Educational Development, the National Environment Authority, and the Nature Conservancy.

The Peregrine Fund ($150,000 DA). USAID plans to provide funding to support environmental education, breeding and release of harpy eagles, and to assist the Peregrine Fund achieve financial sustainability.

Performance and Results: By the end of FY 2005, USAID expects ten additional pilot demonstration projects to be underway employing best practices, appropriate technologies, and promoting sound policies to facilitate sustainable management of the PCW. USAID expects that seven demonstration projects will be completed and at least five grantees strengthened by implementing these demonstration projects. Construction of the first small town sanitation system through a public/private development alliance should be completed and institutional arrangements in place to operate the system. At least two new PCW policies dealing with incentives and penalties will be developed and promoted to address deficiencies in legal, policy, and regulatory instruments that hinder sound environmental management of the PCW. Stakeholder committees will be operating in two pilot sub-watersheds employing participatory planning and decision-making processes. The Inter-Institutional Commission for the Canal Watershed will operate a PCW environmental monitoring and information system for use by members and the general public.

By the end of FY 2005, USAID expects to have completed a policy and regulatory framework for involving NGO and private sector partners in the management of Soberania and Chagres National Parks. The Chagres Debt Swap Fund will be functioning and issuing grants to NGOs to implement activities in the Chagres Park and buffer areas as guided by the Conservation Area Plan and Master Plan to conserve and protect this Park, which is critical to Panama Canal operations. A public/private development alliance will be in place to initiate ecotourism in Soberania National Park. ANAM will have established a complementary ecotourism investment mechanism to collect and reinvest revenues generated from ecotourism for Soberania Park operations and maintenance. At least three new grants will be issued to NGOs to promote rational and sustainable economic opportunities in the protected areas of the PCW.

The Peregrine Fund is expected to breed and release ten additional harpy eagles in Panama and other countries of Central America. The organization will continue implementation of its sustainability plan and expects to raise $100,000 to help underwrite its operations in Panama. The Peregrine Fund will expand its environmental education program to other areas of Panama and Central American where it plans to release harpy eagles.

By program completion, USAID will have replicated its successful environmental management model to a number of the subwatersheds of the PCW; reformed/modified existing natural resources policies for improved watershed management in the PCW; extended the successful Soberania ecotourism pilot to the Panamanian National System of Protected Areas. As a result of this program: national environmental authorities, the judicial system, and local government authorities will apply and enforce environmental laws and regulations; stakeholders will actively participate in management decisions related to protected and unprotected areas in the PCW; and sustainable financial mechanisms for environmental management of the PCW and operation and maintenance of infrastructure for ecotourism in the National System of Protected Areas will be functioning.

US Financing in Thousands of Dollars

Panama

525-022 Economic Freedom	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	5,446
Future Obligations	30,000
Est. Total Cost	35,446

Paraguay

The Development Challenge: Since the fall of Paraguay's dictatorship 14 years ago, the country has adopted a new constitution, established freedom of expression, developed a transparent and free electoral process, made improvements in the judicial system, and defended democratic institutions in the face of severe challenges. These challenges include several coup attempts, the assassination of a vice president, and the resignation of a president. Consolidating democracy and promoting a fair and licit market economy are the primary U.S. national interests in Paraguay. During the past two years Paraguay has been a valuable U.S. ally in the war on terrorism.

During 2003, the country continued its eighth consecutive year in which per capita income was stagnant or declined. Poverty rates increased at an alarming rate, especially in rural areas, and the value of the Paraguayan currency depreciated significantly against the dollar. Perceptions of government corruption are among the highest in Latin America. With the newly-elected President having taken power in August 2003, there is renewed optimism that serious problems such as poverty, corruption, environmental degradation, and lack of effective basic services to Paraguay's citizens will be addressed. In 2002, the Office of the President was perceived to be the second most corrupt institution in Paraguay; whereas, it is now perceived to be the least corrupt institution. This dramatic change in perception from a year ago is directly attributable to strong anti-corruption measures taken by President Duarte's administration. During his first months in office, President Duarte has demonstrated a serious commitment to fighting corruption, reactivating the economy and providing hope to the growing ranks of the poor. Enormous challenges lie ahead.

Paraguay's external debt is approximately $2.2 billion, over 40% of its gross domestic product. While Paraguay has historically pursued a conservative macroeconomic policy, the economic tribulations of Brazil and Argentina (Paraguay's two most important trading partners) and weak political will have combined to produce worsening budget deficits and expedient short-term borrowing. A very positive indicator of how multilateral banks now view Paraguay is the December 2003 International Monetary Fund approval of a stand-by agreement, the first one in 50 years.

Sustainable development in Paraguay is threatened by the indiscriminate exploitation of land, water, and wildlife resources. Economic growth is severely threatened by the depletion of Paraguay's rich endowment of natural resources. The once rich topsoil of the eastern border region (largely uncultivated until the 1970s) is now severely eroded. The eastern border region sits on the largest underground water aquifer on the continent which is being threatened by unchecked use of land.

There is limited access to quality reproductive health services in Paraguay. Approximately 35% of pregnant women do not receive adequate pre-natal care. Citizens also lack access to other basic services, such as education, potable water, sewerage systems, solid waste collection, and basic infrastructure. The national government is increasingly hard pressed to provide these services, and some local governments are struggling to compensate for these deficiencies.

At a minimum, Paraguay must be able to demonstrate an ability to improve economic conditions, ensure the provision of basic services to its citizens, and reduce crime and corruption. If democracy does not provide hope for the future, there is a real possibility that people will lose faith in it and select another form of government. This is reflected in recent survey findings of the Latinobarometro poll indicating that Paraguayans were the least satisfied in all of Latin America with democracy and the second least satisfied with a market economy.

The USAID Program: USAID's program focuses on four strategic objectives for which funds are requested: economic growth, reproductive health, environmental initiatives, and democracy. Two themes that link these objectives are: (1) a pluralistic civil society is the basis for democratic governance, improved trade capacity (poverty alleviation), improved health and provision of services, and care of natural resources; and (2) government responsiveness, accountability, and accessibility are strengthened through the decentralization of power and authority to local levels and measures which promote honesty

and transparency throughout all levels of government. These activities are further described in the following data sheets.

Other Program Elements: USAID's Democracy, Conflict, and Humanitarian Assistance Bureau, Office of U.S. Foreign Disaster Assistance, assists Paraguayans to coordinate efforts in disaster preparedness, emergency training activities, and disaster relief activities. The Global Development Alliance Office awarded a grant that includes Paraguay as one of the countries to receive information technology training and assistance to graduates looking for jobs. The Latin America and Caribbean Bureau's Office of Regional Sustainable Development has programs to increase citizen participation, strengthen civil society organizations, and promote human rights in Paraguay. Finally, USAID monitors a USAID centrally funded grant to the Integrated Water Resource Management Incentive Fund.

Other Donors: USAID has been very active in organizing a previously disjointed donor community and continues to be successful in having other donors build upon its pioneering activities. USAID has organized donor coordination activities in areas of decentralization, judicial reform, environment, and health and is participating in donor programs related to competitiveness and adolescents.

In the health sector, the World Bank, the United Nations Population Fund, and USAID are collaborating with the Ministry of Health to implement a demographic and health survey and to provide technical assistance to develop the National Reproductive Health Plan. These are major achievements in terms of donor coordination.

The major bilateral donors and their interests are: Japan (agriculture and health), Germany (state reform and natural resources), and Spain (education and cultural support). The Inter-American Development Bank, the World Bank, the European Union, various United Nations agencies, and the Global Environmental Facility play a major role in the international development community.

Paraguay
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	2,525	1,959	2,125	1,907
Development Assistance	3,600	3,895	4,140	4,040
Economic Support Fund	3,500	3,000	2,982	3,000
Total Program Funds	**9,625**	**8,854**	**9,247**	**8,947**

STRATEGIC OBJECTIVE SUMMARY				
526-004 Democracy & Governance				
DA	2,600	2,095	1,952	1,847
ESF	3,500	3,000	2,982	3,000
526-005 Environment				
DA	1,000	1,000	938	911
526-006 Reproductive Health				
CSH	2,525	1,959	2,125	1,907
526-007 Economic Growth				
DA	0	800	1,250	1,282

Mission Director,
Wayne Nilsestuen

Data Sheet

USAID Mission:	Paraguay
Program Title:	Democracy & Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	526-004
Proposed FY 2004 Obligation:	$1,952,000 DA; $2,982,000 ESF
Prior Year Unobligated:	$200,000 ESF
Proposed FY 2005 Obligation:	$1,847,000 DA; $3,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: Providing a range of technical assistance, training, and small grants, USAID, through its democracy and governance program, is working to strengthen the capacity of local governments to deliver services in response to the needs of citizens; improve the ability of civil society to be able to put pressure on the current political system to change and become more responsive; and develop an open, transparent policy dialogue that allows for the inclusion of all citizens and their organizations. Citizen participation, oversight, transparency, and accountability are incorporated throughout the democracy program to promote anti-corruption efforts.

Inputs, Outputs, Activities:

FY 2004 Program:
Local governance ($1,952,000 DA). USAID will provide technical assistance and training to expand local governments' capacities to implement good governance practices, including providing services, enhancing revenue collection and increasing citizen participation. USAID will fund programs that strengthen local governments and municipal associations to advocate for decentralization and act as a counterweight to the central government. USAID will provide training in alternative dispute resolution to the Justices of the Peace as a means to provide greater access to justice at the local level. USAID will fund an expansion of a successful sub-grant program, designed to strengthen civil society organizations in promoting citizen participation, citizen oversight and control, and advocacy. The prime implementers are the Information and Resources Center for Development, the Institute of Comparative Studies in Social and Criminal Law and Peace Corps.

Transparency and accountability ($2,982,000 ESF). USAID provides technical assistance to help local governments become more responsive, transparent, and accountable, and to support civil society in providing control and oversight of the public sector. USAID will continue supporting successful anti-corruption efforts by providing training to local governments in areas of integrated financial management systems, fiscal transparency, public hearings, and open procurement processes that assure citizen participation. Local governments will provide new services and expand existing services through increased revenue generation and private partnerships. A national network of watchdog groups will be expanded and strengthened to provide oversight of public institutions and expose corruption. USAID will provide technical assistance to enhance coordination and collaboration between the Controller's Office, the Prosecutor's Office, and the Supreme Court towards improving convictions of public corruption cases. USAID will also provide technical assistance to civil society organizations to strengthen their capacity to advocate for policy reforms relating to decentralization, access to public information, and inclusive participation mechanisms in the public decision-making process, both at the local and national levels. The prime implementers are the Information and Resources Center for Development, the Institute of Comparative Studies in Social and Criminal Law, Management Systems International/Florida International University (sub), and Chemonics.

FY 2005 Program:
Local governance ($1,847,000 DA). USAID will provide technical assistance to local government associations and expand the number of local governments implementing good governance practices. Civil society will be supported to improve its capacity to exercise oversight of public sector institutions, advocate for policy reforms (e.g., decentralization), and strengthen organized groups. USAID will support national reform processes and transparency within government institutions by promoting public participation in the policy decision making process. Same implementers as above.

Transparency and accountability ($3,000,000 ESF). USAID will provide technical assistance to help local governments become more responsive, transparent and accountable to citizens by increasing revenue generation and partnerships with the private sector (promoting transparent procurement and contracting), improving their financial management and fiscal transparency, and encouraging public hearings and access to information. USAID will also provide technical assistance to civil society organizations, including the media and watchdog groups, to better oversee public institutions and expose corruption. USAID will provide grants to strengthen institutions such as the Prosecutor's Office, Controller's Office, Council of Magistrates and Jury for the Prosecution of Magistrates to promote transparency, including changes to assure civil society oversight. Same implementers as above.

Performance and Results: During the past year, USAID expanded implementation of anti-corruption activities. In addition to improving municipal services with increased revenue, transparency and citizen participation, governance mechanisms were implemented in areas as public budget hearings, citizen committees for monitoring public works, access to local government by watchdog groups, and disclosure of key financial information on municipal web sites. Citizen groups and department networks expanded oversight and control of their local governments to increase anti-corruption efforts. The National Network of Citizen Watchdog Groups signed an agreement with the Ministry of Finance to provide oversight and promote greater transparency in the Ministry. A new judicial transparency and accountability component that includes civil society oversight of the judicial sector began implementation. USAID supported an alliance of six non-governmental organizations that are promoting judicial transparency and oversight, including the process of selecting new Supreme Court justices. A nationwide federation of local government associations developed a decentralization bill that will be presented to Congress.

The overall impact of the democracy program will be a deepening of the democratic process in this recently established democracy. By focusing on building effective, responsive, transparent, and accountable local governments and a politically viable civil society, USAID hopes to promote democratic reforms from "the bottom up." USAID is also promoting policy formulation and implementation in such areas as decentralization and the judicial sector. USAID's support to the development of local institutions and political processes will assist Paraguay in strengthening its nascent democracy.

US Financing in Thousands of Dollars

Paraguay

526-004 Democracy & Governance	DA	ESF
Through September 30, 2002		
Obligations	5,450	7,098
Expenditures	2,968	3,341
Unliquidated	2,482	3,757
Fiscal Year 2003		
Obligations	2,125	3,000
Expenditures	2,598	2,719
Through September 30, 2003		
Obligations	7,575	10,098
Expenditures	5,566	6,060
Unliquidated	2,009	4,038
Prior Year Unobligated Funds		
Obligations	0	200
Planned Fiscal Year 2004 NOA		
Obligations	1,952	2,982
Total Planned Fiscal Year 2004		
Obligations	1,952	3,182
Proposed Fiscal Year 2005 NOA		
Obligations	1,847	3,000
Future Obligations	0	0
Est. Total Cost	11,374	16,280

Data Sheet

USAID Mission:	Paraguay
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	526-005
Proposed FY 2004 Obligation:	$938,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$911,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: USAID's environment program provides technical assistance and training to Paraguayan leaders and non-governmental organizations to strengthen their capacity to manage three globally important eco-regions (Pantanal wetlands, interior Atlantic rain forest, and Chaco dry forest). USAID also helps to develop the necessary policy, legal, and financial tools for improved and effective ecological management that are integrated with efforts in Argentina, Bolivia, and Brazil.

Inputs, Outputs, Activities:

FY 2004 Program:
Chaco and Pantanal ecoregions ($440,000 DA). USAID will provide technical assistance, focusing on improving the capacity of municipal and departmental officials to incorporate environmental designs into local development plans; develop action plans for international environmental conventions; and increase the capacity of local judges to enforce national environmental regulations. A new USAID-funded activity in the Biosphere Reserve of the Chaco will help improve the capacity of national park personnel to implement conservation activities; provide technical assistance towards establishment of biological corridors in the area; and coordinate efforts with institutions in Bolivia and Argentina. The prime implementer is the Foundation for the Sustainable Development of the Chaco Region.

Upper Parana Atlantic Forest (UPAF) ecoregion in Eastern Paraguay ($200,000 DA). USAID will fund technical assistance to improve the capacity of ten local non-governmental organizations to implement conservation efforts in the UPAF; promote the protection of 68,000 hectares by training local government officials to enforce environmental regulations; design and implement a policy to protect against indiscriminate deforestation; and coordinate efforts with similar institutions in Brazil and Argentina. The prime implementer is World Wildlife Fund.

Northern Block sub-ecoregion of the UPAF ($298,000 DA). USAID will promote conservation efforts in an ecologically sensitive area where few conservation efforts have been carried out to date. Technical assistance and training will assist with the creation of private protected areas and improve the capacity of local government officials to enforce environmental regulations. Policy and legal tools will be developed to improve the current environmental framework. The prime implementer is the Institute of Law and Environmental Economics.

During the year, improved coordination between involved organizations will lead to concrete decisions taken with regard to the Tropical Forest Conservation Act (TFCA). USAID partners will use resources from their grants to promote this effort.

FY 2005 Program:
Protection of ecoregions ($911,000 DA). USAID will increase protection of the three targeted ecoregions in Paraguay. Various methods will be used to conserve land, such as resource management areas, conservation easements and leasing, land purchases and zoning, and protection of public parks. The use of financial incentives, such as the development of a national environmental fund, carbon offset projects,

and other donor assistance, will encourage the conservation of land. Support will be provided to improve the legal and policy framework related to environmental issues. Same implementers as above.

Performance and Results: During the past year, a Biological Vision for the UPAF was developed with participation by governmental and non-governmental entities from Argentina, Paraguay and Brazil. The Vision serves as an eco-regional management document shared by all three countries and has resulted in renewed financial and political support for Paraguay's Atlantic Forest (most of the forest remaining on or near the Atlantic coast). Paraguay's Environment Secretariat has incorporated this Vision into its National Biodiversity Strategy policy. Also, two decrees contributed substantially to the protection of various sections of the UPAF. One decree established a biological corridor between two established protected areas and another declared 102,000 hectares as Resource Management Areas.

Departmental and municipal governments have begun to understand the role they can play in conservation efforts. Coordination among and between municipal and departmental governments has resulting in improved awareness-raising programs, training for local level officials, promotion of land zoning, and implementation of a biosphere reserve.

Finally, initial discussion of a debt-for-nature swap under the TFCA has been held between USAID, other donors, non-governmental organizations, and the Government of Paraguay.

Continued progress is expected to result in an improvement in the overall sustainable management and protection of the globally important ecoregions that Paraguay shares with its neighbors. Successful models, experiences, and lessons learned will be shared with Argentina, Bolivia, and Brazil.

US Financing in Thousands of Dollars

Paraguay

526-005 Environment	DA
Through September 30, 2002	
Obligations	2,000
Expenditures	1,367
Unliquidated	633
Fiscal Year 2003	
Obligations	1,000
Expenditures	731
Through September 30, 2003	
Obligations	3,000
Expenditures	2,098
Unliquidated	902
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	938
Total Planned Fiscal Year 2004	
Obligations	938
Proposed Fiscal Year 2005 NOA	
Obligations	911
Future Obligations	0
Est. Total Cost	4,849

Data Sheet

USAID Mission:	Paraguay
Program Title:	Reproductive Health
Pillar:	Global Health
Strategic Objective:	526-006
Proposed FY 2004 Obligation:	$2,125,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,907,000 CSH
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: USAID's reproductive health program provides technical assistance and training to improve the provision of decentralized, community-based health care and to expand access to quality reproductive health services.

Inputs, Outputs, Activities:

FY 2004 Program:
Decentralization of health services ($440,000 CSH). USAID will provide technical assistance to improve decentralized community-based health care through the implementation of reproductive health policies and greater community participation in the design, evaluation, and financing of health care. The community pharmacy concept will be fully extended into a second department by increasing awareness and providing support to the departmental government, ten municipal governments, and local health councils. A successful grassroots insurance scheme will be strengthened in two municipalities, and information about its success will be disseminated to other municipalities and departments, as well as to the Ministry of Health (MOH) and other donors. The prime implementer is the Information and Resources Center for Development.

Improved access to health services ($1,685,000 CSH). Technical assistance will be provided to improve access to quality reproductive health services including a demonstration model of a maternal health system. Maternal and reproductive health services will continue to be provided in 28 health centers and six hospitals. Health providers will be trained to improve their capacity to offer reproductive health services in communities. Community promoters will also be trained to improve their capacity to raise awareness of reproductive health topics in communities and to organize and develop obstetric emergency plans at the village level. A rotating fund for the purchase and distribution of contraceptives will be established, and reproductive health activities at a new clinic located in an economically depressed area of the capital will be implemented. Prime implementers are IntraHealth International, affiliated with the University of North Carolina, and the Paraguayan Center for Population Studies.

FY 2005 Program:
Reproductive health ($1,907,000 CSH). USAID plans to support implementation of the national reproductive health plan; strengthen local government control in the provision of health services; disseminate financial models of providing health services; and develop community models of information, education, and communication that will help prevent unwanted pregnancies. The overall quality of health care will be improved by strengthening networks of health facilities, training of health care providers, and the development of community health agents. USAID will continue efforts to improve maternal and neonatal health; devise local solutions to ensure that essential obstetric care is provided to women; and organize communities to better respond to obstetric emergencies that may result in maternal and infant health problems or deaths. Same implementers as above.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Performance and Results: In FY 2003, the community pharmacy program was successfully introduced into a second department and now includes 85 pharmacies. Prices are kept low through bulk purchases and low operating costs. In areas where the pharmacies operate, pregnant women now have access to low-cost medicines and supplies necessary during pregnancy and birth. The system in one of the municipalities covers 70% of the population. The results of this effort are being disseminated to other locations for possible replication by the MOH or other departments.

Quality health services were improved by strengthening the capacity of 40% of facilities where USAID is supporting the provision of basic essential obstetric care. USAID supported these facilities by training health providers to offer quality maternal health services. The number of delivery points offering quality reproductive health services increased to 15. These delivery points are staffed by trained health providers and offer counseling to clients on family planning methods and alternatives.

A high level of community participation is occurring through local health councils to improve preventive health measures and promote reproductive health. A system of community promoters raise awareness of services and maternal care; undertake surveys to increase knowledge of the local health situation; and help identify health services for children and women. The number of communities implementing the promoter system increased by two during FY 2003 to a total of four. The system is a critical link between expectant mothers and local health facilities. USAID continued to support a non-governmental organization that operates a system of clinics to provide family planning and other reproductive health services at affordable prices. Finally, a five-year strategy for reproductive health was developed through a participatory process that included MOH officials, local government, and civil society. The strategy is a practical one in which progress towards objectives can be effectively monitored and measured.

Continued progress in this program will result in a reduction in Paraguay's high fertility and maternal and infant mortality rates. More people will have been reached with reproductive health services resulting in improved maternal and infant health. Family planning services will have been expanded to marginalized populations in need of these services. Local participation will have ensured that the services demanded are actually provided and that the concerns of local customers are addressed. Cost-effective interventions will be identified to assist in planning services for maximum long-term effectiveness.

US Financing in Thousands of Dollars

Paraguay

526-006 Reproductive Health	CSH	DA
Through September 30, 2002		
Obligations	2,525	2,495
Expenditures	8	2,495
Unliquidated	2,517	0
Fiscal Year 2003		
Obligations	1,959	0
Expenditures	1,950	0
Through September 30, 2003		
Obligations	4,484	2,495
Expenditures	1,958	2,495
Unliquidated	2,526	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,125	0
Total Planned Fiscal Year 2004		
Obligations	2,125	0
Proposed Fiscal Year 2005 NOA		
Obligations	1,907	0
Future Obligations	0	0
Est. Total Cost	8,516	2,495

Data Sheet

USAID Mission:	Paraguay
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	526-007
Proposed FY 2004 Obligation:	$1,250,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,282,000 DA
Year of Initial Obligation:	2003
Year of Final Obligation:	FY 2005

Summary: USAID's economic growth program comprises technical assistance to develop and implement business development strategies, expand trade, and improve the business environment for local businesses and farmers. The impact will bring economic relief to one of the poorest regions in Latin America.

Inputs, Outputs, Activities:

FY 2004 Program:
Business development services ($1,250,000 DA). USAID plans to provide business development services such as marketing assistance for agricultural products and feasibility analyses of marketing and processing facilities to expand trade. It is estimated that $900,000 in additional sales of Paraguayan products will be generated. These sales will be mostly domestic, although, it is estimated that approximately one-third will be exports. The generation of this amount in sales is expected to lead to the creation of at least 250 jobs and an additional investment of $100,000. Technical assistance will be provided to companies in selected rural areas to increase sales through improved marketing; improved efficiency in producing specific products; and to improved organizations of producers resulting in the sale of products in larger bulk quantities. The implementers are Chemonics (prime) and various local subcontractors.

FY 2005 Program:
Business development services ($1,282,000 DA). USAID plans to continue to provide business development services that are expected to increase sales of Paraguayan products leading to increased employment and investment.

Performance and Results: Implementation of the economic growth program began in late 2003. Three cities were identified where activities will take place. One of them, Ciudad del Este, is located in Paraguay's border region with Brazil and Argentina, an area noted for illicit activity, including smuggling, drug transshipment, money laundering, and funding of terrorist activities. A work plan has been developed to begin to help businesses improve their sales.

The successful completion of this program will contribute to economic growth and trade expansion. Economic improvements will also help maintain political stability and help preserve democracy in Paraguay.

US Financing in Thousands of Dollars

Paraguay

526-007 Economic Growth	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	1,000
Expenditures	2
Through September 30, 2003	
Obligations	1,000
Expenditures	2
Unliquidated	998
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,250
Total Planned Fiscal Year 2004	
Obligations	1,250
Proposed Fiscal Year 2005 NOA	
Obligations	1,282
Future Obligations	6,500
Est. Total Cost	10,032

Peru

The Development Challenge: Throughout the 1990s, Peru made significant progress in combating terrorism, reducing the production of coca, stabilizing its economy, and increasing access to social services. However, the government of President Fujimori collapsed in November 2000 under the weight of a decade of increasingly authoritarian rule, discredited elections, revelations of rampant corruption, and an economic downturn. A transitional government took measures to stabilize the political and social environment in Peru, culminating with elections of a new president, congress, and regional/local authorities. Since 2001, the Government of Peru has pursued an ambitious program to re-establish democracy and promote a market-based economy that will provide benefits to all of Peru's citizens.

The limited state presence in large portions of the country's interior challenges the Government's ability to ensure broad-based development for all Peruvians. With a current per capita gross domestic product (GDP) of about $2,100, Peru has merely maintained its 1967 income level, in real terms. Income remains unevenly distributed, with approximately 54% of the population living below the poverty line, almost half of whom live in extreme poverty. The country's total debt servicing requirement is expected to represent 33% of exports in 2004; the Peruvian government finds it difficult to limit its fiscal deficit while still addressing the country's social needs. Unemployment and underemployment rates remain very high (approximately 9% and 50%, respectively). Social services, especially in isolated, conflict-prone regions in Peru's highlands and jungles, are inadequate (e.g., in USAID's geographic focus areas 36% of children under five are malnourished, 27% of women are illiterate, 50% of the population does not have access to electricity, and 69% does not have access to sanitation services). Peru's tropical forests are the fourth largest in the world, but they are increasingly threatened by shifting migration patterns, unsustainable exploitation of the forest, and the destructive impact of illicit coca production/processing. The lack of state presence allows drug trafficking, illegal logging, terrorism and other criminal practices to flourish, creating a corrupt, violent and conflictive environment that discourages investment, limits economic opportunities for the population, and prevents sustainable economic growth and development.

While Peru's economy out-performed the rest of Latin America (Peru experienced 5.2% GDP growth in 2002 and 4% projected in 2003), the Government of President Alejandro Toledo remains politically weak and social discontent prevails. To move forward, Peru must take full advantage of the recent extension and expansion of tariff-free entry of Peruvian products to the U.S. market under the Andean Trade Promotion and Drug Eradication Act (APTDEA), initiate and conclude negotiations of a free trade agreement with the United States, and prepare itself to participate in the Free Trade Area of the Americas (FTAA) to stimulate economic growth and reduce poverty levels. Likewise, Peru must successfully complete its decentralization process to facilitate the dispersion of economic activity and more representative and effective governance throughout the country; reform the justice system to ensure predictable and equitable application of criminal and commercial law; modify the tax system to introduce transparent and efficient mechanisms to raise revenues for investment in critical infrastructure and services; and comprehensively restructure government institutions to reduce corruption, control government expenses, and provide appropriate and effective services.

In the Toledo Administration, the U.S. Government has a partner that is committed to advancing the mutual national interests of building the infrastructure of democracy, promoting sustainable development, and defeating narco-terrorism. U.S. assistance can play a decisive role in addressing the obstacles of corruption and conflict where there is a lack of state presence and a lack of economic competitiveness.

The USAID Program: USAID works as an integral part of the U.S. Country Team in Peru and collaborates with Peruvian partners, other donors, non-governmental organizations, and the private sector to help Peru achieve a secure, democratic, and prosperous future for its citizens. USAID will facilitate both Peru's international and national integration, thereby contributing to the mutual U.S. and Peruvian goals of good governance, security, and prosperity. USAID's overarching goal in Peru is to create jobs and, within its manageable interests, improve the climate for trade and investment, both domestic and international. Expanded commerce will further integrate Peru into the world economy and enhance cross-border relations, helping to improve living standards and reduce the potential for conflict. Within Peru, effective

regional and local governments, along with improved economic infrastructure and social service delivery will increase national integration, reducing the potential for conflict associated with the marginalization of certain geographic areas and social groups.

The Data Sheets demonstrate how USAID will use FY 2004 and FY 2005 funding to provide: 1) national-level assistance related to policy reform and institutional strengthening; and 2) health, education, environment, infrastructure, business development, and governance activities in geographic areas that have been prone to conflict, and thus present obstacles to investment, economic growth and employment generation. These areas are: 1) the Peru-Ecuador border region, where USAID efforts will help ensure a lasting peace between the two countries; and 2) the seven departments that include Peru's major coca-growing valleys, where USAID and other U.S. agencies work to combat the flow of illicit narcotics to the United States and other markets to ensure that these areas are no longer a breeding ground for crime, terrorism, and social unrest.

Other Program Elements: In addition to resources requested in the attached Data Sheets, a range of USAID centrally-funded activities are implemented in Peru. In the democracy area, centrally-funded programs complement the bilateral program in strengthening regional mechanisms to promote human rights and rule of law, civil society, and educational reform. In the health sector, USAID/Washington-based activities support maternal and child care, nutrition, and malaria control. Central funds also support credit and small business development programs, as well as activities to alleviate the effects of poverty on women and children.

USAID also manages three South American sub-regional programs that involve Peru: 1) the Andean Region Trade Capacity Building program, which enhances capacity of the Andean Community as a partner in the negotiations leading to the creation of the Free Trade Area of the Americas (FTAA) and strengthens regional capacity to implement the rules of trade emerging from FTAA negotiations; 2) the Centers of Excellence for Teachers Training (CETT) in the Andean region, training teachers who work in disadvantaged communities to improve the quality of reading instruction; and 3) the Amazon Malaria initiative which is a malaria control program.

USAID's program in Peru includes activities that contribute to seven Presidential Initiatives: Anti-Illegal Logging, Global Climate Change, Digital Freedom and Water for the Poor, Clean Energy, Center for Excellence in Teacher Training (CETT), and HIV AIDS.

Other Donors: Official international technical cooperation to Peru for 2002 was over $364 million, including both bilateral and multilateral assistance. The United States is the largest bilateral donor. Other donors include: Germany (in democracy, environment, education and health, economic growth and water and sanitation); Switzerland (in economic growth, natural resources and democracy); the United Kingdom (in democracy, economic growth and health); and Spain (in democracy, education and health). Major multilateral donors include the United Nations, the Inter-American Development Bank, the World Bank, the Andean Development Corporation, and the European Community. Absent an effective mechanism within the Government of Peru or donor community to broadly coordinate efforts, donors have relied on sectoral-level working groups to share information, conduct analysis, and collaborate on program design/implementation. Focus areas of these working groups include gender, basic education, governance/decentralization, counternarcotics, health, environment, and nutrition.

Peru
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	67,500	68,552	50,000	50,000
Child Survival and Health Programs Fund	23,666	19,912	17,282	13,037
Development Assistance	14,969	16,437	15,036	10,492
Development Credit Authority	131	557	0	0
Economic Support Fund	16,750	11,000	9,941	10,000
ESF - Wartime Supplemental	0	2,000	0	0
PL 480 Title II	37,035	26,678	10,125	21,100
Total Program Funds	**160,051**	**145,136**	**102,384**	**104,629**

STRATEGIC OBJECTIVE SUMMARY				
527-003 Health and Family Planning				
ESF	0	0	0	0
ESF - Wartime Supplemental	0	2,000	0	0
527-006 Education				
DA	2,000	3,174	2,924	1,299
527-008 Peru-Ecuador Border Region Development				
ESF	2,250	3,000	1,988	2,000
527-009 Democratic Strengthening				
DA	2,322	2,141	1,632	1,565
ESF	14,500	8,000	7,953	8,000
527-010 Economic Growth				
DA	5,920	7,320	6,420	4,103
DCA	58	0	0	0
PL 480	37,035	26,678	10,125	21,100
527-011 Health				
CSH	23,666	19,912	17,282	13,037
527-012 Environment and Natural Resources				
DA	4,727	3,802	4,060	3,525
DCA	73	0	0	0
527-013 Alternative Development				
ACI	67,500	68,552	50,000	50,000
DCA	0	557	0	0

Mission Director,
Patricia Buckles

Data Sheet

USAID Mission:	Peru
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-006
Proposed FY 2004 Obligation:	$2,924,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,299,000 DA
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID enhances the capacity of the Peruvian private and public sectors to meet the population's basic education needs in order to increase the productive capacity of the workforce and reduce the potential for social conflict. USAID's program to improve local management of quality basic education services focuses on: (1) developing and implementing education policies that promote decentralized education sector management; and (2) strengthening local basic education programs in selected communities. The Bureau of Latin America and the Caribbean's region program, Andean Center of Excellence for Teacher Training (CETT) will complement USAID's bilateral education efforts.

Inputs, Outputs, Activities:

FY 2004 Program:
Policy and program reforms ($1,200,000 DA). USAID's basic education program, "Innovations in Decentralization and Active Schools", will support the new Peruvian education law, which provides the basis to decentralize authority, resources, and services to regional government and local stakeholders who include district/municipal governments, school boards, and parents. USAID will provide technical assistance to the Ministry of Education and selected regional and local governments to develop detailed regulations for decentralized local management of public education. USAID will also strengthen the capacity of local school and community networks to promote and monitor policy reforms. The Academy for Educational Development (AED) is the principal grantee.

Quality basic education ($1,724,000 DA). Through the provision of technical assistance and training, USAID will improve the quality of basic education in selected communities of the San Martin region, where most children attend one-room schools (with one teacher for all grades) or multi-grade schools (with two or three teachers for all grades). These activities will also promote the participation of parents, teachers, community members, and local authorities in the management of their schools. AED is the principal grantee.

FY 2005 Program:
Policy and program reforms ($300,000 DA). Using FY 2005 resources, USAID will further facilitate the implementation of the education law and strengthen the capacity of the Ministry of Education at the national, regional, and local levels. AED will continue to be the principal grantee.

Quality basic education ($999,000 DA). USAID expects to expand the coverage of its technical assistance and training activities to additional schools and communities within the San Martin region. AED will continue to be the principal grantee.

Performance and Results: The passage of a new education law that encompasses most of the key elements of USAID's education program is a major result of USAID's assistance over the last year. The findings and recommendations of a USAID-financed analysis conducted in FY 2003 to assess the state of education in Peru were used as the basis for the new law. The law emphasizes effective decentralization policies and practices, local management of education resources, and increased local decision-making,

as well as active learning methodologies in the classroom, all of which are elements of USAID's new education program.

Implementation of the new program, "Innovations in Decentralization and Active Schools," was initiated in Lima and in San Martin at the close of FY 2003, with initial coordination meetings with Ministry of Education authorities at the central, regional, and local levels to promote policy and programmatic improvements. USAID provided technical assistance to the Ministry of Education for carrying out consultations with civil society, including the teachers' unions, parents, education non-governmental organizations, and other key actors to facilitate the development of the regulations of the new education law. USAID financed an initial workshop for 250 teachers and school directors in Tocache, one of the ten provinces of the San Martin region, with the objective of disseminating the new education law and its references to education decentralization and to strengthening teachers' technical skills.

By 2007, parents and community members will have assumed active roles and responsibilities in policy advocacy and financial/administrative management of schools, based on the establishment of networks, such as formal associations of school boards and school directors, and the implementation of local town meetings and communications programs. Teachers will be encouraged to participate in "teacher networks," small groups of teachers from a specific geographical area that focus on reforming education practices at the local level. Teachers will learn modern teaching methods, including cooperative learning, peer tutoring, cross-age tutoring, and individualized instruction, all of which help to create flexibility in the classroom and enable children to advance academically. USAID will clarify specific classroom performance targets as the expanded education program gets underway.

US Financing in Thousands of Dollars

Peru

527-006 Education	CSH	DA
Through September 30, 2002		
Obligations	3,586	2,000
Expenditures	3,008	0
Unliquidated	578	2,000
Fiscal Year 2003		
Obligations	0	3,174
Expenditures	215	258
Through September 30, 2003		
Obligations	3,586	5,174
Expenditures	3,223	258
Unliquidated	363	4,916
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	2,924
Total Planned Fiscal Year 2004		
Obligations	0	2,924
Proposed Fiscal Year 2005 NOA		
Obligations	0	1,299
Future Obligations	0	0
Est. Total Cost	3,586	9,397

Data Sheet

USAID Mission:	Peru
Program Title:	Peru-Ecuador Border Region Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	527-008
Proposed FY 2004 Obligation:	$1,988,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2006

Summary: The Peru-Ecuador border program seeks to consolidate peace and build both individual and community capacities to address the most basic needs of the poorest border areas, thus reducing the risk of conflict. Interventions are geared to improve the effective decentralization of services through strengthening local government and developing citizenship accountability in target areas; increasing protection of human rights; increasing state presence and availability and access to social services; improving natural resource management in selected areas; promoting a culture of peace and public support to the Peace Accords; and promoting trade.

Phase I of USAID's Peru-Ecuador border program, which will conclude in 2004, includes training and technical assistance to improve local capacities of border communities to manage their own development processes; developing basic capacities for providing social services necessary for a healthy and productive life; increasing respect and protection of rights of the border population, particularly those of women and indigenous people; and increasing support to the 1999 Peru-Ecuador Peace Accords. While this last element will continue under Phase II, future initiatives will focus on economic integration of the border region through infrastructure development, especially based on private investment and improved linkages between local producers and national (Peruvian) and international markets.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased economic integration and trade ($1,748,000 ESF). In FY 2004, building on the capacity developed during the first years of the border program, USAID will enhance the ability of border communities to identify and implement productive initiatives to generate jobs and income as well as support the improvement of infrastructure to better link producers to markets. USAID will shift its focus to more populated areas (i.e., Piura and Iquitos). Specifically, USAID will fund technical assistance through economic service centers to provide current and projected market information along with information regarding financial and transport services. USAID will also fund technical assistance to facilitate commercial contacts between national and international buyers (including Ecuadorians) and local producers, identify companies willing to invest capital in local enterprises, and promote public-private partnerships to develop critical infrastructure (e.g., roads, ports, and energy) needed in the border region to increase competitiveness and trade. USAID will continue to co-finance two economic infrastructure projects: 1) a 155 meter bridge over the Nieva River in Amazonas, which will establish a reliable transportation route between population centers in the jungle and major markets/transportation hubs on the northern Peruvian coast, and is critical to Peru-Ecuador and Peru-Brazil transportation networks; and 2) a rural power distribution line in San Ignacio (Cajamarca), which will provide energy to 28 communities and benefit more than 8,000 people in one of the most promising coffee and cacao producing areas of Peru. Principal contractors/grantees include the Ministry of Transport, Ministry of Energy and Mines, local non-governmental organizations, and private sector institutions to be determined.

Increased support for the peace accords ($250,000 ESF). USAID activities promote a culture of peace among Peruvians and Ecuadorians and between indigenous and non-indigenous communities in the

area, as well as develop greater support for the Peace Accords. Efforts will include information campaigns through mass media on the Peace Accords, bilateral trade regulations, and cross-border exchanges. As a complement to increasing economic integration and trade, USAID will finance a communications program to develop a better awareness of the benefits of peace and economic integration with Ecuador. The program will include outreach communication campaigns with regional and local authorities, as well as the general public, to increase their knowledge on benefits of trade and private-public partnerships in the operation of major infrastructure services. Major contractors/grantees are to be determined.

FY 2005 Program:
Increased economic integration and trade ($1,750,000 ESF). USAID plans to continue the activities described above, and may expand to other communities in the border region. Implementers are not expected to change.

Increased support for the peace accords ($250,000 ESF). USAID will continue the activities outlined above. Major contractors/grantees are to be determined.

Performance and Results: As a result of USAID assistance during FY 2003, mechanisms were established for citizens to oversee the performance of local authorities. Mayors held 16 public hearings to report on the use of public resources, and 14 target districts submitted their plans and budgets for 2004. Approximately 85% of target Amazonian indigenous communities participated in this process, incorporating these minority groups into national planning efforts for the first time. At the community level, almost 1,000 small producers improved their agriculture production (poultry, fishponds, honey bee, potatoes, orchids, sugar cane derivates, palm heart, tropical fruits, and vegetables) for local consumption and local markets. USAID assisted parents and teachers in 227 rural schools to apply democratic, transparent, and participatory local school management methodologies, benefiting 8,500 students. Drop-out rates, especially among girls, decreased in target Amazonian communities. Additionally, more than 470 health providers (community health promoters and Ministry of Health workers) were trained and are working with more than 94 health community committees and networks. Fifty emergency committees under community management and oversight and 13 health posts with improved infrastructure and/or equipment (e.g., radio communication, boats, and cold chain equipment) provided access to health services for critical needs of isolated indigenous communities (approximately 50,000 people).

Important advances have also been made in the area of human rights in FY 2003. The six Ombudsman itinerant teams operating in the border area have processed more than 1,500 cases and requests. An additional 340 new human rights promoters were trained in issues of gender equity, diversity, bilingual-intercultural relations, domestic violence, and conflict resolution. In addition, USAID continued to finance training for 185 communication professionals who are working in local and regional media to disseminate the terms of the Peace Accords to promote a culture of peace, and arrange bi-national exchanges to discuss common development issues such as agroforestry production, health, and bilingual education.

Important outcomes expected during Phase I of the program are a 25% increase in the access to and use of basic services; a 20% decrease in child malnutrition rates; improved management capacity in 95% of targeted border local governments; and a 20% increase in people's knowledge of their basic rights, particularly among women and the indigenous population. Specific Phase II targets related to jobs, production, and increased trade will be established in FY 2004. By addressing these quality-of-life issues, USAID's interventions will promote political and social stability on the border with Ecuador and help ensure a lasting peace between the two countries.

US Financing in Thousands of Dollars

Peru

527-008 Peru-Ecuador Border Region Development	ESF
Through September 30, 2002	
Obligations	10,893
Expenditures	4,825
Unliquidated	6,068
Fiscal Year 2003	
Obligations	3,000
Expenditures	2,571
Through September 30, 2003	
Obligations	13,893
Expenditures	7,396
Unliquidated	6,497
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,988
Total Planned Fiscal Year 2004	
Obligations	1,988
Proposed Fiscal Year 2005 NOA	
Obligations	2,000
Future Obligations	0
Est. Total Cost	17,881

Data Sheet

USAID Mission:	Peru
Program Title:	Democratic Strengthening
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	527-009
Proposed FY 2004 Obligation:	$1,632,000 DA; $7,953,000 ESF
Prior Year Unobligated:	$1,000,000 DA
Proposed FY 2005 Obligation:	$1,565,000 DA; $8,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's program to strengthen democratic processes and institutions in critical areas includes the provision of technical assistance and training to promote key policy reforms; increase the capacity of regional and local governments; enhance congressional oversight and legislative capacity; improve the performance of selected justice institutions; and facilitate the efforts of the Truth and Reconciliation Commission in investigating past human rights abuses. USAID will support anti-corruption measures within each of these program areas.

Inputs, Outputs, Activities:

FY 2004 Program:
Citizen participation in key policy reforms ($1,632,000 DA; $2,000,000 ESF). USAID will continue support to the development, promotion, and oversight of key policy reforms related to decentralization, Congressional operations, and the justice sector. Major contractors/grantees include civil society coalitions led by Catholic Relief Services (decentralization) and two Peruvian non-governmental organizations, Manuela Ramos Movement (congressional operations) and the Institute for Legal Defense (justice reform).

Decentralization and strengthening of local governments ($2,853,000 ESF). USAID will continue training and technical assistance for regional and local governments and community organizations in the seven departments that comprise USAID's geographic focus area. USAID will support 178 local governments (in addition to the 145 that began receiving assistance in FY 2003). Specific areas of support include financial management, planning, budgeting, procurement, and accountability to their constituency to meet accreditation requirements and better serve constituency needs. USAID will also provide policy support for the decentralization process. In addition, USAID will assist the State Contracts and Acquisition Council to simplify and streamline the governmental procurement process for sub-national governments, and support the Controller General to finalize regional government financial and management audits and establish a prospective internal control system that reduces future risks. Major contractors/grantees include the National Decentralization Council, the Office of the Controller General, the State Contracts and Acquisition Council, and ARD, Inc. (U.S. prime contractor).

Congressional reform ($100,000 ESF). USAID will provide technical expertise to organize public hearings as critical legislation is considered by Congressional committees in areas such as decentralization, access to government information, trade policy, counternarcotics, and justice reform. Direct technical assistance to Congress will be completed as permanent committee staff is installed, internal procedural changes are institutionalized, and an IDB program begins operating. Major contractors/grantees include the Peruvian Congress.

Justice sector reform ($3,000,000 ESF). Activities will focus on strengthening the selection/ratification process and disciplinary procedures for judges; improving the business climate through the establishment of specialized commercial courts in Lima; and implementing improvements for the processing of criminal cases in Lima and selected judicial districts. USAID programs will help: 1) promote changes in the legal

framework to support justice sector reform in critical areas, including judicial recruitment, selection and retention processes, the criminal procedures code, handling of commercial cases, and the overall organization of the justice system; 2) establish and strengthen mechanisms for internal and external oversight of justice sector reform and operations; 3) develop justice sector capability to coordinate and manage reform efforts; and 4) improve technical and management capacity to handle critical commercial and criminal cases. USAID will continue support to the Office of the Ombudsman to promote public sector modernization and consolidate its presence in areas of the country prone to conflict. Major contractors/grantees include the Peruvian Ministry of Justice, the Office of the Ombudsman, and IRIS (U.S. prime contractor).

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, local government and justice sector activities will be partially financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

FY 2005 Program:
Citizen participation in key policy reforms ($1,565,000 DA; $1,500,000 ESF). USAID will continue to support the civil society coalitions mentioned above, with increased emphasis on anti-corruption and the consolidation of oversight networks. Major contractors/grantees are the same as above.

Decentralization and strengthening of local governments ($3,400,000 ESF). USAID will expand its support to an additional 109 local governments and community organizations. Major contractors/grantees are the same as above.

Congressional reform ($100,000 ESF). Based on the expected Peruvian congressional legislative agenda, USAID will continue funding technical expertise and public hearings to improve the quality of the most significant legislation. The Congress will be the principal grantee.

Justice sector reform ($3,000,000 ESF). USAID will continue financing the Ombudsman's operations, and provide support to implement the Truth Commission's recommendations. USAID will assist in the implementation of the revised criminal procedures code, as well as with the full functioning of specialized commercial courts. Major contractors/grantees are the same as above.

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, local government and justice sector activities will be partially financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

Performance and Results: Major results of USAID's assistance in FY 2003 include: 1) increased access to information on decentralization, justice reform, and Congress nationwide (with 14.5 million people reached); 2) input to key policy reforms, including regional government and municipal laws, and formation of an inter-institutional body to coordinate justice reform; 3) implementation of institutional and operational changes in the roles and functions of sub-national governments, including the development of their 2004 budgets, and training of six regional and 145 municipal governments; 4) establishment of permanent technical staff for Congressional committees; 5) documentation of human rights abuses committed between 1980-2000 in the Truth and Reconciliation Commission's final report and adoption of the report's recommendations in Peruvian government's plans; 6) resolution of more than 87% of 65,000 complaints brought to the Ombudsman and the opening of offices in remote regions where coca is grown and political/social violence is most common; and 7) improvement in the judicial selection process. By 2007, key constitutional reforms related to the balance of governmental power, reform of the electoral system and the judiciary, the independence of government institutions and the structure of sub-national government will be in place and maintained. Citizen approval of the performance of government institutions will have improved significantly, and key decentralization policies will be in place with broad input from civil society. All 540 subnational governments in the seven geographic focus regions will be trained and more than 80% will be certified to receive greater authorities and resources. A new criminal procedures code will be in place with increased judicial efficiency, and specialized commercial courts will be fully operational.

US Financing in Thousands of Dollars

Peru

527-009 Democratic Strengthening	DA	ESF
Through September 30, 2002		
Obligations	2,876	14,500
Expenditures	814	2,425
Unliquidated	2,062	12,075
Fiscal Year 2003		
Obligations	2,141	8,000
Expenditures	2,376	5,840
Through September 30, 2003		
Obligations	5,017	22,500
Expenditures	3,190	8,265
Unliquidated	1,827	14,235
Prior Year Unobligated Funds		
Obligations	1,000	0
Planned Fiscal Year 2004 NOA		
Obligations	1,632	7,953
Total Planned Fiscal Year 2004		
Obligations	2,632	7,953
Proposed Fiscal Year 2005 NOA		
Obligations	1,565	8,000
Future Obligations	0	0
Est. Total Cost	9,214	38,453

Data Sheet

USAID Mission:	Peru
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-010
Proposed FY 2004 Obligation:	$6,420,000 DA; $10,125,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,103,000 DA; $21,100,000 PL 480
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID will facilitate trade and investment through policy reforms and institutional strengthening; improve access to markets; increase the availability of microfinance services for small producers and micro-entrepreneurs; and improve the nutrition, as well as the productive and social capacity, of the extremely poor.

Inputs, Outputs, Activities:

FY 2004 Program:
Policy reforms/institutional strengthening ($4,020,000 DA). USAID will support policy and institutional reforms to facilitate trade and investment, specifically to allow Peru to take full advantage of the Andean Trade Promotion and Drug Eradication Act (ATPDEA), facilitate a Free Trade Agreement with the United States, and prepare for accession to the Free Trade Area of the Americas (FTAA). USAID will provide training and technical assistance in areas such as capital markets/pension funds, small business regulation, e-government, labor laws, World Trade Organization (WTO) compliance, and competition policy. Funds will also be used to improve regulations and promote private investment and public-private partnerships for major infrastructure (e.g., ports, roads, and telecommunications). USAID will support a public dialogue among various organizations (e.g., government, press, labor unions, universities, farmer and domestic industry associations), and a public outreach campaign on the benefits and adjustments associated with free trade. The major contractors are Nathan Associates and Chemonics International.

Market access ($1,000,000 DA). USAID-funded economic service centers will provide market information, as well as information related to financial and transport services; facilitate commercial contacts between buyers and local producers; and identify companies willing to invest capital in local enterprises. In addition, USAID will identify markets for local products and then link entrepreneurs/producers to organizations that provide services to improve productivity and competitiveness in the marketplace. The prime contractor is Chemonics International.

Financial services ($1,400,000 DA). USAID will fund technical assistance to ten microfinance institutions related to strategic planning, market research, credit technology, incentives and salary structure, internal control systems, and impact assessment. In addition, Development Credit Authority loan guarantees will be used to expand the outreach of financial services for micro, small, and medium businesses through commercial banks. Major contractors/grantees include the Consortium of Organizations that Support Small and Micro Enterprises, USAID's prime partner, and Chemonics International.

P.L. 480 Title II food assistance. Activities will improve health and productive capacities of poor, food-insecure families who lack access to adequate food to participate in economic and social life. Basic health, nutrition, and food assistance interventions will be targeted to malnourished and at-risk children. Food-for-work activities will help communities improve their social and productive infrastructure (such as safe water and sanitation systems, reforestation, and small irrigation systems). Monetization proceeds will be used to help food-insecure families increase their food production and cash incomes through assistance to improve productivity and market linkages. Finally, funds will also be used to reform

government procurement systems and improve the targeting of Government of Peru resources for social programs. Major contractors/grantees include USAID's prime grantees, the Adventist Development and Relief Agency (ADRA) and CARE, as well as local NGOs, Caritas, and PRISMA.

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, public-private partnerships, market access, and financial services activities will also be financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

FY 2005 Program:
Policy reforms/institutional strengthening ($3,300,000 DA). USAID plans to continue supporting policy reform, public-private partnerships for infrastructure, and public outreach to develop support for free-market policies. Major contractors/grantees are the same as above.

Market access ($500,000 DA). USAID plans to continue the activities described above, with an emphasis in Peru's coca-growing regions. Major contractors/grantees are the same as above.

Financial services ($303,000 DA). USAID may continue strengthening microfinance institutions through technical assistance and training. Activities may expand to include capital support funding from commercial banks and other financial mechanisms available through the Development Credit Authority. Major contractors/grantees are the same as above.

P.L. 480 Title II food assistance. USAID plans to continue P.L. 480-funded activities as described above, consistent with an approved plan to phase out Title II assistance to Peru by 2008. Major contractors/grantees are the same as above.

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, public-private partnerships, market access and financial services activities will also be financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

Performance and Results: During 2003 USAID supported the Ministry of Trade and the private sector in the preparation of the Peru's Strategic Plan for the FTAA's Hemispheric Cooperation Program. USAID-assisted micro-entrepreneurs, and small producers generated $22.2 million in new sales and the equivalent of over 12,600 full-time equivalent jobs (45% were for women) through new or expanded market opportunities. As of June 2003, USAID-supported microfinance institutions provided financial services to nearly 158,000 poor people. USAID also provided Development Credit Authority funding to develop a new guarantee credit program through three Peruvian Rural Savings and Loans banks that will provide up to $12 million in loans to finance agricultural production promoted by USAID.

USAID's P.L. 480, Title II Food for Peace Program benefited over 43,500 families, with approximately 143,600 children enrolled in feeding programs and their mothers receiving training in preventive health practices. In addition, 7,880 families benefited from improved access to sanitary health infrastructure services.

Through FY 2007, USAID expects to contribute to the generation of 45,000 full-time equivalent jobs, increased sales of $140 million, and provision of financial services to 180,000 small-scale producers/micro-entrepreneurs. With USAID assistance, Peru will be a more attractive destination for investment and increase its trade levels, based on the completion of a free trade agreement with the U.S. and participation in FTAA. In addition to positive economic growth and job creation at a national level and within selected regions, USAID expects poverty and chronic malnutrition rates to be reduced by 10%.

US Financing in Thousands of Dollars

Peru

527-010 Economic Growth	DA	DCA
Through September 30, 2002		
Obligations	5,862	58
Expenditures	1,158	0
Unliquidated	4,704	58
Fiscal Year 2003		
Obligations	7,320	0
Expenditures	4,469	58
Through September 30, 2003		
Obligations	13,182	58
Expenditures	5,627	58
Unliquidated	7,555	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	6,420	0
Total Planned Fiscal Year 2004		
Obligations	6,420	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,103	0
Future Obligations	0	0
Est. Total Cost	23,705	58

Data Sheet

USAID Mission:	Peru
Program Title:	Health
Pillar:	Global Health
Strategic Objective:	527-011
Proposed FY 2004 Obligation:	$17,282,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$13,037,000 CSH
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's health sector program in Peru will strengthen commercial private sector health services; provide flexible support for national health sector policy reform; promote decentralization and local management of public sector services; emphasize health communication and education/behavior change; ensure sustainability of mature activities; increase priority to regional approaches and activities; and concentrate field activities in the central jungle area, where state presence and social services are inadequate and most of Peru's illicit coca is produced. The program addresses growing threats posed by emerging and re-emerging infectious diseases, including HIV/AIDS, tuberculosis and malaria. Reproductive health activities will emphasize the human and reproductive rights of Peruvian women and families.

Inputs, Outputs, Activities:

FY 2004 Program:
Quality health services ($6,637,000 CSH). USAID will accelerate the development and implementation of two related systems to upgrade the cadre of health professionals nationwide, a certification system for health professionals and an accreditation system for academic institutions that train health workers. In the Mission's geographic emphasis zone, USAID will expand five interventions: 1) participatory development of local health plans; 2) grassroots self-help mobilizations promoting healthy behaviors among individuals and communities; 3) improved capability of local clinics to handle obstetric and neonatal emergencies that contribute to Peru's high maternal mortality; 4) health improvements responding to community priorities and creating synergies with other USAID-funded activities; and 5) family planning and reproductive health, including the monitoring of client rights to informed consent, activities to reduce maternal mortality, and limited provision of contraceptives. USAID will continue monitoring the compliance with U.S. Government requirements for reproductive health interventions, including the Tiahrt Amendment and the Mexico City Policy. Principal contractors and grantees include the Ministry of Health, the Peruvian nongovernmental organization (NGO) PRISMA, Pathfinder International, The Futures Group, and UNICEF.

Healthy behaviors ($6,427,000 CSH). Through schools, communities and local mass media in the Mission's geographic focus area, USAID will promote healthy behaviors (such as hand washing and boiling drinking water) and improve community and environmental health. USAID will continue to support university training of health communicators as well as educational radio dramas addressing health-related situations. A new grant to the Ministry of Health will support community outreach activities carried out by local clinics and hospitals. Principal partners include Manuela Ramos Movement, the Academy for Educational Development, Pathfinder International, and the Ministry of Health.

Health sector policies ($4,218,000 CSH). USAID will sharpen its focus on infectious diseases and HIV/AIDS, supporting policy reform, prevention, treatment, and research. A new HIV/AIDS strategy will be developed and launched. Targeted biomedical research and strengthening of Peru's epidemiological surveillance will continue, and a new year-by-year rolling Demographic and Health Survey (DHS) will begin in 2004. Through pilot projects, studies, and advocacy events, USAID will promote public-private

partnerships; joint management of health services by communities, regional governments, and the Ministry of Health; partnering the services of the Ministry of Health and the Peruvian Social Security Health System (ESSALUD); and strengthening the referral system so more patients are served at local levels rather than at hospitals. USAID's partners will continue to optimize use of and cost recovery from commercial health services provided to low-income patients. Principal contractors/grantees are Abt Associates, The Futures Group, Pathfinder, and the Ministry of Health.

FY 2005 Program:
Quality health services ($5,685,000 CSH). Direct, targeted support to local health interventions will continue in the Mission's geographic focus area to contribute to integrated development. USAID will increase support for prevention and treatment of HIV/AIDS. USAID will seek strategic ways to support commercial, private health services that are responsive to the needs of middle and lower income Peruvians. In family planning and reproductive health, USAID will continue to support the monitoring of client rights to informed consent, activities to reduce maternal mortality, and limited provision of contraceptives. Major contractors/grantees are the same as above.

Healthy behaviors ($2,932,000 CSH). USAID will support strategic, targeted health education interventions designed to change behaviors that expose people to preventable health hazards, including HIV/AIDS. Major contractors/grantees are the same as above.

Health sector policies ($4,420,000 CSH). Support for epidemiological surveillance, applied research related to infectious diseases, and the "rolling" annual DHS will continue. USAID will continue to support health sector policy reform, emphasizing policy changes that favor decentralization and unsubsidized private health services and providers. Major contractors/grantees are the same as above.

Performance and Results: USAID's strategy for improving the skills of health professionals by supporting accreditation of professional training institutions and certification of health professionals is advancing ahead of schedule. Fifty of Peru's 80 universities (all 47 schools of nursing, 26 midwifery schools and 28 medical schools) were brought into the new accreditation methodology for health professionals. In the Mission's geographic emphasis zone, USAID scaled-up three interventions: 1) participatory development of health plans involving local governments and local civil society; 2) grassroots self-help campaigns that address shared problems of unhealthy behaviors and/or unhealthy environments (80 communities in 2003); and 3) improving the skills and facilities of local clinics to handle obstetric and neonatal emergencies that contribute to high maternal mortality (600 Ministry of Health (MOH) facilities in Fiscal Year 2003). MaxSalud, a USAID-funded private health provider in Chiclayo, expanded its beneficiary population: new patient attendance increased from 35,418 in 2002 to 38,968; the number of births attended increased from 514 to 572; and the total number of patient visits increased from 166,078 to 226,091. USAID support enabled the Human Rights Ombudsman's office to further expand its coverage to regional offices outside of Lima. USAID helped create a new private marketing mechanism which provides low-cost contraceptives to private midwives (640 midwives in FY 2003) for resale to their clients. An audience survey showed that as a result of the educational radio dramas from the ReproSalud project, 62% of an audience of 1.5 million women could correctly answer questions about postpartum care, domestic violence, and family planning. USAID took the lead in decentralization of health services, providing critical research, policy events, and field tests of policy innovations.

The most significant results of the USAID health strategy in Peru will be the following: 1) health services and health conditions will have improved significantly in target areas; 2) the spread of HIV/AIDS will have been slowed; 3) the administration of government health services will have been significantly decentralized to new regional governments and to local communities; 4) Peruvians in target areas will be practicing new behaviors that reduce their exposure to preventable health hazards; and 5) a trend toward greater utilization of commercial private health insurance and services by middle and low income Peruvians will have begun.

US Financing in Thousands of Dollars

Peru

527-011 Health	CSH	ESF
Through September 30, 2002		
Obligations	23,666	0
Expenditures	12,150	0
Unliquidated	11,516	0
Fiscal Year 2003		
Obligations	19,712	2,000
Expenditures	17,735	0
Through September 30, 2003		
Obligations	43,378	2,000
Expenditures	29,885	0
Unliquidated	13,493	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	17,282	0
Total Planned Fiscal Year 2004		
Obligations	17,282	0
Proposed Fiscal Year 2005 NOA		
Obligations	13,037	0
Future Obligations	0	0
Est. Total Cost	73,697	2,000

Data Sheet

USAID Mission:	Peru
Program Title:	Environment and Natural Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-012
Proposed FY 2004 Obligation:	$4,060,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,525,000 DA
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID finances activities to improve environmental policy and build the capacity of Peru's environmental institutions; strengthen local environmental management systems to promote sustainable forest management, protect biodiversity, control pollution, and mitigate environmental threats to public health; and increase environmental awareness. USAID support will enhance Peru's ability to sustainably utilize its natural resources to attract investment and generate jobs and income.

Inputs, Outputs, Activities:

FY 2004 Program:
Renewable natural resources ($2,700,000 DA). USAID ongoing support for sustainable forest and management of protected areas will include the implementation and expansion of a nationwide system to issue controlled concessions for forest production, curb illegal logging, and develop a timber certification process. In addition, USAID will finance park personnel training and technical assistance to strengthen the Natural Resources Institute (INRENA). Major contractors/grantees include INRENA, World Wildlife Fund, U.S. Department of the Interior, Field Museum of Chicago, U.S. Forest Service, Chemonics International, The Nature Conservancy, and International Resources Group (IRG).

Industrial and urban pollution ($1,360,000 DA). USAID provides technical assistance to Peruvian public sector agencies to improve their capacity to address industrial and urban environmental concerns. USAID also encourages the adoption of environmentally-friendly production technologies by supporting the National Clean Production Center and providing a Development Credit Authority loan guarantee for capital improvements. Environmental health activities, including the development of model water sanitation and waste management systems, will be completed in 2004. In FY 2004, USAID will initiate an assistance package to mitigate the negative environmental impact on Paracas Bay by industry, including the establishment of safeguards related to a new natural gas processing plant in the reserve's buffer zone. Major contractors/grantees include National Environment Council (CONAM), Directorate of Environmental Health in the Ministry of Health (DIGESA), CARE, PA Consultants, Inc., Centers for Disease Control and Prevention, Peruvian Clean Production Center, and International Resources Group (IRG).

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, sustainable forest management/wood certification and biodiversity protection activities will also be financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

FY 2005 Program:
Renewable natural resources ($2,855,000 DA). Support for a nationwide forest management and wood certification system will continue with efforts expanded to include additional forest concessions. USAID also plans to continue providing assistance to improve national park and protected area management systems. Major contractors/grantees are the same as above.

Industrial and urban pollution ($670,000 DA). USAID will continue to support CONAM and mitigation measures in the Paracas Bay Reserve. This will be the final year of USAID assistance to the National Clean Production Center. DIGESA will no longer receive direct support, but other major contractors/grantees are the same as above.

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, sustainable forest management/wood certification and biodiversity protection activities will also be financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

Performance and Results: USAID's environmental activities achieved important results in 2003, contributing to a strengthened capability to sustainably manage Peru's environmental assets and natural resources. As of October 2003, approximately five million hectares of forest were under sustainable management, with associated certified timber sales of approximately $5 million and the creation of 400 full-time-equivalent jobs. Peru's National Council for the Environment has continued its decentralization process by opening an additional five regional centers, which completes coverage of all departments in Peru. With USAID-funded assistance from the Clean Production Center, nine industrial plants have reduced their pollution by 10% or more.

By 2007, USAID will increase the area of sustainably managed forest to 9.0 million hectares, 50 industrial plants will have reduced pollution by 10% or more, and Paracas Bay will have 30 systems in place to protect against industrial, urban, and agricultural pollution.

US Financing in Thousands of Dollars

Peru

527-012 Environment and Natural Resources	DA	DCA
Through September 30, 2002		
Obligations	4,704	73
Expenditures	488	0
Unliquidated	4,216	73
Fiscal Year 2003		
Obligations	3,804	0
Expenditures	1,978	0
Through September 30, 2003		
Obligations	8,508	73
Expenditures	2,466	0
Unliquidated	6,042	73
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,060	0
Total Planned Fiscal Year 2004		
Obligations	4,060	0
Proposed Fiscal Year 2005 NOA		
Obligations	3,525	0
Future Obligations	0	0
Est. Total Cost	16,093	73

Data Sheet

USAID Mission:	Peru
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-013
Proposed FY 2004 Obligation:	$50,000,000 ACI
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$50,000,000 ACI
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's Alternative Development Program (ADP) is a key component of the U.S. Government's comprehensive counternarcotics strategy. It involves a multi-sector, integrated development approach in the seven Peruvian regions where most illicit coca is grown, linking development benefits directly to the commitment to voluntary coca eradication. Interventions focused on: (a) providing immediate economic and social impact via temporary income, community organization and other short-term support in communities where coca is eradicated; (b) promoting sustainable economic and social development in and around the primary coca-growing areas via infrastructure projects, technical assistance and training to local and regional governments, other Government of Peru agencies, private sector entrepreneurs and small farmers; (c) improving the policy and institutional framework related to alternative development and counter-narcotics through studies and technical assistance to key allies; and (d) generating political will, encouraging key behavior change, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Inputs, Outputs, Activities:

FY 2004 Program:
Voluntary eradication ($27,050,000 ACI). USAID will continue funding small, labor-intensive, infrastructure works, such as schools, health posts, sanitation, roads and bridges, as a means of improving local services and providing temporary income for families in communities where coca is eradicated. USAID will also finance scholarships, land titling, and health/nutrition services in participating communities. Participatory processes to identify and prioritize these projects will be coordinated with municipal and regional governments. A new prime U.S. contractor will be selected through a competitive process by January 2004. Multiple local nongovernmental organizations (NGOs), local private firms, specialized Peruvian governmental agencies, and municipalities will act as sub-contractors/grantees.

Sustainable local/regional development ($13,900,000 ACI). USAID will assist private entrepreneurs and producers with information and technical assistance to link their production to market demand and encourage private investment in productive licit activities. USAID will promote private-public partnerships in economic infrastructure (mainly roads and electrification) in target areas, and provide improved access to financial services. The program will support sustainable productive forest management, including concession processes and forest product certification, thus protecting the environment and generating jobs and income. USAID will also strengthen local governments and improve the rule of law in coca-growing regions. Major contractors/grantees include an umbrella contractor to be selected, Chemonics, the World Wildlife Fund, The Nature Conservancy, the Chicago Field Museum, local NGOs, and specialized Peruvian government agencies.

National framework for counternarcotics/alternative development ($4,050,000 ACI). Specific studies and advocacy efforts will support policy changes related to such issues as precursor chemicals control, land titling, and policies and procedures that catalyze greater economic growth and more effective and responsive state presence in the coca producing regions. USAID will continue providing specialized consultancy services and fund selected costs of the Government of Peru's counter-narcotics coordinating

body (DEVIDA) to improve its institutional capacity to implement the Peruvian government's counternarcotics strategy. Major contractors/grantees include DEVIDA, an umbrella contractor to be selected, Development Alternatives Inc, and possibly a new U.S. contractor, with local NGOs and firms acting as sub-contractors/grantees.

Communications/operational research ($5,000,000 ACI). A range of media will be used to: 1) inform the communities undergoing eradication to better understand the process and mitigate social unrest; 2) change attitudes and practices to contribute to a decrease in coca production; and 3) gain support among decision-makers and the general public for alternative development/counternarcotics measures. USAID funds will be used to monitor and carry out operational research activities to guide the implementation of U.S.Government/GOP counternarcotics and alternative development activities. Work will be carried out primarily by a U.S. prime contractor, with local NGOs and marketing/communication firms acting as sub-contractors/grantees.

FY 2005 Program:
Voluntary eradication ($30,700,000 ACI). USAID will continue to fund small infrastructure works and finance scholarships, land titling, and health/nutrition services in communities where coca is eradicated. Major contractors/grantees are not expected to change.

Sustainable local/regional development ($9,800,000 ACI). USAID plans to continue the activities described above. Major contractors/grantees are not expected to change.

National framework for counternarcotics/alternative development ($4,450,000 ACI). USAID will continue providing support to the GOP's counter-narcotics coordinating body (DEVIDA) to improve its institutional capacity to implement the GOP's counter-narcotics strategy. Major contractors/grantees are not expected to change.

Communications ($5,050,000 ACI). USAID plans to continue the above activities to generate political will, encourage key behavior change, and disseminate accurate information to beneficiaries through a cross-cutting communications program. Major contractors/grantees are not expected to change.

Performance and Results: Initial USG estimates indicate that coca cultivation was reduced to 31,150 hectares (a 15% cut between June 2002 and June 2003). It is likely that the area dedicated to illicit coca production will decline further by the end of 2003, based largely on the implementation of the new voluntary eradication methodology. USAID directly contributed to coca reduction, with 5,445 hectares of coca auto-eradicated between October 2002 and December 2003. Through all methods, more than 11,000 hectares were eradicated in 2003, far surpassing the target of 8,000, with USAID's community development/auto-eradication program accounting for 40% of this total. In FY 2003, 356 social infrastructure works were initiated or completed; 1,251 kilometers of roads were rehabilitated/maintained; 18 bridges were constructed; and seven electrification works and four irrigation systems were built. The program facilitated value-added sales of $9.5 million, generating income for over 13,500 producers in target areas. A communications campaign is helping to convince Peruvians that illicit narcotics represent a problem for Peru, as well as for the United States, and successfully countered the disinformation that is routinely disseminated by "cocalero" organizations and the narcotics mafia.

It is expected that Peru's coca production will be reduced to the level required only for licit uses by the end of the strategy period. By FY 2007, there will be a strengthened licit economy in current coca-growing areas and the regions where they are located, based on stable links to local and outside markets; farmers' productivity will be increased; and natural resources will be sustainably managed. Social conditions, including access to quality health and education services will be substantially improved in target areas. The legal, policy, and institutional framework at the regional and national levels will provide adequate conditions for sustained illicit coca elimination by enhancing law enforcement and providing a favorable environment for trade and investment in current coca-growing regions.

US Financing in Thousands of Dollars

Peru

527-013 Alternative Development	ACI	CSH	DCA
Through September 30, 2002			
Obligations	57,500	0	0
Expenditures	4,966	0	0
Unliquidated	52,534	0	0
Fiscal Year 2003			
Obligations	30,879	200	557
Expenditures	32,350	17	0
Through September 30, 2003			
Obligations	88,379	200	557
Expenditures	37,316	17	0
Unliquidated	51,063	183	557
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	50,000	0	0
Total Planned Fiscal Year 2004			
Obligations	50,000	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	50,000	0	0
Future Obligations	0	0	0
Est. Total Cost	188,379	200	557

South America Regional
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	5,000	0	0	0
Child Survival and Health Programs Fund	0	2,300	2,155	1,829
Development Assistance	0	0	2,400	5,525
Total Program Funds	**5,000**	**2,300**	**4,555**	**7,354**

STRATEGIC OBJECTIVE SUMMARY				
530-001 Andean Trade Capacity Building				
ACI	5,000	0	0	0
CSH	0	2,300	0	0
DA	0	0	2,400	2,180
530-XXXX Amazon Malaria Initiative				
CSH	0	0	2,155	1,000
530-YYY South America Performance Fund				
CSH	0	0	0	829
DA	0	0	0	3,345

Mission Director,
Patricia Buckles

Data Sheet

USAID Mission:	South America Regional
Program Title:	Andean Trade Capacity Building
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	530-001
Proposed FY 2004 Obligation:	$2,400,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,180,000 DA
Year of Initial Obligation:	2002
Year of Final Obligation:	2007

Summary: USAID's Andean Trade Capacity Building Program consists of three main components: 1) enhancing the technical capacity of Andean countries (Bolivia, Colombia, Ecuador, Peru, and Venezuela) to prepare for the Free Trade Agreements (FTA) with the United States and participate in the Free Trade Area of the Americas (FTAA); 2) increasing regional compliance with and utilization of the rules of trade emerging from trade negotiations, and those established in other existing/interim trade agreements, e.g., the World Trade Organization (WTO); and 3) strengthening the capacity of selected groups to participate in global markets. These activities will help the Andean countries increase their levels of international trade as a means of creating employment and raising incomes for the region's poor. By enhancing legitimate external trade opportunities, the Andean countries also will be better positioned to combat the illicit narcotics industry that dominates many isolated areas. USAID implements the Andean Trade Capacity Building program in coordination with other U.S. Government agencies, national authorities involved in trade matters in each country, and the Andean Community's (CAN) General Secretariat.

Inputs, Outputs, Activities:

FY 2004 Program:
Enhanced partnership in trade negotiations ($1,000,000 DA). USAID will facilitate coordination between the five Andean countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) during the FTAA negotiating process, and increase their technical capacity to analyze and respond to options under consideration. USAID will finance expert analyses and technical training related to competition policy, sanitary and phytosanitary standards (animal health, plant health, and food safety standards), customs valuation (standards and practices for valuation of imports), intellectual property rights, government procurement, and dispute resolution. To ensure rapid institutional capacity building, USAID may also finance long-term advisors within trade ministries. USAID will fund efforts to increase stakeholder and public awareness related to the FTAA/FTA and its challenges and benefits. Major contractors/grantees are Nathan Associates, the U.S. Department of Agriculture (USDA), United States Customs Service, and the Federal Trade Commission (FTC).

Compliance with and utilization of the rules of trade ($1,000,000 DA). The successful establishment of a hemispheric free trade zone, as well as free trade arrangements directly with the United States, will depend on incremental progress in each country and subregional bloc towards compliance with existing trade standards, e.g., those established by the WTO, and emerging trade standards, e.g., those established in the Andean Trade Promotion and Drug Eradication Act, the FTA and ultimately in the FTAA. USAID technical assistance to regional and national authorities will facilitate the establishment of harmonized standards and provide the impetus for country-specific implementation actions in the same technical areas cited in the previous paragraph. Major contractors/grantees are Nathan Associates, USDA, United States United States Customs Service, and the FTC.

Capacity of selected groups to participate in global markets ($400,000 DA). As a special target of opportunity, USAID support to the Andean Artisan Enterprise Initiative will enhance the ability of craft producers in Bolivia and Peru to increase their competitiveness and participate in global markets as an

alternative to coca production. USAID funds will be used to provide technical assistance and training in market readiness, organizational development, business skills, design, and quality standards. The program will establish market linkages between Bolivian and Peruvian artisans and local, tourist, regional, and international markets. Aid to Artisans is the principal grantee.

FY 2005 Program:
Enhanced partnership in trade negotiations ($450,000 DA). USAID plans to continue to support facilitation and coordination between the five CAN countries during the FTAA negotiating process. Support is planned to continue building the technical capacities of the CAN countries to analyze and respond to options under consideration, and may also continue to fund efforts to increase stakeholder and public awareness related to the FTA and FTAA and their challenges and benefits. Major contractors/grantees will remain unchanged.

Compliance with and utilization of the rules of trade ($1,330,000 DA). USAID will continue providing technical assistance to regional and national authorities to facilitate the establishment of harmonized standards and provide the impetus for country-specific implementation actions in areas such as market access, agriculture, investment, government procurement, dispute resolution, competition policy, services, intellectual property rights, economic trade barriers, labor, and environment. Major contractors/grantees will remain unchanged.

Capacity of selected groups to participate in global markets ($400,00 DA). USAID will continue to support the production and marketing of Andean crafts in order to create employment and income opportunities as an alternative to coca production. Aid to Artisans will continue as the principal grantee.

Performance and Results: Following an extensive multilateral consultative process, implementation mechanisms were put in place in mid/late FY 2003 to address priority regional trade capacity building issues: competition policy, sanitary/phytosanitary and food safety standards, and customs valuation. Likewise, Aid to Artisans began operations in Peru and Bolivia in September 2003. FY 2004 will be the first full year of program implementation.

By FY 2007, the Andean countries will be participating in the FTAA, some if not all the countries will have concluded bilateral free trade negotiations with the United States, and the countries will increase their compliance with WTO norms. As a result, trade flows to and from the Andean region will increase, stimulating economic growth and new income and employment opportunities, and reducing poverty in the Andean region. Specifically, USAID assistance will lead to achievement of consensus among negotiating partners on key technical issues, regional harmonization/convergence of approaches related to FTAA standards, and establishment of regional monitoring/enforcement systems. In addition, the Aid To Artisans activity will generate 1,200 jobs and $900,000 in new sales.

US Financing in Thousands of Dollars

South America Regional

530-001 Andean Trade Capacity Building	ACI	DA
Through September 30, 2002		
Obligations	2,500	0
Expenditures	0	0
Unliquidated	2,500	0
Fiscal Year 2003		
Obligations	2,500	0
Expenditures	118	0
Through September 30, 2003		
Obligations	5,000	0
Expenditures	118	0
Unliquidated	4,882	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	2,400
Total Planned Fiscal Year 2004		
Obligations	0	2,400
Proposed Fiscal Year 2005 NOA		
Obligations	0	2,180
Future Obligations	0	0
Est. Total Cost	5,000	4,580

Data Sheet

USAID Mission:	South America Regional
Program Title:	Amazon Malaria Initiative
Pillar:	Global Health
Strategic Objective:	530-XXXX
Proposed FY 2004 Obligation:	$2,155,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,000,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: USAID supports malaria control efforts in eight countries (Suriname, Guyana, Venezuela, Colombia, Ecuador, Peru, Brazil and Bolivia), with activities to develop evidence-based and efficient utilization of antimalarials in each country, the introduction or dissemination of tools for malaria control, the improvement of vector control to limit infections and illnesses caused by organisms that transmit disease-carrying germs, and the collaboration and experience exchange within the sub-region to control malaria.

Inputs, Outputs, Activities:

FY 2004 Program:
Antimalarial drug efficacy information available ($646,000 CSH). USAID funds will be used to provide technical assistance and expertise to help Amazon countries develop evidence-based formulation of policies for antimalarial drugs and surveillance of resistance to antimalarials. Drug efficacy studies are performed periodically, following a standard protocol that will be revised as necessary, and all countries will share results. Major contractors/grantees include the Pan-American Health Organization (PAHO), the Centers for Disease Prevention and Control (CDC), Management Sciences for Health's Rational Pharmaceutical Management (RPM+), the United States Pharmacopeia's Drug Quality Initiative (USP/DQI), and health authorities and institutions in each country.

Entomological information available for high transmission risk areas ($582,000 CSH). USAID will provide technical assistance and expertise to participating countries to improve vector control operations. The objective is to make vector control operations evidence-based, incorporating information on susceptibility to insecticides and on vector habits collected through standardized methods and protocols. Major contractors/grantees include PAHO, CDC, and health authorities and institutions in each country.

Dissemination of new and improved tools for malaria control ($388,000 CSH). USAID funds will be used to help develop and/or validate and disseminate interventions and strategies for malaria surveillance and control in the region. Major contractors/grantees include PAHO, CDC and health authorities and institutions in each country.

Increased collaboration for malaria control within the sub-region ($539,000 CSH). USAID funds will be used to support South-South (intra-regional) collaboration and experience exchange between the eight countries. Major contractors/grantees include PAHO, CDC, RPM+, USP/DQI, and health authorities and institutions in each country.

FY 2005 Program:
Antimalarial drug efficacy information available ($400,000 CSH). USAID will continue assistance to improve Amazon countries' capacities to develop evidence-based formulation of policies for antimalarial drugs and surveillance of resistance to antimalarials. Major contractors/grantees will remain unchanged.

Entomological information available for high transmission risk areas ($300,000 CSH). USAID will continue to provide technical assistance to participating countries to improve vector control operations. Major contractors/grantees will remain unchanged.

Dissemination of new/improved tools for malaria control ($150,000 CSH). USAID will continue to help develop and/or validate and disseminate Interventions and strategies for malaria surveillance and control in the region. Major contractors/grantees will remain unchanged.

Increased collaboration for malaria control within the sub-region ($150,000 CSH). USAID will continue supporting South-South collaboration and experience exchange. Major contractors/grantees will remain unchanged.

Performance and Results: All target countries have an adequate number of surveillance sites for evaluating resistance to antimalarial drugs and all use a common protocol. Activities have started in six countries and two have already changed their policies on antimalarial drugs. Studies on the use of rapid tests have been carried out in three countries. Six South-South activities have been implemented. By 2007, all countries will have operationalized policies for antimalarial drugs based on evidence, and will have started programs for the surveillance of resistance to antimalarials in coordination with other participating countries. All countries will have the capability to conduct studies on vector susceptibility to insecticides and on vector habits, use the information in planning vector control interventions, and utilize new tools (e.g. rapid tests), based on scientific evidence.

US Financing in Thousands of Dollars

South America Regional

530-XXXX Amazon Malaria Initiative	CSH
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	2,155
Total Planned Fiscal Year 2004	
Obligations	2,155
Proposed Fiscal Year 2005 NOA	
Obligations	1,000
Future Obligations	0
Est. Total Cost	3,155

Data Sheet

USAID Mission:	South America Regional
Program Title:	South America Performance Fund
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	530-YYY
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$829,000 CSH; $3,345,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2005

Summary: The Bureau for Latin America and the Caribbean (LAC) is implementing a number of new approaches designed to improve the effectiveness and strategic focus of its programs. Foremost among these reforms are: strategic budgeting and a greater focus on regional priorities; a closer alignment with the Administration's proposed Millennium Challenge Account (MCA); and the establishment of an incentive-based Performance Fund that rewards good country performance.

The LAC Bureau Performance Fund supports the principles underlying the Administration's proposed Millennium Challenge Account, which conditions development assistance on performance and accountability. The three performance categories of the LAC Performance Fund parallel the performance categories of the MCA: Ruling Justly, Investing in People, and Encouraging Economic Freedom. For each LAC sub-region, the Performance Fund will be divided into three major categories corresponding to the three principal MCA categories, and awards will be made to the best performer under each category.

Inputs, Outputs, Activities:

FY 2004 Program:
None.

FY 2005 Program:
Performance Fund ($829,000 CSH; $3,345,000 DA). The Performance Fund will serve as an incentive to both USAID missions and host countries to work collaboratively to realign their approach to development, improving their focus on performance, and the achievement of measurable results. Funds will be allocated to USAID missions, not the countries, for programming. However, USAID missions will work closely and collaboratively with the host country in applying to the LAC Bureau for funds in order to assure host country commitment to Performance Fund objectives. The Performance Fund is also supportive of the intent of USAID's new strategic budgeting process, which seeks to make the programming of USAID assistance more performance-driven.

The fund will not be available to countries that qualify for the MCA, but rather will focus on working to move countries towards MCA qualification. For many countries in the region, a Performance Fund award could be an important step leading towards MCA eligibility as it could provide the financing needed to make reforms required to meet MCA criteria. However, once a country qualifies for receiving MCA funding, it will no longer be included for consideration under the Performance Fund.

Funds will be divided roughly by the three strategic MCA categories identified above. The LAC Performance Fund will not, however, use MCA criteria to measure performance. Instead, it will use criteria that will be specifically developed for each LAC sub-region. The Performance Fund will operate on a competitive basis, with the best performer(s) in the sub-region awarded funds. The LAC Bureau will analyze countries' performance annually, review proposals on how the missions would each use the additional funds, and select the best performing country and program under each strategic category.

Once funding allocation decisions have been made, recipient missions will submit Congressional Notifications that describe how the additional funds will be used.

Performance and Results: High-level host country awareness of and commitment to the Performance Fund's objectives will rely on close host country involvement in developing indicators, benchmarks, and applications for funding; in-country ceremonies with high-level participation for funding awards; and press events. Expected principal outcomes are: 1) a greater focus on economic, political and social performance by governments within the LAC region; 2) a closer alignment of USAID activities with the Administration's proposed MCA; and 3) positive policy reforms.

US Financing in Thousands of Dollars

South America Regional

530-YYY South America Performance Fund	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	0
Total Planned Fiscal Year 2004		
Obligations	0	0
Proposed Fiscal Year 2005 NOA		
Obligations	829	3,345
Future Obligations	0	0
Est. Total Cost	829	3,345

Caribbean Regional Program

The Development Challenge: The Caribbean Region consists of 23 relatively small independent islands, dependent territories, and sovereign states, ranging in size from 91 sq km Anguilla to 214,970 sq km Guyana. Most share a common history of European colonization and mono-crop plantation economies, giving rise to a number of developmental similarities and strong correlations among their current economic problems. Their small size, isolation from markets, susceptibility to natural disasters, and general ecological vulnerability make the Caribbean a special case for development assistance.

During the 1990s, while major preferential trade agreements with former colonial powers still existed, real GDP in the region grew at an average rate of 3.5%. After the 1990s, this growth rate decreased, registering 2.5% in 2000, and 1.0% in 2001. From 2002 to the present, some countries in the region are showing negative real growth. The onset of trade liberalization and globalization has resulted in the gradual loss of preferential trading agreements which, coupled with the low capital investment, has caused a reduction in foreign exchange earning potential. The dependence on a very narrow range of goods and services and limited private sector competitiveness in many of the countries have contributed to low or negative economic growth in the region.

There has also been inadequate progress in providing the necessary regulatory and institutional infrastructure to promote private investment. These gaps, combined with the region's vulnerability to natural disasters, e.g., floods, hurricanes, and volcanic eruptions, and the global economic downturn post September 11, have created tremendous developmental challenges for the region. A number of the Caribbean countries now face growing trade imbalances, unemployment (ranging from 8% in Antigua/Barbuda to 20% in St Lucia), widening fiscal deficits (from 5.5% of GDP in 2000 to 7.7% of GDP in 2002/3), and growing unsustainability in their debt stock.

Within this context, critical issues, as seen from the viewpoint of the Caribbean countries and their regional representative bodies, such as the Caribbean Community Secretariat (CARICOM) and the Organization of Eastern Caribbean States (OECS), are: (i) the challenge of increasing competition under the Free Trade Area of the Americas (FTAA), the African Caribbean and Pacific/European Union (ACP/EU) and the World Trade Organization (WTO) agreements; (ii) the growing threat of HIV/AIDS to national development (the region's HIV/AIDS infection rate ranks second in the world); (iii) unemployment and its potential impact upon safety/security and increased crime; (iv) the need for fiscal reform; (v) traditional and emerging environmental challenges; and (vi) human capacity deficiencies.

One strategy developed by the CARICOM countries for meeting these growing issues plans for the formation of a single economic bloc under the Caribbean Single Market and Economy (CSME) by 2005. At the sub-regional level, the OECS has already created a single monetary and judicial system, and has plans for a more comprehensive economic union within the CSME. Specific implementation deadlines for both of these parallel efforts, however, have not yet been formalized, and there will be difficulties in meeting the 2005 deadline. USAID is supporting plans for economic integration as well as other important initiatives at the regional and sub-regional levels. These include a multi-donor effort to provide support to the Caribbean Epidemiology Centre (CAREC) to combat HIV/AIDS across the region and to provide support at the national level. Under CARICOM, a mechanism has been created to assist in regional trade negotiations to support efforts at both the regional and national levels. At the OECS level, the Secretariat has created specific organizational units and programs involved in environmental management, small and medium enterprise development, and trade.

As a third border with the United States, the region's economic, political and social stability is of critical importance to U.S. national interests. The United States considers the small countries of the Eastern Caribbean region to be important partners on trade, health, education, and homeland security issues.

The USAID Program: USAID provides direct and indirect development support to 23 diverse nations across the Caribbean region, through a variety of regional institutions, including CARICOM, the OECS,

and the CAREC, among others; however, a large portion of our direct assistance is focused on OECS member states.

USAID's program focuses on four areas: economic growth and trade, environment, rule of law, and the fight against the HIV/AIDS pandemic. The economic growth and trade program is assisting the region with sustainable economic growth. The program focuses on improving the enabling legislative and regulatory environment for growth and investment, coupled with firm-level support. A new activity addressing trade and competitiveness is helping in the transition to new and open trade regimes and the enhancement of private sector competitiveness. The environment program is based on the recognition that the economies and the ecosystems of the Caribbean states are inextricably linked. It places emphasis on the tourism sector in an effort to ensure sustainability of the delicate natural resources upon which this critical industry depends. It also seeks to promote increased efficiency and competitiveness through improved environmental management and compliance with internationally accepted standards.

The rule of law program is ensuring that the justice infrastructure is sufficiently modernized to improve efficiency and applicability of important legal tools for economic growth. USAID assistance is introducing and improving technology in the judicial system in such areas as case and court reporting. It has also established a regional legislative drafting facility to draft and revise critical laws for market integration, security, and HIV/AIDS. The battle against HIV/AIDS is being carried out throughout the wider Caribbean through a broad-based, multi-donor funded program to enhance capacities for prevention as well as care and treatment. The program includes elements to support both public and private sector activities in the region in an effort to strengthen HIV/AIDS non-governmental organizations (NGOs) and NGO networks and to increase the governments' capacity to fight the spread of the disease. All of these programs have the active interest and participation of Caribbean governments.

Other Program Elements: The Center of Excellence for Teacher Training (CETT) is a Presidential Initiative program started in FY 2003, which upgrades the skills of classroom teachers so that they can become more effective reading instructors. Rural and urban communities, especially those in remote areas, and schools that have a significant enrollment of Creole-dominant speakers in the English-speaking Caribbean island nations are targeted. The program involves public and private sector partnerships, and, to date, several U.S.-based companies have supported the program.

A significant portion of the ESF will be transferred to the State Department to address the lack of capacity many Caribbean nations face in security. Funds ($2,600,000 in FY 2004 and $5,500,000 in FY 2005) will be used to help Caribbean airports modernize their safety and security regulations and to support border security programs, including the strengthening of immigration controls.

Other Donors: According to a 2001 World Bank report, the top seven donors to the OECS countries - the Caribbean Development Bank (CDB), the European Union, the World Bank, UN organizations, Kuwait, the United States, and Canada (listed by size of contributions) - account for 93% of total disbursements for 1999-2001. In 2001, the European Union's contribution, which increased to $75 million, was expected to supercede that of the CDB. For that same period, the largest amount of donor support ($68 million) was being channeled into the road and transport sector. Education, environment, and budget support were each allocated another 10% of the total expected disbursements from 1999 to 2001. Education, health, and social planning together accounted for approximately 17% of the total. CAREC and the Caribbean Regional Technical Assistance Center (CARTAC) are working in health and finance respectively and are supported by USAID and several other donors. Donor coordination, however, remains a challenge in the region given its size and diversity, the number of donors, and the limited capacity of host governments to participate effectively in projects that are spread across several islands. This aspect of the regional program is carefully being reviewed with a view to improving the level of coordination.

Caribbean Regional Program
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	3,550	4,233	3,733	4,637
Development Assistance	0	8,775	3,935	11,798
Economic Support Fund	10,800	2,500	3,976	9,000
ESF - Wartime Supplemental	0	500	0	0
Total Program Funds	**14,350**	**16,008**	**11,644**	**25,435**

STRATEGIC OBJECTIVE SUMMARY				
538-004 Competitiveness in the Caribbean				
DA	0	5,283	2,905	0
ESF	4,600	1,000	860	0
538-005 Improved Environmental Management				
DA	0	2,509	570	0
ESF	3,300	0	0	0
538-006 Rule of Law				
DA	0	983	460	0
ESF	1,000	0	516	0
538-008 HIV/AIDS				
CSH	3,550	4,233	3,733	0
ESF	1,900	1,500	0	0
ESF - Wartime Supplemental	0	500	0	0
538-x10 Global Competitiveness and Open Trade				
DA	0	0	0	4,362
ESF	0	0	0	3,500
538-x11 Regional Response to HIV/AIDS				
CSH	0	0	0	4,637
538-x12 Caribbean Performance Fund				
DA	0	0	0	7,436

TRANSFER				
ESF	0	0	2,600	5,500

Mission Director,
Karen Turner

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Competitiveness in the Caribbean
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	538-004
Proposed FY 2004 Obligation:	$2,905,000 DA; $860,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: USAID's program to help Eastern Caribbean businesses meet international standards is being carried out on two fronts: enhancing the private sector's capacity to deliver goods and services competitively while simultaneously supporting the development of legislative and regulatory structures that encourage and support open trade and global competitiveness. This high-profile, demand-driven program has become the flagship initiative for the U.S. Government's support to Caribbean states in their efforts to prepare for entrance to the Free Trade Area of the Americas (FTAA) and other trade regimes. Ambitious efforts involving extensive input from the region's private and public sectors, as well as regional organizations such as the Caribbean Community Secretariat (CARICOM) and the Organization of Eastern Caribbean States (OECS), have been underway to define the type of assistance needed to successfully meet the FTAA challenge and aggressively compete in the global economy.

Inputs, Outputs, Activities:

FY 2004 Program:
Support for identification and elimination of constraints to doing business ($2,905,000 DA). On-going efforts to identify and eliminate constraints to doing business in the region will continue. The Caribbean Regional Internship and Scholarship Program, which helps to develop the human capacity businesses need to be more competitive, will move into full implementation mode. In addition, a Development Credit Authority loan guarantee program may be developed to increase access to credit for businesses in targeted sectors, such as tourism, and stimulate economic growth. Principal contractors and grantees will be the Carana Corporation and the Academy for Educational Development, as well as financial institutions not yet identified.

Legislative/Policy framework established to support free trade ($860,000 ESF). Activities will continue to develop the region's legal, regulatory, and institutional capacity to facilitate trade. In particular, support will be provided to help develop and implement national trade strategies under the FTAA's Hemispheric Cooperation Program. A training curriculum will be developed in the area of trade policy support, and an academic degree granting program that addresses the trade agenda will be established. Also, technical assistance will continue to CARICOM's Regional Negotiating Machinery to strengthen capacity as a negotiating mechanism and ensure that CARICOM member states are fully prepared to participate in the FTAA process. Also, efforts will continue to facilitate the development of CARICOM's plans for transitioning to a single market economic zone. Draft legislation and regulations for food, animal, and plant safety for the OECS and Barbados will be finalized. The development of new tax regimes for Grenada and Dominica will commence with the replacement of trade taxes with value-added systems. Contractors, grantees, and other partners will include Carana Corporation, the Regional Negotiating Machinery, the Caribbean Regional Technical Assistance Center, and others not yet identified.

FY 2005 Program:
No new funds will be obligated to this SO in FY 2005. During this fiscal year, USAID will focus on ensuring the sustainability of program impacts and facilitating a smooth transition into the Mission's new regional strategic plan for the Caribbean for FY 2005 - FY 2009.

Performance and Results: In FY 2003, the program helped 48 firms to improve their capacity to export into the global market. Arising from this assistance, a control group of 30 firms increased its export sales by 19%, from $2,100,000 in 2002 to $2,500,000 in 2003. In addition, the deregulation of the telecommunications sector throughout the OECS countries was completed, resulting in $89 million in new investments in 2003.

By the end of the strategy in FY 2004, it is expected that the Caribbean region will have a business environment that is more conducive to competition in the global marketplace. Model firms will have adopted international standards of best business practices, thereby improving their productivity, profitability, and capability to compete internationally. An operational telecommunications regulatory structure will increase the number of new businesses in the region, and appropriate food, plant and animal health legislation will be in place for OECS countries.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-004 Competitiveness in the Caribbean	DA	ESF
Through September 30, 2002		
Obligations	457	9,700
Expenditures	357	2,325
Unliquidated	100	7,375
Fiscal Year 2003		
Obligations	5,300	1,000
Expenditures	90	5,032
Through September 30, 2003		
Obligations	5,757	10,700
Expenditures	447	7,357
Unliquidated	5,310	3,343
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,905	860
Total Planned Fiscal Year 2004		
Obligations	2,905	860
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	8,662	11,560

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Improved Environmental Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	538-005
Proposed FY 2004 Obligation:	$570,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: USAID promotes improved environmental management within the Eastern Caribbean through technical assistance and training that facilitate the adoption of best environmental management practices, policies, and standards in small tourism enterprises; environmental marketing and education to promote awareness; and access to financing for environmental improvements. USAID's environment program recognizes that the economies and the ecosystems of the Caribbean states are inextricably linked. USAID's work with the tourism sector ensures sustainability of the delicate natural resources upon which this critical industry, which is the region's engine for economic growth, depends. It also seeks to promote increased efficiency and competitiveness in international markets through improved environmental management and compliance with internationally accepted standards.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased access to best environmental management practices ($440,000 DA). USAID will offer environmental training and develop coaching tool kits for small- and medium-sized hotels, tour operators, and sites and attractions. USAID will work with more than 50 hotels to adopt environmental management systems. USAID will conduct public education environmental awareness programs to help key groups identify and address environmental management issues and implement more energy efficient mechanisms for doing business. In addition, USAID's implementing partners will develop and disseminate environmental messages for tour operators that promote awareness and encourage adoption of good environmental management practices. USAID-supported environmental and technology volunteers will be deployed to teach small hotel operators and other tourism industry professionals about how they can make their businesses more environmentally friendly and reduce costs at the same time. Of particular importance to the strategy will be the launching of Caribbean Experiences (CE), a not-for-profit cooperative that will serve as a marketing organization and hotel management company for small tourism enterprises throughout the region. It will give a "brand name" to Caribbean tourism enterprises and actively market them to potential visitors in Europe and the United States. USAID is supporting the development of this cooperative to ensure the sustainability of work done in the tourism sector once donor assistance is concluded. The program will also work with CARICOM to develop financing mechanisms for countries in the region to leverage resources to support sustainable development. Principal contractors, grantees, and other partners will include the Organization of American States (OAS) and the Caribbean Alliance for Sustainable Tourism (CAST).

Improved environmental policies and standards ($130,000 DA). The program will continue to focus on policy issues related to the adoption of environmental standards by small tourism enterprises in order to meet international market expectations and regional certification objectives, as well as the development of a model eco-destination certification program for the Caribbean. Principal partners will include the OAS and CAST.

FY 2005 Program:
No new funds are requested for this program in FY 2005. During this fiscal year, USAID will focus on ensuring the sustainability of program impacts, to the extent possible.

Performance and Results: During the past year, substantial gains were made in the number of organizations adopting best practices and in exposing organizations to environmental information. Significant progress was made toward implementing international and market-driven standards in the tourism sector and increasing tourism enterprises' accessibility to finance for environmental improvements. With 756 organizations in the region being exposed to environmental information, the target of 680 was exceeded by more than 10%. More than 282 organizations adopted best environmental practices, a significant increase over the annual target of 240. Fourteen private organizations independently secured financing for environmental activities, two more than the target of 12.

By the end of the Strategy in FY 2004, this program will have helped protect critical ecosystems that are vital to tourism and economic growth by assisting the region to address environmental concerns.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-005 Improved Environmental Management	DA	ESF
Through September 30, 2002		
Obligations	653	8,500
Expenditures	413	3,653
Unliquidated	240	4,847
Fiscal Year 2003		
Obligations	2,526	0
Expenditures	542	2,990
Through September 30, 2003		
Obligations	3,179	8,500
Expenditures	955	6,643
Unliquidated	2,224	1,857
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	570	0
Total Planned Fiscal Year 2004		
Obligations	570	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	3,749	8,500

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	538-006
Proposed FY 2004 Obligation:	$460,000 DA; $516,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2004

Summary: USAID's rule of law program is improving the efficiency and fairness of the legal systems in much of the Caribbean. This program provides technical assistance, training, and commodities to the Eastern Caribbean courts to modernize legal systems and increase access to legal information. Through the Caribbean Community Secretariat, USAID has also provided assistance to revise and update laws related to the Caribbean Single Market and Economy, trade issues, justice, and security. This activity clearly illustrates the highly synergistic relationship among the Caribbean Regional Program's rule of law, economic growth, and HIV/AIDS programs.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve efficiency of the legal systems ($70,000 DA). USAID will continue to establish Alternative Dispute Resolution Centers in the three Organization of Eastern Caribbean States (OECS) countries: St. Vincent, St. Kitts, and Dominica. USAID will also provide technical assistance to the Justice Education Institute (JEI) of the OECS Supreme Court to continue organizing the judicial training program. Continued technical assistance to the OECS Secretariat (in the form of a project coordinator and a financial manager) will support the OECS Secretariat management project. Principal grantees are the Caribbean Community (CARICOM) Secretariat, the OECS Secretariat, and the British Virgin Island Academy of Court Reporting.

Revise and update laws ($390,000 DA, $516,000 ESF). USAID will continue to assist the existing Regional Legislative Drafting Facility in drafting laws related to the Caribbean Single Market and Economy as well as justice and security issues. It will also draft laws addressing such problems as victim discrimination in the area of HIV/AIDS. The principal grantee is the CARICOM Secretariat.

FY 2005 Program:
No new funds will be obligated into this program in FY 2005. During FY 2004, the program will focus on ensuring the sustainability of program impacts and facilitating a smooth transition into the Mission's new regional strategy program for the Caribbean for FY 2005 - FY 2009.

Performance and Results: Over the past year, this program has met its targets. Cases that formerly had to be decided in the formal court system are now being referred by judges for mediation. Seventeen professional court reporters are being trained to assume duties in the six independent OECS countries in April 2004. The Regional Legislative Drafting Facility drafted 42 laws and amendments related to the Caribbean Single Market and Economy. In addition, the Regional Case Reporting Facility edited 11,500 out of 12,000 unreported judicial decisions for inclusion in its electronic database.

With successful completion of this program in 2004, the OECS court system will operate more efficiently. Judges will be more knowledgeable of modernized techniques, the public will benefit from access to a more open and democratic system, and laws will be developed to support free trade and competition, curb international crime, and protect human rights.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-006 Rule of Law	DA	ESF
Through September 30, 2002		
Obligations	120	4,975
Expenditures	120	1,420
Unliquidated	0	3,555
Fiscal Year 2003		
Obligations	1,000	0
Expenditures	397	2,833
Through September 30, 2003		
Obligations	1,120	4,975
Expenditures	517	4,253
Unliquidated	603	722
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	460	516
Total Planned Fiscal Year 2004		
Obligations	460	516
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	1,580	5,491

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	HIV/AIDS
Pillar:	Global Health
Strategic Objective:	538-008
Proposed FY 2004 Obligation:	$3,733,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2004

Summary: HIV/AIDS in the Caribbean is far more than a medical concern; it poses a direct threat to the region's economic growth and competitiveness. USAID's regional HIV/AIDS program works to mitigate the destructive effects of the epidemic and prevent its further spread. The program works in collaboration with both private and public sector partners and is comprised of a range of activities that boost the capacity of local non-governmental organizations (NGOs) and national and regional organizations to mount a coordinated, multisectoral regional response.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase NGO and community-based organizational capacity to deliver HIV/AIDS programs ($700,000 CSH). Through the NGO strengthening program, USAID will work with national governments in public-private partnerships to develop multi-year HIV prevention plans under each country's National Strategic Plan on HIV/AIDS. To accomplish this, USAID will engage NGOs and government counterparts in prevention and behavior change and communications strategy development. USAID-funded activities are expected to reach approximately 400,000 people with prevention education messages. Support for prevention activities targeted to particularly vulnerable populations will be continued. Principal contractors and grantees are Family Health International and the International HIV/AIDS Alliance.

Increase government capacity to implement a response to HIV/AIDS ($3,033,000 CSH). USAID will continue to provide support to expand the number of countries with National Strategic Plans on HIV/AIDS. Emphasis will be placed on improving surveillance, and monitoring and evaluation in the region to ensure the availability of accurate and reliable information for HIV programming. USAID will conduct behavior surveillance studies in six countries, with a focus on filling information gaps on the status of the epidemic in high-risk groups. In addition, USAID will support a mapping exercise to identify the current status of HIV prevention and treatment services being delivered in the Caribbean. Institutional support will continue for the Caribbean Coalition of National AIDS Program Coordinators, the Caribbean Epidemiology Centre, and the Pan Caribbean Partnership Against HIV/AIDS to strengthen their capacity to carry out regional programming and to address human rights, stigma, and discrimination issues. USAID assistance will be provided to six Caribbean HIV/AIDS regional training centers to further expand the number of HIV specialty-trained health care providers and public health professionals in the region. Specific training in preventing mother to child transmission will benefit 400 clinical providers, and HIV voluntary counseling and testing training will be expanded to two additional countries (for a total of seven). Principal contractors and grantees are the Caribbean Epidemiology Center, CARICOM Secretariat/Pan Caribbean Partnership against AIDS, the Ministry of Health in Jamaica, the Ministry of Health in Barbados, the University of Washington, and the University of North Carolina.

FY 2005 Program:
No new funds will be obligated under the current strategy in FY 2005. During FY 2004, the program will focus on ensuring the sustainability of program impacts and facilitating a smooth transition to the Mission's new regional strategy for the Caribbean for FY 2005 - FY 2009. Given the transition from a

strategy focused predominantly on institutional capacity building to one more impact focused, specific activities will include data collection and analysis to establish baseline indicators for behavioral change and service delivery activities.

Performance and Results: During this reporting year, performance for this program was high, results were achieved under both activity areas, and targets were met. USAID established a close collaborative working relationship with the newly established Centers for Disease Control and Prevention office in Trinidad, and the two organizations are working towards a common strategy. Three years ago, very few countries had up-to-date national HIV strategic plans developed and formally in place. By the end of FY 2003, a total of 17 countries had formally established plans, up from 13 countries at the end of FY 2002. The end-of-strategy target of 21 countries is expected to be achieved by the end of FY 2004. With regards to NGOs, three additional NGO networks were established (Suriname, Trinidad and Tobago, and Guyana) for a total of six NGO networks to date. The NGO networks represent approximately 54 NGOs. During this past year, community-based prevention activities through these NGO networks reached approximately 50,000 people in six countries. The final target for this activity is six networks established, and the focus in FY 2004 will be to increase these NGO networks' capacity to implement prevention efforts under each country's National Strategic Plan on HIV/AIDS. New programs and linkages with hard-to-reach populations have been established in the Eastern Caribbean. Additionally, the Caribbean HIV/AIDS Regional Training Initiative has been launched, and the first regional training for clinical providers on anti-retrovirals was held. A total of 486 counselors have been trained to date in HIV voluntary counseling and testing (VCT), and of these 43 have been program-certified as trainers and are actively conducting trainings themselves. Through these trained counselors, voluntary counseling and testing services are being provided in 225 sites across the region. Also, as a result of USAID assistance, the Caribbean Coalition of National AIDS Program Coordinators is now a legal entity with an established office and secretariat.

By the end of the strategy period in FY 2004, there will be an increased number of NGOs that provide HIV/AIDS prevention and care services, and greater government capacity to implement a coordinated and effective response to HIV/AIDS towards a regional reduction in further HIV transmission.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-008 HIV/AIDS	CSH	ESF
Through September 30, 2002		
Obligations	5,047	2,000
Expenditures	2,934	1,185
Unliquidated	2,113	815
Fiscal Year 2003		
Obligations	4,250	2,000
Expenditures	3,533	453
Through September 30, 2003		
Obligations	9,297	4,000
Expenditures	6,467	1,638
Unliquidated	2,830	2,362
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,733	0
Total Planned Fiscal Year 2004		
Obligations	3,733	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	13,030	4,000

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Global Competitiveness and Open Trade
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	538-x10
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,362,000 DA; $3,500,000 ESF
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: USAID's trade capacity building program is currently under development. It is expected to help the region rise to the challenge of succeeding in an open trade environment by becoming globally competitive. This effort requires making adjustments necessary to participate in the various trade regimes, and reducing constraints to business while leveraging market opportunities. In support of this initiative, the USAID program will assist in the development of the region's legal infrastructure to facilitate open trade as well as ensuring the development of environmental management measures which will enhance the trade environment.

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out in FY 2004. This program will begin in FY 2005.

FY 2005 Program:
Regional legal infrastructure enhanced to facilitate open trade ($1,000,000 ESF). USAID's program will focus on building a solid legal regional infrastructure to serve as the foundation for open trade and competitiveness. USAID continues support to the Caribbean Community Secretariat's (CARICOM) Regional Legislative Drafting Facility, in preparing and revising laws relating to the Caribbean Single Market and Economy, open trade, and security issues. USAID will assist enacting and promoting the trade laws through policy dialogue and public education, and by working directly with the region's attorneys general and parliamentarians to generate consensus and buy-in. Training and information dissemination for implementing the new laws will complete the process. USAID's new program will also focus on strengthening the adjudication process of the newly created Caribbean Court of Justice through targeted training in trade and commercial legislation and regulations. Potential contractors, grantees, and partners will include the Caribbean Community's Regional Legislative Drafting Facility, the Caribbean Court of Justice, and others.

Participation in open trade enhanced ($2,500,000 ESF). This activity will focus on creating an enabling legislative and regulatory environment to support free trade. Technical assistance will be provided to help bring the region under a single economic space and policy dialogue and public education initiatives will be conducted to promote acceptance and active participation in the various trade regimes, in particular the Free Trade Area of the Americas (FTAA) and World Trade Organization. One area of particular focus will be support to the region to address trade-related gaps identified under the FTAA's Hemispheric Cooperation trade strategy process. Assistance will be provided to support further strengthening of the region's ability to meet its international requirements in the area of food, animal and plant related legislation, regulations, and implementing mechanisms. In addition, the program will support regional training opportunities in trade and competitiveness. Potential contractors, grantees, and partners will include CARICOM, the region's private-sector umbrella organizations, existing regional training institutions, and others.

Business constraints reduced and market opportunities leveraged ($2,564,000 DA). USAID will help address a key component to the region's success in open trade: its ability to attract and support foreign investment. This will be achieved through initiatives to reduce constraints to business, improve productivity, ensure the adoption of market-based standards, and provide support to business infrastructure, such as increased availability and use of international communications technologies. In addition, USAID will leverage other opportunities to support regional economic growth, including the development of targeted industries or competitive clusters of firms, and could include the use of the Development Credit Authority loan guarantee mechanism. Potential contractors, grantees, and partners include CARICOM, the Organization of Eastern Caribbean States (OECS) Secretariat, and others who have not yet been identified.

Environmental and disaster frameworks for economic growth strengthened ($1,798,000 DA). With tourism being the Caribbean region's largest export, USAID's initiative will promote sustainable development policies and incentives that will protect the region's fragile natural assets in order to ensure continued sustainable economic growth. Areas of USAID-financed assistance may include market-based incentives, the promotion of environmentally friendly technologies for tourism enterprises, and public education efforts focusing on the linkages between the environment and a more open trade atmosphere. In addition, USAID will work to strengthen the region's disaster mitigation policies and processes and ensure that compliance measures are put in place. Potential contractors, grantees, and partners have not yet been identified.

Performance and Results: The program will be designed strategically to ensure the maximum use of the resources to prepare and position the region for open trade. It will primarily work through regional initiatives in order to ensure optimal use of resources over the strategy period. Laws and legal practices will be updated to support global trade. The capacity of national governments will be improved through up to date legislation and regulations supporting open trade. In addition, gaps identified in country strategies will be addressed. Constraints to doing business will be reduced or eliminated, thereby supporting the attractiveness of the region for direct investments. Appropriate legislation and regulation supporting sound environmental practices will be promoted, environmental management systems will be increasingly adopted by the private sector, and disaster mitigation procedures will be developed.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-x10 Global Competitiveness and Open Trade	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	0
Total Planned Fiscal Year 2004		
Obligations	0	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,362	3,500
Future Obligations	17,620	48,380
Est. Total Cost	21,982	51,880

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Regional Response to HIV/AIDS
Pillar:	Global Health
Strategic Objective:	538-x11
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,637,000 CSH
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2009

Summary: USAID's strategy will build upon previous interventions to achieve a measurable impact on increasing risk reduction practices to prevent transmission of HIV/AIDS and to expand access to and use of HIV prevention, treatment, and care services. The geographic focus includes the nine island nations not served directly by one of the four USAID bilateral missions in the region. This new program will build upon previous interventions to achieve measurable impact on HIV/AIDS risk reduction, treatment, and care. Special focus in the program will be given to most at-risk populations and combating stigma and discrimination, with increased attention going to the countries not served by USAID bilateral programs. Due to the high degree of mobility and inter-island migration in the Caribbean region, programmatic synergies will be established with USAID bilateral countries with particular emphasis on highly mobile populations, thus ensuring broad and comprehensive USAID programming in HIV/AIDS throughout the Caribbean's island nations. Given the concentrated epidemics in several island nations, with relatively low prevalence of HIV in the rest of the Caribbean region, a special focus of the new strategy will be to target activities on vulnerable populations, including people living with HIV/AIDS. In addition, due to the highly stigmatized view of HIV in the Caribbean, a cross cutting theme of the new strategy will focus on reducing stigma and discrimination. USAID will continue to plan activities in close collaboration with the Centers for Disease Control and Prevention.

Inputs, Outputs, Activities:

FY 2004 Program:
No activities will be carried out in FY 2004. This program will begin in FY 2005 under the USAID's new regional strategic plan for the Caribbean for FY 2005 - FY 2009.

FY 2005 Program:
Increased use of risk reduction practices among at-risk populations ($1,179,000 CSH). Activities will include community-based and national scale prevention efforts focused primarily on at-risk populations in each island nation and a multi-media information campaign throughout the region delivering behavior change messages, including abstinence, monogamy (be faithful), and the reduction of high risk behaviors. Specific activities will be tailored to high-risk settings and common transportation points such as seaports and airports. Faith-based organizations will be engaged in community-based prevention efforts with a particular focus on reducing stigma and discrimination. Implementers to be selected.

Increased use of prevention and treatment services ($2,279,000 CSH). Activities will include establishing HIV voluntary testing and counseling sites with qualified trained counselors; and training clinical health care providers in prevention of mother to child transmission services, treating HIV positive patients with anti-retroviral treatment, and treating opportunistic infections. Given the significant need for health care providers and public health professionals with specialty training in HIV/AIDS, as well as the unique challenges of the Caribbean geography with numerous small island nations, a regional network of training centers called the Caribbean HIV/AIDS Regional Training Initiative has been established. This network will increase capacity throughout the region in a cost-efficient manner and will be used as the framework for all training activities under the new strategy. All training will include the cross cutting theme of reducing

stigma and discrimination. Focused technical assistance will be provided at a sub-regional and national level to ensure logistics and delivery systems are functioning to ensure adequate supply of drugs (particularly anti-retrovirals and drugs for opportunistic infections) and health commodities and supplies (particularly HIV test kits) are available. Implementers to be selected.

Enhanced enabling environment for an HIV/AIDS regional response ($1,179,000 CSH). The Caribbean region is unique in that regional organizations, structures, and policy dialogue fora are coordinating and targeting all HIV resources coming into the region, developing and reforming laws and policies, and programming regional activities. Under the new strategy, activities to enhance the current environment for HIV programming across the region will include support to improve both regional and national level HIV surveillance, monitoring, and evaluation systems; establish new laws and reform existing laws related to HIV/AIDS; and implement a multi-media regional campaign on stigma and discrimination. This support will be provided to the already established regional organizations focusing in these areas. The Caribbean region recently submitted and received approval for a regional application to the Global Fund on AIDS, TB and Malaria, and specific support will be provided to ensure these funds are targeted towards the most appropriate regional interventions and that performance achieved. Implementers to be selected.

Performance and Results: Results to be achieved by the end of the strategy period FY 2009 are an increase in risk reduction behaviors among most vulnerable populations; an increase in the access to and use of voluntary counseling and testing services; prevention of mother to child transmission services; anti-retroviral treatment for HIV and treatment for opportunistic infections related to HIV; and an increase in access to and use of community-based support services for those living with HIV/AIDS and their families, particularly vulnerable children and orphans. In addition, national level surveillance and monitoring and evaluation systems will have been strengthened, and countries will be reporting accurately and timely on the HIV/AIDS indicators requested annually by the Joint United Nations Programme on HIV/AIDS (UNAIDS). Through law reform and regional anti-stigma campaigns, discrimination will have been reduced particularly in the workplace and clinical care setting.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-x11 Regional Response to HIV/AIDS	**CSH**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	4,637
Future Obligations	74,000
Est. Total Cost	78,637

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Caribbean Performance Fund
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	538-x12
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$7,436,000 DA
Year of Initial Obligation:	2005
Year of Final Obligation:	2009

Summary: The Bureau for Latin America and the Caribbean (LAC) is implementing a number of new approaches designed to improve the effectiveness and strategic focus of its programs. Foremost among these reforms are: strategic budgeting and a greater focus on regional priorities; a closer alignment with the Administration's proposed Millennium Challenge Account (MCA); and the establishment of an incentive-based Performance Fund that rewards good country performance.

The LAC Bureau Performance Fund supports the principles underlying the Administration's proposed Millennium Challenge Account, which conditions development assistance on performance and accountability. The three performance categories of the LAC Performance Fund parallel the performance categories of the MCA: Ruling Justly, Investing in People, and Encouraging Economic Freedom. For each LAC sub-region, the Performance Fund will be divided into three major categories corresponding to the three principal MCA categories, and awards will be made to the best performer under each category.

Inputs, Outputs, Activities:

FY 2004 Program:
None

FY 2005 Program:
Performance Fund ($7,436,000 DA). The Performance Fund will serve as an incentive to both USAID missions and host countries to work collaboratively to realign their approach to development, improving their focus on performance, and the achievement of measurable results. Funds will be disbursed to USAID missions, not the countries, for programming. However, USAID missions will work closely and collaboratively with the host country in applying to the LAC Bureau for funds in order to assure host country commitment to Performance Fund objectives. The Performance Fund is also supportive of the intent of USAID's new strategic budgeting process, which seeks to make the programming of USAID assistance more performance-driven.

The fund will not be available to countries that qualify for the MCA, but rather will focus on working to move countries towards MCA qualification. For many countries in the region, a Performance Fund award could be an important step leading towards MCA eligibility as it could provide the financing needed to make reforms required to meet MCA criteria. However, once a country qualifies for receiving MCA funding, it will no longer be included for consideration under the Performance Fund.

Funds will be divided roughly by the three strategic MCA categories identified above. The LAC Performance Fund will not, however, use MCA criteria to measure performance. Instead, it will use criteria that will be specifically developed for each LAC sub-region. The Performance Fund will operate on a competitive basis, with the best performer(s) in the sub-region awarded funds. The LAC Bureau will analyze countries' performance annually, review proposals on how the missions would each use the additional funds, and select the best performing country and program under each strategic category.

Once funding allocation decisions have been made, recipient missions will submit Congressional Notifications that describe how the additional funds will be used.

Performance and Results: High-level host country awareness of and commitment to the Performance Fund's objectives will rely on close host country involvement in developing indicators, benchmarks, and applications for funding; in-country ceremonies with high-level participation for funding awards; and press events. Expected principal outcomes are: 1) a greater focus on regional priorities by governments within the LAC region; 2) a closer alignment of USAID activities with the Administration's proposed MCA; and 3) positive policy reforms.

US Financing in Thousands of Dollars

Caribbean Regional Program

538-x12 Caribbean Performance Fund	**DA**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	7,436
Future Obligations	0
Est. Total Cost	7,436

Central America Regional Program

The Development Challenge: With negotiations complete between the United States and El Salvador, Guatemala, Honduras, and Nicaragua, Central America is poised for a U.S.-Central American Free Trade Agreement (CAFTA) that will be a historic step toward regional integration and opening economies to global markets. Central America's $68 billion economy and its population of 36 million make it the seventh-largest Latin American economy. U.S. exports to Central America in 2000 exceeded $8.8 billion - more than U.S. exports to Russia, Indonesia, and India combined.

Central America is still recovering from decades of civil conflict and dealing with spiraling crime and widespread poverty. Four countries in the region suffered from military-controlled regimes and over a quarter of a million lives were lost in Cold War-related conflicts of the 1970s and 1980s. During the 1990s, Central America's annual average GDP growth rate was around 1.6%, less than the rate of population growth. The economic situation has worsened due to combined fall-out from a decline in coffee prices and the global economic slowdown. The result is a social crisis with increases in chronic malnutrition, gang violence, and a proliferation of organized criminal activities such as drug smuggling, human trafficking, and money laundering. Central America continues to rely on the "escape valve" of migration to the United States in the face of deteriorating economic and social conditions. The rapidly growing Hispanic population (13% of the U.S. population) is the largest minority group in the Unites States. Five percent of the documented U.S. Hispanic population is from Central America and four of the 10 leading source countries for U.S. undocumented immigrants are from the region. This combined population of documented and undocumented U.S. residents, sends $4 billion annually to Central America funds which are essential for sustaining the region's economies.

Central America's 2002 per capita income was $1,883. Despite its lower-middle income classification, over one-fourth of its population lives below the poverty line and one-third is illiterate. Central America has the worst primary school repetition and completion rates in Latin America, undermining its competitiveness in the global economy. Regional poverty stems from reliance on traditional agricultural products and deeply rooted social inequalities, with wide gender, ladino - indigenous and rural - urban gaps. The low income-generating ability of the vast majority of Central Americans is reflected in poor living conditions, including an unacceptably high rate of infant mortality (28 per 1,000 live births) and persistent chronic malnutrition among children.

Living standards are deteriorating and economic growth is limited by environmental degradation, including persistent and unchecked deforestation that limits water for industry, towns, and surrounding agricultural lands. In many areas, hunting, fishing, tourism, and extraction of wood for timber, fuel, and non-wood products have reached unsustainable levels, causing irreversible damage and growing threats to the region's water supply and sustainable economic growth. Environmental degradation also destroys refuges for endangered species. Regional forests, coastal areas, and wetlands are increasingly under pressure from human population growth, road building, and conversion of land for grazing and agriculture.

Central America is threatened by the emerging HIV/AIDS epidemic. Conservative estimates indicate that there are currently more than 175,000 infected individuals, the majority of whom are unaware of their condition and unable to take measures to prevent future transmission. While the epidemic began among homosexual and bisexual men, there has been a steady increase among women. As HIV/AIDS becomes established in the heterosexual population, vertical transmission (from mother to unborn/newborn child) is increasing. AIDS is the leading cause of death for women of reproductive age in Honduras, and the leading cause of death for adults aged 20 to 49 in Panama. In other countries it is one of the main causes of admittance to hospitals. The region's future economic development is threatened since the costs of AIDS-related morbidity and mortality tax both human and financial resources. HIV/AIDS is most likely to affect labor productivity, medical costs, the orphan population, and the size of the labor force.

The persistence of organized crime, including a proliferation of gangs, poses a continuing challenge. The Mesoamerican corridor is the preferred route for illegal migrants and narcotics; up to 70% of illicit South American narcotics shipments pass through the isthmus to the United States. Weak governments and

deteriorating living standards could undermine U.S. efforts to contain illegal migration, HIV/AIDS, organized crime, and other potential threats to homeland security.

Although the size of Mexico's economy (per capita GDP of $6,884 in 2002) and population (100 million) far outweigh those of its Central American neighbors, Mexico faces some similar challenges. About 53% of Mexicans have an annual income of less than $720, and environmental degradation presents a significant challenge to the country's biodiversity and continued economic growth, particularly in rural areas. On the other hand, Mexico has developed some institutions that can serve as models for other countries. For example, Mexico is a regional leader in its efforts to combat the HIV/AIDS. Inclusion of Mexico in the common framework of Central America regional programs provides an opportunity for increased cooperation across borders.

U.S. national interests in Central America include: 1) regional trade integration; 2) democracy; and 3) containment of illegal migration, organized crime (including gangs), and narcotrafficking. Trade remains at the top of the region's political agenda. The United States expects to complete negotiations for CAFTA in January, which will serve as a vital step toward completion of the Free Trade Area of the Americas (FTAA) by 2005. Since 1990, trade between the five countries and the United States has nearly tripled. The United States is Central America's most important trading partner, accounting for 43% of Central American exports and providing 41% of its imports. In spite of the region's relative non-competitiveness, U.S. private investment in the region is around $1 billion, and is anticipated to increase substantially under CAFTA. The free trade agreement is expected to reinforce the region's integration process and help maintain stability while assisting the region to invigorate its faltering economies. U.S. assistance will play a critical role in addressing the challenge of implementing CAFTA by engaging the region's governments and civil society, and, ultimately, supporting the creation of an integrated Central American economy.

The USAID Program: The Data Sheets provided below notify four strategic objectives (SOs) for which USAID has requested FY 2004 funds: 1) strengthening regional economic integration by promoting open trade and investment policies; 2) promoting environmental management and disaster prevention; 3) diversifying rural economies; and 4) containing and controlling HIV/AIDS (this Data Sheet also notifies FY 2005 funds). Beginning in FY 2005, the Regional Trade and Investment, Regional Environment, and Rural Economic Diversification SOs will be incorporated into SO 596-022 "Economic Freedom: Open, Diversified, Expanding Economies" under USAID's new Central America and Mexico Regional Strategy, which is also notified below. A new Performance Fund for Central America and Mexico also notifies FY 2005 funds.

Other Program Elements: Central America benefits from programs managed by USAID's Office of Regional Sustainable Development (LAC/RSD) to strengthen regional mechanisms to promote human rights, fortify government accountability, promote decentralization and local governance, and provide outreach to civil society on trade and economic issues. LAC/RSD also manages programs to develop cleaner production technologies, as well as the Parks in Peril program to mitigate threats to conservation. The Bureau for Democracy, Conflict and Humanitarian Assistance's (DCHA) matching grant program leverages U.S. private voluntary financial resources to improve primary health care, evaluate nonprofit housing organizations, and promote microenterprise development. Through its farmer-to-farmer program, the Office of Private and Voluntary Cooperation (DCHA/PVC) funds short-term voluntary technical assistance to increase farm and agribusiness productivity and incomes. Finally, the Global Health Bureau's child survival program funds activities that provide technical assistance to reduce infant, child, and maternal mortality and morbidity.

Other Donors: USAID has been successful in encouraging other donors to work together on regional efforts in trade capacity building, the environment, and HIV/AIDS control. Overall development assistance to the region totals around $1.8 billion per year, excluding debt relief. The United States and Canada are the region's first and second largest bilateral partners, followed by Japan, the Netherlands, and Germany. Multilateral donor support is led by the Inter-American Development Bank, followed by the Central American Bank for Economic Integration, the World Bank, the European Union, and the United Nations.

Central America Regional Program
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	4,000	4,950	4,950	6,708
Development Assistance	15,792	24,383	16,487	21,582
Development Credit Authority	0	469	0	0
Total Program Funds	**19,792**	**29,802**	**21,437**	**28,290**

STRATEGIC OBJECTIVE SUMMARY				
596-005 Regional Trade and Investment				
DA	2,800	7,300	7,616	0
596-006 Central America Regional Environment Program				
DA	6,842	9,821	6,021	0
DCA	0	469	0	0
596-008 Regional HIV-AIDS				
CSH	4,000	4,186	0	0
DA	150	0	0	0
596-009 Increased Diversification of the Rural Economy				
DA	6,000	7,262	2,850	0
596-022 Economic Freedom				
DA	0	0	0	14,795
596-023 Investing in People				
CSH	0	764	4,950	4,950
596-025 Performance Fund				
CSH	0	0	0	1,758
DA	0	0	0	6,787

Mission Director,
Glenn Anders

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Regional Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-005
Proposed FY 2004 Obligation:	$7,616,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2004

Summary: The Regional Trade and Investment Program for Central America is increasing Central America's competitiveness in global markets by providing technical expertise to: 1) promote more open trade and investment policies; 2) accelerate Central America's process of regional integration; 3) promote more equitable and efficient labor markets; and 4) prepare Central America for free trade negotiations.

Inputs, Outputs, Activities:

FY 2004 Program:
Trade and investment policies ($1,630,000 DA). USAID will continue to promote more effective participation by the Central American countries in trade negotiations in order to advance the U.S.-Central American Free Trade Agreement (CAFTA), the Free Trade Area of the Americas (FTAA), and World Trade Organization (WTO) meetings. Technical assistance to the governments of Central America will assist them to: meet WTO and other international trade commitments; monitor and enforce intellectual property rights agreements; and design and enforce a legal framework for competition. These activities are being implemented by the Secretariat for Central American Economic Integration (SIECA) and new technical assistance from Robert Nathan Associates and Booz Allen & Hamilton.

Regional integration ($3,130,000 DA). USAID will fund technical assistance to: further reduce tariff and non-tariff barriers to trade within Central America; operationalize a regional trade dispute settlement mechanism in SIECA; consolidate and strengthen the regional customs union; harmonize commercial and regional electrical power laws and regulations; and promote integration and harmonization of regional road construction standards. These activities are being implemented by SIECA, PA Consulting (for energy-related assistance), and by new technical assistance from Booz Allen & Hamilton.

Equitable and efficient labor markets ($720,000 DA). Technical assistance to the Central American Ministries of Labor will increase the Ministries' capabilities to protect workers' rights and prepare them for CAFTA implementation. Technical assistance will also help governments develop harmonized labor skills certification standards, and support technical cooperation between and among the countries of Central America, Mexico, and Panama for best practices in vocational training. These activities are being implemented by SIECA.

Trade negotiations preparation ($2,136,000 DA). USAID will continue activities such as seminars, conferences, forums, and technical assistance that increase awareness and effective communication between Central American non-governmental organizations, the private sector, and Central American governments about the benefits of free trade negotiations and agreements. This activity is being implemented by SIECA, Carana Corporation, the Organization of American States' Trust for the Americas, and Counterpart International/Humane Society of the United States.

FY 2005 Program:
In FY 2005, activities will be reprogrammed into the new Regional Program Plan (SO 596-022 Economic Freedom: Open, Diversified Expanding Economies) under the Central America and Mexico (CAM) Regional Strategy.

Performance and Results: USAID assistance has directly resulted in harmonization of customs tariffs for 79% of products traded within Central America and elimination of customs tariffs for three (wheat flour, roasted coffee, and ethyl alcohol) of the seven remaining products subject to tariffs in trade within the region. USAID also improved functioning of border customs operations in seven Central American international ports and six integrated customs operations at border crossings between El Salvador, Honduras, and Guatemala.

USAID supported the establishment of a regional trade dispute settlement mechanism in SIECA that will facilitate increased intraregional trade and better transparency in dispute settlement. Establishment of this mechanism brings to fruition a commitment made 40 years ago in the Central American Common Market Treaty.

USAID was instrumental in effectively preparing Central American trade ministers for CAFTA negotiations. USAID provided a total of $1 million during FY 2003 to the five Central American trade ministries to support public outreach activities to increase public awareness about CAFTA and its benefits. This support helped keep the negotiation process on track and demonstrated clearly to Central American governments the U.S. government commitment to trade capacity building. USAID-funded technical assistance to the Central American Ministers of Labor facilitated negotiation of labor issues in CAFTA, helped harmonize core labor standards, and introduced the concept of private-sector voluntary enforcement of labor standards.

USAID funded the development and approval of two road construction guideline manuals (environmental standards for road construction, maintenance and design, and a study and evaluation of pavement bearing capacity) in FY 2003, which were approved by the Central American Council of Transport Ministers and are now being applied by universities, construction firms and municipalities in Central America.

By the end of activities USAID will have contributed to Central America's economic integration. Central Americans will have applied a better understanding and dialogue about the benefits and costs of free trade to make the region's economies more internationally competitive. CAFTA and FTAA will be in implementation. The staff of Central American labor and trade ministries will be trained in trade and labor issues, such as labor skills certification, labor regulations in CAFTA, customs valuation, and procedures and administration of free trade agreements. The Central American countries will be successfully implementing WTO commitments. The Central American customs union will be functioning well, reducing customs transit time and cost among countries. The region's intellectual property rights laws will be harmonized and enforced. Tariff and non-tariff barriers to intraregional trade will be reduced. The Central American trade dispute resolution mechanism will be fully functional. Regional energy laws and standards will have been developed and implemented, supporting the development of a regional energy market. Regional economic integration will be further enhanced by improved roads made possible in part by harmonized road construction and maintenance standards. Follow-on activities will build on the success of this objective.

US Financing in Thousands of Dollars

Central America Regional Program

596-005 Regional Trade and Investment	**DA**
Through September 30, 2002	
Obligations	3,400
Expenditures	1,108
Unliquidated	2,292
Fiscal Year 2003	
Obligations	7,300
Expenditures	2,944
Through September 30, 2003	
Obligations	10,700
Expenditures	4,052
Unliquidated	6,648
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	7,616
Total Planned Fiscal Year 2004	
Obligations	7,616
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	18,316

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Central America Regional Environment Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-006
Proposed FY 2004 Obligation:	$6,021,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2004

Summary: The Regional Environmental Program for Central America supports improved environmental management, including disaster mitigation, in the Mesoamerican Biological Corridor by providing training and technical assistance to: 1) improve protected area management; 2) increase access to financial resources and expanded markets for environmentally sound products and services; 3) harmonize environmental standards and regulations; and 4) increase use of less polluting technologies by municipalities and the private sector. Beneficiaries are all the people of Central America (36 million), particularly those whose livelihoods depend on the natural resource base.

Inputs, Outputs, Activities:

FY 2004 Program:
Protected area management ($921,000 DA). In order to improve management of protected areas, USAID will fund technical assistance to complete development of co-management guidelines, which will allow local non-governmental organizations (NGOs) to work with local governments to mange protected areas. In addition, USAID will fund training in site conservation planning, financial planning, and participatory management of protected areas for park personnel. Principle grantees are the Nature Conservancy (prime), the World Wildlife Fund (sub), and the Rainforest Alliance (sub).

Market access for environmentally sound products and services ($750,000 DA). USAID will fund technical assistance to develop a commercial forestry database, agricultural certification models, and linkages with organic producers and markets to increase market access for environmentally sound products and services. Better management practices for traditional fisheries and coral reef conservation will be disseminated and promoted. As part of a private sector alliance, USAID will begin implementing sustainable agriculture activities and improving the way forest products are marketed. Principle grantees are the Nature Conservancy (prime), the World Wildlife Fund (sub), and the Rainforest Alliance (sub).

Regional environmental laws and international agreements ($850,000 DA). USAID-financed technical assistance and training will advance development of regional air quality policies, as well as regional norms on product packaging, classification, and labeling, and teach government officials how to conduct environmental inspections. In addition, USAID will focus efforts on creating the conditions to enforce key environmental agreements dealing with hazardous chemical substances. Principal grantees and agencies are the Central American Commission on Environment and Development, U.S. Environmental Protection Agency (EPA), and the U.S. Department of Agriculture (USDA).

Use of less polluting technologies ($600,000 DA). USAID will finance technical assistance to update and finalize three environmental management guidebooks for use by municipalities in regional watersheds. Development of 15 pilot projects for slaughterhouse wastewater treatment and solid waste prevention and management will advance adoption of less polluting technologies in related industries. USAID will also test sustainable wastewater management plants in two municipalities and finance training for 30 municipalities on designing municipal solid waste and wastewater management systems and leveraging financial resources. USAID will fund technical assistance to develop bankable projects under the Central

America Regional Clean Production Development Credit Authority (DCA), which makes available a $10 million line of credit for associations of private sector industries to incorporate environmental management into their operations. The prime contractor is Associates in Rural Development, Inc.

Small grants program ($500,000 DA). USAID will award grants to Central American NGOs to improve environmental management in the Mesoamerican Biological Corridor. Along with monitoring the first set of activities approved in FY 2003, USAID will fund assistance to recipient NGOs to strengthen their administrative and technical capacities. Principal grantee is the Tropical Agricultural Research and Higher Education Center (CATIE).

Fire and pest management ($600,000 DA). USAID will fund an analysis of fire and pest management issues and organizations in Central America, and preparation of a proposal for effective financial mechanisms for fire and pest management. This project includes: a review of regulatory frameworks; creation of a web-based regional information network; training for strategy development; establishment of a small grants program; and donor coordination. The principal agency is the U.S. Department of Interior.

Mesoamerican food security early warning system (MFEWS) ($1,000,000 DA). MFEWS will support formation of networks that provide timely information for food security. MFEWS will establish its field presence, develop an annual work plan, inventory country needs in Guatemala, Honduras, and Nicaragua, begin development of a nutritional indicator, and facilitate an annual outlook conference in each country. The prime contractor is Chemonics International, Inc.

Global climate change ($800,000 DA). USAID will fund training for national governments, universities, and NGOs on the International Panel of Climate Change Good Practices, and analyze land cover data. Technical assistance to Central American governments will assist governments in analyzing key greenhouse gas emission sources, documenting institutional arrangements, and begin preparing a template for inventory improvement plans. This project will establish a network of Geographic Information System (GIS) workstations and collate and analyze regional climate data. Principal agencies are EPA and the National Aeronautics and Space Administration (NASA).

FY 2005 Program:
In FY 2005, activities will be reprogrammed into the new Regional Program Plan (SO 596-022 Economic Freedom: Open, Diversified Expanding Economies) under the Central America and Mexico (CAM) Regional Strategy.

Performance and Results: USAID has established several Global Development Alliance activities including: the Mesoamerican Reef Alliance between USAID ($1.5 million) and the United Nations Foundation ($1.5 million); the Rainforest Certified Sustainable Products Alliance (a three-year activity to promote certified products, i.e., coffee, bananas and timber); and the Conservation International/ Starbucks coffee alliance. USAID and three Central American banks (Cuscatlán in El Salvador, Panabank in Panama, and Bancentro in Nicaragua) have established the regional Clean Production DCA, and additional banks in two other countries will join in March 2004. In Nicaragua, the concept of "Preferential Purchase Programs" was incorporated into the forestry law. Thirty-five private industries have implemented low-cost best practices in their production processes. Three municipalities in El Salvador improved solid waste and wastewater management by introducing low-cost technologies. Río Plátano Biosphere Reserve (Honduras), which accounts for 832,024 hectares under improved management as a result of USAID's work, moved from level two to level three on the improved management scale.

By completion of these activities, USAID expects that 16 protected areas (more than 1.6 million hectares) will be effectively managed; and 402 forestry, agricultural and tourism operations covering 54,000 hectares will be in the process of being certified, producing 15,500 cubic meters of certified wood and 270,144 tons of certified agricultural products. Central American environmental standards and regulations will be harmonized, with greater regional capacity to apply them. A total of 60 municipalities and private sector firms will be implementing improved environmental management practices. Follow-on activities will build on these results.

US Financing in Thousands of Dollars

Central America Regional Program

596-006 Central America Regional Environment Program	DA	DCA
Through September 30, 2002		
Obligations	15,072	0
Expenditures	4,201	0
Unliquidated	10,871	0
Fiscal Year 2003		
Obligations	10,412	469
Expenditures	5,131	0
Through September 30, 2003		
Obligations	25,484	469
Expenditures	9,332	0
Unliquidated	16,152	469
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	6,021	0
Total Planned Fiscal Year 2004		
Obligations	6,021	0
Proposed Fiscal Year 2005 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	31,505	469

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Increased Diversification of the Rural Economy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-009
Proposed FY 2004 Obligation:	$2,850,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2004

Summary: The Rural Diversification Strategic Objective supports the President's Opportunity Alliance for Central America and Mexico. The Opportunity Alliance responds to the challenge of addressing poverty issues in Mesoamerica, while reducing vulnerability to external shocks and disasters, through a trade-led, rural development initiative to forge stronger institutional ties within the region. The Opportunity Alliance is pioneering innovative ways to mobilize private sector partners, donors, and voluntary organizations to leverage resources in support of a common agenda. This strategic objective was developed in close collaboration with USAID bilateral missions in the region to support other regional and bilateral efforts to help reduce dependence on traditional crops and address structural problems that constrain rural economic growth and diversification.

Inputs, Outputs, Activities:

FY 2004 Program:
Coffee quality and marketing ($250,000 DA). USAID-funded technical assistance will help increase the competitiveness and sustainability of small- and medium-scale coffee producers by: enhancing quality at the farm and coffee wet mill levels; introducing better business practices; improving market differentiation and certification; increasing value added; enhancing promotional strategies; improving market information and linkages with buyers and roasters; and encouraging market-oriented policies to enhance coffee export competitiveness. Principal contractors and grantees are: Chemonics International (prime), the Coffee Quality Institute, the United States Geological Survey, and the Rainforest Alliance (sub).

Competitiveness of the rural economy ($2,400,000 DA). USAID will help develop a more competitive rural private sector in Central America by facilitating the development of alliances and networks to address immediate problems. Alliances and networks will improve access to markets, facilitate effective business partnerships, improve business skills, and increase sales of higher quality goods and services produced in rural areas. Principal activities will focus on business development and market intelligence, sanitary and phytosanitary services (regulatory capacity, admissibility, accreditation, and quality assurance), regional agricultural statistics, and policy. Principal agencies are: the U.S. Department of Agriculture (USDA) National Agricultural Statistics System, the USDA Animal and Plant Health Protection Service, and other contractors and grantees to be determined.

Electronic alliance ($200,000 DA). USAID will establish a regional information system to facilitate public-private alliance brokering, public outreach, information sharing, and results reporting. The system will include an innovative web-based toolkit, with links to related sites, to promote alliances, consolidate partnerships, facilitate timely communication and virtual consultation, improve progress reporting and publicity, and increase access to information in order to enhance competitiveness and improve risk management. Activities will begin during FY 2004. The principal contractor is to be determined.

FY 2005 Program:
In FY 2005, activities will be reprogrammed into the new Regional Program Plan (SO 596-022 Economic Freedom: Open, Diversified Expanding Economies) under the Central America and Mexico (CAM) Regional Strategy.

Performance and Results: The Rural Diversification Strategic Objective will increase the sale of nontraditional goods, services, and crops (including high quality coffees) by small- and medium-scale producers. Implementation began in the second quarter of FY 2003, with activities for improved coffee quality and marketing concentrated in the regions within the Dominican Republic and the six countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) that are the main producers and exporters of high quality and premium coffees. These activities emphasize small- and medium-scale producers as the first line beneficiaries within the context of a market-driven approach.

In the first nine months of implementation, USAID assessed 25 producer groups for managerial and financial needs in Guatemala (6), El Salvador (8), Honduras (3), Nicaragua (3), Costa Rica (3), and Panama (2). Cupping laboratories were reviewed for six producer groups in El Salvador (1), Honduras (1), and Costa Rica (3); and wet mill needs assessed for 18 producer groups in Guatemala (5), Honduras (3), Costa Rica (3), Panama (1), and the Dominican Republic (6). Timely commercial-scale market trials with the Marcala Organic Coffee Company late in the marketing year also resulted in the sale of three containers (75,000 pounds) of high-value coffee from Honduras at $0.85/pound. Recently, this organization sold three containers (112,500 pounds) of high-value coffee at $0.95/pound during the 2003-2004 harvest season that were bought before the harvest, and before the coffee could be sampled. This is an indication of increased buyer confidence in the quality of the coffee.

Achievement in the coffee quality and marketing component will be measured by the increase in the market share and value of quality coffee originating in Central America and the Dominican Republic. In FY 2004, efforts are expected to result in: the sale of 50 containers of quality coffee; certification of 500 coffee producers; provision of direct services to 5,000 producers, producing 500,000 bags of quality coffee; formation of a Regional Specialty Coffee Association; and price premiums of $80 to $100 per quintal received for quality coffee.

The rural competitiveness component was designed in FY 2003, and implementation will begin in FY 2004. Overall achievement will be measured by increased volume and value of sales of goods and services produced in rural areas. Baseline data and indicator targets will be finalized during the coming year and carried forward under the new CAM Regional Strategy.

By the end of activities, USAID expects to increase the sale of nontraditional goods, services and crops (including high quality coffees) by small- and medium-scale producers. The program will specifically seek to increase: the area producing quality coffee; income for farmers engaged in quality coffee production; the volume and value of quality coffee exports; domestic consumption of quality coffee; and intraregional coffee trade. Follow-on activities will build on these results.

US Financing in Thousands of Dollars

Central America Regional Program

596-009 Increased Diversification of the Rural Economy	DA
Through September 30, 2002	
Obligations	6,000
Expenditures	0
Unliquidated	6,000
Fiscal Year 2003	
Obligations	7,550
Expenditures	1,821
Through September 30, 2003	
Obligations	13,550
Expenditures	1,821
Unliquidated	11,729
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	2,850
Total Planned Fiscal Year 2004	
Obligations	2,850
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	16,400

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-022
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$14,795,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2008

Summary: As part of the new Central America and Mexico (CAM) Regional Strategy, USAID assistance to promote trade-led growth in the region will focus on achieving open, diversified and expanding economies. The principal results anticipated by the end of this strategy are: increased trade, both intraregional and total; greater contributions of higher value-added sectors (such as manufacturing, tourism, services, and "green products") to the economy; new jobs and economic opportunities leading to increased and more equitably distributed incomes; and improved management of critical watersheds and natural resources. These results will be achieved by assisting countries to: negotiate and implement free trade agreements; improve the quality of the business environment and enterprise competitiveness; broaden access to financial markets and services; and improve management and conservation of priority watersheds.

Inputs, Outputs, Activities:

FY 2004 Program:
Implementation of these activities begins in FY 2005, building on activities under SOs 596-005, 596-006, and 596-009.

FY 2005 Program:
Trade and investment ($5,500,000 DA). USAID will work with the member countries of the Central America Economic Integration Secretariat (SIECA) and affiliated countries to: 1) promote more open trade and investment policies within the U.S.-Central American Free Trade Agreement (CAFTA), the Free Trade Area of the Americas (FTAA), and the World Trade Organization (WTO) framework; 2) undertake regional initiatives to increase domestic and foreign investment; 3) harmonize environmental laws, regulations, and systems to respond to CAFTA requirements and the Central America-U.S. Agreement on biodiversity conservation (CONCAUSA); 4) accelerate regional integration through consolidation of the customs union and timely resolution of intraregional trade disputes; 5) promote more equitable and efficient labor markets through enactment and enforcement of harmonized labor laws and codes; 6) implement CAFTA through institutionalization of regional trade capacity building; and 7) prepare for the FTAA. The implementers will be SIECA and others to be identified.

Private enterprise competitiveness ($6,000,000 DA). USAID will promote linkages to markets and incentives for better management practices (such as premium prices for certified products). Conservation agreements with communities may be strengthened in key clusters. Sectors benefiting from this approach include, but are not limited to, tourism, forestry, and agribusiness. USAID will promote clean production practices among private enterprises in selected sites throughout the region. For example, in the Gulf of Fonseca, USAID will work with watermelon, melon, and peanut producers to decrease watershed contamination. The program will also support implementation of wastewater and solid waste management systems in collaboration with municipalities and the private sector. USAID will support a more competitive rural private sector in Central America by facilitating the development of alliances and networks to address immediate problems of regional importance. Alliances and networks will improve access to markets, facilitate effective business partnerships, improve business skills, and increase sales

of higher quality goods and services produced in rural areas. Principal activities will focus on business development and market intelligence, sanitary and phytosanitary services (regulatory capacity, admissibility, accreditation, and quality assurance), regional agricultural statistics, and policy. USAID will continue supporting a regional information system to facilitate public-private alliance brokering, information sharing, public outreach, and results reporting. Principal implementers will include the U.S. Department of Agriculture (USDA) National Agricultural Statistics System, the USDA Animal and Plan Health Protection Service, and other contractors and grantees to be determined.

Financial markets and services ($1,000,000 DA). USAID will promote integration of Central American financial markets and harmonization of financial market supervision. USAID plans to: support reforms to the banking legal framework of regional import, including secured transactions policies; promote use of the Development Credit Authority (DCA) to attract commercial banks into microfinance and export finance; promote linking of microfinance to commercial bank financing or "second-story" financial institutions; assist government regulatory entities to improve region-wide bank supervision; promote means of lessening transaction costs of remittances and increasing savings for productive uses and investments that facilitate growth; and promote competition among institutions in charge of transferring remittances. USAID will also facilitate and support submission of bankable projects to the regional Clean Production DCA - a $10 million line of credit for associations of private sector industries to incorporate environmental management into their operations - and look for new mechanisms to finance sustainable tourism activities in the region.

Watershed management ($2,295,000 DA). USAID will promote sustainable management of key watersheds and protected areas within the Mesoamerican Biological Corridor and promote the integrated natural resource methodology needed for sustainable use of productive resources across the region. Large-scale activities are designed to reduce or mitigate vulnerability to climate change at the local level and allow planners to target interventions to mitigate impacts from changes in land use. Information gathered will be provided to the Mesoamerican Early Warning System to inform decision making regarding disaster preparation/mitigation and food security. Activities also will mitigate the impact of fire by encouraging early planning and action to reduce the extent and severity of damage during the fire season. Finally, but most importantly, a concerted effort will be made to promote Tropical Forestry Conservation Act arrangements (where applicable), payment for environmental services through alliances with the private sector (i.e., water fund for Lake Yojoa in Honduras and Sierra de las Minas in Guatemala), and encouraging direct involvement by local groups that benefit directly from conservation efforts in their watersheds. Principal implementers will include the U.S. Environmental Protection Agency, the National Aeronautics and Space Administration, the Department of the Interior, the Oakridge National Laboratory, and other contractors and grantees to be determined.

Performance and Results: By strategic objective completion, Central America will increase trade, both intraregional and total; higher value-added sectors will be contributing to the economy; availability and access to financial services by small- and medium-sized enterprises and exporters will increase; and watershed management will be improved.

US Financing in Thousands of Dollars

Central America Regional Program

596-022 Economic Freedom	**DA**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	14,795
Future Obligations	0
Est. Total Cost	14,795

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	596-023
Proposed FY 2004 Obligation:	$4,950,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,950,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: HIV/AIDS continues to threaten development in Central America and Mexico. Regional migration due to past civil unrest, the demand for seasonal labor, greater economic integration, more open border policies, and improved regional transportation routes exacerbate the spread of HIV/AIDS both within the region and towards the North. The overall cumulative prevalence of AIDS cases for the region, as well as under-reporting of the number of cases, shows considerable variation across countries. The limited existing data indicates that all the countries except Honduras fall into the "Concentrated" category with certain sub-groups of the population being particularly affected. In Honduras, the pandemic has spread to the general population and is the leading cause of death among women of reproductive age. As HIV/AIDS becomes well established in the heterosexual population, transmission from mother to unborn/newborn child clearly increases. However, there is still an opportunity to contain the spread of the pandemic in Central America through sound targeted prevention practices and avoid a full blown epidemic and loss of life and cost to society. Therefore, the Regional HIV/AIDS Program, under the Central America and Mexico Regional Strategy, focuses on: 1) increasing use of prevention practices and services to combat HIV/AIDS; 2) implementing improved HIV/AIDS policies and surveillance; and 3) effective and efficient delivery of comprehensive care and treatment for people living with HIV/AIDS.

Inputs, Outputs, Activities:

FY 2004 Program:
HIV/AIDS prevention ($1,930,000 CSH). USAID will continue to support targeted behavior change interventions to high-prevalence and other vulnerable populations that will result in reduction of risky behaviors (e.g., reduction of multiple partners, delayed initiation of sexual activity, and increased condom use in high-risk relations). USAID will expand interpersonal education services to reach higher-prevalence populations, while making affordable condoms available by increased nontraditional sales in high-risk zones. A revamped media campaign will strongly support the ABC (abstinence, be faithful, use condoms) strategy. Pending the results of an external evaluation, USAID may also support community-based planning through technical assistance, training, and small grants to municipalities with rapidly growing HIV/AIDS epidemics. Principal grantees are Population Services International and the Academy for Educational Development (AED).

HIV/AIDS policies ($1,550,000 CSH). USAID will continue to provide technical assistance to support implementation of improved HIV/AIDS policies, strategic plans, and monitoring and evaluation strategies. USAID has supported the national strategic planning processes as well as development of proposals to the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM), and will continue to work closely with countries in the modification of pending proposals, preparation of future proposals, and implementation, management, monitoring and evaluation, and coordination of GFATM activities in the context of the national strategic plans. Development and dissemination of projection models and socioeconomic impact studies will inform discussion on these issues. USAID-funded training and technical assistance will strengthen strategic alliances and existing legal rights service groups to work in HIV/AIDS-related areas and help people living with HIV/AIDS and other vulnerable groups under existing legislation. Principal grantees are AED (prime) and the Futures Group International (sub).

Surveillance and data ($1,270,000 CSH). USAID-funded technical assistance will help improve and implement national and regional surveillance systems. USAID will fund situation assessments, technical assistance, training, and rapid tests. The improved regional and national surveillance systems will ensure that: 1) AIDS and HIV case data are complete and accurate; 2) seroprevalence data are collected periodically from appropriate populations, analyzed and disseminated; 3) behavioral and special case-investigation studies are conducted periodically; 4) program and other relevant data are incorporated into the surveillance system; and, 5) information from the surveillance system is used to influence decision makers and other audiences. Principal agency will be the Centers for Disease Control and Prevention.

Comprehensive care ($200,000 CSH). USAID will fund the development of in-service training curricula for health professionals, as well as implementation of a graduate-level diploma course. A balanced ABC prevention component will be integrated into all of the activities. Contractor/grantee has not yet been selected.

FY 2005 Program:
HIV/AIDS prevention ($1,930,000 CSH). USAID will continue to support targeted behavior change interventions to high-prevalence and other vulnerable populations.

HIV/AIDS policies ($1,550,000 CSH). USAID plans to continue funding technical assistance activities to support implementation of improved HIV/AIDS policies, strategic plans, and monitoring and evaluation strategies as described above.

Surveillance and data ($1,270,000 CSH). USAID expects to continue funding activities to improve and implement national and regional HIV/AIDS surveillance systems as described above.

Comprehensive care ($200,000 CSH). USAID plans to continue funding the development of in-service training curricula for health professionals, as well as implementation of a graduate-level course.

Performance and Results: USAID has developed a pool of highly-qualified Central American professionals capable of providing guidance and leadership for the development and implementation of strategies and HIV/AIDS programming. All governments in the region have committed to expanding access to antiretroviral therapy, All countries, except Panama, have been approved for funding by the Global Fund to Fight AIDS, Tuberculosis, and Malaria. These commitments lay the foundation for comprehensive care and prevention programs. All of the governments, except Belize, have positive legislation protecting the rights of people living with AIDS. Seven new positive policy changes were recorded in FY 2003, including clinical protocols, commitment to expand access to low-cost generic medicines, and derogation of a discriminatory article on hiring people living with HIV/AIDS. These policies have contributed significantly to making antiretroviral therapy accessible to people living with HIV/AIDS, a key element in AIDS control. The number of people receiving antiretroviral therapy in the four core countries (Panama, El Salvador, Nicaragua and Guatemala) increased from 2,906 to 3,987, a gain of 37%. The policies have also helped reduce stigma and discrimination by emphasizing human rights for people living with HIV/AIDS. In December 2003, USAID completed a behavioral study which provides information on changes in behavior compared to 2000. The study also serves as a baseline for attitudes and knowledge of human rights, and will be used to develop a standardized questionnaire that can be compared internationally.

By program completion, USAID expects reduced incidence of HIV among high-prevalence groups and prevalence in the general population age 15 to 49 (male and female) maintained below 1%.

US Financing in Thousands of Dollars

Central America Regional Program

596-023 Investing in People	**CSH**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	764
Expenditures	0
Through September 30, 2003	
Obligations	764
Expenditures	0
Unliquidated	764
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	4,950
Total Planned Fiscal Year 2004	
Obligations	4,950
Proposed Fiscal Year 2005 NOA	
Obligations	4,950
Future Obligations	32,336
Est. Total Cost	43,000

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Performance Fund
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-025
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,758,000 CSH; $6,787,000 DA
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2008

Summary: The Bureau for Latin America and the Caribbean (LAC) is implementing a number of new approaches designed to improve the effectiveness and strategic focus of its programs. Foremost among these reforms are: strategic budgeting and a greater focus on regional priorities; a closer alignment with the Administration's proposed Millennium Challenge Account (MCA); and the establishment of an incentive-based Performance Fund that rewards good country performance.

The LAC Bureau Performance Fund supports the principles underlying the Administration's proposed Millennium Challenge Account, which conditions development assistance on performance and accountability. The three performance categories of the LAC Performance Fund parallel the performance categories of the MCA: Ruling Justly, Investing in People, and Encouraging Economic Freedom. For each LAC sub-region, the Performance Fund will be divided into three major categories corresponding to the three principal MCA categories, and awards will be made to the best performer under each category.

As part of Investing in People, the Fund will reward education performance in support of the Presidential Initiative on Central American Centers of Excellence for Teacher Training (CETT), which will help strengthen Spanish language teacher training methodologies and materials as well as complement USAID objectives regarding teacher professional development and improving basic education.

Inputs, Outputs, Activities:

FY 2004 Program:
None.

FY 2005 Program:
Performance Fund ($6,787,000 DA, $1,758,000 CSH). The Performance Fund will serve as an incentive to both USAID missions and host countries to work collaboratively to realign their approach to development, improving their focus on performance, and the achievement of measurable results. Funds will be disbursed to USAID missions, not the countries, for programming. However, USAID missions will work closely and collaboratively with the host country in applying to the LAC Bureau for funds in order to assure host country commitment to Performance Fund objectives. The Performance Fund is also supportive of the intent of USAID's new strategic budgeting process, which seeks to make the programming of USAID assistance more performance-driven.

The fund will not be available to countries that qualify for the MCA, but rather will focus on working to move countries towards MCA qualification. For many countries in the region, a Performance Fund award could be an important step leading towards MCA eligibility as it could provide the financing needed to make reforms required to meet MCA criteria. However, once a country qualifies for receiving MCA funding, it will no longer be included for consideration under the Performance Fund.

Funds will be divided roughly by the three strategic MCA categories identified above. The LAC Performance Fund will not, however, use MCA criteria to measure performance. Instead, it will use

criteria that will be specifically developed for each LAC subregion. The Performance Fund will operate on a competitive basis, with the best performer(s) in the subregion awarded funds. The LAC Bureau will analyze countries' performance annually, review proposals on how the missions would each use the additional funds, and select the best performing country and program under each strategic category. Once funding allocation decisions have been made, recipient missions will submit Congressional Notifications that describe how the additional funds will be used.

Performance and Results: High-level host country awareness of and commitment to the Performance Fund's objectives will rely on close host country involvement in developing indicators, benchmarks, and applications for funding; in-country ceremonies with high-level participation for funding awards; and press events. Expected principal outcomes are: 1) a greater focus on regional priorities by governments within the LAC region; 2) a closer alignment of USAID activities with the Administration's proposed MCA; and 3) positive policy reforms.

US Financing in Thousands of Dollars

Central America Regional Program

596-025 Performance Fund	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	0
Total Planned Fiscal Year 2004		
Obligations	0	0
Proposed Fiscal Year 2005 NOA		
Obligations	1,758	6,787
Future Obligations	0	0
Est. Total Cost	1,758	6,787

LAC Regional

The Development Challenge: The Latin America and Caribbean (LAC) region has evolved from decades marred by internal wars and authoritarian regimes to relative peace and stability. Colombia continues in conflict, while Venezuela and Bolivia have become less stable. Still, on balance, the region has normalized over the last several decades as countries have shifted from authoritarian rule to participatory, constitutional democracy. Even where governments fall due to popular pressure (as in Ecuador, Argentina, and Bolivia), they have managed to remain within constitutional constraints.

The region's gross domestic product (GDP) shrank by 0.8% in 2002, the worst economic performance since 1983. Last year's inflation edged up to 12% after eight years of steady decline, but is on track to return to trend at 8%-9% this year. Several countries with worrisome problems in the past are now in good standing with the International Monetary Fund. GDP of the LAC region grew by 1.5% in 2003 and is expected to continue to expand to 3.5% in 2004. Countries that have adopted sound fiscal policies and oriented their economies toward foreign investment and rules-based trade under the World Trade Organization have tended to resist the recent downturn better than those which have not taken such steps. Those countries stand to benefit more from the nascent world-wide and U.S. economic recovery and the related world-wide bull market in commodities. Further, the North American Free Trade Agreement (NAFTA) has contributed substantially to economic growth for its three partners. Since 1993, trade among the NAFTA countries has increased dramatically and U.S. merchandise exports have nearly doubled.

Despite these promising indicators of economic recovery, mediocre economic performance has caused per capita income in LAC countries to decline significantly since 1998, and poverty overall has increased. These woes have brought political discontent and turbulence, and raised questions about the health of democracy in the region, investment priorities, social sector policies, and the benefits of a decade of liberal reforms, even if sometimes halfhearted. The effects in the poorest countries, such as Haiti, and even regions within countries with generally solid economic performance, such as northeast Brazil, have been even more disheartening.

In education, the quality and equity of primary and secondary education are major problems. In most of Latin America, nearly one half of the children who enter primary school fail to make it to the fifth grade and only about 30% graduate from secondary school. Moreover, poor, rural, and indigenous students are least likely to be enrolled in school at any level and tend to score lower on achievement tests. Great inequities remain in the access to, and delivery of, quality health care in the LAC region. Maternal and neonatal mortality rates remain unacceptably high, and antimicrobial resistance patterns are on the increase. The Caribbean region has the second highest HIV/AIDS rate in the world. The entire LAC region has over two million people living with HIV, including the estimated 200,000 that contracted HIV in the past year. Other infectious diseases, such as dengue, are also posing an emerging threat.

Despite continued success in introducing new technologies for clean production in industry and improved practices in park and protected areas management, the environment in LAC region suffers from accelerating rates of severe degradation. This degradation is evident in the loss of many coastal reefs, eroded watersheds, and polluted water. It results in increased vulnerability to disasters and health problems, conflicts over natural resources, and reduced economic opportunities.

The Summit of the Americas continues to influence the foreign policy agenda in the region and has forged greater commitment among the 34 nations of the hemisphere to mutually agreed-upon priorities for addressing areas of critical concern. A special, interim summit in January 2004 solidified a robust set of targets for economic growth, social sector reform, and good governance, to which regional program resources will be dedicated.

The USAID Program: The Data Sheets below cover the eight objectives for which USAID is requesting FY 2004 and FY 2005 funds. These objectives focus on supporting the FTAA through regional trade capacity building and improving market access; strengthening democratic institutions and processes;

improving the quality of education; protecting the region's biodiversity; supporting new environmental technologies and partnerships; improving the health status of the region's population, with a particular emphasis on women and disadvantaged groups; program development and assessment; and advancing development cooperation opportunities in the hemisphere. In FY 2004, USAID will fund a follow-on strategic objective in health while continuing to support efforts in democracy, economic growth, education and the environment. In FY 2005, USAID plans to continue the activities in economic growth, environment, democracy and health. USAID will transfer $5,000,000 to the Department of State in FY 2005 to fund activities in anti-corruption and in support of the Summit of the Americas.

Other Program Elements: The LAC Regional program has been instrumental in developing several alliances and partnerships to benefit multiple countries in LAC. These include public-private partnerships to address the coffee crisis in Central America, protect the Meso-American coral reef, develop the certified timber industry in selected countries, improve basic reading skills of primary school children, and use remittances to promote increased access of the poor to financial services.

Other Donors: The United States is the largest provider of Official Development Assistance among all bilateral donors in the LAC region. Other major donors include the European Union, Japan, the Netherlands and Germany. Coordination with the World Bank, Inter-American Development Bank (IDB), Organization of American States (OAS), Pan American Health Organization (PAHO), and other regional and international organizations is excellent and helps USAID to promote U.S. foreign policy interests in the region, influence development policy, and shape the direction of other donor's programs. USAID also collaborates extensively with other U.S. agencies including the Departments of State, Justice, Agriculture, Education, and Health and Human Services, the U.S. Trade Representative, Environmental Protection Agency, and others. In the economic growth area, USAID, IDB, OAS and the Economic Commission for Latin America and the Caribbean collaborate to help Central American countries identify their trade capacity needs in preparation for the CAFTA. In the environment sector, USAID has partnered with the United Nations (UN) Foundation and various environmental NGOs and private industry to protect the Meso-American coral reef. In education, USAID is developing a public-private partnership to support the Presidential Summit Initiative, the Centers of Excellence for Teacher Training. USAID continues to collaborate with the World Bank, IDB, OAS, PAHO, and the UN to support the Inter-American Coalition for the Prevention of Violence in the Americas to promote national strategies to combat crime and violence. USAID works closely with PAHO, IDB, and the World Bank to implement its health initiatives.

LAC Regional
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	9,434	11,194	12,128	4,621
Development Assistance	39,910	36,734	51,574	32,501
Development Credit Authority	0	35	0	0
Economic Support Fund	16,163	5,470	15,362	14,000
Total Program Funds	**65,507**	**53,433**	**79,084**	**51,122**

STRATEGIC OBJECTIVE SUMMARY				
598-003 Health Priorities				
CSH	8,434	6,007	0	0
598-005 Regional Democracy Initiatives				
DA	4,500	4,538	4,194	5,000
ESF	4,163	5,000	4,924	0
598-006 Leadership Training				
CSH	1,000	0	0	0
DA	9,000	0	0	0
598-017 Market Access				
DA	3,150	3,126	4,700	5,000
DCA	0	35	0	0
ESF	0	470	0	0
598-018 U.S.-LAC Environmental Partnership				
DA	895	172	300	500
598-019 Participation in FTAA Process				
DA	1,030	0	0	0
598-020 Program Development and Learning				
CSH	0	1,187	5,105	271
DA	2,021	867	1,955	1,349
598-021 Special Development Opportunities				
CSH	0	4,000	623	0
DA	3,759	3,340	18,240	3,752
ESF	0	0	10,438	9,000
598-022 Conservation of Biological Resources				
DA	7,200	4,746	4,500	4,900
598-023 Education and Training Improvement				
DA	8,355	19,945	17,685	12,000
ESF	12,000	0	0	0
598-024 Health Advancement				
CSH	0	0	6,400	4,350

TRANSFER				
ESF	0	0	0	5,000

Mission Director,
Adolfo Franco

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Regional Democracy Initiatives
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	598-005
Proposed FY 2004 Obligation:	$4,194,000 DA; $4,924,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,000,000 DA
Year of Initial Obligation:	1996
Year of Final Obligation:	2007

Summary: The Latin America and Caribbean (LAC) regional democracy and governance program supports the deepening of democracy in LAC by strengthening regional institutions, networks and initiatives to: (a) enhance human rights protections and advance justice sector modernization and reform; (b) reduce violent conflict and crime; (c) improve public sector legitimacy through good governance and accountability; and (d) increase civil society capacity to facilitate citizen participation and oversight of government.

Inputs, Outputs, Activities:

FY 2004 Program:
Human rights and rule of law ($1,294,000 DA; $4,924,000 ESF). USAID will assist LAC governments and non-governmental organizations to expand human rights protection, foster inclusion of all groups in public life, and strengthen the use of the Inter-American System of Human Rights to integrate international human rights standards into local practice. USAID support of Inter-American coalitions will help bring innovative solutions to violence prevention and crime reduction. Community-oriented policing and other community-based citizen security initiatives will be implemented. USAID will expand assistance to regional networks of justice reformers, and comparative analysis of sector reforms will augment ongoing national justice modernization efforts. Strategies for conflict prevention at the local, national and regional levels will be expanded. Prime implementers include the Inter-American Institute of Human Rights (IIDH), Inter-American Coalition for the Prevention of Violence, Justice Studies Center of the Americas, and the Department of Justice.

Public sector legitimacy ($1,600,000 DA). USAID will document successful methodologies to implement country level anti-corruption strategies to increase internal controls, improve transparency and expand accountability. Regional associations of electoral commissions will be assisted to improve the independence of electoral systems and opportunities to promote political party reform. Methodologies will be developed to measure the advances in local government capacity for participatory planning and service delivery. Distance-learning techniques and technical assistance to improve local government capacity in financial management, citizen participation, and knowledge management will be expanded. Prime implementers include Casals and Associates, Center for Electoral Assistance and Promotion (CAPEL), and International City and County Management Association (ICMA).

Pluralism and citizen participation ($1,300,000 DA). USAID will assist civil society to develop a more pluralistic and participatory democratic culture across the hemisphere. This includes civil society follow-up to the Summit of the Americas and the Inter-American Convention Against Corruption (IACAC). Partners of the Americas is the prime implementer.

FY 2005 Program:
Human rights and rule of law ($2,000,000 DA). USAID will focus on community-based and national-level assistance to prevent violence and address insecurity, along with regional networks to disseminate and

exchange promising practices. Technical assistance, based on comparative justice sector research, will complement LAC bilateral justice programs. Same implementers as above.

Public sector legitimacy ($1,800,000 DA). USAID will refine methodologies to complement bilateral anti-corruption efforts with lessons learned disseminated and replicated in collaboration with LAC country programs. Implementers will include CAPEL (prime) and others to be determined.

Pluralism, citizen participation and municipal decentralization ($1,200,000 DA). USAID will use DA to continue providing support for civil society organizations to develop and inform local and national Summit and IACAC agendas and to follow-up on their implementation. The program will also support the development of local and national civil society agendas to address key concerns, such as anti-corruption and citizen security. Emphasis will be directed at building coalitions between civil society organizations and local governments to further implement decentralization policies and programs that enable greater citizen participation in local level decision-making and oversight. The prime implementer will be Partners of the Americas.

Performance and Results: Under advancing transparency and the rule of law, the USAID-supported anticorruption website (www.respondanet.com) provides state-of-the-art information on anticorruption issues and practices in the Americas. Over four million people visit the site annually. In El Salvador, the regional police assistance program helped develop an emergency 911 service for police which led to more than a 300% increase in calls, reflecting a rise in public confidence in the police. The Justice Studies Center of the Americas (JSC) disseminated information on best practices in legal reform which generated debate in Mexico on updating that country's criminal justice system--just one example of JSC publications, outreach and assistance programs, and judicial training leaving their mark on the hemisphere. Moving towards sustainability, JSC has diversified its funding base with more than 50% of its funding now coming from other donors. IIDH played a critical role in helping Guatemala's first round presidential election be a success by providing technical assistance to the Supreme Electoral Commission.

In terms of civil society, the Inter-American Democracy Network expanded its reach while changing major law and policy across the region. The network spans about 250 local civil society organizations (CSOs) across the hemisphere. It effectively fostered partnerships between governments and civil society across borders, and CSO-to-CSO links to promote citizen participation in public decision-making.

USAID promoted transparency and participation in the Summit of the Americas process and provided strategic analysis and guidance to countries on trafficking in women and children, helping countries curb this practice and protect vulnerable populations.

Working through IIDH, USAID has fostered psychological assistance programs for victims of torture and created a support network for victims in each country of Latin America. Psychological experts were identified in each country where cases are pending appearance before the Inter-American Court. A workshop marked the first time lawyers, psychologists, and other experts discussed patient needs and case preparation to present stronger testimony and better-prepared plaintiffs. The outcome included a systemization of the methodology for psychological attention as well as an established cadre of psychologists to advise and train lawyers representing victims of torture.

To make local governments more effective, USAID joined with the Central American Federation of Municipalities to promote electronic networking and increased participation in local government decision-making, taking advantage of best practices and internet connectivity. USAID continued support to improve the capacity of Central American municipalities to respond effectively to the needs of its citizens.

By FY 2007, the LAC Regional democracy program will have contributed to strengthened regional institutions, networks, and initiatives to deepen democracy in the LAC region.

US Financing in Thousands of Dollars

LAC Regional

598-005 Regional Democracy Initiatives	DA	ESF
Through September 30, 2002		
Obligations	67,465	115,821
Expenditures	62,491	106,047
Unliquidated	4,974	9,774
Fiscal Year 2003		
Obligations	4,849	1,710
Expenditures	8,605	6,605
Through September 30, 2003		
Obligations	72,314	117,531
Expenditures	71,096	112,652
Unliquidated	1,218	4,879
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,194	4,924
Total Planned Fiscal Year 2004		
Obligations	4,194	4,924
Proposed Fiscal Year 2005 NOA		
Obligations	5,000	0
Future Obligations	7,229	36,790
Est. Total Cost	88,737	159,245

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Market Access
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-017
Proposed FY 2004 Obligation:	$4,700,000 DA
Prior Year Unobligated:	$5,000 DA
Proposed FY 2005 Obligation:	$5,000,000 DA
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: USAID's Market Access program contributes to economic growth and poverty reduction by improving the enabling environment for trade and broad participation in property, finance, and product markets. USAID efforts will support policy dialogue, best practices identification and dissemination, and innovative approaches to reduce asset-related constraints to market participation. Trade capacity building assistance will help Latin America and Caribbean (LAC) countries participate in and benefit from the Free Trade Area of the Americas (FTAA) negotiations and the pending U.S.-Central America Free Trade Area (CAFTA) agreement. USAID-funded technical assistance and training will increase LAC countries' capacity to transition to free trade and become competitive participants in the global marketplace.

Inputs, Outputs, Activities:

FY 2004 Program:
Asset related constraints reduced ($2,350,000 DA). USAID-funded technical assistance, assessments/analyses, and regional workshops will be undertaken to improve property rights systems across the LAC region. Technical assistance will be a catalyst to innovations that improve access to finance. USAID will support pilot activities that contribute to lower transaction costs for remittance transfers and that help to encourage the investment of remittances by engaging new financial partners to serve remittance recipients. The program will encourage microfinance institutions to develop their capacity to expand micro and small enterprise access to private sector credit. USAID-financed technical assistance will also help ensure that maximum benefits from emerging free trade agreements accrue to rural entrepreneurs working in agriculture and non-farm ventures. Activities that foster business links, improve capacity to meet quality standards, and reduce other constraints to doing business and meeting market demand will be undertaken. Alliances with the private sector will be facilitated. Analysis and dialogue on policy needs will also be undertaken. Prime implementers include Chemonics International, the Inter-American Development Bank, the World Bank, Organization of the American States, ACCION International, FINCA, CARANA Corporation, and the U.S. Department of Agriculture and its university partner (Michigan State University).

Business related constraints reduced ($2,350,000 DA). Negotiation-related technical assistance and training will assist LAC countries implement their national trade capacity building strategies under the FTAA Hemispheric Cooperation Program. The program supports a trade outreach activity to facilitate information dissemination on the benefits of free trade and to foster or strengthen feedback mechanisms for the private sector and civil society into the negotiation process. Prime implementers include CARANA Corporation and other U.S. Government agencies.

FY 2005 Program:
Asset related constraints reduced ($2,500,000 DA). USAID's program will provide technical assistance and support assessments and policy dialogue to help countries improve property rights systems, contribute to broadening access to finance through supporting innovative approaches and best practices

adoption, and help improve linkages between trade and rural development through activities that enable entrepreneurs to identify and meet market demand. Same implementers as above.

Business related constraints reduced ($2,500,000 DA). The trade capacity building program will continue to support technical assistance, training, and outreach for countries as they engage in negotiations for the FTAA and as they transition to freer trade under new agreements such as CAFTA. Same implementers as above.

Performance and Results: USAID supported important regional policy events that promoted concrete actions to ultimately bring countries closer to achieving Summit of the Americas goals of reforming property registration systems. For example, a Caribbean Land Policy Network was formed and recognized by the Caribbean Community Secretariat as an important means to coordinate professional development in the region and to help lead the way to improved policies. In Guatemala, stakeholders with opposing views on land conflict resolution began a constructive dialogue at a roundtable that has been maintained in their country.

USAID supported innovative activities to improve access to financial services for micro and small enterprises, largely in rural areas. For example, USAID's microfinance partners are now engaging in cost-saving approaches to remittance transfers, and pilot efforts are helping hometown associations improve their community remittance-funded projects. Research on remittance flows and their potential to leverage greater impact was completed and disseminated, spawning further interest by other USAID programs. The Development Credit Authority (DCA) was used to help enhance rural finance lending to small, environmentally friendly, rural entrepreneurs. Combining the DCA with USAID's Global Development Alliance program, a Finance Alliance for Sustainable Trade is being established to expand market opportunities in rural areas. Finally, USAID began implementing a venture capital fund activity to foster small business growth in the Andean region.

Public-private alliances are helping small farmers increase incomes by selling to specialty markets. The Central American Quality Coffee Alliance is helping to expand partnerships with U.S. and European coffee traders and roasters. Producers are improving the quality of their product and establishing better links to the market. Similarly, the Andean Regional Cocoa Alliance was launched, bringing corporate industry leaders together with small farmers to increase farmer incomes and help provide a marketably-sound alternative to illicit crops.

USAID played a key role in the trade capacity building components of the CAFTA and FTAA negotiations, participating both in the negotiations and the U.S. Government inter-agency process. USAID contributed to the design of the template used by the Central American countries (and, subsequently, by other LAC countries) to prepare national trade capacity building strategies. Under the FTAA Hemispheric Cooperation Program, technical assistance helped Bolivia, Guyana, Peru, and Suriname prepare their trade capacity building strategies, thereby ensuring a consistent U.S. Government message within the response to each country. Support to civil society outreach activities is also helping to keep the trade negotiation processes moving in a positive direction.

Continued progress in this objective will mean that by FY 2007, small producers and businesses in LAC will have greater access to markets, ultimately leading to increased incomes and greater opportunities for trade.

US Financing in Thousands of Dollars

LAC Regional

598-017 Market Access	DA	DCA
Through September 30, 2002		
Obligations	12,500	0
Expenditures	7,661	0
Unliquidated	4,839	0
Fiscal Year 2003		
Obligations	3,415	31
Expenditures	5,506	0
Through September 30, 2003		
Obligations	15,915	31
Expenditures	13,167	0
Unliquidated	2,748	31
Prior Year Unobligated Funds		
Obligations	5	0
Planned Fiscal Year 2004 NOA		
Obligations	4,700	0
Total Planned Fiscal Year 2004		
Obligations	4,705	0
Proposed Fiscal Year 2005 NOA		
Obligations	5,000	0
Future Obligations	5,599	0
Est. Total Cost	31,219	31

Data Sheet

USAID Mission:	LAC Regional
Program Title:	U.S.-LAC Environmental Partnership
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-018
Proposed FY 2004 Obligation:	$300,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$500,000 DA
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: The U.S.-Latin America and Caribbean Environmental Partnership (U.S.-LACEP) program seeks to improve the environmental performance of targeted Latin America and Caribbean (LAC) businesses and communities by advancing replicable policy, technology, and finance mechanisms pertaining to: key trade-related environment issues within the context of the Free Trade Area of the Americas; efficient and renewable energy; industrial cleaner production; sound water resources management; and sustainable forestry.

Inputs, Outputs, Activities:

FY 2004 Program:
Trade and environment ($70,000 DA). USAID will continue to support activities that promote replicable market-based models for improved natural resource management. Environmental issues will be addressed that will arise in proposed free trade agreements in the LAC region emphasizing substantive research and technical dialogue. The program will continue to support regional and domestic analyses and dialogue on trade-environment issues in proposed Central America Free Trade Area countries, and may begin to incorporate countries in the Andes region. Implementers include the Organization of American States (prime) and the University of Miami North-South Center (sub).

Cleaner production ($90,000 DA). USAID will continue to support the adoption of cleaner production technologies in the LAC region through activities including: (1) the creation of a cleaner production resources website in English and Spanish hosting publications, web links, organizations, and financing resources available to small and medium sized enterprises; (2) discussions with the private sector in the Caribbean regarding the possible creation of a regional cleaner production center to serve that region; and (3) replication, in a second country, of a waste exchange model developed in Bolivia in FY 2003. In addition, USAID will continue to promote the innovative use of the Development Credit Authority (DCA) loan portfolio guarantee as a promising means of opening barriers to investments in cleaner technology, particularly by small and medium sized enterprises. Implementers include PA Government Associates, Inc. (prime) and World Environment Center (sub).

Water and sanitation ($70,000 DA). Through a continued partnership with USAID's Environmental Health Project, U.S.-LACEP will identify suitable and replicable management models for water supply and sanitation services in smaller towns and rural areas to complement and support the tremendous regional movement towards decentralization. The prime implementer is Camp Dresser & McKee International Inc.

Forestry ($70,000 DA). USAID will partner with the Sustainable Forest Products Global Alliance, a public-private partnership that supports biodiversity conservation and economic growth by promoting markets for responsibly harvested forest products. By contributing additional funds and technical assistance to the alliance, USAID will enhance the impact in the LAC region of alliance efforts to build the trade capacity of communities and small/medium enterprises by supporting the formation of producer groups; researching market trends and disseminating market information; and creating business networks through linking

producers to consumers in the international marketplace. Prime implementers include Metafor, World Wildlife Fund, and Forest Trends.

FY 2005 Program:
Trade and environment ($130,000 DA). USAID will provide technical assistance to enhance the understanding of, and commitment by, LAC governments to address critical trade-related environmental issues. Same implementers as above.

Water and sanitation ($115,000 DA). USAID will continue sanitation interventions in small towns that follow-up on water and sanitation decentralization activities. Same implementers as above.

Cleaner production ($140,000 DA). Technical assistance will be provided to develop regulatory frameworks, address financing constraints, and promote the transfer of U.S. environmental technologies and expertise for cleaner production. Same implementers as above.

Forestry ($115,000 DA). USAID will support public-private partnerships to identify and promote market opportunities for responsibly produced forest products. Implementers to be determined.

Performance and Results: U.S.-LACEP continues to build on previous experience with developing the DCA mechanism as a promising means of addressing the challenges that small and medium sized enterprises in the LAC region face in investing in cleaner technology. In FY 2003, following on a wave of interest generated by the promotion of a successful FY 2002 DCA in Peru, U.S.-LACEP partners provided technical assistance which resulted in the successful replication of the Peru model in Jamaica, Nicaragua, El Salvador, and Panama.

In FY 2003, U.S.-LACEP also made progress toward enhancing the understanding in key LAC countries of trade-related environmental issues and increasing these countries' in-country technical capacity to undertake environmental assessments of trade agreements. This was accomplished by facilitating analysis and dialogue on trade-related challenges and opportunities in Paraguay and Uruguay, within the MERCOSUR trade block, and Costa Rica and Guatemala, within the proposed Central America Free Trade Agreement block.

By the end of the program, the environmental performance of targeted LAC businesses and communities will be improved through the introduction of replicable market-based models. The adoption of improved policies, technologies and practices, and financing mechanisms will support environmentally-sound economic and social development.

US Financing in Thousands of Dollars

LAC Regional

598-018 U.S.-LAC Environmental Partnership	**DA**
Through September 30, 2002	
Obligations	2,723
Expenditures	1,881
Unliquidated	842
Fiscal Year 2003	
Obligations	172
Expenditures	828
Through September 30, 2003	
Obligations	2,895
Expenditures	2,709
Unliquidated	186
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	300
Total Planned Fiscal Year 2004	
Obligations	300
Proposed Fiscal Year 2005 NOA	
Obligations	500
Future Obligations	2,278
Est. Total Cost	5,973

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Program Development and Learning
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-020
Proposed FY 2004 Obligation:	$5,105,000 CSH; $1,955,000 DA
Prior Year Unobligated:	$321,000 CSH
Proposed FY 2005 Obligation:	$271,000 CSH; $1,349,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	Continuing

Summary: USAID's Program Development and Learning (PD&L) funded activities include: 1) technical advice and recommendations on sectoral issues; identification of trends that have regional implications; and analysis of regional, sub-regional, and cross-border issues; 2) development of new strategies or the refinement of existing strategies; improved quality of USAID country strategic plans; and identification and integration of cross-cutting themes into Operating Units' programs for enhancing complementarities among programs and overall program synergy; 3) identification of more effective ways to implement programs; analysis of performance, problems, and lessons-learned; 4) assessments to inform decisions regarding emergency responses; 5) increased integration of U.S. Government assistance provided bilaterally or regionally; and 6) compliance with Agency and U.S. Government regulations.

Inputs, Outputs, Activities:

FY 2004 Program:
Program Development and Learning ($5,105,000 CSH; $1,955,000 DA). USAID resources will support a wide variety of activities, including studies, analyses, assessments and evaluations; program design and development; and learning efforts for proposed activities and/or programs that are under consideration but do not yet fall within an existing strategic plan or objective. Examples include the studies and analyses needed to develop a new country strategy, design of a new program, or the evaluation of a completed program. In other cases, it may be too cumbersome and inefficient to include a particular activity within the construct of a single program. For example, a USAID Country Mission might need to access technical assistance for work covering multiple programs, cross-border or regional analyses, design work, or evaluations. The grantees, contractors and/or implementing agencies are determined after specific tasks are identified.

FY 2005 Program:
Program Development and Learning ($271,000 CSH; $1,349,000 DA). FY 2005 resources will be used to support a Mission's PD&L activities in order to fund studies, analyses, assessments, and evaluations; facilitate new strategy designs and supporting analyses; undertake program design and development; and develop learning efforts. The grantees, contractors, and/or implementing agencies are determined after specific task are identified.

Performance and Results: In FY 2003, the use of PD&L resources benefited countries region wide to either analyze constraints or develop new programs critical to the achievement of regional development objectives. For example, resources were used to fund a team to undertake a region wide condom distribution assessment survey; an assessment of the health needs in Ecuador; development of bureau-level performance indicators, as a result of the Office of Management and Budget's Performance Assessment Rating Tool exercise; and research and development services in support of various initiatives in the region. Funds were also used to support a democracy leadership conference in conjunction with the Department of State and the Blue Water to White Water Conference addressing environmental issues and the world's need for clean water.

PD&L activities will support programs in both presence and non-presence countries, as well as facilitate cross-border and regional analyses, studies and evaluative work. At the end of the program, LAC Bureau PD&L activities will have contributed to the achievement of Agency goals and objectives.

US Financing in Thousands of Dollars

LAC Regional

598-020 Program Development and Learning	CSH	DA
Through September 30, 2002		
Obligations	843	1,152
Expenditures	0	597
Unliquidated	843	555
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	843	1,152
Expenditures	0	597
Unliquidated	843	555
Prior Year Unobligated Funds		
Obligations	321	0
Planned Fiscal Year 2004 NOA		
Obligations	5,105	1,955
Total Planned Fiscal Year 2004		
Obligations	5,426	1,955
Proposed Fiscal Year 2005 NOA		
Obligations	271	1,349
Future Obligations	0	0
Est. Total Cost	6,540	4,456

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Special Development Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-021
Proposed FY 2004 Obligation:	$623,000 CSH; $18,240,000 DA; $10,438,000 ESF
Prior Year Unobligated:	$487,000 DA
Proposed FY 2005 Obligation:	$3,752,000 DA; $9,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	Continuing

Summary: Advancing Development Cooperation Opportunities in the Hemisphere (ADCOH) provides the Bureau for Latin America and the Caribbean (LAC) with the flexibility to respond to special development opportunities and foreign policy issues. Technical and training assistance will support: innovative approaches to promoting cooperation among regional partners; organizational strengthening efforts designed to improve the regional capacity to carry out development efforts; special initiatives that respond to foreign policy issues but do not fall under an approved strategic plan; and organizations with the objective of expanding the USAID network of partners working on development problems in LAC.

Inputs, Outputs, Activities:

FY 2004 Program:
Access to microfinance ($2,000,000 DA). Through the PRIME program, USAID will continue to support microenterprise development institutions in the region. Principal implementers are Development Alternatives, Chemonics, and IBM Consulting.

Expansion of labor unions ($3,000,000 DA). USAID will continue to promote labor unions in Latin America. Principal grantee: American Center for International Labor Solidarity (ACILS).

Trafficking in persons and protection of victims ($1,000,000 DA). USAID will support activities in the LAC region that document and analyze the extent of trafficking; increase public awareness; train local agencies to assist victims; and provide technical assistance to improve the legal framework to curb trafficking. Grantees are to be determined.

Victims of torture ($1,000,000 DA). USAID will assist treatment centers and organizations to extend mental health counseling to torture victims and provide training for health care providers to improve the quality of services. Grantees are to be determined.

Biodiversity ($10,000,000 DA). USAID will support biodiversity conservation activities, especially those involving indigenous groups in the Amazon Basin. Principal implementers are the Amazon Conservation Team and others to be determined.

Other development opportunities ($1,240,000 DA; $623,000 CSH; $237,000 DA prior year funding). USAID will identify additional opportunities to support innovative approaches to promoting cooperation among regional partners, strengthen regional capacity to carry out development efforts, and network with partners. For example, USAID may expand on the successful Haiti/Dominican Republic cross-border conflict mitigation pilot activity by establishing a second set of "twinned communities" and introducing health, education and agricultural trade school activities in those communities. USAID will continue to respond to special foreign policy concerns identified by Congress and the Administration. Implementers are to be determined.

Democracy in Venezuela ($497,000 ESF). USAID will provide technical assistance to strengthen democratic institutions and promote the rule of law and respect for human rights in Venezuela. Implementer will be the National Electoral Commission.

Argentina ($250,000 DA prior year funding). USAID will provide funds to further empower non-governmental organization (NGO) involvement in democratic and economic reforms in Argentina. Grantee to be determined.

Hemispheric cooperation ($9,941,000 ESF). USAID will provide trade negotiation-related technical assistance and training to improve the capacity of governments and civil society to better understand and participate in negotiation of the Free Trade Areas of the Americas and other bilateral/sub-regional trade agreements with the United States. Technical assistance and training will also support implementation of the Central American Free Trade Agreement, thereby helping countries to strengthen their capacity to compete in new markets. Generally, funds will be allocated to USAID operating units based on each country's national trade capacity building strategy. Implementers are to be determined.

FY 2005 Program:
Access to microfinance ($2,000,000 DA). Through the PRIME program, USAID will continue to support microenterprise development institutions in the region. Implementers are the same as above.

Expansion of labor unions ($600,000 DA). USAID will continue to promote labor unions in Latin America. The principal grantee is ACILS.

Trafficking in persons and protection of victims ($400,000 DA). USAID will continue to implement the activities described above. Grantees are to be determined.

Other development opportunities ($752,000 DA). USAID will continue to support activities described above. Implementers are to be determined.

Democracy in Venezuela ($500,000 ESF). USAID will continue to strengthen democratic institutions and promote the rule of law and respect for human rights. Implementer will be the same as above.

Trade capacity building ($8,500,000 ESF). USAID will continue to support the activities described above. Implementers are to be determined.

Performance and Results: ADCOH responded to numerous development opportunities in the region, and in many cases transferred funding directly to the respective USAID Mission. USAID support to the International Development Partnerships linked five historically black colleges and universities with higher education institutions in the LAC region.

USAID provided support for the Haiti/Dominican Republic Cross-Border Conflict Mitigation pilot activity. The pilot activity "twinned" Haitian and Dominican communities on the border, promoting dialogue and cooperative problem solving with a focus on increasing trade, employment, and income.

Research to clarify domestic and cross-border (Haiti to Dominican Republic) trafficking patterns and identify high incidence areas and populations most at risk has been completed. This research will position USAID to target its resources toward the most vulnerable groups and geographic areas.

At the end of this program, USAID will have contributed to the creation of innovative approaches that respond to regional social and economic issues that are critical to the U.S. national interest. These efforts will strengthen hemispheric coordination and dialogue and expand the network of partners working throughout the region to enhance economic growth and promote prosperity.

US Financing in Thousands of Dollars

LAC Regional

598-021 Special Development Opportunities	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	5,542	0
Expenditures	0	150	0
Unliquidated	0	5,392	0
Fiscal Year 2003			
Obligations	0	0	0
Expenditures	0	0	0
Through September 30, 2003			
Obligations	0	5,542	0
Expenditures	0	150	0
Unliquidated	0	5,392	0
Prior Year Unobligated Funds			
Obligations	0	487	0
Planned Fiscal Year 2004 NOA			
Obligations	623	18,240	10,438
Total Planned Fiscal Year 2004			
Obligations	623	18,727	10,438
Proposed Fiscal Year 2005 NOA			
Obligations	0	3,752	9,000
Future Obligations	0	0	0
Est. Total Cost	623	28,021	19,438

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Conservation of Biological Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-022
Proposed FY 2004 Obligation:	$4,500,000 DA
Prior Year Unobligated:	$25,000 DA
Proposed FY 2005 Obligation:	$4,900,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	2007

Summary: USAID's biological resources conservation program works to improve the conservation of the Latin America and Caribbean (LAC) region's globally significant biological resources. This regional program consists primarily of a mix of training and technical assistance to implement: Parks in Peril 2000, A Conservation Partnership for the Americas, regional conservation initiatives such as workshops and special studies, and the work of six regional environmental advisors.

Inputs, Outputs, Activities:

FY 2004 Program:
Parks in Peril 2000 ($3,500,000 DA). Technical assistance will be provided to strengthen the conservation capacity of selected threatened parks and reserves, with an emphasis on trans-border ecosystems and marine ecosystems. USAID will also support multi-site strategies that work to promote national and regional systems of conservation areas; promote strategic public-private conservation alliances; and develop innovative conservation finance models. Specific multi-site strategy activities include developing private land conservation mechanisms and tools, and advancing eco-regional planning processes. Implementers include The Nature Conservancy (prime) and in-country non-governmental organizations (e.g., The Friends of Nature Foundation, Bolivia; Defenders of Nature, Guatemala; ProNaturaleza, Peru; Pronature, Mexico as subs).

Regional conservation initiatives and technical advisors ($1,000,000 DA). USAID will support three Washington-based environment advisors that oversee LAC regional environmental programs and three regional environmental advisors that provide coordination and technical support to USAID programs in the LAC region. Regional conservation initiatives may also be supported. Prime implementers include the United States Department of Agriculture and U.S. personal services contractors.

FY 2005 Program:
Parks in Peril 2000 ($3,500,000 DA). USAID will continue to provide technical assistance to strengthen the conservation capacity of selected threatened parks and reserves; multi-site strategies; strategic public-private conservation alliances; and innovative conservation finance models. Same implementers as above.

Regional conservation initiatives and technical advisors ($1,400,000 DA). USAID will continue to support three Washington-based technical advisors and three regional environmental advisors. Regional conservation initiatives and environmental compliance training may also be implemented. Same implementers as above.

Performance and Results: USAID continues to improve the conservation of the LAC region's globally significant biological resources. In FY 2003, the highly successful site-based Parks in Peril (PiP) model increased management capacity of 12 parks in the areas of personnel, financial management, operations, and strategic planning and development. While achieving conservation objectives, PiP also advanced priority trade initiatives in the LAC region by developing and promoting flexible and voluntary financial

mechanisms; promoting public participation in decision-making; increasing market opportunities; enhancing productivity and competitiveness; and strengthening management across international borders. For example, in recognition of the important role the Panama Canal plays in international commerce, the program negotiated and secured a $10 million Tropical Forest Conservation debt swap with the Panamanian government which will provide approximately $375,000 per year for critical watershed protection for the canal. In addition to its contribution on trade initiatives, the PiP program is substantially advancing a new approach to the challenge of global climate change by transferring sequestration technologies to developing countries to promote sustainable development and minimize their greenhouse gas emissions growth. For example, in collaboration with the U.S. Department of Energy, PiP support for forest inventories; baseline carbon emission rates; and satellite image analyses resulted in the development and presentation to investors of a business plan for a Climate Action project in Central Selva, Peru.

In FY 2003, progress was made under the Neotropical Raptor Conservation Program in the areas of local capacity building; species research and restoration; communication; and education. Species research and restoration efforts resulted in improved data on the occurrence of the Grenada Hook-Billed Kite and Ridgeway Hawk and the propagation and release of several Harpy Eagles in Panama and Belize. The program also worked to improve communication and awareness of species' conservation issues by developing and initiating implementation of an internet-based Neotropical Raptor Conservation Network and several local environmental education initiatives.

Two regional conservation initiatives contributed to the conservation of LAC's biological resources. The first, a coral reef risk assessment, analyzed threats to coral reefs in the Caribbean, including coastal development; over fishing; and marine-based and land-based sources of pollution. The second initiative built capacity and competency among youth, non-governmental organizations, and community-based organizations in water quality monitoring and improvement measures in Panama, Mexico, and El Salvador. Information and lessons learned from both initiatives are being widely distributed to inform natural resource management and conservation planning decisions.

Continued progress in this objective will mean that by FY 2007, USAID will have significantly improved the conservation of the LAC region's biological resources. Twelve additional parks, reserves and conservation areas will have adequate management capacity.

US Financing in Thousands of Dollars

LAC Regional

598-022 Conservation of Biological Resources	DA
Through September 30, 2002	
Obligations	9,968
Expenditures	2,435
Unliquidated	7,533
Fiscal Year 2003	
Obligations	4,761
Expenditures	7,111
Through September 30, 2003	
Obligations	14,729
Expenditures	9,546
Unliquidated	5,183
Prior Year Unobligated Funds	
Obligations	25
Planned Fiscal Year 2004 NOA	
Obligations	4,500
Total Planned Fiscal Year 2004	
Obligations	4,525
Proposed Fiscal Year 2005 NOA	
Obligations	4,900
Future Obligations	5,812
Est. Total Cost	29,966

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Education and Training Improvement
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-023
Proposed FY 2004 Obligation:	$17,685,000 DA
Prior Year Unobligated:	$860,000 DA
Proposed FY 2005 Obligation:	$12,000,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2011

Summary: The Latin America and Caribbean (LAC) Regional education and training program provides technical assistance and training to improve the environment for education reform; skills of teachers and administrators; and relevance and skills of the workforce. The program supports regional educational reform initiatives; builds regional constituencies and networks to support improved quality education; and supports innovative cross-national research.

Inputs, Outputs, Activities:

FY 2004 Program:
Improving the environment for education reform ($3,000,000 DA). The USAID-supported Partnership for Educational Revitalization in the Americas (PREAL) will continue to improve the availability of education data as new national report cards are published. The recently published Central American Report Card will be expanded to selected provincial capitals, with presentations to Latin American legislatures, civil society organizations, and business leaders. PREAL affiliates will also begin a regular series of opinion articles on education policy for newspapers in LAC countries. Under the Civic Engagement for Education Reform in Central America (CERCA) activity, USAID will fund a planned regional workshop at which key constituencies and policy makers will examine educational management practices, including decentralization, that facilitate effective parental and community involvement. Prime implementers include the Inter-American Dialogue, Academy for Educational Development, Aquirre International, and Creative Associates.

Improving the skills of teachers and administrators ($6,885,000 DA). USAID will provide training and technical assistance under the Centers of Excellence in Teacher Training (CETT) for training of teachers and administrators. New materials will be developed and tested and research will be conducted on reading methodologies. USAID will initiate qualitative studies on the impact of new teaching methods in the classroom. More emphasis will be placed on involving the local communities and public-private partnerships in the Centers. Support from U.S.-based corporations and foundations will continue to be identified for the three CETT centers and local funding raising capacity within CETT countries will be developed. Prime implementers include the University of the West Indies, Universidad Peruana Cayetano Heredia, Universidad Pedagogica Nacional Francisco Morazan, Creative Associates International, Aguirre International, and International Medical Services for Health, Inc.

Improving the relevance and skills of the workforce ($7,800,000 DA). USAID will recruit new participants into the Cooperative Association of States for Scholarships (CASS) program to equip a broad base of leaders and potential leaders in LAC countries with skills, training, and education needed for effective participation in market-based economies and democratic societies. The USAID-funded training will offer technical skills that are in demand in the participants' home country. The prime implementer is Georgetown University Center for Intercultural Education and Development.

FY 2005 Program:
Improving the environment for education reform ($3,360,000 DA). Under CERCA, USAID will provide technical assistance to implement action plans to promote education reforms and mechanisms by which parents and communities can hold schools accountable. USAID will continue to expand PREAL's support base for educational improvements, particularly outside the capitals, and publish additional report cards. PREAL will also help public policy centers in several Central American countries develop systematic strategies to reform and improve education policy. These initiatives will analyze obstacles to reform, establish priorities and action plans, and form national task forces to implement the strategy. Same implementers as above.

Improving the skills of teachers and administrators ($840,000 DA). With continued technical assistance and training, CETT will reach its full potential to train annually about 5,000 teachers and administrators in the region. Research and qualitative studies on the new teaching methods and best practices will be widely distributed. The program will focus on applying those methods and practices using appropriate technology and distance education techniques. The development of the local capacity to raise funds within CETT countries will be complete and, coupled with the support from U.S.-based corporations and foundations, the three CETTS will be on the path to self-sufficiency. Same implementers as above.

Improving the relevance and skills of the workforce ($7,800,000 DA). USAID will continue to provide funds for participants under the CASS scholarship program. Same implementers as above.

Performance and Results: PREAL continues to provide high quality education data and policy reform support for the LAC region. PREAL produced two national and one regional report card in 2003 which have received wide recognition among political and education leaders across the hemisphere. Based on the success of the PREAL national report card in Colombia, a local foundation has asked for help in producing similar report cards for several large municipalities. PREAL-supported business groups, working nationally on education reform, have also gained increasing prominence in the region. In Panama and Guatemala, these business groups are producing policy documents for presentation to presidential candidates. In Honduras, PREAL's business-education group is initiating an adopt-a-school program.

In FY 2003, CERCA conducted analyses to identify opportunities for regional or multi-country activities in Central America and Mexico. These analyses will be influential in the development of education reform activities in those countries.

CETT began full operations in FY 2003. To date, 1,379 teachers have been trained; and, more than 45,000 children have benefited from the use of new teaching methodologies in their classrooms. A strategy has been developed to obtain private sector donations and a structure put in place to manage and distribute contributions. Technical assistance has been provided to universities in support of fundraising and fund management capabilities. Hundreds of companies were screened as potential contributors and a large donation was secured from Scholastic Books over the next three years.

CASS continues to have high completion and return rates. Of the 248 trainees scheduled to complete their programs in 2003, 240 (96.7%) were successful and 243 (98%) returned to their home country. Approximately 90% of the students gained employment upon their return. The CASS program recruited participants for the 2004 cycle.

By the end of the program, education reform efforts in the region, particularly in Central America, will be expanded and deepened; all Central American countries will be producing national report cards on the status and performance of their educational systems; and there will be a greater role for civil society and the business community in education reform. The CETT institutions will have improved programs for training teachers in reading instruction methodology; participating primary school teachers will have skills to effectively teach reading in the early grades; and more students will learn how to read. CASS participants will be successfully trained and will return to their countries to be gainfully employed.

US Financing in Thousands of Dollars

LAC Regional

598-023 Education and Training Improvement	CSH	DA	ESF
Through September 30, 2002			
Obligations	2,290	8,355	7,000
Expenditures	1,266	278	0
Unliquidated	1,024	8,077	7,000
Fiscal Year 2003			
Obligations	0	19,086	0
Expenditures	287	4,473	2,342
Through September 30, 2003			
Obligations	2,290	27,441	7,000
Expenditures	1,553	4,751	2,342
Unliquidated	737	22,690	4,658
Prior Year Unobligated Funds			
Obligations	0	860	0
Planned Fiscal Year 2004 NOA			
Obligations	0	17,685	0
Total Planned Fiscal Year 2004			
Obligations	0	18,545	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	12,000	0
Future Obligations	0	40,196	0
Est. Total Cost	2,290	98,182	7,000

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Health Advancement
Pillar:	Global Health
Strategic Objective:	598-024
Proposed FY 2004 Obligation:	$6,400,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,350,000 CSH
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2007

Summary: The LAC Regional health program will provide technical assistance and support to improve access and delivery of equitable, quality, and sustainable health care to the most impoverished in the region. The program will support regional activities that will lead to increasing the evidence base for LAC population, health, and nutrition (PHN) priorities; keeping decision makers better informed; and increasing advocacy and policy dialogue with decision makers at all levels, from Ministries of Health to local communities.

Inputs, Outputs, Activities:

FY 2004 Program:
Evidence base for PHN priorities increased ($2,200,000 CSH). USAID will provide technical assistance and support to improve and institutionalize health information, surveillance, and data collection systems; conduct workshops to strengthen analysis and use of data by decision makers; conduct regional trends analyses for equitable health program planning and health care delivery; conduct workshops focusing on transparency, quality, equity, and accountability of health care systems; conduct training programs to strengthen human resource capacity; and conduct formative and applied research on improving citizen participation in achieving greater access to and delivery of health care services. Contractors/grantees to be determined.

LAC decision makers better informed ($2,100,000 CSH). USAID will provide technical assistance and support for the translation of data from health information and surveillance systems for use by decision makers; provide platforms for the sharing of health best practices and lessons learned across the region; and conduct training programs for key decision makers in the use of health information and surveillance data to better inform resource deployment for greater health care coverage and service provision, especially to the most vulnerable and in need. Contractors/grantees to be determined.

Policy dialogue increased ($2,100,000 CSH). To address issues of inequity throughout the region and promote the involvement of civil society in the formulation of health policy, USAID will provide technical assistance; leadership; and facilitation to host-country governments and community organizations. USAID will support regional workshops, trainings, education, and capacity building activities that will facilitate the inclusion of members of communities residing in traditionally marginalized areas, participants from the media, and representatives from non-governmental and community-based organizations. Contractors/grantees to be determined.

FY 2005 Program:
Evidence base for PHN priorities increased ($1,450,000 CSH). USAID will continue to provide technical assistance and support for regional sentinal health information, surveillance and data collection systems, workshops, data analyses, and training. These efforts will help to monitor and detect the threat of infectious diseases, as well as detect possible emerging diseases, such as dengue, and will enable better informed decision-making that allocates resources to the most vulnerable populations who experience the poorest health. Same implementers as above.

LAC decision makers better informed ($1,450,000 CSH). USAID will continue to provide technical assistance and support for the analysis and use of data by decision makers at all levels; the strengthening of human resource capacity (to ensure continuation of sustainable health care programs); and the sharing and dissemination of lessons learned in the provision of equitable, quality health care access and delivery. Same implementers as above.

Community participation and civil society involvement ($1,450,000 CSH). Building upon results achieved in 2004, USAID will support regional efforts that promote the inclusion of members from civil society, marginalized communities, the media, and non-governmental and community-based organizations in the decision making processes that affect health policies in the region. Same implementers as above.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Performance and Results: Implementation of the program will begin in FY 2004; therefore, there are no results to report.

By the end of FY 2007, USAID expects that the evidence base for health priorities will be increased; LAC decision makers better informed; and policy dialogue increased, with the overall goal of increased equity, quality, and sustainability of health care provided in the region.

US Financing in Thousands of Dollars

LAC Regional

598-024 Health Advancement	CSH
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	6,400
Total Planned Fiscal Year 2004	
Obligations	6,400
Proposed Fiscal Year 2005 NOA	
Obligations	4,350
Future Obligations	0
Est. Total Cost	10,750

ACRONYMS

AACD	Activity Assistance Completion Date
AAD	Activity Approval Document
ACI	Andean Counterdrug Initiative
CABEI	Central American Bank for Economic Integration
CAFTA	U.S.-Central American Free Trade Agreement
CACEDERF	Central America and Caribbean Emergency Disaster Relief Fund
CARICOM	Caribbean Community
CBJ	Congressional Budget Justification
CDC	Centers for Disease Control and Prevention
CDIE	Center for Development Information and Evaluation
CEPAL	Economic Commission for Latin America
CERTI	Complex Emergency Response and Transition Initiative
CIDA	Canadian International Development Agency
CSH	Child Survival and Health Fund
CY	Calendar Year
DA	Development Assistance
DCHA	Democracy, Conflict and Humanitarian Assistance
DHS	Demographic Health Survey
DIMS	Democratic Indicators Monitoring Survey
DOD	Department of Defense, U.S. Government
DOJ	Department of Justice, U.S. Government
DPT	Diphtheria, Pertussis and Tetanus
EA	Environmental Assessment
EAI	Enterprise for the Americas Initiative
ECLAC	Economic Commission for Latin America and the Caribbean
ESF	Economic Support Fund
EU	European Union
FEMA	Federal Emergency Management Agency, U.S. Government
FFP	Food for Peace
FTAA	Free Trade Area of the Americas
FY	Fiscal Year
GCC	Global Climate Change
GDA	Global Development Alliance
GDP	Gross Domestic Product
GTZ	German Agency for Technical Cooperation
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
IADN	Inter-American Democracy Network
ICITAP	International Criminal Investigation and Training Assistance Program
ICRC	International Committee of the Red Cross
IDB	Inter-American Development Bank
IDP	Internally Displaced Persons
IFES	International Foundation for Electoral Systems
IG	Inspector General
IIDH	Inter-American Institute of Human Rights
IMF	International Monetary Fund
INC	International Narcotics Control (State Department)
INL	International Narcotics and Law Enforcement (State Department)
IOM	International Organization for Migration
IPR	Intellectual Property Rights
IQC	Indefinite Quantity Contract
IR	Intermediate Result
IRDP	Integrated Rural Development Program
JICA	Japanese International Cooperation Agency

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MCH	Maternal and Child Health
MPP	Mission Performance Plan
NAS	Narcotic Affairs Section (State Department)
NASA	National Aeronautics and Space Administration
NOAA	National Oceanic and Atmospheric Administration
NORAD	Norwegian Aid Agency
NRM	Natural Resources Management
NTFP	Non-traditional Forest Products
OAS	Organization of American States
OECS	Organization of Eastern Caribbean States
OFDA	Office of Foreign Disaster Assistance
OHCHR	Office of the High Commissioner for Human Rights (United Nations)
OTI	Office of Transition Initiatives
PAHO	Pan American Health Organization
PASA	Participating Agency Service Agreement
PL	Public Law
PPG7	Pilot Program to Conserve the Brazilian Rainforest, Group of 7
PREAL	Program for Education Reform in the Americas
PRM	Population, Refugees, and Migration (State Department)
PRSP	Poverty Reduction Strategy Paper
PVO	Private and Voluntary Organization
SME	Small and Medium-sized Enterprises
SMME	Small, Medium and Micro Enterprises
SO	Strategic Objective
SpO	Special Objective
TB	Tuberculosis
TBD	To be Determined
UNAIDS	United Nations Joint Program on HIV/AIDS
UNDCP	United Nations Drug Control Program
UNDP	United Nation Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	Untied Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	Untied Nations High Commissioner for Refugees
UNHRC	United Nations Human Rights Commission
UNICEF	United Nations Children's Fund
USACE	United States Army Corps of Engineers
USDA	United States Department of Agriculture
WB	World Bank (International Bank for Reconstruction and Development)
WID	Women in Development
WHO	World Health Organization
WTO	World Trade Organization