



U.S. Agency for
International
Development

FISCAL YEAR

2004

Budget Justification to the Congress

Annex IV *Latin America and* *the Caribbean*

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 2004 BUDGET JUSTIFICATION

LATIN AMERICA AND THE CARIBBEAN
ANNEX IV

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BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

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LATIN AMERICA AND THE CARIBBEAN

The Development Challenge: Over the past several years, the Latin America and Caribbean (LAC) region, encompassing Central and South America and the Caribbean, has faced increasing development challenges that threaten the national security and economy of the United States. Contracting economic growth rates, extensive poverty, unemployment, skewed income distribution, crime and lawlessness, a thriving narcotics industry and a deteriorating natural resource base continue to undermine the stability of the region. The risks of HIV/AIDS and drug-resistant tuberculosis on our borders also threaten the population of the United States. Civil unrest due to poor economic conditions threatens countries in Central and South America while political instability in Colombia, Venezuela, and Haiti continues unabated. In the recent past, natural disasters have struck LAC with a vengeance with the Central America and the Caribbean sub-regions particularly hard hit.

According to the World Bank and the UN Economic Commission for Latin America and the Caribbean (ECLAC) the region's GDP has shrunk by approximately 0.8% in 2002, the worst economic performance since 1983. Inflation has edged up after eight years of steady decline. Mediocre economic performance has caused per capita income in LAC countries to decline significantly since 1998 while poverty has increased. Roughly 44% of Latin Americans are now poorer--up from 40% in 1999, while 20% suffer extreme poverty. Unemployment has risen to more than 9%, higher than the 1980s level. These woes have brought discontent and political turbulence, raising questions about the health of democracy in the region, investment priorities, social sector policies, and the benefits of a decade of liberal reforms.

In 2002 Argentina defaulted on its public debt repayment. Political conflict over the policies of President Chavez has seriously shaken Venezuela's economy, while drug-financed violence and drug trafficking continue to threaten Colombia's economy. Widespread corruption and poverty in Nicaragua is presenting the newly elected Bolanos administration with severe political challenges, as well. Due to decades of poor governance and dysfunctional institutions, Haiti continues to threaten regional stability on the island of Hispaniola serving an important launching pad for illegal migration to the Dominican Republic, the Bahamas, and the United States.

In 2001 external debt servicing in LAC accounted for a greater share of LAC countries' income and GDP compared to 2000. Data is not yet available for 2002, but it appears that the continuing hemispheric-wide economic downturn has reduced overall output, with Argentina, Uruguay and Venezuela experiencing a decline of 10%. The newly elected Presidents of Brazil and Ecuador are saddled with external debts equivalent to 60% and 80% of their countries' GNP respectively. For the entire LAC region, total debt service as a percentage of Gross National Income (GNI) approximated 8% in 2000, with Central America carrying a slightly higher debt burden at 8.4% of GNI and South America and the Caribbean at 8.1% and 7.6%. LAC's economy overall is expected to recover slightly in 2003. According to the regional forecast, the Argentine economy has "hit bottom" and is expected to grow about 2% in 2003. However, outputs in the economies of Uruguay, Venezuela and Paraguay will continue to contract. Chile, Mexico, Peru, and the Dominican Republic are expected to top the growth league in 2003 with expansion of 3% or more, assuming that the slowdown in the United States abates and strong growth resumes.

It is important not to portray the region in a single minded negative light. Positive forces are aligning as the democratic leaders of the Hemisphere have unanimously agreed to work toward the 2005 culmination of the Free Trade Area of the Americas (FTAA) agreement and Central America's leaders respond to President Bush's proposal to explore a sub-regional free trade agreement. It is encouraging that Mexico continues to reap the benefits of the North American Free Trade Agreement (NAFTA) and is forging ahead with economic liberalization. Similarly, Peru's economy grew by 4.5%, and Chile signed bilateral trade agreements with the European Union and the United States. President Bush has made the conclusion of the FTAA and Central America Free Trade Agreement (CAFTA) agreements the highest priority for the region and USAID's role is pivotal in meeting this presidential mandate. Trade and investment are essential

to economic growth *and* poverty reduction. Without an increase in trade and investment, the region's substantial development gains will be put at risk, and hemispheric stability could be threatened. The region's close proximity and ties with the United States, its leaders' commitment to free trade, and the President's trade initiatives underscore the importance of moving ahead at this time.

Continuing to view progress across the LAC region through an optimistic lens, the countries of the region have proclaimed their commitment to good governance through the Inter-American Democratic Charter and the Inter-American Convention Against Corruption of the Organization of American States (OAS). Nicaragua is striving to curb government corruption and other countries, such as Mexico, have also made important commitments to reduce official corruption. Elections conducted in Jamaica, Brazil, Colombia, Bolivia, and Ecuador were all judged to be free and fair.

While support for democracy remains solid in LAC, popular disillusionment is growing with those governments that cannot reduce poverty, corruption, crime, and violence. USAID must increase support for democracy in the LAC region. Good governance and an enabling environment that includes the rule of law are pre-conditions for the expansion of trade and economic growth. Although giant strides have been made (with the exception of Cuba every country in the Hemisphere has a democratic, constitutionally-installed government), many of these democracies remain fragile, and must make a concerted effort to reinforce the institutional building blocks of democracy. As more LAC countries face economic difficulties such as those experienced by Argentina, they have tended to shun free market reforms. This trend is unfortunate since a major cause of these problems has been the countries' own failure to eliminate inefficient systems that in turn hinder free market reforms.

An independent, efficient, and transparent judiciary is not only fundamental for a functioning democracy but also a prerequisite for increased external investment. USAID continues to support a broad range of institution-building efforts to strengthen judicial systems, the rule of law, and local governments; and to demonstrate that responsible regimes can deliver benefits to their citizens. Increased crime and violence is consistently ranked as citizens' primary concern next to unemployment. The rise of violence in Jamaica has become so paralyzing to the tourist driven economy that the private sector and civil society are joining to help combat this at the community level. Continued violence and drug trafficking in Colombia and organized crime syndicates operating in other LAC countries continue to pose a serious threat to regional stability and the fight against corruption.

In health, there has been significant progress in raising vaccination coverage, reducing or eliminating major childhood illnesses such as measles, and improving access to primary education. Also, because of USAID assistance, affected countries are more willing to discuss the HIV/AIDS problem. Thus, the social stigma attached to the disease is rapidly dissipating and prevention campaigns hold greater promise for lowering the incidence of the disease. At the same time, the Caribbean has the second highest rate of HIV/AIDS in the world, after sub-Saharan Africa. While steady progress is being made in lowering maternal mortality, and in applying proven cost-effective protocols for combating malaria, tuberculosis and other infectious diseases, rates remain unacceptably high and new strains of the causative organisms are increasingly resistant to treatment. Because diseases do not respect geographic boundaries, and due to the high numbers of legal as well as illegal immigrants traveling to the United States, USAID assistance to the LAC countries at the policy, institutional, and technical levels is considered critical to the health and security of the United States.

In education, the quality and relevance of primary and secondary schooling remain major problems. The proportion of students who complete secondary school is low, and those who do finish, lack adequate skills to compete in the workplace, creating a drag on the region's economies and its global competitiveness. USAID education and training programs aim to improve the poor state of public education systems where the majority of youth attend weak and

under-funded public schools and fail to acquire basic skills in mathematics, language, and science.

In the environment, quality of life is directly linked to the quality of the air we breathe and the water that flows in our rivers and streams. Widespread degradation leads to increased vulnerability to disasters and health problems, and conflicts over natural resources. This degradation is evident in the deterioration of many coastal reefs and the loss of productivity of many watersheds. The vast repository of flora and fauna that characterizes the LAC region must be well managed; otherwise potentially valuable organisms that may hold the secret for treating and curing important diseases may become lost forever.

The USAID Program: USAID understands that sustained development depends on market-based economies, sound monetary and fiscal policies, and freer trade. We are convinced that overall, our efforts in LAC are resulting in improving the enabling environment for positive and peaceful changes. But, we are mindful of the critical need to continue these efforts and build on our experiences in order to encourage further economic development in its many forms and processes. U.S. foreign policy priorities in the Western Hemisphere include strengthening democratic processes, promoting equitable trade-led economic growth, reducing poverty and fostering cooperation on issues such as drug trafficking and crime, and environmental protection. To address the myriad challenges in the LAC region, the United States is strongly committed to helping build an entire hemisphere that lives in liberty and trades in freedom. The overarching goals of the FY 2004 assistance program are increasing trade and investment and supporting fragile democratic institutions. Initiatives that build trade capacity, address systemic corruption, and broaden education for competitiveness will position the nations of the region to make extraordinary progress. In FY 2004, USAID will augment ongoing support for programs that are unique for advancing sub-regional development. At the same time, USAID will maintain and in some instances increase country-specific support levels for programs and initiatives that support economic growth, and further promote partnerships under the Global Development Alliance.

The regional proximity of LAC and close social and cultural ties with the United States, the commitment of regional leaders to enter into the FTAA by 2005, and President Bush's offer to explore a free trade agreement with Central America are key factors pointing to the substantial potential for increased trade and investment. In a global economy, trade and investment are the twin engines of economic growth and play an essential role in reducing poverty. Increased trade and investment in Latin America and the Caribbean, where economic growth rates were anemic in the 1990s and continue to lag, is particularly vital. USAID activities will continue to build trade-negotiating capacity, promote competitiveness, develop markets, and provide assistance for business development. Programs will assist with complying with the "rules of trade" such as sanitary/phytosanitary measures, customs reform, and Intellectual Property Rights. Support for legal, policy, and regulatory reforms will improve the climate for trade and investment. Recognizing that remittances constitute a potentially large source of development finance, USAID will continue to support and implement mechanisms for remittance transfer with lower transfer costs. Innovative development finance will continue, including the use of remittances. Assistance will expand in the area of commercial/contract law, and property rights. LAC will continue to build on its successful efforts with promoting rural economic diversification and competitiveness, including non-traditional agricultural exports and access to specialty coffee markets. Business development and marketing services will help small and medium farmers and rural enterprises improve competitiveness and tap new markets.

USAID assistance has catalyzed progress on many environmental fronts. Assistance to Mexico has resulted in greater institutional capacity for managing forest fires which have threatened large areas along the border with the United States in the past. In Bolivia and Brazil, USAID support has led to the sustainable management of millions of acres of tropical forests for manufacturing environmentally certified hardwood products and as a source of renewable energy. This has led to increased private investment in the sector and created many jobs. Environmental audits supported by USAID have led many LAC countries to adopt policies and procedures to maintain

the integrity of their coastal resources and thus retain their competitiveness as prime tourist destinations. Despite successes in introducing new technologies for clean production in industry and improved management practices, the environment in LAC suffers from accelerating rates of degradation. USAID will continue to assist countries to manage climatic and environmental risks and protect the gains from trade-led growth. Programs will include disaster management and mitigation, watershed management, coral reef protection, and forest fire prevention and control.

In South America, USAID has added a trade emphasis to the Andean Regional Initiative (ARI). USAID initiated trade capacity building activities in FY 2002 and is expanding the program for trade in the sub-region in FY 2003. USAID succeeded in establishing trade linkages between small agricultural producers and buyers. Product quality and availability has improved, new economic opportunities were identified for exploiting sub-regional competitive advantages, and greater financial intermediation has been achieved. During 2002, USAID's support for rural income generation helped 17,000 Colombian families reject involvement in the illegal production of coca and poppy and produce licit marketable crops, from passion fruit to hearts of palm. To further consolidate microfinance lending, and improve supervision and regulation of institutions, USAID supported regional workshops that gathered bank supervisors from all over South America to share their respective policies and regulatory frameworks. Such efforts build on previous USAID programs to increase access of small business people to financial markets. The results have been impressive. In Ecuador, USAID support to the Superintendency of Banks resulted in a new microfinance regulatory framework, and after six months of support, the number of small businesses served by Ecuadorian financial institutions increased by 25%. Together, these efforts directly support the broader U.S. foreign policy goals of enhancing political stability, addressing widespread poverty, consolidating gains in democratic institution-building, trade expansion and employment creation, and improved natural resources management.

In Central America and Mexico, USAID will continue the Opportunity Alliance (formerly the Partnership for Prosperity), emphasizing trade-led rural competitiveness through diversification and penetrating agricultural niche markets. The alliance was initiated in FY 2002, in response to the protracted drought, collapse of coffee prices and retrenchment of seasonal agricultural workers. The sub-region must overcome an economic downturn and the after effects of major natural disasters, and address environmental risks. An estimated 52% of the population, more than 14 million people, is poor and chronically food-insecure in Guatemala, Nicaragua, El Salvador, and Honduras. USAID activities in FY 2003 and FY 2004 will continue to support democratic governance, trade and employment creation, agricultural production, sound environmental management, and training.

For the Caribbean, USAID has added a trade component to its Third Border Initiative (TBI) efforts to strengthen trade capacity, and competitiveness of Caribbean countries. It will build on modest trade activities underway for several years in the sub-region, characterized by small island economies lacking income diversification. When launched in 2002, TBI aimed to strengthen political, economic and security ties with the Caribbean. The majority of interventions and bulk of funding thus far have supported USAID's HIV/AIDS program. With additional funding in FY 2004, TBI will provide trade negotiation-related support and training to assist governments, civil society, and the productive sectors to better understand and prepare for global and regional trade. Also, the program will support competitiveness and diversification efforts using approaches that respond to market forces in order for small producers to establish business links and market arrangements.

For Cuba, in accordance with the President's Initiative for a New Cuba announced in his landmark speech of May 20, 2002, USAID will expand its assistance to bring Cuba into the Hemisphere's community of democracies and generate rapid and peaceful change within Cuba. The additional support will enable American nongovernmental groups to facilitate meaningful humanitarian assistance and democratic outreach to the Cuban people, build Cuba's independent civil institutions, and establish scholarships in the US for Cuban born students and professionals.

The underlying dynamics of democratic progress are still holding in Latin America. Hemispheric commitment remains high, with the creation of the OAS Democracy Charter and agreement to an

ambitious democratic reform agenda at each Summit of the Hemisphere's leaders. So far, democratic systems have persisted even in the face of severe economic crisis and very weak governance—indeed, even in situations with virtually no effective governance. The political crises of Colombia, Venezuela, Argentina, Ecuador, Nicaragua, and Peru—all very different—have not yet caused permanent ruptures in democratic practices. They nonetheless demonstrate the fragility of institutions, and the need to strengthen the building blocks of democracy if the progress of the past two decades is not to be undone. USAID support under the Democracy, Conflict, and Humanitarian Assistance pillar will reinforce linkages between good governance and the rule of law, with economic growth and trade. Markets and trade are the most powerful tools for stimulating economic development and investment flows. USAID will emphasize administration of justice, commercial and contracts law, property rights, and related legal and regulatory reform. Anti-corruption strategies will emphasize prevention as part of attacking weak governance, the justice system, political institutions, and public sector management and transparency. Higher levels of corruption are associated with lower growth and lower levels of per capita income. Since corruption increases the cost of doing business, failure to act will seriously threaten the benefits likely to accrue through the FTAA. Corruption also diverts resources away from service provision and limits economic opportunity for the poor. Thus it is also a major contributor to the failure of expectations and popular dissatisfaction that, as in the recent case of Argentina, can put democratic governments at risk. Strengthening local governments is also fundamental to USAID support.

In the area of conflict, USAID will continue to emphasize programs that de-escalate violence in Colombia and promote a basis for lasting peace; prevent spillover threats by drug-induced violence along its northern border with Panama and its southern border with Ecuador; cement border agreements such as those between Peru and Ecuador; mitigate border and bi-national tensions such as those between Haiti and the Dominican Republic; bring to a completion efforts to support the peace processes in Central America; and address problems with personal security and criminality, often linked with political actors. Important community policing efforts will continue in El Salvador and Jamaica, and possibly Colombia, Guyana, and Peru.

In education, USAID will continue to provide support for improving the environment for education reform, enhance the skills of teachers and administrators, and improve the relevance and skills of the workforce. USAID will also continue support to the newly launched sub-regional programs under the Centers of Excellence for Teacher Training (CETT) initiative announced by Presidential Bush in April 2001. Established in Peru, Honduras, and Jamaica, the three sub-regional training facilities will improve the cadre of teachers in 23 LAC countries and advance education policy reform in key countries. Advancements at the secondary level and in faculty and workforce training will improve the quality of instruction, increase worker productivity, and help youths prepare for entering the workforce. In addition to the CETT Presidential Initiative USAID will dedicate resources to continuing specific successful primary education programs, education sector policy reform efforts, literacy programs for disadvantaged youths, and work force development. In particular, USAID's Training, Internships, Exchanges, and Scholarships (TIES) program in Mexico will promote an enhanced capacity of Mexican scholars and institutions to respond to the objectives and strategies of NAFTA and the Partnership for Prosperity, which defines the emerging U.S.-Mexico Common Development Agenda.

Improving health is an excellent development investment, especially in the LAC region, where there are functioning institutions with which to work, and where assistance benefits from economies of scale due to linguistic and cultural cohesion. Under the Global Health pillar, special attention will continue to focus on the prevention of HIV/AIDS and other infectious diseases. Due to the increasing pace of migration and travel between the United States and LAC countries, infectious disease issues, including HIV/AIDS, are of special concern to USAID. To combat HIV/AIDS, major funding will be allocated to the LAC countries at greatest risk, Honduras, Dominican Republic, Haiti, and Brazil. Funding is also included for Mexico, Guyana, Jamaica, Bolivia, and the two regional programs in Central America and the Caribbean. Programs will continue to combat infectious diseases, most notably tuberculosis in Mexico, the Malaria Amazon Basin Initiative, and anti-microbial resistance. Support will also be provided to maternal health,

child survival, and reproductive health activities through increased access to selected services; increased efficiency and equity of basic health services, especially at decentralized levels; and reforms related to decentralization, strengthening of health care, and setting quality standards. Support for critical food security interventions will target geographic areas of greatest malnutrition and poverty, particularly in Central America.

USAID has succeeded in establishing public-private alliances, demonstrating the powerful effect of leveraging private sector resources. USAID will expand its existing alliances in LAC including the specialty coffee programs and coral reef conservation programs in Central America, the Certified Forests and International Markets Alliance, and remittance activities. USAID will also continue to explore a wider circle of partners who are willing to cooperate in risk sharing.

Program and Management Challenges: USAID seeks to place the highest importance on management efficiency. In the LAC region, USAID has embarked on a series of mission management assessments which are attempting to examine mission portfolio management and structure so as to identify best practices and efficiency, and thus maximize program impact in a constantly shifting mix of development challenges. These assessments take a multi-disciplinary approach in reviewing a variety of factors, including strategic focus, organization structure, portfolio management, and staffing size and mix. These assessments provide a more complete picture for basing decisions on appropriate staff size and OE levels. The urgency of finding more efficient ways to deliver foreign assistance is due both to the multiple pressures on the Agency's OE budget and the need to staff up in priority areas, such as HIV/AIDS, trade, and expanding programs like Mexico and Colombia. To date, these assessments have identified economies of scale that can be achieved through managing selected programs or functions at the sub-regional (rather than the bilateral) level. In specific missions, the findings have informed senior USAID management decisions on how best to reduce vulnerabilities, increase efficiencies, and set program implementation mechanisms to best utilize available OE and staffing resources.

Other Donors: In the Andean countries where combating illegal drug production is a top priority, the United States is the largest bilateral donor with \$611 million followed by Japan, at \$246 million. However, in the two non-Andean countries assisted by USAID, Brazil and Paraguay, Japan is the largest donor at \$263 million followed by Germany at \$51 million. In Central America including Mexico, the United States was the largest donor at \$459 million followed by Spain at \$493 million. In the Caribbean the United States is the largest donor at \$109 million followed by the EU at \$80 million. All figures are for 2001. USAID continues to collaborate with other prominent donors including the Inter-American Development Bank (IDB), the World Bank (WB), the Pan American Health Organization (PAHO), and the Organization of American States (OAS).

FY 2004 Program: USAID FY 2004 resources requested for the LAC region total \$839,768,000. Of this amount, \$244,862,000 is Development Assistance (DA), \$148,572,000 is Child Survival and Health (CSH), \$86,000,000 is Economic Support Funds (ESF), \$259,400,000 is Andean Counterdrug Initiative (ACI), and \$100,934,000 is P.L. 480 Title II.

**Latin America and Caribbean
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Andean Counterdrug Initiative	25,750	210,500	278,000	259,400
Child Survival and Health Programs Fund	98,743	144,815	148,520	148,572
Development Assistance	225,515	220,241	268,485	244,862
Development Credit Authority	0	785	0	0
Economic Support Fund	120,239	166,500	96,000	86,000
PL 480 Title II	112,732	124,333	102,520	100,934
Total Program Funds	582,979	867,174	893,525	839,768

**Latin America and Caribbean
PROGRAM SUMMARY**

(in thousands of dollars)

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Bolivia				
Andean Counterdrug Initiative	0	39,600	42,000	42,000
Child Survival and Health Programs Fund	6,598	19,690	18,513	14,402
Development Assistance	25,098	12,853	12,230	11,380
Economic Support Fund	1,995	10,000	10,000	8,000
PL 480 Title II	15,918	19,566	21,525	21,655
Total Bolivia	49,609	101,709	104,268	97,437
Brazil				
Child Survival and Health Programs Fund	7,883	9,150	11,821	12,011
Development Assistance	7,318	4,799	6,680	8,222
Total Brazil	15,201	13,949	18,501	20,233
Caribbean Regional Program				
Child Survival and Health Programs Fund	1,497	3,550	4,688	6,532
Development Assistance	0	0	9,000	3,480
Economic Support Fund	6,985	10,800	3,000	9,000
Total Caribbean Regional Program	8,482	14,350	16,688	19,012
Central America Regional Program				
Child Survival and Health Programs Fund	3,692	4,000	5,412	7,628
Development Assistance	9,030	15,792	19,142	17,231
Total Central America Regional Program	12,722	19,792	24,554	24,859
Colombia				
Andean Counterdrug Initiative	0	93,400	151,000	150,000
Total Colombia	0	93,400	151,000	150,000
Cuba				
Economic Support Fund	4,989	5,000	6,000	7,000
Total Cuba	4,989	5,000	6,000	7,000
Dominican Republic				
Child Survival and Health Programs Fund	6,385	9,532	11,409	13,110
Development Assistance	8,800	6,450	8,000	10,600
Economic Support Fund	3,492	2,300	3,500	3,000
PL 480 Title II	1,525	0	0	0
Total Dominican Republic	20,202	18,282	22,909	26,710
Ecuador				
Andean Counterdrug Initiative	0	10,000	16,000	15,000
Child Survival and Health Programs Fund	0	0	0	300
Development Assistance	8,184	6,840	7,130	7,130
Development Credit Authority	0	198	0	0
Economic Support Fund	8,984	17,250	22,250	16,250
PL 480 Title II	0	1,530	0	0
Total Ecuador	17,168	35,818	45,380	38,680
El Salvador				
Child Survival and Health Programs Fund	14,557	15,653	9,636	6,334
Development Assistance	31,807	45,640	24,096	28,712
Economic Support Fund	4,989	25,200	0	0
PL 480 Title II	1,458	0	0	0
Total El Salvador	52,811	86,493	33,732	35,046

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Guatemala				
Child Survival and Health Programs Fund	6,905	15,700	11,739	10,250
Development Assistance	16,937	12,320	14,960	10,700
Economic Support Fund	13,969	10,000	7,500	5,000
PL 480 Title II	15,174	21,502	18,013	19,030
Total Guatemala	52,985	59,522	52,212	44,980
Guyana				
Child Survival and Health Programs Fund	798	1,000	1,000	2,000
Development Assistance	3,800	3,100	2,180	2,750
Total Guyana	4,598	4,100	3,180	4,750
Haiti				
Child Survival and Health Programs Fund	0	638	14,000	21,826
Development Assistance	0	250	11,000	7,150
Economic Support Fund	46,894	30,000	0	0
PL 480 Title II	23,193	23,128	22,375	23,847
Total Haiti	70,087	54,016	47,375	52,823
Honduras				
Child Survival and Health Programs Fund	8,936	13,177	12,561	13,861
Development Assistance	16,789	15,430	22,530	22,226
Development Credit Authority	0	298	0	0
Economic Support Fund	998	1,000	0	0
PL 480 Title II	5,104	6,436	5,191	5,365
Total Honduras	31,827	36,341	40,282	41,452
Jamaica				
Child Survival and Health Programs Fund	4,116	3,121	3,070	3,407
Development Assistance	7,685	9,471	13,710	13,060
Economic Support Fund	1,497	1,532	0	0
Total Jamaica	13,298	14,124	16,780	16,467
LAC Regional				
Child Survival and Health Programs Fund	14,780	9,434	6,813	5,169
Development Assistance	27,284	39,910	53,462	38,338
Economic Support Fund	7,584	16,163	12,500	7,500
Total LAC Regional	49,648	65,507	72,775	51,007
Mexico				
Child Survival and Health Programs Fund	5,987	5,509	6,200	4,976
Development Assistance	7,885	7,715	12,165	12,265
Economic Support Fund	6,178	10,000	12,000	12,000
Total Mexico	20,050	23,224	30,365	29,241
Nicaragua				
Child Survival and Health Programs Fund	7,006	8,470	7,606	6,855
Development Assistance	16,390	16,602	19,730	24,152
Development Credit Authority	0	158	0	0
Economic Support Fund	1,499	2,800	0	0
PL 480 Title II	7,807	15,136	10,363	10,565
Total Nicaragua	32,702	43,166	37,699	41,572
Panama				
Development Assistance	3,700	4,500	7,000	5,750
Economic Support Fund	998	4,205	3,500	3,500
Total Panama	4,698	8,705	10,500	9,250

Country / Fund Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Paraguay				
Child Survival and Health Programs Fund	0	2,525	2,025	2,025
Development Assistance	6,320	3,600	4,600	4,000
Economic Support Fund	3,492	3,500	3,500	3,500
Total Paraguay	9,812	9,625	10,125	9,525
Peru				
Andean Counterdrug Initiative	25,750	62,500	69,000	50,000
Child Survival and Health Programs Fund	9,603	23,666	22,027	16,732
Development Assistance	28,488	14,969	17,870	15,316
Development Credit Authority	0	131	0	0
Economic Support Fund	5,696	16,750	12,250	11,250
PL 480 Title II	42,553	37,035	25,053	20,472
Total Peru	112,090	155,051	146,200	113,770
South America Regional				
Andean Counterdrug Initiative	0	5,000	0	2,400
Child Survival and Health Programs Fund	0	0	0	1,154
Development Assistance	0	0	0	2,400
Total South America Regional	0	5,000	0	5,954
Total Program Funds	582,979	867,174	890,525	839,768

BUREAU FOR LATIN AMERICA AND THE CARIBBEAN
Budget Justification to the Congress
Notification Levels for FY 2003

<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>FY 2003 Total Planned Budget</u>	<u>FY 2003 Notification by FY 2004 CBJ</u>
BOLIVIA				
511-001	Increased Citizen Support for the Bolivian Democratic System	DA	2,500	0*
		ESF	3,500	0*
		ACI	3,500	0*
511-002	Increased Income for Bolivia's Poor with Emphasis on Targeted Communities, Directly or Indirectly Assisted by USAID	DA	4,650	0*
		ESF	5,500	0*
511-003	Improved Health of the Bolivian Population	CSH	18,513	0*
511-004	Forest, Water and Biodiversity Resources Managed for Sustained Economic Growth	DA	5,080	0*
		ESF	1,000	1,000
511-005	Illegal and Excess Coca Eliminated from Bolivia	ACI	38,500	0*
BRAZIL				
512-007	Transmission of Selected Communicable Diseases Reduced in Target Areas	CSH	10,921	10,921
512-008	Natural Ecosystems sustained	DA	5,280	5,280
512-009	Global Climate Change Mitigated Through Renewable Energy & Energy Conservation	DA	1,400	1,400
512-010	Access to Training and Employability Skills and Opportunities Increased for Disadvantaged Youths	CSH	900	900
COLOMBIA**				
514-007	Promote More Responsive, Participatory and Accountable Democracy	ACI	32,000	0
514-008	Provide Economic and Social Alternatives to Illicit Crop Production	ACI	69,000	0
514-009	Provide Economic and Social Opportunities to Vulnerable Groups, Particularly Internally Displaced Persons	ACI	50,000	0
CUBA**				
516-001	Civil Society Developed through Information Dissemination	ESF	6,000	0
DOMINICAN REPUBLIC				
517-008	Increased Sustainable Economic Opportunities for the Poor	DA	6,000	0*
517-009	More Participatory, Representative and Accountable Democracy Achieved	DA	2,000	0*
		ESF	3,500	0**
517-010	Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic	CSH	11,409	0*
ECUADOR				
518-001	Biodiversity Conserved in Selected Protected Areas and their Buffer Zones	DA	5,100	0*
		ESF	2,000	0*
518-002	Health Survey	CSH	300	300

* Previously notified

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>FY 2003 Total Planned Budget</u>	<u>FY 2003 Notification by FY 2004 CBJ</u>
518-011	Improved Social and Economic Conditions of Inhabitants along the Peru-Ecuador Border, thereby Promoting Border Integration (Peru-Ecuador Border Region Development)	ESF	2,250	0*
518-012	Increased Support for the Democratic System	ESF	10,000	0*
518-013	Improved Quality of Life of Population Living Along the Northern Border	ACI	16,000	0*
518-014	Increased Economic Opportunities for the Poor	DA	2,030	0*
		ESF	8,000	0*
EL SALVADOR				
519-001	Expanded Access and Economic Opportunities for Rural Poor Families	DA	15,993	0*
519-002	More Inclusive and Effective Democratic Processes	DA	4,000	0*
519-003	Sustainable Improvements in the Health of Women and Children Achieved	CSH	9,636	0*
519-004	Increased Access by Rural Households to Clean Water	DA	4,103	0*
GUATEMALA				
520-001	More Inclusive and Responsive Democracy	DA	2,200	0*
520-002	Better Educated Rural Society	DA	3,750	0*
520-003	Better Health for Women and Children	CSH	11,739	0*
520-004	Increased Rural Household Income and Food Security	DA	5,500	0*
520-005	Improved Natural Resources Management and Conservation of Biodiversity	DA	3,510	0*
520-006	Support the Implementation of the Peace Accords	ESF	7,500	0*
GUYANA				
504-001	Improved Climate for Private Investment	DA	836	0*
504-003	Improved HIV/AIDS Knowledge and Applied Prevention Strategies	CSH	1,000	0*
504-004	More Responsive and Participatory Governance and Rule of Law	DA	1,364	0*
HAITI				
521-001	Sustainably Increased Income for the Poor	DA	6,500	0*
521-003	Healthier Families of Desired Size	DA	200	0*
		CSH	14,000	0*
521-004	Increased Human Capacity	DA	2,300	0*
521-005	Genuinely Inclusive Democratic Governance Attained	DA	2,000	0*
HONDURAS				
522-001	Economic Reactivation Meeting the Needs of the Poor	DA	5,000	0*

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522-003	Sustainable Improvements in Family Health	CSH	12,561	0*
522-004	Strengthened Rule of Law and Respect for Human Rights	DA	3,100	0*
522-006	Improved Opportunity to Obtain Basic Education and Vocational Skills	DA	3,250	0*
522-007	More Responsive and Effective Municipal Government	DA	1,000	0*
522-aaa	Competitive Market-led Growth Improved in Targeted Areas	DA	3,830	3,830
522-bbb	Integrated Resource Management in Targeted Areas of Economic and Environmental significance Improved	DA	2,600	2,600
522-ddd	Key Democratic Institutions Strengthened	DA	2,000	2,000
522-eee	Better Educated Honduran Workforce	DA	1,750	1,750
JAMAICA				
532-002	Improved Quality of Key Natural Resources in Selected Areas that are Both Environmentally and Economically Significant	DA	3,642	0*
532-003	Improved Reproductive Health of Youth	CSH	3,070	800
532-004	Increased Literacy and Numeracy among Targeted Jamaican Youth	DA	4,678	0*
532-006	Improved Business Environment for Developing Small, Medium, and Micro Enterprise Sectors	DA	2,590	0*
532-008	Improved Citizen Security and Participation in Democratic Processes	DA	2,800	0*
MEXICO				
523-002	Enhanced Quality and Sustainability of HIV/AIDS and STI Services in Targeted Areas	DA	900	0*
523-003	More Democratic Processes Adopted in Key Government Institutions	DA ESF	1,700 6,000	0* 0*
523-006	Critical Ecosystems and Biological Resources Conserved	DA	1,200	0*
523-007	Carbon Dioxide Emissions and Pollution Reduced	DA	800	0*
523-008	Sustainable and Effective Institutional Capacity Developed to Diagnose, Control and Monitor Tuberculosis in Target Areas	CSH	4,000	0*
523-009	Strengthen the Institutional Base for Sustainable Microenterprise Growth by Supporting Mexican Initiatives	DA	900	200
523-010	Increased Opportunities for Mexicans in Further Education and Training	DA ESF	3,000 2,000	0* 0*
523-AAA	Improved Management and Conservation of Natural Resources in Targeted Watersheds	DA	4,565	4,565
523-BBB	Democratic Governance Increases Equitable Access to Public Resources and Services	ESF	4,000	4,000
523-CCC	More Effective Prevention and Control of Infectious	CSH	1,300	1,300

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>FY 2003 Total Planned Budget</u>	<u>FY 2003 Notification by FY 2004 CBJ</u>
	Diseases in Vulnerable Populations			
NICARAGUA				
524-001	More Political Participation, Transparency and Compromise	DA	4,510	4,510
524-002	Sustainable Growth in Small Producer Employment and Income	DA	12,520	12,520
524-003	Better Educated, Healthier, Smaller Families	DA CSH	2,700 7,606	2,700 7,806
PANAMA				
525-004	Panama Sustainably Manages the Canal Watershed and Buffer Areas	DA	7,000	0*
525-005	Momentum Toward Fairer and Faster Justice Established	ESF	500	0*
525-006	Selected Darien Communities Strengthened	ESF	3,000	3,000
PARAGUAY				
526-004	Key Democratic Governance Practices Instituted	DA ESF	2,600 3,500	0* 0*
526-005	Management of Globally Important Ecoregions Improved	DA	1,000	0*
526-006	Use of Voluntary Reproductive Health Services Increased	CSH	2,025	0*
526-007	Increased Incomes for the Poor in Selected Economic Regions	DA	1,000	0*
PERU				
527-006	Expanded Opportunities for Girl's Quality Basic Education in Target Areas	DA	2,424	0*
527-008*	Improved Quality of Life of Peruvians along the Peru-Ecuador Border Target Area	ESF	2,250	0*
527-009	Democratic Processes and Institutions Strengthened in Critical Areas	DA ESF	3,026 10,000	0* 0*
527-010	Increased Economic Opportunities for the Poor in Selected Economic Corridors	DA	8,120	0*
527-011	Improved Health fo Peruvians at High Risk	CSH	22,027	0*
527-012	Strengthened Environmental Management to Address Priority Problems	DA	4,300	0*
527-013	Reduced Illicit Coca Production in Target Areas of Peru	ACI	69,000	16,000**
CARIBBEAN REGIONAL				
538-004	Increased Employment and Diversification in Select Non-Traditional Activities	DA ESF	5,000 1,000	0* 0*
538-005	Improved Environmental Management by Public and Private Entities	DA	3,000	500
538-006	Increased Efficiency and Fairness of Legal	DA	1,000	0*

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>FY 2003 Total Planned Budget</u>	<u>FY 2003 Notification by FY 2004 CBJ</u>
	Systems in the Caribbean			
538-008	Enhanced Caribbean Response to the HIV/AIDS Crisis in Target Countries	DA ESF	4,688 2,000	0* 0*
CENTRAL AMERICA REGIONAL				
596-005	Increased Central American Competitiveness in Global Markets	DA	7,300	0*
596-006	Improved Environmental Management in the Mesoamerican Biological Corridor	DA	10,742	0*
596-007	Strengthened Municipal Finance Systems for Local Governments in Central America	DA	800	0*
596-008	Enhanced Central America Capacity to respond to HIV/AIDS Crisis - Phase II	CSH	5,412	0*
596-009	Increased Diversification of the Rural Economy	DA	300	300
LAC REGIONAL				
598-003	More Effective Delivery of Selected Health Services and Policy Interventions	CSH	6,412	0*
598-005*	Reinforcement of Regional Trends that Deepen Democracy	DA ESF	5,100 11,500	0* 0*
598-017	Institutional Infrastructure Improved to Support Access of the Poor to Markets (Property, Financial, and Product)	DA ESF	3,300 1,000	1,100 1,000
598-018	Environmental Performance of Targeted LAC Businesses and Communities Improved through Promotion of Replicable Market-based Models	DA	500	0*
598-020	Program Development and Learning (PD&L)	DA CSH	2,037 386	0* 0*
598-021	Advancing Development Cooperation Opportunities in the Hemisphere	DA	24,000	5,739
598-022	Improved Conservation of the Region's Biological Resources	DA	4,480	0*
598-023*	Strengthened Regional Initiatives to Improve Equity and Quality in Education and Training	DA	14,055	2,800

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>Request FY 2004</u>
BOLIVIA			
511-002	Increased Income for Bolivia's Poor with Emphasis on Targeted Communities, Directly or Indirectly Assisted by USAID	DA	4,550
		ESF	4,800
511-003	Improved Health of the Bolivian Population	CSH	14,402
511-004	Forest, Water and Biodiversity Resources Managed for Sustained Economic Growth	DA	5,080
511-005	Illegal and Excess Coca Eliminated from Bolivia	ACI	34,500
511-XXX	Increased Citizen Support for the Bolivian Democratic System	DA	1,750
		ESF	3,200
		ACI	3,500
BRAZIL			
512-007	Transmission of Selected Communicable Diseases Reduced in Target Areas	CSH	11,111
512-008	Natural Ecosystems sustained	DA	5,222
512-009	Global Climate Change Mitigated Through Renewable Energy & Energy Conservation	DA	1,400
512-010	Access to Training and Employability Skills and Opportunities Increased for Disadvantaged Youths	CSH	900
		DA	600
512-111	Promotion of Free Trade & Related Growth of Small and Medium Enterprises	DA	1,000
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	82,000**
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	7,000**
DOMINICAN REPUBLIC			
517-008	Increased Sustainable Economic Opportunities for the Poor	DA	7,200
517-009	More Participatory, Representative and Accountable Democracy Achieved	DA	3,400
		ESF	3,000**
517-010	Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic	CSH	13,110

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>Request FY 2004</u>
ECUADOR			
518-001	Biodiversity Conserved in Selected Protected Areas and their Buffer Zones	DA	5,000
		ESF	1,500
518-002	Improved Health	CSH	300
518-011	Improved Social and Economic Conditions of Inhabitants along the Peru-Ecuador Border, thereby Promoting Border Integration	ESF	2,250
518-012	Increased Support for the Democratic System	DA	100
		ESF	7,000
518-013	Improved Quality of Life of Population Living Along the Northern Border	ACI	15,000
518-014	Increased Economic Opportunities for the Poor	DA	2,030
		ESF	5,500
EL SALVADOR			
519-001	Expanded Access and Economic Opportunities for Rural Poor Families	DA	18,743
519-002	More Inclusive and Effective Democratic Processes	DA	5,469
519-003	Sustainable Improvements in the Health of Women and Children Achieved	CSH	6,334
519-004	Increased Access by Rural Households to Clean Water	DA	4,500
GUATEMALA			
520-xxx	More Inclusive and Responsive Democracy	DA	1,800
		ESF	5,000
520-yyy	Healthier, Better Educated Families and Youth	CSH	10,250
		DA	2,900
520-zzz	Increased Rural Household Incomes	DA	6,000
GUYANA			
504-001	Improved Climate for Private Investment	DA	1,000
504-003	Improved HIV/AIDS Knowledge and Applied Prevention Strategies	CSH	2,000
504-004	More Responsive and Participatory Governance and Rule of Law	DA	1,750
HAITI			
521-001	Sustainably Increased Income for the Poor	DA	1,750
521-003	Healthier Families of Desired Size	CSH	21,826
521-004	Increased Human Capacity	DA	2,500
521-005	Genuinely Inclusive Democratic Governance Attained	DA	2,900
HONDURAS			
522-003	Sustainable Improvements in Family Health	CSH	13,861

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>Request FY 2004</u>
522-aaa	Competitive Market-led Growth Improved in Targeted Areas	DA	8,976
522-bbb	Integrated Resource Management in Targeted Areas of Economic and Environmental Significance Improved	DA	2,600
522-ddd	Key Democratic Institutions Strengthened	DA	5,850
522-eee	Better Educated Honduran Workforce	DA	4,800
JAMAICA			
532-002	Improved Quality of Key Natural Resources in Selected Areas that are Both Environmentally and Economically Significant	DA	3,392
532-003	Improved Reproductive Health of Youth	CSH	3,407
532-004	Increased Literacy and Numeracy among Targeted Jamaican Youth	DA	4,578
532-006	Improved Business Environment for Developing Small, Medium, and Micro Enterprise Sectors	DA	2,590
532-008	Improved Citizen Security and Participation in Democratic Processes	DA	2,500
MEXICO			
523-008	Sustainable and Effective Institutional Capacity Developed to Diagnose, Control and Monitor Tuberculosis in Target Areas	CSH	1,676
523-009	Strengthen the Institutional Base for Sustainable Microenterprise Growth by Supporting Mexican Initiatives	DA	100
523-010	Increased Opportunities for Mexicans in Further Education and Training	DA ESF	3,500 3,500
523-AAA	Improved Management and Conservation of Natural Resources in Targeted Watersheds	DA	5,265
523-BBB	Democratic Governance Increases Equitable Access to Public Resources and Services	DA ESF	800 8,500
523-CCC	More Effective Prevention and Control of Infectious Diseases in Vulnerable Populations	CSH	3,300
523-DDDD	Increased Access to Financial Services by Underserved Populations	DA	2,600
NICARAGUA			
524-XXX	Strengthened Democratic Institutions	DA	6,750
524-YYY	Trade-led Economic Growth	DA	14,102
524-ZZZ	Improved Governance for Human Capital Development	CSH	6,855
524-003	Better Educated, Healthier, Smaller Families	DA	3,300
PANAMA			
525-004	Panama Sustainably Manages the Canal Watershed and Buffer Areas	DA	5,750
525-005	Momentum Toward Fairer and Faster Justice Established	ESF	3,500

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>Request FY 2004</u>
PARAGUAY			
526-004	Key Democratic Governance Practices Instituted	DA	2,000
		ESF	3,500
526-005	Management of Globally Important Ecoregions Improved	DA	1,000
526-006	Use of Voluntary Reproductive Health Services Increased	CSH	2,025
526-007	Increased Incomes for the Poor in Selected Economic Regions	DA	1,000
PERU			
527-006	Expanded Opportunities for Girl's Quality Basic Education in Target Areas	DA	2,424
527-008	Improved Quality of Life of Peruvians along the Peru-Ecuador Border Target Area	ESF	2,250
527-009	Democratic Processes and Institutions Strengthened in Critical Areas	DA	1,672
		ESF	9,000
527-010	Increased Economic Opportunities for the Poor in Selected Economic Corridors	DA	6,920
527-011	Improved Health for Peruvians at High Risk	CSH	16,732
527-012	Strengthened Environmental Management to Address Priority Problems	DA	4,300
527-013	Reduced Illicit Coca Production in Target Areas of Peru	ACI	50,000
CARIBBEAN REGIONAL			
538-004	Increased Employment and Diversification in Select Non-Traditional Activities	DA	2,905
		ESF	6,075
538-005	Improved Environmental Management by Public and Private Entities	ESF	2,500
538-006	Increased Efficiency and Fairness of Legal Systems in the Caribbean	DA	575
		ESF	425
538-008	Enhanced Caribbean Response to the HIV/AIDS Crisis in Target Countries	CSH	6,532
CENTRAL AMERICA REGIONAL			
596-005	Increased Central American Competitiveness in Global Markets	DA	7,616
596-006	Improved Environmental Management in the Mesoamerican Biological Corridor	DA	6,365
596-008	Enhanced Central America Capacity to respond to HIV/AIDS Crisis - Phase II	CSH	7,628
596-009	Increased Diversification of the Rural Economy	DA	3,250
SOUTH AMERICA REGIONAL			
530-001	Andean Trade Capacity Building	CSH	1,154
		DA	2,400
		ACI	2,400

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<u>Program/ SO Number</u>	<u>Title</u>	<u>Account</u>	<u>Request FY 2004</u>
LAC REGIONAL			
598-005	Reinforcement of Regional Trends that Deepen Democracy	DA	4,025
		ESF	7,500
598-017	Institutional Infrastructure Improved to Support Access of the Poor to Markets (Property, Financial, and Product	DA	4,400
598-018	Environmental Performance of Targeted LAC Businesses and Communities Improved through Promotion of Replicable Market-based Models	DA	500
598-020	Program Development and Learning (PD&L)	CSH	24
		DA	2,123
598-021*	Advancing Development Cooperation Opportunities in the Hemisphere	DA	110
		ESF	7,835
598-022	Improved Conservation of the Region's Biological Resources	DA	4,500
598-023	Strengthened Regional Initiatives to Improve Equity and Quality in Education and Training	DA	14,955
598-xxx	Health Advancement	CSH	5,027

Bolivia

The Development Challenge: In recent decades, Bolivia has made significant progress in overcoming its long history of political and economic instability. Among the gains are 20 uninterrupted years of democracy and 17 years of far-reaching and fundamental economic reforms. USAID has directly supported this process through its assistance program and continuous policy dialogue. In spite of this progress, significant levels of poverty and social exclusion remain. Currently, about 58% of the Bolivian population lives in poverty, and 24% lives in extreme poverty. Rural poverty remains over 80%. Economic growth and job creation are lagging due to, among other things, limited financial intermediation, poor productive infrastructure, lack of access to technology and markets, and low levels of education. The economic crisis has been exacerbated by problems in neighboring Argentina and Brazil, which have had a spill-over effect on the Bolivian economy. The crisis and its attendant problems are becoming a threat to the democratic process and economic stability that Bolivia has been trying to maintain for the past two decades. Despite important progress in social indicators, Bolivia still has the second highest level of infant, child and maternal mortality in the hemisphere. Land tenure and water rights are becoming the most contentious issues 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 continuing attention to inhibit the resurgence of major social and political conflict within Bolivia.

U.S. foreign policy priorities in Bolivia emphasize supporting Bolivian democracy and counter-narcotics efforts. A stable democracy is a necessary condition for continued success in combating narcotics production and trafficking. Bolivia is also a committed U.S. ally in the war on terrorism.

The USAID Program: The Data Sheets provided below cover the six strategic objectives for which USAID is requesting funds. These objectives concentrate on improving the responsiveness and transparency of local governance and the justice system, increasing economic opportunities for poor rural populations through business development and trade, improving health practices and services, sustainably managing natural resources and biodiversity, promotion of licit income alternatives for rural farm families to reduce excess coca production, and increasing confidence in democratic institutions and methods of conflict resolution. USAID intends to implement activities under a new strategic objective in the area of democratic governance that will replace the current democracy and governance program. The Data Sheets describe in more detail the specific new activities to be funded by FY 2004 appropriations. USAID will use \$8.45 million of the FY 2004 budget request to fund the new strategic objective in the area of democratic governance, and the remaining amount for ongoing efforts.

Other Program Elements: USAID's Office of Private and Voluntary Cooperation supports ongoing child survival projects implemented by three U.S. Private and Voluntary Organizations (PVOs) under the Democracy, Conflict Resolution and Humanitarian Assistance Bureau. These PVOs are Medical Care Development International, Save the Children, and the International Eye Foundation. All projects are in under-served rural areas of Bolivia where child health is at greatest risk. Also under this Bureau is a political party training activity implemented by the National Democratic Institute. 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 P.L. 480 program to transfer technical skills to Bolivian farmers. EGAT also provides funding to ALFALIT for an adult literacy program. The Center for Excellence in Teacher Training, managed by the Latin America and Caribbean Bureau's Office of Regional Sustainable Development and USAID/Peru provides teacher training.

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) members. The United States and Japan are the largest bilateral donors. The donors' assistance is organized around the Bolivian Poverty Reduction Strategy Paper and the Government of Bolivia's Plan of Action. USAID is an active player in donor coordination and will continue to take a leadership role in the Alternative Development Donor Group. Spain, the United Nations Drug Control Program, and the European Union are active members of this group.

**Bolivia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Andean Counterdrug Initiative	0	39,600	42,000	42,000
Child Survival and Health Programs Fund	6,598	19,690	18,513	14,402
Development Assistance	25,098	12,853	12,230	11,380
Economic Support Fund	1,995	10,000	10,000	8,000
PL 480 Title II	15,918	19,566	21,525	21,655
Total Program Funds	49,609	101,709	104,268	97,437

STRATEGIC OBJECTIVE SUMMARY

511-001 Democracy				
ACI	0	4,000	3,500	0
DA	2,850	2,500	2,500	0
ESF	1,995	4,000	3,500	0
511-002 Increased Economic Opportunities				
DA	3,576	3,500	4,650	4,550
ESF	0	5,000	5,500	4,800
PL 480	6,367	8,556	8,610	8,655
511-003 Improved Health				
CSH	6,598	19,690	18,513	14,402
DA	13,271	0	0	0
PL 480	9,551	11,010	12,915	13,000
511-004 Natural Resources Sustainably Managed				
DA	5,401	6,853	5,080	5,080
ESF	0	1,000	1,000	0
511-005 Alternative Development				
ACI	0	35,600	38,500	38,500
511-XXX Democracy				
ACI	0	0	0	3,500
DA	0	0	0	1,750
ESF	0	0	0	3,200

Data Sheet

USAID Mission:	Bolivia
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	511-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,500,000 ACI; \$2,500,000 DA; \$3,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1992
Estimated Completion Date:	FY 2004

Summary: USAID's program to increase citizen support for the Bolivian democratic system includes a mix of technical assistance and training for criminal justice system reform, a more representative Congress, and improved local governance.

Inputs, Outputs, Activities:

FY 2003 Program:

A more representative Congress (\$2,500,000 DA). Technical assistance will foster better relations between Congressional representatives and their constituents by increasing the representatives' ability to respond to constituent interests and concerns. Congressional representatives will continue to receive training on how to participate productively in public hearings, regional caucuses, and brigade meetings. Training and technical assistance will also be provided to women legislators in order to enhance leadership skills, establish a women's legislative agenda and develop effective constituent relations mechanisms. After the recent elections, the number of Congressional women legislators has risen from 12% to 18%. The diverse nature of the new Congress reflects the myriad political and development issues representatives must address. The principle implementer is the State University of New York.

Improve local governance (\$3,500,000 ESF). Technical assistance in participative planning and budgeting will support municipal governments' ability to maximize resources and strengthen their role in Bolivia's development. Training will continue to focus on citizen participation, which has remained at very high levels due in large part to USAID-developed participative methodologies. The USAID-sponsored municipal internet portal (ENLARED) will launch an on-line auction of municipal supplies. This innovative approach will result in the transparent and cost effective sales of municipal supplies. The principle contractor is Chemonics International.

Implementation of the Code of Criminal Procedures (CCP) (\$3,500,000 ACI). USAID will continue support to implement the new CCP, which has been in full effect since June 2001. It is expected that the CCP will reduce delays in the administration of justice. Intensive hands-on training and technical assistance will continue to be provided to facilitate the effective implementation of the CPP. This assistance and training will be given to the principal operators of the Bolivian justice system, including prosecutors and judges. Training and technical assistance will be given to the office of the Public Defender in order to strengthen their critical role under the CCP. Technical assistance will be provided to consolidate and improve the recently implemented case tracking and jurisprudence search system installed at the Supreme Court. The principle contractor is Management Sciences for Development.

FY 2004 Program:

No obligations are planned in FY 2004. A new program in support of the Bolivian democratic system will start in FY 2004 as described in Strategic Objective No. 511-XXX.

Performance and Results: As a result of USAID assistance, there have been about three oral trials per day throughout Bolivia since the implementation of the new CCP. This is in contrast to the previous

system where trials were conducted under the written, inquisitive system, which was highly conducive to corruption and delays due to the lack of transparency and efficiency. The CCP has contributed to the democratization of justice with more than 1,300 citizens having gone through the selection process for citizen judges from June 2001 to June 2002. Twenty five percent of those were selected to preside over oral trials. These citizen judges serve during trial cases along with a technical judge. Justice system efficiency has also improved under the new CCP; whereas, in the past, the typical criminal case took more than three years to process, cases are now being processed from investigation to sentencing in less than a year.

Citizen satisfaction with municipal government remained high according to the 2002 data from the Democracy Values Survey (DVS). The latest DVS data demonstrated dramatic differences between USAID supported municipalities and the average Bolivian municipality in terms of satisfaction with municipal responses, citizen demands made on local governments, and public participation in budget meetings. In 2002, two USAID-sponsored pilot efforts to improve women's participation in municipal meetings to discuss the annual budget and work plan also yielded impressive results. Women's participation increased from 18 to 63 women out of a total of 118 participants, in one case, and from 24 to 106 women out of a total of 132 participants in the other. The model will now be integrated into all of USAID's municipal participation efforts. In 2002, USAID provided assistance to 175 municipalities nationwide through a network of municipal associations and sub-regional organizations.

The USAID-sponsored internet portal for Bolivian municipalities has recently been officially adopted by the Ministry of Municipal Development and the National Federation of Municipal Associations as their primary instrument for providing municipal information and communication via the internet. The portal is on the verge of launching an important on-line auction of municipal supplies, which will make the acquisition of these supplies less expensive and more transparent. If successful, these auctions have the potential to generate revenue for sustaining the portal.

This year's congressional elections brought about a large-scale (77%, or 121 out of 157 Congress members) turnover in the Congress. USAID's legislative strengthening program adapted successfully to this transition and continued to provide an important vehicle for improving the relationship between district representatives and their constituencies. During the period prior to elections, several constituent outreach methodologies were developed and tested, including public hearings, regional caucus or brigade meetings, and encounters between the single-member district Deputy with constituents. An important accomplishment has been the official recognition by the Congress of these USAID-developed participation instruments. The USAID-supported program promoted their approval during the previous Congress, which enabled full implementation after the elections.

Continued progress under this program will mean that by the end of 2004, there will be increased citizen support for the Bolivian democratic system, including the judicial branch, legislative branch and municipal governments. Single-district representatives will be holding frequent meetings with their constituents to be more responsive to their needs; up to 35 such encounters will be held each year by 2004. Citizens will be participating more actively in municipal meetings, with up to 17% of the population participating in meetings to discuss their municipalities' annual operating plan and at least 50% of the population expressing satisfaction with the performance of their local governments. The judicial branch will have greatly improved the efficiency of the justice system by reducing the time to process criminal cases, down to less than a year, from investigation to sentencing. More than 60% of the population will be aware of the new, improved criminal procedures code.

US Financing in Thousands of Dollars

Bolivia

511-001 Democracy	ACI	DA	ESF	Plan Colombia
Through September 30, 2001				
Obligations	6,588	19,662	10,245	2,000
Expenditures	5,518	13,829	8,200	0
Unliquidated	1,070	5,833	2,045	2,000
Fiscal Year 2002				
Obligations	3,974	2,500	3,940	0
Expenditures	0	3,519	1,410	0
Through September 30, 2002				
Obligations	10,562	22,162	14,185	2,000
Expenditures	5,518	17,348	9,610	0
Unliquidated	5,044	4,814	4,575	2,000
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	3,500	2,500	3,500	0
Total Planned Fiscal Year 2003				
Obligations	3,500	2,500	3,500	0
Proposed Fiscal Year 2004 NOA				
Obligations	0	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	14,062	24,662	17,685	2,000

Data Sheet

USAID Mission:	Bolivia
Program Title:	Increased Economic Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,650,000 DA; \$5,500,000 ESF; \$8,610,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,550,000 DA; \$4,800,000 ESF; \$8,655,000 PL 480
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2008

Summary: USAID's program to increase the income of Bolivia's poor will provide technical assistance and training for increasing financial services to the poor; improving production and marketing of agricultural commodities; and increasing trade and Bolivia's competitiveness.

Inputs, Outputs, Activities:

FY 2003 Program:

Increased access to financial services in underserved areas (\$2,650,000 DA). USAID will fund technical assistance to microfinance institutions to strengthen their capacity to expand their client base and generate sufficient profits to ensure sustainability, to develop the supervisory capacity of the Superintendency of Banks and Financial Institutions, and to create an all-inclusive credit referencing system. USAID will also initiate programs to strengthen Bolivia's network of rural credit unions. USAID will also support the use of Development Credit Authority guarantees for two microfinance institutions to expand their portfolio of micro-credit loans. The prime contractor is Development Associates Inc.

Increased access to agriculture technology and marketing services (\$2,000,000 DA). USAID will provide technical assistance and training for 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. The prime contractor is Chemonics International.

Increased trade capacity and competitiveness (\$5,500,000 ESF). USAID will support the Bolivian Trade and Business Competitiveness (BTBC) program, that builds Bolivia's capacity to participate in, and take advantage of, the increasingly globalized world trading system. This will be the first year of an initial phase of a program to build the country's trade capacity. Contractors/grantees will be determined through a competitive process.

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 (CS) will also continue organizing large numbers of farmer groups and marketing associations. The CSs will form new and deepen existing partnerships with communities and municipalities that participate in the Title II program. The prime implementers are Adventist Development and Relief Agency, Food for the Hungry International, CARE and Save the Children.

FY 2004 Program:

Increased access to financial services in underserved areas (\$2,550,000 DA). USAID will provide technical assistance to microfinance institutions to increase access of microentrepreneurs to financial services, to enhance the solvency and efficiency of microfinance institutions, and to diversify services by developing new non-credit products.

Increased access to agriculture technology and marketing services (\$2,000,000 DA). USAID will provide technical support to farmers to increase yields and improve their access to markets, thereby raising household incomes.

Increased trade capacity and competitiveness (\$4,800,000 ESF). The BTBC will continue initial trade building capacity activities and USAID will initiate the second, more comprehensive phase of this program.

Improved agricultural technologies for increased food security. The P.L. 480 Title II development food aid program will buttress the Strategic Objectives of USAID/Bolivia, enhancing the effectiveness of agriculture, income generation and community development activities while targeting Bolivia's most food-insecure population.

Performance and Results: As a result of USAID activities supporting access to financial services, the number of deposit accounts has increased from 68,386 to 104,875 (53% increase) over the past year. The number of rural borrowers with an active loan was 114,565. Over 65% of the recipients of these loans were women. Despite the economic and financial crisis affecting Bolivia, microfinance institutions performed better than other financial intermediaries, such as commercial banks and credit unions, in terms of loan portfolio quality, solvency, and profitability. For example, 14.8% of microfinance loans were in arrears compared to 18.7% of commercial bank loans.

Under the market access and poverty alleviation activity, 2,190 rural households received technological and marketing services, of which 64% have fully adopted new technologies and accessed markets. The income of Bolivia's poor farmers receiving USAID agricultural assistance in onion production increased from an annual average of \$1,034 to \$1,428 in FY 2002 (a 38% increase). Sales by beneficiaries at the farm level have increased on average by 27% from \$879 in 2001 to \$1,118 in 2002.

The Title II program is working with approximately 94,000 families to increase income via technical assistance in production and marketing and infrastructure improvements.

Continued progress under this program will mean that by the end of FY 2008 USAID's activities will have contributed to the income of Bolivia's poor increasing by 15% for participating rural families. USAID-assisted microfinance institutions will be providing credit services to over 250,000 rural households and deposit services to 200,000 poor Bolivians. In addition, 15,000 rural households will have access to technology and market services and sales of products at farm gate will have increased by 25%. Twenty commodity sub-sectors will be established or improved. In addition, Bolivia will be better positioned to take advantage of export trade preferences granted under the Andean Trade Preference and Drug Eradication Act and under the Free Trade Area of the Americas scheduled to take effect in 2006.

US Financing in Thousands of Dollars

Bolivia

511-002 Increased Economic Opportunities	ACI	CSH	DA	ESF
Through September 30, 2001				
Obligations	0	0	19,696	5,893
Expenditures	0	0	11,765	5,859
Unliquidated	0	0	7,931	34
Fiscal Year 2002				
Obligations	52	26	3,526	4,939
Expenditures	0	0	3,902	26
Through September 30, 2002				
Obligations	52	26	23,222	10,832
Expenditures	0	0	15,667	5,885
Unliquidated	52	26	7,555	4,947
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	0	0	4,650	5,500
Total Planned Fiscal Year 2003				
Obligations	0	0	4,650	5,500
Proposed Fiscal Year 2004 NOA				
Obligations	0	0	4,550	4,800
Future Obligations	0	0	18,600	24,000
Est. Total Cost	52	26	51,022	45,132

Data Sheet

USAID Mission:	Bolivia
Program Title:	Improved Health
Pillar:	Global Health
Strategic Objective:	511-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$18,513,000 CSH; \$12,915,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$14,402,000 CSH; \$13,000,000 PL 480
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2008

Summary: USAID 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) improve the quality and increase the coverage of health services according to established technical norms and culturally acceptable standards. USAID will help the relevant central, departmental and municipal government agencies to assume new, complementary roles in a decentralized and participatory health system. USAID's program supports and complements the health-sector priorities of the new Government of Bolivia (GOB) and focuses on reproductive and sexual health, child survival, infectious diseases and HIV/AIDS, giving priority to underserved (particularly peri-urban and rural) populations and those at a highest risk of specific diseases.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved health practices by individuals, family and the community (\$6,447,000 CSH). USAID will support community-based activities that will empower community groups to effectively demand quality health services and to improve their own health and nutrition through improved health practices in areas related to child survival, reproductive and sexual health, HIV/AIDS and infectious diseases. The Title II program will also expand the reach of these activities. The prime implementers are PROSIN (within the GOB's Ministry of Health); PROCOSI (a network of 24 NGOs); the local NGOs ProSalud, Center for Education, Investigation and Services (CIES) and the Center for Communication Programs (CPC); and Population Services International.

Improved quality and increased coverage of health networks (\$10,210,000 CSH). This program will bolster the national immunization program, and institutionalize the integrated management of childhood illness. The program will also reinforce reproductive and sexual health services, promote the prevention and control of infectious diseases, and increase coverage and quality of services. USAID will also work to improve disease surveillance, population research and demographic analysis. These activities involve improving the technical and administrative capacity of personnel, as well as strengthening the logistic capacity of the health networks. P.L. 480 Title II resources will also support these activities. The prime implementers are PROSIN, PROCOSI, ProSalud, and CIES.

A decentralized, participatory and equitable Bolivian health system (\$1,856,000 CSH). USAID will provide technical assistance to municipalities in increasing their managerial capacity and establishing mechanisms to strengthen the health network. These activities will complement the municipal capacity-building activities. PROSIN and PROCOSI (all prime).

Child health and survival. USAID will use P.L. 480 Title II resources to provide technical assistance to address the immediate and underlying causes of childhood malnutrition by improving household food security and strengthening childcare practices. To improve health and nutrition conditions, the Title II program will raise local capacities at all levels, increase access to key services and improve child care and feeding practices. PROSIN and PROCOSI (all prime).

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

FY 2004 Program:

Improved health practices by individuals, family and the community (\$5,848,000 CSH). USAID plans to continue activities to improve community health practices contingent upon the results of a new program to promote community participation in health services.

Improved quality and increased coverage of health networks (\$7,706,000 CSH). Activities to improve the quality and accessibility of health services will continue.

A decentralized, participatory and equitable Bolivian health system (\$848,000 CSH). USAID will continue support to the decentralization of health services and to local NGOs to promote community participation and oversight.

Child health and survival. The program will continue to improve child health, nutrition and household food security using P.L. 480 Title II resources which are principally aimed at improving health practices, and increasing the coverage of health services.

Performance and Results: As a result of USAID's interventions, more women are demanding and receiving timely medical services, such as prenatal consultation before the fifth month of pregnancy, and more births are assisted by trained personnel. Demand for contraception has increased. More parents are recognizing the need for, and demanding, vaccination for their children. Bolivia has continued to be free of polio and measles for the last two years and there has been a marked reduction in the incidence of other preventable diseases. Furthermore, USAID's leadership role and status as a major donor in HIV/AIDS prevention has played a key role in maintaining Bolivia's low infection rate. USAID has also strengthened the diagnosis and prevention of infectious disease such as malaria through operations research, prevention, diagnosis and treatment activities. USAID-sponsored activities have been in the forefront of efforts to strengthen municipalities' capacity to manage decentralized health services, and in organizing community participation in, and oversight of, health services. The new government, recognizing USAID's successful leadership in this field, has already requested its support in setting up norms and implementing strategies that will strengthen local health systems.

Continued progress under this program will mean that by the end of FY 2008 USAID maternal and child health activities will have contributed extensively to reductions of at least 40% in maternal mortality and 35% in infant mortality. Reproductive health activities will bring about an increase to 60% in contraceptive prevalence. USAID support to improved access to and quality of public health services will lead to measurable decreases in the transmission of major infectious diseases. USAID's activities to combat the spread of HIV/AIDS will result in the continued containment of the epidemic.

US Financing in Thousands of Dollars

Bolivia

	CSH	DA
511-003 Improved Health		
Through September 30, 2001		
Obligations	48,408	122,799
Expenditures	39,963	108,599
Unliquidated	8,445	14,200
Fiscal Year 2002		
Obligations	18,604	250
Expenditures	5,719	11,775
Through September 30, 2002		
Obligations	67,012	123,049
Expenditures	45,682	120,374
Unliquidated	21,330	2,675
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	18,513	0
Total Planned Fiscal Year 2003		
Obligations	18,513	0
Proposed Fiscal Year 2004 NOA		
Obligations	14,402	0
Future Obligations	61,620	0
Est. Total Cost	161,547	123,049

Data Sheet

USAID Mission:	Bolivia
Program Title:	Natural Resources Sustainably Managed
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,080,000 DA; \$1,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,080,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2008

Summary: To generate economic growth based on sound natural resources use, USAID will finance technical assistance and training to: 1) promote sustainable forest management through 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 implement cleaner production practices, becoming more efficient and competitive, and less polluting. Forestry and cleaner production activities help prepare Bolivia for participation in the Free Trade Area of the Americas.

Inputs, Outputs, Activities:

FY 2003 Program:

Promoting sustainable forest management through trade in forest products (\$3,200,000 DA, \$1,000,000 ESF). USAID will provide technical assistance to communities to manage their forests, assist forestry-related companies to reduce their costs, become more competitive, and partner with communities and international (U.S.) firms to grow sales, and assist government institutions to implement policies that support forest management. USAID will also provide technical assistance to consolidate the gains made in the sector. The prime implementers are Chemonics International, the Amazonian Center for Sustainable Forest Enterprise, and the U.S. Department of Agriculture's Forest Service.

Improving park and protected area management (\$1,180,000 DA). USAID will provide technical assistance to local organizations in conserving the globally important eastern slope of the Andes. USAID will assist local communities to develop income-generating activities, develop sustainable benefits from lands, foster local participation in park management, train local leaders in conflict management techniques and help resolve conflicts over land, and carry out research to inform management decisions. The prime implementers are Conservation International, The Nature Conservancy, the World Wildlife Fund, and the Wildlife Conservation Society.

Implementation of cleaner production practices by Bolivian industry (\$700,000 DA). USAID will provide technical assistance and training to assist the private sector in adopting cleaner production technologies which simultaneously increase efficiency and reduce costs. The prime implementer is the Center for the Promotion of Sustainable Technologies.

FY 2004 Program:

Promoting sustainable forest management (\$2,400,000 DA). USAID will continue technical assistance in sustainable forest management.

Improving park and protected area management (\$2,180,000 DA). USAID will continue to provide technical assistance to local organizations to conserve the globally important eastern slope of the Andes.

Implementation of cleaner production practices by Bolivian industry (\$500,000 DA). USAID technical assistance and training in adopting cleaner production technologies will continue.

Performance and Results: As a result of investments catalyzed by USAID, Bolivia has become the global leader in tropical forest management, with 983,260 hectares of forests independently (and voluntarily) certified as well managed. Certified forestry remains one of the few relatively bright spots in Bolivia's troubled economy, with the value of certified forest products exported increasing from \$17,433 in 1996 to \$13,362,393 in 2002. USAID's forestry program has made impressive gains in non-certified sustainable management as well: 499,309 hectares are under management by local peasants' organizations (a 64% increase from the previous year), and 444,406 hectares are managed by indigenous groups (a 44% increase from the previous year). USAID is helping communities organize themselves, manage their forests, and work productively with the private sector to create tangible local benefits, such as an increase in one community's wood price from \$4.50 to \$35 per cubic meter from 2001 to 2002.

USAID achieved notable results in support for protected areas in 2002: the Cochabamba departmental government, with assistance from the World Wildlife Fund, The Nature Conservancy, and Conservation International, created the 640,000 hectare Altamachi Cotacajes Protected Area. The area is spectacularly diverse, largely uninhabited, and benefits from strong support from local communities. With support from the Wildlife Conservation Society, the Izoceno Indian's reached an agreement with a gas company to address the environmental impact of gas extraction in Bolivia's largest national park, Kaa Iya, which they manage.

Through USAID's partnership with Bolivian industry, a total of 44 plants adopted cleaner production practices in 2002. Collectively, these companies made a one-time investment of \$2,425,403 to implement improvements in their production systems, resulting in annual savings of \$1,245,290 and significant environmental benefits. For example, the changes reduced organic waste has been reduced by the equivalent of that generated in La Paz over two months. Bolivian industries that implement cleaner production practices become more competitive as well as less polluting, which helps prepare the country for participation in the Free Trade Area of the Americas.

Continued progress under this program will improve the management of commercial forests and protected areas and reduce pollution generated by manufacturers and hospitals. Progress in these areas will continue to produce local benefits in the form of increased household income, enhance equitable and participatory local governance, foster sustainable economic development, and create strong incentives for effective natural resource stewardship.

US Financing in Thousands of Dollars

Bolivia

	DA	ESF
511-004 Natural Resources Sustainably Managed		
Through September 30, 2001		
Obligations	32,286	0
Expenditures	25,818	0
Unliquidated	6,468	0
Fiscal Year 2002		
Obligations	6,757	1,000
Expenditures	6,570	0
Through September 30, 2002		
Obligations	39,043	1,000
Expenditures	32,388	0
Unliquidated	6,655	1,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,080	1,000
Total Planned Fiscal Year 2003		
Obligations	5,080	1,000
Proposed Fiscal Year 2004 NOA		
Obligations	5,080	0
Future Obligations	23,092	0
Est. Total Cost	72,295	2,000

Data Sheet

USAID Mission:	Bolivia
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	511-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$38,500,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$38,500,000 ACI
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2008

Summary: USAID's program to eliminate illegal and excess coca from Bolivia will 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 2003 Program:

Sustainable farm-level production of licit crops (\$7,100,000 INC). USAID activities to prevent the resurgence of coca and cocaine production include road maintenance and improvement, energy distribution, small farmer livestock research, and agroforestry. Agricultural and marketing technology transfer and extension systems will be improved, and critical land titling interventions developed. The prime implementers are Development Alternatives, Inc., the Bolivian Institute of Agricultural Technology and the GOB Regional Alternative Development Program.

Implementation of social development programs to strengthen social capital (\$3,000,000 ACI). USAID will support municipal strengthening, health and higher education programs for under-served rural areas in order to increase access to critical services. The prime implementers are Chemonics International and the Bolivian Catholic University.

Sustainable market linkages developed and roads maintained and improved (\$8,000,000 ACI). USAID will provide marketing assistance and partial grants to increase production and market potential of licit crops. Chapare road maintenance and improvement assistance will reduce transportation costs and improve export quality, while marketing services and grants will address shorter-term problems of farm families in areas where coca is eradicated. Tourism activities will establish small farmer businesses and generate additional sources of employment and income. The prime implementers are Development Alternatives, Inc., the GOB Rural Roads Authority and the GOB Regional Alternative Development Program.

Improve market access and increased competitiveness for Yungas small agricultural producers (\$3,500,000 ACI). To increase licit crop production and sales and enhance market access, USAID will promote the adoption of improved agricultural technologies for selected products through farmers associations, cooperatives and local agribusinesses. It will also encourage the adoption of low-cost forestry and agro-forestry practices to improve soil fertility and increase licit crop yields. Chemonics International (prime).

Organizational strengthening, education, training, and investment promotion (\$7,000,000 ACI). USAID will provide technical assistance, training and management services to farmer groups and producer organizations. The project will enhance capacities, mechanisms and networks of local public- and private-sector organizations to promote the sustainable development of the region. USAID will support education and training in marketable skills (e.g. food processing, mechanized agriculture, harvesting and packing of products, carpentry, mechanics, handicrafts and others). Funds will be provided for investment-related programs supporting long-term financial services and credit. Special attention will be given to create economic incentives that benefit women and youth. The prime implementers are

Development Alternatives, Inc., the International Labor Organization and the GOB Regional Alternative Development Program.

Improved social and productive infrastructure (\$9,900,000 ACI). In the Yungas, USAID will focus resources on highly visible, high-priority projects (such as bridges, road improvement, electrification, potable water, sanitation systems or health and education facilities) defined by the communities and conditioned upon coca reduction and non-proliferation. USAID will fund investments at the household, village and regional levels to indirectly increase household income. The prime implementers are Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance and the National Rural Electric Cooperative Association .

FY 2004 Program:

Sustainable farm-level production, improved market linkages and road infrastructure (\$12,900,000 ACI). USAID will finance activities to improve the transfer of agriculture and marketing technology. Road maintenance and improvement activities will also continue.

Assistance to Yungas farmers' groups and communities (\$16,100,000 ACI). USAID will continue to provide technical assistance and improved infrastructure to communities that engage in coca reduction and non-proliferation agreements.

Organizational strengthening, education, training and social capital investments (\$9,500,000 ACI). USAID will support local Chapare institutions that play a major decision-making role in socio-economic development. Women and indigenous groups will be assisted to become more involved in decision-making regarding the Chapare's development. Additional investments will be made in education, health and housing to manage and mitigate social conflict in the region.

Performance and Results: Through September 2002, 21,410 farm families received USAID-assistance exceeding the end of calendar year target of 20,000 families. The area of licit crops planted in the Chapare increased to 120,727 hectares in 2001 and to 125,000 hectares by December 2002 (97% of the 2002 target). However, the value of licit produce leaving the Chapare through September 2002 was 55% below the annual target due to reduced sales and wholesale prices caused by the economic recession in Bolivia and the severe economic crisis in Argentina, the major export market.

Through September 2002, the Yungas Development Initiative's Community Development Fund reviewed 76 project priorities from participating communities, 35 of which are being implemented while the rest are under design. Of the 35 projects, 27 are for social infrastructure and eight are for productive infrastructure. As of September 2002, the Rural Roads Authority completed 21 kilometers of road maintenance, six kilometers of road improvement, 10 kilometers of stone paving and the construction of three bridges. Seven out of eight municipalities of the Yungas have been strengthened using the Bolivian Democratic Decentralization and Citizen Participation model. The USAID-funded scholarship program at Catholic University's Carmen Pampa campus continues to provide 33 full scholarships to students in the traditional licit coca producing areas of the Yungas, in the fields of agronomy, veterinary medicine, nursing and primary education.

Continued progress under the program will mean that in Chapare, the licit economy will be consolidated, as USAID continues to develop approaches reaching more than 30,000 families by the end of June 2003. At least 50 producer organizations and businesses will have doubled or tripled their sales volume or gross income. Increased investments by the business sector and the opening of commercial bank services will attract more than \$38 million from the private sector.

In the Yungas, producers of legal and illegal coca will be fully engaged in an initiative to voluntarily reduce coca production to a level equivalent to licit demand for traditional purposes. Licit household income will be increased by improving the post-harvest and marketing capabilities of local producers' organizations, and 80% of communities will participate in the municipal planning process, thus increasing stakeholders' access to and control of public goods and services.

US Financing in Thousands of Dollars

Bolivia

511-005 Alternative Development	ACI	ESF	Plan Colombia
Through September 30, 2001			
Obligations	26,643	0	78,000
Expenditures	26,130	0	38,306
Unliquidated	513	0	39,694
Fiscal Year 2002			
Obligations	35,514	13,400	0
Expenditures	0	21,723	22,592
Through September 30, 2002			
Obligations	62,157	13,400	78,000
Expenditures	26,130	21,723	60,898
Unliquidated	36,027	-8,323	17,102
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	38,500	0	0
Total Planned Fiscal Year 2003			
Obligations	38,500	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	38,500	0	0
Future Obligations	190,000	0	0
Est. Total Cost	329,157	13,400	78,000

Data Sheet

USAID Mission:	Bolivia
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	511-XXX
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,500,000 ACI; \$1,750,000 DA; \$3,200,000 ESF
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID's program to increase citizen support for the Bolivian democratic system will promote more transparent, efficient and accessible rule of law institutions; a Congress more representative of constituent demands; more effective and efficient local governments; more democratic political parties; and more effective participation of civil society in the democratic system to manage conflict.

Inputs, Outputs, Activities:

FY 2003 Program:

This Strategic Objective will begin in FY 2004.

FY 2004 Program:

Political party reform (\$875,000 DA). USAID will provide technical assistance in support of political parties, which have lost credibility over the past few years in part due to the lack of inclusion. The activity will enhance political parties' capacity to develop platforms, evaluate policy and communicate with voters. Principal contractors/grantees are to be determined through a competitive process, as appropriate.

Legislative strengthening (\$875,000 DA). Technical assistance to Bolivia's Congress will focus on building a culture of responsiveness to the electorate and constituency. Principal contractors/grantees to be determined.

Support to the new Code of Criminal Procedures (\$3,500,000 ACI). USAID will provide technical assistance fund to help guarantee the successful implementation of the new criminal procedures code. New focus areas will include: a) anti-corruption, b) establishment of the new Forensic Investigations Unit, c) institutional strengthening of the office of the Public Defender, d) justice sector institutional support to address rising public concerns regarding public safety and crime, e) human rights via local non-governmental organizations, and f) possible support to civil and commercial legal reforms. Principal contractors/grantees to be determined.

Strengthening municipal governance (\$3,200,000 ESF). In the area of municipal governance, USAID will support the municipal association structure, including national, departmental and regional level associations. Technical assistance will strengthen basic municipal functions, especially those that increase local revenue generation. More emphasis will be placed on moving both municipalities and associations into providing basic services to the populations they serve. The internet-based services platform for municipalities that USAID launched in 2001 will begin to provide municipalities with a tool to improve resource generation, share information and access goods and services via municipal auctions. Principal contractors/grantees to be determined.

More effective participation of civil society in the democratic system to manage conflict (\$250,000 DA): USAID will provide technical assistance to civil society organizations to help them develop more productive forms of dialogue and conflict resolution with the government and with each other that achieve

legitimate aims without resorting to economic and social disruption. Principal contractors/grantees to be determined.

Performance and Results: At the end of the program, USAID will have increased political parties' capacity to develop platforms, evaluate policy and enhanced communication with voters. Members of Bolivia's Congress will be trained to better represent and be more responsive to their constituents. Successful implementation of the new criminal procedures code will continue and be expended to new focus areas. Basic municipal government functions will be strengthened, especially those that increase local revenue generation. Finally, civil society organizations will have develop more productive forms of dialogue and conflict resolution with the government and with each other that achieve legitimate aims without resorting to economic and social disruption.

US Financing in Thousands of Dollars

Bolivia

511-XXX Democracy	ACI	DA	ESF
Through September 30, 2001			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2002			
Obligations	0	0	0
Expenditures	0	0	0
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	0	0
Total Planned Fiscal Year 2003			
Obligations	0	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	3,500	1,750	3,200
Future Obligations	14,000	10,000	16,000
Est. Total Cost	17,500	11,750	19,200

Brazil

The Development Challenge: Although Brazil is the 12th largest economy in the world, its development challenges are equally large in scale. Total foreign debt stood at \$213 billion in December of 2002, with the government share totaling 58% of GDP, while inflation reached double digits for the first time since 1995. Out of a total population of over 170 million, an estimated 53 million Brazilians live in poverty, and 25 million people lack access to the national power grid. Moreover, 15% of the population is illiterate, and 57% of all HIV/AIDS cases in South America are found in Brazil. Environmental degradation and deforestation continue to occur at alarming rates; Brazil is the fifth largest green house gas contributor in the world. During the 1990s, great progress was made in consolidating democratic reform, and in implementing policies that produced relative economic stability after years of rampant inflation. Recent years, however, have been marked by unprecedented unemployment and little or no economic growth, leading to public demands for increased government attention to deteriorating socio-economic conditions. Against this backdrop, Luis Inacio Lula da Silva was elected President in November of 2002 with an unprecedented 60% of the popular vote, and a resounding mandate to fight poverty, create new jobs, and expand social sector programs. Achieving success on these fronts while maintaining sound fiscal and monetary policies will present an enormous challenge for the new government.

Shared democratic values and continued reforms supportive of economic growth and expanded trade and investment have provided the foundation for an increasingly close U.S.-Brazilian partnership in recent years. The overriding U.S. national interest is to support and help guide the continuation of this process under the new administration of President Luis Inacio Lula da Silva in order to ensure continued fiscal responsibility and renewed economic growth, the promotion of hemispheric integration, investment liberalization and free trade, as well as effective collaboration on transnational issues such as trafficking in drugs and persons, the war on terrorism, HIV/AIDS prevention, and environmental protection.

The USAID Program: USAID is helping Brazil to enhance its role as a hemispheric leader and dependable partner in addressing regional and global issues of mutual concern as well as its efforts to address serious domestic socioeconomic problems. USAID has begun to implement its new FY 2003 - FY 2008 strategy. The Data Sheets provided below cover five strategic objectives for which USAID is requesting funds. The first three objectives address major areas of global concern such as the protection of Brazil's environment and unique biodiversity, the reduction of greenhouse gas emissions, the promotion of renewable energy, and reduced transmission of infectious diseases, particularly HIV/AIDS and tuberculosis. The fourth objective focuses on employment preparation and training programs for disadvantaged youth in market-driven areas such as information and communication technology. The fifth objective will promote Brazilian participation in the Free Trade Areas of the Americas (FTAA) initiative and facilitate expanded opportunities for small and medium size enterprises in trade-led economic growth.

USAID does not provide funding directly to the Government of Brazil (GOB), but rather works through U.S.-based non-governmental organizations (NGOs), U.S. private contractors, and other U.S. Government agencies, most of which have established effective partnerships with local organizations. USAID coordinates very closely with the GOB in program design and implementation to ensure that the programs designed complement and contribute to national development priorities and initiatives. USAID also plays a significant role in bringing together the GOB, NGOs, and other international donors in strategic partnerships that have resulted in shared development agendas and a high degree of collaboration.

Given Brazil's size and the magnitude of its development challenges, USAID efforts are concentrated in the geographic areas with the greatest socio-economic needs. The program focuses on interventions that strengthen and expand the capacity of NGOs and local communities, and on the implementation of pilot activities that develop new methodologies and/or leverage additional participation and funding.

Other Program Elements: In addition to the resources requested in the Data Sheets, USAID's Office of Regional Sustainable Development manages a number of sector programs that have activities in Brazil or

include Brazilian participation. In the area of trade, USAID is supporting exchanges, workshops, and civil society outreach efforts to foster greater Brazilian support for the FTAA agreement. In the environment, the Parks in Peril program contributes to National Park conservation activities. Additionally, under the democracy and governance program, Brazilians have participated in cross border conferences and exchanges in the areas of justice reform, human rights and civil society strengthening.

USAID's Office of Global Development Alliance manages a youth employment activity in Sao Paulo, Brazil, implemented by the International Youth Foundation. USAID's Office of Global Health has contributed to a program that conducts field research on HIV/AIDS, sexually transmitted infections, and tuberculosis, and provides related management training. Finally, the South American Regional Program manages a malaria surveillance, detection, and treatment activity in the Brazilian Amazon region.

Other Donors: USAID plays an active role in facilitating donor coordination through periodic roundtable discussions and by hosting annual sector-specific meetings that bring together USAID-funded partners, government representatives, and other donor organizations for technical discussions and to enhance coordination. Traditionally, the largest donors in Brazil have been the World Bank, the Inter-American Development Bank (IDB), the European Union (EU), and USAID, followed by United Kingdom's Division for International Development (DFID), the German Agency for Technical Cooperation (GTZ), U.N. Development Program (UNDP), the Canadian Government, and U.N. Children's Fund (UNICEF).

There are many bilateral and multilateral donors assisting Brazil in the environment sector. These major donors focus includes the following areas: World Bank (forest preservation); IDB (ecotourism, sustainable economic forestry development); GTZ (biodiversity, forestry preservation); DFID (poverty alleviation, natural resource management); and the Netherlands (sustainable forest management). Although USAID coordinate with all these donors but works most closely with the World Bank and the Dutch. In the health sector, there are several donors that have HIV/AIDS and TB programs, e.g. the World Bank, the U.N. AIDS Program (UNAIDS), EU, U.N. Population Fund (UNFPA), and the Pan-American Health Organization (PAHO). The major donors in the energy sector are the World Bank (carbon credit program); IDB (equity investments in small enterprises); and UNDP (environmental management, energy development). USAID collaborates with UNDP, IDB, and the World Bank in the energy sector on renewable energy and energy efficiency, while the Japanese International Cooperation Agency (JICA) and DFID share USAID's interest in promoting clean energy production in rural areas. In the area of at-risk youth employment, USAID collaborates with European NGOs, the World Children's Fund, Save the Children, the Italian Government, the International Labor Organization (ILO), and the World Bank.

**Brazil
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	7,883	9,150	11,821	12,011
Development Assistance	7,318	4,799	6,680	8,222
Total Program Funds	15,201	13,949	18,501	20,233

STRATEGIC OBJECTIVE SUMMARY

512-001 Environment Program				
DA	4,950	3,349	0	0
512-002 Clean and Efficient Energy Program				
DA	2,368	1,000	0	0
512-003 HIV/AIDS and TB Program				
CSH	6,164	7,700	0	0
512-005 At-Risk Youth Program				
CSH	1,719	1,450	0	0
DA	0	450	0	0
512-007 Infectious Diseases Program				
CSH	0	0	10,921	11,111
512-008 Environment Program				
DA	0	0	5,280	5,222
512-009 Energy Program				
DA	0	0	1,400	1,400
512-010 At-Risk Youth Program				
CSH	0	0	900	900
DA	0	0	0	600
512-011 FTAA Promotion and SME Trade-Led Growth				
DA	0	0	0	1,000

Data Sheet

USAID Mission:	Brazil
Program Title:	Infectious Diseases Program
Pillar:	Global Health
Strategic Objective:	512-007
Status:	New
Proposed FY 2003 Obligation:	\$10,921,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$11,111,000 CSH
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: FY 2003 is the first year of implementation of USAID's new six-year strategy. In collaboration with the Ministry of Health (MOH), USAID's program will contribute to reduced HIV/AIDS and TB transmission rates in target areas by focusing on four major components: 1) expanding condom social marketing, including behavior change communications; 2) strengthening non-governmental organizations (NGOs) that provide services to high-risk populations; 3) improving epidemiological surveillance and research; and 4) strengthening TB control through Directly Observed Therapy Shortcourse(DOTS), the World Health Organization (WHO) recommended strategy for TB prevention, identification and treatment.

Inputs, Outputs, Activities:

FY 2003 Program:

Expanding condom social marketing (\$3,700,000 CSH). The program will emphasize behavior change communications for high-risk populations, media campaigns for the general population, and introduce new products for safer sex. Additionally, non-governmental organizations (NGO) will increase vulnerable populations' awareness and access to information on safe sex practices by developing and distributing targeted educational materials and conducting peer education workshops. DKT, a local social marketing firm and BEMFAM, a Brazilian NGO, will implement this program component.

Strengthening NGOs providing services to vulnerable/high prevalence populations (\$3,400,000 CSH). Activities including peer education and training of NGO staff members and volunteers, will focus on the promotion of safer sex practices; partner reduction; peer information, education and communication; 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. Other activities will include the identification of best practices for targeting vulnerable/high prevalence populations, such as commercial sex workers (CSWs), injecting drug users (IDUs), men who have sex with men (MSM), and sexual partners of at-risk groups. This component will be implemented through a buy-in to a U.S.-based PVO to be selected in 2003.

Improved epidemiological surveillance and research (\$1,400,000 CSH). Activities will emphasize reporting of HIV prevalence by supporting the MOH and other stakeholders in the development of appropriate HIV testing methodologies, and national guidelines and training strategies to be used in the early stages of developing a national network of sentinel surveillance sites. Operations research will focus on the development of 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 (CDC) are expected to implement these activities.

Expanding DOTS coverage (\$2,421,000 CSH). Building upon the successful start up and implementation of the pilot TB control program in Rio de Janeiro state, TB activities will be expanded to reach other high prevalence areas such Sao Paulo and Porto Alegre. USAID will provide technical assistance, fund operations research, provide training to medical personnel and community health workers, and strengthen the political commitment to improve and expand DOTS programming at the federal, state and municipal

levels. The TB Coalition for Technical Assistance (TBCTA), and Johns Hopkins University(JHU)/Gorgas Institute are the implementing partners of this program component.

FY 2004 Program:

Expanding condom social marketing (\$4,000,000 CSH). The program will implement behavior change communication activities with tailored messages to high prevalence populations, such as CSWs, IDUs and MSM; support media campaigns to promote safe sex practices among the general population; continue to expand condom social marketing activities into other geographic areas; and increase the access of vulnerable populations to condoms and safe sex information through increased outreach. Funds will also be used to support the operations of a national STI/HIV/AIDS information and referral hotline.

Strengthening NGOs providing services to vulnerable/high prevalence populations (\$3,000,000 CSH). Targeting high-risk groups, NGOs will continue to implement 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.

Improved epidemiological surveillance and research (\$2,000,000 CSH). Activities will emphasize program and indicator reporting by supporting the implementation of HIV sentinel surveillance sites to be selected in consultation with the MOH. 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.*

Expanding DOTS coverage (\$2,111,000 CSH). TB activities will continue to build on success from previous years by expanding DOTS to other high prevalence areas in the southeastern and southern regions of Brazil. Technical assistance 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.

Performance and Results: Through the above program, and in partnership with the MOH, NGOs and other donors, USAID will contribute to a reduction in the transmission of selected communicable diseases. The program will contribute to reducing HIV/AIDS infection rates among pregnant women and selected high prevalence groups; promote changes in sexual behavior (e.g. reduction in sexual partners, condom use among the high prevalence groups, and increased condom sales). In addition, an increased number of people will be tested and referred for sexually-transmitted infection (STI) and HIV/AIDS treatment. USAID's assistance will contribute to the reduction in HIV prevalence among the general population. Additionally, TB infections rates in target areas will be reduced and treatment completion is expected to increase to 40% and 85% in target areas implementing DOTS.

US Financing in Thousands of Dollars

Brazil

512-007 Infectious Diseases Program	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	10,921
Total Planned Fiscal Year 2003	
Obligations	10,921
Proposed Fiscal Year 2004 NOA	
Obligations	11,111
Future Obligations	39,440
Est. Total Cost	61,472

Data Sheet

USAID Mission:	Brazil
Program Title:	Environment Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-008
Status:	New
Proposed FY 2003 Obligation:	\$5,280,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,222,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: USAID/Brazil's environment program will increase benefits to rural poor and shape future land-use trends over large geographic areas of Brazil, especially the Amazon rain forest, while continuing to mitigate the global impacts of climate change and biodiversity loss. USAID/Brazil's environment program is in a strategic position to continue influencing the course of the Amazon development while increasing the well being of its rural populations. New trends and technologies offer opportunities for program interventions that could have substantial impacts on forest management and conservation. These opportunities involve developing markets for environmental goods and services, and monitoring and designing sustainable landscapes for environmental conservation. Adoption of sustainable forest management practices, wider penetration of market mechanisms at the community level, and scaling-up of lessons learned in both forest conservation and sustainable land use at a regional level are measures that can help Brazilian society to sustain natural ecosystems in healthy, productive landscapes that provide economic, social, and environmental benefits.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve sustainable natural forest management practices (\$2,000,000). USAID will provide technical assistance and support for public and private sector initiatives designed for sustainable use and conservation of natural resources. USAID partners will train several hundred individuals and local institutions to manage natural resources. Furthermore, these partners will engage the public in decisions on natural resource use, developing policies and practices to improve the management of natural resources. Activity results will include: 1) several million hectares protected as parks and natural production forests for timber harvest as well as production of tropical fruits, oils, and eco-tourism; 2) several thousand skilled individuals in rural communities employed in sustainable forest management businesses; and 3) burning of hundreds of thousand of hectares avoided in vulnerable Amazon areas. In FY 2003, USAID through a competitive bidding process will select principal contractors/grantees to implement the strategy.

Support markets for environmental goods and services to provide tangible economic benefits for poor communities (\$1,800,000). USAID will support a coordinated set of activities such as: 1) capacity building to increase incomes through at least ten marketing initiatives that target sustainably-managed forest products; 2) support for at least three public-private partnerships; 3) developing new and emerging markets for environmental goods and services such as clean water; and 4) addressing impediments that communities and small-holders face in accessing capital, market information, and markets themselves. Activities are expected to more than double family income from the sustainable management of community forests, including the sale of timber and non-timber forest products, and provide access to credit for tens of thousands of rural families. In FY 2003, USAID through a competitive bidding process will select principal contractors/grantees to implement the strategy.

Improve landscape-level planning that sustains or enhances environmental and socioeconomic benefits and incorporate decisions into government planning and policies (\$1,480,000). USAID will continue to support analysis by civil society organizations of potential environmental and socioeconomic impacts of

current and alternative land use trends. The program will support a landscape-level approach to conservation, including: 1) testing and use of satellite-based detection tools for computer-aided spatial design and development; 2) summarizing research and design results for use in the creation and revision of government plans and policies; and 3) engaging the public in the debate over how best to manage the Amazon basin. Efforts to increase the area of forested land that is legally managed will include activities such as: 1) establishment of several dozen private reserves linking parks and other public conservation areas; 2) interventions in policy to support both a shift from agricultural-based investment to forest-based investment, and increased access to credit in support of forest-based economic opportunities for tens of thousands of farm families in the Amazon. In FY 2003, through a competitive bidding process, USAID will select principal contractors/grantees to implement the strategy.

FY 2004 Program:

Improve sustainable natural forest management practices (\$2,000,000). USAID/Brazil expects that new initiatives will be supported to reduce the use of fire on tens of thousands of small farm properties in the Amazon by promoting planting of tree crops that do not need fire to recycle nutrients and to clear additional land. Program partners will work with several dozen mid-sized forest industry managers to show them that it can be more profitable to adopt reduced-impact harvest practices than continue with current harvest practices that do irreparable damage to forests. Partners will expand outreach to several hundred traditional river-dweller and indigenous communities in the Amazon to instill business, as well as forest management skills and techniques.

Develop markets for environmental goods and services for poor communities (\$1,800,000). USAID will prioritize training and technical assistance to several dozen local communities and forge links with private sector groups that are committed to marketing sustainably-managed forest products. Specific activities will include: 1) strengthening business-awareness training for hundreds of students in local forest technical schools; 2) assisting several dozen communities to conduct market analysis; and 3) improving internet-based market communication networks. USAID/Brazil expects to engage three key innovators in the wood products, cosmetics and health care, and adventure travel industries to lead by example, showing the profitability of marketing community-developed forest products from the Amazon.

Improve landscape-level planning that sustains or enhances environmental and socioeconomic benefits and incorporate decisions into government planning and policies (\$1,422,000). USAID will engage several dozen partners in analysis of deforestation trends and government infrastructure development plans to predict where action is needed to prepare local communities to deal with development pressures typical of frontier expansion. A range of policy options to halt deforestation including rural production credit for tree crops, expansion of public forest land, and increased science-based forest enforcement will be assessed by several dozen community leaders for selection of the best policy strategy for each frontier setting. This participatory process is expected to engage hundreds of actors from the timber, ranching, and agriculture sectors, and include dozens of key local officials and rural labor leaders who are willing to guide the process through workshops and town meetings.

Performance and Results: Principal outcomes to be expected at the end of this program will be an increase of two million hectares of Amazon forest land managed as sustainable, permanent timber production forests. This will result in the employment of twenty thousand skilled laborers in rural communities. Fire incidents in the Amazon will be reduced by 20 percent and area burned by accidental fires will be reduced by 50 percent. Family incomes will be doubled in selected Amazon forest dweller communities. There will be a five-fold increase in private investment in sustainably-managed community forest products, and credit and investment policies that favor forest-based regional development will be established. Eighty percent of the forested area will be maintained intact as frontier areas.

US Financing in Thousands of Dollars

Brazil

512-008 Environment Program	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	5,280
Total Planned Fiscal Year 2003	
Obligations	5,280
Proposed Fiscal Year 2004 NOA	
Obligations	5,222
Future Obligations	27,340
Est. Total Cost	37,842

Data Sheet

USAID Mission:	Brazil
Program Title:	Energy Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-009
Status:	New
Proposed FY 2003 Obligation:	\$1,400,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,400,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: Building upon significant results achieved under the previous strategy, this program will promote renewable energy and energy efficiency concepts and technologies among key Brazilian actors in the energy sector. USAID's will provide technical assistance to the Government of Brazil (GOB) on energy policy issues that impact on the enabling environment for expanding renewable energy and energy efficiency technologies. This assistance will also support the implementation of a comprehensive training program focused on NGOs, community-based cooperatives, state and federal government, and the private sector to disseminate widely understanding of clean energy technology options. The program will also support the development of Brazil's relatively untapped renewable energy market by providing seed capital for implementing pilot programs in alternative energy technologies for productive uses such as agricultural processing and service industry applications; and the creation of renewable energy micro-enterprises and micro-credit programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Implement policies promoting renewable energy (\$300,000 DA). USAID will work with the GOB to ensure that policies under Brazil's recently passed energy sector restructuring law are effectively enforced. Technical assistance will be provided to help the GOB establish a transparent and effective regulatory environment that encourages private sector investment and participation in the renewable energy sector. USAID will also work with the GOB at the policy level to reduce barriers to the adoption of renewable energy technologies.

Increase access to information on market-based mechanisms for renewable energy and energy efficiency projects (\$400,000 DA). To encourage a greater number of renewable energy and energy efficiency projects in Brazil, information on available financing mechanisms, policies and technologies will be disseminated. USAID will continue to implement the successful Brazil Energy Training and Outreach Program (BETOP), which will train 400 senior-level energy professionals in areas as the development of business plans for renewable energy projects, management of energy efficiency service companies (ESCOs), and the design and evaluation of energy efficiency projects. In FY 2003, USAID will select U.S. and Brazilian partner organizations competitively to implement this strategy.

Increase development of renewable energy and energy efficiency projects (\$400,000 DA). USAID will provide financing and technical assistance to develop select renewable energy and energy efficiency project proposals to be submitted to financing institutions such as the Brazilian Bank for Economic and Social Development (BNDES), the Bank of Northeast Brazil (BNB), the World Bank, and the Inter-American Development Bank (IDB). At least two business plans will be finalized and submitted to an appropriate lending institution by the end of FY 2003. USAID, through a competitive bid process, will select U.S. and Brazilian partner organizations to implement this strategy.

Improve local capacity to implement energy efficiency projects (\$300,000 DA). USAID will provide technical assistance and support capacity building activities for a much-needed accreditation program for energy efficiency service companies (ESCO), to be implemented by the Brazilian Association of ESCOs

(ABESCO). This activity, which is expected to add credibility to this emerging industry in Brazil, includes the promotion of technology cooperation activities between U.S. and Brazilian energy efficiency service companies. USAID will also continue to promote the dissemination of energy efficiency concepts with water utilities through the implementation of the Brazil Water and Energy Network (BWEN); an initiative intended to identify exceptional energy efficiency technologies and interventions to encourage water utilities to adopt viable energy conservation alternatives. In FY 2003, USAID, through a competitive bid processes, will select U.S. and Brazilian partner organizations to implement this strategy.

FY 2004 Program:

Implement policies promoting renewable energy and energy efficiency (\$300,000 DA). USAID plans to continue providing technical assistance to the GOB in the development of policies and regulations conducive to renewable energy and energy efficiency. In FY 2004, USAID advisors will assist the GOB to identify constraints and subsequently develop legislation and public policies supportive of universal service and off-grid rural electrification through renewable energy generation.

Increase access to information on market-based mechanisms for renewable energy and energy efficiency projects (\$400,000 DA). To significantly increase the number of economically and socially integrated renewable energy projects in Brazil, effective programs will be developed to disseminate information on financing mechanisms, applicable laws, regulations, and public policies, and the availability of enabling technologies. USAID will provide training in micro-credit program design and management, the development of renewable energy projects targeting productive activities that benefit rural communities, and in the management of renewable energy service companies. USAID will continue to provide training on energy efficiency concepts and technologies targeting the most energy-intensive industries in the country. It is anticipated that approximately 400 people from 80 institutions, including rural cooperatives, NGOs, utilities, and regulatory agencies will benefit from this training.

Increase technological cooperation between U.S. and Brazilian firms (\$300,000 DA). USAID will promote increased cooperation between U.S. and Brazilian firms in the field of renewable energy and energy efficiency. Activities will include workshops on renewable energy technologies, seminars, executive exchanges, field visits, trade missions, and the creation of communications linkages to periodically disseminate current information on Brazilian renewable energy and energy efficiency markets. USAID plans to use tools such as the Global Technology and Trade network (GTN), and will work closely with the U.S. Department of Energy and the U.S. Foreign Commerce Service.

Develop markets for renewable energy (\$400,000 DA). USAID will provide technical assistance to local NGOs and renewable energy technology suppliers to demonstrate the practical applications of these technologies, improve agribusinesses and service industry productivity and social services, and environmental protection, and help rural communities bridge the digital divide. USAID will also help develop credit programs that will support renewable energy projects.

Performance and Results: By creating favorable conditions for the development of Brazil's relatively untapped renewable energy market, this program is expected to reduce the number of Brazilians without access to adequate power by 30%; currently, an estimated 25 million people are without access to the national power grid. Additional outcomes will be the establishment and operation of at least three credit lines in support of renewable energy projects, and five renewable energy service micro-enterprises; and a 50% increase in Brazil's installed renewable energy generation capacity. USAID interventions to improve local energy efficiency capacity are expected to reduce energy consumption levels by 30% in three target industries. Additionally, three energy efficiency service companies will be able to implement their activities through performance-based contracts.

US Financing in Thousands of Dollars

Brazil

512-009 Energy Program	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,400
Total Planned Fiscal Year 2003	
Obligations	1,400
Proposed Fiscal Year 2004 NOA	
Obligations	1,400
Future Obligations	6,600
Est. Total Cost	9,400

Data Sheet

USAID Mission:	Brazil
Program Title:	At-Risk Youth Program
Pillar:	Global Health
Strategic Objective:	512-010
Status:	New
Proposed FY 2003 Obligation:	\$900,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$900,000 CSH; \$600,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: FY 2003 is the first year of USAID's new six-year-strategy. Building upon successes achieved under the previous strategy, the Disadvantaged Youth program will identify and implement technology-based training programs and supplementary activities for disadvantaged youth in order to facilitate their employment and inclusion in Brazil's mainstream economy. USAID will provide technical skills training which reflect the employment needs of the market place. Initially, training will focus on information and communication technologies (ICT) due to the high demand for skilled workers in this field. In addition to this, job skills training will be provided to help disadvantaged youth successfully integrate and perform in the formal work environment. Priority target groups will include school dropouts, youth sentenced to community services, adolescent girls victimized by sexual exploitation and abuse, and public school students from poor communities. The program will also try to bridge the digital divide experienced by many disadvantaged school-aged children (7-14) by facilitating their access to computer technology. This will not only serve to enhance learning and improved school performance, but will also enhance their chances of succeeding in future professional training programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Develop marketable skills training (\$600,000 CSH). USAID will conduct a focused manpower assessment to determine the type of technical training to be provided. Based on this assessment, USAID will work with select service providers to develop curricula and formal technical training activities for disadvantaged youth. Also, job skills training activities will be developed to help disadvantaged youths secure jobs and transition successfully to the formal work environment. Several pilot ICT training activities will begin in FY 2003. USAID will also work with the Government of Brazil (GOB) to increase public school's access to the internet and area networks, so that school-aged children and youth can have access to digital equipment as an effective learning tool, which can contribute to their future inclusion in USAID-supported marketable skills development activities. In FY 2003, USAID, through a competitive bid process, will select U.S. and Brazilian partner organizations to implement this program.

Increase access to formal employment opportunities (\$300,000 CSH). USAID will work with local and multinational companies, nongovernmental organizations, and government agencies to develop employment opportunities for disadvantaged youth, including paid internships and entry level positions created specifically for program participants. To increase the number of on-the-job training, mentoring, and internship opportunities for disadvantaged youth, USAID will fund workshops that promote corporate responsibility and actively pursue commitments for private sector partners. In addition, USAID will partner with the GOB Ministry of Education to offer internship/employment opportunities for disadvantaged youth in existing ICT labs in the public school network. USAID will support training and technical assistance for the promotion of entrepreneurship and self-employment opportunities for trained youth, and the creation of micro and small enterprises as a promising source of employment. This latter activity will include promoting policy interventions aimed at removing existing legal barriers to youth-run cooperatives, associations, and related commercial ventures. In FY 2003, USAID, through a competitive bid process, will select U.S. and Brazilian partner organizations to implement this program.

FY 2004 Program:

Develop marketable skills training (\$600,000 CSH). USAID, based on the focused manpower assessment, will broaden its provision of technical training from ICT training to include other areas such as renewable energy generation and environmental conservation, which complement other USAID programs. Entrepreneurial training will also be provided. The pilot ICT training programs will be evaluated to adjust curricula, refine methodologies, and identify lessons learned that can be applied to existing training as well as new training initiatives. Mentoring and job skills training activities will also be evaluated to ensure that disadvantaged youth successfully make the transition to a formal working environment.

Increase access to formal employment opportunities (\$300,000 CSH). USAID will place the first groups of graduating trainees into internship/apprenticeship positions with private sector companies and community-operated telecenters, as well as public schools where youth can be employed as ICT mentors and instructors. Workshops and conferences will be conducted to disseminate the results of these on-the-job pilot programs to attract new corporate partners and increase the number of future internship opportunities. Should policy dialogue with the GOB result in an enabling legislative environment for youth-run cooperatives and micro-enterprises, USAID will support trained youth to engage in this type of business.

Curb trafficking in children and adolescents for sexual exploitation purposes (600,000 DA). In FY 2004, USAID plans to support the GOB efforts to provide assistance and training opportunities to victims of trafficking. Children and adolescents involved in trafficking and prostitution will be given priority for inclusion in the Mission's training and employability program. These funds will be used to provide direct legal and psychosocial services and support to this cohort of particularly vulnerable children.

Performance and Results: It is anticipated that as a result of this program, there will be a 30% reduction in unemployment of program-assisted participants. Additionally, USAID's effort to bridge the digital divide through its support of computer technology for school-aged disadvantaged children will give the next generation of youth more education and employment options. USAID's partnership with the private sector is expected to facilitate the inclusion of youth in internship and mentorship programs as a standard corporate policy for a significant number of organizations. On the policy side, it is anticipated that this program will contribute to the revision of Brazil's legislative framework to remove obstacles to young entrepreneurs and youth-based cooperatives and micro-enterprises.

US Financing in Thousands of Dollars

Brazil

	CSH	DA
512-010 At-Risk Youth Program		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	900	0
Total Planned Fiscal Year 2003		
Obligations	900	0
Proposed Fiscal Year 2004 NOA		
Obligations	900	600
Future Obligations	4,900	0
Est. Total Cost	6,700	600

Data Sheet

USAID Mission:	Brazil
Program Title:	FTAA Promotion and SME Trade-Led Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	512-011
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,000,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: The promotion of free trade and the FTAA is an important U.S. foreign policy interest. This program contributes directly to this effort through its two main components: 1) the promotion of widespread government, private sector, and civil society understanding of the benefits of free trade and support for the FTAA; and 2) the provision of technical assistance to improve the enabling environment for trade-led SME growth, including improved access to credit, and strengthened SME operational trade capacity. This program will mobilize a mix of development assistance resources to help promote free trade and the participation of small and medium-sized enterprises (SMEs) in the export market. Currently, the SME sector accounts for over 70% of Brazil's jobs, but only 3% of its exports. This program will help foster widespread government, private sector, and civil society understanding and support for free trade during the Free Trade Area of the Americas (FTAA) negotiation as well as improve the enabling environment for greater SME expansion into the trade arena as an engine for economic growth and employment. In cooperation with the private sector (for-profit and non-profit) and the development assistance community, this program will employ technical assistance to improve the policy environment, strengthen SME trade capacity, and increase access to financing.

Inputs, Outputs, Activities:

FY 2003 Program:

This program will begin funding in FY 2004.

FY 2004 Program:

Promotion of Free Trade (\$100,000 DA). This activity will contribute to ensuring that Brazil approaches its role as co-chair of the FTAA negotiations with a strong factual understanding of the processes involved in developing an effective free trade agreement, and the benefits Brazil can garner under the FTAA. Funds will be used to convene in a number of major Brazilian cities substantive seminars and public discussions on FTAA and the benefits of free trade. Also, resources will be used for exchange visits that will promote better understanding of the FTAA process and the impact of free trade on economic growth, particularly drawing on the experience of Mexico under NAFTA. This activity will be accomplished through a U.S. contractor in partnership with a local Brazilian subcontractor.

Trade-related SME growth and employment generation (\$900,000 DA). Funds will be used to provide technical assistance for a diagnostic study that will assess barriers and constraints to SME participation in trade. This study will help in the formulation of an action plan for improving the enabling environment for trade-led SME growth. National conferences, training sessions and workshops will be held, in addition to the establishment of a steering committee for SME policy reform with representatives from both the private and public sectors. Directed technical assistance will also help the GOB in its efforts to improve the enabling environment; increase SME access to trade-related credit; and develop pilots and training programs to strengthen SME trade capacity, possibly working through SME associations. A communications network will also be developed to provide SME associations with technical and export market information. This activity will be accomplished with the participation of U.S.-based firms and NGOs, a potential agreement with the Small Business Administration, and local sub grantees.

Performance and Results: The performance indicators for this program are only notional at this point in time. The diagnostic data for the formation of performance indicators is expected in FY 2003. However, illustrative performance indicators are listed below:

- Increased public and private sector understanding of the benefits of free trade as reflected in: (1) Brazil's continued participation in the FTAA process throughout the negotiations, and (2) an increased percentage of Brazilians in favor of Brazil joining the FTAA as measured by periodic public opinion polls and pro-FTAA editorial pieces in major Brazilian newspapers (baselines and targets will be established during 2003, and (3) an increase in the SME share of Brazilian exports from 3% to 5% over the life of the program.

- A 10% increase in the number of SME loans in target areas;

- Tracking via case studies of the progress of a representative panel of small and medium-sized enterprises (SMEs) in expanding their exports in the target areas (geographic areas and/or specific industries); and

- Increased GOB policies and regulations supportive of increased SME trade.

US Financing in Thousands of Dollars

Brazil

512-011 FTAA Promotion and SME Trade-Led Growth	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	1,000
Future Obligations	1,800
Est. Total Cost	2,800

Colombia

The Development Challenge: Colombia faces crises on many fronts: at the center is a dearth of state presence in an estimated 40% of the country's territory or in nearly half of its 1,079 municipalities. This has contributed to the strengthening of the illicit drug trade and guerrilla groups. The inability of the Government of Colombia to stem the growth of both the drug trade and the guerrilla armies, in part, has led to the emergence of sizeable paramilitary forces that are violently consolidating and competing for land and coveted drug trafficking routes. As a result, violence, forced displacement, and human rights abuses in Colombia abound. Concurrently, drug production in the country continues at high levels and direct involvement of these terrorist groups in the narcotics trade has made the internal conflict increasingly complex. Equally distressing, Colombia faces grave income disparities, growing poverty, and inadequate government social services. It is estimated that over half of the population lives below the poverty line and World Bank studies calculate that Colombia will require sustained economic growth of four percent through 2010 to reduce poverty to the levels recorded in 1995. This daunting challenge is exacerbated by declining foreign direct investment due to security concerns and declining international prices affecting traditional exports such as coffee. In the midst of these challenges, Colombia's democratically elected government, and its newly elected president, are fighting to preserve and strengthen its democracy and institutions.

USAID efforts support U.S. national interests and foreign policy goals for democracy, humanitarian response, law enforcement, and regional peace and stability. The United States has a vested interest in curbing the huge flow of illicit drugs from Colombia to the United States. The United States also has a stake in helping to ensure that Colombia's democratic institutions are strengthened, as these are essential for progress on trade, regional security, counter-narcotics efforts, human rights, and other related concerns. Colombia's internal conflict has the potential to destabilize a number of countries in the region if there is spill over of drug production and/or guerrilla activities into neighboring countries with already fragile democracies.

The USAID Program: The Data Sheets provide the details of the three objectives for which USAID is requesting FY 2003 and FY 2004 funds. These three objectives concentrate on stemming the flow of illegal drugs into the United States by encouraging small farmers to join the legal economy through alternative crops and infrastructure projects; promoting more responsive, participatory and accountable democracy; and relieving the plight of over two million Colombian refugees. FY 2003 and FY 2004 funds will be used to implement the ongoing programs of alternative development, democracy and internally displaced persons.

Other Program Elements: Under the bilateral program, USAID will assist the Government of Colombia in the management of a \$45 million environmental fund created under the Enterprise for the Americas Initiative, which forgives foreign debt in exchange for environmental and child protection initiatives. In addition to the bilateral program, USAID is implementing activities in Colombia through centrally and regionally managed programs in democracy (civil society strengthening), environment (Parks in Peril), and health (Amazon Malaria Initiative).

Other Donors: The Inter-American Development Bank, World Bank, Andean Development Corporation and the Latin America Reserve Fund combined have committed \$4.2 billion since 2000 to strengthen the Colombian social safety net. The European Union has pledged roughly \$116 million through 2006 to support the peace process. United Nations agencies provide approximately \$15 million annually in socioeconomic development support. Bilateral donors, led by Spain and Japan, have pledged approximately \$200 million over 2000-2003.

The European Center for International Strategic Thinking (CEPEI) is taking the lead in coordinating donor activities and relations in Colombia. CEPEI will hold dialogues with all major donors in an effort to better leverage resources and maximize the impact of foreign aid.

**Colombia
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Andean Counterdrug Initiative	0	93,400	151,000	150,000
Total Program Funds	0	93,400	151,000	150,000

STRATEGIC OBJECTIVE SUMMARY

514-007 Democracy				
ACI	0	22,000	32,000	25,000
514-008 Alternative Development				
ACI	0	49,400	69,000	82,000
514-009 Internally Displaced Persons				
ACI	0	22,000	50,000	43,000

Data Sheet

USAID Mission:	Colombia
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	514-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$32,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$25,000,000 ACI
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: USAID seeks to fortify Latin America's oldest democracy through a multi-faceted strategy which includes technical assistance and training to: modernize the criminal justice system; enhance and broaden respect for human rights; strengthen local governance; increase government transparency and accountability; and support the peace process.

Inputs, Outputs, Activities:

FY 2003 Program:

Support the modernization of the justice system and increase access to legal services (\$8,900,000 ACI). USAID will continue to fund technical assistance to help transition Colombia's judicial system from an inquisitorial to an accusatorial system. At least 12 oral trial courtrooms will be established and training for judges, lawyers, and other judicial workers will continue. To increase access to justice, USAID will continue to work with the Ministry of Justice to expand coverage through the Justice and Peace Houses -- community-based centers for alternative dispute resolution and other legal services. USAID will provide assistance to equip the Houses, train staff, and conduct community outreach and education. The prime contractor is Checchi and Company.

Promote respect for human rights, prevent abuses, and protect against violations (\$5,700,000 ACI). To increase the protection and defense of human rights, USAID assistance will focus on the prevention of human rights violations by strengthening GOC and civil society human rights entities; by providing protection for journalists, human rights workers, community leaders and local elected officials, including the provision of metal detectors, bulletproof vests, hand held radios, etc., and national or international relocation; and by improving the GOC's response to human rights violations. USAID will continue providing technical assistance to the Interior Ministry to improve its human rights protection program. Support for the implementation of the Early Warning System (EWS) as a means of preventing forced displacement and massacres will also continue. USAID will also provide technical assistance to the Office of the Vice-President (Presidential Program for Human Rights and International Humanitarian Law) to formulate policy, monitor cases, and improve its ability to coordinate critical activities with other GOC agencies and civil society. USAID will continue to work with non-governmental organizations dedicated to the protection of human rights in Colombia. The prime contractor is Management Sciences for Development, with the Organization of American States and Junior Achievement as sub-grantees.

Strengthen democratic governance and practices at the local level (\$8,000,000 ACI). USAID will enhance the capacity of local governments to deliver services, manage resources, increase citizen participation in planning and project oversight, and provide infrastructure in response to citizen priorities. Goals will be achieved through direct technical assistance, training, and the implementation of social infrastructure projects in target municipalities. Oversight committees comprised of local citizens will be organized in each municipality where an infrastructure project is completed. The prime grantee is Associates in Rural Development and Partners of the Americas is the sub-grantee.

Increase transparency and accountability at all levels of government (\$4,100,000 ACI). USAID will finance technical assistance and training to increase and improve financial management controls and

audits across relevant GOC entities at the national and local levels. In FY 2003, a cumulative total of 14 GOC entities will have standardized internal control procedures. Concurrently, support will be provided to citizen groups in 20 municipalities to strengthen their oversight of public resources. The prime contractor is Casals and Associates.

Promote peace (\$5,300,000 ACI). USAID will continue to promote peace in Colombia by supporting initiatives designed to cultivate a culture of non-violence. Efforts will include providing support to organizations which work with Afro-Colombians and indigenous groups. USAID will support the establishment of roughly seven community co-existence centers in poor and marginalized regions. These centers provide outside administrative and legal assistance on site, educational opportunities, and much-needed physical infrastructure and space for grassroots organizing. The prime implementer is the International Organization for Migration.

FY 2004 Program:

Support the modernization of the justice system and increase access to justice (\$6,900,000 ACI). Justice activities to modernize and increase access to justice will be expanded. Additional oral trial courtrooms and Justice and Peace Houses will be established.

Promote respect for human rights, prevent abuses, and protect against future violations (\$4,700,000 ACI). Human rights activities and protection against violations will continue. The EWS coordination offices will be expanded to two additional regions.

Strengthen democratic governance and practices at the local level (\$9,000,000 ACI). Local governance strengthening activities will expand considerably. Approximately 100 social infrastructure projects will be created in an additional 60 municipalities. Citizen oversight committees will be established in each municipality in which a new project is established.

Increase transparency and accountability at all levels of government (\$1,600,000 ACI). Anti-corruption activities will grow. A total of 20 GOC entities will have established internal controls.

Promote peace (\$2,800,000 ACI). Peace activities will continue and support for local organizations will grow. Additional co-existence centers will be established in target areas and organizations active in promoting peace in Colombia will be supported.

Performance and Results: USAID's democracy program has significantly increased access to justice and has successfully protected and promoted human rights, strengthened local governance and infrastructure, promoted transparent and accountable governance and supported key peace initiatives. Twenty-one Justice and Peace Houses have been established, handling 1.4 million cases. As a first step in facilitating Colombia's transition to a modern accusatorial system of justice, USAID helped to establish 13 oral trial courtrooms and 3,400 judges have been trained in oral trials, legal evidence, and procedures. The protection component under the human rights program expanded to include protection for mayors, local human rights officials, and journalists. Through FY 2002, approximately 3,000 individuals received protection. The EWS was expanded to 12 regions and was key to coordinating effective responses to 116 of the 121 alerts issued in FY 2002. The local governance program promoted efficient and transparent management practices at the local level by helping finance 66 social infrastructure projects in 27 municipalities. Transparency and citizen participation have been reinforced through the establishment of 71 citizen oversight committees. To promote transparency and accountability, USAID completed a nationwide anticorruption campaign that reached six million citizens and standardized internal control units in five GOC agencies. Finally, under the peace program, USAID-funded activities included grants to support the participation of women in the peace process, assistance and training to 34 non-governmental organizations, and the establishment of an information resource center within the office of the High Commissioner for Peace. Nearly 90,000 persons benefited from the peace program.

US Financing in Thousands of Dollars

Colombia

514-007 Democracy	ACI	Plan Colombia
Through September 30, 2001		
Obligations	0	47,000
Expenditures	0	9,878
Unliquidated	0	37,122
Fiscal Year 2002		
Obligations	28,000	0
Expenditures	0	18,836
Through September 30, 2002		
Obligations	28,000	47,000
Expenditures	0	28,714
Unliquidated	28,000	18,286
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	32,000	0
Total Planned Fiscal Year 2003		
Obligations	32,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	25,000	0
Future Obligations	25,000	0
Est. Total Cost	110,000	47,000

Data Sheet

USAID Mission:	Colombia
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	514-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$69,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$82,000,000 ACI
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: The alternative development program seeks to increase legal economic opportunities for small producers of opium poppy and coca. The strengthening of licit economic opportunities will contribute to permanent abandonment of illicit crop production.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen national and local institutions (\$1,500,000 ACI). USAID will continue to strengthen the Government of Colombia's (GOC) National Alternative Development Plan in the areas of planning, implementing, monitoring, and evaluating projects. In addition, USAID will help the National Alternative Development Plan document and present quantifiable program results by means of an interactive computerized data management system. Given the current restructuring of the GOC, USAID may also identify additional GOC partners that will require technical assistance. USAID plans to strengthen the local non-governmental organizations (NGOs) with whom they work in technical areas, as well as accounting and other aspects of internal management. The prime contractors and grantees are Chemonics, Pan-American Development Foundation (PADF), Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ADCIVOCA), the United Nations Office for Drug Control and Crime Prevention, and Aid to Artisans.

Expand rural social infrastructure (\$8,500,000 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 as labor intensive as possible, employing the maximum number of local people and educating them on basic construction methods. The projects themselves also provide the necessary market connections to make a viable licit economy possible and sustainable in the medium and long term. USAID will finance projects that include roads, bridges, electricity, schools, health clinics, potable water and sewage systems. The prime contractors are Chemonics, U.S. Army Corps of Engineers and PADF.

Social and economic development (\$47,100,000 ACI). USAID will provide technical assistance to promote agricultural and non-agricultural alternatives through the provision of modern production technologies, processing, credit, and marketing assistance to producer associations. Non-agricultural activities may include vocational training and technical workshops to assist small farmer families to transition to alternative productive activities. USAID will focus on a broad range of productive agricultural activities involving chontaduro palm, rubber, cacao, cassava, blackberries, tropical fruits, fisheries, cattle production, and traditional arts and crafts, among others. The program will be expanded into new geographical areas. Prime implementers are Chemonics, PADF, ADCIVOCA, United Nations Office for Drug Control and Crime Prevention and Aid to Artisans.

Improve management of natural resources and environment (\$7,400,000 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 plans to assist farmers that wish to eradicate drug crops by using backpack sprayers to apply herbicide to avoid aerial herbicide spraying by

the Colombian Narcotics Police. USAID will promote sustainable production for alternative crops through agro-forestry and silvo-forestry systems particularly suited to the financial and ecological conditions of small farms in remote tropical lowland regions. USAID will also help protect indigenous territorial rights, which often overlap with or are adjacent to parks and forest preserves, with a focus on aiding indigenous communities in Putumayo and Caquetá. USAID will continue to provide technical assistance for forestry activities in Putumayo and for a new commercial forestry initiative for the rest of Colombia. The prime contractors are Chemonics and Amazon Conservation Team.

Program management (\$4,500,000 ACI). Funds will be used to cover the operating expense costs of managing the USAID program.

FY 2004 Program:

Strengthen national and local institutions (\$1,800,000 ACI). USAID plans to augment its strengthening of national institutions and local NGOs involved in alternative development.

Expand rural social infrastructure (\$10,500,000 ACI). USAID plans to expand its infrastructure development component to additional regions of the country resulting in new jobs and improved access in many remote areas.

Social and economic development (\$54,700,000 ACI). 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. Additionally, USAID will focus on private sector activities for increased sustainability.

Improve management of natural resources and environment (\$10,500,000 ACI). USAID may expand its aid to indigenous communities. Technical assistance for a forestry project in Putumayo and the GOC's new forestry initiative will contribute to improved forestry management. USAID will continue to work with indigenous communities in Putumayo and Caquetá in protecting the environment and indigenous traditions.

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

Performance and Results: During FY 2002, USAID supported a total of 10,512 hectares of licit crops and completed 76 infrastructure projects in 9 municipalities in coca and poppy growing areas. These efforts benefited 14,885 families. The large-scale spraying of coca areas, especially in Putumayo, has helped convince small farmers to abandon their illegal crops. Additionally, the continued fighting between the armed groups has contributed to farmers' growing distaste for illicit crop production in southern Colombia. Finally, USAID has expanded the number of prime implementers from one to six, with additional implementers to be added next year.

By supporting small farmers who wish to join the licit economy, the Alternative Development program will establish 65,042 hectares of licit crops, complete 610 infrastructure projects and benefit 80,000 families. These efforts will help reduce the flow of illicit drugs to the United States.

US Financing in Thousands of Dollars

Colombia

	ACI	Plan Colombia
514-008 Alternative Development		
Through September 30, 2001		
Obligations	0	42,500
Expenditures	0	4,350
Unliquidated	0	38,150
Fiscal Year 2002		
Obligations	52,000	0
Expenditures	0	31,698
Through September 30, 2002		
Obligations	52,000	42,500
Expenditures	0	36,048
Unliquidated	52,000	6,452
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	69,000	0
Total Planned Fiscal Year 2003		
Obligations	69,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	82,000	0
Future Obligations	83,000	0
Est. Total Cost	286,000	42,500

Data Sheet

USAID Mission:	Colombia
Program Title:	Internally Displaced Persons
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	514-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$50,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$43,000,000 ACI
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: The Internally Displaced Persons program provides non-emergency support for internally displaced persons (IDPs) and other vulnerable populations, such as ex-child combatants. USAID emphasizes the social and economic incorporation of IDPs into mainstream Colombian society through programs at the national and local levels.

Inputs, Outputs, Activities:

FY 2003 Program:

IDPs and other vulnerable persons supported (\$35,000,000 ACI). USAID will serve 200,000 IDPs by continuing to implement programs supporting healthcare, shelter, income generation, improved education and basic community infrastructure in communities containing a significant IDP population. USAID will expand the program to include income generation and community infrastructure activities, focusing on return and relocation projects. USAID will also expand the healthcare program, which focuses primarily on reproductive health services, to include more varied services, such as dental and eye-care in addition to general medicine. The prime implementers are Pan American Development Foundation (PADF), World Vision, Profamilia (Colombian non-governmental organization), UNICEF and Organization for Migration.

International, national and local IDP programs strengthened (\$10,000,000 ACI). Technical assistance will continue efforts to strengthen coordination between donor institutions and Colombian governmental entities at the national and local levels. The program will continue to strengthen the institutional capacity of local organizations that attend to IDPs and other vulnerable groups. This also involves encouraging IDP participation at the municipal level, both with IDPs themselves and with local authorities. The prime implementers are PADF, World Vision, Profamilia, UNICEF and Organization for Migration.

Former child combatants and other vulnerable children served (\$5,000,000 ACI). In FY 2003, the program will serve 375 children and the first phase of the Child Combatant Program will end. The Government of Colombia (GOC)'s Institute of Family Welfare will assume the financing of the Specialized Attention Centers. USAID will fund training for portions of the juvenile justice system on the special treatment needed for child soldiers. USAID will implement a prevention strategy that seeks to diminish the participation of children in the armed conflict. Finally, a contingency plan for a massive demobilization will be finalized. The prime implementer is the Organization for Migration.

FY 2004 Program:

IDPs and other vulnerable persons supported (\$30,000,000 ACI). USAID will provide technical assistance to assist an additional 170,000 IDPs.

International, national and local IDP programs strengthened (\$8,000,000 ACI). Technical assistance and training will be provided to continue strengthening institutions responsible for providing short, medium, and long-term assistance to IDPs.

Former child combatants and other vulnerable children served (\$5,000,000 ACI). USAID will continue to provide technical assistance to serve at least 350 children. The program will remain prepared to serve a vastly expanded number of children in the case of a mass demobilization.

Performance and Results: During FY 2002, USAID IDP programs aided 268,279 people and rehabilitated 391 former child combatants. The program continues to mature as USAID grantees expand coverage. Near the end of FY 2002, USAID awarded a new contract focusing on providing IDPs with additional assistance in income generation. Furthermore, the entire IDP portfolio is refocusing on integrally addressing the needs of IDPs throughout the country and studying the lessons learned from all programs.

By the end of the program, USAID will have helped 930,000 displaced persons and more than 1,500 ex-combatant and other vulnerable children. This represents a serious effort to address Colombia's sizeable displaced population of more than 2 million people and the estimated 6,000 child soldiers serving the illegal armed groups.

US Financing in Thousands of Dollars

Colombia

514-009 Internally Displaced Persons	ACI	ESF	Plan Colombia
Through September 30, 2001			
Obligations	0	0	30,000
Expenditures	0	0	12,690
Unliquidated	0	0	17,310
Fiscal Year 2002			
Obligations	17,400	6,600	0
Expenditures	6	20,116	14,527
Through September 30, 2002			
Obligations	17,400	6,600	30,000
Expenditures	6	20,116	27,217
Unliquidated	17,394	-13,516	2,783
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	50,000	0	0
Total Planned Fiscal Year 2003			
Obligations	50,000	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	43,000	0	0
Future Obligations	43,000	0	0
Est. Total Cost	153,400	6,600	30,000

Cuba

The Development Challenge: Cuba is one of the most economically and politically repressed countries in the world. The Heritage Foundation's 2003 Index of Economic Freedom, released November 12, 2002, places Cuba 155th among the 156 countries--just above North Korea--at the bottom of all "economically repressed regimes" in the world. Freedom House lists the Cuban Government among the 11 "most repressive regimes" in the world, with failing scores on political rights and civil liberties. The reasons are apparent. The Cuban Government violates fundamental human rights and directly controls mass media, trade unions, universities, and all formal economic activity. The Government tries to censor all independent sources of information reaching the Cuban people. The Government jams foreign radio broadcasts, controls internet access, censors or bans foreign books, newspapers and magazines, and forbids importation of videocassettes and videocassette recorders.

During 2002, the Cuban Government increased its repression of human rights groups, independent journalists, and other peaceful democratic activists. Ten to twenty year prison sentences can be imposed on any Cuban receiving or disseminating prohibited information, printed material, or engaging in any activity deemed as aiding U.S. policy towards Cuba. In the economic arena, the Government's punitive taxation and harassment of self-employed people continue to reduce their numbers. At the end of 2001, the official Government of Cuba (GOC) Annual Statistics reported issuing 109,562 licenses for self-employment compared to 210,000 licensed issued in 1997. In 2002, the GOC stopped issuing new licenses.

Peaceful transition to democracy is the principal U.S. foreign policy interest in Cuba. The country remains on the list of terrorist countries compiled by the U.S. Department of State. The U.S. Government firmly believes the best path to promoting a peaceful transition to democracy for Cuba lies in continuing a multi-faceted 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: In support of peaceful transition to democracy, the USAID program focuses on development of civil society through information dissemination. In 1996, USAID awarded its first grant aimed at promoting a democratic transition in Cuba. The grant was awarded under the Cuban Democracy Act of 1992 which authorizes the U.S. Government to provide assistance "...through appropriate nongovernmental organizations, for the support of individuals and organizations to promote nonviolent democratic change in Cuba." The Cuban Liberty and Solidarity (LIBERTAD) Act of 1996 further elaborates the types of assistance and support the President is authorized to provide. Assistance is aimed at individuals and independent nongovernmental organizations (NGOs) to support democracy-building efforts for Cuba. Authorized assistance includes: published and informational matter (e.g. books, videos, and cassettes) on democracy, human rights and market economies; humanitarian assistance to victims of political repression, and their families; support for democratic and human rights groups in Cuba; and support for visits by and permanent deployment of independent international human rights monitors in Cuba.

USAID requests FY 2003 and FY 2004 funds under its single objective, "Civil Society Developed through Information Dissemination", described in more detail in the Program Data Sheets below. The focus is on information dissemination to foster democratic progress and the development of civil society. The program provides support to U.S. nongovernmental organizations (NGOs) and individuals, and encourages them 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. Dozens of NGOs have engaged in such activities over the past several years. Licensed humanitarian goods alone, from private sources, total millions of dollars. The intent of USAID funding is to support activities for which adequate private resources are not presently available.

FY 2003 funds will support ten current grants and five new ones. As described in the FY 2003 Congressional Budget Justification, USAID support will increase the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. It will encourage development of independent civil society and provide humanitarian assistance to political prisoners, their families, and other victims of repression.

Other Program Elements: None.

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 to Cuban government organizations.

Cuba
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	4,989	5,000	6,000	7,000
Total Program Funds	4,989	5,000	6,000	7,000

STRATEGIC OBJECTIVE SUMMARY

516-001 Civil Society Developed				
ESF	4,763	5,000	6,000	7,000

TRANSFER				
ESF	226	0	0	0

Data Sheet

USAID Mission:	Cuba
Program Title:	Civil Society Developed
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	516-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,000,000 ESF
Prior Year Unobligated:	\$776,000 ESF
Proposed FY 2004 Obligation:	\$7,000,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2005

Summary: USAID's Cuba program seeks to develop civil society on the Island. The program: 1) builds solidarity with democratic and human rights 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 groups in Cuba; 4) defends the rights of Cuban workers; 5) provides direct outreach to the Cuban people, giving them information on democracy, human rights, and free enterprise; and 6) develops transition plans for a future democratic Cuba, and communicates the plans to the Cuban people.

Inputs, Outputs, Activities:

FY 2003 Program:

Build solidarity with democratic and human rights groups (\$3,000,000 ESF). Funding will support five continuing grantees and one new grantee. USAID, through grantee assistance, will provide 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 visits to Cuba by international human rights monitors. This assistance contributes immediately to USAID's goal of promoting the development of a politically active civil society.

Encourage and cultivate pro-democracy materials to Cuban citizens and violations of human rights reported worldwide (\$1,500,000 ESF). Twenty five percent of program funds will support three grantees. Cuba On-Line will send copies of its newsletter, and CubaNet reports by independent journalists, directly to the Cuban people. Florida International University's International Media Center will continue to train and assist Cuba's independent journalists. This assistance has a direct and immediate impact on its beneficiaries, the Cuban people, through helping to develop civil society through information dissemination.

Help develop independent Cuban NGOs (\$800,000 ESF). The program will support one continuing and one new grantee, training Cuban NGO leaders in the management and delivery of social services. Program grantees will also continue to provide Cuba's growing independent library network with books, pamphlets and magazines on democracy, human rights, and free enterprise; and provide other material support. This will enable the libraries to develop into community centers, offering a wide range of social services.

Defend the rights of Cuban workers (\$200,000 ESF). During FY 2003, the program will continue to denounce Government of Cuba (GOC) violations of workers' rights, and will fund activities to strengthen independent labor organizations on the island.

Plan for transition (\$500,000 ESF). The University of Miami will expand on-line databases, publish transition studies, and sponsor seminars. The studies will examine economic and financial institutions required for free-market reforms; labor policy reforms; role of the state in a democratic Cuban society; budgetary, fiscal, and commercial policy reforms; and the welfare system and social safety net in a free-

market society. Two Washington-based seminars and one Miami-based seminar will discuss study findings and make policy recommendations. A grant to Georgetown University will train future Cuban leaders in private sector development and democratic principles.

FY 2004 Program:

Build solidarity with democratic and human rights groups (\$4,000,000 ESF). FY 2004 program funds will continue to provide 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 visits to Cuba by international human rights monitors.

Provide pro-democracy materials provided to Cuban citizens and human rights violations reported to NGOs worldwide (\$1,500,000 million ESF). Additional funding will support Cuba On-Line publications and the training of Cuban journalists.

Help develop independent Cuban NGOs (\$600,000 ESF). Funding will remain constant under this objective. Two grantees will provide training in the delivery of independent social services to Cuban NGO leaders.

Defend the rights of Cuban workers (\$200,000 ESF). Activities will continue to promote free labor development in Cuba.

Plan for transition (\$700,000 ESF). Studies and seminars with the University of Miami and leadership training with Georgetown University will continue.

Performance and Results: During FY 2002, USAID grantees generated major increases in the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. U.S. NGO partners exceeded their goals in the level of humanitarian assistance supplied to political prisoners and their families and to other victims of repression. Their support encouraged development of Cuban civil society, increasing visits to Cuba by independent human rights monitors. To help prepare and ensure that any future post-Castro transition government in Cuba will be rapid, peaceful, and democratic, the program made a major investment in establishing the University of Miami Cuban Transition Project. During 2001, in spite of Government of Cuba repression, the Cuban democratic opposition increased its numbers and strength. It carried out over 600 coordinated, peaceful, and non-violent actions of civil resistance.

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, 2001	
Obligations	12,019
Expenditures	8,693
Unliquidated	3,326
Fiscal Year 2002	
Obligations	7,226
Expenditures	4,263
Through September 30, 2002	
Obligations	19,245
Expenditures	12,956
Unliquidated	6,289
Prior Year Unobligated Funds	
Obligations	776
Planned Fiscal Year 2003 NOA	
Obligations	6,000
Total Planned Fiscal Year 2003	
Obligations	6,776
Proposed Fiscal Year 2004 NOA	
Obligations	7,000
Future Obligations	2,984
Est. Total Cost	36,005

Dominican Republic

The Development Challenge: The Dominican Republic's greatest development challenges stem from the relatively large segment of the population that has not equitably shared in recent economic prosperity. The country's most pressing issues include the fragility of its democratic institutions, including unfinished justice and electoral reforms; continued abuse of human rights and weak public security; and a large social investment gap, particularly in education, health, basic services, housing and pensions. A large number of illegal Haitian immigrants; weak rural productive infrastructure; and the need to quickly learn to compete in the global economy are also risking development gains. A growing population, increased economic activity with inadequate environmental protection and natural disasters continue to strain the environment and natural resources, affecting sectors traditionally employing the Dominican poor, tourism and agriculture.

Economic Context: Despite growth rates that raised the standard of living and increased the average per capita income to \$2,405 for 2001, severe income inequality persists: nearly 2.7 million Dominicans (32% of the population) live below the poverty line. Sixteen percent of the labor force is unemployed. Some sectors responsible for past growth are mature (tourism), face loss of competitiveness (free trade zones), or are not making competitive adjustments (manufacturing, agriculture). Weak public institutions, high levels of corruption, and high transaction costs also limit the economy's competitiveness by sending discouraging signals to investors. Finally, the degradation of the country's beaches, rivers, aquifers and forests further threatens the sustainability of economic growth. The country's external debt in December 2001, \$4,137 billion, with debt servicing absorbing approximately 22% of the government's budget revenue, is owed primarily to multilateral institutions. The Dominican Republic, a World Trade Organization (WTO) member and signatory to several regional trade agreements, is committed to the goal of a Free Trade of the Americas Agreement by 2005.

Social Indicators: The Dominican Republic's total fertility rate is below the Latin American and Caribbean average, but maternal mortality remains a problem. Although over 96% of births are attended by trained professionals, the maternal mortality rate is between 110 and 140 deaths per hundred thousand live births. The infant mortality rate, estimated at 49 per thousand, has been steadily decreasing. Only 18% of the population is covered by some type of health insurance. There is a high prevalence of HIV/AIDS of approximately 2.5% of the adult population. Finally, basic education seriously lags behind countries with similar economies, and equity and quality are still challenges, particularly for children in rural areas. The Dominican Republic also hosts a large number of very poor illegal Haitian immigrants that add to the country's poverty burden and further strain already inadequate health and education services.

Political Context: Although advances have been made in democracy through effective and broad-based civic society participation, citizens, especially the poor, are not satisfied with the benefits it has delivered. The rule of law remains weak and the justice system requires further reform before it can effectively protect the rights of all citizens. Despite five successive free and fair elections, the political system and parties continue to reflect traditional authoritarian, paternalistic and fatalistic attitudes. Officials and major public figures are generally not held accountable for even the most egregious disrespect for laws and due process.

U.S. National Interests in the Dominican Republic include ensuring economic prosperity and security in this U.S. strategic partner with strong economic, diplomatic and cultural ties to the U.S and important links to other Caribbean and Latin American countries. The U.S. is also interested in seeing the Dominican Republic attain robust democratic institutions where rule of law and respect for human rights predominate, develop efficient security forces that are full partners with U.S. efforts to safeguard homeland security, maintain regional stability, deter illegal immigration, curb international crime, and safeguard the well being of U.S. citizens.

The USAID Program: USAID's objectives - economic growth, democracy, and health - are designed to sustain economic growth and increase economic opportunities for poor Dominicans, strengthen participatory democracy and improve the health of vulnerable groups in the Dominican Republic. The

economic growth portfolio concentrates on institutional changes, policy reforms and public-private partnerships that will help expand job creation and income opportunities, expand trade and investment, improve environmental protection, and improve educational opportunities. Through technical assistance to key government institutions, coupled with support to sustain dynamic participation of civic action groups, USAID's program will foster continued democratic progress through development and enforcement of the rule of law, political and electoral reform and anti-corruption systems. In addition to working with the Dominican government to carry-out an ambitious health sector reform and tuberculosis detection(TB) and control program, the health portfolio will work through both the public sector and non-governmental organizations (NGOs) to deliver improved access and higher quality health care for poor Dominican women and children, as well as education and services to prevent the spread of HIV/AIDS particularly vertical transmission (mother to child).

Other Program Elements: In addition to the bilateral program, USAID works with other initiatives in democracy, economic growth, health, education, environment, and disaster mitigation. These activities include participation in the U.S. Presidential Initiative "Centers for Excellence in Teacher Training" and regional USAID basic education activities; in a regional project for quality coffee cultivation, production and marketing in Central America and the Caribbean, and a regional Parks-in-Peril program with The Nature Conservancy. USAID also has an energy regulatory partnership with the U.S. Energy Association (USEA), and a power sector assessment underway, managed through USAID's Economic Growth, Agriculture and Trade pillar bureau. USAID's Office of U.S. Foreign Disaster Assistance is working on disaster mitigation. USAID's Central America Regional Program implements labor-related trade policy initiatives. U.S. Center for Disease Control implements regional health activities. USAID's Office of Regional Sustainable Development manages a regional accountability and anti-corruption program which implements municipal and civil society anti-corruption activities. USAID's multi-sector Cooperative Association of States for Scholarship (CASS) program with Georgetown University provides training for Dominican participants.

Other Donors: : Donor coordination in the Dominican Republic is good. Development assistance to the Dominican Republic in calendar year 2001 totaled \$318 million. The United States is the largest bilateral donor (\$31 million), followed by Japan (agriculture, education, health and urban infrastructure), Venezuela (energy, transportation, water and urban infrastructure), and Germany (education and environment). Multilateral donors include the Inter-American Development Bank (the largest donor overall) and the World Bank (the two banks together provide \$199 million for balance of payments support, a national highway project, and a Hurricane Georges Disaster Management Project), the European Union, and the full complement of United Nations agencies.

**Dominican Republic
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	6,385	9,532	11,409	13,110
Development Assistance	8,800	6,450	8,000	10,600
Economic Support Fund	3,492	2,300	3,500	3,000
PL 480 Title II	1,525	0	0	0
Total Program Funds	20,202	18,282	22,909	26,710

STRATEGIC OBJECTIVE SUMMARY

517-002 Basic Health Care				
CSH	5,885	1,932	0	0
DA	3,800	0	0	0
517-003 Democracy Consolidation and Better Governance				
DA	3,400	700	0	0
ESF	3,492	0	0	0
517-007 Policy Reform				
CSH	500	0	0	0
DA	1,600	575	0	0
ESF	0	600	0	0
517-008 Economic Growth				
DA	0	2,375	6,000	7,200
517-009 Consolidating Democracy and Improving Governance				
DA	0	2,800	2,000	3,400
ESF	0	1,700	3,500	3,000
517-010 Health				
CSH	0	7,600	11,409	13,110

Data Sheet

USAID Mission:	Dominican Republic
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	517-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$7,200,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: The USAID program to increase economic growth and opportunities will improve conditions for a more competitive Dominican economy, strengthen policies for environmental protection and improve basic education through community and private sector participation. USAID will provide technical assistance and grant support to initiate reforms of key economic policies, especially those that affect economic opportunities for poor Dominicans, and that will improve the country's ability to compete in global markets. The program will strengthen and support public-private partnerships in strategic economic sectors, such as tourism and agriculture (exotic fruits and vegetable production, specialty coffee and organic cocoa), that improve the Dominican Republic's international competitiveness. USAID will provide technical assistance for improved trade policy formulation and implementation of existing trade obligations that will enhance economic competitiveness. USAID will support rural electrification projects that will provide economic opportunities for thousands of Dominicans. USAID will also provide technical assistance to continue key environmental policy reforms that help protect the environment and safeguard the economic opportunities it produces. Finally, USAID will provide technical assistance to improve the quality of basic education through increased community and private sector participation.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen competitiveness policies (\$2,240,000 DA). USAID will improve economic policies and strengthen public sector institutions that can promote and sustain economic growth in the Dominican Republic. Through training and technical assistance, USAID will help change public and private sector mindsets in developing and implementing more competitive trade and investment policies and strategies, and will strengthen Dominican capacity to negotiate and implement trade agreements. In addition, USAID will help establish public-private sector partnerships in the tourism, agribusiness and rural energy sectors to improve the competitiveness of Dominican regions and products in world markets. The prime implementers are currently the Boston Institute for Development Economics and Chemonics, Inc. USAID expects to award a new contract for these activities early in 2003, extending to 2007.

Preserve and protect environmental resources (\$1,960,000 DA). USAID will fund technical assistance to establish new (or strengthen existing) public and private sector collaboration in developing environmental norms and standards to protect the environment and strengthen national public sector institutions responsible for managing and protecting these environmental assets. USAID will provide support for strengthening municipal-level environmental management units. The prime contractor is currently International Resources Group. A new implementer will be selected through competition during the second half of FY 2003.

Increase private sector and community involvement in basic education (\$1,800,000 DA). USAID will improve the quality of basic education through expansion of an adopt-a-school concept by facilitating the establishment of partnerships to link private sector companies and resources, through community-based NGOs, to parents, teachers and administrators in public schools, principally in non-urban areas. USAID will also develop and track education quality indicators (e.g., educational achievement), in selected areas

that can be replicated at the national level. Proceeds from the sale of agricultural commodities under the Global Food for Education Initiative and grants to NGOs will help link communities with schools in education improvement efforts. The prime contractors are DevTech and Creative Associates.

FY 2004 Program:

Strengthen competitiveness policies (\$3,540,000 DA). USAID plans to reform key economic policies affecting trade and investment and strengthen trade institutions. USAID will also increase support to regional and product competitiveness initiatives; help develop niche markets for specialty agricultural exports (a sector traditionally served by small and medium businesses that employ the Dominican poor); and encourage small business development. Technical assistance for trade capacity building may help the Dominican Republic prepare for Free Trade of the Americas Agreement (FTAA) negotiations and implementation. USAID intends to continue assistance to improve fiscal management, including increased reliance on the secondary market as an instrument for government financing and capital mobilization. USAID plans to continue technical assistance to expand and develop new energy partnerships for rural electrification.

Preserve and protect environmental resources (\$1,860,000 DA). USAID-supported technical assistance and training may promote the formation of new partnerships in the environment sector, such as co-management of protected areas and to encourage adoption of clean production techniques. Technical assistance and training may also support the continued development of environmental norms and standards and strengthen public institutions charged with environmental management and protection at the national and local levels.

Increase private sector and community involvement in basic education (\$1,800,000). USAID will continue to provide technical assistance to expand the number of private sector organizations or businesses working together with communities in the adopt-a-school program. Funds will also be used to evaluate learning in USAID-funded "innovation" school sites to 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 evaluation professionals in the Dominican Republic.

Performance and Results: This program started at the end of FY 2002. Resources were used to start contractual agreements for implementation of the activities described above for FY2003.

By the successful completion of this program, the economic policy reforms and trade capacity building will have generated increased production and exports that in turn increased employment and incomes for Dominican workers and firms. The assistance in energy partnerships will have provided electricity to more than 60,000 rural dwellers. The environmental activities will have put in place environmental norms and standards used to protect the environment and provide the basis for environmentally sustainable economic activities. The education component will have created guidelines to allow the evaluation of educational performance of school children and measure the impact of increased educational investment. The improved education that children will have received will allow them to take advantage of better paying employment opportunities in an improved economic policy environment.

US Financing in Thousands of Dollars

Dominican Republic

517-008 Economic Growth	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	2,373
Expenditures	0
Through September 30, 2002	
Obligations	2,373
Expenditures	0
Unliquidated	2,373
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	6,000
Total Planned Fiscal Year 2003	
Obligations	6,000
Proposed Fiscal Year 2004 NOA	
Obligations	7,200
Future Obligations	15,762
Est. Total Cost	31,335

Data Sheet

USAID Mission:	Dominican Republic
Program Title:	Consolidating Democracy and Improving Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	517-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,000,000 DA; \$3,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,400,000 DA; \$3,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: USAID's program to strengthen democracy, justice sector institutions, governance and accountability supports a more representative and effective electoral system with greater civil society participation; a more democratic political system with effective civil society involvement; a strengthened rule of law and respect for human rights; and enhanced public sector anti-corruption systems.

Inputs, Outputs, Activities:

FY 2003 Program:

Support civil society organizations to reform the electoral system (\$1,500,000 DA). USAID will support respected civil society organizations to promote more issue-oriented campaigns; sustain civil society initiatives to implement public information; provide education programs to enhance voter understanding and participation in the 2004 election; and enhance civil society capacity to improve and monitor the administration of the 2004 elections. The principal grantee is Participación Ciudadana.

Implement a More Representative Political System Through Increased Participation (\$500,000 DA). USAID will assist civil society efforts to achieve greater female participation in the electoral process and in governance. USAID will also sponsor civil society initiatives to reform political parties, including reform of legal and regulatory frameworks and leadership selection processes. The program will support activities that promote the creation and/or strengthening of municipal and national coalitions of citizens that will monitor the behavior of elected officials and promote educational programs that contribute to the formation of a more representative and accountable political leadership. The principal grantee is Participación Ciudadana.

Strengthen justice system personnel and institutions (\$2,500,000 ESF). USAID will provide technical assistance for justice system institutional strengthening (tribunals, prosecutor offices and public defenders), as well as training for judges, prosecutors and public defense lawyers. In addition, USAID will assist the Government of the Dominican Republic (GODR) to prepare for the implementation of the recently enacted Criminal Procedures Code. USAID will help the national school for judges introduce new courses and help the national school for prosecutors to begin operations. In partnership with the private sector, USAID will help the Supreme Court establish a new alternative dispute resolution system. The program will provide technical assistance to assist the Supreme Court to apply improved court management procedures outside the capital city and implement improved administrative systems in accordance with the civil service law for administrative staff of the judiciary. USAID will support civil society advocacy for new civil and commercial procedures, and for public access to information. Management Sciences for Development (MSD), FINJUS, and Participación Ciudadana are the principal grantees. Competition for new contracts and grants will be held in the third quarter of FY 2003.

Promote improved public sector anti-corruption systems (\$1,000,000 ESF): USAID will provide technical assistance to justice sector institutions and civil society NGOs that are jointly refining plans for implementing the National Anti-Corruption Strategy and Plan. USAID will also provide technical

assistance, training and logistical support to the Attorney General's Anti-Corruption Prosecutor's Office and the Controller General. In addition, USAID will support a coalition of civil society organizations to stand up against corruption. Casals and Associates is the prime contractor. New contracts and grants will be awarded through a competitive process in the third quarter of FY 2003.

FY 2004 Program:

Support civil society organizations to reform the electoral system (\$600,000 DA). USAID plans to support Dominican civil society organizations in programs to foster debate on electoral reforms, more democratic candidate selection, and advocate for campaigns based on issues. USAID may also expand programs to educate the Dominican electorate and increase participation in the electoral process.

Implement a more representative political system through increased participation (\$1,500,000 DA). USAID intends to support constitutional and political reform with ample civil society participation. This would enable the development of and debate on a draft political party law and dissemination of public information programs to enhance political reform. USAID also plans to support organized civil society advocacy and public information programs to increase representativeness, efficiency and accountability of political parties and their leaders to the Dominican electorate and to foster changes in the public mindset regarding the respective roles of political parties and government. USAID also plans to support civil society advocacy programs to achieve an equal gender representation in elected positions.

Strengthen justice system personnel and institutions (\$2,000,000 ESF, \$1,300,000 DA). To insure the successful implementation of the new Criminal Procedures Code and to enhance professional capacity, USAID plans to provide training to judges, prosecutors and public defenders. USAID technical assistance would also continue improving the organizational effectiveness of the Attorney General's Office, the Judiciary and the Public Defenders. USAID intends to help the Judicial School begin training on civil and commercial law. USAID will also contribute, along with other donors, to strengthening the Public Ministry (responsible for investigation and prosecution) by expanding course offerings at the Public Ministry School. USAID may support further development of alternative dispute resolution systems, and continued strengthening of court management procedures and administrative systems. USAID plans to support government and civil society to assess, analyze and debate the draft career law for prosecutors and other rule of law and justice sector reforms that would provide the basis, not only for strengthened democracy and improved governance, but also sustained economic growth and increased economic opportunities for the poor. USAID support to local NGOs would educate citizens on how to gain better access to justice and advocate for adherence to Constitutional norms and enhanced respect for rule of law. Contractor(s)/grantee(s) are to be determined.

Promote improved public sector anti-corruption systems (\$1,000,000 ESF). USAID will provide technical assistance to government institutions and civil society NGOs implementing the National Anti-Corruption Strategy and Plan, as well as finance grants to local civil society/good governance advocacy organizations that foster anti-corruption initiatives in both the public and private sector. USAID would continue technical assistance, training and logistical support to the Attorney General's Anti-Corruption Prosecutor's Office and the Controller General. Contractor(s)/grantee(s) are to be determined.

Performance and Results: This program was initiated in September 2002 and does not yet have results.

By the successful completion of this program, Dominican civil society will have fostered debate on electoral reform, candidate selection procedures, and issues-oriented campaigns; the electorate will have a better understanding of their rights and responsibilities, and their participation in the electoral process will have increased and become more effective; civil society will hold political parties, government institutions, and officials more accountable for and responsive to public needs; the judicial system (including the Courts, Attorney General and Public Defenders Office) will operate more efficiently, and delays will be reduced; there will be increased access to justice for the disenfranchised; and the National Anti-Corruption Strategy will have been implemented.

US Financing in Thousands of Dollars

Dominican Republic

	DA	ESF
517-009 Consolidating Democracy and Improving Governance		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	2,800	2,000
Expenditures	0	0
Through September 30, 2002		
Obligations	2,800	2,000
Expenditures	0	0
Unliquidated	2,800	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,000	3,500
Total Planned Fiscal Year 2003		
Obligations	2,000	3,500
Proposed Fiscal Year 2004 NOA		
Obligations	3,400	3,000
Future Obligations	3,200	11,000
Est. Total Cost	11,400	19,500

Data Sheet

USAID Mission:	Dominican Republic
Program Title:	Health
Pillar:	Global Health
Strategic Objective:	517-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,409,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$13,110,000 CSH
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: USAID's health program focuses on three major areas of health risk: HIV/AIDS prevention and care, child survival, and reproductive health/family planning. A fourth area of emphasis, health sector reform, provides the organizational underpinnings for the other three.

Inputs, Outputs, Activities:

FY 2003 Program:

Prevention of HIV/AIDS and Tuberculosis (\$5,505,000 CSH). HIV/AIDS prevention efforts will establish public/private provider networks at the provincial and municipal levels to achieve complementarities in the use of resources and approaches to increase the availability of quality services. Activities will promote the use of effective prevention measures, such as abstinence in adolescents, and increased condom use. USAID will support initiatives to empower women to protect their own health. USAID will continue to support NGOs and community organizations providing counseling and palliative care to poor Dominicans living with and affected by HIV/AIDS. The prime implementer is Family Health International (FHI). Sub-contractors are Abt Associates and Aleph (a Dominican firm).

In tuberculosis (TB), USAID will continue to support the National Program for the Control of Tuberculosis (NPCT) with technical assistance, improved laboratory networks, training, and help with other costs associated with the Direct Observed Treatment Strategy in seven provinces. The prime implementer is the Pan American Health Organization.

Expand reproductive health services (\$2,500,000 CSH). USAID initiatives will increase the sustainability of three NGOs focused on family planning. This will enable the NGOs to continue to provide expanded, quality reproductive health services to vulnerable groups with their own or Dominican government resources. USAID will help improve public services through technical assistance and other support to public service provider networks in selected regions to ensure the provision of quality and reliable reproductive health care for the poor. USAID will fund advocacy and research activities in support of reproductive health within the context of the ongoing health sector reform in the Dominican Republic. The prime contractor is Family Health International, and Abt Associates and Aleph (a Dominican firm) are the sub-contractors. The sub-grantees are PROFAMILIA, MUDE, and ADOPLAFAM (Dominican NGOs).

Promote child survival (\$504,000 CSH). USAID will continue to promote the adoption and implementation of locally managed rural water and sanitation systems as standard public policy of the government water authority, and further contribute to the health of children and families through the increased availability of clean drinking water. This initiative will be supported by the formation of public/private/community partnerships and will leverage other donor funds for additional water and sanitation infrastructure. USAID will continue to support the Dominican government's immunization program to contribute to sustained vaccination coverage. Family Health International is the prime contractor, and Abt Associates and Aleph (a Dominican firm) are the sub-contractors.

Health sector reform (\$2,900,000 CSH). USAID will support the three technical focus areas mentioned above by also supporting the ongoing Dominican health sector reform. In Approximately 13 new USAID-funded demonstration projects will be initiated to support the start-up of the new health system in Region V (the eastern part of the DR). The projects will strengthen the management capacity of service providers, introduce a patient oriented services strategy, and assist in the organization and operation of networks of service providers at all levels of care, with emphasis on primary care. A regional demonstration project will support the start-up of the new family health insurance scheme in Region V. Abt Associates is the prime implementer and Family Health International and INSALUD (A Dominican NGO consortium) are the sub-implementers.

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

FY 2004 Program:

Prevention of HIV/AIDS and Tuberculosis (\$7,306,000 CSH). Based on the development of a new HIV/AIDS intensive focus strategy, USAID plans to expand HIV/AIDS activities to reach more Dominicans. USAID may conduct an evaluation of the TB program and, based on the results, plan a gradual expansion of the program from the initial seven provinces to nationwide coverage. USAID may support the strengthening and expansion of an HIV surveillance system to ensure reliable data.

Expand reproductive health services (\$2,100,000 CSH). USAID will commission an external evaluation to serve as the basis to decide the future course of its assistance to its three family planning NGO implementing partners-whose direct grants end in FY 2005. In the public sector, USAID plans to continue improving reproductive health services and regional service networks in the same areas supported in FY 2003. USAID expects substantial progress in the improvement of the networks, the provision of contraceptives, reproductive health advocacy and research, and the incorporation of reproductive health into the rotation of OB/GYN interns.

Promote child survival (\$504,000 CSH). In FY 2004 USAID intends to continue to support the Ministry's routine immunization program, in the context of the health sector reform process, at the local level with demonstration projects. At the central level, USAID plans to strengthen staff skills, vaccine security and logistics. USAID may continue to strengthen the Dominican Water Authority's capacity to expand the community management model and assure that systems currently operating under the responsibility of communities continue to function normally.

Health sector reform (\$3,200,000 CSH). USAID will continue to support the implementation of the health sector and social security reforms. The demonstration projects in Region V will be in full implementation, which should contribute to improving the local capacity to respond to priority health problems, particularly in HIV/AIDS prevention and care. USAID plans to start to document and systematize the experience for replication in other regions of the country. An external evaluation of USAID's approach in advancing the reform process will be conducted to inform the focus of the program in subsequent years.

Performance and Results: The Agreement for this new program was signed with the Dominican Government on August 15, 2002. During the past year, new institutions required for the implementation of comprehensive reforms were established; bylaws and regulations were drafted; and a timetable for the gradual start-up of the new system, beginning in November of 2002, was established.

By the successful completion of this program, condom use with a non-regular partner will have reached 50% (for women) and 80% (for men); approximately 4,000 pregnant, HIV-positive women will have participated in the program to reduce mother-to-child transmission of HIV; the TB detection and cure rates will have reached 85% and 75% respectively; the fully-vaccinated rate for children under 5 will have reached 60%; and approximately 300,000 poor Dominicans living in the eastern region of the country (Region V) will have access to a subsidized basic package of quality health services.

US Financing in Thousands of Dollars

Dominican Republic

517-010 Health	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	6,895
Expenditures	147
Through September 30, 2002	
Obligations	6,895
Expenditures	147
Unliquidated	6,748
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	11,409
Total Planned Fiscal Year 2003	
Obligations	11,409
Proposed Fiscal Year 2004 NOA	
Obligations	13,110
Future Obligations	27,332
Est. Total Cost	58,746

Ecuador

The Development Challenge: Situated in the heart of Latin America's most conflicted region, Ecuador's importance to U.S. interests far outstrips its size. In addition to democracy, economic development, and promoting open markets, U.S. foreign policy priorities in Ecuador include regional stability and fighting narcotics trafficking and terrorism. A democratic, prosperous, and secure Ecuador can play a key role in stabilizing the northern Andes and curbing the spread of narco-terrorism and violence. Many factors, however, will shape and challenge the future of Ecuador.

While the 2002 elections were praised by all observers as the freest and fairest in Ecuador's history, President Gutierrez took office in January 2003 amidst deteriorating social and economic circumstances. The new Government of Ecuador (GOE) faces alarmingly low levels of support and confidence in democracy, troubling macro-economic indicators, and the need to rationalize the country's dollarization model through fiscal responsibility and reform. With an external debt that amounts to 80% of the country's \$20.6 billion gross domestic product (GDP) and a poverty rate of over 60%, experts agree that Ecuador's solution rests in austere fiscal policy. At the same time, Gutierrez has committed his government to significantly increasing spending on social sector programs. Gutierrez' immediate challenge, therefore, will be to reassure the international financial institutions that he is a responsible fiscal manager without unleashing the social unrest that is latent among the population at large. A further challenge for the new GOE is the coca/cocaine industry (and its related narco-terrorist elements) in Colombia, which continues to impinge upon Ecuador's impoverished northern provinces, creating displaced persons, as well as asylum seekers and refugees from Colombia. Additionally, Ecuador's biodiversity continues to be under threat, as a result of social and economic pressures. Ecuador's deforestation rate is the second highest in South America and its over-fishing rate continues to be alarming. Highlighting the population's dissatisfaction with the present social and economic system, emigration numbers increased sharply in 2002. Ecuador continues to be the largest regional source of illegal immigrants to the United States. As a result, the country's unemployment rate has fallen to a deceptive 9.4% as compared to last year's 11%.

The USAID Program: USAID's development program in Ecuador continues to respond to the many challenges confronting the country today. USAID is requesting funds for five major program areas: democracy, poverty reduction, environment, and Ecuador's northern and southern borders. USAID is providing critical help to make democratic institutions more transparent, accountable, and inclusive while encouraging consensus building vis-a-vis national policy issues. Through its Poverty Reduction Program, USAID will continue to expand access to microfinance services and provide technical assistance to support macroeconomic policy reform. Targeted efforts are underway through USAID's Environmental Program to reduce resource-based conflicts and support the sustainable use and conservation of Ecuador's globally significant and economically important biological resources. USAID will continue to support the Government of Ecuador to mitigate the spillover threats from the civil conflict in neighboring Colombia, through support for social infrastructure, local government and community strengthening, and job creation in Ecuador's northern border. USAID's Southern Border Integration Program continues to help consolidate the Ecuador-Peru peace process by providing assistance to one of the poorest regions of the country, which unfortunately plays an important role in the illegal movement of drugs and precursor chemicals. By targeting assistance toward the country's fragile economy, its political system and its most vulnerable regions, USAID's program is assisting Ecuador to meet development challenges and enhance the country's economic and social stability.

Other Program Elements: In addition to resources requested in the attached Data Sheets, USAID's centrally-funded Living Landscapes Program provides assistance through the Wildlife Conservation Society to conserve the biodiversity of the Greater Yasuni-Napo Moist Forest Landscape Conservation Area in the Ecuadorian Amazon. This program is working with indigenous groups, public- and private-sector stakeholders (including local oil companies), and NGO partners to develop a strategy to improve management of the protected areas and surrounding biological resources. The Washington-managed Collaborative Research Support Program (CRSP) brings the expertise of several U.S. universities to Ecuador to reduce the very high levels of pesticides now used on target crops and to improve crop yields.

The National Endowment for Democracy has supported research and dialogues on civil-military relations in Ecuador. In addition, the Washington- managed "Making Cities Work" project, which is jointly funded by the Mission and the Global Health Pillar Bureau in USAID Washington, supports research on the decentralization of health services to Ecuadorian municipalities. Agreement between USAID and the General Secretariat of the Andean Community (CAN) has also paved the way for collaboration in the areas of Free Trade Area of the Americas/World Trade Organization customs and related measures, competition policy, and sanitary/phytosanitary measures and food safety.

Other Donors: USAID coordinates with many bilateral and multi-lateral institutions at "roundtable" discussions organized by the Government of Ecuador's Ministry of Foreign Affairs. This coordination mechanism is in its incipient stages and is serving to eliminate operational constraints common to donors. A web page consolidating all international cooperation has also been designed and is functioning. In 2001, Ecuador received \$953 million in international cooperation, of which 24% was in grant assistance and 76 in loans. As compared to last year (2000), this signals an 89% increase in grant assistance to Ecuador. In 2001, the United States accounted for 48% of the grant assistance to Ecuador and ranked as the top donor, followed by the European Union and Japan. Sectors that have benefited the most from other donor assistance have been Regional Development (40% of the total), Social Development (13% of the total), Agriculture, Silviculture and Fisheries (7% of the total), Health (6% of the total), and Natural Resources (6.0% of the total). Of this assistance, 70% was concentrated on the development of local and rural areas. Loans to Ecuador totaled \$725 million. The Andean Development Corporation (CAF) ranks first with 45% of the total followed by the Inter-American Development Bank (IDB) and the World Bank (WB).

USAID coordinates with the CAF, IDB, IMF and World Bank in the area of macroeconomic policy reform. For debt restructuring, USAID is the lead coordinator among the most influential donors (International Monetary Fund, World Bank, Inter-American Development Bank, Andean Development Corporation). Consequently, this very successful donor coordination experience has set the tone for similar efforts across the gamut of macroeconomic initiatives in which USAID will be involved in the future. Under the same program a committee for the coordination of microfinance activities has been consolidated with all the active players in this area, and USAID has been forming a similar group in the areas of competitiveness, and trade capacity building, together with the IDB and the World Bank. USAID will continue to build upon its donor coordination initiatives, particularly as it awaits definition of the new Government's development agenda and international cooperation plans.

**Ecuador
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Andean Counterdrug Initiative	0	10,000	16,000	15,000
Child Survival and Health Programs Fund	0	0	0	300
Development Assistance	8,184	6,840	7,130	7,130
Development Credit Authority	0	198	0	0
Economic Support Fund	8,984	17,250	22,250	16,250
PL 480 Title II	0	1,530	0	0
Total Program Funds	17,168	35,818	45,380	38,680

STRATEGIC OBJECTIVE SUMMARY

518-001 Biodiversity Conservation				
DA	4,637	5,375	5,100	5,000
ESF	0	2,000	2,000	1,000
518-002 Family Planning/Maternal Child Health Services				
CSH	0	0	0	300
DA	1,247	0	0	0
518-011 Southern Border Integration				
ESF	3,493	2,250	2,250	2,250
518-012 Democracy and Conflict Prevention				
DA	600	85	0	100
ESF	3,500	8,000	10,000	8,000
518-013 Northern Border Development Program				
ACI	0	10,000	16,000	15,000
518-014 Poverty Reduction				
DA	1,700	1,380	2,030	2,030
DCA	0	198	0	0
ESF	1,991	5,000	8,000	5,000

Data Sheet

USAID Mission:	Ecuador
Program Title:	Biodiversity Conservation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	518-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,100,000 DA; \$2,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,000,000 DA; \$1,000,000 ESF
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2006

Summary: USAID's Biodiversity Conservation Program emphasizes protection of biologically-important areas within the country's protected areas system, buffer zones and other areas of high biological importance. Emphasis is placed on strengthening local conservation organizations, increasing community participation in natural resource management, and supporting the protection of globally significant species and areas.

Inputs, Outputs, Activities:

FY 2003 Program:

Conservation of areas managed by indigenous groups (\$1,350,000 DA and \$2,000,000 ESF). Ecuador provides outstanding opportunities for the conservation of globally- significant biological diversity. Much of this diversity is concentrated in the northern border and Amazon Basin provinces. These unique resources are under increasingly serious threats, including increasing problems with wood cutters invading indigenous protected areas and the growing spillover effects of drug- related violence in Colombia. Indigenous groups and territories constitute the first line of defense against biodiversity loss. In FY 2003, USAID will continue to provide technical assistance to support the territorial integrity of areas managed by indigenous groups and the consolidation of their governance systems. An added benefit of the activity will be to help stabilize the conflict-prone northern border and prevent unauthorized colonization and conversion of some of the world's most biologically rich forest habitats. USAID's principal partner is Chemonics International. However, USAID expects to continue working with our existing prime partners in the Galapagos, the Charles Darwin Foundation, and the Galapagos National Park.

Conservation of the Galapagos Islands (\$1,710,000 DA). FY 2003 funds will be used to support sustainable management and conservation activities in the biologically-rich Galapagos Islands. Funding will support three important areas: 1) participatory fish stock management/data base development followed by participatory implementation and enforcement of fishing limits and regulation; 2) implementation of a community-based ecotourism plan on Isabela Island as an alternative income source to destructive over-fishing; and 3) increased awareness and education about the fragility, complexity, and importance of long-term and sustainable resource management in the Galapagos. FY 2003 funds will enhance the Galapagos National Park's (GNP) ability to monitor and protect the Galapagos Marine Reserve. Implementation of the Comprehensive Sustainable Ecotourism Plan for the Galapagos including Isabela Island is scheduled for FY 2003 through FY 2006. Implementing partners will be selected through a competitive process.

Protection of Quito's water supply (\$2,040,000 DA). Information gathered on the biodiversity health of the Condor Bioserve will be utilized to prioritize conservation activities within the reserve and intervening lands in order to help ensure Quito's future water supply. Technical assistance will be provided for the full operation of the Water Fund (FONAG) to begin implementing concrete conservation projects within the watersheds that supply Quito. In addition, USAID will continue supporting conservation activities in the watersheds under the Parks in Peril Program (PiP), which is partially USAID/Washington funded.

Implementing partners for additional support to water conservation will be selected during a competitive process.

FY 2004 Program:

Conservation of areas managed by indigenous groups (\$1,900,000 DA, \$1,000,000 ESF). Based upon the results gained in the first year of implementation, USAID will continue the activities for the conservation of the areas managed by indigenous groups through FY 2006. The main focus of activities will be to assist federation organizations in protecting their legal territories, sustainable natural resource use, and coordination with other donors and programs in the area.

Conservation of the Galapagos Islands (\$1,600,000 DA). USAID anticipates continued support for biodiversity conservation in the Galapagos through FY 2006, based upon the emerging threats to this UNESCO Global Heritage Site. This includes continued fish stock monitoring, marine reserve protection, and institutional strengthening of the GNP and local governments.

Protection of Quito's water supply (\$1,500,000 DA). USAID will continue to build on the achievements made for the protection and conservation of the Condor Bioreserve. Most importantly, protection of Quito's water supply activities will begin to increase public awareness of problems through consensus building and public consultations with stakeholders, improve the legal and institutional framework for water resources management, increase the focus on demand management and conservation measures, and increase financing for watershed protection through appropriate user fees.

Performance and Results: Ecuador is unquestionably a top priority for global biodiversity conservation. USAID's environment program has achieved important results which have helped to conserve Ecuador's rich biological diversity and the cultural heritage of those most dependent upon healthy ecosystems. Targeted local conservation organizations have been strengthened in their administrative, financial and technical capabilities. As a result, these organizations have had access to other donors' funds and have significantly increased financing by outside sources, securing their operations for the long-term. The program has worked intensively for the conservation of species having high biological value. As a result, 1.5 million hectares are being conserved by local organizations. Community participation in natural resource management has also increased and 2.2 million hectares are managed with participatory natural resources management plans. An increase in environmental awareness and activism has resulted from these efforts, which will assure that the future generations of Ecuadorians put higher intrinsic and economic value on maintaining and/or restoring these resources. Once this is achieved, sustainable conservation will continue far into the future and after USAID's programs are complete.

One of USAID's most important long-term accomplishments was to build a critical mass of community members who understand and are committed to sustainable development. USAID's program activities have played a critical role in promoting sound land use management in the targeted areas and their buffer zones and have made substantial contributions to national level policies involving land tenure and forestry.

Continued efforts under this program through FY 2006 will result in the completion of forest cover inventories and implementation of viable community-based natural resources management plans on territories belonging to the Awa and other indigenous peoples. Other anticipated outcomes of USAID support are: the pace of consolidation of indigenous territories strategically situated along the northern border with Colombia will have accelerated; improved policy and legal frameworks for the protection of Ecuador's rich species biodiversity will have been functioning, with local communities demonstrating the use of improved conservation and management practices; the management of Quito's water supply will have improved; and the Galapagos park management system will have been strengthened to reduce resource based conflicts, promote community-based sustainable eco-tourism, environmental education, and participatory fish stock management.

US Financing in Thousands of Dollars

Ecuador

	DA	ESF
518-001 Biodiversity Conservation		
Through September 30, 2001		
Obligations	15,590	0
Expenditures	12,498	0
Unliquidated	3,092	0
Fiscal Year 2002		
Obligations	5,371	2,000
Expenditures	6,627	0
Through September 30, 2002		
Obligations	20,961	2,000
Expenditures	19,125	0
Unliquidated	1,836	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,100	2,000
Total Planned Fiscal Year 2003		
Obligations	5,100	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	5,000	1,000
Future Obligations	5,100	2,000
Est. Total Cost	36,161	7,000

Data Sheet

USAID Mission:	Ecuador
Program Title:	Family Planning/Maternal Child Health Services
Pillar:	Global Health
Strategic Objective:	518-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$300,000 CSH
Year of Initial Obligation:	2001
Estimated Completion Date:	2004

Summary: : USAID plans to conduct a Demographic and Health Survey(DHS), or similar type of survey, in Ecuador in FY 2004. It is possible that this initiative would be part of a larger effort. The results of the DHS, or other similar survey, will help determine Ecuador's health needs and the possible role for USAID.

Inputs, Outputs, Activities:

FY 2003 Program:

The DHS-type survey will be conducted in FY 2004.

FY 2004 Program:

A Demographic and Health, or similar type of survey, conducted in Ecuador will assist the mission and its development partners determine if there is a possible role for USAID in the health sector. DHS surveys seek to improve the quality and reliability of population based statistical information obtained through appropriate data collection, analysis, and evaluation; and to strengthen the data collection and utilization capabilities of host-country institutions.

For example, the DHS continues USAID's involvement in global data collection with an increased focus on country data needs and on utilization of data for evaluation and monitoring purposes. The DHS emphasizes both qualitative and quantitative data collection methods and includes non-survey data collection approaches such as information systems and service statistics.

The DHS Core Questionnaire includes a five-year monthly calendar of all pregnancies, quality of care, postnatal care, vitamin A intake, sanitation practices, decision making about children's and women's health, and anemia testing for all children and women of reproductive age. The surveys also include an expanded set of questions on HIV/AIDS and STIs. Other modules have been added on such topics as malaria, health expenditures, women's empowerment, and domestic violence.

Performance and Results: Based on the results of the survey, USAID will determine the degree of health services available and meeting the needs of the population and decide if there is a gap in service provided that USAID could help fill.

US Financing in Thousands of Dollars

Ecuador

518-002 Family Planning/Maternal Child Health Services	CSH	DA
Through September 30, 2001		
Obligations	21,701	19,969
Expenditures	21,606	18,742
Unliquidated	95	1,227
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	1,227
Through September 30, 2002		
Obligations	21,701	19,969
Expenditures	21,606	19,969
Unliquidated	95	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	0
Proposed Fiscal Year 2004 NOA		
Obligations	300	0
Future Obligations	0	0
Est. Total Cost	22,001	19,969

Data Sheet

USAID Mission:	Ecuador
Program Title:	Southern Border Integration
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	518-011
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,250,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,250,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: The goal of USAID's Southern Border Integration Program is to improve social and economic conditions of inhabitants along the Peru-Ecuador border, encourage equitable development on both sides of the border, and improve border integration. USAID's program includes training and technical assistance for integrated activities targeted to improve the quality of life of border populations by improving local capacities to plan and manage their development processes; developing basic capacities 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 Peace Accords.

Inputs, Outputs, Activities:

FY 2003 Program:

Expand and improve social services (\$980,000 ESF). USAID will use FY 2003 funds to expand ongoing access to social services (e.g. potable water, sanitation, and garbage collection). Twenty new or improved potable water systems will be in place, along with 807 new or improved sanitation units, and five new or improved garbage collection or recycling programs. Efforts will focus on increasing coverage of essential health services at the community and village levels. This component is expected to benefit approximately 37,000 new beneficiaries. CARE is the prime implementer and sub-implementers are Plan International and Municipal Councils.

Improve natural resources management (\$790,000 ESF). It is expected that an additional 20,000 hectares of land will be under natural resource management plans and an additional 20,000 hectares with legal titles. USAID will provide technical assistance and training to help develop two policy documents for the purpose of strengthening the legal basis for conservation and development in the Cordillera del Kutuku and its area of influence and increasing the participation of indigenous groups. The approximate number of direct beneficiaries for this component will be 12,000. The prime implementer is CARE and sub-implementers are World Conservation Society (WCS) and a local NGO, Jatun Sacha.

Local government strengthening (\$480,000 ESF). Funds will be used to provide technical and training assistance to six additional local government entities to improve their capacity to plan and implement service delivery programs and to four additional municipalities to improve service delivery management. These local governments are including in their development plans the needs of the different ethnic and gender groups, promoting their participation through meetings with associations and chambers. The prime implementer is CARE and sub-implementers are Dutch Service for Development Cooperation (SNV), Pan-American Health Organization (PAHO) and Plan International.

A cross-cutting theme within the Southern Border Program is the achievement of long-term sustainability. Communities which have demonstrated good management of small infrastructure projects are rewarded with the potential support for additional community efforts. Furthermore, to build local capacity, the program has been providing technical assistance, seminars and field visits that strengthen skills to effectively manage, maintain and sustain USAID-financed interventions.

FY 2004 Program:

Expand and improve social services (\$980,000 ESF). Funds will be used for important follow-up work to assure the long-term sustainability of USAID's efforts, such as providing operational guidance to the democratically formed potable Water Boards and local government sanitation and garbage collection management units. This component will benefit approximately 37,000 new beneficiaries.

Improve natural resources management (\$790,000 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 area buffer zones and the number of hectares in select areas that are under natural resource management plans. This will contribute to the conservation of this region's rich biological diversity and complement USAID's environment program interventions. This component will benefit approximately 12,000 new beneficiaries.

Local government strengthening (\$480,000 ESF). USAID plans to expand its efforts to improve the capacity of local governments to plan projects and implement service systems using consultative processes with local citizenry and improved service delivery management practices. This will complement USAID's work in the democracy sector.

Performance and Results: Through FY 2002, the program benefited 288,000 persons along the border. This is 93% of the planned number at this implementation stage.

In early FY 2002, regular cross-border coordination and planning meetings began. These efforts aim to better integrate commerce and land management among border communities, and involve the active participation of national and local governments, USAID, and USAID-financed NGOs from both Ecuador and Peru.

As a result of USAID activities, strong partnerships have been created with implementing NGOs and the Government of Ecuador, and are expanding availability and access to social services (health, water, and sanitation). Indeed, best practices developed under this program are shared with other USAID programs in Ecuador. For example, its successful approach for achieving sustainability through functioning Water Board, and public repository of proven designs for public services, being adopted by other implementing entities including those under the Northern Border Program. This program has succeeded in improving natural resources management in selected areas along the southern border. Successful approaches to land titling critical to natural resources management, are also being shared with other USAID programs. The demonstrated capacity of several municipalities to effectively deliver services with greater citizen participation and oversight, is instilling in local communities an appreciation of 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.

Continued progress will mean that by the end of the program there will be approximately 529,471 beneficiaries in the target region whose lives collectively are improved by greater access to social services, the adoption of improved natural resources management practices and the benefits of more effective local government.

US Financing in Thousands of Dollars

Ecuador

518-011 Southern Border Integration	ESF
Through September 30, 2001	
Obligations	10,142
Expenditures	3,405
Unliquidated	6,737
Fiscal Year 2002	
Obligations	2,250
Expenditures	7,278
Through September 30, 2002	
Obligations	12,392
Expenditures	10,683
Unliquidated	1,709
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,250
Total Planned Fiscal Year 2003	
Obligations	2,250
Proposed Fiscal Year 2004 NOA	
Obligations	2,250
Future Obligations	4,608
Est. Total Cost	21,500

Data Sheet

USAID Mission:	Ecuador
Program Title:	Democracy and Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	518-012
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,000,000 ESF
Prior Year Unobligated:	\$100,000 DA
Proposed FY 2004 Obligation:	\$100,000 DA; \$8,000,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2005

Summary: The level of support and confidence in democracy in Ecuador is alarmingly low as shown by the first Democratic Values Survey completed in November 2001 by the University of Pittsburgh. To help reverse this situation and prevent a return to non-democratic government, which will have a negative impact on regional stability, USAID seeks to increase support for the democratic system by strengthening the transparency and accountability of democratic institutions, fostering greater inclusiveness of key historically disadvantaged groups in crucial democratic processes, and increasing consensus on policies critical to democratic consolidation through the justice system, anti-corruption, and democratic local governance. During Ecuador's presidential elections in 2002, USAID also supported free and fair elections as a means of reinforcing the legitimacy of democracy.

Inputs, Outputs, Activities:

FY 2003 Program:

Justice reform (\$3,552,000 ESF). Funds will be used to: (a) continue supporting effective implementation of the new Criminal Procedures Code through specialized training, technical assistance, further reforms to the Code, and dissemination of the Code to the public; (b) support public-private partnerships to strengthen justice reform through the Justice and Democracy Fund; (c) support the efforts of the Civil Society Justice Coalition to produce technical material and lobby for key justice reforms and to promote judicial independence and impartiality; (d) develop a judicial evaluation program and implement an Internal Affairs Office in the National Judicial Council (CNJ); and (e) initiate a program promoted by a local non-governmental organization (NGO), aimed at ensuring a simpler, more transparent legal framework to protect rights and facilitate investment. An exchange program implemented in partnership with the Public Affairs Section of the Department of State will permit judges, mayors, and others to visit the United States to share experiences with and learn from counterpart organizations. The prime partner for justice activities is Fundacion Esquel which works with NGOs, public sector organizations and national and international justice organizations. Hacia La Seguridad is the prime partner implementing legal reforms to facilitate investment.

Democratic local governance (\$2,640,000 ESF). USAID will continue municipal strengthening, citizen participation, and decentralization efforts to strengthen the capacity of 15 local governments and their communities to engage democratically in the effective planning and delivery of services prioritized by communities. Funds will also be used to initiate efforts to systematically share lessons from 15 municipalities nationwide. Additionally, USAID will initiate activities to make fiscal decentralization more equitable, transparent, and predictable and begin a follow-on program to expand this area. Associates in Rural Development (ARD) is the prime partner for advancing USAID democratic local governance efforts.

Anti-corruption and transparent/accountable democracy (\$3,808,000 ESF): In January 2003, an assessment of corruption in Ecuador and recommendations for combating was completed. This will lead to the design of a new activity to strengthen and build upon work to date with the Civic Anti-Corruption Commission. In addition, USAID is assessing the potential for supporting the enhancement of new leadership in political parties and supporting civil society oversight in democratic processes and political reform. Principal contractors and/or grantees are to be determined.

FY 2004 Program:

Justice reform (\$2,586,000 ESF). USAID plans to use funds to: a) provide advanced training and technical assistance for the implementation of the new accusatory system, (b) support the design and initial implementation of a public defense system, (c) expand public-private partnerships to strengthen justice reform, (d) strengthen the efforts of civil society groups to promote justice reforms and judicial independence, and (e) complete purification of statutes and law reform proposals for Congressional approval.

Democratic local governance (\$1,888,000 ESF). USAID assistance will: (a) distill lessons learned from the implementation of the project in the selected 15 municipalities, (b) advance dialogue and provide technical support to improve fiscal decentralization with the new GOE, and (c) expand assistance to other municipalities of the country to promote local democratic governance.

Anti-corruption and transparent/accountable democracy (\$3,526,000 ESF; \$100,000 DA). USAID will continue implementation of an activity currently under design to promote transparency and fight corruption and continue its efforts to strengthen civil society oversight of government. Funds will be used to continue supporting efforts to promote new leadership in political parties and support domestic observation and citizen participation in local and provincial elections.

Performance and Results: USAID support was critical to Ecuador's successful elections, building local governance, and fighting corruption. Ecuador's first-ever democratic values survey, with USAID support, became a useful analytical and planning tool for democracy supporters in the country. In terms of elections, the domestic observation group "Participacion Ciudadana" (PC) supported by USAID and other donors, mobilized over 4,000 young volunteers from across the country to: (a) produce an electoral code of conduct, (b) monitor campaign spending, and (c) conduct and publicize a statistically accurate "quick count" of presidential election results that confirmed official results. PC served as a school for democracy for thousands of citizens. USAID funding to strengthen the Electoral Tribunal and international observation was critical to the transparency, freeness, and fairness of these elections. In terms of justice, USAID supported a thorough evaluation of the application and text of the new Criminal Procedures Code that will allow the country to define and take specific institutional and legal reforms to implement the new system. A civil society justice coalition defined a strategy to promote justice reform and judicial independence and impartiality. In promoting democratic local governance, USAID's partner was successful in carrying out participatory processes in the selection of services, and in designing action plans to improve these services in 15 municipalities and benefiting over one million citizens.

The Mission expects to see significant advances in implementation of the new Code of Criminal Procedures, judicial independence, and decentralization. USAID will continue to work closely with the GOE's interagency commission to build Ecuador's capacity to execute effectively the new criminal procedure code. The Judiciary will be more independent through implementation of a USAID-supported evaluation system for judges and an Internal Affairs office. A more coherent fiscal decentralization strategy will be defined and "lessons learned" will be widely disseminated. It is expected that these efforts will contribute to greater local government legitimacy. Furthermore, Participacion Ciudadana will consolidate gains made during the 2002 election and will hopefully become a key player in civil society oversight of government.

US Financing in Thousands of Dollars

Ecuador

	DA	ESF
518-012 Democracy and Conflict Prevention		
Through September 30, 2001		
Obligations	6,107	5,840
Expenditures	4,526	957
Unliquidated	1,581	4,883
Fiscal Year 2002		
Obligations	100	7,500
Expenditures	1,061	892
Through September 30, 2002		
Obligations	6,207	13,340
Expenditures	5,587	1,849
Unliquidated	620	11,491
Prior Year Unobligated Funds		
Obligations	100	0
Planned Fiscal Year 2003 NOA		
Obligations	0	10,000
Total Planned Fiscal Year 2003		
Obligations	100	10,000
Proposed Fiscal Year 2004 NOA		
Obligations	100	8,000
Future Obligations	0	10,000
Est. Total Cost	6,407	41,340

Data Sheet

USAID Mission:	Ecuador
Program Title:	Northern Border Development Program
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	518-013
Status:	Continuing
Proposed FY 2003 Obligation:	\$16,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$15,000,000 ACI
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's Northern Border Program is aimed at improving the lives of people living in six provinces adjacent to Ecuador's northern border, through strengthening their communities and thereby reducing the impact of spillover from violence in Colombia. Principal activities underway and continuing in FY 2003 include: support for social infrastructure projects, especially potable water and sanitation; productive infrastructure, primarily farm-to-market roads, small bridges and irrigation canals; training activities to strengthen civil society organizations; and assistance to displaced Colombians and receptor communities. Future plans include improving local government capacity, strengthening democratic governance and increasing employment and income.

Inputs, Outputs, Activities:

FY 2003 Program:

Citizen satisfaction with performance of local democratic institutions (\$10,250,000 ACI). USAID will support the construction of water and sanitation systems for another 15-20 communities in FY 2003, which will bring clean water and sanitation benefits to another 50,000 beneficiaries across several municipalities in at least four provinces. Technical assistance (TA) and training will be provided to design and construct infrastructure systems as well as to build community to assure the sustainable management and maintenance of these systems. Additionally, support will be given to create links between community organizations and municipal governments. This activity will also help approximately 15 municipalities address a wider range of governance issue democratically, in close collaboration with citizens including: participatory planning, budgeting and financial management; transparent contracting in public services; promotion of economic development; and environmental management. USAID will expand the community organizations' strengthening activities currently underway by building the capacity of local indigenous groups, non-governmental organizations (NGOs), and community-based organizations to participate effectively in local government planning, decision-making and oversight, conflict resolution, leadership training, defense of human rights, and local economic development. Activities leading to achievement of these results will be carried out through a competitively awarded cooperative agreement or grant to a U.S and/or Ecuadorian private voluntary organization (PVO) or consortium, to be identified once funding is available this fiscal year. A Cooperative Agreement with the International Organization for Migration IOM will be the mechanism for executing the infrastructure and sustainability activity. IOM works closely with local governments as well as private contractors, and has signed agreements with communities for their support to ensure success.

Licit income and employment opportunities (\$5,600,000 ACI). USAID assistance will be used to support productive infrastructure, including construction and rehabilitation of roads, bridges and irrigation systems and land titling, thus ensuring communities' market access. Expansion of this component is planned in FY 2003, with completion of the Carchi Province border road and the addition of five irrigation systems covering nearly 7,000 hectares and benefiting 16,000 small farmers in rural Carchi. Since title to land is a major constraint to securing a key productive asset and is a strong felt need among the population, USAID will continue to expand efforts to overcome obstacles to obtaining titles. This will include policy dialogue with the GOE to streamline procedures for land titling. The support will include technical assistance and direct support to farmers to obtain titles to their properties. The number of beneficiaries

will be expanded to nearly 3,000 by the end of FY 2003. Building on the infrastructure and land titling efforts cited above, a significant new activity planned for FY 2003 is to increase competitiveness of existing rural enterprises by mitigating constraints to increasing jobs and incomes. The program will undertake new activities to strengthen linkages between small/medium producers, buyers, processors, and local and international markets; and build alliances between public and private actors. Expert technical assistance will bring U.S. know-how to bear on improving agricultural production. A USAID-supported competitive grants fund will help overcome constraints for which private money is not readily available due to perceived risk or lack of information or incentives. Examples of projects to be supported by this fund include: on-farm technical assistance (TA) to increase production; TA to help producers meet phytosanitary requirements, quality, and certification standards; promotion of exports in foreign markets; and prefeasibility studies. Opportunities have already been identified for potential funding in cacao, bamboo, and vegetables. Implementing partners to be considered for this include qualified U.S. Government (USG) agencies, U.S. consulting firms, and local or international organizations with rural development experience in Ecuador.

Public diplomacy strategy for awareness building (\$150,000 ACI). Funds will be used to educate the Ecuadorian public about the potential coca/cocaine threat and build awareness about the efforts by the USG and GOE to address the multiple spillover effects from Colombia. This activity will be implemented by the U.S. Department of State.

FY 2004 Program:

Citizen satisfaction with performance of local democratic institutions (approximately \$8,500,000 ACI). USAID will continue to assist the construction and rehabilitation of water systems and related infrastructure in six provinces, aimed at demonstrating to the population that their government works and provides useful services. USAID efforts will also contribute to the expansion of local government development and improved governance to additional municipalities.

Increased licit income and employment opportunities (estimated at \$6,500,000 ACI). Funds will be used to expand productive infrastructure and land titling efforts, as well as technical assistance, training and grant funds to strengthen farm-to-market linkages in support of improved rural competitiveness and increased employment and incomes.

Performance and Results: More than 132,000 poor marginalized beneficiaries, many for the first time, now have potable water, improved access to their villages and a sense of hope for the future. In FY 2002, twenty-one water systems were built or improved, benefiting 30,000 Ecuadorians; while the completion of 18 new pedestrian and vehicular bridges made easier access to markets a reality for thousands more. Just as important were the improvements in community organizations aimed at strengthening leadership and organizational capacity building. About 50,000 persons, mostly Afro-Ecuadorians or members of indigenous groups were the beneficiaries of these interventions.

In FY 2003, not only will the numbers of beneficiaries of the above activities expand significantly, but important new efforts to sustain these gains will be accomplished through the creation of technical and managerial capacity in several municipalities, as well as additional community participation efforts to enhance governability and legitimacy of local government. USAID's interventions will assist the GOE to contain the spread of the Andean Regional coca/cocaine economy into Ecuador by addressing structural and latent factors that can aggravate spillover, namely weak democratic institutions, weak state presence, weak community structures, poverty, and a dearth of licit economic opportunities.

US Financing in Thousands of Dollars

Ecuador

	ACI	Plan Colombia
518-013 Northern Border Development Program		
Through September 30, 2001		
Obligations	0	8,000
Expenditures	0	2,257
Unliquidated	0	5,743
Fiscal Year 2002		
Obligations	10,000	0
Expenditures	3	5,568
Through September 30, 2002		
Obligations	10,000	8,000
Expenditures	3	7,825
Unliquidated	9,997	175
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	16,000	0
Total Planned Fiscal Year 2003		
Obligations	16,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	15,000	0
Future Obligations	28,000	0
Est. Total Cost	69,000	8,000

Data Sheet

USAID Mission:	Ecuador
Program Title:	Poverty Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	518-014
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,030,000 DA; \$8,000,000 ESF
Prior Year Unobligated:	\$80,000 DA
Proposed FY 2004 Obligation:	\$2,030,000 DA; \$5,000,000 ESF
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2006

Summary: USAID's Poverty Reduction program is targeted at reducing both rural and urban poverty through a two-pronged approach. The first 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. The second 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; promote competitiveness; and develop a strong, liberalized, and more transparent financial sector.

Inputs, Outputs, Activities:

FY 2003 Program:

Access to microfinance services (\$2,030,000 DA, \$360,000 ESF). Continued intensive technical support to the Superintendency of Banks will be provided if the political and administrative commitment is present. This will hinge on the new Government's policies. The highest priority is passage of a normative framework for private credit bureaus followed by assistance in establishing these bureau(s) and defining how they interact with the Superintendency. Support will broaden the Superintendency's capacity to appropriately and competently supervise microfinance and other financial product areas in general, using improved risk-based supervision instruments. Assistance will strengthen high potential microfinance service providers to continue to expand and diversify product offerings. Further, USAID identified inadequate information systems as the most important constraint to the growth of microfinance institutions. Funds will be used to install and test microfinance software in four microfinance institutions with possible system roll-out in more institutions. USAID also plans to initiate an intensive program to provide technical support to credit unions for their transition to meet new, more rigorous supervision requirements and to facilitate interconnection of services across credit unions in different geographic areas. An analysis of a multi-donor supported second story financing institution will be conducted and a decision made as to its viability. If such an institution can fill a key need in the sector, support will be provided for its organization and capitalization. Prime partners include Development Alternatives, Inc. (DAI) and the World Council of Credit Unions (WOCCU).

Macroeconomic policies/environment for more equitable growth (\$7,640,000 ESF). Support to the Internal Revenue Service (SRI) will continue. Measures to build stronger tax policy capabilities within the institution will be promoted along with supplying technical assistance, training and advanced software to improve the SRI's ability to administer taxes. Assistance to the Ecuadorian Customs Corporation (CAE) will follow through with specific backing of a "zero paper" automated customs processing and information system. Further work to strengthen the financial sector will be done through fortifying the regulatory norms and capabilities of the Superintendency of Banks. Work with the Ministry of Economy and Finance (MEF) will involve, initially, implementation of a transition plan for the incoming Minister of Economy and Finance. Thereafter, short, medium and long-term capacity building activities will be undertaken in order to facilitate implementation of recently approved fiscal reforms. Stage II of the Debt Restructuring Process will be launched by hiring a private entity to recover the public debt loans restructured by the Credit Restructuring Unit of the Superintendency of Banks. In order to address competitiveness, trade

deficiencies, and structural reform, an assessment will be commissioned to evaluate and prioritize the most urgent needs of the country. Based on this analysis, new activities to promote trade, competitiveness, and liberalization will be undertaken. Prime partners include DAI and Chemonics International, Inc.

FY 2004 Program:

Access to microfinance services (\$2,030,000 DA, \$1,000,000 ESF). Funds will be used to continue intensive technical assistance to the Superintendency of Banks and microfinance service providers, including banks, finance companies, credit unions, and NGOs committed to becoming licensed financial intermediaries. Finally, based on analysis of the demand, approximately \$2 million will be used to capitalize microfinance institutions through either debt or equity instruments, or both.

Macroeconomic policies/environment for more equitable growth (\$4,000,000 ESF). Planned assistance to the SRI will focus on specific measures to promote equity in the taxation system, as well as on continued strengthening of the audit and administrative capacity of the institution. CAE plans to receive support by means of technical assistance in its declaration filing system, training personnel in customs valuation rules, and, potentially, backing for changes in the Ecuadorian customs law to allow for more control by CAE officials. Work in strengthening of the financial sector will continue through fortifying the regulatory norms and capabilities of the Superintendency of Banks. Following an assessment of the Ministry of Economy and Finance's performance in terms of implementation of the fiscal reform, further strengthening of the institution's capacity may be undertaken. Activities to promote trade, competitiveness, and structural reforms in the country may become an important part of the macro component in FY 2004. The selection of activities that will be undertaken in these sectors will depend on the results of the assessment.

Performance and Results: USAID's support to the Superintendency of Banks has resulted in the approval and application of a new microfinance regulatory framework, followed by the development of a new set of supervisory manuals and initial pilot testing of these manuals with newly trained personnel. After six months of intensive technical assistance to eight microfinance institutions, the number of clients served increased by nearly 25% as of September 30, 2002, already surpassing the December target. USAID signed an agreement for a 50% guaranty of a \$4 million loan to Banco Solidario under the Development Credit Authority (DCA) which will provide the bank with an extra cushion of liquidity as this fast-growing microfinance institution expands.

Through selectively applied technical assistance, USAID has contributed to the improvement of the revenue collection systems by consolidating the tax policy and tax administration capacities of the SRI. The broad assessment performed at CAE is an initial step that contributes to that same goal. An initial assessment and mapping of donor resources will improve the national budget management and expenditure process headed by MEF and, more immediately, will facilitate the transition to the new government. Finally, by shifting significant amounts of public sector debt overhang into either paying arrangements or to a fast-track liquidation process, the Debt Restructuring Activity has begun to bring significant clarity to the status of Ecuador's financial sector. In the Debt Restructuring Activity, USAID became the lead coordinator among the most influential donors (IMF, World Bank, IDB, CAF) to develop a united front which assured that the GOE would bring forth its best efforts in support of this critical activity. Consequently, this very successful donor coordination experience has set the tone for similar efforts across the gamut of macroeconomic initiatives in which USAID will be involved. Positive macroeconomic results obtained to-date have relied on the new Government's willingness for change. This will continue to be the significant factor affecting our success. As a result of USAID's assistance, rural and urban poverty will be reduced and economic opportunities increased for the poor.

US Financing in Thousands of Dollars

Ecuador

518-014 Poverty Reduction	DA	DCA	ESF
Through September 30, 2001			
Obligations	1,700	0	1,831
Expenditures	64	0	0
Unliquidated	1,636	0	1,831
Fiscal Year 2002			
Obligations	1,186	198	5,495
Expenditures	1,174	0	0
Through September 30, 2002			
Obligations	2,886	198	7,326
Expenditures	1,238	0	0
Unliquidated	1,648	198	7,326
Prior Year Unobligated Funds			
Obligations	80	0	0
Planned Fiscal Year 2003 NOA			
Obligations	2,030	0	8,000
Total Planned Fiscal Year 2003			
Obligations	2,110	0	8,000
Proposed Fiscal Year 2004 NOA			
Obligations	2,030	0	5,000
Future Obligations	2,030	0	8,000
Est. Total Cost	9,056	198	28,326

El Salvador

The Development Challenge: El Salvador has made significant progress in increasing political, economic, and social stability since the signing of the Peace Accords in 1992, despite the devastating effects of Hurricane Mitch in 1998 and two massive earthquakes in 2001. In the last decade, there have been free and fair presidential and municipal elections, with high expectations that these will continue. The annual rate of economic growth has averaged two percent over the last two years, above many countries in the Latin America and Caribbean region. Nonetheless, El Salvador still suffers from endemic poverty in rural areas, where more than 50% of the population lives below the poverty line, 27% are illiterate, and around 60% lack access to water piped into the home. A stagnant agricultural sector and a crisis in the coffee market have only exacerbated the situation. Security issues in urban and rural areas and low citizen confidence in the justice system compound the poverty problem. With a murder rate second only to Colombia, El Salvador has one of the highest crime rates in the western hemisphere. It is believed that crime and violence have contributed to depressed domestic and foreign investment below levels sufficient for economic growth and employment to keep pace with population growth. The need to finance reconstruction after the earthquakes contributed to a rise in the total debt burden by eight percentage points in the last two years to approximately 39% of GDP.

Despite the bleakness of some economic indicators, overall prospects are positive. El Salvador continues to reform and open its economy, leading to low inflation and continued growth. Remittances from Salvadorans living abroad pumped around \$2 billion into the economy this year. The country has made substantive progress in the national reconstruction effort while, at the same time, successfully dollarizing its economy. Despite frustrations with polarization in the political system, the political reforms brought by the Peace Accords are permanent and functioning, and democracy in El Salvador does not appear to be at risk. The Government of El Salvador, with four other Central American countries, recently entered into negotiations with the United States on a U.S.-Central America Free Trade Agreement (CAFTA).

The United States has multiple national interests in El Salvador. The political and economic liberalization the United States encouraged, and the country adopted, has made El Salvador a model for other developing countries in the region. The United States is El Salvador's most important trading partner, absorbing 60% of its exports and providing more than 50% of its imports. Approximately two million Salvadorans reside in the United States, many of them illegally. USAID assistance will play a critical role in responding to the historic opportunity that CAFTA presents and addressing the dramatic drop in coffee prices. Through a Presidential Initiative - the Opportunity Alliance - USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management. By promoting prosperity in El Salvador in tandem with USAID's new Opportunity Alliance in Central America and Mexico, the United States can help reduce the flow of economic migrants and El Salvador's vulnerability to narcotics abuse and trafficking.

The USAID Program: USAID requests funds for its four core strategic objectives: 1) expanding economic opportunities for rural poor families; 2) promoting democracy and good governance; 3) improving the health of rural Salvadorans; and 4) increasing rural household access to clean water. In response to the 2001 earthquakes, USAID is implementing a high-profile earthquake reconstruction program which is financing the reconstruction of community infrastructure, housing, and municipal centers, promoting economic revitalization of the rural economy, and implementing critical disaster mitigation activities. The overall goal of USAID's assistance program in El Salvador is reduction of rural poverty with a focus on women, youth, and children. USAID will implement programs that promote access to microfinance, agricultural production, and marketing services, construction of small-scale productive infrastructure such as roads and bridges, and quality early childhood and primary education services. USAID plans to expand its program to help El Salvador prepare for CAFTA. USAID fosters democratic progress by encouraging citizen participation in local and national level government and works to strengthen the rule of law by improving court administration and training judges, prosecutors, and public defenders. USAID plans to expand its program in transparency and anticorruption. USAID activities in the health sector will help to reduce child mortality, strengthen and expand reproductive health care and family planning, and

help prevent the spread of HIV/AIDS, tuberculosis, and dengue. Through improvements in watershed management and construction of rural water distribution systems, USAID will help rural residents increase their access to safe drinking water. Specific activities funded by FY 2003 and FY 2004 appropriations are described in the Data Sheets for the four core programs.

Other Program Elements: Through its Regional Central American Program, USAID will help develop a regulatory framework and tariff system for improved management of the country's electrical system and implement environmental conservation activities that promote improved solid waste management. USAID will also assist El Salvador with trade capacity building related to CAFTA, and provide assistance to improve the production, processing, and marketing of high-quality specialty coffees grown by small and medium-scale coffee producers. USAID will also work with HIV/AIDS high-risk populations to control and prevent the spread of HIV/AIDS through condom marketing and behavioral change interventions at the community level.

USAID's Global Health Bureau supports the expansion of reproductive health care for adolescents through a local NGO, the Salvadoran Demographic Association. USAID's Economic Growth, Agriculture and Trade bureau is working with a local NGO to provide for water quality testing in rural areas. Through its farmer-to-farmer program, the Office of Private and Voluntary Cooperation (DCHA/PVC) funds short-term U.S. volunteers to provide technical assistance to increase farm and agribusiness productivity and incomes.

Other Donors: The United States remains the largest bilateral donor in El Salvador, followed by the European Union, Japan, Germany and Spain. However, the greatest share of economic development assistance for El Salvador (41%) comes from multilateral lending institutions, led by the Inter-American Development Bank (earthquake reconstruction, infrastructure, legislative and judicial strengthening, microfinance, agribusiness, local governance, and education), the World Bank (earthquake reconstruction, education, health infrastructure) and the Central American Bank for Economic Integration (rural development, earthquake-related infrastructure reconstruction). Active multilateral donors include: the European Union (earthquake reconstruction), World Food Program (health), United Nations Children's Fund (health), United Nations Development Program (rule of law), and the Pan American Health Organization (health). Among the bilateral donors, Japan works on earthquake reconstruction, education, and the agriculture sector, Germany works on health and local governance, and Spain works on earthquake reconstruction and judicial strengthening.

**El Salvador
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	14,557	15,653	9,636	6,334
Development Assistance	31,807	45,640	24,096	28,712
Economic Support Fund	4,989	25,200	0	0
PL 480 Title II	1,458	0	0	0
Total Program Funds	52,811	86,493	33,732	35,046

STRATEGIC OBJECTIVE SUMMARY

519-001 Economic Growth, Agriculture and Education				
CSH	700	0	0	0
DA	6,779	6,830	15,993	18,743
519-002 Democratic Consolidation and Governance				
DA	4,400	3,450	4,000	5,469
ESF	1,489	200	0	0
519-003 Health of Women and Children				
CSH	6,814	9,353	9,636	6,334
DA	3,991	0	0	0
519-004 Clean Water Access				
DA	3,189	3,200	4,103	4,500
519-008				
CSH	7,043	6,300	0	0
DA	13,448	32,160	0	0
ESF	3,500	25,000	0	0
598-021 Special Development Activities in the LAC Region				
DA	0	0	(1,625)	0

Data Sheet

USAID Mission:	El Salvador
Program Title:	Economic Growth, Agriculture and Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	519-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$16,147,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$18,743,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: USAID's program to expand access and economic opportunities for rural poor families seeks to promote policies that generate additional resources and stimulate economic activity; expand financial services for micro and small businesses; help small-scale farmers access new technology, adopt better practices and market services; improve basic education for rural residents; and improve rural infrastructure for local communities through small grants.

Inputs, Outputs, Activities:

FY 2003 Program:

Economic policies that stimulate rural growth (\$3,700,000 DA). USAID-funded technical assistance will help the Government of El Salvador (GOES) improve its tariff and regulatory procedures and restructure the energy sector to support investment and reduce energy costs. To help the GOES generate more resources for national development, USAID-funded technical assistance to the Ministry of Finance will improve audit capacity and voluntary tax compliance systems. USAID will address bottlenecks to rural trade and services expansion by financing at least 10 small-scale rural infrastructure grants. Principal contractors and grantees are Bearing Point, PA Consultants, and local communities.

Sustainable microfinance institutions (\$2,354,000 DA). To expand credit and savings services to rural, poor entrepreneurs, USAID will finance technical assistance to 11 microfinance institutions to open new rural branches and make them more sustainable. USAID advisors will help the Superintendent of the Financial System establish an efficient approach to regulate non-bank financial institutions, leading to a stronger rural financial system. The principal contractor is Development Alternatives Inc.

Economic opportunities for small enterprises (\$3,100,000 DA). USAID-funded technical assistance will help the GOES and the private sector implement a Central America Free Trade Agreement (CAFTA) and help small businesses compete in a free trade system. USAID will also strengthen the business capability, efficiency, management and profitability of up to 550 micro-, small-, and medium-sized enterprises. USAID will also provide technical assistance to hundreds of small-scale artisans to introduce new products and promote domestic and export sales. In addition, USAID will work with at least 400 micro-, small-, and medium-sized enterprises to improve product quality and increase employment and sales. Principal contractors and grantees are Aid to Artisans, Center for the Promotion of Micro- and Small Enterprises, and the National Commission for Micro- and Small Enterprises.

Environmentally sound agricultural practices and exports (\$3,800,000 DA). USAID will work with 1,500 small farmers to increase sales and incomes through improved crop production, processing, and marketing. To increase sales of specialty and quality coffee, advisors will work with farmers and producer groups to improve coffee production, processing, and business practices. Principal contractors and grantees are Fintrac Inc, Cooperative League of the United States in El Salvador, Technoserve, and Peace Corps.

Quality basic education (\$3,193,000 DA). USAID-financed technical assistance to the Ministry of Education (MINED) and the Ministry of Health will help implement a program to improve learning skills of preschool and primary school children and train parents and caregivers to provide better childcare. Advisors will work with the MINED to improve student academic performance in 250 rural primary schools and improve management and education skills of primary school principals. Principal contractors and grantees are Development Associates, UNICEF, and Save the Children.

FY 2004 Program:

Economic policies that stimulate rural growth (\$3,100,000 DA). USAID intends to continue supporting GOES efforts to develop an energy sector regulatory framework that fosters private investment and makes energy delivery more efficient. Assistance will also improve voluntary tax compliance and collection. USAID plans to finance further development of small-scale rural infrastructure.

Sustainable microfinance institutions (\$3,187,000 DA). USAID plans to finance technical assistance for selected MFIs to improve financial service provision to rural businesses and comply with requirements to become regulated non-bank financial institutions. USAID also plans to finance technical assistance to the Superintendent of the Financial System to establish a clear, efficient system to regulate non-bank financial institutions.

Economic opportunities for small enterprises (\$6,150,000 DA). USAID intends to continue trade capacity building technical assistance to implement CAFTA requirements. USAID also plans to support activities that improve the capacity of medium, small, and micro enterprises to generate increased profits, exports, and employment.

Environmentally sound agricultural practices and exports (\$3,513,000 DA). USAID plans to continue providing technical assistance and training in technology transfer, marketing, accessing credit, and product processing to several thousand low-income farmers to expand fruit, vegetable, and coffee production for local and export markets.

Quality basic education (\$2,793,000 DA). USAID will continue its activities to foster quality basic education in 250 rural schools, strengthen MINED's management and monitoring and evaluation systems, and improve childcare skills of parents and caregivers to improve care and education for thousands of rural children.

Performance and Results: USAID's policy assistance helped the GOES implement energy laws, regulations, and procedures that brought electrical services to 76% of rural households and improved the investment environment. Based on a USAID-financed assessment to identify legal, administrative, and technological constraints to tax collection, the GOES made administrative reforms and hired additional auditors, resulting in an 8.8% (\$132 million) increase in tax collections over the previous year. Nearly 95% of rural children aged seven through ten now attend school. Four hundred childcare center workers and educators have been trained in improved education and childcare methodologies, benefiting more than 9,000 children. Rural residents accessed 12,250 new loans and opened more than 4,500 savings accounts as a result of USAID's efforts to expand microfinance services. Of the new loans, 39% were under \$400 and 71% of borrowers are women. USAID-assisted rural organizations and farmers increased sales and 6,700 farmers received technology transfer, marketing, credit access, and post harvest processing assistance. Three coffee mills were constructed, benefiting 1,500 farm families and two farm cooperatives. USAID completed 11 rural infrastructure projects (roads, bridges, and water systems), benefiting 14,500 people.

When this objective is completed, USAID expects that rural access to electricity will have increased to 78%. Tax compliance and revenues will have increased, generating more GOES resources for national development. Assistance to microfinance institutions will provide access to financial services to 40,000 new rural clients, a regulatory system will facilitate the transition of non-bank financial institutions into regulated entities, and micro-, small-, and medium-sized enterprises and farmers will increase exports and local sales. The academic performance of students 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, 2001			
Obligations	10,702	48,220	39,162
Expenditures	6,525	34,682	39,065
Unliquidated	4,177	13,538	97
Fiscal Year 2002			
Obligations	0	6,526	0
Expenditures	1,876	7,229	0
Through September 30, 2002			
Obligations	10,702	54,746	39,162
Expenditures	8,401	41,911	39,065
Unliquidated	2,301	12,835	97
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	16,147	0
Total Planned Fiscal Year 2003			
Obligations	0	16,147	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	18,743	0
Future Obligations	0	0	0
Est. Total Cost	10,702	89,636	39,162

Data Sheet

USAID Mission:	El Salvador
Program Title:	Democratic Consolidation and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	519-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,469,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,469,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: USAID's program to strengthen democratic processes and good governance aims to promote increased access to justice and improved court case preparation; strengthen local governments to provide basic public services; increase open access to legislative processes; and encourage active civil society advocacy through small grants.

Inputs, Outputs, Activities:

FY 2003 Program:

Access to justice and court case preparation (\$1,600,000 DA). The justice sector, which has been working under new criminal codes, will continue to be a principal area of focus. USAID will fund training in evidence collection and management, plea bargaining, case preparation, use of oral arguments, and other aspects of the new criminal codes for several hundred judges, prosecutors and public defenders to assist them in effectively and fairly applying the new system. USAID-financed technical assistance and training will support development of modern rules of evidence and review legislation and regulations related to trade and the commercial sector. Working with selected law schools, USAID will help educate and train faculty in practical legal teaching techniques, promote curriculum reforms, and develop and manage legal clinics as educational learning tools. To further increase access to justice, USAID will help establish at least two additional community-based mediation centers and widely disseminate information on the use of alternative dispute resolution. The principal contractor is DPK Consulting. The Department of State implements activities through an inter-agency agreement.

Local government (\$1,769,000 DA). USAID will fund technical assistance to approximately 25 municipalities to improve their financial and human resource administration accountability. Assistance will also increase local governments' efficiency and coverage of selected public services, such as water and solid waste management. Municipalities will receive assistance in designing, with citizen participation, medium-term community development plans. Policy-related activities will help clarify municipal roles and responsibilities regarding additional public services that may be decentralized, such as education and road maintenance. Principal contractors and grantees are Research Triangle Institute and the Salvadoran National Mayors Association.

Citizen participation in legislative process, civil society advocacy, and transparency (\$1,100,000 DA). USAID will fund training for selected civil society organizations to strengthen their internal administrative and financial management systems. Assistance will be provided in tandem with six to eight small grants to support specific advocacy and oversight activities that further democratic principles. Assistance to the legislature will help further open up its decision-making processes to public input through more frequent public hearings, a legislative hotline, and constituent outreach offices located outside the capital. Technical assistance will help the Government of El Salvador implement a code of ethics for government employees. An additional \$1 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. Principal contractors are Creative Associates Inc. (prime) for civil society and transparency activities and the University of Texas (sub) for legislative activities. Grants to civil society organizations will be determined through competition.

FY 2004 Program:

Access to justice and court case preparation (\$1,600,000 DA). To assure fairer and more equitable treatment of evidence in the courts, USAID plans to continue training activities for key justice sector institutions in criminal code implementation and appropriate use of rules of evidence. USAID also intends to continue training and technical assistance to implement curriculum and teaching reforms in selected law schools. USAID plans to establish additional community-based mediation centers and is considering support for legal reforms and training related to trade and commercial code legislation.

Local government (\$1,769,000 DA). Up to 25 municipalities will benefit from technical assistance and training to further improve provision of basic municipal services and increase transparency and accountability in municipal management and planning. USAID is also planning to support activities that promote greater citizen participation in local government oversight committees.

Citizen participation in legislative process, civil society advocacy, and transparency (\$2,100,000 DA). USAID expects to continue limited civil society grants for advocacy and oversight initiatives and complementary training. Should the legislature commit to open additional constituent outreach centers, USAID will consider supporting this effort. USAID is planning to support technical assistance activities that would strengthen the office of government ethics, as well as training related to government ethics and transparency within GOES ministries.

Performance and Results: USAID has helped El Salvador improve citizen access to the justice system. Use of the justice system, expressed by the number of court cases filed in USAID target areas, increased 18% over the past year (from 15,238 cases in FY 2001 to 17,990 cases in FY 2002). The two community-based mediation centers established in 2002 have received 1,870 cases. The centers are proving to be valid, accessible alternatives for helping people resolve their problems without having to go to court. The first modern legal education clinic, launched at one of the country's largest law schools, is providing practical opportunities for law students to work on real cases and gain first-hand knowledge of the roles and responsibilities of each justice sector institution. USAID support for the community policing initiative has helped police reduce crime and violence rates in many municipalities. In 2002, overall crime dropped almost 18% from the previous year. USAID helped six legislative committees hold a total of 28 public hearings and 8,690 citizens visited their constituent outreach offices. These results demonstrate an increased openness to listening to citizen concerns. An eight percent increase in local revenue generation by USAID-assisted communities shows evidence that municipal government credibility is growing. These municipalities also increased their solid waste collection and disposal services by almost 20%.

By the end of the strategy period, USAID expects that El Salvador will have built a more credible criminal justice system and more transparent local level public administration services. USAID expects that citizens will have increased confidence in the criminal justice system and participate more actively in policy discussions. Legislative decision-making is expected to become increasingly transparent. The community policing model will be working nationwide and assisting in reducing crime and violence.

US Financing in Thousands of Dollars

El Salvador

519-002 Democratic Consolidation and Governance	DA	ESF
Through September 30, 2001		
Obligations	24,976	16,632
Expenditures	17,725	13,452
Unliquidated	7,251	3,180
Fiscal Year 2002		
Obligations	3,225	200
Expenditures	4,484	1,757
Through September 30, 2002		
Obligations	28,201	16,832
Expenditures	22,209	15,209
Unliquidated	5,992	1,623
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	4,469	0
Total Planned Fiscal Year 2003		
Obligations	4,469	0
Proposed Fiscal Year 2004 NOA		
Obligations	5,469	0
Future Obligations	0	0
Est. Total Cost	38,139	16,832

Data Sheet

USAID Mission:	El Salvador
Program Title:	Health of Women and Children
Pillar:	Global Health
Strategic Objective:	519-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$9,011,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,334,000 CSH
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

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

Inputs, Outputs, Activities:

FY 2003 Program:

Child survival (\$4,286,000 CSH). USAID-financed technical assistance, training, and select commodities to the MOH will help: a) improve referrals between rural health promoters and health facilities; b) implement an integrated management of childhood illnesses strategy; c) improve monitoring of births in 28 maternity hospitals and 50 health units nationwide; d) expand nutrition care skills to 300 high-risk rural communities to prevent malnutrition in young children and pregnant women; and e) implement breastfeeding counseling at the local level. Construction of rural water systems and latrines as well as intensive community health education will help decrease diarrheal incidence in young children. USAID will continue support to prevent and control dengue fever with community-based interventions and train more than 4,000 MOH staff in child survival techniques. Principal contractors are the Academy for Educational Development, International Science and Technology Institute, the Tuberculosis Coalition for Technical Assistance, the Centers for Disease Control and Prevention (CDC), and Management Sciences for Health.

Maternal and reproductive health care (\$3,375,000 CSH). USAID will fund training and technical assistance for the MOH to improve reproductive health care including: a) prenatal, delivery and postpartum care; b) training of health promoters and midwives for counseling mothers and families; c) community education to increase knowledge of the importance of family planning and reproductive health care; d) prevention of pregnancies and sexually transmitted diseases among adolescents; and e) an improved contraceptive logistics system. Over 11,000 health workers, including doctors and birth attendants will be trained. In addition, USAID support to the Salvadoran Demographic Association will enable it to provide family planning services to 38,250 rural women, become more financially self-sufficient, and complete the 2003 National Demographic and Health Survey. Principal contractors are the Salvadoran Demographic Association, CDC, University of North Carolina and John Snow, Inc.

HIV/AIDS (\$500,000 CSH). USAID-financed technical assistance to the MOH will improve its HIV/AIDS epidemiological surveillance and help initiate voluntary HIV testing and counseling for pregnant women. Technical assistance to NGOs will help them prevent and control HIV/AIDS among high-risk groups. Principal contractors are Population Services International and the Academy of Educational Development.

Ministry of Health decentralization (\$850,000 CSH). USAID-financed technical assistance to the MOH will help make its community-level health services more efficient. USAID will concentrate on strengthening

services in seven districts that serve 20% of El Salvador's population and contain 25% of MOH facilities. More than 430 key local-level managers will be trained in strategic planning and financial and management systems. The principal contractor is Abt Associates, Inc.

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

FY 2004 Program:

Child survival (\$1,834,000 CSH). USAID expects to continue support for targeted health promotion activities in rural areas to reduce infant and young child morbidity and mortality. Assistance would help the MOH expand its strategy for reducing malnutrition in high-risk rural areas and strengthen performance of rural health promoters.

Maternal and reproductive health care (\$3,600,000 CSH). To help reduce maternal and infant mortality, USAID will continue to fund assistance to the MOH to improve prenatal, delivery, and postpartum care and increase public awareness of the importance of reproductive health care. USAID plans to assist the Salvadoran Demographic Association to attain financial sustainability and anticipates providing contraceptive support to the Salvadoran Demographic Association as well as the MOH.

HIV/AIDS (\$600,000 CSH). USAID will fund technical assistance to MOH's epidemiological surveillance of HIV/AIDS to better monitor and measure the extent of HIV/AIDS in El Salvador. USAID expects to continue support for interventions to change behavior among high-risk groups.

Ministry of Health decentralization (\$300,000 CSH). USAID is planning to continue its support for MOH decentralization in the seven local health districts, as well as limited support for reform at the national level.

Performance and Results: With USAID support, the MOH initiated decentralized health services planning, management and delivery, which provided improved service delivery at the community level. The MOH's 28 maternity hospitals now offer a "mother-baby" health package to reduce infant deaths. All of El Salvador's 1,700 rural health promoters are trained in improved management of childhood illnesses, resulting in improved access to quality health care in rural areas. With USAID support, the MOH launched a nutrition care initiative in rural areas, which has resulted in improved nutrition monitoring mechanisms at the local level. MOH facilities have significantly increased contraceptive stocks on hand as well as the availability of family planning services. Working closely with the MOH and the private sector, USAID supported a campaign that lowered levels of dengue fever, a mosquito-borne virus, in high-risk areas. USAID water and sanitation activities achieved a 29% to 82% decrease in diarrhea among children under five years old in nine activity sites. Passage in 2002 of a law to prevent discrimination against individuals with HIV/AIDS makes HIV/AIDS prevention and control more acceptable to high-risk groups.

By the end of the strategy, 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 contraceptive use, increase knowledge about the importance of reproductive health care and HIV/AIDS risks, increase the percentage of births attended by trained personnel, and decrease diarrhea among young children.

US Financing in Thousands of Dollars

El Salvador

519-003 Health of Women and Children	CSH	DA	ESF
Through September 30, 2001			
Obligations	30,529	148,922	36,610
Expenditures	21,338	144,450	36,610
Unliquidated	9,191	4,472	0
Fiscal Year 2002			
Obligations	8,693	0	0
Expenditures	6,901	2,716	53
Through September 30, 2002			
Obligations	39,222	148,922	36,610
Expenditures	28,239	147,166	36,663
Unliquidated	10,983	1,756	-53
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	9,011	0	0
Total Planned Fiscal Year 2003			
Obligations	9,011	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	6,334	0	0
Future Obligations	0	0	0
Est. Total Cost	54,567	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
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,105,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,500,000 DA
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2005

Summary: Summary: USAID's water and environment program promotes sustainable, replicable, and integrated water resource management in 14 microwatersheds (an area within a larger watershed) to increase access to clean water for rural Salvadorans. Through this program, USAID is 1) improving the quality of water sources through agricultural practices that increase water availability and decrease erosion; 2) improving performance of water delivery systems by strengthening infrastructure and local management capability; 3) promoting more effective citizen involvement in water related issues through public awareness campaigns and training and; 4) improving municipal management of water resources.

Inputs, Outputs, Activities:

FY 2003 Program:

Quality of water sources (\$1,905,000 DA). Through training and technical assistance, USAID will support stream and groundwater protection and physical improvement of watersheds. Activities will promote containment and protection of natural springs as alternative sources of clean drinking water for rural households. More than 9,000 small farmers participating in watershed improvement activities will carry out conservation practices on 67,000 acres to increase water table recharge and decrease soil erosion. Promotion of recycling and residential waste treatment plants will leverage an additional 50% of non-USAID funding, permitting construction of new demonstration plants. USAID plans to build at least two water storage reservoirs through programs that incorporate training to develop local technical capacity for reservoir management. Principal grantees are the CARE Consortium and Project Concern International.

Performance of water delivery systems (\$400,000 DA). USAID will continue supporting construction and expansion of water delivery systems by funding technical and managerial services for design, construction management, and administrative training. Construction materials, which account for 75% of total costs, will be purchased using non-USAID resources. Tariffs for each water system will help pay for watershed conservation efforts and solid and liquid waste treatment, neither of which is currently widely practiced. Potential investment partners include the Salvadoran Social Investment Fund, municipal governments, international donors, and NGOs. Principal grantees are the CARE Consortium and Project Concern International.

Citizen actions to address water issues (\$1,000,000 DA). USAID will promote community management of activities that improve water quality and access. Continued training of technicians (soon to reach 10,000) will result in more than 450 water-related improvements to water systems, pollution prevention, and conflict resolution. Watershed organizations formed as a result of this assistance will manage water access and improvement in conjunction with municipalities in at least half of the project's watersheds. Assistance will also support watershed legislation that promotes local control of water resources. Principal grantees are the CARE Consortium and Project Concern International.

Municipal participation in water resources management (\$800,000 DA). USAID-supported technical assistance and training will strengthen municipal capacity to manage water resources. Fourteen municipalities are implementing water resource management plans developed through this activity. Plans

include decentralization of water management and services, municipal ordinances to ensure proper management of solid and liquid waste, and financing of water systems and waste treatment services. USAID will fund training for an association of four municipalities that manages 17 water systems (serving 30,000 residents). This association, which will become the first regional-based technical support network for rural water systems, will be able to diagnose and repair water system defects and problems. Principal grantees are the CARE Consortium and Project Concern International.

FY 2004 Program:

Quality of water sources (\$2,300,000 DA). USAID plans to continue watershed protection activities by promoting water conservation practices in current areas and expanding coverage by up to 7,400 acres. Efforts will focus on strengthening the capacity of existing watershed organizations, comprised of water users, to administer water conservation efforts in 10 microwatersheds. Watershed organizations will carry out water conservation and management activities currently financed by USAID, providing for sustainable, long-term watershed conservation.

Performance of water delivery systems (\$400,000 DA). USAID expects to complete at least 10 water delivery systems using leveraged counterpart funding to purchase construction materials. The tariffs paid by users to support these systems would also help finance watershed protection and waste management activities. Emphasis will be placed on increasing private sector investments in some areas of water systems development.

Citizen actions to address water issues (\$1,000,000 DA). USAID plans to support training for up to 1,000 new technicians and organization members in water resource management. Through this activity, USAID expects to form five additional watershed organizations active in organizing water users.

Municipal participation in water resources management (\$800,000 DA). USAID assistance will likely focus on effective enforcement of municipal ordinances to assist selected communities in solid and liquid waste treatment management. USAID anticipates continuing assistance for the water systems technical support model.

Performance and Results: USAID is making important contributions to promoting access to clean water for rural households. USAID successfully implemented soil conservation practices on 62,000 acres of land and incorporated more than 9,000 farms into the program. A total of 100 water systems were constructed, rehabilitated, or expanded in 2002, increasing access to clean water in targeted areas from 53% to 60% of the population. Over the past three and a half years, more than 130,000 Salvadorans have gained access to clean water through this program. The majority of construction materials for water systems built in 2002 were financed through outside investments as USAID leveraged over \$1.3 million in counterpart contributions from local and national level government agencies, NGOs, and private donors. Four completed water systems are using tariff revenues to help finance sustained watershed conservation. All 100 completed water systems are economically self-sufficient and locally administered. More than 200 local civic groups were formed to work on improving water management and more than 2,400 civic group members were trained in water resource management. Civic awareness of the importance of clean water reached 97% of the target population. All 18 target municipalities successfully developed water resource management plans and collectively passed 32 municipal ordinances to improve community sanitary conditions and water resources.

By the end of the strategy, water resource improvements will be sustainable and 78% of rural households in target areas will have access to clean, locally managed water resources. Local user organizations will manage 14 microwatersheds and have the capacity to cover operating costs with local revenues. The 120 water systems constructed through this activity will be self-sufficient and use tariffs to further watershed protection and waste treatment objectives. Four sewage and six solid waste treatment facilities demonstrating appropriate technologies will be operational.

US Financing in Thousands of Dollars

El Salvador

519-004 Clean Water Access	DA
Through September 30, 2001	
Obligations	13,040
Expenditures	9,217
Unliquidated	3,823
Fiscal Year 2002	
Obligations	2,821
Expenditures	6,776
Through September 30, 2002	
Obligations	15,861
Expenditures	15,993
Unliquidated	-132
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	4,105
Total Planned Fiscal Year 2003	
Obligations	4,105
Proposed Fiscal Year 2004 NOA	
Obligations	4,500
Future Obligations	0
Est. Total Cost	24,466

Guatemala

The Development Challenge: Guatemala is working to position itself for a potential Central America Free Trade Agreement while still recuperating from its 36-year civil war. Its \$20.6 billion economy and population of 12 million are the largest in Central America, and it has the third most unequal distribution of income in the world. Despite a per capita income of \$1,670, its lower-middle income classification is deceiving, masking extreme inequalities between an urban, largely ladino (nonindigenous) population and a rural, indigenous population. Although poverty has fallen over the past decade, over half (57%) of its population lives in poverty, and nearly 20% 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%), and lags behind other countries in the hemisphere in terms of educational access, investment, and literacy. Guatemala's complex topography, as well as its cultural and linguistic diversity, complicates efforts to expand education and health services, and contributes to an extremely low rate of labor productivity. Agriculture, which employs the majority of the poor, was particularly hard hit from the combined impacts of the worldwide economic downturn, drought, and the lowest coffee prices in 30 years.

Although 15 years have passed since the return to democratic rule, Guatemala's democracy and key institutions (the Congress, judicial system, and local governments) remain fragile and are far too easily hijacked by persons or interest groups for private gain. Common crime is rampant, and corruption is endemic, fueled by increased money laundering, drug trafficking, and smuggling of illegal aliens. Guatemala is classified as noncooperative for money laundering by the Financial Action Task Force on Money Laundering, and continues to serve as the region's main transit point for illegal migrants and narcotics en route to the United States. Although progress has been made in implementing many of the 1996 Peace Accord commitments, the pace of reform has faltered over the past two years and families once optimistic about the prosperity that peace might offer are decidedly more pessimistic about their income and safety. Unfortunately, in the absence of an effective judicial system, the legacies of its civil war, as well as ethnic and social tensions, offer ample kindling for conflict that is increasingly expressed through violent acts such as lynching.

The negotiation of a free trade agreement with the United States provides an incentive and urgency to address these key development challenges. 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. The United States is Guatemala's most important trading partner, accounting for 36% of Guatemalan exports and providing 40% of its imports. Other U.S. national interests in Guatemala include the containment of illegal migration, organized crime and narco trafficking, and strengthening of democracy, fulfillment of the Peace Accords, and free and fair national elections in 2003 leading to a peaceful transition in power. 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.

USAID assistance will play a critical role in responding to the historic opportunity that the Central American Free Trade Agreement (CAFTA) presents and to address the dramatic drop in coffee prices. Through a Presidential Initiative-the Opportunity Alliance-USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness, by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management.

The USAID Program: The Program Data Sheets provided below cover the six ongoing objectives for which USAID is requesting FY 2003 funds. FY 2003 will be the last year of funding for these six objectives. These objectives support institutional changes that reinforce democracy and the rule of law, improve the quality of basic education, improve the health and welfare of rural women and children, increase rural incomes and food security, improve natural resource management and conservation of biodiversity, and support implementation of the Peace Accords. USAID also intends to use FY 2003 funds to carry out certain new activities in support of the Opportunity Alliance, as well as to respond to changing

circumstances. FY 2004 funding is requested for the three new objectives under a new strategy for FYs 2004-2008 which is being developed. They are described in the Program Data Sheets.

Other Program Elements: In addition to the resources requested in the Program Data Sheets, USAID's Central America Regional Program provides technical assistance and training to strengthen Guatemala's understanding of trade issues, to control and contain HIV/AIDS, and to promote rural diversification and support environmental conservation and clean production in priority cross-border areas. 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. In addition, LAC/RSD through the Parks in Peril program, supports clean production and activities to preserve biological diversity; a health NGO strengthening program of AmeriCares; and several activities to increase access and the quality of primary education, including the Program for Educational Reform in the Americas with the Inter-American Dialogue, the Cooperative Association of States for Scholarships, the Civic Engagement for Education Reform in Central America program, and the Centers for Excellence in Teacher Training to be established in Honduras in collaboration with the University of the Valley in Guatemala.

The Bureau for Democracy, Conflict and Humanitarian Assistance runs the Matching Grant Program, in cooperation with participating U.S. private voluntary organizations, that leverages financial resources to improve primary health care, evaluate institutional strengthening of nonprofit 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 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, which is reducing pesticide residues on horticultural export crops.

Other Donors: USAID has been successful in encouraging other donors to build upon its pioneering demonstration activities 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 \$968 million per year, excluding debt relief. The United States and Japan are Guatemala's first and second largest bilateral partners. Other major bilateral donors (listed in order of program size) and their principal areas of focus include Germany (education and health), Canada (rural development), and Netherlands (Peace Accords implementation and the environment).

Multilateral donors, listed in order of the size of their program, include the Inter-American Development Bank (infrastructure, social sectors, and financial reform); the World Bank (financial reform and physical infrastructure); the Central American Bank of Economic Integration (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 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	6,905	15,700	11,739	10,250
Development Assistance	16,937	12,320	14,960	10,700
Economic Support Fund	13,969	10,000	7,500	5,000
PL 480 Title II	15,174	21,502	18,013	19,030
Total Program Funds	52,985	59,522	52,212	44,980

STRATEGIC OBJECTIVE SUMMARY

520-001 Democracy				
DA	2,850	2,000	2,200	0
ESF	0	1,000	0	0
520-002 Better Educated Rural Society				
CSH	2,529	0	0	0
DA	0	2,750	3,750	0
520-003 Better Health for Women and Children				
CSH	4,376	15,700	11,739	0
DA	5,737	0	0	0
520-004 Increased Rural Incomes				
DA	4,780	3,500	5,500	0
PL 480	15,174	0	18,013	10,000
520-005 Natural Resource Management				
DA	3,570	4,070	3,510	0
520-006 Support the Implementation of the Peace Accords				
ESF	13,969	9,000	7,500	0
520-xxx Democracy				
DA	0	0	0	1,800
ESF	0	0	0	5,000
520-yyy Health and Education				
CSH	0	0	0	10,250
DA	0	0	0	2,900
PL 480	0	0	0	9,030
520-zzz Increased Rural Incomes				
DA	0	0	0	6,000
598-021 Special Development Initiatives in the LAC Region				
DA	0	0	(700)	0

Data Sheet

USAID Mission:	Guatemala
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,200,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: USAID's democracy program in Guatemala advances the peace process and deepens democracy by promoting increased efficiency and transparency in justice sector institutions and local government; encouraging broader, more effective civil society participation in the policy process and in oversight of public institutions; and fostering increased awareness and respect for human rights. Technical assistance is focused on key policy and administrative reforms as well as improving the capabilities of selected government institutions and civil society organizations to achieve concrete results. Several justice activities (related to access to justice and mediation centers) and all human rights activities are reported on under the peace special objective (520-006).

Inputs, Outputs, Activities:

FY 2003 Program:

Broader, more effective civil society participation in the policy process and oversight of public institutions (\$1,100,000 DA). Grants to eight civil society coalitions were provided to help them combat ethnic discrimination, promote transparency and anticorruption efforts, address public security issues, and exercise congressional oversight. Technical assistance, operational support, and grants will also be provided to civil society organizations to allow them to advocate for inclusion of key issues on political party platforms during this electoral year. The principal grantee is Creative Associates International.

Increased Citizen Participation in Strengthened Local Governments (\$1,100,000 DA). Technical assistance and small grants will help to improve the administration, efficiency, and transparency of targeted local governments; increase their local revenue generation and overall funding; and step up the degree of citizen participation in decision-making. Technical assistance will also focus on advancing the implementation of recent legislation that addresses key national policy issues. The principal contractor is Research Triangle Institute.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY 2004 resources for this Strategic Objective. Design of a new democracy Strategic Objective for 2004-2008 is underway.

Performance and Results: The year 2002 was a difficult one for the strengthening of governance in Guatemala. The current administration has come under heavy national and international criticism for lack of cooperation on counternarcotics efforts, serious and widespread corruption, human rights abuses, failure to protect human rights workers, and transfers within the national budget to support the military in direct violation of the Peace Accords. This highly volatile situation was not propitious to political and democratic development during the past year. Yet, despite this environment, USAID was able to achieve some significant results that are reported below.

In terms of anticorruption, USAID sponsored an official Guatemalan delegation, including high-level Government of Guatemala (GOG) officials (executive, legislative and judicial branches), private sector,

civil society, and members of the press to attend the Transparency International Conference in Prague in October 2001. As a direct result of this effort, USAID was able to support this group of prominent individuals as they negotiated with the World Bank and the GOG to establish a National Anticorruption Program in February 2002. This program, still under development, has provided a high profile platform from which to sponsor a national discussion on corruption as a structural problem requiring a long-term strategy to address. Eight civil society coalitions focusing on combating ethnic discrimination, transparency and anticorruption, public security, and congressional oversight have successfully capitalized on the strengths of multisector actors to achieve concrete results. One coalition, for example, supported the transparent election of the National Comptroller, developing a professional profile and a technical test that was accepted and used by the National Selection Committee and completed by all candidates. The elected Comptroller was the only candidate who fulfilled the "ideal" candidate profile and passed the technical test.

The Guatemalan Congress passed three major decentralization laws that reflect significant USAID input, particularly on citizen participation and municipal financial administration, which is based on direct USAID field experience. These laws are expected to have a major impact on the process of decentralization and citizen participation at the local level. Twenty municipal planning offices were established and are helping to develop effective investment and municipal development plans in targeted municipalities. Accountability sessions through which municipal officials report to constituents on the use of municipal resources are now being held in 33 municipalities, citizen agendas that feed directly into budget and planning processes are being used in 40 municipalities, citizen oversight committees were created in 24 municipalities, and 19 communities are implementing participatory budget processes. Women's civil society groups, working to advance nonviolence against women, drafted new legislation to address domestic violence and promoted awareness and implementation of current applicable legislation. Thirty-four self-help groups for women who are victims of violence are functioning in three targeted departments.

By program completion, Guatemalans will have improved access to judicial services that are more efficient and transparent; will have greater ability to affect public policy and oversee public institutions through civil society organizations and engagement with strengthened local governments; and will benefit from increased respect for human rights and progress towards reconciliation.

US Financing in Thousands of Dollars

Guatemala

	DA	ESF
520-001 Democracy		
Through September 30, 2001		
Obligations	11,843	0
Expenditures	8,382	0
Unliquidated	3,461	0
Fiscal Year 2002		
Obligations	1,966	1,000
Expenditures	2,275	0
Through September 30, 2002		
Obligations	13,809	1,000
Expenditures	10,657	0
Unliquidated	3,152	1,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,200	0
Total Planned Fiscal Year 2003		
Obligations	2,200	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	16,009	1,000

Data Sheet

USAID Mission:	Guatemala
Program Title:	Better Educated Rural Society
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,750,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	December 31, 2004

Summary: This USAID/Guatemala Better-Educated Rural Society Program is addressing the educational needs of school-age children and youth in the Quiché Department and other rural, indigenous areas of the Peace Zone of Guatemala. Resources are used to increase educational access, improve educational quality, and enhance the capacity and commitment of the Ministry of Education and civil society to formulate and carry out education reform. The program includes three components: 1) increased access and quality of intercultural bilingual primary education for Quiché children through teacher training, development of multicultural materials and methodologies, and increased parental participation; 2) greater access to education services for rural communities; and 3) implementation of education policies and strategies that enhance gender equity and cultural pluralism.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase access to quality intercultural bilingual education in Quiché (\$2,950,000 DA). The FY 2003 program will continue to further Peace Accords commitments to educational reform by strengthening intercultural bilingual education (IBE) at the school and community levels in the Department of Quiché and enhancing IBE policy and technical capacity at the municipal, departmental and national levels. Over 100,000 indigenous boys and girls will directly benefit from improved intercultural bilingual education. The FY 2003 program includes extensive training of over 3,000 in-service and 500 preservice teachers, organizing 300 communities around educational issues, increasing parental participation in the education process, and strengthening the capacity of educational institutions to ensure program sustainability. Barriers to girls' participation in schooling are being addressed systematically and over 2,750 girls will receive scholarships to encourage them to stay in school and excel. Seven additional technology centers will be established to improve preparation of future IBE teachers and increase the production and distribution of educational materials created through the application of information communication technologies. Applied research to monitor bilingual education practices and obtain key data for planning and decision-making will accompany these interventions. The principal contractors and grantees are: World Learning, American Institutes of Research (prime), Educational Development Corporation (prime), Let's Educate Girls Association (prime), Guatemalan Association for Sex Education (prime), Juárez and Associates (sub), and Academy for Educational Development (sub).

Support the implementation of education policy reform (\$800,000 DA). FY 2003 funds will support the education reform process by strengthening the capacity for policy analysis and dialogue of government and private sector institutions at local, departmental, and national levels. This will legitimize and enhance support for education reform, build constituencies, and improve the education policy environment. The program will strengthen local communities to raise issues and foster dialogue on the quality and availability of educational services. It will also help empower communities to assume their rights and responsibilities for influencing and achieving quality public education. Funds will support 14 civil society organizations to conduct education policy dialogue and advocacy at the municipal, departmental and national levels. These organizations will advocate for education reform as part of the political parties' platforms during the 2003 electoral process. In FY 2003, USAID will enter into an alliance with the Kennedy Foundation to support the Ministry of Education's curricular reform process to help ensure that

schools increase access and improve services to students with special needs. Funds will also be used to initiate other public-private alliances to assist in the implementation of USAID's educational policy reform agenda. Principal contractors are Management Systems International (prime) and Juárez and Associates (prime).

FY 2004 Program:

USAID does not plan to request FY 2004 resources for this program, as FY 2003 is the final year of funding for the current strategy. Design of a new education program for 2004-2008, however, is underway.

Performance and Results: USAID has made significant impact in education in the geographic areas where the activities are focused, and has already achieved many of its program goals. Results in Quiché in 2002 demonstrate that USAID's concentrated investment and intervention have led to a dramatic increase in girls' gross enrollment and third grade completion since 1997 when activities began. Gross primary enrollment for girls has increased from 62% to 100% and third grade completion rates for girls has increased from 18.2% to 29.2%. Boys' gross enrollment and third grade completion rates have also markedly improved. The primary school gender equity ratio (relative gross enrollment of girls to boys) in rural Quiché has increased from 74.2% to 84.4% and a full 13.6% from the 70.8% in 1992, when USAID's pilot girls' education activities began, thus showing a steady improvement in the past decade in closing the gender gap in rural primary enrollment in Quiché. Teachers' mastery of more effective methodologies has more than tripled, contributing to improved school retention and promotion. These basic education activities are complemented by Special Peace Objective activities designed to foster greater indigenous social, political and economic participation nationally. A total of 873 indigenous men and women have now graduated from university degree programs; by the end of the strategy it is anticipated that no fewer than 1,100 students will have graduated. Under the educational policies and strategies that enhance gender equity and cultural pluralism, three key GOG strategies were formulated in 2002 that are attributable in part to USAID's policy-related efforts: the elaboration and approval of the transformed curriculum for primary schools, the creation of 12 new public teacher training institutions for intercultural bilingual education, and the launching of a national teacher education program.

US Financing in Thousands of Dollars

Guatemala

	CSH	DA
520-002 Better Educated Rural Society		
Through September 30, 2001		
Obligations	12,254	0
Expenditures	6,916	0
Unliquidated	5,338	0
Fiscal Year 2002		
Obligations	0	2,750
Expenditures	4,473	0
Through September 30, 2002		
Obligations	12,254	2,750
Expenditures	11,389	0
Unliquidated	865	2,750
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	3,750
Total Planned Fiscal Year 2003		
Obligations	0	3,750
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	12,254	6,500

Data Sheet

USAID Mission:	Guatemala
Program Title:	Better Health for Women and Children
Pillar:	Global Health
Strategic Objective:	520-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,739,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: To improve the health of women and children, USAID's program responds to the principal causes of maternal and child morbidity and mortality as well as high fertility in Guatemala by assisting public and private sector service providers to increase the use of quality maternal child health and nutrition services and to improve health and nutrition practices. Assistance from USAID focuses on rural indigenous highland populations to bridge the enormous health gap between these groups and the rest of the country. USAID's family planning and immunization assistance, in contrast, are national programs. The health program also works to improve health services management by the Ministry of Health (MOH), the Social Security Institute (IGSS), and NGOs, as well as to increase political commitment to women's health issues. USAID is also strengthening the national HIV/AIDS surveillance system, and HIV prevention interventions will start in 2003.

Inputs, Outputs, Activities:

FY 2003 Program:

Reduce child mortality and malnutrition (\$4,489,000 CSH). Funding will finance training, health and nutrition education materials, equipment, and technical assistance for the MOH and rural NGOs to introduce an integrated maternal child health and nutrition care program in 2,155 communities in response to the rural acute malnutrition crisis. Training, technical assistance and subgrants for maternal child health services will be provided to nine NGOs and five health care networks to improve child survival in a population of 112,000. Principal contractors and grantees are: MOH (prime), IGSS (prime), the Family Welfare Association (APROFAM) (prime), the University Research Corporation (prime), John Snow Research and Training Institute (prime), the Johns Hopkins Program for International Education in Reproductive Health (JHPIEGO) (prime), Management Sciences for Health (prime), Abt Associates (prime), and the U.S. Centers for Disease Control and Prevention (CDC) (prime).

Increase use of reproductive health care (\$6,750,000 CSH). The maternal and neonatal health program will provide training and technical assistance to improve quality of care in 10 hospitals, 45 health centers, nine maternity centers, and 95 health posts and work with 77 communities to establish life saving plans for obstetric emergencies. In support of the MOH's National Reproductive Health Program, USAID will procure contraceptives, equipment and educational materials, and provide training and technical assistance for family planning services in all 1,295 MOH facilities, as well as in 46 IGSS hospitals, and through 29 clinics and 3,832 individual rural promoters of APROFAM and small rural NGOs. USAID will help the government implement the Population and Social Development Policy, which was developed following enactment of a law, that guarantees access to reproductive health care. Principal contractors and grantees are: MOH(prime), IGSS (prime), APROFAM (prime), a local social marketing firm (IPROFASA) (prime), University Research Corporation (prime), John Snow Research and Training Institute (prime), JHPIEGO (prime), the Futures Group International (prime), Management Sciences for Health (prime), and the Population Council (prime).

Prevent the spread of HIV/AIDS (\$500,000 CSH). Three MOH clinics will receive training and equipment for treating sexually transmitted infections. USAID plans to assist NGOs working with prostitutes, homosexual men, and people with HIV/AIDS to offer voluntary counseling and testing services (including

kits) and behavior change communication. Principal contractors and grantees are: MOH (prime), IGSS (prime), Family Health International (prime), and CDC (prime).

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

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY 2004 resources for this program. Design of a new health program for 2004-2008 is underway.

Performance and Results: USAID has already achieved many of its program goals. The infant mortality rate dropped from 45 per 1,000 live births in 1999 to 39 per 1,000 live births in 2002; and the contraceptive prevalence rate increased from 38% in 1999 to 43% in 2002. The total fertility rate declined from 5.0 children per woman in 1999 to 4.4 in 2002. Significant policy achievements include enactment of a Social Development Law guaranteeing access to reproductive health services in public facilities and to reproductive health education in public schools. As measured by a composite index on policy reform, reproductive health policies in Guatemala have improved substantially. Through the MOH's National Reproductive Health Program, the national health system now offers a full range of family planning services. Access will continue to grow through an expanded program of technical assistance and training to NGOs for maternal child health care and family planning.

The integrated maternal child health and nutrition program is in use in 373 MOH clinics, and rapid launching of the community prevention component in 2003 has been expedited through the design of training and education materials and a pilot test in 2002. Complete vaccination coverage of children 12-23 months increased from 60% in 1999 to 63% in 2002, with polio eliminated and no confirmed cases of measles reported. Maternal and neonatal deaths are being prevented through improved delivery practices and referral systems for obstetric emergencies, and 58% of the need for essential obstetrical care is being met in USAID's focus areas, up from 10% in 1996. The ambitious goals for the last year of the program (2003) for reducing child deaths and increased use of family planning have already been met, as seen in the 2002 data above. New HIV prevention activities should keep the epidemic from becoming generalized.

By the end of the program, approximately 14,000 infant lives will be saved and the infant mortality rate reduced to 39 per 1,000 live births; the total fertility rate will be reduced to 4.4 children per woman, and an additional 132,000 women will be practicing family planning.

US Financing in Thousands of Dollars

Guatemala

	CSH	DA
520-003 Better Health for Women and Children		
Through September 30, 2001		
Obligations	26,733	30,181
Expenditures	20,161	23,875
Unliquidated	6,572	6,306
Fiscal Year 2002		
Obligations	15,361	0
Expenditures	6,988	3,257
Through September 30, 2002		
Obligations	42,094	30,181
Expenditures	27,149	27,132
Unliquidated	14,945	3,049
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	11,739	0
Total Planned Fiscal Year 2003		
Obligations	11,739	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	53,833	30,181

Data Sheet

USAID Mission:	Guatemala
Program Title:	Increased Rural Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,500,000 DA; \$18,013,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,000,000 PL 480
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: USAID's program to increase rural household incomes and food security includes training, technical assistance, P.L. 480 Title II food aid resources, and credit to help small farmers to engage in higher value production and marketing, microentrepreneurs to expand their businesses by accessing financial and technical services, market towns to increase their levels of economic activity; and food insecure families to improve their nutrition. Program activities are focused on exconflictive, indigenous areas of the country with high numbers of poor, food insecure families.

Inputs, Outputs, Activities:

FY 2003 Program:

Alliances for market-led diversification and trade opportunities (\$3,900,000 DA). The program will provide support to small-scale farmers who need assistance to improve their ability to compete under the new and more competitive market realities that will result from the Central American Free Trade Agreement. Funding to an NGO to enter into alliances with exporters and processors will increase their purchases from small-scale farmers. Technical assistance will assist small-scale farmers to organize themselves and adopt improved practices necessary to meet the stricter new quality and quantity requirements of the market. The program will diversify into low altitude, small-scale coffee producers who cannot compete with the inexpensive bulk coffee available in the world market. Assistance to the Ministry of Agriculture will supply these producers with high quality fruit trees to help maintain important forest cover. This activity builds upon an NGO service provider network that reaches over 76,000 small-scale farmers. Principal contractors and grantees are GOG Ministry of Agriculture, Guatemalan Nontraditional Exporter Association (AGEXPRONT), National Coffee Producers Association (ANACAFE), and Michigan State University Partnership for Food Industry Development program. An additional \$700,000 (included in 598-021 in the FY 2003 CBJ) will be dedicated to this activity.

Improve market access through the internet (\$600,000 DA). Alliances will be strengthened and expanded with satellite bandwidth suppliers for the establishment of additional Electronic Business Development Centers in key coffee areas of the country. Internet Centers will be located in ANACAFE regional offices to facilitate access to critical information on the availability of markets, prices, potential business leads and possible partners, to promote quality coffee, diversification, investment, jobs, and increased incomes in rural Guatemala. This effort will build upon an existing internet access network in rural areas that allows farmers and other entrepreneurs to take advantage of new business opportunities concurrent with the prospective Central America Free Trade Agreement. Principal contractors and grantees are AGEXPRONT and ANACAFE.

Develop sustainable local NGO technical and financial service providers (\$1,000,000 DA). Funds will support local NGOs to provide technical assistance on diversification, marketing, and improved business practices to small farmers and microentrepreneurs. This activity will complement an existing network of rural financial service providers that is reaching almost 89,000 microentrepreneurs. The Development Credit Authority (DCA) will support the issuance of bonds by two private commercial banks that make loans to rural small producers and microenterprises. Principal contractors and grantees are National

Rural Bank, Abt Associates, Inc., Genesis Empresarial, the Foundation for Financial Assistance to Development and Social Services Institutions, BANCAFE and other Guatemalan commercial banks.

P.L. 480 Title II assistance will help food-insecure families maintain adequate nutrition levels, while monetization proceeds will finance maternal and child health activities and assist families increase their food production and cash income. Efforts are focused on improving nutritional status of children less than 36 months of age and on educating their mothers regarding health care and complementary feeding. The program is contributing to increase household incomes through the introduction of improved and diversified agricultural production activities. Food for work activities are implemented for important infrastructure that generates income such as small-scale irrigation or farm-to-market roads that facilitate community access to markets and health services. Principal contractors and grantees are CARE, World SHARE, Catholic Relief Services, and Save the Children.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY2004 resources for this program. Design of a new rural income program for 2004-2008 is underway.

Performance and Results: Notwithstanding a very challenging environment for the rural sector, which was characterized by historically low coffee prices, economic downturn in key foreign markets, and climatic disturbances that affected harvests, this program met or exceeded anticipated results, both in terms of quantifiable targets as well as impact. The numbers of small-scale farmers reached exceeded the 2002 target by more than 35%, providing them with access to improved technology, diversification into higher value products, and more direct market linkages. The number of clients assisted by microfinance partners increased by 78% in one year from 49,889 customers in 2001 to 88,915 active clients in 2002. Sixty-one percent of the beneficiaries are women who, with increased access to credit and technical assistance, were better able to market their products and services and increase their family income and well-being. Increased private investment in communication infrastructure and improved services in key geographic areas helped stimulate economic activity and generate employment, resulting in the creation of 31,385 new jobs since the start of the program. AGEXPRONT was directly responsible for promoting \$4.25 million worth of new public and private investment in rural development, raising the cumulative total to \$9.38 million in investments for coffee industrialization, forestry development, arts and crafts, ecotourism and electronic business centers. A loan guaranty with a local private bank leveraged an additional \$4.7 million for microenterprise, further expanding credit access and contributing to economic growth. P.L. 480 Title II partners are having a marked effect on improving family nutrition in target areas through effective integration of income generation and maternal/child health interventions at the family level. They also played an essential role in responding to the acute malnutrition crisis that surfaced in late 2001 after a serious drought. The combined effects of these activities have enhanced livelihoods in targeted rural, poor, isolated, former conflictive, indigenous areas of the country.

By the end of the program, a critical number of small-scale farmers will be engaged in higher-value production and marketing, and microentrepreneurs will have expanded their businesses. The program aims to increase annual household income by 20% and reduce chronic malnutrition in children under five by 10% in the general population of the target areas by the strategy's end.

US Financing in Thousands of Dollars

Guatemala

	DA	DCA
520-004 Increased Rural Incomes		
Through September 30, 2001		
Obligations	16,714	0
Expenditures	8,595	0
Unliquidated	8,119	0
Fiscal Year 2002		
Obligations	4,064	0
Expenditures	4,153	42
Through September 30, 2002		
Obligations	20,778	0
Expenditures	12,748	42
Unliquidated	8,030	-42
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,500	0
Total Planned Fiscal Year 2003		
Obligations	5,500	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	26,278	0

Data Sheet

USAID Mission:	Guatemala
Program Title:	Natural Resource Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,510,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: The purpose of this program is to build capacity in Guatemala to manage natural resources using different management arrangements that allow for civil society participation, provide direct economic incentives for conservation, and promote sustainable development. The program provides support for improved natural resource management and policies, and for building more effective and responsive institutions and infrastructure in four key sites.

Inputs, Outputs, Activities:

FY 2003 Program:

Park management, institutional capacity building, and policy issues (\$1,800,000 DA). The SO will provide technical assistance to strengthen local institutions that participate in the management of two key national parks, Laguna del Tigre and Sierra Lacandón, in the Maya Biosphere Reserve, and implement the operational plan for both parks. An alliance between the Government of Guatemala and PERENCO (the oil company that operates within Laguna del Tigre National Park) will be pursued in FY 2003 to ensure improved conservation and use of parklands. The Regional Environmental Program will gradually assume responsibility for providing assistance for improved park management. Technical assistance will develop management plans for conservation areas in Chisec, in the department of Alta Verapaz. Three municipalities will develop management and financial plans for environmental protection within their jurisdiction. Support to the Ministry of Environment and Natural Resources and the National Council of Protected Areas will help them develop, implement, and monitor key policies. Principal contractors and grantees are International Resources Group and The Nature Conservancy.

Private and municipal lands conservation (\$750,000 DA). USAID's Parks in Peril (PIP) program will assist in the development of a multisite strategy to strengthen the institutional and policy framework for private lands conservation in Guatemala. PIP will support the implementation of the Atitlán site conservation plan and provide fire management training to community residents and members of local organizations. The National Council of Protected Areas will receive technical assistance for the development of the Atitlán annual operational plan, and selected municipalities in the region will receive technical assistance on municipal lands management and conservation. PIP will promote alternative economic activities to reduce pressure on conservation in the Motagua-Polochic region, and will support implementation of a regional conservation plan to reduce the impact of fire. An alliance has been forged between a local nongovernmental organization (Defenders of Nature) and the businesses that benefit from water from Sierra de las Minas (e.g., Pepsi, Coca Cola, Rio Hondo Hydroelectric Facility, Pasabien Hydroelectric Facility, PAINSA, and Monsanto, among others). The Nature Conservancy is the principal grantee.

Forestry management (\$650,000 DA). Technical assistance will help community organizations with forest concessions in the Maya Biosphere Reserve, to certify over 80,000 hectares of forest, and to develop a marketing strategy for timber and nontimber forest products will be developed. Links between certified forest buyers in the United States and Europe and producers in Guatemala will be promoted. The principal contractor is Chemonics.

Environmental communication (\$100,000 DA). Key stakeholders will be trained on environmental communication methodologies and tools. Long-term communication strategies for two sites will be developed and the SO will support the implementation of the Maya Biosphere Reserve communication strategy developed this year. The principal contractors are Academy for International Development and International Resources Group.

Park management (\$110,000 DA). The U.S. Department of Interior (through the National Parks Service and Land Management Bureau) will provide technical assistance for the establishment of a "Sister Park" initiative between Laguna del Tigre national park and the Big Cypress National Reserve in Florida to allow for an exchange of practical experience in dealing with oil interests inside protected areas. Technical assistance will help develop a visitor infrastructure in selected municipal parks and to develop fire management expertise.

Small grants to communities (\$100,000). Funds will be transferred to Peace Corps to allow its volunteers to work with communities to develop small infrastructure and other sustainable development activities in Guatemala, consistent with USAID goals.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY 2004 resources for this SO.

Performance and Results: USAID achieved several important results during 2002. Nearly 674,000 hectares of park, municipal and private lands were protected in selected sites; conservation management improved in selected bioregions through training of personnel, environmental threat reduction, planning improvement, development of infrastructure, and participation of key stakeholders in conservation management activities. Selected municipalities in the three bioregions received technical assistance to develop management plans, as well as training and equipment. Several municipalities proposed declaration of regional parks. The GOG approved key public policies (e.g., co-administration, policy framework for forestry concessions) and implemented them through a participatory process. Key GOG institutions received technical assistance to increase their capacity to formulate and implement policies. Community-based forestry organizations improved their management systems (production and marketing), and as a direct result, the number of beneficiaries and the amount of income generated increased.

By the end of the program, selected protected areas, municipal lands and private lands, will have improved stewardship of natural resources. Better management will be achieved through improved management plans, diversification of funding sources, more efficient administrative structures, and trained technical staff. Government institutional capacity to formulate policies and regulations will improve. Civil society organizations with improved capacity for policy analysis and proposal development, will be working on environmental issues. A water fund for a key Biosphere Reserve will be in full operation, which will serve as a model for other protected areas. Forestry concessions will apply better business and marketing practices and operate with minimal technical assistance; having in place better administrative capacity and planning tools, and access to financial resources for operation and investment. The co-management model for natural resources management will be adopted throughout Guatemala and community and municipal participation will increase substantially.

US Financing in Thousands of Dollars

Guatemala

520-005 Natural Resource Management	DA
Through September 30, 2001	
Obligations	19,266
Expenditures	14,380
Unliquidated	4,886
Fiscal Year 2002	
Obligations	4,067
Expenditures	4,153
Through September 30, 2002	
Obligations	23,333
Expenditures	18,533
Unliquidated	4,800
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,510
Total Planned Fiscal Year 2003	
Obligations	3,510
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	26,843

Data Sheet

USAID Mission:	Guatemala
Program Title:	Support the Implementation of the Peace Accords
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: The primary goal of this program is to provide direct support to implementation of the Peace Accords signed in December 1996. To accomplish this ambitious objective, USAID provides support to the Government of Guatemala (GOG) and private organizations, including an array of local nongovernmental organizations (NGOs), to assist them in meeting key Peace Accord commitments. USAID has focused its assistance on human rights, conflict resolution and prevention, justice sector reform, indigenous participation, land titling, and fiscal reform.

Inputs, Outputs, Activities:

FY 2003 Program:

National reconciliation process advanced through follow-up of the Historical Clarification Commission (\$3,000,000 ESF). Through technical assistance and subgrants to human rights organizations, USAID will help expand human rights education and mobilize local groups. Support to the governmental land conflict resolution body and other local actors will help those groups prevent outbreaks of conflict. Small grants will finance local projects in communities most affected by the conflict. Principal contractors and grantees are the UN Development Program (UNDP), Forensic Anthropology Foundation of Guatemala, the National Land Commission, and the Canadian Center of Studies for International Cooperation.

Capacity of indigenous communities developed for broader participation in economic, social and political arenas (\$2,500,000 ESF). USAID will improve access to education and training for indigenous peoples via university scholarships as well as leadership and technical training for youth. Technical assistance and direct support will help the Land Fund increase efficiency in land titling to poor farmers. Remote areas of the peace zone will receive infrastructure and support for increased competitiveness. Principal contractors and grantees are Checchi and Company Consulting, Inc., Counterpart International, Development Alternatives, Inc., Rafael Landivar University, Partners of the Americas, and UNDP.

Key state institutions and policies reformed to sustain the peace process (\$2,000,000 ESF). Technical assistance will support judicial reform, build sustainability of the 12 existing justice centers, open five new centers, strengthen the Public Ministry's criminal investigations and prosecution, and support tax administration, including anticorruption measures. Principal contractors and grantees are Checchi and Company Consulting, Inc., Development Alternatives, Inc., and UNDP.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategic plan, USAID does not plan to request FY 2004 funding for this program.

Performance and Results: Despite notable advances achieved through USAID support, the Peace Program fell short of FY 2002 targets, reflecting a slowdown in Peace Accord implementation. Although the GOG raised more revenue, it did not dedicate sufficient resources to priority areas. Instead, the military budget escalated well beyond prescribed targets. Controversy over GOG plans to issue bonds to indemnify the ex-civilian militia groups, combined with inadequate support for conflict victims and

discovery of large-scale public sector corruption, further fueled citizen discontent and undermined government credibility. The rural populace's hopes that peace would bring prosperity have been dampened by dire living conditions, increases in crime, food insecurity, conflicts over land and resources (there were over 50 land invasions in 2002), and ethnic and gender discrimination.

Notwithstanding the challenges above, there have been important advances over the past year, including: 1) signing of new financial sector legislation; 2) launching of the GOG's National Reparations Plan under the Commission for Peace and Reconciliation; 3) civil society's influence in the appointment of the Attorney General and the Human Rights Ombudsman; and 4) passage of three municipal laws as well as a law against ethnic discrimination.

USAID's peace program has consistently met its intermediate targets, indicating that while the peace process may be stalled nationally, USAID's activities continue to have a significant impact. Although 2002 was a trying year for activists, who faced continued threats and attacks, the Human Rights Ombudsman was nominated and supported by the largely unified human rights community for the first time in its 15-year history. In addition, 65 clandestine cemeteries were exhumed in 2002 and 2,755 victims obtained mental health counseling services. As part of its conflict prevention and resolution support, USAID helped establish 25 community mediation centers and trained more than 120 conflict prevention promoters. USAID also supported the government's land conflict resolution institution, which resolved over 600 land conflicts in 2002, including the long-standing Los Cimientos conflict.

With 866 scholarship graduates to date, USAID's Mayan Education Program (EDUMAYA) continues to open opportunities to indigenous peoples and their participation in all aspects of Guatemalan society. In 2002, EDUMAYA included a leadership component that trained current students and graduates and formed an independent alumni organization with broad ethnic representation, a forum to serve to articulate the needs of indigenous peoples throughout the country. USAID initiated a youth leadership program targeting indigenous rural youth between ages 15 to 25 who demonstrate high leadership potential. Work on a new youth literacy model was also begun.

The Peace Accords called for the creation of a Land Fund with a mandate to help Guatemalan communities secure formal title to land. In 2002, the Land Fund issued 12,541 titles in strategic areas of the country. In an attempt to overcome the relatively high cost and limited impact of the Land Fund's operations, USAID also provided technical assistance that led to new services such as a land rental mechanism and a guarantee fund to facilitate the sale of small farms.

USAID's justice program expanded in FY 2002 to reach some of the most vulnerable sectors of society. Twelve Justice Centers now provide better access to improved services throughout the country. The justice center model has been lauded by the government and has established new activities in the areas of crime prevention and anti-lynching, among others. In the absence of adequate resources to fund social investment, fiscal reform continued to be a key element of USAID's peace program. USAID sponsored important technical studies that have had concrete results, particularly in the area of tax collections, which increased over 20% from the previous year, enabling the GOG to comply with its targets and increasing tax revenue to a projected 10.3% of GDP in 2002.

Finally, with the emergence of the rural crisis in late 2001, USAID quickly responded by injecting much-needed capital into the Peace Zone communities suffering from the highest levels of acute malnutrition. As part of this initiative 3,432 boys and girls were granted scholarships to help them stay in school; 4,776 parents received money for work on community projects; and 1,296 individuals from 30 communities worked on road rehabilitation activities, reforestation efforts, and municipal works.

By program completion, hundreds of thousands of Guatemalans most affected by the armed conflict will have benefited directly from USAID assistance in the form of increased access to higher levels of education, justice, and land ownership, all of which are important to recovery and reconciliation. The primary institutions created in the context of the Peace Accords will be strengthened to ensure continued provision of services to all Guatemalans and to help deter future outbreaks of violent conflict.

US Financing in Thousands of Dollars

Guatemala

	DA	ESF
520-006 Support the Implementation of the Peace Accords		
Through September 30, 2001		
Obligations	0	108,980
Expenditures	0	81,371
Unliquidated	0	27,609
Fiscal Year 2002		
Obligations	1,326	9,000
Expenditures	0	17,344
Through September 30, 2002		
Obligations	1,326	117,980
Expenditures	0	98,715
Unliquidated	1,326	19,265
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	7,500
Total Planned Fiscal Year 2003		
Obligations	0	7,500
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	1,326	125,480

Data Sheet

USAID Mission:	Guatemala
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-xxx
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,800,000 DA; \$5,000,000 ESF
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID's democracy program focuses on key areas that form the foundation for democratic governance, in order to address declining citizen confidence in Guatemalan democracy and a serious governance crisis. The new administration taking power in 2004 faces the challenge of solidifying the rule of law in Guatemala to address issues such as impunity and corruption and addressing pending commitments from the peace process including conflict resolution and human rights. Building on the gains made toward Peace Accord objectives, technical assistance and training is focused on key institutions at both the national and local levels to: 1) improve effectiveness and transparency, and 2) demonstrate the impact of democratic processes in protecting citizen rights and security and targeting local resources for their priority needs. Support for civil society organizations promotes their advocacy and oversight roles in working for improved democratic processes and institutions.

Inputs, Outputs, Activities:

FY 2003 Program:

As the new strategy begins in FY 2004, USAID does not plan to request FY 2003 resources for this program. Design of a new democracy program for 2004-2008 is underway.

FY 2004 Program:

USAID is requesting FY 2004 resources for this program under its new strategy for 2004 - 2008, which is under development. The anticipated activities include the following:

Improved conflict resolution and protection of citizen rights (\$4,500,000 ESF; \$800,000 DA). Technical assistance efforts will focus on further development of USAID-supported justice centers operating throughout Guatemala while streamlining and improving the transparency of justice administration and developing integrated efforts for crime prevention. A central element of this work will involve improved protection of human rights, including possible support for the oversight role of the Human Rights Ombudsman. Technical assistance and grants to civil society organizations will focus on expanding and improving mechanisms for conflict and alternative dispute resolution and improved protection of human rights. Principal contractors and grantees have not yet been determined.

Municipal governments better serving citizens' needs (\$1,000,000 DA). Technical assistance and small grants will focus on improving the administration, efficiency, and transparency of targeted local governments, increasing their funding levels and revenue generation, and increasing the level of citizen participation in decision-making. Technical assistance will also focus on implementation of recently passed decentralization legislation that works to broaden the distribution of power in Guatemalan society and community crime prevention efforts. Principal contractors and grantees may include selected municipalities, municipal associations, civil society organizations and others still to be determined.

Transparency and anticorruption (\$500,000 ESF). USAID plans to help implement recommendations of the National Commission on Corruption and promote leadership development.

Performance and Results: This objective will focus on the impact of improved justice system operations and conflict resolution and on local efforts to confront crime and address community priorities.

By program completion, Guatemalans will have greater protection of their rights and personal security and more effective formal and informal conflict resolution mechanisms through the formal judicial system and alternative dispute resolution; local governments will be increasingly responsive to and capable of meeting citizen needs by more transparency and efficiency in their operations; and the potential for corruption will be reduced at both local and national levels

US Financing in Thousands of Dollars

Guatemala

	DA	ESF
520-xxx Democracy		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	0
Proposed Fiscal Year 2004 NOA		
Obligations	1,800	5,000
Future Obligations	3,200	20,000
Est. Total Cost	5,000	25,000

Data Sheet

USAID Mission:	Guatemala
Program Title:	Health and Education
Pillar:	Global Health
Strategic Objective:	520-yyy
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,250,000 CSH; \$2,900,000 DA; \$9,030,000 PL 480
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: Guatemala has the worst education and health statistics in Central America. Assistance from USAID to assure healthier, better educated families will increase basic education opportunities for rural children and improve health care to respond to the principal causes of maternal and child morbidity and mortality, as well as high fertility. Working through the Ministry of Health (MOH) and NGOs that provide health services, the program will support quality maternal child health and nutrition services, prevent HIV/AIDS, and improve health and nutrition practices. Policy dialogue in health and education will focus on increasing public investments, effective decentralization of services, and increasing quality, efficiency and equity of government programs. Projections for the future indicate that the percentage of children completing primary school will not increase unless student flow rates are improved, particularly in the early grades of primary school where student failure and repetition rates continue to be very high. Therefore, the focus of our education assistance will be on increasing primary school completion rates through reducing the high rates of repetition and dropout in the early grades. This will be done both by implementing reforms to improve the quality of education and children's readiness for school. Alliances will be formed with the private sector to advance these objectives. Assistance from USAID will work to bridge the enormous health and education gaps between rural indigenous highland populations and the rest of the country.

Inputs, Outputs, Activities:

FY 2003 Program:

As the new strategy begins in FY 2004, USAID does not plan to request FY 2003 resources for this program. Design of a new education and health program for 2004-2008 is underway.

FY 2004 Program:

Increased use of reproductive and child health care (\$7,500,000 CSH). The maternal and neonatal health program will provide training and technical assistance to improve quality of care in hospitals, health centers, maternity centers, and health posts and work with communities to establish life saving plans for obstetric emergencies. In support of the MOH's National Reproductive Health Program, USAID will procure contraceptives, equipment and educational materials, and provide training and technical assistance for family planning services in all 1,295 MOH facilities, as well as in 29 clinics and with 3,832 rural promoters of the Family Welfare Association (APROFAM) and small rural NGOs. USAID will help the government implement the Population and Social Development Policy, which guarantees access to reproductive health information and care. To help prevent the spread of HIV/AIDS, the MOH clinics will receive training and equipment for treating sexually transmitted infections. USAID will assist NGOs working with high HIV prevalence groups such as commercial sex workers and people with HIV/AIDS, to offer voluntary HIV counseling and testing services (including kits) and behavior change communication. Funds will be used for training, educational materials, equipment and supplies, and technical assistance. Principal contractors and grantees have not yet been determined.

Better nourished women and children (\$2,750,000 CSH and P.L. 480 resources). Funding will support training, health and nutrition education materials, equipment and supplies, grants to increase health care

coverage, and technical assistance for the MOH and NGOs to implement an integrated maternal child health and nutrition care program. The program focus will be to increase access to health and nutrition services in rural highland communities that currently lack coverage. P.L. 480 Title II food aid resources will be integrated with community growth monitoring and promotion and health care to reduce child malnutrition. Policy dialogue will encourage the government to increase public expenditures on health, to further the decentralization of health services, to increase municipal involvement in health care, and to improve management. Principal contractors and grantees have not yet been determined.

Increased educational opportunities (\$2,900,000 DA). Funding will be used to improve the quality of primary education through better preschool programs and teaching in the early grades to greatly reduce repetition and dropout and thereby lower costs and increase efficiency of current MOE expenditures. Policy dialogue will focus on increasing public expenditures for education, improving the efficiency in resource use, promoting decentralization of education, and increasing municipal and community involvement in education. Funds will support initiation of public-private alliances to assist in the implementation of USAID's educational policy reform agenda and to increase equitable access to quality education, especially through strengthening and expanding community-based education programs. The program will finance teacher training, curriculum and materials development, and work to increase the participation of parents in their children's learning and schooling in geographic focus areas. Principal contractors and grantees have not yet been determined.

Performance and Results: USAID will track progress on achieving its program goals in health through the national Maternal and Child Health Survey, which is carried out every five years and was last completed in 2002. Impact will be measured by changes in indicators such as the infant mortality rate (39 per 1,000 live births in 2002), the contraceptive prevalence rate (43% in 2002), the total fertility rate (4.4 per woman in 2002), the complete vaccination coverage of children 12-23 months old (63% in 2002), as well as others. Seroprevalence rates for HIV/AIDS infection will also be monitored. Access to basic health and education services is anticipated to continue to grow through assistance to the MOH, the MOE and NGOs, private sector alliances and increased public expenditures in health and education, the latter which will be measured as a result indicator.

By program completion, the Government of Guatemala's greater commitment to the social sector will be reflected in increased public expenditures to insure more effective and efficient health and education services. There will be a 50% increase in public health and education expenditures; seventh to ninth grade enrollment will increase by 25% in target areas; approximately 14,000 infant lives will be saved; the infant mortality rate will be reduced to 29 per 1,000 live births; the total fertility rate will be reduced to four children per woman; and an additional 135,000 women will be practicing family planning.

US Financing in Thousands of Dollars

Guatemala

	CSH	DA
520-yyy Health and Education		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	0
Proposed Fiscal Year 2004 NOA		
Obligations	10,250	2,900
Future Obligations	28,261	16,000
Est. Total Cost	38,511	18,900

Data Sheet

USAID Mission:	Guatemala
Program Title:	Increased Rural Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-zzz
Status:	
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,000,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID's program will help to diversify the rural economy and make it more competitive and responsive to market signals, thereby boosting rural household incomes and food security. USAID support will include training, technical assistance, P.L. 480 Title II food aid resources, and credit to help small-scale farmers engage in higher value production and marketing. Alternative income-generation efforts will include activities that simultaneously advance conservation and biodiversity protection objectives such as sustainable production and marketing of forestry products and ecotourism. USAID support will focus on "high impact" areas of the country where synergies with other USAID programs can be achieved and where there is potential for growth.

Inputs, Outputs, Activities:

FY 2003 Program:

As the new strategy begins in FY 2004, USAID does not plan to request FY 2003 resources for this program. Design of a new education and health program for 2004-2008 is underway.

FY 2004 Program:

USAID is requesting FY 2004 resources for this program under its new strategy for 2004-2008, which is under development. The anticipated activities include the following:

Improved competitiveness and market access of rural enterprises (\$3,000,000 DA). The program will help small-scale farmers to compete under the new and more competitive market realities that will result from the Central American Free Trade Agreement. Funding and technical assistance will help improve market intelligence and entrepreneurial skills, as well as to promote clean production and alternative energy and an enhanced secondary city markets. Alternative income generation activities in the Motagua, Polochic, Atitlán and other areas will reduce pressure on conservation targets. Activities will include forestry, nontimber forest products, ecotourism, and certification for agroindustrial products and environmental services. P.L. 480 Title II assistance will enable food-insecure families to increase their food production and income. Monetization resources will help increase household incomes through the introduction of improved and diversified agricultural production activities. Food for work activities will be carried out for important infrastructure that helps generate income such as small-scale irrigation or farm-to-market roads. Principal contractors and grantees will be determined on a competitive basis.

Broader access to new financial resources (\$2,000,000 DA). This activity will strengthen local NGOs that provide essential services to small-scale farmers and microentrepreneurs. This activity will improve rural financial markets by increasing access to credit lines and promoting loan guaranties, and will complement an existing network of rural financial service providers that is currently reaching almost 100,000 microentrepreneurs. The program will promote public-private partnerships to explore carbon mitigation funding as well as possible Development Credit Authority (DCA) involvement to expand the issuance of bonds by private commercial banks to raise resources to lend to rural small-scale producers and microenterprises. Principal contractors and grantees will be determined on a competitive basis.

More effective public-private partnerships for cultural and natural resource management (\$1,000,000 DA). Funding and technical assistance will help key organizations to improve land use planning, titling and regularization, and resolve conflicts over land improve land use, including concessions, leasing, titling and access and other resources. Food for Work resources may also be used in support of this program. Principal contractors and grantees will be determined on a competitive basis.

Performance and Results: The program will track indicators to monitor quantifiable targets as well as impact. These will be collected by the implementers and would include the number of small-scale farmers assisted, the number of microfinance clients assisted, employment generated, among other possible indicators. The combined effects of these activities will enhance livelihoods in targeted poor, rural, former conflictive, indigenous areas of the country, and areas with growth potential.

By the end of the program, USAID expects that targeted small-scale farmers and businesses will be better able to meet the strict quantity and quality requirements that market liberalization will bring. Small-scale farmers making the shift from basic grains to export horticulture production can expect increases in net income by at least 15%, and that more market incentives for conservation will be in place.

US Financing in Thousands of Dollars

Guatemala

520-zzz Increased Rural Incomes	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	6,000
Future Obligations	15,840
Est. Total Cost	21,840

Guyana

The Development Challenge: Guyana remains one of the western hemisphere's poorest nations; 35% of its populace lives below the poverty line, with 19% living under conditions of extreme poverty. Per capita GDP was estimated in 2001 at \$740, while external debt amounted to \$1.2 billion. Annual debt servicing is projected to absorb 27% of the Government of Guyana's (GOG) 2002 revenues. To reduce this burden and help to make Guyana's debt sustainable without compromising poverty-reducing growth, relief is being provided under the enhanced Heavily Indebted Poor Country Initiative (E-HIPC).

Health indicators are similarly discouraging. The infant mortality rate stands at 57 per 1,000 and the maternal mortality rate at 188 per 100,000. In 1999, less than half of Guyana's residents had access to potable water. The incidence rates of communicable vector-borne diseases are comparatively high. Moreover, the incidence of HIV/AIDS and sexually transmitted infections (STIs) is alarmingly high, with HIV prevalence among the sexually active populace estimated at 5-6%, second highest in the Latin American and Caribbean region. Out-migration exacerbates the impact of morbidity and mortality, and in recent years Guyana reported negative population growth.

Guyana's nascent democracy is troubled and its governance weak, undermining its capacity to effectively address social and economic challenges. Following 28 years of oppressive authoritarian rule, Guyana began consolidating its democratic institutions in 1992. Between 1992 and 1997 the Government of Guyana (GOG) achieved substantial progress resulting from implementing democracy-building activities, as well as promoting and implementing macroeconomic policy reform. Real gross domestic product (GDP) grew at an average annual rate of 7.3%, exports increased, and external public debt declined. However, contention surrounding the 1997 Presidential election, and inter-ethnic tensions raised by the three-year legal challenge to overturn the results, slowed the pace of economic growth and democratic reform. Annual GDP growth between 1998 and 2001 averaged less than 0.5% (in two of these years, the figure was negative) and the prospects for 2002 are similarly weak, estimated at 1%. Fortunately, by mid-2002, the GOG had expressed a renewed commitment to the trade and investment policy reforms needed to spur growth.

Fresh elections, aimed at resolving questions about the 1997 outcome, were held in March 2001. As in the past, episodes of political violence between Afro-Guyanese supporters of the People's National Congress/Reform (PNC/R) and Indo-Guyanese supporters of the People's Progressive Party/Civic (PPP/C) marked the process. However, unlike the past, the newly-elected PPP/C government, under President Bharrat Jagdeo, sought to quell post-election unrest by identifying common ground upon which to engage the Opposition, and its leader, Hugh Desmond Hoyte (President from 1985 to 1992), in reform-oriented dialogue. Inter-party task force committees, established mid-2001 to consider pressing national and international issues, initially made encouraging progress, particularly in the area of democratic decentralization and local government reform. However, after failing to see tangible results emanating from the task force proposals, dialogue was suspended in March 2002 when the Opposition PNC/R walked out of Parliament. Many important aspects of governance have now been cast into limbo.

The breakdown in political dialogue was accompanied by an increase in lawlessness and banditry, and by mid-year the nation's crime wave, much of it related to drug trafficking, had reached epidemic proportions, undermining political stability and deterring investment. A group from civil society (Bar Association, Private Sector and Labor Unions) calling themselves the "Social Partners Initiative" initially concentrated on mediating the political crisis and re-starting the dialogue process. However, as the crime situation worsened, the Social Partners turned their efforts toward building a consensus strategy to address the nation's crime problems. Meanwhile, the United States, United Kingdom and Canada also enlisted the services of Commonwealth Mediator to facilitate re-engagement between the political party leaders. Growing impatient at the slow pace of consultations to improve the nation's security situation, a group from the private sector called for and successfully carried out a two-day national business shutdown. As the political parties edged closer to re-initiating the dialogue process, the leader of the opposition died unexpectedly on December 22, 2002. His death and the process of selecting his successor, will undoubtedly further delay the restoration of political stability.

U.S. national interests in Guyana are to strengthen democracy, alleviate poverty, and stem the spread of HIV/AIDS. In addition, because Guyana is the headquarters of the Caribbean Community (CARICOM), the GOG's continued commitment to liberalizing trade is critical to the achievement of trade agreements, including the Central America Free Trade Agreement (CAFTA) and the Free Trade of the Americas Agreement (FTAA).

The USAID Program: The Program Data Sheets provided below cover the three objectives for which USAID/Guyana is requesting FY 2003 and FY 2004 funds. USAID's goal is to increase broad-based participation in the economy and democratic processes. In economic growth, USAID seeks to improve the climate for private investment by increasing capacity to implement economic policy, strengthening private sector capacity to influence economic policy, and increasing services in support of small and micro enterprises. In democracy, USAID is supporting more responsive and participatory governance and rule of law by means of a broad-based approach encompassing legislative processes, elections, civil society, the justice system (civil and criminal), as well as local governance. Given the alarmingly high incidence of HIV/AIDS, USAID is working to increase prevention efforts and slow the rate of new infections by catalyzing local NGOs to plan and implement youth-focused prevention activities. In addition, funding is provided for basic care and support services by faith-based organizations to persons infected with and affected by HIV/AIDS. FY 2003 funds will be used to implement ongoing program activities in economic growth, democracy and HIV/AIDS prevention as described in the FY 2003 Congressional Budget Justification, and serve as a bridge to a revised country strategy to be submitted by late 2003. The specific activities to be funded by FY 2003 appropriations are described in more detail in the following Program Data Sheets. The activities to be funded by the FY 2004 appropriation will be designed over the next several months under a new country strategy in direct response to the country's changing circumstances. A recently approved strategy Concept Paper has already identified HIV/AIDS, conflict management, and trade and investment policy as areas falling within the Mission's manageable interest and comparative advantage.

Other Program Elements: In addition to the bilateral program, USAID's Global Environment Office manages a program aimed at addressing environmental planning issues in Guyana's Kanuku mountain region. USAID's Housing and Urban Development Office also provides assistance to Guyana's second largest city, New Amsterdam, under the Making Cities Work Program. USAID's Partners of the Americas program supports a Dairy Development project aimed at increasing the nutritional level of Guyanese children. The local Guyana Partners of the Americas chapter (twinned with Mississippi) is engaged in a Farmer to Farmer Program under which fruit and vegetable husbandry and aquaculture projects are being implemented. Finally, under USAID's University linkage program for historically disadvantaged institutions, Clark University and the University of Guyana have been working together to implement a conflict management program aimed, primarily, at developing mediation skills among a cadre of upcoming professionals.

Other Donors: Donor coordination is good, and USAID has continued to play a pivotal role in the Democracy and Governance donor thematic group, the Poverty Reduction group and the AIDS group. In great part through USAID leadership, donors are now united around persuading the GOG to make needed economic policy reforms. The United States and the United Kingdom are Guyana's first and second largest bilateral partners. The United Kingdom provides technical assistance mainly in the education, forestry and water sectors. The United Kingdom also funds programs aimed at improving the administration of justice and upgrading management skills in the Police and Prison services. Other major bilateral donors and their principal areas of focus include Canada (non-governmental organizations) and Japan (HIV/AIDS). Multilateral donors include the United Nations agencies, the European Union (infrastructure and economic growth activities), and the Inter-American Development Bank (IDB) (infrastructure). The United Nations Development Program provides support for poverty alleviation and rural development, constitutional reform, and elections, with funding from the United Kingdom, European Union and the IDB.

**Guyana
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	798	1,000	1,000	2,000
Development Assistance	3,800	3,100	2,180	2,750
Total Program Funds	4,598	4,100	3,180	4,750

STRATEGIC OBJECTIVE SUMMARY

504-001 Economic Growth and Opportunity				
DA	2,000	1,600	836	1,000
504-003 Prevent the Spread of HIV/AIDS Among Youth				
CSH	798	1,000	1,000	2,000
504-004 Governance and Rule of Law				
DA	1,800	1,500	1,344	1,750

Data Sheet

USAID Mission:	Guyana
Program Title:	Economic Growth and Opportunity
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	504-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$836,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,000,000 DA
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: USAID's program to improve the climate for private investment includes training and technical assistance to: increase capacity to implement economic policy for growth with equity; strengthen capacity of the private sector to influence public policy; and increase services to support small and micro-enterprises.

Inputs, Outputs, Activities:

FY 2003 Program:

Policy reform (\$518,000 DA). In order to assist the GOG to attract private investment, promote exports, participate in the on-going Free Trade Area of the Americas (FTAA) negotiations, and meet its World Trade Organization (WTO) obligations, USAID will provide further technical assistance to implement the national trade policy strategy. Seminars to sensitize the public and private sectors on important trade issues will also be held. Further, USAID will fund technical assistance to complete the enactment of an Investment Code and Small Business Act, and to work with the relevant government ministries and agencies to eliminate impediments to investment. In addition, USAID will promote the development of export markets by providing technical assistance and training to three semi-autonomous government institutions that are responsible for attracting investment, promoting exports, and establishing and monitoring standards. In order to help private sector organizations (PSOs) influence public policy, USAID will provide technical assistance and training to at least 10 PSOs designed to improve the interaction between the private sector and government through improved case preparation and appropriate lobbying techniques. PSOs will implement several lobbying campaigns focusing on local and national issues, and market and trade issues at the international level. The principal contractor is Chemonics International, Inc. (prime).

Competitiveness of small and micro-enterprises (\$318,000 DA). To prepare producers and exporters of non-traditional agricultural products to become competitive in the export market, USAID will provide training to 50 small businesses in better handling and packaging techniques, and quality control and standards to meet export market requirements. It will also fund training for 150 exporters in marketing and export strategies, and financial management. USAID will work with three semi-autonomous government institutions to develop and disseminate export market information and standards requirements. The principal contractors are Chemonics International Inc (prime) and Management Sciences International (MSI) (sub).

FY 2004 Program:

Trade and investment (\$1,000,000 DA). This current economic growth program ends in April 2004, and USAID expects a new program anticipated to begin at some point in FY 2004. Proposed functional areas of assistance include the following: 1) encouraging increased private sector investment in non-traditional products; 2) formulation of appropriate trade and investment policies; and 3) ensuring compliance with WTO and FTAA trade commitments. Contractors are to be determined.

Performance and Results: The GOG finally recognized the need for a national trade policy strategy, including making the country's products more competitive to take advantage of the opportunities in a liberalized environment. USAID provided the assistance that was requested to meet this objective. Some progress was made in addressing the administrative barriers to trade and investment. In addition, timely advice and market information were made widely available to producers and exporters. A remarkable achievement in 2002 was the pro-active approach of private sector organizations in finding investments and export markets for their members through visits to neighboring countries and the preparation of more than 600 business profiles for dissemination abroad. Significant progress was also made in providing non-financial services to small and microenterprise entrepreneurs in the areas of pre and post-harvest handling and packaging, quality control, and standards to meet export market requirements.

By assisting the GOG to adopt and implement appropriate trade strategies in a liberalized trade environment and removing administrative barriers to investment and trade, investors' confidence will increase. The market and export information that has been widely disseminated and the improved confidence of PSOs to advocate will lead to increased exports in the near future.

US Financing in Thousands of Dollars

Guyana

504-001 Economic Growth and Opportunity	DA
Through September 30, 2001	
Obligations	5,314
Expenditures	2,686
Unliquidated	2,628
Fiscal Year 2002	
Obligations	1,512
Expenditures	1,250
Through September 30, 2002	
Obligations	6,826
Expenditures	3,936
Unliquidated	2,890
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	836
Total Planned Fiscal Year 2003	
Obligations	836
Proposed Fiscal Year 2004 NOA	
Obligations	1,000
Future Obligations	2,000
Est. Total Cost	10,662

Data Sheet

USAID Mission:	Guyana
Program Title:	Prevent the Spread of HIV/AIDS Among Youth
Pillar:	Global Health
Strategic Objective:	504-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,000,000 CSH
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: USAID's HIV/AIDS Special Objective seeks to increase Guyana's prevention efforts and slow the rate of new HIV infections. The overall strategy is to strengthen and catalyze non-governmental organizations (NGOs) to expand HIV/AIDS prevention activities targeting youth. The program includes a peer education program that uses indigenous manuals and materials, a behavior change communication strategy, and a training program for peer educators and crisis-intervention counselors. In addition, the program works through a network of partner NGOs that communicate and collaborate regularly; provides technical assistance to strengthen NGO institutional capacity including strategic planning and financial management; and provides technical assistance to the Ministry of Health to improve forecasting, ordering, storing, and distributing medical supplies and pharmaceuticals including condoms.

Inputs, Outputs, Activities:

FY 2003 Program:

Prevent the spread of HIV/AIDS among youth (\$1,000,000 CSH). USAID will use funds to prevent the spread of HIV/AIDS among youth through increasing awareness, knowledge, and prevention strategies. The program will continue to maintain, strengthen, and expand the existing NGO network to increase the project's geographical reach. The expansion will also include increased training in financial management, strategic planning, outcome oriented work-plan development, strengthening of monitoring and evaluation systems. It will also provide technical assistance for behavior change, communications, and care, and support to each partner NGO. Continued technical assistance will be provided to the Ministry of Health's Materials Management Unit (MMU) to improve forecasting, ordering, storing and distributing medical supplies and pharmaceuticals including condoms. In addition, technical assistance will be provided to develop a management information system for the MMU medical stores. Continued technical assistance to the National AIDS Program Secretariat will be increased, and to determine program efficacy and to guide workplan development, a national behavioral surveillance survey will be conducted among the target audience. The principal contractors and grantees are Maurice Solomon and Company, Family Health International (FHI), John Snow, Inc., and Population Services International (PSI).

FY 2004 Program:

USAID is currently designing a new Country Strategy (2004 -2008) for Guyana that anticipates assistance to strengthen NGOs to prevent the spread of HIV among youth, develop a condom social marketing campaign, and engage the business and labor community in the expanded response to HIV/AIDS.

Prevent the spread of HIV/AIDS among youth (\$1,300,000 CSH). The new program anticipates continued support to youth prevention activities and the network of NGOs focusing on prevention and care. USAID plans to expand regionally and programmatically. All technical support to the Ministry of Health, as well as the NGO groups, would continue. The behavior change communication strategy will be strengthened and expanded upon to encourage delaying the first sexual encounter, reducing the number of sexual partners, and using condoms. Contractor(s) and grantee(s) are to be determined.

Condom social marketing project (\$600,000 CSH). The new program anticipates designing and implementing a condom social marketing project to increase the availability and accessibility of condoms targeting youth with specific focus on high-risk groups. The social marketing program would also encompass behavior change communications to support delay of initial sexual activities, abstinence in risky situations, and partner reduction. Contractor(s) and grantee(s) are to be determined.

Business and labor response (\$100,000 CSH). The new program anticipates designing and implementing a strategy to engage the business and labor community in the fight against HIV/AIDS and plans to develop the capacity of local organizations to provide technical assistance in the development of comprehensive HIV/AIDS work place programs. Contractor(s) and grantee(s) are to be determined.

Performance and Results: Principal outcomes of this program are strengthened NGO capacity to deliver HIV/AIDS programs to targeted groups; increased knowledge of HIV/AIDS in targeted groups; and increased use of HIV/AIDS prevention strategies in targeted groups. The NGOs continue to increase their reach to youths aged 8 to 25 through peer education and a behavior change communications strategy. Almost 1,000 youths (60% female, 40% male) were trained or received refresher peer education training in 2002. On average, more than 110 trained and supervised peer educators (57% female, 43% male) were actively targeting more than 2,400 people per month. Each peer educator identified approximately 20 individuals to work with each month and focuses on the quality of each interaction; each educator also received ongoing support and technical assistance through monthly meetings at their respective NGOs.

Continued progress in this objective will indicate that community-based groups in Guyana will be strengthened and more active in the response to HIV/AIDS; more youth will have access to quality services provided by these community groups; more youth will have comprehensive knowledge about HIV/AIDS transmission and prevention; and more youth will take the necessary steps to protect themselves against HIV/AIDS.

US Financing in Thousands of Dollars

Guyana

	CSH	DA
504-003 Prevent the Spread of HIV/AIDS Among Youth		
Through September 30, 2001		
Obligations	998	0
Expenditures	538	0
Unliquidated	460	0
Fiscal Year 2002		
Obligations	1,000	0
Expenditures	48	0
Through September 30, 2002		
Obligations	1,998	0
Expenditures	586	0
Unliquidated	1,412	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	1,000	0
Total Planned Fiscal Year 2003		
Obligations	1,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,000	0
Future Obligations	0	2,000
Est. Total Cost	4,998	2,000

Data Sheet

USAID Mission:	Guyana
Program Title:	Governance and Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	504-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,344,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,750,000 DA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2003

Summary: The USAID Governance and Rule of Law program in Guyana seek to consolidate democratic institutions in five areas: 1) Legislative Strengthening, 2) Administration of Justice, 3) Elections, 4) Civic Advocacy, and 5) Local Government.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve legislative drafting (\$250,000 DA). In order to improve legislative drafting technical capacities, USAID will fund training for six drafters in the Attorney General's Office and the Office of the Chief Parliamentary Counsel. Training will focus on electronic document preparation and editing in a linked network-based system. USAID will fund the necessary hardware and software for establishment of a network linkage between the Chief Parliamentary Counsel's Office and the Parliamentary Clerk. USAID will provide assistance to continue the compilation and updating of the Laws of Guyana on CD-ROM; technical assistance to launch a Parliamentary web site where the Laws of Guyana and other pending legislation can be accessed; and training to maintain the site. The principal contractor is National Democratic Institute (NDI).

More just and timely case dispositions (\$300,000 DA). In order to reduce the current case backlog, USAID will fund training for Court Registry personnel in electronic case record management. USAID will fund technical assistance to establish a case tracking system, and funds will be provided to procure the necessary hardware and software for the system. USAID will fund a pilot level Alternative Dispute Resolution program that draws upon changes in civil rules and criminal procedures allowing pre-trial hearings, court-annexed arbitration, plea bargaining and diversionary programs for juveniles and first-time offenders. USAID will continue to provide assistance to the Chancellor of the Judiciary to establish an enforceable code of judicial conduct and the implementation of professional ethics training courses on an annual basis. The principal contractor is the Carter Center (sub to NDI).

Guyana elections commission and local government elections (\$300,000 DA). In order to further institutionalize core Elections Commission Secretariat functions, USAID will fund training for key Information Technology personnel involved in maintaining and updating the Voter registration database. USAID will provide technical assistance to the Elections Commission to develop procedures manuals for Elections Administration and Logistics officers. USAID funds will assist the Elections Commission in Voter Education programming for the upcoming Local Government Elections. USAID funds will be used to support domestic election observation efforts as well as media monitoring during the local government campaign. The principal contractor is International Foundation for Electoral Systems (IFES) (sub to NDI).

Civil society capacity (\$294,000 DA). In order to improve Civil Society Organizations (CSO) capacity to participate in policy dialogue with elected leaders, USAID funding will be used to provide advocacy training for target groups (i.e., women, youth and Amerindians). USAID will fund a series of organizational development programs, as well as civic education programs focusing on constitutional reform, legal rights, the national budget, public security and land use planning. The principal contractor is the Carter Center (sub to NDI).

Democratic decentralization (\$200,000). In order to facilitate further democratic decentralization, USAID will continue to provide technical assistance to the inter-party task force working to rationalize the roles and function of local-level government. USAID will fund technical assistance to revise local government statutes and Election Laws, in advance of the upcoming local government elections. USAID funds will be used to conduct a survey of local government technical and administrative personnel requirements and to establish a prioritized training program for meeting these needs. USAID funds will be used to continue efforts to build community-based coalitions to engage with Local Government decision makers in designing and implementing development projects in two municipalities. The principal contractor is NDI.

FY 2004 Program:

Government and rule of law (\$1,750,000 DA). USAID is currently designing a new Country Strategy that anticipates providing assistance to consolidate democratic institutions by mitigating political conflict and improving transparency and accountability in governance. In order to mitigate political conflict, USAID anticipates designing and implementing activities aimed at improving inclusiveness in public policy making, continuing with constitutional reform efforts and implementing reforms already enacted, providing remedies for inter-personal and inter-organization disputes, and supporting mediated inter-party dialogue. To promote transparency and accountability, USAID anticipates designing and implementing activities aimed at supporting participatory budget-making processes, developing investigative journalism capacities, fostering democratic decentralization, and continuing to revise electoral law to promote direct representation.

Performance and Results: USAID's support in the area of Legislative Strengthening yielded a significant result in 2002, i.e., the production of the consolidated Laws of Guyana on CD-ROM. This major milestone marks the first time since gaining independence in 1966 that Guyanese policy-makers, judges and advocates, teachers and students, and the public at large have had one-stop access to the laws governing their daily lives. Equally significant was the revision of existing Civil Rules and Criminal Procedures, which when put into practice, will greatly reduce the time between case filing and case disposition. Further progress toward institutionalizing the core roles and functions of the Guyana Elections Commission Secretariat was marked by the adoption of a revised organizational structure. Training provided to core information technology personnel is an essential component in moving ahead with efforts to update and compile Guyana's voters list on a continuous basis. Finally, support to the local government task force and leadership training for women has laid the groundwork for establishing effective and truly representative local governance.

Continued efforts in these areas will help to mitigate latent inter-racial and ethnic-based conflict and transform Guyana into a country where citizens have expanded opportunities to voice their concerns in policy-making discussions and where access to justice is improved for all.

US Financing in Thousands of Dollars

Guyana

504-004 Governance and Rule of Law	DA
Through September 30, 2001	
Obligations	4,556
Expenditures	3,058
Unliquidated	1,498
Fiscal Year 2002	
Obligations	1,500
Expenditures	1,666
Through September 30, 2002	
Obligations	6,056
Expenditures	4,724
Unliquidated	1,332
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,344
Total Planned Fiscal Year 2003	
Obligations	1,344
Proposed Fiscal Year 2004 NOA	
Obligations	1,750
Future Obligations	2,000
Est. Total Cost	11,150

Haiti

The Development Challenge: With annual per capita income of less than \$400 and an average life expectancy of 53, Haiti is the poorest country in the Western Hemisphere. Eighty out of 1,000 Haitian children never see their first birthday, and nearly half the population cannot read. As much as 80 percent of the population lives in poverty. The problems are compounded by a heavily eroded natural resource base and the spread of HIV/AIDS, which now afflicts more than 5% of the population. There are already some 163,000 AIDS orphans in the country.

The challenge has been exacerbated by political and economic upheaval tied to flawed parliamentary elections held in the summer of 2000. The political stalemate has dragged on for more than two years now, with growing civil unrest and a severe deterioration in the country's economic and security situation. Investment has been discouraged by a lack of confidence in both the political process and the ability of the state to uphold the rule of law. Human rights abuses and intimidation of the press have become routine, and a climate of impunity reigns. Prolonged drought in the country's northwest has added to the misery, and resulted in additional pressure for illegal migration, including to the United States.

Deteriorating conditions have led a number of international donors and financial institutions to either reduce their programs sharply (European Union, Inter-American Development Bank, bilaterals) or close them down altogether (World Bank), leaving USAID as the largest single donor, particularly in health. In September 2002, the Organization of American States (OAS), via resolution 822, imposed a number of stringent governance improvement requirements, but at the same time called for normalization of relations between Haiti and the international financial institutions. However, there are still formidable technical requirements that the Government of Haiti (GOH) must meet before new loans can be approved, including the payment of accumulated arrears, of which more than \$20 million is owed to the Inter-American Development Bank (IDB) alone.

The country's direction now depends on whether the government can establish a climate for free and fair elections in 2003 and secure the participation of Haiti's opposition parties, many of which boycotted the election of President Aristide in November 2000. In the meantime, USAID will continue with the programs described below, which are designed to meet the population's essential humanitarian needs, generate employment in a difficult economic environment, and strengthen civil society's ability to resist growing authoritarianism and lawlessness. U.S. interests in Haiti are to decrease narcotics trafficking, strengthen democracy, provide humanitarian assistance, and stem the flow of illegal migrants.

The USAID Program: USAID's program in Haiti has shifted away from support to government programs and toward direct involvement at the grass roots using local non-governmental organizations. In the place of previous programs aimed at strengthening the country's police and judiciary, for example, newer programs channel resources to private health care providers, farmer groups and agricultural exporters, private entities in the micro-enterprise sector, and local democracy and human rights groups. However, USAID still maintains some assistance to public institutions in the health sector, and is currently expanding this cooperation in HIV/AIDS, providing training, technical assistance, and certain supplies such as medicines and contraceptives.

In economic growth, USAID is fostering the production and export of high-value fruit and tree crops, yielding significant increases in household income for small farmers. Last year, these programs resulted in revenue improvements averaging more than 10% for about 35,000 farmers for targeted crops. In urban areas, USAID helped establish a viable and increasingly self-sustainable micro-lending industry. USAID is building on that base, which now numbers more than 70,000 micro-borrowers in USAID-supported microfinance institutions, to spread coverage in Haiti's vibrant, informal economy.

In democracy, USAID is providing critical training and other assistance, including some commodities, to civil society organizations, the independent media, and political parties. In FY 2002, USAID imported more than \$500,000 in equipment for approximately 40 independent community radio outlets scattered throughout Haiti. The equipment will be used this year to broadcast civic education messages being

developed under the same activity. In addition, programs to strengthen political parties will soon be getting underway in earnest. USAID is building coalitions for judicial reform and human rights among Haiti's many business associations, religious organizations and labor unions. All of these activities are designed to help Haitian society withstand increasing authoritarianism and lawlessness and demand greater accountability and better performance by the Haitian Government.

In health, USAID is seeking to broaden the impact of its current network of 26 local NGO service providers, which are reaching nearly 2.5 million people. Through the development of public-private partnerships and with additional CSH resources, USAID will expand coverage for maternal health, child health, family planning, and HIV/AIDS prevention in the coming year to reach an even larger proportion of the Haitian population. This expansion would also help establish common standards and protocols for use in both the public and the private sector.

In primary education, USAID has just concluded an activity focused on increasing pass rates in math and Creole using a "cluster school" approach. A new phase of the program is being designed to focus on "distance learning" using radio broadcasts, including from the community radio stations supported under the independent media program described above.

The P.L. 480 Title II food program is another key element of USAID's support for humanitarian needs in Haiti. Some food is distributed outright, formerly through school feeding programs but now principally through maternal-child health facilities located mainly in remote areas. This has been an important shift in the program, one that has ensured that U.S. food aid is reaching the neediest and most vulnerable Haitians, i.e., rural children under five and nursing and/or pregnant mothers. The bulk of the Title II food commodities is sold to local millers and the proceeds used to finance projects in health care (including assistance to orphans), primary education, and food production. These programs are managed by USAID's P.L. 480 cooperating sponsors, CARE International, Catholic Relief Services, Save the Children, and World Vision.

Other Program Elements: In addition to the bilateral program, USAID assistance includes scholarships, child survival and health, HIV/AIDS prevention, and remittance programs. Haiti is one of three countries in the Caribbean region receiving support under USAID's Cooperative Association of States for Scholarship (CASS) program. Managed out of the Bureau of Economic Growth, Agriculture and Trade (EGAT), this program provides annual funding for 30-40 Haitian students (at approximately \$38,000 each for two years) to attend long-term training programs in a variety of academic disciplines at U.S. universities. Another \$2.5 million is provided by USAID's Bureau for Global Health to fund Child Survival and Health grants to improve access to and use of health services and promote social marketing of basic health products. The U.S. Centers for Disease Control and USAID's Caribbean Regional AIDS Program also provide about \$1.5 million annually in complementary funding for HIV/AIDS prevention and care in Haiti. USAID/Washington recently awarded a \$100,000 grant to the Pan American Development Foundation (PADF) for a remittances program with a U.S.-based Diaspora umbrella outreach group, the National Organization for the Advancement of Haitians (NOAH). NOAH will receive remittances from U.S.-based Haitian "home town associations," which will then turn them over to PADF for the production of high value fruit trees on degraded hillsides in rural areas of Haiti. NOAH is providing a matching grant of \$50,000 for this program. This program complements a USAID/Haiti matching grant program, also with PADF, that leverages contributions from the Haitian Diaspora through cooperation with a private Haitian transfer company located in the United States.

Other Donors: External donor assistance to Haiti dropped another 17% percent last year to about \$142 million (vs. \$357 million in FY 1999 and \$160 million in FY 2001). The United States provided more than a third of this, followed by the United Nations agencies, Taiwan and Canada. The health sector receives most of the aid, with a particular focus on HIV/AIDS, followed by education and humanitarian assistance. A full program of assistance from the international financial institutions (IFIs) could be resumed, in the event that the GOH makes significant progress meeting the conditions of OAS Resolution 822, concludes a Staff-Monitored Program with the International Monetary Fund, and clears its arrears to the IDB, and subsequently to the World Bank. If these events take place, more than \$800 million in additional IFI assistance could flow between now and 2006.

**Haiti
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	638	14,000	21,826
Development Assistance	0	250	11,000	7,150
Economic Support Fund	46,894	30,000	0	0
PL 480 Title II	23,193	23,128	22,375	23,847
Total Program Funds	70,087	54,016	47,375	52,823

STRATEGIC OBJECTIVE SUMMARY

521-001 Economic Growth				
DA	0	0	6,500	1,750
ESF	9,704	6,464	0	0
521-002 Environment				
ESF	3,596	0	0	0
521-003 Health Systems				
CSH	0	638	14,000	21,826
DA	0	0	200	0
ESF	20,300	18,536	0	0
PL 480	10,837	0	0	0
521-004 Education				
DA	0	0	2,300	2,500
ESF	4,275	2,500	0	0
PL 480	12,356	0	0	0
521-005 Democracy and Governance				
DA	0	250	2,000	2,900
ESF	8,794	2,500	0	0
521-009 Hurricane Recovery				
ESF	125	0	0	0
TRANSFER				
ESF	100	0	0	0

Data Sheet

USAID Mission:	Haiti
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	521-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,750,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: USAID's program to increase the income of Haiti's urban and rural poor includes: (1) Provision of private agricultural extension services in natural resource management, improvement in crop quality and yield, and development of new export and local marketing channels; (2) Increasing the availability of financial services for micro-entrepreneurs, training for microfinance institutions on industry best practices, and support for reform of microfinance legislation, policies and regulatory framework; (3) Improvement of financial services for microenterprises, and training for microfinance institutions; (4) Technical assistance to strengthen private sector marketing systems; and (5) Provision of guarantee loans to promote investment by small and medium entrepreneurs.

Inputs, Outputs, Activities:

FY 2003 Program:

Agriculture/environment (\$4,500,000 DA). USAID's program will help to increase farm-level productivity and incomes while promoting the adoption of improved natural resource management practices; develop or improve marketing channels for Haitian farmers; conduct applied research on staple foods, cocoa, and planting techniques; and continue ongoing micro-lending support programs. Principal contractors are Development Alternatives, Inc. (prime), Pan American Development Foundation, FINTRACK, International Center for Tropical Agriculture, and the University of Florida (subs).

Trade and investment (\$2,000,000 DA). USAID's program will develop strong financial institutions to channel lending capital to Haitian micro-entrepreneurs. Partners include commercial banks, credit cooperatives, private companies and local and international NGOs. Financial institutions 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. USAID will offer loan portfolio guarantees to participating commercial banks to provide direct financial support to micro-, small- and medium-sized enterprises. USAID will continue to finance a microfinance capitalization fund that has been highly successful in leveraging commercial bank loans for key microfinance institutions. In FY 2003, four to five commercial banks will actively lend to small and micro-entrepreneurs, more than 80% of them women. Principal contractors are 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.

P.L. 480 Title II. Through assistance from community-based agricultural field agents, food-for-work, and support to local financial institutions that provide training and small loans, mostly to rural women, cooperating sponsors under the P.L.480 Title II program, will increase the availability of locally-produced food and access to food overall by increasing the incomes of poor families.

FY 2004 Program:

Agriculture/environment (\$1,000,000 DA). USAID plans to 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. At the proposed FY 2004 funding level, USAID intends to continue to support small farmers in the production and marketing of high revenue agricultural commodities, but would reduce its geographic reach (deciding between the northern and southeastern regions of present focus) and scale back crops targeted for continued support. USAID plans to drastically reduce technical assistance provided to grassroots producer organizations for developing direct commercial relationships with large-volume buyers (including U.S. exporters), opening new markets, and reducing export intermediaries, thus closing off prospects for increased income growth for small farmers. In addition, USAID plans to decrease technical assistance to microfinance institutions, with activities narrowed to supporting the operation sustainability of fewer microfinance institutions. USAID will end efforts to develop new products and expand access to credit for additional rural entrepreneurs. Principal contractors are Development Alternatives Inc.(prime), the Pan American Development Foundation, FINTRACK, International Center for Tropical Agriculture, and the University of Florida (subs).

Trade and investment (\$750,000 DA). Technical assistance to promising microfinance institutions may be reduced, with activities focused on operational sustainability of a small number of them. USAID plans to terminate credit access for additional rural micro-entrepreneurs.

Performance and Results: Haiti's economy rests largely on the shoulders of small and micro-enterprises (SMEs), which account for more than 80% of total employment. USAID's work building strong financial institutions to meet the credit demands of SMEs continues to surpass expectations. The number of outstanding loans increased by 71% last year, well above the target of 25%. Two of the seven key MFIs receiving USAID support now cover 100% of their operating expenses, and two others now exceed 90% (the other continue to receive USAID support for operating expenses). As in FY 2002, USAID's emphasis will continue to move from training in basic principles to direct business applications.

During FY 2002, the Aid to Artisans program developed long-term marketing opportunities with the San Diego Zoo, Eziba, the Lee Carter Company, Dwellings, Mark Phillips Collections, and Smith & Hawken. In FY 2003, the program seeks to double the number of such markets links. More than 60 small firms employing about 2,000 artisans participate in the Aid to Artisans program.

In agriculture, USAID focused quality technical assistance to nearly 35,000 farmers through a network of 85 grassroots organizations. Seventy of the farmer organizations have marketing contracts, mostly with exporters, generating nearly 6,500 seasonal jobs. Significant improvement in the quality of Haitian Bleu coffee was achieved, improving on the performance of the past five years. Fruit (mango and mandarin) tree production was expanded in the southern region to create the basis for a fruit industry. Four of the farmer organizations have achieved export sales of more than \$50,000.

Principal long-term outcomes of the agriculture program include sustainable increases in the productivity of staple crops in targeted areas; sustainable increases in the export of selected cash crops; and establishment of direct commercial relationships between producer organizations and large-volume buyers. Profitable operation of all five USAID-assisted microfinance institutions and financial independence for 19 credit and savings cooperatives constitute the principal long-term outcomes of the microfinance program.

US Financing in Thousands of Dollars

Haiti

	DA	ESF
521-001 Economic Growth		
Through September 30, 2001		
Obligations	2,991	68,518
Expenditures	2,979	51,992
Unliquidated	12	16,526
Fiscal Year 2002		
Obligations	0	6,972
Expenditures	7	15,365
Through September 30, 2002		
Obligations	2,991	75,490
Expenditures	2,986	67,357
Unliquidated	5	8,133
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	6,500	0
Total Planned Fiscal Year 2003		
Obligations	6,500	0
Proposed Fiscal Year 2004 NOA		
Obligations	1,750	0
Future Obligations	0	0
Est. Total Cost	11,241	75,490

Data Sheet

USAID Mission:	Haiti
Program Title:	Health Systems
Pillar:	Global Health
Strategic Objective:	521-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$14,000,000 CSH; \$200,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$21,826,000 CSH
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2004

Summary: More than half of USAID's budget for Haiti is devoted to improving the health and well-being 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. These objectives are reached by delivering a package of the following services: (1) Child immunization; (2) Detection and treatment of acute respiratory infections; (3) Immunizations for pregnant women; (4) Nutrition, food supplementation, and growth monitoring; (5) Family planning (both natural and artificial); (6) Maternal health care; (7) Prevention and treatment of HIV/AIDS and other sexually-transmitted diseases; (8) Tuberculosis detection and treatment; (9) Reinforcement of policy norms and procedures; (10) Health information systems; and (11) Advocacy and networking.

Inputs, Outputs, Activities:

FY 2003 Program:

Child survival (\$3,000,000 CSH). USAID will continue to provide technical assistance and operational support to approximately 28 local NGOs to improve provision of a minimum package of child survival and related primary care services to a population of approximately 2.5 million people. Efforts to extend support under the P.L. 480 Title II food aid program for pregnant and lactating mothers and infants 6-24 months old will receive increased emphasis. Principal contractors are Management Sciences for Health (MSH), CARE, Catholic Relief Services (CRS), World Vision, Save the Children and JHPIEGO (primes).

Reproductive health (\$6,000,000 CSH). Assistance will be provided to increase access to and use of modern family planning services and related maternal health care, including care during and following pregnancy, emergency obstetric care, and other labor and delivery assistance. USAID will strengthen counseling, supervision activities, and reproductive health behavior change communications, including messages to encourage delay in age of sexual debut, use of condoms for the prevention of sexually transmitted diseases, and the use of pre-and post-natal care. In addition, USAID will support the procurement and delivery of required contraceptive commodities for the program. Natural family planning will also receive emphasis under the program. Principal contractors are Management Sciences for Health (MSH), The Futures Group, JHPIEGO, and John Snow, Inc..

Infectious diseases (\$5,000,000 CSH, \$200,000 DA). USAID will give special emphasis to reinforcing the capacity of all 10 of Haiti's department-level hospitals to carry out voluntary counseling and testing (VCT) for HIV/AIDS, and to developing programs to prevent mother-to-child transmission (PMTCT) of the virus. Community support groups for AIDS orphans and people living with AIDS, presently available in just one department, will gradually be extended to all 10. Assistance will facilitate more effective linkages between specialized NGOs that target orphans and vulnerable children, and other service delivery institutions. This will result in improved delivery of basic health services in orphanages and a more extensive network of community groups through which orphans can be placed with extended family members. Existing contracts with local NGOs will be extended, continuing support to improved supervision and implementation of the national tuberculosis control program. Principal contractors are Management

Sciences for Health (MSH), Family Health International (FHI), Population Services International (PSI), Center for Disease Control (CDC) and CARE (primes).

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

FY 2004 Program:

Child survival (\$5,650,000 CSH). USAID plans to expand coverage of NGO and public sector facilities offering the minimum package of child survival, reproductive and basic health care, including technical assistance to strengthen child health referral services at the department level. Support may be provided to increase the routine availability of vaccination services, reinforce the distribution of essential drugs, and strengthen health management information systems. P.L. 480 Title II resources may promote better utilization of food by improving access to quality nutrition and health services.

Reproductive health (\$6,500,000 CSH). USAID will continue efforts to increase the availability of modern family planning services, including natural family planning, and improve quality and access to emergency obstetric and clinical reproductive health care at departmental hospitals and specialized referral facilities. Assistance may also be provided to the newly created inter-faith council, and the local faith-based Catholic, Episcopal and Protestant organizations and church groups comprising this council, to promote more responsible reproductive behavior and to strengthen family values.

Infectious diseases (\$9,676,000 CSH). USAID plans to expand VCT support, programs to prevent vertical transmission (PMTCT), and TB prevention and control efforts. Assistance may also be provided to strengthen private and public sector partnerships as a means to improve the coverage, impact and sustainability of these programs. In addition, USAID plans to intensify efforts to reinforce Haiti's epidemiological surveillance and reporting systems.

Performance and Results: During FY 2002, USAID participated in a third national-level, multi-donor immunization campaign against polio and measles. As a result, three million children under ten received a third dose of polio vaccine, while 1.3 million children between six months and four years of age received a second dose of measles vaccine. Largely as a result of these efforts, there were no confirmed cases of polio or measles during the past year. About 57% of USAID P.L. 480 Title II food aid resources are aimed at nutrition and related maternal and child health concerns of food-insecure women and children between the ages of 6-59 months. The program has empowered an additional 122 partner health clinics, providing nutritional supplementation to 21,860 pregnant and lactating women and 22,750 children under the age of five, and enabled community health workers to track the nutritional status of an additional 81,459 children last year through mobile rally posts. The USAID program also recorded gains in pre- and post-natal counseling last year; statistics from USAID/Haiti's Health Systems 2004 NGO network show an increase in post-natal counseling from just 11% last year to 58% this year. Prenatal counseling also improved, from 46% in 2001 to 51% in 2002. USAID also maintained a level of 27% in the utilization of family planning services in target areas, well above the national contraceptive prevalence rate of 15.4%.

FY 2002 was also a landmark year for HIV/AIDS programming, with USAID providing critical support to the Ministry of Health in developing a national strategic plan and organizing other donors and NGOs to support it. The effort allowed Haiti to respond quickly to the request for proposals from the Global Fund to fight AIDS, Tuberculosis, and Malaria, enabling approval of a five-year, \$66 million grant. This support, coupled with assistance to Haiti's National Tuberculosis program, will extend and strengthen DOTS (Directly Observed Treatment, Shortcourse). As a result, 39 new TB/DOTS institutions have been implemented throughout the country, representing a 40% increase in health institutions offering such services. Haiti currently has the highest incidence rate of HIV/AIDS in the hemisphere (estimated at between 4 and 7%). While by African standards this is not alarmingly high, it is important to recognize that the trend in Haiti is for younger and younger onset of the infection. USAID's program will target youth in order to stop this alarming trend and lower the incidence below 3%.

US Financing in Thousands of Dollars

Haiti

521-003 Health Systems	CSH	DA	ESF
Through September 30, 2001			
Obligations	11,799	6,370	105,672
Expenditures	11,799	6,335	79,973
Unliquidated	0	35	25,699
Fiscal Year 2002			
Obligations	0	0	17,042
Expenditures	0	0	12,394
Through September 30, 2002			
Obligations	11,799	6,370	122,714
Expenditures	11,799	6,335	92,367
Unliquidated	0	35	30,347
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	14,000	200	0
Total Planned Fiscal Year 2003			
Obligations	14,000	200	0
Proposed Fiscal Year 2004 NOA			
Obligations	21,826	0	0
Future Obligations	0	0	0
Est. Total Cost	47,625	6,570	122,714

Data Sheet

USAID Mission:	Haiti
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	521-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,300,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,500,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: USAID's education program seeks to improve the quality of primary education through the following interventions: (1) Training for teachers and school directors in school and classroom management; (2) Distance education by radio in math and Creole reading; (3) Provision of equipment, supplies, and training for small "clusters" of cooperating primary schools; and (4) Institutional strengthening for local NGO partners and establishment of parent-teacher associations.

Inputs, Outputs, Activities:

FY 2003 Program:

Educational quality (\$1,400,000 DA). The education program will support implementation of interactive radio instruction for 2nd, 3rd and 4th grade students in math and Creole and provision of school supplies and facilitation materials for these programs in the north and west regional departments. The program will also explore the possibility of extending beyond these subjects and these audiences to include other messages directed at over-aged and out-of-school youth and parents. USAID will develop training and learning materials that reinforce the broadcast information, focusing on changing behavior in ways that support other USAID programs such as health and governance. To maximize synergy across sectors, activities will be implemented in geographical locations where USAID has ongoing activities. Principal contractors are Education Development Center (EDC) (prime) and Fondation Haitienne de l'Enseignement Privé (FONHEP) (sub).

Food aid and community mobilization (\$900,000 DA). In line with USAID policy and the approved strategy for the new five year food aid program cycle, USAID has phased out assistance for school feeding as a stand-alone activity. All remaining food aid assistance in the education sector will be targeted at schools engaged in food-for-education activities. Performance-based contracts will be written, linked to efforts to provide quality of education services through better management of food resources, improved school administration and increased community involvement in school management. Assistance will also be provided to explore feasibility, and develop and implement initial plans for a functioning structure that will use a combination of satellite transmission, commercial radio, community radio, and/or cassettes and CDs to transmit educational messages to in-school and out-of-school audiences. The principal contractor is Save the Children (prime).

FY 2004 Program:

Educational quality (\$1,600,000 DA). USAID plans to continue assistance that will be provided to expand access to interactive radio instruction in math and Creole for primary schools in the north and west regional departments. The program will also accelerate design and implementation of programs for over-age and out-of-school youth and parents. Principal contractors will continue to be Education Development Center (prime) and Fondation Haitienne de l'Enseignement Privé (FONHEP) (sub).

Food aid and community mobilization (\$900,000 DA) USAID also intends to continue support to leverage improvements in school administration, instructional performance and community involvement under its food for education agreements with participating schools. USAID plans to expand coverage of satellite,

commercial and/or community radio broadcast for interactive radio instruction messages developed under the program. The principal contractor will continue to be Save the Children (prime).

Performance and Results: The aim of USAID's education program is to affect both quality and access in education. It has affected quality through the development of modules that improve classroom management and teaching effectiveness. It has improved the learning of math and reading skills. The expansion of distance learning will increase access and reach out-of-school age groups. Specifically, achievement levels for students in targeted schools rose dramatically in 2002. Pass rates on the Grade 6 school-leaving examination (Certificat d'Etudes Primaires, CEP) during the 2001-02 academic year were 83% and 80% for boys and girls, respectively, significantly above the 63% level recorded during 2000-01. Pass rates from 3rd to 4th and from 4th to 5th grades remained stable in all the clusters, at slightly above 71% for both levels. To further strengthen the capacity of schools and educational teams to assist in the transformation of the Haitian education system, a compendium of all professional modules developed under the activity was assembled. These modules were then distributed (more than 750 copies) to all field partners and interested organizations working in the education sector in Haiti. More than 180 of the 360 school directors in targeted schools received training in use of the materials to prepare them for their future role as trainers of staff in their schools or newly organized clusters. Finally, while food aid levels were reduced significantly during 2002, well over 124,000 primary school children received assistance in 2002, only slightly fewer than the 125,350 originally planned.

US Financing in Thousands of Dollars

Haiti

521-004 Education	CSH	DA	ESF
Through September 30, 2001			
Obligations	1,390	1,093	22,233
Expenditures	1,390	1,093	16,049
Unliquidated	0	0	6,184
Fiscal Year 2002			
Obligations	0	0	2,490
Expenditures	0	0	4,786
Through September 30, 2002			
Obligations	1,390	1,093	24,723
Expenditures	1,390	1,093	20,835
Unliquidated	0	0	3,888
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	2,300	0
Total Planned Fiscal Year 2003			
Obligations	0	2,300	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	2,500	0
Future Obligations	0	0	0
Est. Total Cost	1,390	5,893	24,723

Data Sheet

USAID Mission:	Haiti
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	521-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,900,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2004

Summary: Despite the climate of impunity, pro-democracy advocates chose to brave the consequences though they sometimes pay with their lives. Citizens and civil society organizations continue to decry government abuses and insist on participating in the democratic process despite the ever-decreasing space to do so effectively. Corruption has become the norm, with GOH ministries providing few basic services. In order to address these problems, in FY 2002 USAID launched new programs to help Haitian civil society resist the growing trend toward authoritarian rule by: (1) Strengthening the independent media; (2) Working with reform-minded organizations pushing a judicial reform agenda and human rights; and (3) Developing new political leadership. USAID/Haiti has also taken up activities to stop the spread of corruption in the public and private sectors and address the sensitive issues of trafficking in persons, including child domestics.

Inputs, Outputs, Activities:

FY 2003 Program:

Independent media (\$625,000 DA). USAID will continue to support the independent media and broaden the independent community radio network initiated during the first year of programming. This same network will be one of the principal avenues for communicating with the otherwise isolated rural population on issues of primary importance, including civic education and other social marketing messages for health, education, and agriculture. The principal contractor is Creative Associates International (prime).

Legal system (\$500,000 DA). Support to groups advancing a judicial reform agenda and human rights will continue into its second year and, with lessons learned from Dominican counterparts, this movement will advance its reform agenda to the national level. The legal system reform group has developed sound contacts with Haitians in the Diaspora, who are eager to lend their support to push its agenda forward. Support for human rights organizations also will be increased, funds permitting. The principal contractor is International Foundation for Electoral Systems (IFES) (prime).

Political party assistance (\$875,000 DA). This project will work with political parties to strengthen their constituencies, both inside and outside of Port-au-Prince; formalize party structures; and formulate issue-driven platforms. The principal contractors are National Democratic Institute (NDI), International Republican Institute (IRI) (primes), and Fondation Heritage, CNO, and CID Gallup (subs).

FY 2004 Program:

Because USAID's Democracy & Governance program depends on the political environment in Haiti, which is very fluid and unpredictable, as well as the availability of funds, USAID's ability to plan for the new cycle is constrained. USAID can only presume what the FY 2004 requirements will be; it may be an election year, and USAID may be called upon to give election assistance. As the political situation and funds permit, USAID plans to continue work in the critical areas of civil society strengthening, assistance to political parties, legal reform, anti-corruption activities, and child trafficking. Possible major program areas for FY 2004 include: Legal System (\$700,000 DA), Independent Media (\$900,000 DA), and Political

Party Assistance (\$1,300,000 DA). Now is a critical juncture in Haiti's democracy, and the country is crying out for competent democratic leadership.

Performance and Results: To date, USAID's support to civil society has empowered and perhaps emboldened groups to engage with government on national interests. The number of cases in which an organized dialogue on policy issues was carried out by civil society organizations with the public institutions nearly doubled last fiscal year. The bulk of the increase is due to an upsurge in politically-charged events such as the unresolved political impasse, increase in human rights abuses, and government corruption.

As elections loom, some of the civil society groups who have benefited to date from capacity building training will be put to the test. Specifically, the election observation committee (CNO), which mobilized 22,000 volunteers for the May 2000 elections and selected and trained an elite corps of observers, will be required to perform again.

In a recently conducted political opinion poll, more people expressed confidence in the role and responsiveness of the media than in any other institution in Haiti, with more than 70% stating that they believed the press "worked for the nation." As USAID's community radio network expands its outreach in year two of activities, USAID projects an estimated 40% increase in its listenership. USAID's objectives in strengthening these stations' capabilities are to mitigate the social, geographic, and educational gaps that exist between groups based in the capital city and their counterparts in rural areas.

Program impact will be measured in terms of the number and quality of advocacy actions by civil society and acceptance of election results by political parties. With continued support to civil society organizations, USAID can anticipate even greater contribution of these organizations to the democratic process. The long-term goal of USAID's Democracy & Governance program is to cultivate democratic practices, culture, and institutions in order to shift Haiti away from its tradition of autocratic dictatorship and promote a more stable, democratic government.

US Financing in Thousands of Dollars

Haiti

	DA	ESF
521-005 Democracy and Governance		
Through September 30, 2001		
Obligations	32,353	68,328
Expenditures	32,353	58,146
Unliquidated	0	10,182
Fiscal Year 2002		
Obligations	249	2,252
Expenditures	0	6,409
Through September 30, 2002		
Obligations	32,602	70,580
Expenditures	32,353	64,555
Unliquidated	249	6,025
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,000	0
Total Planned Fiscal Year 2003		
Obligations	2,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,900	0
Future Obligations	0	0
Est. Total Cost	37,502	70,580

Honduras

The Development Challenge: Honduras' political and economic transformation is impeded by a narrow economic base, concentrated ownership of assets, limited foreign and domestic investment, corruption, high population growth, and low human capacity levels. A weak judiciary has limited ability to protect civil and commercial rights or cope with high crime rates and human rights violations. Honduras' social indicators are among the worst in the hemisphere with 79% of the population living in poverty, an annual population growth rate of 2.6%, an infant mortality rate of 34 per 1,000, high prevalence of HIV/AIDS (1.9% of the adult population and 50% of the reported AIDS cases in Central America), chronic malnutrition (33% of children under 5 years), average adult education levels of 5.3 years, and rapid deterioration of water and forest resources. Honduras' development progress is frequently disrupted by severe droughts and floods. Failed social systems coupled with extreme weather events and exogenous world economic shocks prevent Honduras from breaking the poverty cycle and achieving broad-based economic growth.

The World Bank estimates that Honduras' per capita gross domestic product (GDP) in 2001 was around \$942. External debt in December 2001 was \$4.3 billion, approximately 70% of annual GDP. The Government of Honduras (GOH) has not had to service its debt owed to the Paris Club countries since March 1999 due to a three-year debt service moratorium and debt relief in the wake of Hurricane Mitch. The Paris Club extended this moratorium through 2002, but may end it in 2003, particularly in light of the recent International Monetary Fund (IMF) decision to declare Honduras off track with its Poverty Reduction Growth Facility program.

The GOH realizes that the country must become more competitive to attract investment, spur growth, and generate revenue to provide quality social services such as schools, hospitals, public health clinics, water systems, and a fair judicial system. In 2002 the government formed a Presidential Competitiveness Commission and developed a national trade strategy to prepare for the Central America Free Trade Agreement (CAFTA) and examine results of World Trade Organization accession.

U.S. national interests in Honduras include: 1) increasing trade and investment; 2) reducing the flow of illegal immigrants; 3) broadening citizen support for democracy; and 4) implementing reforms of civilian-controlled military, police, and legal institutions to help protect U.S. investments and reduce the impact of international crime, terrorism, and illicit narcotics activities. USAID assistance will play a critical role in responding to the historic opportunity presented by CAFTA and addressing the dramatic drop in coffee prices. Through a Presidential Initiative - the Opportunity Alliance - USAID will work with the private sector and international financial institutions to strengthen the competitiveness of Central American rural economies and generate new business and investment through trade capacity building, rural diversification, and vulnerability management. Activities in Honduras that contribute to Opportunity Alliance include: agricultural sector diversification and increasing nontraditional agricultural exports; technical assistance in the trade and investment policy arena; technical assistance and logistical support to the Honduran government to maintain flood and drought warning systems; and assistance to the government and private sector for forest and water resource management.

The USAID Program: FY 2003 will be a transition year for the USAID mission in Honduras as it completes the implementation of its current strategic plan and begins implementation of a proposed new strategy. Accordingly, USAID is submitting two sets of data sheets for most objectives. One set reflects remaining obligations to complete the current strategic plan, and the other set reflects new obligations to be made once the Agency approves the new strategic plan (anticipated in May 2003).

The data sheets provided below include the current objectives: 1) Economic Reactivation Meeting the Needs of the Poor; 2) Sustainable Improvements in Family Health; 3) Strengthened Rule of Law and Respect for Human Rights; 4) Improved Opportunity to Obtain Basic Education and Vocational Skills; and 5) More Responsive and Effective Municipal Government. With the exception of the health objective, which was fully redesigned and extended through December 2005, the last year of funding for these objectives is FY 2003. The additional data sheets reflect the proposed new strategic plan which

objectives include: 1) Competitive Market-Led Growth Improved in Targeted Areas; 2) Integrated Resource Management in Targeted Areas of Economic and Environmental Significance Improved; 3) Key Democratic Institutions Strengthened; and 4) Better Educated Honduran Workforce.

Other Program Elements: With funding from the Central America Regional Program (G-CAP), analysts and administrators are being trained in trade, labor, and energy policies to prepare for Honduran integration into hemispheric markets. G-CAP's regional coffee program responds to the immediate coffee crisis. G-CAP's regional environmental program focuses on border areas and supports implementation of the Central America - U.S. Joint Accord (CONCAUSA) commitment to biodiversity conservation, environmental legislation, sound use of energy, and sustainable economic development. G-CAP's regional HIV/AIDS program increases the capacity of local organizations to deliver HIV/AIDS services and information in Honduras and throughout the region. Honduras has also benefited from programs managed by USAID's Office of Regional Sustainable Development (LAC/RSD) to strengthen regional mechanisms to promote human rights, fortify government accountability, and promote decentralization and local governance. Through its farmer-to-farmer program, the Office of Private and Voluntary Cooperation (DCHA/PVC) funds short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity and incomes.

Honduras is serving as the regional coordinating mission for implementation of President Bush's Center of Excellence for Teacher Training (CETT) Initiative. CETT is designed to improve teacher training and address school underachievement and illiteracy by improving primary school reading instruction for students in disadvantaged communities or populations in Central America. Honduras also participates in the Cooperative Association of States for Scholarships (CASS) program, managed regionally by LAC/RSD. CASS supports scholarships for students who travel to the United States to participate in one- or two-year academic programs tailored to meet the development needs of participants' respective countries, as well as their languages and cultural backgrounds. The program targets socioeconomically disadvantaged scholars, women, and other previously excluded groups who have demonstrated leadership potential in both their communities and places of employment. Finally, USAID is implementing a pilot activity in Honduras to address child labor practices.

Other Donors: Donor coordination has been excellent, especially since Hurricane Mitch and the formation of the Group of 15 (G-15) to monitor the GOH's reconstruction and transformation program. USAID has played a key role in assisting the G-15 efforts at the level of ambassadors and representatives, directors of the bilateral and multilateral development agencies, and other groups to closely coordinate with the government and civil society. Overall development assistance disbursed to Honduras totaled about \$200 million in 2002, excluding debt relief. The United States, Japan, and Sweden are the largest bilateral donors, while Spain provides a large amount of its bilateral assistance in loans. Non-U.S. 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), the Netherlands (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 over three years, the World Bank (education, land tenancy, and health), the IMF, the European Union (rural water infrastructure and food security), and 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). With funding from bilateral donors, the United Nations Development Program has developed the Forum to Strengthen Democracy in Honduras, which works closely with civil society, political party leaders, and donors, and supports coordination of the national HIV/AIDS program. Additionally, Honduras successfully secured \$42 million for a five-year AIDS, tuberculosis, and malaria program from the newly established United Nations Global Fund.

**Honduras
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	8,936	13,177	12,561	13,861
Development Assistance	16,789	15,430	22,530	22,226
Development Credit Authority	0	298	0	0
Economic Support Fund	998	1,000	0	0
PL 480 Title II	5,104	6,436	5,191	5,365
Total Program Funds	31,827	36,341	40,282	41,452

STRATEGIC OBJECTIVE SUMMARY

522-001 Economic Reactivation Meeting Needs of the Poor				
DA	4,240	3,730	5,000	0
522-002 Effective and Sustainable Water Management				
DA	3,691	2,800	0	0
522-003 Sustainable Improvements in Family Health				
CSH	5,642	13,177	12,561	13,861
DA	5,138	0	0	0
PL 480	5,104	6,436	5,191	5,365
522-004 Rule of Law & Respect for Human Rights				
DA	1,900	2,400	3,100	0
ESF	998	1,000	0	0
522-006 Basic Education and Skills Training				
CSH	3,294	0	0	0
DA	0	3,500	3,250	0
522-007 Municipal Development Project				
DA	1,820	3,000	1,000	0
DCA	0	298	0	0
522-aaa Economic Growth				
DA	0	0	3,830	8,976
522-bbb Integrated Resource Management				
DA	0	0	2,600	2,600
522-ddd Improved Democracy and Governance				
DA	0	0	2,000	5,850
522-eee Education				
DA	0	0	1,750	4,800

Data Sheet

USAID Mission:	Honduras
Program Title:	Economic Reactivation Meeting Needs of the Poor
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's economic reactivation objective promotes economic policies to reduce poverty, open markets, encourage entrepreneurship, and expand business and financial services to small and micro businesses and agricultural producers. USAID is implementing activities to support increased trade, more diversified and higher quality private investment, and increased employment to contribute to poverty reduction. Through activities that promote agricultural sector diversification, exports, and sales, and policy reforms to improve Honduras' private investment climate and trade capacity, USAID is contributing to the Opportunity Alliance, a presidential initiative to strengthen economies and competitiveness in Central America.

Inputs, Outputs, Activities:

FY 2003 Program:

Agricultural sector diversification and nontraditional agricultural exports and sales (\$3,000,000 DA). To support diversification of the Honduran agricultural sector and increase nontraditional agricultural exports and sales, USAID will continue funding technical assistance in production, post-harvest and processing technologies, marketing, and business development services for approximately 7,500 farmers. This activity will create alliances and work as a catalyst to help the private sector become a driving force to create a sustainable, growing agribusiness sector in Honduras. This activity will increase nontraditional agricultural exports by \$35 million, increase clients' incomes by at least 50%, increase rural employment in client firms by at least 10%, and provide viable income generating opportunities to coffee and basic grain growers. The principal contractor is the Center for Agribusiness Development.

Policy reform, investment and trade capacity (\$775,000 DA). Through policy analysis, advocacy, and technical assistance, USAID will continue to support reforms of macroeconomic and private investment policies and build trade capacity. Specifically, USAID will support implementation of the Law to Simplify Business Registration, enactment and implementation of legislation to increase firms' competitiveness, analysis of alternative tax policies to increase tax revenues, and preparation for Honduras' full participation in the Central America Free Trade Agreement (CAFTA). The principal contractors are Chemonics and the U.S. Department of Treasury (tax policy).

Business development services (\$225,000 DA). USAID will continue funding business development services for proven businesses in two economic corridors -- the north coast and the southern region. A problem-solving approach is used to provide technical assistance to firms seeking to expand their businesses. The objective of this activity is to improve business performance and competitiveness and increase access to financial markets. Results will be measured by the increase in client sales, income, investment, and employment creation. Chemonics is the principal contractor.

Microfinance support (\$500,000 DA). Based on an evaluation of its microfinance support activity, USAID will continue to provide technical assistance and training to four financial private voluntary organizations in an effort to increase delivery of financial services to the micro and small business sector as they transition into the new regulatory framework. USAID will also finance technical assistance to strengthen the National Banking and Insurance Commission's supervisory function of financial private voluntary

organizations. In addition, USAID's assistance will leverage two commercial banks to begin micro and small business lending programs and help the Bankers Association promote an enabling environment for micro and small business lending. Barents Carana is the principal contractor.

Access to credit for micro and small enterprises and agricultural producers (\$500,000 DA). Through a Development Credit Authority mechanism, USAID will execute a loan portfolio guarantee agreement with two commercial banks and one microfinance institution. This activity will start with a total authorized amount of \$7 million with a guarantee ceiling of \$3.5 million. The loan portfolio guarantee program will assist participating lending institutions in providing urgently needed access to finance for small and microenterprises and agricultural producers. The loans are mainly short term, although some medium-term lending may be available. USAID, working together with select local commercial banks and a microfinance institution, can bring in the necessary investments to stimulate the growth of the small and microenterprise sector. Barents Carana is the principal contractor.

FY 2004 Program:

Please see Data Sheet for the new economic growth strategic objective number 522-aaa.

Performance and Results: USAID's policy activities in 2002 achieved two important results: passage of the Administrative Simplification Law in July 2002; and drafting of a comprehensive National Competition Law currently being discussed by the executive branch. USAID has provided trade-related training and information to the public and private sectors, including assistance to the Ministry of Industry and Trade as it developed its National Strategy for Trade Capacity Building, which was presented to the U.S. Trade Representative in November.

Despite the decline in agricultural commodity prices, erratic weather conditions and the global recession, overall sales and exports of nontraditional agricultural products for USAID-assisted clients increased by more than \$6.2 million in 2002. During the first 22 months of implementation, clients had a 120% increase in local and export sales, a 50% increase in employment, and up to 300% increase in incomes. A dairy enterprise initiative implemented by Land O' Lakes provided technical assistance and training to 25 producer groups to organize and operate 28 additional milk collection centers, which are projected to generate about \$10 million in benefits.

In 2002, USAID financed business development services for 31 local firms which provide 17,724 person/months of direct full-time employment and 1,395 person/months of indirect full-time equivalent employment. An activity implemented by the organization Aid to Artisans is enhancing craft entrepreneurs' business management and export marketing capacity as well as increasing their productivity. This activity has provided technical assistance to more than 1,891 artisans (73% women) generating 119 jobs, and is currently exporting products through seven export partners. Exports of about \$265,000 have been generated to date and Aid to Artisans projects that the \$800,000 export sales goal will be achieved.

In 2002, USAID-supported microfinance institutions disbursed \$48.2 million to 113,100 active clients (79.5% women). This figure represents 43% of the total number of small and microenterprises in Honduras. An evaluation of the activity indicates that USAID-assisted microfinance institutions have made genuine performance improvements.

US Financing in Thousands of Dollars

Honduras

522-001 Economic Reactivation Meeting Needs of the Poor	DA
Through September 30, 2001	
Obligations	15,325
Expenditures	8,598
Unliquidated	6,727
Fiscal Year 2002	
Obligations	3,730
Expenditures	6,645
Through September 30, 2002	
Obligations	19,055
Expenditures	15,243
Unliquidated	3,812
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	5,000
Total Planned Fiscal Year 2003	
Obligations	5,000
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	24,055

Data Sheet

USAID Mission:	Honduras
Program Title:	Sustainable Improvements in Family Health
Pillar:	Global Health
Strategic Objective:	522-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$12,561,000 CSH; \$5,191,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$13,861,000 CSH; \$5,365,000 PL 480
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: The program to improve key aspects of family health in Honduras aims to: prevent the spread of HIV/AIDS and support care services for those affected; increase access to and use of reproductive health and family planning services; improve child survival in regions of highest poverty and need; expand infectious disease prevention and control, focused on malaria, dengue and tuberculosis; increase household food security; and foster decentralized planning, implementation and other health reforms.

Inputs, Outputs, Activities:

FY 2003 Program:

HIV/AIDS prevention and care (\$4,920,000 CSH). USAID is notifying an additional \$1,495,000 CSH due to the increase in resources resulting from Honduras' selection as one of the Agency's 24 priority AIDS countries. USAID will collaborate with the Government of Honduras (GOH) to expand and improve the national effort to screen pregnant women for HIV, purchase new rapid HIV diagnostic tests, and assure proper counseling and treatment to prevent mother-to-child HIV/AIDS transmission. In collaboration with the Centers for Disease Control (CDC), USAID will continue support to the national disease surveillance system to monitor the epidemic, including monitoring behavior change and introducing new rapid diagnostic technologies to quickly identify new cases. USAID will continue to support Honduran nongovernmental organizations (NGOs) working with the groups most affected by AIDS, emphasizing increased knowledge, behavior change, counseling, HIV testing, and increased condom use. To increase condom sales through both commercial and nontraditional outlets, USAID will expand its social marketing activity and fully implement a national education campaign. Principal contractors and grantees are the Academy for Educational Development, Population Services International, AIDS Action Central America, the Centers for Disease Control (technical advisor), and Family Health International.

Reproductive health and family planning services (\$4,750,000 CSH). Support to the Honduran Family Planning Association, the country's largest NGO provider of reproductive health and family planning services, will help expand voluntary, high quality services nationwide. In addition, USAID will finance training and technical assistance for and provide contraceptive commodities to the Ministry of Health (MOH) to strengthen and expand its reproductive health and family planning services, focusing on serving families with least access in areas of greatest unmet need. Principal contractors and grantees are the Honduran Family Planning Association and MOH.

Child survival (\$2,451,000 CSH). USAID will continue to fund technical assistance and training for community and MOH health workers. Efforts will expand training in and implementation of community child growth monitoring, integrated management of childhood illnesses, immunization, emergency pediatric care, and neonatal care in the areas of greatest poverty and most severe need. Assistance includes technical support to the MOH to foster national and local level health policy and program reforms that will stimulate decentralized, integrated, transparent service planning and management. USAID will focus on reducing high childhood anemia levels by supporting programs to fortify wheat with iron. Principal contractors are Management Sciences for Health, Johns Hopkins, University Research Corporation, and Abt Associates.

Infectious disease prevention (\$440,000 CSH). USAID will continue to support training and technical assistance to MOH and community health workers to improve community disease prevention, case finding, rapid diagnosis, and treatment for malaria, dengue and tuberculosis. USAID support will also equip field staff with basic environmental health tools and train 70 community environmental health technicians. Technical assistance will help the MOH integrate infectious disease control into its decentralization initiative. Primary grantees and contractors are the MOH, the Environmental Health Project, and IRM Regional Management of Pharmaceuticals.

Food security and nutrition. P.L. 480 resources will enhance household food security and reduce malnutrition in the poorest areas of the country by supporting maternal and child health services and crop diversification. The five-year program is implemented by CARE.

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

FY 2004 Program:

HIV/AIDS prevention and care (\$7,000,000 CSH). USAID plans to: support further expansion of public and private sector programs to prevent HIV transmission from mothers to children; expand condom sales and voluntary testing, counseling and behavior change in AIDS affected groups; and strengthen disease surveillance and monitoring.

Reproductive health and family planning services (\$4,750,000 CSH). USAID plans to continue working with the Honduran Family Planning Association and the MOH to expand reproductive health services and family planning in areas of highest need through continued emphasis on training in quality service delivery, counseling, and regular client follow-up.

Child survival (\$1,742,000 CSH). USAID plans to continue to focus on improving services in three regions, expanding coverage of Integrated Community Child Care and Integrated Childhood Disease Management in cooperation with Pan American Health Organization and UNICEF. USAID may also support interventions such as wheat fortification to reduce high levels of childhood anemia.

Infectious disease prevention (\$369,000 CSH). USAID plans to continue to support expansion of the tuberculosis case finding and early treatment program to all MOH health facilities, training both community workers and supervisory staff. Training programs for community health workers and MOH staff in malaria and dengue prevention, case detection, and diagnosis will be expanded.

Food security and nutrition. P.L. 480 resources will continue to support maternal and child health and agricultural extension services in Honduras' western region, which has high rates of poverty and malnutrition. Expansion to other geographic areas may be considered.

Performance and Results: Performance was excellent in most components of the program. Condom sales under the AIDS social marketing program increased by more than 160% and sales by the Honduran Family Planning Association increased by 20%. Family planning practice continued to grow, increasing by 50% in the high-poverty, high-need regions where USAID has concentrated its support. Following the Agency designation of Honduras as an AIDS priority country, USAID expanded its condom social marketing program and organized a behavioral sentinel surveillance study. In addition, USAID signed a new agreement with the Academy for Educational Development to provide technical assistance, training, and financial and management support to 15 to 20 Honduran NGOs working with communities with high HIV prevalence to enhance behavioral change, counseling, and HIV testing, and increase condom use to prevent HIV transmission.

US Financing in Thousands of Dollars

Honduras

	CSH	DA
522-003 Sustainable Improvements in Family Health		
Through September 30, 2001		
Obligations	31,154	90,805
Expenditures	25,155	86,106
Unliquidated	5,999	4,699
Fiscal Year 2002		
Obligations	12,144	0
Expenditures	6,202	3,468
Through September 30, 2002		
Obligations	43,298	90,805
Expenditures	31,357	89,574
Unliquidated	11,941	1,231
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	12,561	0
Total Planned Fiscal Year 2003		
Obligations	12,561	0
Proposed Fiscal Year 2004 NOA		
Obligations	13,861	0
Future Obligations	83,667	0
Est. Total Cost	153,387	90,805

Data Sheet

USAID Mission:	Honduras
Program Title:	Rule of Law & Respect for Human Rights
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,100,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: The rule of law and human rights objective is working in five areas in Honduras: assistance to justice sector institutions in the implementation of the new Criminal Procedures Code (CPC); support for an independent, apolitical, and effective judiciary; support for an independent, apolitical and effective Public Ministry (Attorney General's Office); broader, more effective civil society participation in and monitoring of judicial reform; and training to provide a new cadre of legal professionals for the Honduran justice system.

Inputs, Outputs, Activities:

FY 2003 Program:

Criminal Procedures Code implementation and strengthening of justice sector institutions (\$1,700,000 DA). The new CPC, which took effect in February 2002, completely reformed court administration procedures. USAID-sponsored activities will continue to reduce the backlog of cases from the old penal code system and inventory evidence. USAID will work to strengthen the capacity of the reform-minded Supreme Court, the Public Defender's Office, and the justice sector as a whole. Technical assistance will help improve the Judicial Career Law, replicate the court administration and case tracking systems of the pilot courts (two criminal courts were selected as pilots for implementing the new systems), and strengthen criminal justice training within the Supreme Court. Principal contractors are the National Center for State Courts (prime) and DPK Consulting (sub).

More effective Public Ministry (\$600,000 DA). USAID-funded technical assistance and training to the Public Ministry will strengthen the Ministry's prosecutorial function in the new oral trial system by helping it improve coordination with the police on investigations and design and implement improved case management, case tracking, and field support systems. Technical assistance will focus on prosecutor offices outside the capital as much as possible. The Medical Forensics Directorate will benefit from technical assistance and training, particularly in providing scientific evidence at trials. The principal contractor is the Federation of Private Development Organizations of Honduras (FOPRIDEH), an NGO umbrella organization.

Civil society participation in policy reform (\$600,000 DA). USAID will expand its activities to promote justice sector reforms, broader and more effective citizen participation, and greater civil society participation in and oversight of public policy processes to new geographical areas in Honduras. The main policy issues that will be addressed are: administration of justice and judicial reform; citizen security; anticorruption and transparency; and electoral systems. Technical assistance will strengthen NGOs involved in justice sector activities. USAID will reach out to bar associations and judges' associations to enhance their organizational development and increase their understanding of and commitment to justice sector reform. The principal contractor is FOPRIDEH.

Promote ethics as a pillar of the legal profession (\$200,000 DA). USAID will fund a training program to teach students about the U.S. legal system, particularly insofar as it represents a system based on rigorous ethical and professional standards. Follow-on activities will include rural legal clinics, legal

counseling via radio programs, and street-law programs. The principal contractor is the National Center for State Courts.

FY 2004 Program:

Please see Data Sheet for the new democracy and governance strategic objective number 522-ddd.

Performance and Results: Implementation of the Criminal Procedures Code and commencement of oral criminal trials under the new system mark recent milestones for USAID's rule of law program in Honduras. These are significant achievements in that the CPC introduces a transparent and more efficient justice system that provides a fair process for all parties.

The pilot criminal courts in Tegucigalpa and San Pedro Sula, Honduras' two primary urban centers, have installed innovative systems for case tracking and court administration. Replication of these pilot court systems has begun in criminal courts in six secondary cities. To date, 26 trials have taken place in the pilot courts under the new CPC, and all key players have demonstrated a clear commitment to implementing the new procedures and making the system work. Approximately 130 oral trials have taken place around the country, which is very impressive, given that this is the first time Honduras has had oral proceedings in adult criminal cases. Approximately 37% of the 125,500 cases pending under the old system as of March 2000 have been closed and the two pilot courts have inventoried nearly 100% of the evidence within their jurisdiction from the prior system. Under an activity in partnership with the law faculties at two Honduran universities, law students organized seminars and conferences on legal topics including the new CPC, as well as a mock court competition among Honduran universities. The Medical Forensics Directorate of the Public Ministry has provided reliable scientific evidence, much of which was developed using equipment provided by USAID, in oral trials.

The Federation of Private Development Organizations of Honduras (FOPRIDEH), along with a coalition of civil advocacy organizations, has carried out public awareness campaigns and influenced public policy through dialogues with the government. For example, they have taken an adversarial position regarding a proposed constitutional amendment that would curtail Supreme Court authority and allow the Congress to interpret the constitution. FOPRIDEH was also instrumental in ensuring implementation of the new constitutional procedure providing for depoliticized appointment of Supreme Court judges. In compliance with the constitution, a new Supreme Court took office in January 2002, under a revised selection process with civil society participation. The new Supreme Court, the Supreme Court President, and the Interinstitutional Commission for Criminal Justice have demonstrated strong leadership and commitment to reform and are addressing corruption and competence issues in the judiciary.

US Financing in Thousands of Dollars

Honduras

	DA	ESF
522-004 Rule of Law & Respect for Human Rights		
Through September 30, 2001		
Obligations	11,069	18,896
Expenditures	9,122	17,916
Unliquidated	1,947	980
Fiscal Year 2002		
Obligations	2,500	1,000
Expenditures	2,149	710
Through September 30, 2002		
Obligations	13,569	19,896
Expenditures	11,271	18,626
Unliquidated	2,298	1,270
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	3,100	0
Total Planned Fiscal Year 2003		
Obligations	3,100	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	16,669	19,896

Data Sheet

USAID Mission:	Honduras
Program Title:	Basic Education and Skills Training
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,250,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2004

Summary: USAID's objective to improve opportunities to obtain basic education and vocational skills includes: a program called Education for All (EDUCATODOS) to enable out-of-school youth and adults to complete a basic education; vocational training with basic education to provide marketable technical skills and academic education to youth and young adults; and education policy reform to support the Ministry of Education's (MOE) reform efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

Opportunities for out-of-school youth and adults to complete a basic education (\$1,250,000 DA). To increase the educational levels and incomes of Honduran youth and adults, USAID will continue support for the EDUCATODOS program for grades one through nine. EDUCATODOS now provides grades one through eight through an interactive radio alternative delivery system and programmed text materials using more than 4,000 volunteer facilitators. Piloting and testing of ninth grade materials will begin in 2003. The MOE provides counterpart funds for salaries of EDUCATODOS promoters. USAID will continue its policy dialogue to obtain commitment from the MOE to increase its funding for the expansion and recurrent costs of EDUCATODOS. USAID will also support EDUCATODOS's efforts to become an autonomous nongovernmental foundation, which will enable it to obtain funds from both public and private sources. The principal grantee is the MOE and principal contractors are the American Institute for Research and Fernandez, Fortin, Bogran, and Associates.

Opportunities for vocational training with basic education (\$325,000 DA). USAID will continue to provide assistance to a network of 29 vocational centers that provide marketable job skills to youth from rural and marginal urban areas. Through an agreement with EDUCATODOS, the vocational centers will also continue to provide students the opportunity to complete seventh, eighth, and ninth grade through EDUCATODOS, thus further enhancing graduates' employability. USAID will also continue its policy dialogue efforts with the MOE, Ministry of Labor, and the private sector to reform the national vocational education system, ensuring its responsiveness to the private sector's needs. The Advisory Center for the Development of Human Resources (CADERH) is the principal grantee.

Education policy reform and project promotion (\$1,675,000 DA). USAID will continue to promote education policy reforms by supporting activities that test the effectiveness of reforms in reducing failure and repetition and increasing student achievement. Save the First Cycle and Let's Learn Math, which are geared toward grades one through three, are two such activities. The goal of Save the First Cycle is to reduce grade repetition by 50% by training teachers in lesson planning, interactive, participatory teaching methods, using tests that identify students who need additional help, and involving parents and communities in children's education. Using interactive radio instruction, Let's Learn Math is reducing failure and repetition in the early grades by improving mathematics instruction and increasing student achievement. The program, now in 17 departments of the country, aims to reach 70% of all first, second, and third grade students. In addition, USAID will finance technical assistance to begin developing and piloting an interactive radio-based pre-school program. This program will help the MOE provide a year of pre-school for all children, one of its education reform goals, and help beneficiaries be more successful in

primary school. USAID will also assist the MOE with its efforts to begin decentralizing the education system beginning in early 2003. USAID will provide technical assistance to assist the MOE in refining its decentralization strategies to assure that decentralization has a positive impact on the quality and efficiency of the education system. It will also focus on convincing parents and teachers that decentralization is an attractive option worth supporting. Prime grantees are the MOE, the Ricardo Maduro Education Foundation, and the Education Development Center.

Center of Excellence for Teacher Training (funded by LAC/RSD). Honduras is serving as the regional coordinating mission for implementation of President Bush's Center of Excellence for Teacher Training (CETT) Initiative. CETT is designed to improve teacher training and address school underachievement and illiteracy by improving primary school reading instruction for students in disadvantaged communities in Central America.

FY 2004 Program:

Please see Data Sheet for the new education strategic objective number 522-eee.

Performance and Results: USAID's activities achieved several important results during 2002. EDUCATODOS completed the eighth grade pilot program; 10,453 students were enrolled in EDUCATODOS programs for the seventh and eighth grades; and 76,318 students enrolled in first through sixth grade EDUCATODOS programs. The cumulative total for grades passed in FY 2002 (students can pass more than one grade level per year) was 75,938 (95% of the target). Construction of vocational centers was completed and centers are now fully equipped. These centers, along with the existing centers in the CADERH network, enrolled 3,478 students, of which 1,467 graduates were employed (98% of the target). Save the First Cycle reduced grade repetition for first, second, and third graders in the targeted area by 50% and increased student achievement by 26%. Let's Learn Math reached 79% of first graders in the country, 65% of all second graders, and 33% of all third graders (this was the first full year after the third grade pilot). Student achievement in math improved by 18% as a result of the program.

By completion of this objective, an increased number of Hondurans will complete a quality primary education and more vocational center students will acquire marketable skills for employment.

US Financing in Thousands of Dollars

Honduras

	CSH	DA
522-006 Basic Education and Skills Training		
Through September 30, 2001		
Obligations	11,719	4,685
Expenditures	6,922	4,683
Unliquidated	4,797	2
Fiscal Year 2002		
Obligations	0	3,480
Expenditures	3,788	1,488
Through September 30, 2002		
Obligations	11,719	8,165
Expenditures	10,710	6,171
Unliquidated	1,009	1,994
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	3,250
Total Planned Fiscal Year 2003		
Obligations	0	3,250
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	11,719	11,415

Data Sheet

USAID Mission:	Honduras
Program Title:	Municipal Development Project
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1995
Estimated Completion Date:	FY 2004

Summary: Through technical assistance and training, the municipal development objective focuses on improving municipal government capacity by increasing revenues, improving administrative efficiency, and promoting citizen participation in local government decisionmaking. Technical assistance is provided to key sectoral institutions that play a strategic role in supporting decentralization reforms and increasing municipal capacity. Increased capacity and responsiveness of local governments is essential for improving transparent management of financial resources, ensuring that decisionmaking reflects local priorities, and developing local democratic institutions throughout the country. Greater capacity of local governments will also be critical for the successful implementation of decentralization processes currently promoted by the Government of Honduras (GOH).

Final obligations under the municipal development objective will be undertaken during FY 2003. A new democracy-focused strategic objective will include promotion of more responsive and effective municipal governments as one of its goals.

Inputs, Outputs, Activities:

FY 2003 Program:

Municipal capacity and responsiveness (\$400,000 DA). USAID funds technical assistance for municipalities in: financial administration and accounting systems; human resources management; environmental management; public works operations; land cadastres used for levying and collecting municipal property taxes; citizen participation; and transparent governance mechanisms. In FY 2003, USAID plans to introduce new market-based mechanisms to municipalities as a means of providing technical assistance and training. These mechanisms, such as vouchers that can be used among a variety of qualified providers, will also support the creation of a number of reliable service providers. This technical assistance benefits 46 municipalities and four associations of smaller municipalities. As a complement to the technical assistance component, USAID supports training for municipal officials and national government and association officials who work with municipal-related initiatives. This year, because newly elected municipal authorities took office, a great deal of emphasis is placed on training incoming authorities and officials regarding municipal operations and legal requirements. No other nationwide training program exists for newly elected local officials. Follow-up training, including conferences, international training, exchanges, and study tours, provide important opportunities to continue to broaden participants' perspectives and exchange experiences with leaders from other countries and regions. Principal contractors are the Foundation for Municipal Development (FUNDEMUN), Central American Technological University, and World Learning.

Sustainability of key institutions (\$400,000 DA). USAID will fund technical assistance to contribute to the organizational development of key institutions that work with municipalities and local development issues. The Honduran Municipal Association (AMHON) and FUNDEMUN are two influential and highly credible institutions which must become sustainable in the long run to help bring about and maintain pressure from civil society for structural change in decentralization and municipal development. Contractors and grantees will be determined through competition.

Policy dialogue (\$200,000 DA). USAID provides technical assistance to AMHON to develop its ability to represent municipal interests in policy discussions and be responsive to its constituency. As the only national organization that brings together elected officials from all political parties to promote a common agenda, AMHON plays a crucial role. This organization has been an important player in policy discussions and will play an equally important role during the implementation of the decentralization process in Honduras. The principal contractor is PriceWaterhouseCoopers.

FY 2004 Program:

Please see Data Sheet for the new democracy and governance strategic objective number 522-ddd.

Performance and Results: USAID's implementing counterparts continue to be leaders in the decentralization and municipal development sector. Their leadership has been clearly demonstrated by the GOH's desire to consult and coordinate closely with USAID partners. For example, AMHON, FUNDEMUN, and Central American Technological University participated actively in the development of a new national program for decentralization and local development and development of national guidelines for municipal training. AMHON also organized three workshops that brought together congressional deputies and mayors to ensure that municipal interests are reflected in four bills before Congress that affect municipal autonomy and authorities (the Water and Sanitation Framework Bill, the Forestry Framework Bill, the Territorial Regulation Bill, and the Water Resources Bill). While this process will extend through the next legislative session, significant advances have been made in getting concerns from the municipalities incorporated into the draft bills.

By the completion of this objective, first- and second-tier municipalities will have vastly increased their capacity to raise revenue (average annual increases of 3% to 5%), improved access to potable water (85% of populations), sanitation (38% of populations), as well as integrated services (water, sanitation, and refuse collection). The experience gained by USAID-funded activities, which have focused on first- and second-tier municipalities, provides an opportunity to replicate assistance to a much larger number of third-tier municipalities. Future efforts will expand activities with third-tier municipalities where poverty and unmet capacity needs are greatest. USAID will also work to improve local capacities in decentralization.

US Financing in Thousands of Dollars

Honduras

	CSH	DA	DCA
522-007 Municipal Development Project			
Through September 30, 2001			
Obligations	11,950	19,392	0
Expenditures	3,688	16,879	0
Unliquidated	8,262	2,513	0
Fiscal Year 2002			
Obligations	0	3,000	298
Expenditures	1,328	2,400	0
Through September 30, 2002			
Obligations	11,950	22,392	298
Expenditures	5,016	19,279	0
Unliquidated	6,934	3,113	298
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	1,000	0
Total Planned Fiscal Year 2003			
Obligations	0	1,000	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	11,950	23,392	298

Data Sheet

USAID Mission:	Honduras
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-aaa
Status:	New
Proposed FY 2003 Obligation:	\$3,830,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$8,976,000 DA
Year of Initial Obligation:	2003
Estimated Completion Date:	2008

Summary: The USAID trade, investment and economic diversification program will promote more open, transparent and competitive market mechanisms, more diversified private sector investments, new jobs, trade capacity, and regulatory reform. In the policy arena, USAID will focus on reforms that have a direct impact on private sector performance such as simplified business procedures, more secure property rights, anti-monopoly measures, as well as policies related to competition, trade, and economic stability. USAID will promote broad-based economic growth by cultivating business alliances that increase nontraditional exports and improve small producers' access to regional and international markets. Through activities that promote agricultural sector diversification and policy reforms to improve Honduras' private investment climate and trade capacity, USAID is contributing to the Opportunity Alliance, a presidential initiative to strengthen economies and competitiveness in Central America.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID is designing a new economic growth objective which will respond to the opportunities and demands of private enterprises with competitive potential in local, regional and global markets. Contractors will be determined through competition. Pending approval, activities will include the following:

Policy reform, investment and trade capacity (\$1,500,000 DA). In the trade and investment policy arena, USAID will continue to focus efforts on those elements where change seems attainable and which would have a direct positive impact on overall economic growth. Specifically, USAID is planning to address simplified procedures for business startup, anti-monopoly measures, and trade and fiscal reforms. USAID will focus particularly on building trade negotiation capacity in conjunction with the Free Trade Area of the Americas (FTAA), the Central America Free Trade Agreement (CAFTA), and the World Trade Organization. USAID will continue to provide assistance in macroeconomic policy formulation, private investment policy reform, and analysis of alternative policies to rationalize GOH expenditures and increase tax revenues.

Agriculture, economic diversification and rural prosperity (\$1,580,000 DA). USAID will focus on achieving structural changes in productivity and marketing in strategic industries, especially in rural areas. In agriculture, diversification from basic grains to higher value-added, labor-intensive crops is expected to provide substantial increases in net income to producers. USAID will target business development services to medium, small, and microenterprises in specialty coffee, nontraditional agriculture and agro-industry, forestry, and light manufacturing in four secondary cities and surrounding regions to stimulate local business activity.

Human resource development in trade, agriculture, and business skills (\$250,000 DA). USAID will finance short- and long-term participant training for select, high performing candidates at top universities in the western hemisphere to improve trade, agriculture, and business skills.

Access to credit for micro and small enterprises and agricultural producers (\$500,000 DA). Access to credit for small and microenterprises and agricultural producers will complement business development

services in secondary cities. USAID will strengthen the ability of the existing network of small and microenterprises and credit institutions to expand into rural areas through technical assistance, training, and policy guidance. USAID will continue the Development Credit Authority loan portfolio guarantee program begun under strategic objective 522-001. This program will expand access to credit for client firms assisted by USAID's business development activities.

FY 2004 Program:

Policy reform, investment and trade capacity (\$2,376,000 DA). USAID plans to continue providing demand-driven assistance in macroeconomic policy formulation and policy reform to improve the business environment and investment climate. USAID expects to continue financing technical assistance to improve trade negotiation capacity, focusing on creating the knowledge base and capacity required to help Honduras integrate into the global economy and fully reap the benefits of free trade.

Agriculture, economic diversification and rural prosperity (\$5,600,000 DA). By financing technical assistance and training activities focused on market information, technology transfer, and sanitary and phytosanitary standards to medium, small and microenterprises and small farmers, and linking them to larger firms and markets, USAID will support economic diversification and initiatives that foster firm and regional competitiveness in selected industries. To enable small and medium firms to benefit from CAFTA and FTAA, activities will focus on product clusters that offer an opportunity for substantial production and processing expansion after modern, cost-saving technology has been transferred and market channels established.

Human resource development in trade, agriculture, and business skills (\$500,000 DA). USAID plans to finance short- and long-term participant training for select, high performing candidates at top universities in the western hemisphere to improve trade, agriculture, and business skills.

Access to credit for micro and small enterprises and agricultural producers (\$500,000 DA). The Development Credit Authority loan portfolio guarantee program is expected to continue and expand to provide access to credit to the increasing number of beneficiaries of USAID-funded technical assistance and business development activities.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2003 and therefore has no results to report at this time.

US Financing in Thousands of Dollars

Honduras

522-aaa Economic Growth	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,830
Total Planned Fiscal Year 2003	
Obligations	3,830
Proposed Fiscal Year 2004 NOA	
Obligations	8,976
Future Obligations	56,236
Est. Total Cost	69,042

Data Sheet

USAID Mission:	Honduras
Program Title:	Integrated Resource Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-bbb
Status:	New
Proposed FY 2003 Obligation:	\$2,600,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,600,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: The integrated resource management objective will consist of three complementary and interrelated components: land and water management, biodiversity conservation, and disaster mitigation. Technical assistance and logistical support to the Honduran government to maintain flood and drought warning systems and assistance to the government and private sector for forest and water resource management contribute to the Opportunity Alliance, a presidential initiative to strengthen economies and competitiveness in Central America, by improving Honduras' vulnerability management capacity.

Pending approval, the new integrated resource management objective will include the following components:

Inputs, Outputs, Activities:

FY 2003 Program:

Timely and reliable hydrological data (\$500,000 DA). USAID will provide training, technical assistance and logistical support to the Ministry of Natural Resources (SERNA) to help it establish and maintain a hydrological data system (including maintenance of 23 satellite telemetry hydrological stations) designed to provide timely flood warnings and predict drought problems. This assistance will also help SERNA design infrastructure and analyze agricultural investments. The U.S. Geological Service (USGS) implements this activity.

Protection of natural areas in key watersheds (\$800,000 DA). The Choluteca River is the main water source for Tegucigalpa, the largest urban center in Honduras. This water supply's future is endangered by deforestation and improper agricultural practices, which cause excessive erosion, contamination, and runoff as well as loss and/or degradation of critical habitat for biodiversity conservation. USAID will provide assistance to the Honduran government and the private sector to help execute forest management and extension programs that improve resource management for 19,000 hectares in three watersheds. The Honduran Forest Service (COHDEFOR) is the principal contractor.

Sustainable protected area management plans (\$1,300,000 DA). To diminish the deforestation and agricultural encroachment that is destroying Honduras' protected areas and damaging the country's water resources, USAID will develop and implement an integrated protected area and sustainable use program in selected areas of the north coast economic corridor. Actions initiated in approximately 200,000 hectares will benefit over 20,000 inhabitants. Cooperative agreements, to be competed, will include subagreements for private sector companies and municipal governments.

FY 2004 Program:

Timely and reliable hydrological data (\$500,000 DA). USAID plans to continue supporting the establishment of an efficient and reliable hydrological data system by providing assistance to the Ministry of Natural Resources and financing USGS assistance as described above.

Protection of natural areas (\$2,100,000 DA). USAID plans to continue to provide assistance to the Honduran government and private sector in the execution of water management plans in the Choluteca River watershed, including three areas that supply water to Tegucigalpa, as well as implementation of protected area programs in the north coast economic corridor. Additionally, USAID plans to engage the private sector and other stakeholders to use integrated resource management to reduce vulnerabilities, waste, and pollution while allowing for sustainable use of some key assets (e.g. forests, rivers and coastal fisheries). USAID expects to continue to strengthen institutions and develop community interventions in disaster mitigation to reduce vulnerabilities and safeguard the significant U.S. government investment in rebuilding Honduras after Hurricane Mitch.

Performance and Results: Two program elements, the Forestry Development Project and the Honduras Environmental Protection Fund, have been fully funded and will end in December 2002 and December 2003 respectively. In FY 2002, USAID's Forestry Development Project funded 265 watershed management training courses, reaching 5,780 participants. This training has formed a knowledgeable and committed leadership at the local level and established the basis for improving the management of the country's natural resources. Technical assistance trained municipalities to monitor water quality and prepare natural resource plans, maps, and annual environmental work plans. The Forestry Development Project's main field activity was on the island of Guanaja. In response to the severe damage caused by Hurricane Mitch, 200,000 pine seedlings were planted in 334 hectares and forest protection was provided to establish the regeneration of another 1,000 hectares. In addition, a watershed management program was developed for the Calan River watershed, the main surface water source for the city of Siguatepeque; this program is now being implemented with excellent municipal and community participation.

During the rating period, the Honduras Environmental Protection Fund brought approximately 57,000 hectares of parks and reserves under improved management, bringing the total area to more than 258,000 hectares in 28 declared protected areas. The implementing partner, VIDA Foundation, was created with USAID funding in 1992. VIDA has now successfully broadened its funding sources, having signed agreements with Canada for a \$6 million fund and with the European Union for a \$1.2 million fund.

US Financing in Thousands of Dollars

Honduras

522-bbb Integrated Resource Management	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,600
Total Planned Fiscal Year 2003	
Obligations	2,600
Proposed Fiscal Year 2004 NOA	
Obligations	2,600
Future Obligations	14,730
Est. Total Cost	19,930

Data Sheet

USAID Mission:	Honduras
Program Title:	Improved Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	522-ddd
Status:	New
Proposed FY 2003 Obligation:	\$2,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,850,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: The USAID program in democracy and governance will focus on: a) enhancing the rule of law by providing technical assistance to increase judicial efficiency and quality, strengthening professional legal associations and training institutions, and promoting transparency and accountability; b) improving the effectiveness and accountability of local government by providing technical assistance to increase municipal administrative capacity and municipal ability to undertake decentralization initiatives; c) increasing citizen participation in political and social decision making by providing technical assistance and grants to civil society organizations and community groups; and d) increasing confidence in political processes by providing technical assistance to the legislature, political parties and electoral reforms.

Inputs, Outputs, Activities:

FY 2003 Program:

The new strategy will consolidate two previous strategic objectives into a more comprehensive democracy objective. Contracts and grants have not yet been competed.

Municipal capacity (\$2,000,000 DA). USAID plans to continue its support of decentralization and municipal capacity building through technical assistance and training activities as notified under strategic objective 522-007. Technical assistance incorporating new market-based mechanisms, such as vouchers municipalities can use among a variety of qualified providers, will support development of reliable service providers. The goal of USAID's assistance is to expand municipal governments' capabilities to execute their core functions including finance and accounting, service provision, property tax collection, and citizen participation.

FY 2004 Program:

Criminal Procedures Code implementation and strengthening of justice sector institutions (\$2,200,000 DA). A new activity will begin in FY 2004 to address critical weaknesses of judicial sector institutions by: improving court administration; improving police/prosecutor relations; strengthening professional associations; and training judges, public defenders, legal professionals, and law students. USAID also plans to support merit-based selection in the judiciary and related institutions. USAID will apply its successful experience with criminal court administration to the civil courts, and pilot court activities will support the development of innovative models that can be replicated throughout the court system. Resources will be devoted to the newly created Constitutional Chamber of the Supreme Court to strengthen constitutional justice in Honduras. To strengthen the justice sector's position within the government structure, USAID will provide the Congress and political parties with more sophisticated information regarding issues such as separation of powers, judicial review, and the constitutional structure of government.

Municipal capacity (\$2,350,000 DA). In addition to continuing activities from the previous year, specialized technical assistance may also be required to provide support in new technical areas (e.g., identifying and recovering costs for services, transfer of new taxes to municipalities for collection, and larger role in provision of water and sanitation, education, and health services). Financial and accounting

systems have already been introduced in some municipalities, and follow-on efforts will support their effective implementation and replication in other municipalities. A small grants program will support innovation and pilot decentralization efforts in a number of technical areas, such as municipal management, water and sanitation service provision, and economic development. Grants would be made available on a competitive basis to municipalities or other local groups for financing small initiatives directly related to local priorities and newly decentralized authorities.

Civil society (\$1,100,000 DA). USAID plans to provide support to the civil society sector to increase capacity and sustainability and expand advocacy activities. Activities now implemented by the Federation of Private Development Organizations of Honduras will continue expanding to include other partners. The focus will be on justice sector reform and monitoring, human rights, transparency, electoral reform, and public immunities. In addition, USAID may provide equipment, training, and technical assistance to the Commissioner for Human Rights. USAID expects to continue to support development of the Association of Municipalities of Honduras and the Foundation for Municipal Development, which have both evolved into credible, influential actors in the public policy debate on decentralization and provision of technical services to municipalities. Assistance will help build their capacity to promote decentralization and municipal strengthening and help them become sustainable over the long term. With evolving decentralization of authority and financial resources in new technical areas, USAID may support other constituencies (e.g., the independent municipal ombudsman, water commissions, development corporations, and decentralized health care and education workers) to continue to expand the pluralistic representation of common local interests in national and regional debates.

Open and competitive political processes (\$200,000 DA). USAID plans to commence an activity in coordination with other donors to modify the electoral framework in a way that makes the congressional body more accountable to its electorate. USAID also plans to work with the Honduran Congress to strengthen the committee system and parliamentary procedures, and to provide for more transparent decision making. USAID is considering providing technical assistance to political parties with emphasis on developing principle-based platforms, strengthening internal democratic practices, and increasing responsiveness to constituents.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2003 and therefore has no results to report at this time.

US Financing in Thousands of Dollars

Honduras

522-ddd Improved Democracy and Governance	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,000
Total Planned Fiscal Year 2003	
Obligations	2,000
Proposed Fiscal Year 2004 NOA	
Obligations	5,850
Future Obligations	42,702
Est. Total Cost	50,552

Data Sheet

USAID Mission:	Honduras
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	522-eee
Status:	New
Proposed FY 2003 Obligation:	\$1,750,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,800,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2008

Summary: USAID's program to improve opportunities to obtain basic education for Honduras' existing and emerging workforce includes: Education for All (EDUCATODOS), a program which enables out-of-school youth and adults to complete a basic education; development and piloting of an interactive radio-based preschool program to increase access to high-quality preschool education; and education policy reform and project promotion in support of the Ministry of Education's (MOE) reform efforts.

Pending approval, the new education objective will support the following areas beginning in late FY 2003:

Inputs, Outputs, Activities:

FY 2003 Program:

Opportunities for out-of-school youth and adults to complete a basic education (\$1,000,000 DA). As it transitions into a new strategy, USAID will fund a contract or agreement to develop materials for an EDUCATODOS curriculum for grades 10 and 11. USAID will continue support for implementation of the EDUCATODOS Grade 1 through 9 Program. USAID will continue its policy dialogue to obtain commitment from the MOE to further increase its funding for the expansion of EDUCATODOS and the program's recurrent costs. USAID will also support EDUCATODOS efforts to become an autonomous non-governmental foundation to enable it to obtain funds from the MOE and private sources. MOE is the grantee.

Education policy reforms and project promotion (\$750,000 DA). Under the proposed new strategy, USAID will continue to support the MOE with its education decentralization effort that began in early 2003. USAID will also continue its policy dialogue efforts with the MOE, Ministry of Labor, and the private sector to reform the national vocational education system, ensuring its responsiveness to the private sector's needs. To help the MOE provide a year of pre-school for all children, one of its education reform goals, and help children be more successful in primary school, USAID will continue to finance technical assistance to develop and test an interactive, radio-based pre-school program. Principal grantees are the Education Development Center and the Ricardo Maduro Education Foundation.

FY 2004 Program:

Access to high-quality pre-school education (\$1,500,000 DA). USAID expects to complete piloting and validation of the interactive radio-based pre-school curriculum described above. Expansion of the program will be financed by the MOE and private sector contributions, giving all Honduran children access to a quality pre-school education.

Access to high-quality secondary education (\$2,000,000 DA). USAID plans to provide technical assistance to develop the secondary level (grades 10 and 11) curriculum and alternative delivery system to expand secondary school access to out-of-school youth and adults through EDUCATODOS. The new curriculum will also be applicable to traditional schools.

Education policy reforms (\$1,300,000 DA). USAID is planning to continue its support for the Save the First Cycle and Let's Learn Math programs through FY 2004. However, USAID expects to obtain a commitment from the MOE to continue and expand these successful programs using GOH resources, World Bank loan funds, and private sector sources. USAID's funding for the recurrent costs and expansion of EDUCATODOS will begin to decline as the MOE increases its funding share. During FY 2004, USAID will phase out of operational support for vocational education and into policy support and technical assistance for system reform. USAID will continue to support policy reform efforts regarding decentralization and begin supporting other reforms related to development of education standards and improved testing and evaluation systems.

Performance and Results: This new strategic objective is scheduled to begin in late FY 2003 and therefore has no results to report at this time.

US Financing in Thousands of Dollars

Honduras

522-eee Education	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,750
Total Planned Fiscal Year 2003	
Obligations	1,750
Proposed Fiscal Year 2004 NOA	
Obligations	4,800
Future Obligations	36,420
Est. Total Cost	42,970

Jamaica

The Development Challenge: Jamaica's main development challenge lies in addressing the prevailing factors that have contributed to successive years of poor economic performance and a deteriorating social climate. In spite of registering modest growth of 1.74% in 2001, compared to stagnant and negative growth during the previous decade, the Jamaican economy still struggles to achieve a credible turnaround. The government had projected a 2002 - 2003 growth rate of 2% to 3%; however this projection is now in jeopardy. The fiscal deficit is 8.4% of GDP (significantly below the previously projected 4.4%) and public debt increased 8.3% in 2002. The public debt is now 141% of GDP, up from 134% recorded in March 2002, and over 64% of the budget now goes towards debt servicing. This deterioration in the fiscal budget is not surprising given the fact that general elections were held in October 2002 and the polls had long predicted a close race between the two major parties, prompting significantly increased spending on the part of the ruling party. Inflation at the end of November 2002 was 6.7% compared to a target of 7% for the full year and interest rates, after a steady decline, have begun to inch upwards registering 26.13%.

The state of the economy has left the social sector reeling. Unemployment is hovering at around 15% and extraordinary numbers of young men drop out of school and seek survival through crime and illegal drug trade. The business community cites high levels of crime and violence as the primary deterrent to investment and job creation. With more than 1,000 murders in 2002, Jamaica's murder rate now ranks third highest in the world. The government's tight budget leaves very little for the education and health sectors, which require urgent attention. Approximately 40% of primary students in the public school system failed the grade four literacy test in 2001. An estimated 1.6% of the population is living with HIV/AIDS and the number infected continues to rise, especially among adolescents aged 15 through 19.

Although some progress has been made to remove impediments to growth in the business sector, firms continue to face outdated regulations and banking processes and public sector inefficiencies. These obstacles are coupled with judicial system inefficiencies which adversely affect respect for human rights and the rule of law. At the same time, improper resource management by major industries in the tourism, bauxite, and agriculture sectors threatens the natural resource base upon which these same industries depend.

USAID's program is designed to address these issues over the medium term and contribute to advancement of U.S. foreign policy by promoting economic and social stability through increased production and trade, reduced transshipment of drugs, improved governance and public sector transparency, and increased protection of the fragile environment, all of which contribute to increased citizen security for both U.S. and Jamaican citizens.

The USAID Program: USAID's program in Jamaica seeks to: 1) address deficiencies in the small, medium, and microenterprise business sectors; 2) encourage sustainable improvement in Jamaica's key natural resources; 3) improve reproductive health of youth in Jamaica through a comprehensive and multisectoral approach; 4) improve the numeracy and literacy skills of Jamaican youth using innovative approaches; 5) promote good governance as a way of improving citizen security; and 6) bring about a reduction in unemployment and crime in two inner-city communities.

USAID is responding to the high crime rate in Jamaica by initiating a community policing program in the inner cities to support model police stations and train police officers in advanced community policing techniques. This is one component in a three-part, high-visibility, politically sensitive democracy and governance program which was approved in 2001. Despite the relatively short time that the program has been in existence, a number of important interventions have been initiated and are quickly taking root.

USAID is working closely with the government and non-governmental organizations (NGOs), as well as the private sector to achieve its objectives. The government, NGOs, private sector and other groups have demonstrated strong commitments to the program but are hampered by several constraints including limited technical capabilities sub-standard business practices, stifling government bureaucracies, gaps in

policy frameworks, and inadequate public education programs. USAID is consequently working on strengthening the capacity of these organizations to facilitate more effective results in joint initiatives.

FY 2003 funds will be used to implement the programs outlined in this Congressional Budget Justification. The specific on-going programs to be funded by FY 2003 and 2004 appropriations are described in more detail in the following Data Sheets.

Other Program Elements: In addition to the bilateral program, USAID is carrying out other regionally-managed activities in Jamaica. Disaster mitigation activities reduce risk and loss from natural hazards and help establish an effective framework for disaster management in the region. USAID continues to build the capacity of the Jamaican trade ministry to analyze, negotiate, and implement regional and worldwide trade agreements and related agricultural import customs requirements. In addition, USAID is supporting agricultural research initiatives and the expansion of the Jamaica Rural Agricultural Development Authority to assist local producers in jointly marketing organically grown produce, thus improving farming technology and preserving the country's existing natural resources.

In FY 2003, the USAID office in Jamaica will take over management of a new regional teacher training program, the Caribbean Center of Excellence for Teacher Training (CETT) which is an initiative of President Bush. CETT focuses on improving teacher and school administrator quality, and the quality of early instruction in the classroom, especially for teachers who work in disadvantaged communities.

USAID has an active Denton Amendment program in Jamaica which facilitates the arrival of approximately 30 to 40 humanitarian freight shipments per year from NGOs in the United States. Shipments are transported on U.S. military flights to Jamaica where USAID provides programmatic and logistical support to the U.S. NGO partners. Additionally, USAID supports U.S. NGO Food for the Poor's participation in the U.S. Government's excess property program. With USAID approval and assistance, Food for the Poor coordinates the shipment and distribution of humanitarian commodities to Jamaica and other countries in the region.

Other Donors: The Inter-American Development Bank (IDB) is the largest contributor of multilateral assistance in Jamaica. The IDB is working to establish a National Solid Waste Management Authority and system for Jamaica, assisting the Ministry of Health to identify and design new tools for controlling the spread of HIV/AIDS, and funding projects related to agricultural services, poverty alleviation, security and justice, primary education, parish infrastructure development, and social infrastructure, as well as direct budget support. Other multilateral lenders and donors are: the World Bank (education, poverty eradication, public sector and financial reform, and export development); the European Union (poverty alleviation and infrastructure development); the Caribbean Development Bank (fiscal reform, poverty alleviation, institutional strengthening, tourism, infrastructure development, and agricultural development); and the United Nations Development Program (sustainable job growth and promotion of innovative and competitive export opportunities). Major bilateral donors include the United Kingdom (education, poverty reduction, good governance, and a debt relief facility); Canada (economic competitiveness, environmental management, governance, poverty alleviation, and early childhood education); and Japan (infrastructural and cultural projects).

**Jamaica
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	4,116	3,121	3,070	3,407
Development Assistance	7,685	9,471	13,710	13,060
Economic Support Fund	1,497	1,532	0	0
Total Program Funds	13,298	14,124	16,780	16,467

STRATEGIC OBJECTIVE SUMMARY

532-002 Sustainable Improvement of Natural Resources				
DA	2,989	3,203	3,642	3,392
532-003 Improved Reproductive Health				
CSH	1,247	3,121	3,070	3,407
DA	1,896	0	0	0
532-004 Improving Education Quality in Jamaica				
CSH	2,869	0	0	0
DA	100	3,678	4,678	4,578
532-006 Enhancing Business Development in Jamaica				
DA	2,200	2,090	2,590	2,590
532-007 Peace and Prosperity in Inner City Communities				
DA	500	500	0	0
ESF	500	500	0	0
532-008 Strengthening Democracy and Governance in Jamaica				
DA	0	0	2,800	2,500
ESF	997	1,032	0	0
598-021 Special Development Opportunities				
DA	0	0	(200)	0

Data Sheet

USAID Mission:	Jamaica
Program Title:	Sustainable Improvement of Natural Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,642,000 DA
Prior Year Unobligated:	\$100,000 DA
Proposed FY 2004 Obligation:	\$3,392,000 DA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's environmental program promotes the adoption of environmentally sound practices, as well as the adoption of policies for improved environmental management and improved wastewater treatment plant management in Jamaica.

Inputs, Outputs, Activities:

FY 2003 Program:

Adoption of environmentally sound practices (\$1,805,000 DA). USAID will fund technical assistance and training for six local organizations to help them adopt and maintain sound environmental practices. A public awareness campaign will sensitize the public on environmental management practices, with a focus on watershed management in the Great River and Rio Grande watersheds. Technical assistance will be provided to develop a nursery, design, implement, and market community plans, introduce new fruit tree varieties, implement a tree establishment and ownership drive, and introduce low-cost water harvesting practices. USAID will continue to assist the water quality monitoring programs already established. Using a Development Credit Authority mechanism, USAID and a local bank will develop a credit guarantee facility to be accessed by small- and medium-sized enterprises for environmental retrofitting and improvements. Environmental audits will be conducted on four hotels and one manufacturing company. In addition, USAID will fund technical assistance for "green" certification for 10 hotels, three attractions, and one manufacturer. Principal contractors are Associates in Rural Development (prime), Cargill Technical Services (sub), Camp, Dresser, McKee (sub), PA Consulting, and the National Environment and Planning Agency.

Adoption of policies for improved environmental management (\$1,376,000 DA). USAID will build on its previous work to develop six national environmental management policies by continuing to fund technical assistance and training to educate the public on those policies. Training will be targeted toward specific groups including the judiciary, environmental wardens, the private sector, and environmental NGOs, as well as the general public. A mass media campaign will educate Jamaicans on good watershed management and technical assistance will strengthen the National Watersheds Management Council and two local watershed management committees. USAID will assist the Government of Jamaica (GOJ) in its effort to identify gaps in its Environmental Management Policy Framework. Promotion of the National Environmental Management System Policy will include facilitation of a Destination Management Policy focused on "greening" Port Antonio as a destination. USAID will also develop a pilot integrated water resources management program in White River, in the north of the island, which will assess environmental impacts along the river to the coast. Principal contractors are Associates in Rural Development (prime), Cargill Technical Services (sub), Camp, Dresser, McKee (sub), and the National Environment and Planning Agency.

Improved management of wastewater treatment plants in targeted sites (\$461,000 DA). USAID will fund technical assistance to facilitate the design and formalization of a sustainable certification program for wastewater treatment plant operators and provide wastewater management training and materials to 30 plant operators. USAID will finance construction of low-cost community sanitation solutions in two watershed areas and train public health officials on watershed management. Principal contractors are

Associates in Rural Development, the National Water Commission, and the Jamaica Wastewater Operators Association.

FY 2004 Program:

Adoption of environmentally sound practices (\$1,567,000 DA). USAID plans to continue to fund technical assistance and training to strengthen at least five local organizations and help them implement and maintain sound environmental practices. Activities to educate the public on environmental management practices are expected to continue and community-level solid waste management and recycling may be enhanced through technical assistance, equipment, and public education. USAID will consider technical assistance and training in organic farming, water harvesting, and irrigation techniques.

Adoption of policies for improved environmental management (\$1,386,000 DA). The mass media campaign on watershed management and other activities to educate target groups and the Jamaican public on compliance and enforcement of environmental laws is expected to continue. USAID plans to support technical assistance to implement the regulatory agency's action plan to address policy gaps and provide incentives for private sector compliance and involvement in environmental management. The Destination Management approach for certifying Port Antonio as "green" may continue with technical assistance and equipment.

Improved management of wastewater treatment plants in targeted sites (\$439,000 DA). USAID plans to support technical assistance to develop materials, including a manual, for a wastewater treatment plant operator certification program as well as training for GOJ staff and community members on wastewater operations. Support for replication of wastewater advisory committees throughout the country, as well as continued activities to raise public awareness on the committees and their roles, with special emphasis on the private sector, is projected.

Performance and Results: USAID met its target of 78% of samples within Environmental Protection Agency (EPA) standard for faecal coliform along the coastline incorporating the bathing areas in Port Antonio. The percentage area of land under sustainable management under the program was 15%, exceeding its target of 10%. Working within the targeted sites of 31 local organizations including the Goat Breeders Association, watershed management committees, and wastewater advisory monitoring committees, USAID has improved these organizations' capacity to adopt environmentally sound practices as a means of improving land under sustainable management and reducing the effect of land-based activities on coastal quality. In addition, 18 hotels (with 15 certified or soon to be Green Globe certified, including the Hotel Training Institute), three tourist attractions, and five small manufacturers began implementing environmental management systems this past year. As a result of USAID's assistance, the local Auditor Training in Hotels and Attractions for Inspectors was held and 19 of 20 participants were certified as Hotel Environmental Managers. Of the six policies developed, three policies have been adopted by the Cabinet: the National Water Policy, the Sewage Connection Policy, and the National Policy on Ocean and Coastal Zone Management. USAID continues to facilitate final Cabinet approval of the three remaining environmental policies. The Jamaica Wastewater Operators Association, which provides the framework for establishing the first wastewater operators' certification program in Jamaica, was formally registered in 2002. USAID exceeded its target by training 54 additional operators in wastewater operations and maintenance.

By helping the Jamaican population to adopt environmental management practices and enforce management policies, the water quality levels along targeted coast lines will reach the EPA standard of 82 for faecal coliform by the end of this strategy period. In addition, land under sustainable management in targeted areas will increase by 35%.

US Financing in Thousands of Dollars

Jamaica

532-002 Sustainable Improvement of Natural Resources	DA
Through September 30, 2001	
Obligations	8,859
Expenditures	6,261
Unliquidated	2,598
Fiscal Year 2002	
Obligations	3,179
Expenditures	2,884
Through September 30, 2002	
Obligations	12,038
Expenditures	9,145
Unliquidated	2,893
Prior Year Unobligated Funds	
Obligations	100
Planned Fiscal Year 2003 NOA	
Obligations	3,642
Total Planned Fiscal Year 2003	
Obligations	3,742
Proposed Fiscal Year 2004 NOA	
Obligations	3,392
Future Obligations	0
Est. Total Cost	19,172

Data Sheet

USAID Mission:	Jamaica
Program Title:	Improved Reproductive Health
Pillar:	Global Health
Strategic Objective:	532-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,070,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,407,000 CSH
Year of Initial Obligation:	FY1998
Estimated Completion Date:	FY 2004

Summary: USAID's health program is aimed at increasing the use of quality reproductive health, HIV/AIDS, and sexually transmitted infection (STI) services and preventive practices by the high-risk adolescent population. This objective is being accomplished by: increasing availability and access to youth-friendly reproductive health services; developing and disseminating educational materials and innovative approaches to encourage changes in high-risk behavior; improving health workers' clinical and interpersonal skills; and strengthening reproductive health policies.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase access to reproductive health and HIV/STI services (\$1,510,000 CSH). USAID will continue to support the Ministry of Health (MOH) and local nongovernmental organizations (NGOs) in their efforts to establish youth-friendly sites that offer reproductive health services, education, pregnancy planning, and HIV/AIDS prevention counseling. Technical assistance to the MOH will help develop a strategy containing standards and key criteria to certify youth-friendly services and programs. A small grants program will help strengthen the capacity of NGOs to provide adolescent reproductive health services and care. USAID will scale up its effort to help the MOH reduce mother-to-child HIV/AIDS transmission (MTCT) from 25% to below 5% and continue providing funds to purchase test kits. Public and private sector health care providers will be trained in HIV/STI counseling, case reporting, case detection, and treatment. USAID will support the establishment of an HIV/AIDS specialty care center which will provide counseling and testing, rapid testing, MTCT prevention, and other services. The principal contractor and grantee are Family Health International and the Ministry of Health.

Improve knowledge and skills related to reproductive health and HIV/AIDS (\$590,000 CSH). To increase the cadre of people trained in adolescent reproductive health, funds will be used to expand the master trainers program to additional parishes. Key groups trained will include youth peers, parents, religious leaders, service providers, and men. Instructional materials will be developed for a learning module on reproductive health to improve the knowledge and skills of nurses. USAID will continue to implement the behavior change community intervention strategy to spread reproductive health messages through mass media and communication combined with interpersonal approaches at the community level. In addition, the program within the Ministry of Health will continue to spearhead activities aimed at HIV/AIDS prevention targeting higher risk groups. Master trainers will continue to be supported as well as training for approximately 370 counselors in HIV/AIDS specialty areas. The principal contractor and grantee are Family Health International and the Ministry of Health.

National policies and guidelines in support of reproductive health and HIV/AIDS (\$970,000 CSH). USAID will support the formation of advocacy networks at the parish level and fund educational programs to build the networks' capacity. USAID will continue to support legal and constitutional reform on HIV/AIDS through the National AIDS Committee. The principal contractor and grantee are the Family Health International and the Ministry of Health.

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

FY 2004 Program:

Increase access to reproductive health and HIV/STI services (\$1,647,000 CSH). USAID is planning to establish youth-friendly sites in two additional parishes, continue development of the MOH certification program, and provide further support to NGOs providing adolescent reproductive health services. In addition, USAID plans to continue to support the establishment of an HIV/AIDS specialty care center and training of key people in HIV/AIDS counseling and treatment.

Improve knowledge and skills related to reproductive health and HIV/AIDS (\$690,000 CSH). Continued support for the mass media campaign, training in adolescent reproductive health, community interventions and advocacy and public relations at the community level are planned. Additional training of HIV/AIDS voluntary counseling and testing counselors will also be considered.

National policies and guidelines in support of reproductive health and HIV/AIDS (\$1,070,000 CSH). USAID plans to continue the process of developing policy guidelines for a comprehensive adolescent reproductive health policy, and strengthen advocacy activities at the community level. In addition, funds may be used to assist with drafting and upgrading legal and constitutional reforms related to HIV/AIDS.

Performance and Results: USAID exceeded its target to establish two youth-friendly reproductive health service sites. The five new youth-friendly sites established in 2002, which include NGOs and Ministry of Health facilities, offer reproductive health education and HIV/AIDS and STI testing and prevention counseling. The pilot program to prevent mother-to-child HIV/AIDS transmission has been expanded to all 14 parishes across Jamaica, which will enable 80% of mothers to be tested by the end of 2003 using rapid testing. The mass media campaign, which uses radio, television, posters, billboards and signs to communicate behavior change, was evaluated in August 2002. The results demonstrate that 82% of the adolescents sampled recalled the campaign and rated it as excellent or good. Additionally, 25% of the group found the messages relevant enough to pass on to friends. The USAID-supported behavior change intervention and communication program on HIV/AIDS prevention reached over 21,000 youths through rap sessions, dramatic presentations, displays in schools, and community sessions.

Continued progress in this objective will lead to a decline in HIV/AIDS seroprevalence rates and a reduction in the number of births to and sexually transmitted diseases contracted by adolescents in Jamaica.

US Financing in Thousands of Dollars

Jamaica

	CSH	DA
532-003 Improved Reproductive Health		
Through September 30, 2001		
Obligations	2,997	3,227
Expenditures	2,456	2,791
Unliquidated	541	436
Fiscal Year 2002		
Obligations	3,120	0
Expenditures	2,391	436
Through September 30, 2002		
Obligations	6,117	3,227
Expenditures	4,847	3,227
Unliquidated	1,270	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	3,070	0
Total Planned Fiscal Year 2003		
Obligations	3,070	0
Proposed Fiscal Year 2004 NOA		
Obligations	3,407	0
Future Obligations	0	0
Est. Total Cost	12,594	3,227

Data Sheet

USAID Mission:	Jamaica
Program Title:	Improving Education Quality in Jamaica
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,678,000 DA
Prior Year Unobligated:	\$40,000 DA
Proposed FY 2004 Obligation:	\$4,578,000 DA
Year of Initial Obligation:	FY2000
Estimated Completion Date:	FY2004

Summary: USAID's education program is improving the numeracy and literacy skills of targeted students in 72 poorly performing primary and all age schools, and providing remedial education to 6,200 at-risk youth at NGO sites in Jamaica. Through formal school-based and informal NGO-based interventions, funding is being provided to train teachers, school staff, and parents, supply learning materials, improve the management capabilities of schools, and give nutritional support to children in the 72 schools. Technical assistance and training is improving the capabilities of NGOs to provide remedial education to at-risk youth.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved quality of teaching (\$1,745,000 DA). USAID will continue to provide quality teaching and learning resource materials for teachers. USAID will fund training programs for in-service classroom teachers and teaching assistants in application of child-centered approaches and effective techniques for teaching mathematics and language arts, integration of technology into teaching, innovative presentation techniques, and advanced cooperative learning methods. To improve access to technology, USAID will establish a multimedia resource center at the College of Agriculture, Science, and Education (the teachers college in Jamaica) and train technology resource teachers to manage the technical equipment provided to target schools. Methodologies and technology developed with USAID assistance over the past two years will be cascaded to 200 non-program schools to begin expanding this program and implementing broad-based reforms to the Jamaican school system. Technology transfer will include training on and installation of customized Jamaican School Administrative System software (developed with USAID assistance) for automated management and record keeping. Principal contractors are Juarez and Associates, the Joint Board for Teacher Education at the University of the West Indies, the Ministry of Education, Youth and Culture, and the American Institute of Research.

Increased school attendance (\$473,000 DA). In order to maximize gains made in improving school attendance, USAID will continue to finance incentive programs such as: rewarding classes on a periodic basis for outstanding attendance; awarding individual certificates; recognizing schools which exceed the Ministry of Education's national goal of 85% attendance; and providing nutritional support to some of the children by supporting a breakfast program in 14 schools. The principal contractor is Juarez and Associates.

Improved management of schools (\$960,000 DA). USAID will support implementation of the 72 school development plans in the form of annual "action plans" in literacy and numeracy. Implementation includes school-specific monitoring by three coordinators, which will contribute to enhanced quality of plans and increased degrees of implementation. USAID will fund training for parents to strengthen parent-teachers' associations. Training for principals and vice-principals will improve instructional leadership and training for school board members in governance and leadership, using training modules developed by USAID, will improve the effectiveness of local school boards. The principal contractor is Juarez and Associates.

Improved NGO delivery of literacy programs (\$1,500,000 DA). USAID will fund remedial education services for an additional 2,000 at-risk youth, providing participants with an opportunity to obtain the basic skills needed to re-enter the formal school system or compete in the workforce. Training in resource mobilization will extend to the periphery staff of all 12 NGOs that have been participating in the program to build organizational capacity and sustainability. USAID will conduct a tracer study on this activity. Principal grantees are People's Action for Community Transformation and 12 local NGOs.

FY 2004 Program:

Improved quality of teaching (\$1,645,000 DA). USAID is planning to continue to fund training in innovative teaching strategies. By the end of this activity, USAID expects to have trained 750 classroom teachers, 185 teachers' assistants, 24 mathematics and language arts specialists, and 300 technology resource teachers (who manage schools' technical equipment). To introduce new teachers to educational technology, USAID expects to equip the multimedia resource center it is establishing at the College of Agriculture, Science and Education.

Increased school attendance (\$473,000 DA). Additional resources may be used for the breakfast program to provide incentives for increased attendance. USAID plans to continue support for capacity building activities in organizational development, planning and management, fundraising, income generation, and communication and leadership.

Improved management of schools (\$960,000 DA). To strengthen parent-teachers' associations and improve instructional leadership and school management, USAID expects to continue to fund training programs for a total (by the end of the activity) of 400 parents, 115 principals and vice principals, and 286 school board members.

Improved NGO delivery of literacy programs (\$1,500,000 DA). USAID plans to continue its at-risk youth initiatives, including support to a positive parenting program to facilitate parent participation in scheduled programs.

Performance and Results: USAID's work in the 72 schools continues to have significant impact on the performance of students in language arts and mathematics at the grade six level. This is particularly the case when comparisons are made with non-program students. Only 14% of girls in the program schools achieved proficiency in mathematics in 1998; by 2002, 45% were proficient, exceeding the projected indicator by 20 percentage points. Similarly, the boys, who started at 5.7% in 1998, showed remarkable progress by climbing in 2002 to 28.8%, an increase of 23.1%. A milestone was the redesign of the customized Jamaican School Administrative System software which is changing the way principals manage by providing data and school reports in record time. USAID has pioneered this advanced management tool which will transform the primary school sector nationwide. The youth at-risk initiative was instrumental in returning 82 participants to high schools after they passed achievement exams. In addition, 23 participants successfully passed the grade nine achievement tests and were placed in technical and comprehensive schools.

By 2004, the project will have implemented a modernized school management system with technological support, and helped underachieving students show marked improvements in reading and numeracy.

US Financing in Thousands of Dollars

Jamaica

	CSH	DA
532-004 Improving Education Quality in Jamaica		
Through September 30, 2001		
Obligations	7,442	580
Expenditures	4,489	462
Unliquidated	2,953	118
Fiscal Year 2002		
Obligations	0	3,636
Expenditures	2,824	882
Through September 30, 2002		
Obligations	7,442	4,216
Expenditures	7,313	1,344
Unliquidated	129	2,872
Prior Year Unobligated Funds		
Obligations	0	40
Planned Fiscal Year 2003 NOA		
Obligations	0	4,678
Total Planned Fiscal Year 2003		
Obligations	0	4,718
Proposed Fiscal Year 2004 NOA		
Obligations	0	4,578
Future Obligations	0	0
Est. Total Cost	7,442	13,512

Data Sheet

USAID Mission:	Jamaica
Program Title:	Enhancing Business Development in Jamaica
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	532-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,590,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,590,000 DA
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's program to improve the business environment in Jamaica includes: providing technical assistance, training, and equipment to the public and private sectors to reduce constraints to doing business while fostering competition; improving business skills of companies in technological areas that will enable productivity improvements; and increasing the ability of small, medium, and micro enterprises to access financial products from major institutions.

Inputs, Outputs, Activities:

FY 2003 Program:

Reduce business constraints (\$1,500,000 DA). USAID will continue to provide technical assistance and training to the public and private sectors to eliminate constraints to conducting business in Jamaica. Access to loans and other financial services will be expanded through the establishment of Jamaica's first credit bureau. USAID-supported technical assistance to the public sector will help amend policies, legislation, and regulations, such as those relating to e-commerce and intellectual property rights, to remove impediments to doing business. For example, assistance to the Jamaica Customs Department will help implement an online payment system which will allow importers to submit and validate import entries and the associated duties. USAID will support a program to communicate with and provide information to the Jamaican private sector regarding implications of the Free Trade Area of the Americas and other trade agreements. The principal contractor is Carana Corporation and the Jamaican Chamber of Commerce is the principal grantee.

Improve company productive skills (\$590,000 DA). To increase the competitiveness of firms, USAID will engage in a pilot clustering program. Technical assistance will be provided to establish a strategic plan for a targeted industry to implement common approaches to entering into the global market collectively. Through a partnership between hardware and software vendors and information technology training firms, USAID will continue to provide a package of services that is attractive to small businesses and will increase awareness of how technology can improve management decision making capabilities and improve productivity. USAID expects that 250 additional firms will benefit from this program. The principal contractor is Carana Corporation and the Jamaican Exporters Association is the principal grantee.

Access to financial services (\$500,000 DA). USAID will continue to eliminate constraints that diminish the capacity of smaller enterprises to access financial services by creating partnerships between the larger financial institutions and smaller firms in the rural and urban areas. Support to the Jamaica National Micro Credit Company will help it continue to expand its microenterprise loan portfolio, the number of loan officers, and micro-business services throughout the island, enabling approximately 500 additional enterprises to access loans and services. The principal grantee is the Jamaican National Building Society.

FY 2004 Program:

Reduce business constraints (\$1,300,000 DA). USAID plans to continue to fund activities that reduce constraints to doing business in Jamaica. Consideration is being given to identifying and revising additional laws and regulations to create a competitive environment for the private sector.

Improve company productive skills (\$790,000 DA). USAID plans to expand financial management and information technology training to rural businesses by working with local Chambers of Commerce in rural parishes.

Access to financial services (\$500,000 DA). USAID expects to expand credit and microfinance services to additional rural businesses.

Performance and Results: As Jamaica moves toward creating an enabling environment attractive to the global market, modernization of the banking system will enhance its ability to conduct business transactions in a timely manner. USAID's assistance to the Jamaica Bankers Association has resulted in the establishment of an Automated Clearinghouse System, which has reduced the time taken to clear checks from 10 days to a maximum of three days. Upgrading the Office of Registrar of Companies (ORC) has enabled clients to access registration services, company data, and other profiles of the business community more expeditiously. The number of new businesses registered with ORC has increased over the past year. With USAID's assistance, BizPayCentral.com, Jamaica's first web-based business-to-business service, is enabling "one stop shopping" for firms to process their payrolls and create annual payroll reports and statements. USAID's business assistance activity has helped 365 companies implement various productivity tools to achieve technological improvement in areas such as financial management and accounting, planning, and computer technology. Through USAID's financial services access activities, 224 companies accessed financial products from major financial institutions and microentrepreneurs took out 2,565 new loans (75% of loan recipients were women).

By the end of the strategy, USAID's assistance will have assisted over 6,000 new businesses to register into the formal sector of Jamaica. A total of 15 key bottlenecks will have been removed from the system enabling businesses to process transactions more smoothly.

US Financing in Thousands of Dollars

Jamaica

532-006 Enhancing Business Development in Jamaica	DA
Through September 30, 2001	
Obligations	7,203
Expenditures	2,354
Unliquidated	4,849
Fiscal Year 2002	
Obligations	2,090
Expenditures	2,936
Through September 30, 2002	
Obligations	9,293
Expenditures	5,290
Unliquidated	4,003
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,590
Total Planned Fiscal Year 2003	
Obligations	2,590
Proposed Fiscal Year 2004 NOA	
Obligations	2,590
Future Obligations	0
Est. Total Cost	14,473

Data Sheet

USAID Mission:	Jamaica
Program Title:	Strengthening Democracy and Governance in Jamaica
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	532-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,800,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,500,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2005

Summary: USAID's democracy and governance program in Jamaica intends to lower the high levels of crime and violence that impede Jamaica's development. The program works to: increase participation of civil society in issues of governance; improve community-police relations; and improve the efficiency of the justice system by providing technical assistance and training to the Ministries of Justice and National Security, the Jamaica Constabulary Force, and nongovernmental organizations. The program also promotes civic participation through and public awareness and education initiatives.

Inputs, Outputs, Activities:

FY 2003 Program:

Engaging civil society in issues of governance (\$1,000,000 DA). Through a small grants program, USAID will support technical assistance and training to approximately 20 NGOs for organizational strengthening and strategic planning. Technical assistance will help the network develop common agendas, platforms, action plans, and approaches to advocating issues. NGOs will be assisted on a phased-in basis. In collaboration with the Ministry of Education and Culture, a pilot civic education program in schools will be undertaken. No principal contractor has been identified at this time.

Improve community-police relations (\$1,500,000 DA). USAID, through the Police Executives Research Forum, will fund assistance to the Jamaica Constabulary Force (JCF) to develop the policies and procedures required to establish the internal operating structure of a model police station that operates using a community policing methodology. Police officers from the Grants Pen (one of Kingston's most volatile inner city communities) district station will be trained in tactics that facilitate safe and effective community policing. Community-based training and a school mentoring program will be initiated to ensure that residents understand the community policing philosophy and their rights and roles. A USAID-funded advisor will continue to work with the Ministry of National Security, JCF, the private sector, and community residents to implement strategies that foster good relationships between the community and police. Principal grantees are the Police Executives Research Forum and local NGOs.

Improve the efficiency of the justice system (\$300,000 DA). In order to establish a comprehensive automated case flow management system, USAID will fund technical assistance and training for the judiciary staff of the 23 Resident Magistrate Courts in Jamaica. USAID will provide automated equipment and fund training for court reporters to institute automated court reporting in the Magistrate Courts. With USAID-supported technical assistance, the Justice Training Institute will train judges, magistrates, and court staff in areas such as judicial writing, sentencing, and evidence. A public education outreach initiative will be developed to inform the public of the operations of the judicial system. An additional \$200,000, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal contractor is the Justice Training Institute.

FY 2004 Program:

Engaging civil society in issues of governance (\$800,000 DA). USAID plans to expand the NGO network to include additional organizations and establish an information clearinghouse to serve as the vehicle for

the network to collect and analyze information that will influence legislative and policy decision making. A public education campaign may be developed to raise citizens' awareness on key issues related to the democratic process as well as human and constitutional rights and responsibilities.

Improve community-police relations (\$1,100,000 DA). USAID plans to support training for police officers in advanced community policing techniques as well as training of constabulary staff on new procedures and purchase of computer equipment for the newly established model police station. Combined training of police officers and community residents might continue around themes such as trust building and domestic violence prevention. The replication of community policing precepts in another inner city community is projected.

Improve the efficiency of the justice system (\$600,000 DA). USAID plans to implement recommendations arising from a study of the court system that will be completed in 2003. Consideration may be given to extending judicial training and training for court reporters for the Supreme Court.

Performance and Results: USAID has contributed to a free and fair democratic national election in Jamaica. Institutional strengthening and technical support to the Citizens' Action for Free and Fair Elections enabled the local civic organization to train and mobilize 2,500 local volunteers to observe the elections, 500 more than targeted. This network of enthusiastic volunteers will be maintained and expanded in coming months in order to capitalize upon the new volunteer spirit that is growing throughout the island. USAID also granted support to the Carter Center, which fielded a 60-person delegation of international observers who contributed to the scrutiny and transparency of the general elections. The good work of the Electoral Office of Jamaica, together with the broad presence of observer groups on Election Day, helped ensure that the elections were relatively violence free and gave important credibility to the final results. Intensive consultations have taken place with members from the Police Executive Research Forum, the Jamaica Constabulary Force, and member of the Grants Pen community to advance implementation of the community-police initiatives. USAID sponsored two officers with operational responsibility to attend the Community Policing Conference held in Washington, D.C., in July 2002. Procurement of computer equipment to help modernize the magistrates and supreme courts by introducing an automated case flow system and a standby power system is near completion.

Successful implementation of this program will improve good governance in Jamaica and build assurance of citizens' security and respect for the rule of law.

US Financing in Thousands of Dollars

Jamaica

	DA	ESF
532-008 Strengthening Democracy and Governance in Jamaica		
Through September 30, 2001		
Obligations	0	995
Expenditures	0	0
Unliquidated	0	995
Fiscal Year 2002		
Obligations	0	2,000
Expenditures	0	32
Through September 30, 2002		
Obligations	0	2,995
Expenditures	0	32
Unliquidated	0	2,963
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,800	0
Total Planned Fiscal Year 2003		
Obligations	2,800	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,500	0
Future Obligations	4,505	0
Est. Total Cost	9,805	2,995

Mexico

The Development Challenge: Since the activation of the North American Free Trade Agreement (NAFTA) in 1994, Mexico has become the second largest trading partner of the United States, and is among the top ten export markets for 43 U.S. states. In 2001, it was ranked as the 9th largest economy in the world. As announced by President Bush in 2001 and reiterated in early May 2002: "This is a 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."

Not all Mexicans are reaping the benefits that this extensive trade, international visibility, and close U.S. partnership might offer. In 2002, although the Government of Mexico estimated gross domestic product (GDP) per capita at \$6,400, about 53% of all Mexicans--over 50 million people--had an annual income of less than about \$1,440, and 23.3% of all Mexicans--over 22 million people--had an annual income of less than \$720. 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.

The election of President Vicente Fox in July 2000 heralded 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 accountable governance, protect natural resources, and expand the benefits of trade to more Mexicans.

The USAID Program: USAID's program is designed to help the United States and Mexico collaboratively address shared problems and issues. A common development agenda is emerging that includes promoting environmental protection, alternative energy and ecotourism; improving public administration, transparency and accountability; broadening microfinance and remittance utilization; preventing infectious diseases; increasing agricultural production; and furthering competitiveness. Fiscal years 2003 and 2004 are transition years for the USAID program in Mexico, as it moves into a new strategic plan period. About half of requested FY 2003 funds will support completion of activities under the current strategy, which covers six objectives: adoption of more democratic processes, biodiversity conservation, clean energy and production, tuberculosis prevention and control, HIV/AIDS prevention, and access to microfinance. FY 2003 funds will also be used to continue United States-Mexico joint scholarship and training programs under a new educational exchange and scholarship objective begun in FY 2002. These objectives were described in the FY 2003 Congressional Budget Justification. The remaining requested FY 2003 funds, and all but \$1,100,000 of requested FY 2004 funds, will be used to initiate a new six-year strategy that builds on successes to date and addresses new challenges and opportunities. The proposed new strategy has five areas of focus: environment, accountable governance, infectious disease prevention and control, microfinance and remittances, and educational exchange and scholarships. Each strategic objective is discussed below in greater detail in the Data Sheets.

The proposed USAID program 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 2002, the first 18 university partnerships were approved for funding, and during FY 2003 partnership institutions in nine U.S. and 10 Mexican states will begin 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 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. With the impetus of a new \$100 million fund managed by the U.S. Export-Import Bank, USAID's environmental partners are collaborating with private commercial operators to initiate projects for renewable energy, water supply, and waste management. Areas of collaboration include prevention of tuberculosis and HIV/AIDS, streamlining government, promotion of renewable energy, and protection of natural resources.

Other Program Elements: The USAID Office in Mexico will continue to collaborate closely with USAID's Central American Programs Office in Guatemala (G-CAP) in activities designed to protect the

MesoAmerican (Mexico and Central America) Reef and the MesoAmerican Biological Corridor, as well as to control wildfires in the region. In the new strategy, this collaboration will contribute to achievement of several objectives under a Presidential Initiative-the Opportunity Alliance-which addresses key constraints to competitiveness, including diversification of the rural economy and improved disaster and environmental vulnerability management. USAID's planned work on decreasing the cost of remittance transfers from the United States to Mexico will contribute to the Opportunity Alliance objective of increasing access to assets by underserved populations. During FY 2003 USAID will develop modalities for Mexico's participation in the Central American Scholarship Program managed by Georgetown University.

USAID's Economic Growth, Agriculture and Trade Bureau implements activities in microfinance covering almost 500,000 borrowers in several Mexican states, and is active in environmental management, including a new effort in timber certification and promotion of large-scale grid-connected renewable energy. The Democracy, Conflict and Humanitarian Assistance Bureau is supporting work of nongovernmental organizations to promote human rights, and its American Schools and Hospitals Abroad program is supporting the University of the Americas in Puebla. USAID's Global Health Pillar Bureau is undertaking a pilot project to demonstrate how HIV/AIDS-related stigma and discrimination can be reduced through careful analysis and replicable interventions, and is completing a study on the cost of HIV/AIDS treatment. All of these USAID pillar bureau activities are undertaken in close coordination with USAID/Mexico activities, thus increasing overall impact.

Other Donors: The World Bank and the Inter-American Development Bank (IDB) are by far the leading development assistance organizations in Mexico. The World Bank's portfolio in Mexico in 2002 comprised about 28 active projects with approximately \$5.2 billion in net commitments and an undisbursed balance of around \$2.8 billion. The program has five areas of focus: macroeconomic stability through budget and tax reform; enhancing competitiveness through 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 totaled \$1.4 billion in 2000, and \$1.1 billion in 2001 through 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 (NADBank) is providing an estimated \$350 million 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. NADBank efforts have been slow in starting but should begin to improve water quality and use in the border states in the coming years.

Japan has historically been the largest bilateral donor and is collaborating with USAID in several activities related to environment and HIV/AIDS. Smaller bilateral donors include the British Department for International Development (environment), 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 most 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 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 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	5,987	5,509	6,200	4,976
Development Assistance	7,885	7,715	12,165	12,265
Economic Support Fund	6,178	10,000	12,000	12,000
Total Program Funds	20,050	23,224	30,365	29,241

STRATEGIC OBJECTIVE SUMMARY

523-002 HIV/AIDS				
CSH	1,996	1,500	900	0
523-003 Democratic Processes				
DA	700	700	1,700	0
ESF	6,178	9,000	6,000	0
523-006 Environmental Conservation				
DA	4,764	4,565	1,200	0
523-007 Energy Conservation and Pollution Reduction				
DA	1,421	1,750	800	0
523-008 Tuberculosis Control				
CSH	3,991	4,009	4,000	1,676
523-009 Microenterprise				
DA	1,000	700	900	100
523-010 Training, Internships, Education and Scholarships				
DA	0	0	3,000	3,500
ESF	0	1,000	2,000	3,500
523-AAA Environment				
DA	0	0	4,565	5,265
523-BBB Democratic Access				
DA	0	0	0	800
ESF	0	0	4,000	8,500
523-CCC Infectious Diseases				
CSH	0	0	1,300	3,300
523-DDD Access to Financial Services				
DA	0	0	0	2,600

Data Sheet

USAID Mission:	Mexico
Program Title:	HIV/AIDS
Pillar:	Global Health
Strategic Objective:	523-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$900,000 CSH
Prior Year Unobligated:	\$6,000 CSH
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: USAID's HIV/AIDS objective is aimed at strengthening services in HIV/AIDS and Sexually Transmitted Infections (STIs) through the following components: 1) improving the policy environment at the national and sub-national level, 2) institutional strengthening of selected nongovernmental organizations (NGOs), and 3) capacity building in governmental organizations and NGOs.

Inputs, Outputs, Activities:

FY 2003 Program:

FY2003 funding will be used to complete the activities under this strategic objective in the following areas:

Improving the policy environment (\$300,000 CSH). USAID funding will strengthen existing strategic planning groups in some states, and the formation of new groups in additional states. The program will focus on existing groups that will provide technical expertise to groups in other, neighboring states. The program will also form a network of multisectoral groups to learn from each others' experiences and to broaden their impact among decision-makers at the state and federal level. The principal grantee is Futures Group.

NGO strengthening (\$400,000 CSH). USAID will continue greater professionalization of civil society organizations, including training in project design and monitoring and evaluation, as well as more effective advocacy and research. The principal grantee is the International HIV/AIDS Alliance.

Strengthening of technical capacity (\$100,000 CSH). USAID funding will continue to train health care workers in the national guidelines for effective management of sexually transmitted infections, which contribute to the spread of HIV. The principal grantee is Family Health International.

Regional and cross border activities (\$100,000 CSH). USAID funding will contribute to stronger HIV/AIDS prevention programs on Mexico's southern border and greater cooperation with Central America in HIV/AIDS prevention in mobile populations. An evaluation of the experience of the project on mobile populations and HIV/AIDS in Central America and Mexico will be carried out and disseminated as a best practice. The principal grantee is Family Health International.

FY 2004 Program:

No new funding is requested although implementation will continue through FY 2004. New HIV/AIDS activities will be implemented under a new infectious disease program (523-CCC) scheduled to begin in FY 2003.

Performance and Results: Progress in developing state-level citizen planning groups is helping to strengthen the democratic process and build a community response to HIV/AIDS in target states. The public-private collaboration groups in Yucatan, Guerrero, the state of Mexico are leading a multisectoral response to the challenge of HIV/AIDS in their respective states, while a dynamic new group initiated

activities in 2002 in Veracruz. Preparations for the formation of state-level planning groups are advancing in two additional states - Oaxaca, and Chiapas.

Technical assistance provided by USAID was instrumental in the development of the first national guidelines for STI management. As a result of female condom studies conducted with USAID technical assistance, the Secretariat of Health (SSA) is now purchasing female condoms for HIV/AIDS prevention. Training for health workers in national guidelines and management of sexual transmitted infections, which facilitate transmission of HIV, was carried out with USAID support in 23 (out of 32) Mexican states. In addition to promoting more effective STI management, USAID and its partners collaborated on a study identifying the costs of providing antiretroviral treatment to people living with HIV/AIDS in Mexico.

Progress toward increased capacity among governmental and nongovernmental partners to deliver HIV/AIDS/STI services is exceeding expectations. Nongovernmental organizations (NGOs) in seven out of eight target states successfully worked on improving institutional capacity and skills in project design. When the national government provided small grants to NGOs in HIV/AIDS through a competitive process for the first time in 2002, six out of eight grants were won by USAID-assisted organizations. NGOs not only improved their internal functioning, but also developed outreach programs to other NGOs, and the public sector. As a result, relations are improving among NGOs and between NGOs and the SSA. Strengthening NGOs is crucial in Mexico at this time, due to the role they will play in carrying out prevention activities under a World Bank loan dedicated to HIV/AIDS prevention.

A situation analysis has been completed of each of the Mexican and Central American "hot spots" to determine how mobile populations affect the spread of HIV/AIDS. Results of the analysis were disseminated through National Institute of Public Health visits to each country in October 2001. With USAID support, Mexico's National Institute of Public Health is assisting National AIDS Programs in Central American countries in the design of interventions based on the findings of the situation analysis. This example of south-south cooperation has direct beneficial results for the United States, as well as Mexican citizens, and will enhance the effectiveness of USAID/Mexico and Central American USAID missions' existing HIV/AIDS programs.

By the end of the program, USAID and its partners will have expanded the role and increased the number of multisectoral groups in HIV/AIDS in at least seven states, and will have successfully promoted greater professionalization and collaboration among selected civil society groups working in HIV/AIDS. In addition, the first national guidelines for the management of STIs will be approved and disseminated, and state health personnel will have been trained in the STI norms.

US Financing in Thousands of Dollars

Mexico

	CSH
523-002 HIV/AIDS	
Through September 30, 2001	
Obligations	4,656
Expenditures	4,130
Unliquidated	526
Fiscal Year 2002	
Obligations	1,330
Expenditures	250
Through September 30, 2002	
Obligations	5,986
Expenditures	4,380
Unliquidated	1,606
Prior Year Unobligated Funds	
Obligations	6
Planned Fiscal Year 2003 NOA	
Obligations	900
Total Planned Fiscal Year 2003	
Obligations	906
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	6,892

Data Sheet

USAID Mission:	Mexico
Program Title:	Democratic Processes
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,700,000 DA; \$6,000,000 ESF
Prior Year Unobligated:	\$200,000 DA; \$34,000 ESF
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID's program supports Government of Mexico (GOM) efforts to 1) promote more effective local governance, 2) enhance Congress' legislative function, and 3) achieve more efficient administration of justice; and 4) increase transparency and accountability in government institutions.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID's current democracy program will receive its last funding in FY 2003. Activities will focus on ensuring Mexican ownership and replication of USAID supported programs and emphasize assistance to those activities that will lead into the new democracy strategy currently under development.

Local governance (\$1,200,000 ESF). USAID will provide technical assistance to support GOM policies and programs that increase the authorities, transparency, and effectiveness of local governments. This will include support for long-term improvements in policy or program incentives for local government performance. USAID will continue technical assistance to implement new credit mechanisms that encourage capital markets participation in local infrastructure and urban service financing. The principal grantees are Evensen Dodge and the International City Management Association.

Legislative strengthening (\$1,000,000 ESF). USAID will help finance training and technical assistance programs for federal and state legislatures, political parties, and the new Association of Mexican State Legislatures. The program will complete development of the Mexico's first internet-based certificate program for legislative staff and support partnerships between legislators of the United States and Mexican border states as a mechanism for binational state-level policy dialogue. The principal grantees are the Council of State Governments, the National Democratic Institute, the International Republican Institute, and the State University of New York.

Rule of law (\$2,000,000 ESF; \$700,000 DA). USAID will continue to promote access, transparency, and accountability in judicial proceedings, especially in Mexican state courts, through support for improved judicial education and training; support for model projects in oral advocacy procedural reform, improved court administration, court-annexed mediation, human rights and electoral justice, and to support institutional capacity building for the Mexican Association of State Courts. The principal grantees are the American Bar Association, Freedom House, the National Center for State Courts, and the University of New Hampshire.

Transparency, accountability, and executive branch reform (\$1,800,000 ESF; \$1,000,000 DA). USAID assistance will train Mexicans to develop and administer effective anticorruption programs; support government innovation and public administration reform programs for executive branch institutions; support implementation of Freedom of Information Laws at state levels; and strengthen the professionalization of audit and oversight functions in Supreme Audit Institutions. The principal contractor partners for these activities are the Casals and Associates and Management Systems International.

FY 2004 Program:

The current strategy ends in FY 2003. No additional funds in FY 2004 will be obligated for this strategic objective. New democracy activities will be implemented under a new democracy program (523-BBB) scheduled to begin in FY 2003.

Performance and Results: Local governance. Technical assistance to municipal administrators, municipal associations, and federal policy makers is increasing the capacity of local governments to better exercise authorities and raise and manage resources transferred from the federal government to states and municipalities. Local governments are also increasing their ability to respond more effectively in informed citizen demand. By the end of this strategy, USAID believes that new credit mechanisms such as municipal bonds will begin to provide greater access to private sector funding critical for infrastructure and urban service growth needs.

Legislative strengthening. USAID has increased training opportunities for professional staff of the federal and state legislatures, and strengthened the permanent institutions of the federal legislature, including the budget office, congressional library, research service, and auditor general. As a result, the federal and state legislatures of Mexico are more independent, generating more effective and representative legislation, and have increased their capacity to oversee the executive branch at the federal and state levels. By the end of the strategy, there will be a consolidated new National Association of State Legislatures and permanent internet-based training opportunities will exist for future generations of congressional staff and congress members throughout Mexico.

Rule of law. USAID assistance to Mexican state and federal courts has set the standard for continuing judicial education, forged productive and promising working relationships with Mexican justice officials, and paved the way for future USAID supported technical assistance. By the end of the strategy, pilot projects in the areas of court management, court-annexed mediation, oral advocacy, and electoral justice will have served as catalysts to promote more extensive judicial reforms necessary for Mexico to meaningfully respond to growing public demand for more effective access to justice.

Transparency, accountability, and executive branch reform. Technical assistance and training to Supreme Audit Institutions and change agents for government innovation has increased GOM capacity to lead government-wide reforms for greater transparency and accountability. By the end of the strategy, USAID assistance will have increased the effectiveness of GOM audit and anticorruption institutions and contributed to more transparent, accountable, and effective governance in the executive branch.

US Financing in Thousands of Dollars

Mexico

523-003 Democratic Processes	ACI	DA	ESF
Through September 30, 2001			
Obligations	1,500	2,750	12,514
Expenditures	1,500	2,550	11,550
Unliquidated	0	200	964
Fiscal Year 2002			
Obligations	0	689	8,965
Expenditures	0	726	5,602
Through September 30, 2002			
Obligations	1,500	3,439	21,479
Expenditures	1,500	3,276	17,152
Unliquidated	0	163	4,327
Prior Year Unobligated Funds			
Obligations	0	200	34
Planned Fiscal Year 2003 NOA			
Obligations	0	1,700	6,000
Total Planned Fiscal Year 2003			
Obligations	0	1,900	6,034
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	1,500	5,339	27,513

Data Sheet

USAID Mission:	Mexico
Program Title:	Environmental Conservation
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,200,000 DA
Prior Year Unobligated:	\$15,000 DA
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID/Mexico's environmental program has been working to conserve critical biodiversity and natural resources by promoting better resource management, supporting the development of alternative sources of income to displace threats to valuable resources, and addressing policy limitations. FY 2003 funding will be used to complete a limited number of activities needed to accomplish the overall program goals.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve management of natural resources (\$300,000 DA). USAID funding for the Parks in Peril program will support continued progress toward consolidating basic park management and ensuring sufficient infrastructure to support the conservation of Cuatro Ciénegas, a treasure of endemic freshwater biodiversity in the middle of the Chihuahua Desert. The principal grantee is the Nature Conservancy (TNC).

Development and application of sustainable practices (\$750,000 DA). USAID will support completion of a small grants program that has awarded over 25 grants to local communities and organizations that implement projects to improve local livelihoods and conserve the valuable tropical forest in Southeastern Chiapas. In Oaxaca, USAID will complete linking forest planning and management capacity in several well-established forestry communities with more isolated communities in this region. This program supports community-to-community exchanges and provides technical assistance to develop maps and monitoring processes that will help the communities better manage their forests. Under the Wildfire Prevention and Restoration Program, USAID will complete grants to local organizations in and near 10 protected areas damaged in the 1998 wildfire. The grants are designed to assist with the introduction of practices that will lower risk of future fires, help restore forest areas damaged in 1998, and raise public awareness about fire. Funding will support the completion of the last round of grants awarded in late 2001 and bring the total of completed projects under this program to 46. Principle grantees are Conservation International (CI), World Wildlife Fund (WWF), and the Mexican Fund for the Conservation of Nature (FMCN).

Strengthening technical and institutional capacity (\$150,000 DA). Under the Wildfire Prevention and Restoration Program, USAID will complete work in three protected areas in Mexico, which are threatened by fire each year, will help develop fire management plans for effective prevention and response to fire. The principal grantee is FMCN.

FY 2004 Program:

This strategic objective will receive its final funding in FY 2003. New environment activities will be implemented under a new environment program (523-AAA) scheduled to begin in FY 2003.

Performance and Results: USAID/Mexico's environmental conservation program has helped consolidate implementation and development of basic management and infrastructure to support the

long-term conservation of 11 federally protected areas in Mexico. These areas encompass more than 2.25 million hectares. By the end of this strategy, USAID's coastal management program with the University of Rhode Island (URI) will complete consolidation of Xcalak, the first community-designed and protected marine area in Mexico. URI also is on track to consolidate the management of Santa Maria Bay in collaboration with the two municipalities that share the bay. Santa Maria is a critical fisheries and migratory bird habitat in the Gulf of California but is not under federal protection.

USAID's small grants programs have helped build local capacity to identify alternatives to destructive resource use, develop cooperatives for ecotourism and sustainable fishing, and implement studies and monitoring programs for endangered and endemic species in and near areas targeted for conservation in Mexico. USAID has also helped link U.S. experts with the GOM to unify databases in calculating deforestation rates, develop an index for biomass and carbon density for Mexico, and test models to predict future deforestation rates and biomass production.

In collaboration with the U.S. Forest Service, USAID has worked with the GOM to strengthen Mexico's fire monitoring capacity and to improve the effectiveness of the suppression of wildfires. Fire experts now rank Mexico fifth in the world in fire suppression. Six nongovernmental organizations have been strengthened institutionally to make them more effective in implementing conservation programs in Mexico. One of these, the Mexican Fund for the Conservation of Nature, has been recognized by the World Bank as one of the leading conservation funds in the world and is now leading a network of conservation funds in Latin America.

US Financing in Thousands of Dollars

Mexico

523-006 Environmental Conservation	DA
Through September 30, 2001	
Obligations	51,110
Expenditures	46,600
Unliquidated	4,510
Fiscal Year 2002	
Obligations	4,171
Expenditures	6,195
Through September 30, 2002	
Obligations	55,281
Expenditures	52,795
Unliquidated	2,486
Prior Year Unobligated Funds	
Obligations	15
Planned Fiscal Year 2003 NOA	
Obligations	1,200
Total Planned Fiscal Year 2003	
Obligations	1,215
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	56,496

Data Sheet

USAID Mission:	Mexico
Program Title:	Energy Conservation and Pollution Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$800,000 DA
Prior Year Unobligated:	\$6,000 DA
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2003

Summary: The USAID Energy program aims to reduce pollution, specially carbon dioxide emissions, through: 1) promoting cleaner industrial production (CP), including the efficient use of energy and water; 2) introducing renewable energy (RE) and environmental management systems (EMS) technologies; 3) demonstrating the viability of these technologies; 4) supporting policy dialogue and reforms that foster these technologies; 5) strengthening Mexican partners' technical and managerial capabilities for CP, RE, and EMS development and implementation; and 6) promoting public and private financial support to replicate such programs on a large scale.

Inputs, Outputs, Activities:

FY 2003 Program:

Resource management systems initiative (RMSI) (\$500,000 DA). FY 2003 funds will be used to consolidate the capabilities of the local counterpart institutions, while supporting the broader impacts these institutions can have on national level energy efficiency and clean production. This includes large-scale project replication, as well as institutional strengthening, policy support, and ensuring synergies with other projects. Through technical assistance and training, the program will: expand Mexico's petroleum company's (PEMEX) national energy efficiency and water savings programs, set standards for high efficiency equipment for government facilities; provide certification of staff in the CP and EMS fields; identify financial mechanisms for energy and water efficiency projects; and provide water, energy, and materials audits at Mexico City Government facilities. Part of this support involves increasing the participation of the Mexican Cleaner Production Center in monitoring and support activities, and in developing regional cleaner production centers to be partially financed by the IDB-Multilateral Investment Fund. RMSI will assist the state of Oaxaca to implement energy and water distribution efficiency measures that will stimulate technology improvements in the long run. These activities will be combined and monitored to recommend a subsequent plan of action to disseminate this policy throughout Oaxaca and nationwide. The energy program will continue supporting application of EMS to municipalities and institutions in key biodiversity regions and coastal zones. The principal contractor is PA Consulting Group.

Mexico renewable energy program (MREP) (\$300,000 DA). Under the MREP, wide-scale replication is viewed as the means to achieving USAID/Mexico's energy program goals. One key characteristic of systems supported under the program will be that while they serve program objectives, through reduced greenhouse gas emissions, they are fully justifiable on other economic and social grounds. Replication activities will focus on four large-scale programs: 1) technical assistance for renewable energy for agriculture, supporting the Shared-Risk Trust Fund (FIRCO) that implements the Global Environment Fund (GEF) to install 900 solar systems for productive applications; 2) support to the Secretariat for Natural Resources Management for capacity building in protected areas; 3) technical assistance to the Ministry of Education's (SEP) distance education program for rural off-grid communities; and 4) support for rural electrification in indigenous areas through the National Indigenous Institute, recommending both solar and microhydro systems. The principal contractor is Sandia National Laboratories.

FY 2004 Program:

No funds are being requested for FY 2004, although implementation will continue through the year. Remaining activities will continue RMSI and MREP programs and prepare counterparts to carry out the objectives of Mexico's energy plan in succeeding years. In addition, the last year of the current strategy will be carried out in the context of the new USAID Strategy for FY 2004-2008, ensuring a smooth transition between the two strategies.

Performance and Results: USAID's energy program has helped introduce a positive policy environment for reducing pollution and avoiding greenhouse gas emissions, to create the infrastructure and technical capacity to implement programs, and to identify financing mechanisms. It has also helped Mexican partners achieve significant results, particularly through four main large-scale replication activities that influenced renewable energy and clean production policies in Mexico. Primary Mexican partner institutions reported 3.2 million metric tons of carbon dioxide averted through implementation of energy efficiency and renewable energy technologies, which dramatically exceeded planned levels of 125,000 metric tons.

Four institutions implemented these sustainable energy replication programs: FIRCO, SEP, PEMEX, and the Government of Mexico City. These institutions expanded sustainable energy programs, institutionalized energy efficiency practices, and implemented EMS programs. Two additional institutions initiated the replication of USAID pilot projects: the National Indigenous Institute (INI), which includes renewable energy programs in its rural electrification program and the Secretariat of Energy, which fosters renewable energy and energy efficiency programs in its national development policies. Cooperation with the Secretariat of Energy and the National Indigenous Institute has gained momentum. The promotion of integrated approaches to meet rural energy needs has included a more active role for the private sector. Private funds promote renewable energy in rural areas (mainly photovoltaic systems and micro and mini hydro power plants), and the use of remittances sent by Mexicans living in the United States.

By the end of the USAID energy program, at least six partner institutions will be replicating activities on a large scale. Federal, state and municipal authorities will be working in coordination to advance clean production and sustainable energy. Several financing mechanisms will be in place to support replication. The private sector provision of services to advance clean production will become commonplace. Many public and private institutions will have the technical capacity to work on sustainable energy and clean production.

US Financing in Thousands of Dollars

Mexico

523-007 Energy Conservation and Pollution Reduction	DA
Through September 30, 2001	
Obligations	20,906
Expenditures	19,350
Unliquidated	1,556
Fiscal Year 2002	
Obligations	1,744
Expenditures	593
Through September 30, 2002	
Obligations	22,650
Expenditures	19,943
Unliquidated	2,707
Prior Year Unobligated Funds	
Obligations	6
Planned Fiscal Year 2003 NOA	
Obligations	800
Total Planned Fiscal Year 2003	
Obligations	806
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	23,456

Data Sheet

USAID Mission:	Mexico
Program Title:	Tuberculosis Control
Pillar:	Global Health
Strategic Objective:	523-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,000,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,676,000 CSH
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: The Tuberculosis Action Program (TAP) will develop institutional capacity to control tuberculosis in thirteen target states, including the United States-Mexico border states. It has four components: 1) improved national and local commitment to tuberculosis control; 2) increased use of laboratory-based diagnosis to identify tuberculosis cases; 3) improved treatment through directly observed therapy (DOTS); and 4) improved epidemiological surveillance mechanisms.

Inputs, Outputs, Activities:

FY 2003 Program:

Tuberculosis control program implementation (\$2,400,000 CSH). Funds will be used to finance the provision and oversight of directly observed therapy (DOTS) services at the state and local level, including monitoring and supervision of program operations. In addition, the program will strengthen the tuberculosis (TB) laboratory network through a laboratory and staff quality assurance certification activity; and will provide technical assistance and training to improve information and epidemiological surveillance systems; and the national TB program's capacity to plan and control the overall program will be strengthened, including operational research. Funds will continue supporting the Binational TB card that will ensure follow-up and tracking of patients migrating between the United States and Mexico. A group of experts will carry out a program evaluation to determine project accomplishments and recommend refinements. This component will include the participation of the CDC, Secretariat of Health of Mexico, Pan American Health Organization (PAHO), International Union Against TB and Lung Disease (IUATLD), Cure-TB, TB-Net, and the health departments of California, Arizona, New Mexico, and Texas. The principal implementing agency is United Nations Development Program (UNDP).

Human development (\$480,000 CSH). Activities will include technical and skill building in areas such as epidemiology, diagnosis, and treatment of TB patients. The principal grantees and agencies are IUATLD and PAHO.

Community awareness (\$1,120,000 CSH). Funds will be used to finance activities related to health promotion and community participation to promote a more active involvement of community in the detection and control and treatment of TB patients. The principal implementing agency is: PAHO.

FY 2004 Program:

TB control program implementation (\$1,000,000 CSH). Funds will be used to complete this phase of the program, including the program oversight for DOTS, consolidation of the information and epidemiological surveillance system, and binational TB card.

Community awareness (\$676,000 CSH). Activities will include the design of a health education campaign aimed at TB control and the promotion of more active participation of grass-root and community-based organizations in the follow-up and tracking of TB cases.

Performance and Results: USAID delivered the first shipment of laboratory and computer equipment to strengthen Mexico's tuberculosis laboratory network and information systems in 13 states. By the end of FY 2004, the following indicators will be used to measure project progress: 75% of expected tuberculosis cases in the target areas will be identified, 90% of cases will be treated using DOTS, and 80% of cases in the target states will be cured. By the end of the program in FY 2005, the number of TB cases showing in statistics is expected to increase, due to improved and enhanced case detection, but there will be a decrease in TB mortality.

US Financing in Thousands of Dollars

Mexico

523-008 Tuberculosis Control	CSH
Through September 30, 2001	
Obligations	4,000
Expenditures	500
Unliquidated	3,500
Fiscal Year 2002	
Obligations	8,000
Expenditures	305
Through September 30, 2002	
Obligations	12,000
Expenditures	805
Unliquidated	11,195
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	4,000
Total Planned Fiscal Year 2003	
Obligations	4,000
Proposed Fiscal Year 2004 NOA	
Obligations	1,676
Future Obligations	0
Est. Total Cost	17,676

Data Sheet

USAID Mission:	Mexico
Program Title:	Microenterprise
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$900,000 DA
Prior Year Unobligated:	\$3,000 DA
Proposed FY 2004 Obligation:	\$100,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: The passage of the historic Popular Savings and Credit Law in 2001 revolutionized the microfinance sector in Mexico. USAID's microenterprise program has responded to this new environment by modifying the emphasis of its program while remaining true to its original intent. The program is designed to achieve three results: 1) creating an improved legislative policy environment for microfinance in Mexico, 2) strengthening select microfinance institutions (MFIs), 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 prudential regulatory environment and an adequate supervision scheme. Activities under the second component will expand in 2003 with the addition of a second long-term advisor dedicated exclusively to institutional strengthening.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved legislative and supervisory environment (\$475,000 DA). Building on the influence that USAID's advisor and partners had on the development of the Popular Banking Law, the program will advise the GOM in drafting secondary norms and regulations for the 2001 law to help establish an effective regulatory environment. In addition, resources will be used to support the development and operation of a federation that will supervise and provide other support services to its member institutions. The principal contractor is: Chemonics International.

Increased capacity of select MFIs (\$400,000 DA). A second focus of activities will be to 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 the sector, including sound business planning and the adoption of strong internal control systems to better manage default risk. The principal contractor is: Chemonics International.

Research (\$25,000 DA). USAID will support an innovative research program to develop a profile of microenterprises in Mexico and to shed light on the relationship between microenterprise and migration.

FY 2004 Program:

Microfinance program (\$100,000 DA). The current program has been extended until June 2004 to prevent a long hiatus in the program that would damage the program's impact. USAID resources will be used to finance the remaining activities of the Chemonics contract under the first two components described above.

Performance and Results: The most significant achievement for the program in 2002 was the creation of a supervisory federation under the 2001 Savings and Credit Law. It was the first federation to be legally registered in Mexico. With support from the Mission, the federation is off to a promising start, with the establishment of a board of directors and several working groups that will be responsible getting the federation off the ground. Building on the substantial input USAID/Mexico had in refining the Savings and

Credit Law, the program reviewed and provided substantive advice on ten secondary regulations that will help define the legal environment for microfinance.

A second major accomplishment built upon last year's success is the credit guarantee program under the Development Credit Authority (DCA). Through DCA, USAID provided two guarantees to Mexican MFIs for \$3.5 million to expand their ability to capture savings. Both programs greatly exceeded expectations. In the past year, the first increased its total deposits by \$4.8 million; the second by \$5.7 million. As a result, savings have become an important new source of loan capital for microfinance. The program will expand its institutional strengthening component in order to introduce sound management practices to a greater number of Mexican MFIs. This will help lay the groundwork for the development of stronger, more sustainable microfinance sector.

By the end of the program, there will be a more effective regulatory environment and one federation should be operating in compliance with the law, providing a model for the successful operation of other federations that will be established. In addition, four to six microfinance institutions will be operating in compliance with the new regulations and will be using best practices for internal management.

US Financing in Thousands of Dollars

Mexico

523-009 Microenterprise	DA	DCA
Through September 30, 2001		
Obligations	1,470	67
Expenditures	1,100	0
Unliquidated	370	67
Fiscal Year 2002		
Obligations	697	0
Expenditures	597	0
Through September 30, 2002		
Obligations	2,167	67
Expenditures	1,697	0
Unliquidated	470	67
Prior Year Unobligated Funds		
Obligations	3	0
Planned Fiscal Year 2003 NOA		
Obligations	900	0
Total Planned Fiscal Year 2003		
Obligations	903	0
Proposed Fiscal Year 2004 NOA		
Obligations	100	0
Future Obligations	0	0
Est. Total Cost	3,170	67

Data Sheet

USAID Mission:	Mexico
Program Title:	Training, Internships, Education and Scholarships
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 DA; \$2,000,000 ESF
Prior Year Unobligated:	\$150,000 DA
Proposed FY 2004 Obligation:	\$3,500,000 DA; \$3,500,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2009

Summary: USAID's human capacity development program in Mexico promotes an enhanced capacity of Mexicans scholars and institutions to respond to the objectives and strategies of NAFTA and the Partnership for Prosperity which defines the emerging U.S. and Mexico Common Development Agenda (CDA). The agenda includes: trade and investment, environmental protection, alternative energy, microenterprise, agriculture, finance, public administration, engineering, telecommunications, information technology, and human capital development.

This is accomplished through training in the United States and Mexico, and via a partnership program between U.S. and Mexican institutions of higher education, with support from private foundations, corporations, NGOs, and other partners. Training, Internships, Exchanges and Scholarships (TIES) was designed to target skills-upgrading training directly to development professionals. They can immediately use the new knowledge and skills upon returning to their positions in Mexico's private or public universities, government and nongovernmental institutions, and the Mexican private sector.

Inputs, Outputs, Activities:

FY 2003 Program:

New university partnerships established and functioning (\$400,000 DA and \$2,000,000 ESF). A competitive process will select 17 new partnerships between U.S. and Mexican higher education institutions to complement the 18 existing partnerships. Partnerships will combine master's degree training in the United States with faculty and student exchange, joint research and pilot projects to address the CDA and to establish legacy activities in Mexican higher education institutions that will continue after USAID support has ended. The partnerships component will 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: Association Liaison Office.

University-trained scholars prepared to respond to CDA opportunities (\$400,000 DA). This program will be set in motion in FY 2003 with the initial selection and placement of scholars. This will insure a smooth FY 2004 start to graduate-level scholarships in three separate TIES activities under this components. The three activities are: a) graduate training for Mexican faculty teaching in universities serving rural and/or high migrant-expulsing 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-enhancing training for Mexican technical specialists working in strategic 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 contractors are: to be determined.

Community-college-trained scholars prepared to respond to CDA opportunities (\$2,200,000 DA). In FY 2003, the Georgetown University Cooperative Association of States for Scholarships (CASS) component will place an initial group of disadvantaged Mexican youth in training in U.S. community colleges and technical institutions. The Georgetown CASS scholarship program has implemented training for socially and economically disadvantaged youth successfully in Central America and the Caribbean for two

decades. The TIES initiative has invited Georgetown's CASS program to offer scholarships in Mexico. The Georgetown CASS component plans to train 250 disadvantaged Mexican youth over the life of the TIES initiative. The principal grantee is: Georgetown University.

FY 2004 Program:

New university partnerships established and functioning (\$300,000 DA and \$3,000,000 ESF). This component supports graduate training under already approved partnerships.

University trained scholars prepared to respond to CDA opportunities (\$1,000,000 DA; \$500,000 ESF). This component continues training for all components, and initiates in-country preparatory training and/or U.S. training for approximately 200 scholars, and up to 300 indigenous students studying in Mexican undergraduate programs.

Community-college-trained scholars prepared to respond to CDA opportunities (\$2,200,000 DA). In FY 2004, the Georgetown 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.

Performance and Results: Through the TIES initiative, USAID is funding the development of closer cooperative alliances between the United States and Mexico that will assist both countries to better respond to an emerging Common Development Agenda.

In FY 2002, a competitive process conducted in Washington reviewed over 100 applications and selected the first 18 US / Mexican higher education partnerships for development. These 18 partnerships totaled approximately \$10 million. USAID is contributing \$4 million in funding and has leveraged an additional \$6 million in funding from Mexican and US partners. Most of the approved partnerships have achieved at least one-to-one leveraging of funding, and are therefore public-private alliances. These partnerships support approximately 150 master's programs as well as other specialty training, faculty exchange, joint faculty and student research, pilot projects and similar activities.

The TIES initiative has specific components that assure participation of indigenous Mexicans (50 graduate level scholarships) and socially and/or economically disadvantaged Mexicans (250 Georgetown CASS scholarships). In addition, the program has established a target of 50% participation by women in TIES scholarships programs.

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 United States, many of whom will have come from disadvantaged backgrounds and/or from high migrant-expulsing areas.

US Financing in Thousands of Dollars

Mexico

	DA	ESF
523-010 Training, Internships, Education and Scholarships		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	1,000
Expenditures	0	0
Through September 30, 2002		
Obligations	0	1,000
Expenditures	0	0
Unliquidated	0	1,000
Prior Year Unobligated Funds		
Obligations	150	0
Planned Fiscal Year 2003 NOA		
Obligations	3,000	2,000
Total Planned Fiscal Year 2003		
Obligations	3,150	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	3,500	3,500
Future Obligations	5,200	9,000
Est. Total Cost	11,850	15,500

Data Sheet

USAID Mission:	Mexico
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-AAA
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,565,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,265,000 DA
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2009

Summary: This new strategic objective will improve the management and conservation of natural resources in targeted watersheds. Building on previous environment programs, it will: 1) strengthen the national enabling environment to support improved natural resource management and clean production; 2) increase community capacity and involvement in natural resource management; 3) introduce and increase the use of environmentally sound and economically viable practices and technologies; and 4) establish alliances between different levels of government in Mexico, local communities, and NGOs to improve the management and conservation of Mexico's unique biodiversity. The program will also support the increased use of renewable energy and improved capacity to adjust and respond to changes in climate.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved community-based forest and watershed management (\$3,765,000 DA). Grants will be made to two to four U.S.-based NGOs to establish alliances in targeted watersheds of southern Mexico (Oaxaca, Chiapas, Tabasco, Veracruz) and one or more northern states. These alliances will bring the GOM agencies together with state and local organizations and national NGOs to develop natural resource management plans in targeted watersheds. These plans will integrate biodiversity conservation goals with local resource uses related to forestry, agriculture, grazing, and other forest extraction activities. The program will develop management plans for targeted communities and will introduce improved practices to increase incomes at the community level, while also enhancing natural resource protection. Better resource planning and protection will help these communities to better adjust and respond to changes in climate in key watersheds, particularly for downstream communities and municipalities that depend on the targeted watersheds. As part of these watershed management activities, a coastal resource management activity will be developed in the Yucatan Peninsula where large scale hotel developments are expanding along the fragile coast of Quintana Roo. Tourist facilities and local municipalities will be assisted to minimize their impact on the fragile coastal environment, particularly through integrated water management and waste treatment programs. Developers will work collaboratively with local municipalities to provide water and waste treatment facilities to reduce marine pollution and to protect the incredibly diverse MesoAmerican Reef, which runs from Mexico south to Honduras. This activity directly supports the Opportunity Alliance, through which it will be coordinated with other coastal resource programs in Central America.

The forest and watershed management component will also include a regional forest fire management activity that directly supports the Opportunity Alliance. The regional fire activity will use Mexico's fire-related experience, which USAID helped develop, to improve the fire planning and suppression capacities in both Mexico and neighboring countries. It will also help link Mexico with Central American countries to develop an integrated regional training and fire response program. This activity will help countries better respond to catastrophic fires and improve the conservation of biodiversity through improved fire management, thereby protecting the region's critical forests and biodiversity.

Partners will include a consortium of American based NGOs for the watershed and coastal resource management activities that will be selected via a competitive process. The Mexico/Regional Fire activity will be implemented through the U.S. Forest Service.

Use of renewable energy and clean production expanded (\$800,000 DA). A U.S. based firm will introduce clean production and energy efficiency concepts to selected municipalities and to PEMEX, the Mexican petroleum company. This activity will link with and support watershed actions. Based on local needs, and on model projects this activity will provide renewable energy to remote communities and to reduce both air and water pollution. Public-private partnerships will be established wherever possible. Principal contractor: to be determined.

FY 2004 Program:

Improve community-based forest and watershed management (\$3,900,000 DA). Funds will support creation of strategic alliances that link GOM agencies and national NGOs with community level groups. These alliances will support improved community involvement in the management and conservation of the resources they depend on. Economic opportunities for communities in targeted areas will be assessed to determine how the program can most effectively support rural diversification. The program will establish strategic alliances in areas targeted for tourist development to promote clean production techniques. In coastal areas, the program will assist developers and local municipalities to minimize the impacts of their hotels, particularly related to water and waste treatment. Under continued linkages with the Opportunity Alliance, the program will enhance Mexico's fire detection capacities and assist local communities and GOM agencies to develop fire management plans.

Expand use of renewable energy and clean production (\$1,365,000 DA). Funds will assist key GOM agencies, such as PEMEX, and local municipalities to develop clean production practices and reduce pollution, particularly affecting local watersheds. The program will develop opportunities to promote renewable energy and innovative financing of power generation.

Performance and Results: The goal of these activities is to protect 1,000,000 hectares of high biodiversity forests and watersheds through the development and implementation of improved management plans. This includes the development of at least thirty integrated community watershed plans. Other results include providing new sources of renewable energy to remote communities. Communities will also benefit through the development of a more diversified rural economy and the creation of new income opportunities.

US Financing in Thousands of Dollars

Mexico

523-AAA Environment	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	4,565
Total Planned Fiscal Year 2003	
Obligations	4,565
Proposed Fiscal Year 2004 NOA	
Obligations	5,265
Future Obligations	19,935
Est. Total Cost	29,765

Data Sheet

USAID Mission:	Mexico
Program Title:	Democratic Access
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	523-BBB
Status:	New
Proposed FY 2003 Obligation:	\$4,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$800,000 DA; \$8,500,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2009

Summary: USAID/Mexico's new democracy program will support Government of Mexico initiatives to provide more accountable policy making and implementation and enhance rule of law.

Inputs, Outputs, Activities:

FY 2003 Program:

More accountable policymaking and implementation (\$2,800,000 ESF). USAID will provide technical assistance, training, and other capacity-building measures to state and local government institutions to address the inter-related components of accountable governance. These include: 1) building more effective and autonomous revenue-generating capacity, and promoting fiscal reforms and the formation of alliances for local level infrastructure and service financing; 2) supporting more accountable management through federal civil service reform, developing a performance management culture, implementing e-government programs, increasing government transparency, and implementing certification standards for public officials, as well as promoting citizen participation in resource decisions; 3) supporting more effective oversight of resource management, including strengthening citizen oversight of government budgets and programs, and supporting freedom of information, professionalization of the state audits, and strengthening oversight bodies at all levels of government; and 4) helping political parties to be more responsive to citizens, by supporting transparency and accountability efforts, and structural changes that promote citizen participation in policy-making. Finally, if requested by the GOM, USAID will stand ready to provide technical assistance and support for electoral monitoring during the mid-term federal election in July 2003. The National Democratic Institute and International Republican Institute will be the principal grantees on activities related to political parties and elections. The principal contractor is to be determined.

Enhanced rule of law (\$1,200,000 ESF). USAID proposes to provide technical assistance and training to support: 1) more effective civil and criminal justice reform and greater respect for human rights by working with the key criminal justice institutions, especially with states along the U.S. border, including the judiciary, public defense, prosecutors, and police, and limited support to the civil, family and commercial justice sectors; 2) increased access to justice for disadvantaged sectors of the population; and 3) increased professional standards through reform of the legal education system as well as standards of professionalism, establishing certification requirements for law schools and lawyers, and creating clinical programs in Mexican law schools. The principal contractor is to be determined.

FY 2004 Program:

More accountable policymaking and implementation (\$5,400,000 ESF; \$400,000 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 more responsive and accountable political parties.

Enhanced rule of law (\$3,100,000 ESF; \$400,000 DA). USAID will continue technical assistance and training to support more effective civil and criminal justice reform and greater respect for human rights, as

well as model projects in target states to increase access to justice for socio-economically disadvantaged sectors of the population. USAID will also continue technical support to reform the legal education certification system and increase professional standards.

Performance and Results: Successful completion of this objective will result in: 1) the implementation of a career civil service at federal level, 2) an increase in private sector financing for public infrastructure; 3) the enactment of secondary electoral reforms, including political party transparency measures and re-election in certain cases; 4) the implementation of oral judicial procedures in the federal and some state jurisdictions, and 5) an increase in respect for due process guarantees and a reduction in the incidence of torture.

US Financing in Thousands of Dollars

Mexico

	DA	ESF
523-BBB Democratic Access		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2003		
Obligations	0	4,000
Proposed Fiscal Year 2004 NOA		
Obligations	800	8,500
Future Obligations	14,500	28,000
Est. Total Cost	15,300	40,500

Data Sheet

USAID Mission:	Mexico
Program Title:	Infectious Diseases
Pillar:	Global Health
Strategic Objective:	523-CCC
Status:	New
Proposed FY 2003 Obligation:	\$1,300,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,300,000 CSH
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2009

Summary: The Infectious Disease objective is new and is designed to increase the capacity of the Government of Mexico 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 or delay its spread to the general population. This will be done by reducing barriers to behavior change and care-seeking and by increasing 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 2003 Program:

Funding under the Infectious Disease objective will be focused on the prevention of HIV/AIDS. TB will continue as a separate Strategic Objective until September 2004 and after that date will be incorporated into the new Infectious Diseases objective. Therefore, the following activities for FY 2003 and FY 2004 relate to HIV/AIDS:

Improving the policy environment (\$600,000 CSH). USAID will support continued progress toward building political will and increasing community and civil society participation in confronting HIV/AIDS in Mexico. Activities aimed at improving the policy environment will include technical assistance to the National AIDS program in measuring and reducing stigma and discrimination as a barrier to AIDS prevention and care; strengthening and expansion of the multisectoral model for participation in HIV/AIDS planning and budgeting in selected states developed under the current program, and the use of models, information dissemination, and advocacy to constructively involve decision makers in an effective response to HIV. The principal grantees are the Futures Group International and the International HIV/AIDS Alliance.

Behavior change communication (\$500,000 CSH). USAID and its partners will support behavior change activities aimed at the most at-risk groups for HIV/AIDS in Mexico. These activities will include condom social marketing aimed at increasing the demand for and access to condoms among the most at risk groups in Mexico. The principal grantees are: Family Health International (FHI) and Population Services International (PSI)

Surveillance (\$200,000 CSH). USAID will support programs to monitor the status of the epidemic, measure the impact of prevention, and provide data for decision makers in selecting prevention activities. The principal grantee is: FHI.

FY 2004 Program:

Improving the policy environment (\$1,200,000 CSH). USAID will continue building political will and increasing civil society participation in confronting HIV/AIDS in Mexico. The principal grantees are: Futures Group International and the International HIV/AIDS Alliance.

Behavior change communication (\$1,100,000 CSH). USAID will continue to promote the adoption of safer behaviors, including reducing the number of partners, practicing abstinence, or increasing condom use among the most vulnerable and at risk populations in selected sites in Mexico. The emphasis will be on making condoms available to those most at risk through non-traditional outlets. The principal grantees are: Family Health International (FHI) and Population Services International (PSI).

Surveillance and research (\$ 1,000,000 CSH) Funds will be used to improve and expand epidemiological surveillance and reporting, as well as to promote relevant research, and will support dissemination of information to and its use by key decision makers. USAID will also promote access to rapid and confidential testing for HIV/AIDS among the most at risk population in selected sites. Partners are to be determined.

Performance and Results: 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-CCC Infectious Diseases	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,300
Total Planned Fiscal Year 2003	
Obligations	1,300
Proposed Fiscal Year 2004 NOA	
Obligations	3,300
Future Obligations	15,735
Est. Total Cost	20,335

Data Sheet

USAID Mission:	Mexico
Program Title:	Access to Financial Services
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	523-DDD
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,600,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2009

Summary: The USAID Microfinance objective in Mexico is focused on increasing access to effective financial services by traditionally underserved populations. The program will seek to accomplish this objective by: 1) building the capacity of a critical mass (4-6) of microfinance institutions (MFIs); 2) developing the capacity of a supervisory federation; and 3) leveraging remittances for savings and investment.

Inputs, Outputs, Activities:

FY 2003 Program:

The program will begin in 2004.

FY 2004 Program:

Microfinance institution capacity building (\$1,500,000 DA). USAID will finance a technical assistance and training program for four to six microfinance institutions that will be competitively selected on the basis of their potential and commitment to achieve sustainability and growth. The program will be designed to enable them to expand their client base, capture savings, and adopt sound management practices (e.g., effective governance, strong internal controls, and efficient management information systems). Activities will increase the supply of quality financial services for populations that currently have little or no access to such services. The principal contractor is to be determined.

Supervisory Federation Capacity Building (\$350,000 DA). The contractor will provide technical assistance and training to one or two supervisory federations to develop a capability to oversee compliance with the new savings and credit law and to provide ongoing supervision of member MFIs. Activities will be designed to ensure effective compliance with Mexican Savings and Credit legislation and to develop standardized reporting by institutions. The principal contractor is to be determined.

Remittances (\$750,000 DA). USAID is proposing 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 by introducing best practices of project design and implementation, and to foster stronger cross-border linkages. The principal contractor is to be determined.

Performance and Results: Successful implementation of this objective will result in: an increase in the number of clients with microfinance services of 250%; the development of up to six financially self-sufficient microfinance institutions; the creation of an effective supervisory federation that ensures compliance with Mexican law; and an increase in the amount of remittances captured as savings by 100%.

US Financing in Thousands of Dollars

Mexico

523-DDD Access to Financial Services	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	2,600
Future Obligations	13,000
Est. Total Cost	15,600

Nicaragua

The Development Challenge: Nicaragua's per capita Gross Domestic Product (GDP) is the second lowest in the Western Hemisphere at approximately \$500, and real economic growth has declined from 7.4% in 1999 to 1% in 2002. About half the population lives in poverty, unemployment and underemployment are close to 50%, and income distribution is one of the most unequal in the world. At the end of 2002, combined foreign and internal debt was more than three times Nicaragua's GDP, choking public finances and hindering possibilities for economic growth. In addition, Nicaragua is prone to natural disasters including floods, droughts, earthquakes, volcanic eruptions and hurricanes. Impoverished Nicaragua has a limited capacity to respond to and recover from these disasters.

Despite poor economic performance, Nicaragua achieved remarkable progress in key social sectors with the help of USAID. The 2001 Demographic and Health Survey showed major reductions in Nicaragua's infant and child mortality rates, total fertility rates and chronic malnutrition. USAID contributed to these achievements by providing a large part of the modern contraceptives used in Nicaragua, equipping an expanded immunization program and funding nongovernmental organization (NGO) efforts to prevent childhood malnutrition in high-risk areas. USAID's basic education program has spurred the Government of Nicaragua's reforms of primary education and generated a plan to replicate USAID's model schools nationwide with funding from the World Bank's Education-for-all Fast Track Initiative. These accomplishments are significant but fragile, and Nicaragua still faces tremendous challenges in the health and education sectors. While more than 90% of children aged seven to 12 now attend primary school, less than 50% of those aged 13 to 18 attend secondary school, a condition which must improve significantly to achieve economic growth. Even though fertility has declined, population growth rates remain among the highest in Latin America, due to continually high adolescent pregnancy rates and the population's very young age distribution (45% of Nicaraguans are under 25). Nicaragua's challenge is to make these important yet vulnerable gains sustainable, and to improve both quality and access to education and health services.

Although Nicaragua has made progress in fostering democracy, including holding technically fair elections and a relatively free press, more progress needs to be made to fully consolidate democracy. Institutional weaknesses are evident throughout the government, particularly in the highly inefficient justice system, which is only now improving with the enactment of a new Criminal Procedures Code, adopted with USAID support. Corruption remains widespread, though with the indictment of former President Aleman, corrupt officials are on notice that no one is above the law.

With Nicaragua's approaching entry into the Central American Free Trade Agreement (CAFTA) and eventual entry into the Free Trade Area of the Americas (FTAA), the United States has a strategic interest in helping Nicaragua become a viable trading partner, one that effectively opposes international terrorism and narcotrafficking. Through a Presidential Initiative--the Opportunity Alliance--USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness, by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management. The challenges of reducing poverty, increasing economic growth, strengthening democracy, and improving human capital investments will require a major commitment from Nicaragua and the international donor community. Strategic partnerships with U.S. private sector entities and international financial institutions formed under the Opportunity Alliance will also provide a major impulse to renewed Nicaraguan growth through trade.

The USAID Program: FY 2003 is a transition year for USAID in Nicaragua as it implements its current strategic plan and designs its new strategy for FY 2004 through FY 2008. Accordingly, USAID is submitting two sets of data sheets. One set reflects remaining obligations to complete the current strategic plan in FY 2003 and the other set reflects obligations to be made once the new strategic plan is launched in FY 2004. The data sheets for FY 2003 include the following objectives: 1) Strengthening Democracy; 2) Sustainable Economic Growth; and 3) Improved Health and Education. The data sheets for the new strategy include: 1) Justice Reform and Institutional Strengthening; 2) Trade and Agricultural Diversification; and 3) Human Investment.

In its new strategy, USAID will capitalize on the President's Opportunity Alliance initiative to support Nicaraguan efforts to reduce poverty while preparing the country to participate in CAFTA and eventually the FTAA. The new strategy will focus on promoting free trade and economic growth, improving social services, and strengthening democracy and good governance.

USAID will help to increase Nicaragua's capacity to participate in free trade in the Americas, and help small agricultural producers become more competitive by encouraging diversification, increasing productivity, linking producers to domestic and international markets and using natural resources sustainably. Economic development projects will help stem the flow of economic migrants from rural areas and reduce the country's vulnerability to narcotics abuse and trafficking.

Establishing a credible, equitable, and efficient judicial system based on rule of law is a key component of encouraging productive investment in Nicaragua. Accordingly, USAID will continue its efforts in legal code reform, including assistance in drafting, enacting, and implementing modern codes, and in strengthening judicial sector institutions. USAID will also help create and strengthen new mechanisms for improving governance, including monitoring government accountability and transparency.

Laying the foundation for a healthy, well-educated workforce is also necessary to increase productivity. USAID continues to support programs promoting healthy children, family planning, and primary education. Family planning is essential to keeping population growth from impeding economic growth, and keeping HIV/AIDS from becoming an epidemic is vital to preserving a healthy workforce. USAID will focus on improving governance in these sectors, as well.

Other Program Elements: In addition to programs managed in Nicaragua, USAID implements activities managed regionally by the Latin American and Caribbean Bureau including civil society and local government strengthening, human rights and rule of law, anti-trafficking, municipal development, trade capacity and market development, park conservation, cleaner production, and education reform. The Bureau for Economic Growth, Agriculture and Trade supports activities to strengthen the dairy industry and, through a matching grant, micro enterprise activities. USAID's Global Health Bureau manages child survival programs and provides loans for private sector family health clinics. USAID's Central American Regional Program based in Guatemala manages activities in trade capacity building, HIV/AIDS prevention, and natural resources management in Nicaragua. The Central American Mitigation Initiative, managed by USAID's Office of Foreign Disaster Assistance, funds activities that reduce the impact of natural disasters. USAID in Nicaragua will work with other USAID implementing offices to focus activities during the implementation of the new country strategy.

Other Donors: Total donor support in grants and loans for Nicaragua was estimated at \$494 million in 2001, about 19% of GDP. Nicaragua's largest donor is Japan, providing 14% of all assistance, primarily for infrastructure projects. The United States is the second largest donor providing 12% of total assistance. Other major bilateral donors include Sweden, Denmark, Germany, Spain, and Taiwan. The Danish and German governments support environmental conservation and the Swedes and other Nordic donors support decentralized delivery of primary health care. Other donors active in Nicaragua include the Inter-American Development Bank, the World Bank, the European Union, the World Food Programme, and the United Nations Development Program. USAID works collaboratively with these donors to support transparency in government procurement; effective financial management; stronger municipal governments; new agricultural technologies; trade capacity; reforms in health, education and justice sectors; and relief in emergency situations.

**Nicaragua
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	7,006	8,470	7,606	6,855
Development Assistance	16,390	16,602	19,730	24,152
Development Credit Authority	0	158	0	0
Economic Support Fund	1,499	2,800	0	0
PL 480 Title II	7,807	15,136	10,363	10,565
Total Program Funds	32,702	43,166	37,699	41,572

STRATEGIC OBJECTIVE SUMMARY

524-001 Strengthening Democracy				
DA	3,350	4,022	4,510	0
ESF	1,499	2,300	0	0
524-002 Sustainable Economic Growth				
DA	9,049	9,930	12,520	0
DCA	0	158	0	0
ESF	0	500	0	0
PL 480	2,925	5,450	5,788	0
524-003 Improved Health and Education				
CSH	7,006	8,470	7,606	0
DA	3,991	2,650	2,700	0
PL 480	2,700	9,686	4,575	0
524-XXX Justice Reform and Institutional Strengthening				
DA	0	0	0	6,750
524-YYY Trade and Agricultural Diversification				
DA	0	0	0	14,102
PL 480	0	0	0	5,830
524-ZZZ Human Investments				
CSH	0	0	0	6,855
DA	0	0	0	3,300
PL 480	0	0	0	4,735
598-021 Special Development Opportunities				
DA	0	0	(3,990)	0

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Strengthening Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	524-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,510,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2003

Summary: USAID's democracy program in Nicaragua provides technical assistance and training for civil society organizations to: develop the legal framework for the rule of law; strengthen the institutional framework needed for transparency and accountable governance; and increase civil society participation in government decision making, human rights advocacy and government performance monitoring.

Inputs, Outputs, Activities: **FY 2003 Program:**

Consolidate the rule of law (\$500,000 DA). Justice sector reform is one of the Bolaños administration's highest priorities. USAID will provide technical assistance to reform Nicaragua's criminal justice sector, including implementation of the new Criminal Procedures Code, which went into effect in December 2002, and negotiation and passage of a new Penal Code. USAID also will fund training on the new Codes for judges, public defenders, and other judicial system actors. Technical assistance to the Government of Nicaragua will help develop and pass key legislation aimed at increasing the country's accountability and transparency. An additional \$1 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal contractor is Florida International University.

Strengthen mechanisms for transparency and accountability (\$2,000,000 DA). USAID will continue to provide technical assistance and training to strengthen the institutional framework needed as a basis to fight corruption. This includes strengthening of the Public Ministry and Attorney General's Office, and reinforces related governance activities, such as expanding and improving Nicaragua's public defender system. USAID will also help the Government of Nicaragua's nascent Office of Public Ethics to develop and implement a strategy for defining and implementing ethical norms for the government, training employees in public ethics, and monitoring government compliance with internal control systems. The principal contractor is Checchi and Company and another contractor to be determined.

Strengthen civil society (\$1,010,000 DA). USAID will promote civil society initiatives to defend human rights, advocate for legal reform, increase citizen participation in government decision making, and increase transparency. USAID will support the private sector in its efforts to monitor government agencies and mobilize citizen support to create awareness about the costs of corruption. An additional \$1.49 million, included in SO 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal grantees are U.S. registered non-governmental organizations (NGOs) in Nicaragua and/or Nicaraguan NGOs.

Conflict prevention, mitigation, and resolution/reconciliation (\$1,000,000 DA). USAID will provide technical assistance to civil society and human rights organizations to help victims of domestic violence and other human rights abuses through alternative dispute resolution mechanisms and peace commissions. It is anticipated that USAID will enter into a grant agreement with the Organization for American States, a public international organization with a proven track record in conflict and justice, two priority areas for the democracy program.

FY 2004 Program:

In FY 2004, new democracy activities will be developed under SO 524-XXX.

Performance and Results: USAID's technical assistance has been critical not only in passing the Criminal Procedures Code, but also in implementing the Code on schedule despite political and logistical obstacles. Negotiations for passage of the new Penal Code are also on track. With important USAID input, a new Public Ministry has been established and is expanding to meet the needs of the new Criminal Procedures Codes.

USAID expects that activities to promote this objective will result in successful implementation of the new Criminal Procedures Code, with the establishment of oral, accusatorial trials to replace the antiquated, inquisitorial trial system. Prosecutors from both the Public Ministry and the Attorney General's Office will effectively carry out their roles under the new system, as will judges and other key personnel. Implementation of the new Criminal Code, along with the new Penal Code, will provide mechanisms for prosecuting crimes such as narcotrafficking and corruption that were not adequately covered under the previous legislation. Expansion of the new public defenders' system will increase Nicaraguans' access to justice and help introduce due process into the legal system. Passage of new legislation such as the Access to Information Law and the Civil Service Career Law will enhance government accountability and transparency, along with the monitoring mechanisms created by the new Office of Public Ethics.

US Financing in Thousands of Dollars

Nicaragua

	DA	ESF
524-001 Strengthening Democracy		
Through September 30, 2001		
Obligations	21,320	11,693
Expenditures	16,907	9,323
Unliquidated	4,413	2,370
Fiscal Year 2002		
Obligations	4,022	2,300
Expenditures	4,342	2,870
Through September 30, 2002		
Obligations	25,342	13,993
Expenditures	21,249	12,193
Unliquidated	4,093	1,800
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	4,510	0
Total Planned Fiscal Year 2003		
Obligations	4,510	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	29,852	13,993

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Sustainable Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	524-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$12,520,000 DA; \$5,788,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2003

Summary: USAID's economic growth objective intends to increase incomes and employment opportunities for small producers by providing technical assistance and training. The program focuses on helping small farmers diversify production and increase output in a sustainable manner, increasing small- and micro-businesses in rural and urban areas, improving the use of natural resources, and improving Nicaragua's international trade competitiveness.

Inputs, Outputs, Activities:

FY 2003 Program:

Global market access for the poor (\$5,500,000 DA). USAID will fund technical assistance to small Nicaraguan farmers and entrepreneurs to develop market linkages for nontraditional agricultural products. Assistance will address policy and regulatory constraints on investments, increased trade opportunities, competitiveness, and market access for the poor. Nicaragua's P.L. 480 Title II program is an integral component of USAID's economic growth strategy. Activities will help food-insecure families diversify agricultural production, link farmers to markets, and conserve soil and water resources. USAID also will implement an activity to provide food for unemployed coffee sector workers in exchange for labor on coffee farms affected by the global decline in coffee prices. Implementing partners include the United States Department of Agriculture and USAID's Central American regional program's Supermarket Trade Alliance for Rural Mexico and Central America. An additional \$1.5 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The P.L. 480 program is administered through grants to Catholic Relief Services, Project Concern International, Adventist Development Relief Agency, and Save the Children.

Improving trade capacity, investments, and economic and regulatory reform (\$7,020,000 DA). USAID will conduct activities to prepare the Government of Nicaragua (GON) to implement the Central American Free Trade Agreement (CAFTA) with the United States. USAID will help the GON through assistance in developing and implementing policies and mechanisms for tax collection, financial market development, trade and investment promotion, and infrastructure planning and prioritization. Activities will identify key constraints in economic, fiscal, trade, and investment promotion policies. In addition, USAID will implement sustainable trade and diversification activities in selected environmentally protected areas to increase incomes of poor populations in those areas and preserve biodiversity.

FY 2004 Program:

This strategic objective will end in FY 2003, and be followed by SO 524-YYY.

Performance and Results: With support from USAID during the current strategy period, farmers have increased farm production and improved the quality of their products. Small and medium size farmers assisted by the program increased production by 37% and gross income by 41%. In addition, these farmers have adopted improved sustainable agricultural practices, exceeding targets in terms of total land area under sustainable management by 11%.

USAID's microfinance program reached 108,295 rural and urban micro entrepreneurs, of which 85% are women. Membership in Nicaraguan credit unions increased by 624% from June 1997 to September 2002. Savings deposits also grew by an incredible 6,000% increase from previous levels. USAID also helped to form specialty coffee alliances to help small-scale coffee producers market their products in the U.S. and Europe.

In the environment sector, USAID successfully supported the creation of co-management agreements between the Ministry of Environment and local NGOs for six protected areas, encompassing 37,182 hectares. USAID also successfully supported a new national park monitoring system that will cover 10 priority protected areas.

In FY 2003, USAID's small farmer beneficiaries will continue increasing product sales and diversifying their markets. USAID will monitor the number of partnerships and funds leveraged from multinational banks, private sector companies and other donors to determine results. USAID's trade and investment activities are designed to increase investments in Nicaragua and link small farmers directly to existing and new profitable markets. In addition, USAID expects to see larger portions of protected areas under improved and sustainable management. Finally, USAID expects reduced vulnerability to natural disasters through its natural resource conservation activities.

US Financing in Thousands of Dollars

Nicaragua

524-002 Sustainable Economic Growth	DA	DCA	ESF
Through September 30, 2001			
Obligations	39,150	0	10,262
Expenditures	26,087	0	10,244
Unliquidated	13,063	0	18
Fiscal Year 2002			
Obligations	10,582	158	500
Expenditures	9,015	0	88
Through September 30, 2002			
Obligations	49,732	158	10,762
Expenditures	35,102	0	10,332
Unliquidated	14,630	158	430
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	12,520	0	0
Total Planned Fiscal Year 2003			
Obligations	12,520	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	62,252	158	10,762

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Improved Health and Education
Pillar:	Global Health
Strategic Objective:	524-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,606,000 CSH; \$2,700,000 DA; \$4,575,000 PL 480
Prior Year Unobligated:	\$900,000 DA
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1998
Estimated Completion Date:	FY 2004

Summary: USAID's program to support better educated, healthier, and smaller families provides technical assistance and training to improve: access to quality primary education; public health services in selected municipalities; family planning services through private, non-profit family health clinics; and household child survival, reproductive health, hygiene and nutrition practices.

Inputs, Outputs, Activities:

FY 2003 Program:

Access to quality primary education (\$2,700,000 DA). USAID will continue to improve basic education in Nicaragua by supporting teacher training and development of student-centered materials and teacher training modules. USAID will promote policy reform, improve libraries and resource centers, and strengthen community participation in schools. With the World Bank Education-for-All Fast Track Initiative (EFA-FTI) beginning in Nicaragua in 2003, USAID will provide technical leadership to the Ministry of Education to expand the model school program, a successful quality primary education reform that USAID has supported since 1994. USAID will finance an education specialist position to promote donor coordination in the implementation of EFA-FTI. USAID will assist the Government of Nicaragua in developing a plan for the EFA-FTI, focused on defining quality standards and assessment measures for a national school improvement program. USAID will initiate an education Global Development Alliance, matching USAID funds with contributions from private donors. Under this Global Development Alliance, 136 schools supported by U.S. companies working in Nicaragua will integrate their activities into USAID's model school program. The principal contractor is Academy for Educational Development with a sub-contract to Juarez and Associates. The Global Development Alliance consortium includes Nicaraguan-American Chamber of Commerce Education Committee, the American-Nicaraguan Foundation and the Academy for Educational Development.

Child health services and practices (\$2,600,000 CSH). USAID will continue to fund technical assistance to upgrade public sector health facility services, leading to improved child survival and reduced maternal mortality. Technical assistance to the Ministry of Health will address critical issues in security of pharmaceutical and contraceptive supplies and improve the Ministry's capacity to plan and manage resources and increase public health investments. Subgrants to nongovernmental organizations will improve breastfeeding, hygiene and other household health behaviors in the Pacific and central highlands. The principal contractor is Management Sciences for Health with a subcontract to Johns Hopkins University.

Family and reproductive health services (\$4,006,000 CSH). USAID will continue to use Child Survival and Health funds to improve provision of family planning services through a network of integrated family health clinics. In FY 2003, USAID will purchase 75% of available contraceptives and help distribute these contraceptives through public and private outlets. USAID also will work with the Ministry of Health and other donors to develop a contraceptive security plan for the next five years. USAID will expand marketing campaigns to increase consumer awareness of care and services provided by family health clinics and to reduce sexually transmitted diseases and HIV. The principal grantee is Profamilia.

Food security and nutrition of rural women and children (\$1,000,000 CSH). USAID will provide technical assistance and training to community health volunteers on the Integrated Child Care approach to prevent chronic childhood malnutrition among at-risk and under-served populations and to increase food security. The model focuses on children under two years of age and combines growth monitoring with counseling for mothers on how to change the household behaviors and feeding practices that cause growth to falter. USAID funds the Ministry of Health's micronutrient supplementation of Vitamin A and iron folate. USAID will initiate a Global Development Alliance health initiative with Proctor and Gamble to develop and market nutritionally-fortified food products at affordable prices. The principal grantee is Networks for Health. The Global Development Alliance consortium consists of Proctor and Gamble and the International Science and Technology Institute-Micronutrient Operational Strategies and Technology Project.

P.L. 480 Title II: Four Title II cooperating sponsors will continue to implement complementary feeding, maternal health and child survival activities to assist over 45,000 families in selected high-risk communities. All four Title II private voluntary organizations adopted USAID's Integrated Child Care model for preventing chronic childhood malnutrition and agreed to a single standard set of indicators for monitoring program achievement and effectiveness. The cooperating sponsors are Catholic Relief Services, Adventist Development and Relief Agency, Save the Children, and Project Concern International.

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

FY 2004 Program:

This strategic objective will end in FY 2003 and be followed by SO 524-ZZZ.

Performance and Results: One of USAID's greatest development successes in the past years occurred in health and family planning. Results of the 2001 Demographic and Health Survey showed major reductions in infant and child mortality rates, total fertility rates and chronic malnutrition. Infant mortality rates dropped nearly 20% in three years. While Nicaragua formerly had some of the highest infant mortality and chronic malnutrition rates in Central America, it now has some of the lowest. Chronic malnutrition fell to 20% in 2001, although rates still reach 50% in highly vulnerable municipalities. Due to the significant use of family planning methods, fertility rates declined in Nicaragua from 4.6 children per woman in FY 1993 to 3.2 in FY 2002. With 67.8% of women using modern methods, Nicaragua has one of the highest contraceptive prevalence rates in Central America and the Caribbean. Indeed, USAID's worldwide contractor for the Demographic and Health Survey now describes Nicaragua's family planning program as one of the world's success stories. Nevertheless, these gains are not financially sustainable, and the country remains dependent on USAID support for purchasing contraceptives.

The recent mid-term evaluation of USAID's basic education program concluded that the project has had an extremely positive effect on both regular and multi-grade model schools and found some model schools could serve as international models of quality primary schools. These accomplishments are especially remarkable given the country's continuing abject poverty. These results, while impressive, are fragile and vulnerable to roll-backs. Much of the support for these results came from the sharp increase in U.S. and other donor assistance under the Hurricane Mitch reconstruction program, which concluded at the end of the first quarter of FY 2002. The Government of Nicaragua's resources for health and education have been a relatively high, although declining, percentage of Government expenditures. International donor resources continue to cover over 50% of non-recurrent costs for the Ministry of Health in FY 2001 and FY 2002.

US Financing in Thousands of Dollars

Nicaragua

	CSH	DA	ESF
524-003 Improved Health and Education			
Through September 30, 2001			
Obligations	31,992	14,830	82
Expenditures	25,078	12,560	68
Unliquidated	6,914	2,270	14
Fiscal Year 2002			
Obligations	7,270	2,551	0
Expenditures	9,244	2,765	0
Through September 30, 2002			
Obligations	39,262	17,381	82
Expenditures	34,322	15,325	68
Unliquidated	4,940	2,056	14
Prior Year Unobligated Funds			
Obligations	0	900	0
Planned Fiscal Year 2003 NOA			
Obligations	7,606	2,700	0
Total Planned Fiscal Year 2003			
Obligations	7,606	3,600	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	46,868	20,981	82

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Justice Reform and Institutional Strengthening
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	524-XXX
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,750,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: The USAID democracy strengthening program in Nicaragua includes technical assistance and training for a more transparent, independent and effective justice system that is fully accessible to Nicaraguan citizens. The program will support the consolidation of democracy through the development of transparent, accountable and professional government institutions, and greater citizen participation in decision making.

Inputs, Outputs, Activities:

FY 2003 Program:

This program will begin in FY 2004.

FY 2004 Program:

Consolidating the rule of law (\$3,000,000, DA). USAID will use FY 2004 funds for its new strategy to advance reform in the justice system, building on successes in transforming the system to date. USAID will advocate new legal reforms while consolidating past gains in the creation of a modern criminal and civil justice system. Technical assistance and training will support the implementation of the critically important, USAID-assisted Criminal Procedures Code, which went into effect on December 24, 2002, and the Penal Code, which is expected to pass in FY 2003. USAID will select a principal contractor and/or grantee through a competitive process.

Improving governance (\$2,750,000, DA). USAID will continue its assistance to entities that are taking leading roles in anti-corruption cases. Such activities will likely include assistance to the Attorney General's Office and the Public Ministry to provide judicial training on the new legislation as well as technical assistance in expanding the public defender's system. USAID will also help create and strengthen new mechanisms for monitoring government accountability. USAID will continue to focus on core activities such as, increasing civil society's participation in government decision making, advocacy for citizen rights, and promoting more effective "watchdog" functions. USAID will build nongovernmental organization (NGO) capacity to take a stronger role in public dialogues, in advocating for reform, monitoring government activities, educating the public on topics related to the legal reform process, and protecting and promoting human rights. USAID's support for civil society strengthening will continue to focus on consolidating the rule of law, improving governance and promoting free and fair elections. The principal contractor and/or grantee are yet to be selected through a competitive process.

Free and fair municipal elections (\$1,000,000 DA). With municipal elections scheduled for November 2004, 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. The principal contractor and/or grantee will be determined through a competitive process.

Performance and Results: USAID expects that activities in support of this objective will result in full implementation of the reformed Criminal Procedures Code and other codes in FY 2004. The public defender system will be expanded, guaranteeing due process to Nicaraguan citizens regardless of their

ability to pay. Passage of key legislation will enhance government accountability, transparency, efficiency and effectiveness. Civil society organizations will increase their effectiveness and capability to act autonomously in planning and executing collaborative efforts such as observation of municipal elections.

US Financing in Thousands of Dollars

Nicaragua

524-XXX Justice Reform and Institutional Strengthening	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	6,750
Future Obligations	0
Est. Total Cost	6,750

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Trade and Agricultural Diversification
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	524-YYY
Status:	
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$14,102,000 DA; \$5,830,000 PL 480
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID's market and trade-led agriculture and economic diversification program will build on earlier program achievements. USAID will work to increase the incomes and market shares of small-scale agricultural producers in Nicaragua. The program will foster free trade and job creation by assisting the Government of Nicaragua in trade capacity building and economic and policy reform related to implementation of the Central American Free Trade Agreement (CAFTA). To facilitate trade, USAID will address policy and regulatory constraints to investments, trade, competitiveness, and market access for the poor. The program will also improve food security of the rural poor.

Inputs, Outputs, Activities:

FY 2003 Program:

This program will begin in FY 2004.

FY 2004 Program:

Global market access for the poor (\$5,524,000 DA). USAID will assist Nicaragua to become more competitive in international agricultural as well as non-agricultural markets by building upon lessons learned from the Hurricane Mitch Reconstruction and Recovery Program. Activities will focus on productivity, market access, improved competitiveness, increased investments, and safety-net programs for the poor. Sustainable environmental and natural resource management will be incorporated into this activity. USAID will choose an implementer through a competitive process.

Improving trade capacity and investments (\$8,578,000 DA). USAID will continue to conduct activities to help prepare the Government of Nicaragua to sign and implement CAFTA and develop and implement other policies and mechanisms for tax collection, financial market development, trade and investment promotion, competitiveness, and infrastructure planning and prioritization. Activities will identify key constraints in economic, fiscal, trade and investment promotion policies and promote economic integration within Central America. In addition, USAID will implement sustainable trade and diversification activities in selected protected areas to increase incomes of poor populations in these areas and conserve biodiversity. USAID will select an implementer through a competitive bidding process.

P.L. 480 funded activities to improve food security and diversify agricultural production will continue through the food-for-work program. Activities will help food insecure families to diversify agricultural production, link farmers to markets, and conserve soil and water resources. The P.L. 480 program is administered through grants to Catholic Relief Services, Project Concern International, Adventist Development Relief Agency, and Save the Children.

Performance and Results: USAID expects that diversified agriculture, increased trade, and increased foreign direct investment will expand the rural economy, reduce poverty in rural areas, and strengthen the ability of rural communities to withstand the effects of economic shocks and natural disasters. USAID assistance intends to help Nicaragua to improve its business and investment climate, attract more foreign

direct investment, and participate in CAFTA, competently implementing the terms of the free trade agreement.

US Financing in Thousands of Dollars

Nicaragua

524-YYY Trade and Agricultural Diversification	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	14,102
Future Obligations	0
Est. Total Cost	14,102

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Human Investments
Pillar:	Global Health
Strategic Objective:	524-ZZZ
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,855,000 CSH; \$3,300,000 DA; \$4,735,000 PL 480
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: The USAID human investments program in Nicaragua is focused on sustaining significant but fragile gains accrued in basic education, primary health care, child nutrition, family planning, and HIV prevention. USAID will support efforts to expand the model school program and improve the efficiency and quality of public and private health services. USAID will mobilize public-private partnerships in the areas of health and education as well as work to improve household health and nutrition practices. Throughout FY 2004, USAID will strengthen programs targeted toward young adults and adolescents, including support efforts to curb adolescent pregnancy and prevent HIV/AIDS.

Inputs, Outputs, Activities:

FY 2003 Program:

This program will begin in FY 2004.

FY 2004 Program:

Access to quality primary education (\$3,300,000 DA). USAID will work with the Government of Nicaragua and donor partners to implement the government's education plan for the Education-for-All Fast Track Initiative, particularly in replicating and expanding USAID's successful model school program on a national level. USAID technical assistance will focus on ensuring that key elements of the model school approach, such as high quality teaching, curricula standards and parent-community participation are strengthened. As training is critical for this effort to succeed, USAID will provide technical leadership to the Ministry of Education and continue to train the trainers (master teachers, school principals, municipal education technical advisors and supervisors) who will implement the nationwide program. USAID will strengthen model schools as teacher training sites and as sites for school exchanges among teachers, parents and students. In addition, more schools supported by the private sector under the Global Development Alliance will be integrated into the model school program. USAID will design a communication strategy to explain the government program to key education stakeholders and the public. The principal implementer will be determined through competition.

Health sector governance and public health sector reform (\$5,572,000 CSH). USAID support will assist the Ministry of Health in: identifying, replicating and institutionalizing successful models for providing high quality health services in rural municipalities; developing management capacity to provide oversight, quality control and regulation of services; supporting improved commodity distribution and logistics; improving and simplifying legal and regulatory frameworks for the new General Health Sector Law; and exploring fee-for-service, contracting-out and group health plans. USAID will work with the Nicaraguan Social Security Institute (INSS), private sector providers and the Summa Foundation, a USAID-supported nonprofit investment fund created to finance private sector health programs in developing countries. Assistance will focus on: improving the accreditation, quality control, certification and financing of Nicaragua's growing market of private sector providers; improving access to and quality of primary health care, family planning and reproductive health services for INSS beneficiaries; expanding coverage of health services to Nicaraguans at affordable prices; and reducing Ministry of Health cost burdens by ensuring that clients who can pay for services do not receive free services at Ministry of Health facilities.

USAID will also develop initiatives under a development credit authority, which will leverage private sector bank loans to support commercial health development projects and consolidate health services in underserved, low-income urban areas, including Managua. The implementer will be determined through a competitive process.

Food security and household health and nutrition practices (\$1,283,000 CSH). USAID will work with a federation of health related private voluntary organizations (PVOs), local nongovernmental organizations (NGOs) and cooperating sponsors to oversee awards of competitive PVO/NGO subgrants. Subgrantees will work to improve household health behaviors and practices, such as hygiene and hand washing. This program will target high-risk food-insecure communities to improve child feeding practices with growth monitoring and nutritional counseling for mothers at home. USAID also will partner with the federation of PVOs to prevent transmission of HIV/AIDS through interventions targeted towards groups engaging in high-risk behaviors. The implementer will be selected through a competitive process. With P.L. 480 Title II funds, USAID will work through existing cooperating sponsors to extend access to Ministry of Health clinics by linking health staff with volunteer health workers and families in rural communities. USAID also will help expand integrated management of childhood illnesses and the comprehensive child care program to reduce chronic childhood malnutrition in food-insecure rural communities. The cooperating sponsors are Catholic Relief Services, Adventist Development and Relief Agency, Save the Children, and Project Concern International.

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

Performance and Results: USAID will work in full partnership with the World Bank Education for All-Fast Track Initiative to expand the model school approach nationwide. By the end of FY 2004, the number of model schools and the number of students completing high quality primary education is expected to increase. USAID's efforts should further reduce Nicaragua's infant mortality rate and chronic malnutrition rate of children under two. Adolescent and young adults will increase their use of modern contraceptives and teenage pregnancy will decline. Existing inequities in health will decline through the expansion of Ministry of Health services for the poor and extremely poor. More Nicaraguans under the social security system will have access to private, high quality health services.

US Financing in Thousands of Dollars

Nicaragua

	CSH	DA
524-ZZZ Human Investments		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	0
Proposed Fiscal Year 2004 NOA		
Obligations	6,855	3,300
Future Obligations	0	0
Est. Total Cost	6,855	3,300

Panama

The Development Challenge: Panama is characterized by a dual socioeconomic structure consisting of a modern service and commercial sector and a traditional rural sector. Key social indicators in terms of health and education are relatively better than most Central American and Caribbean countries. However, these mask significant inequalities, considering that Panama has one of the most unequal distributions of income in the Western Hemisphere.

The overall performance of the Panamanian economy is closely linked to the Panama Canal and the Panama Canal Watershed (PCW). Following the United States turnover of the Panama Canal on December 31, 1999, Panama assumed full responsibility for canal operations. A key factor for ensuring continued effective operation of the Panama Canal is the availability of sufficient water to operate the locks system. This water supply is provided by a rain-fed 326,000-hectare watershed, which contains five rivers and two man-made lakes that store the water for canal operations. During the past 50 years, 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 activities, threatens the Canal's environmental sustainability. As a result, the watershed is increasingly vulnerable to agricultural and industrial pollution, siltation, and sedimentation, resulting in reduction of water storage capacity of the lakes that serve as the water source for the canal.

The organization of Panama's judicial system is complex, involves numerous players and is beset with many problems. Poor people lack adequate access to legal services, and the vast majority of people in prison are indigent and more apt to stay locked up. Corruption is pervasive among the three branches of government and is grudgingly accepted by many in the Panamanian private sector as a cost of doing business. The lack of adequately trained prosecutors and police investigators leads to inept criminal investigations that can take 24 months before indictment. Foreign investors perceive the legal system as working to the benefit of insiders. The judicial system is viewed as slow and cumbersome due to substantial civil and commercial case backlogs.

With escalating violence in Colombia, Panama faces a strong possibility of increasing flows of displaced persons across its border. In the vulnerable Darien region, which borders Colombia, an influx of refugees increases the risk of social, economic, and political upheaval. 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 United States national interest to ensure that Panama develops the capacity to manage and protect the watershed of this vital international waterway on a sustainable basis. An effectively operating Canal facilitates world maritime commerce and also ensures rapid transit of U.S. warships between oceans. Combating corruption can help increase investor confidence in Panama and help attract more foreign direct investment. Improved development and alternative sources of income in the Darien Province can help stem the flow of illicit drugs into the United States.

The USAID Program: The USAID/Panama country assistance program focuses primarily on ensuring effective protection and management of the Panama Canal Watershed. The Panama Canal is vital for U.S. commercial and military strategic interests. Approximately 14% of United States ocean-going trade and a significant amount of world trade and cargo pass through the Canal. The protection of the watershed's natural environment is necessary to safeguard the fresh water resources required for the canal's continuous operation. USAID's assistance program also seeks to develop momentum towards substantial improvement in the criminal and commercial justice systems of Panama. A democratic, transparent, and stable Panama will help ensure fair treatment of U.S. citizens and businesses in Panamanian commercial and criminal courts. Finally, USAID/Panama recently initiated efforts in support of the Andean Regional Initiative to create a buffer against the spillover effects from the Colombian conflict into Panama's Darien Province. This effort is focused on providing technical assistance, training,

and commodities to selected Darien communities for small self-help community development infrastructure, increased economic productivity, and a more effective local government in the area.

Other Program Elements: The USAID Central American Regional Mission in Guatemala manages programs, mainly through technical assistance and training that support increased Central American participation in global markets, improved environmental management in the Mesoamerican Biological Corridor, and enhanced capacity in Central America and Panama to respond to the HIV/AIDS crisis. In addition to the activities described in the Program Data Sheets, USAID's Office of Human Rights within the Latin America and Caribbean Bureau manages two programs designed to reinforce regional trends that deepen democracy in Latin America and the Caribbean. One program provides training and provides funding for studies, seminars, and special conferences to support indigenous institutions that promote and protect human rights. The other program provides training and technical assistance to increase citizen participation and strengthen civil society organizations and networks.

Panama is also participating in the Regional Quality Coffee Program aimed at increasing the competitiveness and sustainability of quality coffee. The program will provide short-term technical assistance to enable small producers in three important regions near the Costa Rican border and a large, very poor indigenous community, to offer consistent quantities of high quality Panamanian coffee for domestic and export markets. The program improves business practices and provides market linkages to strengthen this important industry in Panama.

Other Donors: USAID continues as the major donor active in the PCW region. The Government of Japan (GOJ) under the Common Agenda provides assistance to the Government of Panama (GOP) and nongovernmental organizations (NGOs) in the PCW that is complementary to, and coordinated with, USAID's effort. The GOJ has supported the establishment of a training center in the PCW area that provides environmental education and awareness training in forestry and agro forestry techniques. The GOJ is also providing technical assistance to a number of pilot communities in the PCW related to improved environmentally friendly agricultural production.

The Inter-American Development Bank (IDB) is assisting the GOP to strengthen its institutional management and implementation mechanisms in support of community environmental mitigation efforts, with particular focus in the PCW. The IDB is also supporting the conversion of destructive agricultural practices to environmentally friendly productive activities in the PCW. In addition, the IDB is supporting the GOP in the implementation of an integrated development program in the Darien Province with important environmental elements. Finally, the IDB is the lead donor supporting a major GOP effort in the improvement of the criminal justice system.

The Food and Agriculture Organization (FAO) of the United Nations is assisting the Ministry of Agricultural Development in its implementation of land use changes in the rural Eastern Region of the PCW and to measure the socioeconomic impacts 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 longer-term effort (about 20 years) with possible funding from the World Bank. Also, the International Fund for Agricultural Development (IFAD) of the UN is supporting a sustainable rural development effort in the Darien Province with emphasis on the indigenous communities in the area. The USAID effort to strengthen selected communities in Darien will complement both the IDB and UN programs.

The European Union is supporting a modest program aimed at assisting the GOP to implement a program of free legal services for poor pretrial detainees.

**Panama
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Development Assistance	3,700	4,500	7,000	5,750
Economic Support Fund	998	4,205	3,500	3,500
Total Program Funds	4,698	8,705	10,500	9,250

STRATEGIC OBJECTIVE SUMMARY

525-004 Protection of the Panama Canal Watershed				
DA	3,700	4,181	7,000	5,750
525-005 Judicial Reforms				
ESF	998	1,205	500	3,500
525-006 Rural Community Development				
ESF	0	3,000	3,000	0
TRANSFER				
DA	0	319	0	0

Data Sheet

USAID Mission:	Panama
Program Title:	Protection of the Panama Canal Watershed
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	525-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,750,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2006

Summary: This program provides technical assistance, training, and commodities to enhance Panamanian institutional and civic capacity to effectively protect and conserve natural resources in the Panama Canal Watershed. The focus is on building alliances that integrate the efforts of central government line ministries with those of the private sector, civil society, local governments, and local communities to address critical environmental issues in the watershed through environmentally sound practices, improved management, and activities that enhance biodiversity and water quality conservation.

Inputs, Outputs, Activities:

FY 2003 Program:

Institutional strengthening (\$1,900,000 DA). USAID will continue to provide technical assistance to enhance the coordination capabilities of the Inter-Institutional Watershed Commission (CICH) of the Panama Canal Authority (ACP) and the effectiveness of its Permanent Technical Committee. This assistance will help the ACP reach better decisions and improve the system for monitoring the health of the Panama Canal Watershed (PCW). Assistance also is helping the ACP to develop new sources of funding and to design effective financial mechanisms to address investment and operational needs in the PCW. Principal contractors and grantees are International Resources Group, Academy for Educational Development (AED), Associates in Rural Development, the Louis Berger Group, and the Inter-Institutional Watershed Commission.

Protected area management (\$1,500,000 DA). USAID will continue to provide assistance aimed at strengthening and consolidating protected areas in the PCW. Specific actions include: establishing new protected areas in the PCW; preparing training materials for communities in the PCW designated as members of District Consulting Committees on issues related to soil, water, forest, biodiversity, and natural resources conservation; and strengthening the technical and administrative capacity of the National Environmental Authority. Training material related to biodiversity and ecotourism for a number of NGOs working in the PCW will be developed. In addition, USAID will support a pilot effort in the Chagres National Park in conjunction with the Washington-based Parks in Peril Program led by The Nature Conservancy. Over the next four years this activity will develop conservation area plans, establish a coalition of NGOs to work in the area, formulate policies related to protected area management, and design long-term financial mechanisms to ensure sustainability of the program. Principal contractors and grantees are AED, The Nature Conservancy, and CICH.

Increased civil society participation (\$500,000 DA). USAID will continue to provide assistance and training to improve the capacity of NGOs to participate more fully in activities aimed at the sustainable protection and conservation of natural resources in the PCW. Emphasis will be placed on establishing alliances with communities, the private sector, and local governments in co-management activities and development of environmentally-friendly income generating activities such as ecotourism. The principal contractor is Management Services International in association with local NGOs and CICH.

Increased local government participation (\$600,000 DA). USAID will provide assistance to implement environmental action plans for approximately 50 wards in three districts near the PCW, and along the trans-isthmian corridor in the metropolitan areas in the Panama and Colon Provinces. An environmental office to coordinate and consolidate activities will be established in Colon. In addition, technical assistance and training will continue to strengthen municipalities' institutional and administrative capabilities for environmental management and integrated solid waste management. Principal contractors and grantees are International Resources Group, AED, Associates in Rural Development, the Honduran Foundation for Municipal Development, and CICH.

Pilot sub-watershed activities (\$2,500,000 DA). USAID assistance will enable the ACP to develop and implement integrated watershed management programs in up to four pilot sub-watersheds. Tested policies, mechanisms developed, and lessons learned will provide the basis for replication in the rest of the more than 50 sub-watersheds in the PCW. ACP will provide matching funds to USAID's investment over the next five years. Principal contractors and grantees are International Resources Group, AED, Associates in Rural Development, and CICH.

FY 2004 Program:

Institutional strengthening (\$1,500,000 DA). USAID plans to continue to strengthen the institutional capabilities of the CICH, particularly in terms of better coordination, improved monitoring, and access to increased financing. Efforts to increase and consolidate participation of civil society, local government, and private enterprises in alliances to better protect the PCW and conserve its natural resources are expected to be deepened.

Protected areas management (\$1,500,000 DA). USAID plans to focus its efforts on improved park management with the active participation of local communities and NGOs, including private enterprises where feasible.

Pilot sub-watershed activities (\$2,750,000 DA). USAID and the ACP, with the participation of other government institutions, local communities, NGOs, and the private sector will implement integrated management activities in up to four pilot sites.

Performance and Results: During fiscal year 2002, continued progress was made toward improving effective management of the Panama Canal Watershed. Approximately 50 mid-and-high-level managers from the Panama Canal Authority and other key member institutions of the CICH were exposed to lessons learned from the Chesapeake Bay Program, Tennessee Valley Authority and "Corporación del Valle del Cauca" in Colombia, through selected conferences. The Environmental Information Center is functioning at the CICH and its web page is fully operational. The ACP and other CICH member institutions identified four pilot sub-watersheds to implement applied integrated watershed management activities. ACP and USAID signed a letter of intent to establish a \$5 million seed capital incentive fund to invest in programs and projects in the selected sub-watersheds. ACP will match one-to-one USAID's investments. A methodology for improving sanitation in a small town was field-tested. An indigenous community adopted recommendations from a USAID-funded assessment of ecotourism activities, which increased visitors significantly from 293 in 2000 to 2042 in 2002.

By program completion, the CICH will have a trained staff and have sound operating policies and regulations. CICH will be financially self-supporting and will coordinate PCW activities effectively and in compliance with Panamanian laws. Communities and local authorities will be aware and support actions to manage natural resources in the PCW. The private sector and civil society will be supportive of integrated watershed management initiatives. Businesses and NGOs will be working with communities to minimize pollution, to comply with land use plans, and to generate environmentally sound employment opportunities. The pilot sub-watershed activities will have generated appropriate information and methodologies that are replicable in the remaining sub-watersheds in the PCW.

US Financing in Thousands of Dollars

Panama

525-004 Protection of the Panama Canal Watershed	DA
Through September 30, 2001	
Obligations	7,199
Expenditures	4,347
Unliquidated	2,852
Fiscal Year 2002	
Obligations	4,499
Expenditures	3,155
Through September 30, 2002	
Obligations	11,698
Expenditures	7,502
Unliquidated	4,196
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	7,000
Total Planned Fiscal Year 2003	
Obligations	7,000
Proposed Fiscal Year 2004 NOA	
Obligations	5,750
Future Obligations	4,500
Est. Total Cost	28,948

Data Sheet

USAID Mission:	Panama
Program Title:	Judicial Reforms
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	525-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,500,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: The USAID Judicial Reform program in Panama is focused on pilot efforts designed to increase access of the poorer segments of the population to justice and to promote increased participation of civil society in justice reform efforts. USAID is providing technical assistance and training to support GOP efforts to: (a) reduce pretrial detention; (b) introduce the use of alternative dispute resolution in commercial disputes; (c) improve the dissemination of Supreme Court and appellate court judicial opinions; and (d) establish a permanent program in ethics training for all judicial personnel.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve access to justice in targeted areas (\$200,000 ESF). USAID will complete the final design and initiate implementation of a pilot project to reduce pre-trial detention by expediting criminal procedures and using alternatives to imprisonment. In addition, USAID will complete implementation of pilot activities utilizing alternative dispute resolution mechanisms in civil courts in order to reduce the caseload entering the system. Finally, the last phase of the ongoing judicial registry pilot project will be completed. The Supreme Court judges are pleased with results to date and have expressed a desire to expand this effort. The principal grantee is Management Science for Development.

Increase the participation of civil society in justice sector reforms (\$200,000 ESF). USAID is supporting a number of activities implemented by the Citizens Alliance for Justice, an umbrella NGO, designed to increase participation and collaboration with judicial officials. Activities include: continuation of a prime time, monthly television program "Cabildo Abierto" (Town Meeting) sponsored by the private sector, in which specific judicial issues are openly debated; the second forum on judicial independence; the Latin American Conference on Penal Reform and Alternatives to Imprisonment; and meetings with mediators to discuss use of alternative dispute resolution and identify additional areas for collaboration with Panamanian government officials. The principal grantee is Management Science for Development.

Evaluation (\$100,000 ESF). In FY 2003 the program will be evaluated to document results and lessons learned. Contractor or grantee to be determined.

FY 2004 Program:

Follow-on program (\$3,500,000 ESF). Based upon the results of the evaluation, USAID will expand the Democracy and Governance program to increase this effort and address other issues of interest to the GOP and the United States Government, such as anticorruption and transparency. The proposed funding will cover initial activities under the expanded program following the anticipated successful completion of the current program.

Performance and Results: The USAID program has resulted in several major achievements during FY 2002 towards consolidating momentum for fairer and faster justice. The Supreme Court has undertaken the development of a Strategic Plan, including a vision statement and results frameworks that clearly identify objectives and expected results in the short, medium, and long term. A significant reduction in the

number of detainees resulting from sentences by administrative authorities has taken place. The Supreme Court website is operational. Free text consultation of cases dating back to 1993 is now computerized and readily available. The implementation of an alternative dispute resolution pilot activity was initiated. The proactive role of civil society in the reform process was improved as evidenced by the active participation of Citizens Alliance for Justice in numerous outreach and mass media communication programs. These programs focused on important reform issues related to the judicial process.

By the end of this activity, having worked with stakeholders inside and outside the justice system, broad-based support for, and confidence in, continued justice sector reform will be established and an agenda for future reforms will be developed.

US Financing in Thousands of Dollars

Panama

525-005 Judicial Reforms	ESF
Through September 30, 2001	
Obligations	1,996
Expenditures	472
Unliquidated	1,524
Fiscal Year 2002	
Obligations	1,000
Expenditures	1,031
Through September 30, 2002	
Obligations	2,996
Expenditures	1,503
Unliquidated	1,493
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	500
Total Planned Fiscal Year 2003	
Obligations	500
Proposed Fiscal Year 2004 NOA	
Obligations	3,500
Future Obligations	0
Est. Total Cost	6,996

Data Sheet

USAID Mission:	Panama
Program Title:	Rural Community Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	525-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: The USAID program, in support of the Andean Regional Initiative (ARI), provides technical assistance, training, and commodities to selected communities in the Darien Province for small social infrastructure, such as potable water, latrines, footbridges, and appropriate solid waste disposal. It will also assist communities and locally elected officials to better organize in order to address defined needs and to effectively articulate and advocate for GOP and other assistance. Additionally, it provides assistance for the establishment of strategic alliances with private enterprises and civil society, including local and international nongovernmental organizations aimed at fostering increased economic activities, such as eco-tourism, handcraft production, and marketing.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve small community social infrastructure (\$1,700,000 ESF). USAID, with the GOP and implementing private voluntary organization (PVO), will select communities vulnerable to the spillover effects of the Colombian conflict. Small grants and technical assistance will be provided to address small infrastructure priority needs of the communities, such as water and sanitation facilities. Emphasis will be on local management, self-help and sustainability. The principal contractors and grantees are to be determined.

Strengthening the capacity of local government and community-based organizations (\$550,000 ESF). USAID will provide technical assistance and training to locally elected officials, local leaders, local NGOs, and community-based organizations to improve their ability to articulate ideas, develop projects, write proposals, and implement sustainable activities. A pragmatic approach to strengthening local governments and civil society organizations, using the social and productive infrastructure projects, will assist communities to learn by doing. USAID will encourage the active participation of women in the definition of priority community needs as well as in their solutions. The focus will be on building community-based organizations' local planning, decision-making, and oversight capabilities. The principal contractors and grantees are to be determined.

Improvement of productive infrastructure in selected communities (\$750,000 ESF). USAID efforts will be directed at improving the ability of selected communities to keep in touch with markets and to adjust product offerings. USAID will work with local government authorities, NGOs, private enterprises, and community organizations to design, develop, seek matching funds for, and implement productive infrastructure projects. Technical assistance and training will assist in the assessment of infrastructure potential and small grants will be provided for market facilities and support infrastructure such as grading sheds, storage facilities, and small docks. The principal contractors and grantees are to be determined.

FY 2004 Program:

No funding for FY 2004 under this Strategic Objective is being requested.

Performance and Results: This activity is currently in the initial stage of implementation. An agreement was signed with the GOP on September 23, 2002. The GOP is in the process of complying with

conditions precedent to the first disbursement. In parallel, USAID has issued a request for application for the procurement of an umbrella PVO to assist in implementation. It is anticipated that a cooperative agreement will be executed with this organization by the end of January 2003.

By the completion of this activity, selected vulnerable communities will have implemented small priority social infrastructure projects in a learning-by-doing approach, emphasizing self-help. Local authorities will be trained, be more responsive to the needs of the communities, and be better capable of developing and implementing sustainable community development programs. Communities and local authorities will have established alliances with the private sector, leading to the design, development, and implementation of small infrastructure projects, including financial and management strategies for their sustainability.

US Financing in Thousands of Dollars

Panama

525-006 Rural Community Development	ESF
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	3,000
Expenditures	0
Through September 30, 2002	
Obligations	3,000
Expenditures	0
Unliquidated	3,000
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,000
Total Planned Fiscal Year 2003	
Obligations	3,000
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	6,000

Paraguay

The Development Challenge: Consolidating democracy is the primary U.S. national interest in Paraguay. During the past year Paraguay has been a valuable U.S. ally in the war on terrorism. Since the fall of Paraguay's dictatorship 13 years ago, the country has adopted a new constitution, established freedom of expression, developed a transparent and free electoral process, improved the judicial system to permit public scrutiny of legal cases, and defended democratic institutions in the face of severe challenges. These challenges have included several coup attempts, the assassination of a vice president, the resignation of one president, and impeachment proceedings against the current president.

Serious problems persist despite efforts to reduce poverty, decrease corruption, address environmental degradation, and provide effective basic services to Paraguay's citizens. During 2002, the country experienced its sixth consecutive year of declining per capita income and increasing poverty, especially in rural areas. The value of Paraguayan currency continues to depreciate significantly against the dollar (by approximately 100% during the past two years) and perceptions of corruption are the highest in Latin America. Paraguay's external debt is approximately \$2.2 billion, over 40% of gross domestic product. While Paraguay has historically pursued conservative macroeconomic policies, the economic tribulations of Brazil and Argentina (Paraguay's two most important trading partners) and weak political will have combined to produce worsening levels of budget deficits, expedient short term borrowing, and rising inflation rates.

Very high fertility rates contribute to poverty, and better reproductive health services are needed. 30% of the population does not have regular access to health services and those services that are available are often of a very low quality. Many 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 adequately provide these services, and some local governments are struggling to compensate for these deficiencies.

Paraguay's fragile democracy is further threatened by unsustainable exploitation of land, water, and wildlife resources. The depletion of Paraguay's rich endowment of natural resources severely threatens economic growth. Timber reserves have been exhausted. The once rich topsoil of the eastern border region (largely uncultivated until the 1970s) is now considered to be severely eroded.

At a minimum, Paraguayan democracy 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 this fledgling democracy 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 the way democracy works.

The USAID Program: The Data Sheets provide details on the four objectives for which USAID is requesting funds. These four objectives concentrate on strengthening local government and civil society; protecting the environment through better management of globally important ecoregions; decentralizing and expanding access to quality reproductive health services and reducing maternal mortality; and increasing incomes in rural areas.

Other Program Elements: USAID's Office of U.S. Foreign Disaster Assistance assists a network of Paraguayan organizations that coordinate efforts in disaster preparedness, emergency training and disaster relief activities. The Global Development Alliance Office awarded a grant to the International Youth Foundation that includes Paraguay as one of the countries in which the program will create jobs for young people. The Latin America and Caribbean Bureau's Office of Regional Sustainable Development manages activities to increase citizen participation, strengthen civil society organizations and promote human rights in Paraguay.

Other Donors: USAID has been instrumental in organizing a previously disjointed donor community and has been quite successful in having other donors build upon its pioneering activities. Donor coordination at a sectoral level in Paraguay is improving. USAID organized donor coordination activities related to decentralization, judicial reform, environment, and health and is participating in donor programs related to competitiveness and adolescents.

Japan is Paraguay's largest bilateral donor, followed by the United States, Germany and Spain. 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, the Global Environmental Facility and the Pan-American Health Organization are major multilateral contributors.

**Paraguay
PROGRAM SUMMARY**

(In thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	0	2,525	2,025	2,025
Development Assistance	6,320	3,600	4,600	4,000
Economic Support Fund	3,492	3,500	3,500	3,500
Total Program Funds	9,812	9,625	10,125	9,525

STRATEGIC OBJECTIVE SUMMARY

526-004 Democracy & Governance				
DA	2,850	2,600	2,600	2,000
ESF	3,492	3,500	3,500	3,500
526-005 Environment				
DA	1,000	1,000	1,000	1,000
526-006 Reproductive Health				
CSH	0	2,525	2,025	2,025
DA	2,470	0	0	0
526-007 Economic Growth				
DA	0	0	1,000	1,000

Data Sheet

USAID Mission:	Paraguay
Program Title:	Democracy & Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	526-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,600,000 DA; \$3,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,000,000 DA; \$3,500,000 ESF
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: Through a range of technical assistance, training, and small grants, the democracy and governance program is developing the capacity of local governments to deliver services in response to the needs of citizens, improving the ability of civil society to put pressure on the current political system to become more responsive, and developing an open policy dialogue that allows for the inclusion of all citizens and their organizations. Citizen participation, transparency, and accountability are incorporated throughout the democracy program to promote anti-corruption efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

Local governance (\$2,600,000 DA). USAID will provide technical assistance to disseminate and adapt successful models of basic service provision that involve high levels of community participation to a large number of municipalities. Communities will learn how to effectively participate in policy decisions on a local and national level. Mediation programs that reduce the number of cases that need to be heard in a formal courtroom setting will advance judicial reform. USAID will expand the overall decentralization process through the development of effective local government associations. The prime implementers are Alternatives for Life, the Information and Resources Center for Development, and the Institute of Comparative Studies in Social and Criminal Sciences (all Paraguayan organizations).

Transparency and accountability (\$3,500,000 ESF). Technical assistance and training will help local governments become more effective, accountable and capable of generating a variety of resources to provide expanded services. Further support to civil society organizations and the formation of a system of informational networks will equip civil society to provide oversight of public institutions and permit informed decisions on policy issues. The national reform agenda will be promoted through the development of coherent civil and human rights policies, constitutional reform and strengthened civilian control over the military. Chemonics (prime), Associates in Rural Development (prime) and the Paraguayan Information and Resources Center for Development (prime).

FY 2004 Program:

Local governance (\$2,000,000 DA). USAID intends to expand the number of local governments that are implementing good governance practices, including service provision, revenue enhancement and citizen participation mechanisms. Technical assistance for mediation will be provided to the Justices of the Peace as a means to provide greater access to justice at the local level. USAID will continue to support local governments and their associations to advocate for decentralization. The successful ongoing sub-grant program to strengthen civil society organizations in promoting citizen participation, citizen oversight and control, and advocacy will be expanded.

Transparency and accountability (\$3,500,000 ESF). Technical assistance will help local governments become more responsive, transparent, and accountable and will help support civil society in providing control and oversight of the public sector. Successful anti-corruption efforts will be expanded by helping local governments implement transparent practices, such as integrated financial management systems,

fiscal transparency, public hearings, and open procurement processes that assure citizen participation. In addition, local governments will implement new services and expand existing services through increased revenue generation and private partnerships. USAID will also 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 and strengthening the criminal justice process. Civil society organizations will be strengthened to advocate for policy reforms (decentralization, access to public information, and inclusive participation mechanisms in the public decision-making process), both at the local and national levels. USAID will promote constitutional reform by ensuring that civil society organizations actively participate in the reform process.

Performance and Results: USAID expanded the delivery of municipal services, often with increased revenue collections. A service provision project at the departmental level, in which participating municipalities shared planning and resources with the department, led to a major improvement in solid waste disposal throughout the department and a replicable model of local governments working together. A nationwide federation of local government associations was formed and is promoting local government interests on a national level. Civil society organizations successfully advocated for reforms, such as transparent public procurement. Corruption was exposed through tremendous improvements in investigative journalism, citizen oversight networks, and through the implementation of financial control systems. Not only is corruption being exposed, but corrupt officials are also being removed from office through pressure from civil society. USAID successfully worked with local governments to provide services in response to citizen demands, while at the same time working with citizen groups to provide oversight and control of their local governments.

The overall impact of the democracy program will be a deepening of the democratic process in this recently established democracy. The program is expected to increase citizen participation and confidence in a better-functioning democratic system capable of increasing and improving the delivery of basic services at the local level. USAID will strengthen democracy in Paraguay through the development of local institutions and political processes.

US Financing in Thousands of Dollars

Paraguay

526-004 Democracy & Governance	DA	ESF
Through September 30, 2001		
Obligations	2,850	3,598
Expenditures	1,220	1,750
Unliquidated	1,630	1,848
Fiscal Year 2002		
Obligations	2,588	3,500
Expenditures	1,748	1,591
Through September 30, 2002		
Obligations	5,438	7,098
Expenditures	2,968	3,341
Unliquidated	2,470	3,757
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,600	3,500
Total Planned Fiscal Year 2003		
Obligations	2,600	3,500
Proposed Fiscal Year 2004 NOA		
Obligations	2,000	3,500
Future Obligations	3,100	3,500
Est. Total Cost	13,138	17,598

Data Sheet

USAID Mission:	Paraguay
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	526-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,000,000 DA
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: The environment program provides technical assistance and training to improve the capacity of Paraguayan leaders and non-governmental organizations (NGOs) to manage three globally important ecoregions (Pantanal wetlands, interior Atlantic rain forest, and Chaco dry forest). The program 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 2003 Program:

Strengthening local organizations (\$1,000,000 DA). USAID will provide technical assistance and training to NGOs and local governments with increased emphasis on developing legislation to promote financial and structural incentives for ecological management and forest conservation in the three ecoregions. The prime implementers are The Nature Conservancy, the World Wildlife Fund, and the Paraguayan Foundation for the Sustainable Development of the Chaco Region.

FY 2004 Program:

Protection of ecoregions (\$1,000,000 DA). USAID may provide technical assistance to increase protection of important areas of the three targeted ecoregions in Paraguay. Various methods will be utilized to conserve land including: resource management areas, conservation easements and leasing, land purchases and zoning, and protecting public parks. The use of financial incentives, such as the development of a national environmental fund and carbon offset projects, will be developed to encourage the conservation of land. The legal and policy framework related to environmental issues will be improved.

Performance and Results: USAID financed the development of a detailed biological vision of the interior Atlantic rainforest and the conservation of core areas of three main ecoregions in Paraguay. A detailed analysis of the overall environmental policy framework revealed which legal areas need to be targeted for the future. New legal methods of protecting biological diversity were employed. Local governments and civil society developed new information on ways to manage land usage for environmental purposes.

Continued progress is expected to result in trained Paraguayan leaders, strengthened NGOs, and the development of necessary policy, legal, and financial tools. This will improve the overall sustainable management and protection of the globally important ecoregions that Paraguay shares with its neighbors. Successful completion of this program will be measured by the level of adequate and competent Paraguayan participation in the development and initial implementation of regionally-coordinated conservation plans. 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, 2001	
Obligations	1,000
Expenditures	613
Unliquidated	387
Fiscal Year 2002	
Obligations	1,000
Expenditures	754
Through September 30, 2002	
Obligations	2,000
Expenditures	1,367
Unliquidated	633
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,000
Total Planned Fiscal Year 2003	
Obligations	1,000
Proposed Fiscal Year 2004 NOA	
Obligations	1,000
Future Obligations	1,750
Est. Total Cost	5,750

Data Sheet

USAID Mission:	Paraguay
Program Title:	Reproductive Health
Pillar:	Global Health
Strategic Objective:	526-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,025,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,025,000 CSH
Year of Initial Obligation:	2001
Estimated Completion Date:	2006

Summary: The 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 2003 Program:

Decentralization of health care (\$2,025,000 CSH). USAID will provide technical assistance to improve community-based health care through the implementation of more effective reproductive health policies. Technical assistance will be used to encourage greater community participation in the design, evaluation and financing of health care. Access to quality reproductive health services will be expanded through the use of a demonstration model of a maternal and neonatal health system. The implementers are University of North Carolina (prime), Program for Appropriate Technology in Health (sub), Training Resources Group (sub), the Paraguayan Center for Population Studies (prime) and the Paraguayan Information and Resources Center for Development (prime).

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

FY 2004 Program:

Reproductive health reform and decentralization (\$1,000,000 CSH). Technical assistance may continue to be used to promote reproductive health reform, strengthen local government involvement 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.

Improve quality of health care (\$375,000 CSH). The overall quality of health care will be improved through networks of health facilities, training to providers and the development of community health agents.

Improve maternal and neonatal health (\$650,000 CSH). USAID will provide technical assistance and training 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.

Performance and Results: During FY 2002, several systems to provide sustainable methods to finance local health services were developed. The utilization of community pharmacies helped provide needed medicines and supplies, while at the same time supplying operating funds to local hospitals, health centers, and health posts. Community oversight and control prevented corruption from occurring and helped expand the provision of affordable health services by identifying and defining basic health priorities and needs.

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

	CSH	DA
526-006 Reproductive Health		
Through September 30, 2001		
Obligations	0	2,495
Expenditures	0	1,634
Unliquidated	0	861
Fiscal Year 2002		
Obligations	2,525	0
Expenditures	8	861
Through September 30, 2002		
Obligations	2,525	2,495
Expenditures	8	2,495
Unliquidated	2,517	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,025	0
Total Planned Fiscal Year 2003		
Obligations	2,025	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,025	0
Future Obligations	7,950	0
Est. Total Cost	14,525	2,495

Data Sheet

USAID Mission:	Paraguay
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	526-007
Status:	New
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,000,000 DA
Year of Initial Obligation:	2003
Estimated Completion Date:	2006

Summary: The economic growth program consists of technical assistance to develop and implement business development strategies, expand trade and marketing, and improve the business environment for micro and small businesses and farmers.

Inputs, Outputs, Activities:

FY 2003 Program:

Marketing, financial services and trade policy (\$1,000,000 DA). USAID will provide technical assistance to establish business development services that will provide marketing assistance for agricultural products and assist producer associations with feasibility analyses of marketing and processing facilities to expand trade. Financial services in selected rural areas will be expanded by designing credit products tailored to the need of rural clientele and by developing ways to use assets owned by rural residents, especially land, as collateral to obtain loans. In addition, agricultural and trade policy will be developed to encourage more efficient business practices relating to agricultural product processing, marketing and exporting. Contractors/grantees will be determined through a competitive process.

FY 2004 Program:

Improve the enabling environment (\$750,000 DA). USAID will provide technical assistance to improve the enabling environment to expand trade, investment, and business development and improve the competitiveness of local producers in domestic and international markets. The objective is to create employment and income opportunities through expansion of business and trade activities.

Policy reform (\$250,000 DA). Technical assistance will assist in developing a constituency for policy reform relating to improve agricultural production, marketing and export.

Performance and Results: Approximately one-third of Paraguayans live below the poverty line and rural Paraguay is particularly poor. With the economy of Paraguay still heavily dependent on agriculture, USAID's efforts will focus on agricultural economic opportunities. 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, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,000
Total Planned Fiscal Year 2003	
Obligations	1,000
Proposed Fiscal Year 2004 NOA	
Obligations	1,000
Future Obligations	6,500
Est. Total Cost	8,500

Peru

The Development Challenge: Throughout the 1990's, Peru made significant progress in combating terrorism, reducing the production of coca, stabilizing its economy, and improving social services. However, the government of President Fujimori collapsed under the weight of corruption, authoritarian rule, an economic downturn and discredited elections. Following President Fujimori's resignation in disgrace in November 2000, a transitional government took measures to begin to stabilize the political and social environment in Peru, including conducting open and fair Presidential and Congressional elections. Since assuming power in July 2001, the Government of President Alejandro Toledo has made a commitment to re-establish the country's democracy and promote a market-based economy that will provide benefits to all of Peru's citizens.

However, Peru's path towards sustainable economic and democratic development remains precarious. The current situation is characterized by a declining trend in annual per capita income (at approximately \$2,100, Peru's current per capita gross domestic product (GDP) in real terms is similar to that in 1967); a ballooning debt servicing requirement (estimated to reach 4% of GDP in 2004), high combined unemployment/underemployment rates (app. 8% / 52%); and unequal income distribution and endemic poverty (about 55% live below the poverty line and 24% live in extreme poverty). Peru also faces inadequate social service delivery-especially in rural areas (40% of children under age five in rural areas are chronically malnourished and nearly 25% of women in rural sierra and jungle areas are illiterate); rampant corruption and weak governmental institutions; and resurgent political terrorism and narco-trafficking, which undermine social and political stability. In addition, Peru's tropical forests, which are the fourth largest in the world, are increasingly threatened by shifting migration patterns, unsustainable logging and forest product extraction, and the destructive impact of coca production/processing.

Peru stands at a critical juncture in its history: in order to live up to the very high expectations that greeted the Toledo government, Peru must address the significant obstacles cited above by exploiting its competitive advantages and market opportunities. While overall economic performance in 2002 was generally positive (growth is expected to be approximately 4.8%, which would represent the highest growth rate in Latin America and the most significant growth in Peru since 1997), the government 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) and the planned establishment of the Free Trade Area of the Americas (FTAA) to stimulate economic growth and reduce poverty levels. Likewise, Peru must successfully conclude its decentralization process-which is now in full march, including the recent election of new regional and local authorities-to facilitate the dispersion of economic activity and more representative and effective governance throughout the country. Within this context, the Embassy's Mission Program Plan establishes that the overriding U.S. national interest in Peru is to help consolidate the country's democracy. Other U.S. Government (USG) interests in Peru include the elimination of coca cultivation, strengthening law enforcement and judicial institutions, opening markets, and reducing poverty.

The USAID Program: USAID works as an integral part of the USG 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 goals of good governance, security and prosperity. Sustainable progress towards these goals requires increased public and private investment in social and economic infrastructure. The attached Data Sheets outline how USAID will use FY 2003 and FY 2004 funding to promote a more efficient and competitive enabling environment for trade and investment by encouraging systemic reforms through democratic institutions that will lead to the expansion of sustainable opportunities for employment, higher incomes, and improved quality of life for all Peruvians. Across its various management/programmatic units, USAID's interventions will all contribute in some measure to establishing the democratic, social, and economic governance conditions that will attract investment. Only through such an engagement will USAID be able to influence the extent to which the country integrates into the world economy, formalizes its internal

economic elements, reduces poverty, and incorporates marginalized groups into the nation-state and society. In addition, in recognition of both program imperatives and resource limitations, USAID will also support complementary "on-the-ground" activities (e.g. demonstrating innovations in service delivery, business and economic development, and environmental management) in certain geographic areas that have been prone to conflict. These areas include: (a) the Peru-Ecuador border region, to help ensure a lasting peace between the two countries (based on the USG's pledge of financial support for the 1999 Peru-Ecuador Peace Accords) and (b) the coca-growing regions, to combat the flow of illicit narcotics to the United States and to ensure that these areas are no longer a breeding ground for crime, terrorism, and social unrest. The USAID "geographic focus area" in Peru comprises the departments of Ayacucho, Cusco, Ucayali, Huanuco, Junin, Pasco, and San Martin.

In addition to the Data Sheets for USAID's seven bilateral objectives in Peru (democracy/governance, economic growth, health, environment, alternative development, education and Peru-Ecuador Border Program), a Data Sheet is provided for a new regional initiative designed to facilitate the participation of the Andean countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) in the Free Trade Area of the Americas and the implementation of rules of trade emerging from the FTAA negotiations and other related structures (e.g., World Trade Organization). Furthermore, discrete regional education and health initiatives are mentioned within the Data Sheets for those sectors.

Other Program Elements: In addition to resources requested in the attached Data Sheets, a variety of USAID centrally-funded activities are implemented in Peru. In the democracy area, centrally-funded programs support assistance to strengthen regional mechanisms to promote human rights and rule of law, civil society and educational reform. In the health sector, 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.

Other Donors: Official international technical cooperation to Peru for 2001 was over \$661 million, which includes bilateral and multilateral assistance and loans. The United States is the largest bilateral donor. Other donors include Germany (in agriculture, democracy health, education and microenterprise), Spain (microenterprise and environment), Japan (agriculture and microenterprise), Canada (democracy, economic growth, and education) and Great Britain (democracy, health, and education). Major multilateral donors include the United Nations, the Inter-American Development Bank, the World Bank, the Andean Development Corporation, and the European Community. In recent years, the Government of Peru's (GOP's) donor coordination structures and functions have done little to facilitate overall planning of donor assistance around a comprehensive consensus on national priorities. While the new GOP appears to be working towards this end, at the sectoral level donor assistance has been fairly well organized through various working groups focused on gender, education, good governance, counternarcotics, health, environment and poverty reduction.

**Peru
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Andean Counterdrug Initiative	25,750	62,500	69,000	50,000
Child Survival and Health Programs Fund	9,603	23,666	22,027	16,732
Development Assistance	28,488	14,969	17,870	15,316
Development Credit Authority	0	131	0	0
Economic Support Fund	5,696	16,750	12,250	11,250
PL 480 Title II	42,553	37,035	25,053	20,472
Total Program Funds	112,090	155,051	146,200	113,770

STRATEGIC OBJECTIVE SUMMARY

527-001 Citizens involved in democratic processes				
DA	2,844	0	0	0
ESF	2,003	0	0	0
527-002 Increased incomes of the poor				
DA	7,345	0	0	0
PL 480	42,553	0	0	0
527-003 Health and Family Planning				
CSH	8,505	0	0	0
DA	14,218	0	0	0
527-004 Improved environmental management				
DA	4,081	0	0	0
527-005 Reduced illicit coca production				
ACI	25,750	0	0	0
527-006 Basic Education				
CSH	1,098	0	0	0
DA	0	2,000	2,424	2,424
527-008 Peru-Ecuador Border Region Development				
ESF	3,493	2,250	2,250	2,250
527-009 Democratic Strengthening				
DA	0	2,322	3,026	1,672
ESF	0	14,500	10,000	9,000
527-010 Poverty Reduction				
DA	0	5,920	8,120	6,920
DCA	0	58	0	0
PL 480	0	37,035	25,053	20,472
527-011 Improved Health for Peruvians				
CSH	0	23,666	22,027	16,732
527-012 Environment and Natural Resources				
DA	0	4,727	4,300	4,300
DCA	0	73	0	0
527-013 Alternative Development Program				
ACI	0	62,500	69,000	50,000
598-023 Education and Training (CETT)				
DA	0	0	(1,000)	0

Strategic Objective / Account	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
TRANSFER				
ESF	200	0	0	0

Data Sheet

USAID Mission:	Peru
Program Title:	Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,424,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,424,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: USAID is working to enhance 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 Peruvian workforce and reduce the potential for social conflict. USAID's program to improve local management of quality basic education services focuses on the development and implementation of education policies that promote decentralized education sector management and improvement of local basic education programs in selected communities. The regionally-funded Andean Center of Excellence for Teacher Training (CETT) will complement USAID's bilateral education efforts.

Inputs, Outputs, Activities:

FY 2003 Program:

Support policy and program reforms (\$1,000,000 DA). USAID is initiating a new five-year program in support of the Government of Peru's (GOP's) planned decentralization of education. USAID will provide technical assistance to the Ministry of Education to develop a legal framework and regulations for decentralized local management of public education. The activities will facilitate the transfer of authority, resources and control of primary education to local authorities and schools, and strengthen the capacity of local school and community networks to promote and monitor policy reforms. The major contractor/grantee will be a U.S.-based implementing agency to be selected.

Support improvements in the quality of basic education (\$1,424,000 DA). Through the provision of technical assistance and training, USAID will implement a program aimed at improving the quality of basic education in selected communities in 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. The major contractor/grantee will be the same U.S.-based implementing agency to be selected.

FY 2004 Program:

Support policy and program reforms (\$1,000,000 DA). Using FY 2004 resources, USAID will further facilitate the implementation of a legal framework required for decentralization of public education, as well as strengthen the capacity of the Ministry of Education at the national, regional and local levels. Major contractors/grantees are not expected to change.

Support improvements in the quality of basic education (\$1,424,000 DA). USAID expects to increase the coverage of its technical assistance and training activities to additional schools within the San Martin region. Major contractors/grantees are not expected to change.

Performance and Results: While USAID will initiate a comprehensive education sector reform program in FY 2003, to date USAID has pursued only limited-scope education initiatives. However, through several pilot initiatives, USAID has had significant impact and laid the groundwork for future work in the sector. Activities aimed at expanding opportunities for girls' quality basic education in target rural areas

have been successful, with major improvements at the policy and regulatory level, and the broader adoption by the Ministry of Education of classroom models tested under USAID's pilot efforts. USAID supported the National Network for Girls' Education and a nationwide, participatory consultation process that established the National Council on Education, whose role is to review, modify, develop and promote consensus and commitment to a long-term vision and policies in education.

The new education program will work simultaneously with Ministry of Education authorities at the central, regional and local levels to promote policy and programmatic improvements. Through the establishment of networks-such as formal associations of school boards and school directors-and the implementation of local town meetings and communications programs, parents and community members will take on active roles and responsibilities in policy advocacy and financial/administrative management of schools. Teachers will be encouraged to participate in "teachers' 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 interventions will improve the quality of local basic education programs in selected communities and reinforce the GOP's commitment to establishing a decentralized education system that is characterized by greater community participation. USAID will clarify specific performance targets as the expanded education program gets underway.

US Financing in Thousands of Dollars

Peru

	CSH	DA
527-006 Basic Education		
Through September 30, 2001		
Obligations	3,586	0
Expenditures	1,971	0
Unliquidated	1,615	0
Fiscal Year 2002		
Obligations	0	2,000
Expenditures	1,037	0
Through September 30, 2002		
Obligations	3,586	2,000
Expenditures	3,008	0
Unliquidated	578	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	2,424
Total Planned Fiscal Year 2003		
Obligations	0	2,424
Proposed Fiscal Year 2004 NOA		
Obligations	0	2,424
Future Obligations	0	0
Est. Total Cost	3,586	6,848

Data Sheet

USAID Mission:	Peru
Program Title:	Peru-Ecuador Border Region Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	527-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,250,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,250,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2007

Summary: USAID's program in the Peru-Ecuador border areas includes training and technical assistance for integrated activities targeted to improve the quality of life of border populations. Assistance is aimed at improving 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.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase capacity of border communities to manage development processes (\$630,000 ESF). USAID's efforts will strengthen local governments, including local organizations, in 15 districts in border areas. Activities include assistance and training to strengthen local governments' ability to plan, target and manage resources dedicated to the improvement of infrastructure and services in a responsible and accountable manner. Interventions will focus on good governance practices, particularly for the newly elected municipal officials that take office in January 2003. USAID will finance training of municipal officials and community leaders-especially women and indigenous leaders, civil society organizations and the population in general. CARE is the prime grantee, with local nongovernmental organizations acting as subgrantees.

Develop basic capacities for a healthy and productive life (\$1,050,000 ESF). Activities include: 1) technical assistance for curriculum development and teacher training to expand quality education to rural indigenous communities, focusing on such skills as health, nutrition, production practices, environment, democratic principles and bilingual education for girls and women; 2) training of health workers and communities in basic health interventions to reduce maternal and newborn mortality, infectious diseases and child malnutrition; 3) support for the development of small, community-based projects (e.g., health surveillance systems, potable water, etc.); and 4) area development plans. CARE is the prime grantee, with the Agricultural Services for Research and Economic Promotion (SAIPE) acting as a subgrantee.

Increase respect and protection of rights of the border population (\$400,000 ESF). Interventions will focus on establishing permanent mechanisms for the protection of basic rights through local institutions and networks of human rights promoters. Activities will include training of human rights promoters with a focus on indigenous women's and children's rights, in areas such as civil registration, domestic violence, conflict resolution. Training will also focus on indigenous populations' rights to control natural resources and land titling. CARE is the prime grantee, with the Peruvian Institute of Education, Human Rights and Peace (IPEDEHP) and the Ombudsman acting as subgrantees.

Increase support to peace accords (\$170,000 ESF). USAID activities promote a culture of peace among Peruvians and Ecuadorians, and between indigenous and non-indigenous communities in the area, and 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. CARE is the prime grantee, with local nongovernmental organizations acting as subgrantees.

FY 2004 Program:

FY 2004 funding will be used to initiate a second phase of the Peru-Ecuador Border Program. This program is expected to comprise:

Increased Economic Integration and Trade (\$ 2,000,000 ESF). 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 linking producers to markets. USAID is likely to focus its efforts in the more populated Piura and Iquitos areas. Major contractors/grantees are to be determined.

Increased Support for the Peace Accords (\$250,000 ESF). 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 with Ecuador. Major contractors/grantees are to be determined.

Limited support may also be provided to complete the Phase One activities described above.

Performance and Results: With USAID support, 346 communities have established participatory local development plans in 2002, which were used as a basis for district level plans. With the co-funding of their municipalities, communities completed 21 infrastructure projects (health posts, classrooms, water and sanitation systems) and initiated a water and sanitation project with co-funding from Luxembourg. Additionally, 78 health providers received training, which, combined with infrastructure and/or equipment improvements in 20 health posts, will provide better service to 50,000 native people. Eleven rural school networks were established, to promote the democratic participation of students, teachers and parents in school planning and administration. 1,100 people received training to improve productivity in areas such as agriculture, fishponds, and poultry. One hundred and seventy-six families participated in small commercial production, increasing their average net income by \$86 a year. The four itinerant Ombudsman teams operating in the border area heard nearly 1,000 cases and requests; trained 280 human rights promoters and 265 school teachers in basic rights; and promoted fair and transparent elections in targeted border districts. USAID also helped 26 native communities solve land titling conflicts and gain formal land ownership. Finally, USAID trained 170 media professionals on the terms of the Peace Accords, financed bi-national exchanges involving 320 people, and sponsored four cross-border cultural events.

Important outcomes expected over the life of this 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 those of women and the indigenous population. 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, 2001	
Obligations	9,143
Expenditures	1,486
Unliquidated	7,657
Fiscal Year 2002	
Obligations	2,250
Expenditures	2,822
Through September 30, 2002	
Obligations	11,393
Expenditures	4,308
Unliquidated	7,085
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,250
Total Planned Fiscal Year 2003	
Obligations	2,250
Proposed Fiscal Year 2004 NOA	
Obligations	2,250
Future Obligations	0
Est. Total Cost	15,893

Data Sheet

USAID Mission:	Peru
Program Title:	Democratic Strengthening
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	527-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,026,000 DA; \$10,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,672,000 DA; \$9,000,000 ESF
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	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 2003 Program:

Increased peruvian citizen participation in the adoption and implementation of key policy reforms (\$3,026,000 DA and \$550,000 ESF). USAID will finance the second year of activities initiated by three civil society coalitions focused on the development, promotion and oversight of key policy reforms related to decentralization, Congressional operations and the justice sector. Funding will also be used to provide technical input for anti-corruption activities aimed at promoting a more transparent and accountable governing system. Major contractors/grantees are three civil society coalitions led by Catholic Relief Services and the Peruvian non-governmental organizations, Manuela Ramos Movement and the Institute for Legal Defense.

Increased support for decentralization and strengthening of local governments (\$4,300,000 ESF). USAID will finance a management and public administration training and technical assistance program for regional, provincial and district governments, as well as community groups, in the seven departments that comprise USAID's geographic focus area in Peru. USAID will also provide policy support for the decentralization process in general, including strengthening the National Decentralization Council. Additionally, USAID will assist the State Contracts and Acquisition Council to simplify the governmental procurement process and the Controller General to strengthen accountability. Major contractors/grantees include the Presidency of the Council of Ministers, the National Decentralization Council, the Office of the Controller General, the State Contracts and Acquisition Council and a U.S. contractor to be selected.

Congressional reform (\$550,000 ESF). Funding will be used to support the start-up of a congressional research center, provide technical expertise for committees in selected areas of interest (such as those related to decentralization, access to government information, justice sector and constitutional reforms), and support public hearings on draft legislation. The prime contractor providing technical assistance and training is the State University of New York (SUNY).

Justice sector reform (\$4,600,000 ESF). In this area, USAID will strengthen the public defender service and expand a pilot program to reduce the percentage of prison detainees who have not been sentenced. Support for the Ombudsman will focus on increasing its role in promoting public sector modernization and expanding its presence in alternative development areas. A major new justice sector activity will focus on strengthening the selection/ratification process and disciplinary procedures for judges, training on commercial issues, redistributing court resources to match types of cases through the establishment of judicial circuits, and a pilot program to improve the processing of commercial dispute and criminal cases

in Lima and alternative development areas. USAID may also provide resources to help apply the recommendations made by the Truth and Reconciliation Commission. In addition, Andean Counterdrugs Initiative funds referenced in the Alternative Development Program Data Sheet (527-013) may be used for a community-police relations program in the alternative development areas. Major contractors/grantees include the Peruvian Ministry of Justice, the Office of the Ombudsman and a U.S. contractor to be selected.

FY 2004 Program:

Increase Peruvian citizen participation in the adoption and implementation of key policy reforms (\$1,672,000 DA and \$500,000 ESF). USAID will continue to support the civil society coalitions mentioned above, to include increased emphasis on anti-corruption. Major contractors/grantees are not expected to change.

Increased support for decentralization and strengthening of local governments (\$3,700,000 ESF). USAID will continue to support the decentralization process. Technical assistance and training will be expanded to cover local and regional governments and community groups in an additional 125 locations. Major contractors/grantees are not expected to change.

Congressional reform (\$1,100,000 ESF). Assuming progress towards implementing the recommendations included in the Congressional strategic plan, additional funding may be provided to improve internal management systems, increase the quality of the legislative process and promote other reforms that increase transparency and citizen participation. Major contractors/grantees are not expected to change.

Justice sector reform (\$3,700,000 ESF). USAID plans to continue support to the Ombudsman, to include further expanding its presence in areas where coca is produced. In addition, USAID will support the implementation of the criminal procedures code and the expansion of specialized training for justice sector personnel to improve the handling of critical commercial and criminal cases. Major contractors/grantees are not expected to change.

Performance and Results: In the aftermath of the collapse of the Fujimori Government and the successful 2001 elections, the enthusiasm of the new Government of Peru (GOP), and Peruvians in general, to pursue a course of democratic reform presented USAID with opportunities to provide catalytic support for key processes and institutions. While the broader democracy program outlined above was largely in a design and start-up phase during FY 2002, USAID, working through civil society coalitions, the GOP, and USAID's Office of Transition Initiatives (OTI), provided timely support in priority areas and lay the groundwork for longer-term institutional development programs. With USAID's assistance over the last year, the GOP initiated a decentralization process, including passage of a law outlining a phased approach to transfer resources and responsibilities to sub-national government entities. It also signed regional "governability" agreements based on the National Accords reached by all political parties and representatives of civil society. USAID's efforts helped the Congress establish mechanisms to consult with constituents on key issues. With USAID's assistance, the Truth and Reconciliation Commission collected over 13,000 testimonies that will form the basis of the final report (due in July 2003) and Ombudsman attended over 50,000 complaints (ranging from human rights abuses to corruption), resolving more than 80% of the cases, and began opening offices in the more remote regions of the country where coca is grown and political/social violence is most common. Through support to the Controller General, USAID helped the GOP identify and respond to corruption issues that could be obstacles to the decentralization of resources and responsibilities to sub-national government units. By 2006, 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. More than 80% of the targeted local governments will have been certified to receive greater authorities and resources.

US Financing in Thousands of Dollars

Peru

	DA	ESF
527-009 Democratic Strengthening		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	3,026	10,000
Total Planned Fiscal Year 2003		
Obligations	3,026	10,000
Proposed Fiscal Year 2004 NOA		
Obligations	1,672	9,000
Future Obligations	0	0
Est. Total Cost	4,698	19,000

Data Sheet

USAID Mission:	Peru
Program Title:	Poverty Reduction
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$8,120,000 DA; \$25,053,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,920,000 DA; \$20,472,000 PL 480
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: USAID's program to increase economic opportunities for the poor includes training and technical assistance to improve the enabling environment for economic growth, trade and investment; improve access to and participation in markets; increase 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 2003 Program:

Enabling environment for economic growth through trade and investment (\$5,720,000 DA). A major new element of USAID's program will be support for policy and institutional reforms to facilitate trade and investment in Peru. This support is specifically designed to allow Peru to take full advantage of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and prepare for accession to the Free Trade Area of the Americas (FTAA). USAID will provide training and technical assistance in areas such as commercial law, tax/fiscal management, e-government, capital markets, bank supervision, labor laws, World Trade Organization (WTO) compliance, competition policy, and infrastructure development/regulation. Funds will be also used to reform government procurement, including agricultural commodities, and improve the targeting of Government of Peru (GOP) resources for social programs. USAID will also support a public dialogue among various organizations (e.g., government, press, labor unions, universities, farmer and domestic industry associations) on the benefits and adjustments associated with free trade. Major contractors/grantees are to be selected.

Improved access to and participation in markets (\$500,000 DA). To increase access to markets for micro-entrepreneurs and small producers, USAID will fund technical assistance to provide current and projected market information along with information regarding 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 help identify markets for local products, and then link entrepreneurs/producers to organizations that provide services to improve their productivity and competitiveness in the marketplace. Since USAID's productive/marketing efforts will take place primarily in the seven-department area where Peru's coca production is concentrated, Andean Counterdrugs Initiative funds referenced in the Alternative Development Data Sheet (527-013) will be the major source of financing for these activities. The prime contractor is Chemonics International.

Increased availability of microfinance services for micro-entrepreneurs and small producers (\$1,900,000 DA). USAID will fund technical assistance to ten microfinance institutions (MFIs) 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-entrepreneurs through commercial banks. Additional resources will be provided from the Andean Counterdrugs Initiative funds referenced in the Alternative Development Program Data Sheet (527-013). Major contractors/grantees include the Consortium of Organizations that Support Small and Micro Enterprises (COPEME), USAID's prime partner and Chemonics International.

P.L. 480 assistance. Activities will improve health and productive capacities of food insecure families 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. 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.

FY 2004 Program:

Enabling Environment for Economic Growth through Trade and Investment (\$4,920,000 DA). USAID will continue with policy reform activities to promote trade and investment. Major contractors/grantees are not expected to change.

Improved Access to and Participation in Markets (\$500,000 DA). USAID will continue the activities described above, with an emphasis in Peru's coca-growing regions. Andean Counterdrugs Initiative funds referenced in the Alternative Development Data Sheet (527-013) will continue to be the major source of financing for these activities. Major contractors/grantees are not expected to change.

Increased availability of Microfinance Services for Micro-entrepreneurs and Small Producers (\$1,500,000 DA). USAID will 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. Additional resources will be provided from the Andean Counterdrugs Initiative funds referenced in the Alternative Development Data Sheet (527-013). Major contractors/grantees are not expected to change.

P.L. 480 Assistance. USAID plans to continue P.L. 480 funded activities as described above. Major contractors/grantees are not expected to change.

Performance and Results: During 2002, USAID-assisted micro-entrepreneurs and small producers generated \$23.4 million in new sales and the equivalent of over 12,000 full time jobs through new or expanded market opportunities. As of June 2002, USAID-supported microfinance institutions provided financial services to 97,700 poor people. USAID also provided Development Credit Authority funding to develop two guarantee programs through Peruvian commercial banks, which will provide credit access to an additional 6,000 micro-entrepreneurs.

USAID's P.L. 480, Title II Food for Peace Program benefited over 41,500 families, with more than 100,200 children enrolled in feeding programs and their mothers receiving training in preventive health practices. In addition, 13,100 families increased their access to sanitary health infrastructure services.

Through FY 2007, USAID expects to facilitate the steady recuperation of the Peruvian economy and provide sustainable economic opportunities for the poor in selected geographic areas. USAID expects to contribute to the generation of 22,000 full-time equivalent jobs, an increase in sales by \$67 million, and provision of financial services to 180,000 poor people. By improving the enabling environment for trade and investment and providing greater access to essential goods and services, USAID expects to reduce the levels and incidence of poverty in target areas by 10% over the life of the strategy. In addition, the Title II program expects to reduce chronic malnutrition rates in target areas by 10%.

US Financing in Thousands of Dollars

Peru

	DA	DCA
527-010 Poverty Reduction		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	3,692	58
Expenditures	200	0
Through September 30, 2002		
Obligations	3,692	58
Expenditures	200	0
Unliquidated	3,492	58
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	8,120	0
Total Planned Fiscal Year 2003		
Obligations	8,120	0
Proposed Fiscal Year 2004 NOA		
Obligations	6,920	0
Future Obligations	0	0
Est. Total Cost	18,732	58

Data Sheet

USAID Mission:	Peru
Program Title:	Improved Health for Peruvians
Pillar:	Global Health
Strategic Objective:	527-011
Status:	Continuing
Proposed FY 2003 Obligation:	\$22,027,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$16,732,000 CSH
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: USAID is working to enhance the capacity of the Peruvian private and public sectors to meet the population's basic health needs to increase the productive capacity of the Peruvian workforce and reduce the potential for social conflict. USAID's health sector program comprises three major thrusts: (1) improving the quality of health services with emphasis on seven departments in the coca-growing central part of the country; (2) using communication and education interventions to change behaviors that expose Peruvians to health risks; and (3) supporting policy reforms, decentralization and evidence-based decision-making in the health sector. The program is also dealing with emerging and re-emerging infectious diseases, including HIV/AIDS, tuberculosis and malaria. Given the cross-border threat posed by these diseases, USAID may pursue regional approaches to combating them. Reproductive health activities will emphasize the human and reproductive rights of Peruvian women and families.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved health services (\$9,100,000 CSH). USAID will continue developing a new methodology for improving the quality of health services that involves defining indicators of quality services, building accreditation and licensing systems based on those indicators, and assisting in the implementation of these systems. USAID will also provide resources to upgrade Ministry of Health (MOH) facilities and staff in coca-growing areas in coordination with the Alternative Development Program. In family planning and reproductive health, USAID will continue to support the monitoring of client rights to informed consent, activities to reduce maternal mortality in the geographic focus area, and limited provision of contraceptives. Major contractors/grantees include the Ministry of Health, the local NGO - PRISMA, U.S. agency Pathfinder International, and UNICEF.

Health behavior change (\$8,300,000 CSH). USAID will create a "Development Communication Service Center," a consortium of Peruvian organizations with capabilities to develop, produce, research and disseminate information on health issues and healthy behaviors. The Center will be based in part on successful population and health sector experience in using communication and education to promote behavior change. USAID will launch behavior change activities related to HIV/AIDS, the health consequences of coca production and climate changes from the expected "El Nino", and the promotion of institutional childbirth to reduce maternal mortality. Finally, the health communication capabilities of universities and other partners in the geographic focus will be assessed and upgraded. Contractors/grantees include the local NGO Manuela Ramos and U.S. agencies -- the Academy for Educational Development and Pathfinder International.

Policy and evidence-based decision-making (\$4,627,000 CSH). USAID will support the Ministry of Health in conceptualizing and designing administrative decentralization of the health sector. Three pilot health reform projects will be initiated (linking Social Security and Ministry of Health services, reallocating services among the various Ministry levels, and linking public and private sector services). The private sector health provider in Chiclayo will increase the revenues generated by its low cost, high quality services, demonstrating the feasibility of sustainable fee-for-service health services. In the area of infectious diseases, a new HIV/AIDS strategy will be developed and launched, adding preventive

activities to ongoing surveillance and research. A new epidemiological laboratory will be constructed and equipped in the jungle city of Iquitos. Malaria and tuberculosis activities will be addressed in the context of integrated health services. Major contractors/grantees include the Ministry of Health, local NGOs, and U.S. agencies Abt Associates, the Futures Group, and the Population Council.

FY 2004 Program:

Improved health services (\$6,087,000 CSH). USAID will expand accreditation and licensing to new institutions and professionals. Health facilities and staff will be upgraded in USAID's geographic concentration zone, guided by the requirements for formal accreditation. Support for monitoring of reproductive rights and contraceptive sustainability will be continued. Major contractors/grantees are not expected to change.

Health behavior change (\$6,427,000 CSH). Intensive new health education and behavior change activities will begin in schools and mass media, mainly in USAID's geographic focus area. Commercial partners such as companies selling health, nutrition and hygiene products will co-sponsor entertaining, instructive, and motivational programming. Subjects such as nutritional practices, delaying sexual debut, avoiding sexually transmitted diseases, and healthy environmental practices will be added to the ongoing agenda of subjects. USAID will help establish a Masters Degree program to train professional health communicators. Major contractors/grantees are not expected to change.

Policy and evidence-based decision-making (\$4,218,000 CSH). USAID will support the implementation of new decentralized administrative and management information systems in selected regional governments, training for regional health administrators, and citizens' involvement in the management of local health services. Major contractors/grantees are not expected to change.

In both years, all family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Performance and Results: In spite of a period of transition and political conflict in the Peruvian health sector, USAID played a constructive role and built its credibility as a trustworthy and effective partner with a range of health organizations, both public and private. USAID is supporting research, surveillance and prevention, and is leading the development of new approaches to deal with malaria and HIV/AIDS. As a result, the MOH began utilizing new research to plan preventive measures against dengue fever; 19 public health reference laboratories were equipped to enhance their diagnostic capabilities; a surveillance system for anti-malaria resistance was designed and implemented; and rapid diagnostic testing for malaria was widely applied by health promoters in endemic areas. Over 200,000 poor rural women have changed important health and reproductive health behaviors, including acceptance of family planning. Three USAID supported NGOs inaugurated new primary health care centers using income generated from activities. Several USAID-supported NGOs covered over 80% of their operating costs with income generated by charging modest fees for their services. The MOH expanded and institutionalized new administrative systems, including cost-based budgeting and a prospective payment mechanism to improve resource allocation and a perinatal information system to detect risks and complications during pregnancy and delivery. A new budgeting and programming system was installed in all 34 regional Health Directorates of the country.

One major challenge for USAID over the next two years is to help GOP design and implement a sensible approach to administrative decentralization of health services that will lead to increased efficiency and greater responsiveness to the needs of the clients and communities. Successful decentralization of health services will be a major contributor to improved health in Peru. By 2006, it is hoped that the infant mortality rate will decrease from 52 to 40 per 1,000 live births, the percentage of births attended by trained personnel will increase from 48% to 65%, and the number of accredited health institutions will increase from six to 54.

US Financing in Thousands of Dollars

Peru

527-011 Improved Health for Peruvians	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	9,169
Expenditures	221
Through September 30, 2002	
Obligations	9,169
Expenditures	221
Unliquidated	8,948
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	22,027
Total Planned Fiscal Year 2003	
Obligations	22,027
Proposed Fiscal Year 2004 NOA	
Obligations	16,732
Future Obligations	0
Est. Total Cost	47,928

Data Sheet

USAID Mission:	Peru
Program Title:	Environment and Natural Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-012
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,300,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,300,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: USAID's environmental program includes national-level efforts to improve environmental policy and build the capacity of Peru's environmental institutions; support for local governments and communities to address key environmental issues; and initiatives to increase the knowledge of environmental problems and public demand to address them. These efforts promote the sustainable use and protection of natural resources, enhancing Peru's potential to attract investment and generate jobs and income.

Inputs, Outputs, Activities:

FY 2003 Program:

Renewable natural resources (\$1,800,000 DA). USAID will continue to support sustainable forest and protected areas management. This will include the establishment of a nationwide system to issue controlled concessions for forest production, curb illegal logging, and develop a process for timber certification. In addition, USAID will finance park personnel training and technical assistance to strengthen the Natural Resources Institute (INRENA). These programs support the U.S. Government (USG) counternarcotics effort, and therefore will also receive Andean Counterdrug Initiative (ACI) funding referenced in the Alternative Development Program Data Sheet (527-013). Major contractors/grantees include INRENA, the World Wildlife Fund, the U.S. Department of the Interior, Chemonics International, and The Nature Conservancy.

Industrial and urban pollution (\$1,400,000 DA). USAID supports the National Environment Council and the Directorate of Environmental Health in the Ministry of Health to strengthen their capacity to manage industrial and urban environmental issues. Technical assistance is provided to the National Clean Production Center, coupled with a Development Credit Authority loan guarantee for capital improvements to introduce clean production technologies. Environmental health activities will continue to be implemented in five cities in Peru, providing waste management and water and sanitation systems. Major contractors/grantees include prime grantees the National Environment Council, the Directorate of Environmental Health in the Ministry of Health, CARE, PA Consultants, Inc., the U.S. Centers for Disease Control, the Peruvian Clean Production Center, and Camp, Dresser and McKee.

Environmental education and locally based environmental management systems (\$1,100,000 DA). USAID will implement a program to increase knowledge of environmental issues and create demand for sustainable environmental management. Communications will focus on decision-makers; however messages for the general public are planned as well. USAID also plans to support a clearinghouse for environmental information, environmental messages for schools, and assistance to the National Environment Council in developing their environmental communications programs. Training will be provided to local governmental and non-governmental organizations to plan, implement and monitor environmental interventions through participatory local projects related to environmental health, pollution abatement, forest management, reforestation and watershed protection. Major contractors/grantees include the Academy for Educational Development, the National Environment Council, and Greencom, with Peruvian municipal and regional governments and other local non-governmental organizations acting as sub-grantees.

FY 2004 Program:

Renewable natural resources (\$1,500,000 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. These programs support the USG counternarcotics effort, and therefore will also receive ACI funding referenced in the Alternative Development Program Data Sheet (527-013). Major contractors/grantees are not expected to change.

Industrial and urban pollution (\$1,300,000 DA). USAID will continue to support the National Environment Council and the Directorate of Environmental Health in the Ministry of Health to strengthen the institutions' capacity to better manage industrial and urban environmental issues. This will be the final year of USAID assistance to the National Clean Production Center, although the Development Credit Authority loan guarantee for capital improvements in industry related to clean production will continue. Environmental health activities, including waste management and water and sanitation will be completed in 2004. Major contractors/grantees are not expected to change.

Environmental education and locally based environmental management systems (\$1,500,000 DA). USAID will continue to fund environmental education for decision-makers and the public as well as communications training for local governments and local organizations. Major contractors/grantees are not expected to change.

Performance and Results: USAID's environmental activities achieved important results in 2002, contributing to a strengthened capability to sustainably manage Peru's environmental assets and natural resources. The Forestry Law, which came under heavy attack by illegal loggers and several large timber companies, has remained intact and the law is being implemented through a forestry concessions bidding process. As of October of 2002, 3.3 million hectares of forest are under sustainable management. Peru's National Council for the Environment has continued its decentralization process by opening an additional three regional centers; now 18 of 25 departments have regional environment offices. Twenty-one industrial plants have received assistance from the Clean Production Center, and two of these plants have reduced their pollution by 10%.

By 2006, USAID will increase the number of hectares of sustainably managed forest to five million hectares and fifty industrial plants will have reduced pollution by ten percent.

US Financing in Thousands of Dollars

Peru

	DA	DCA
527-012 Environment and Natural Resources		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	324	73
Expenditures	0	0
Through September 30, 2002		
Obligations	324	73
Expenditures	0	0
Unliquidated	324	73
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	4,300	0
Total Planned Fiscal Year 2003		
Obligations	4,300	0
Proposed Fiscal Year 2004 NOA		
Obligations	4,300	0
Future Obligations	0	0
Est. Total Cost	8,924	73

Data Sheet

USAID Mission:	Peru
Program Title:	Alternative Development Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-013
Status:	Continuing
Proposed FY 2003 Obligation:	\$69,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$50,000,000 ACI
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2007

Summary: In late 2002, in response to challenges that included high coca leaf prices, low market prices for licit products, an organized opposition by coca growers, and the possible displacement of coca production from Colombia, USAID and the Government of Peru (GOP) revised their strategies to more directly link the Alternative Development Program (ADP) to eradication and interdiction efforts. As part of this new strategy, USAID is combining Development Assistance (DA) and Economic Support Funds (ESF) resources to complement Andean Counterdrug Initiative (ACI) funding in the coca-growing region. ADP interventions are focused on: (a) providing immediate economic and social impact via temporary income, community organization and other short-term support in communities where coca has been eradicated; (b) promoting sustainable economic and social development in and around the primary coca-growing areas via major road rehabilitation and other infrastructure works, technical assistance and training to local/regional governments, other GOP agencies, private sector entrepreneurs and small farmers; (c) improving the policy and institutional framework related to alternative development (AD) 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 2003 Program:

Short-term community support (\$7,400,000 ACI). USAID will fund small labor-intensive infrastructure works as a means of providing temporary income for families in communities where coca crops are eradicated. Participatory processes to identify and prioritize these small projects will serve as the basis for linking communities to municipal level governance and sustainable licit development activities. Health and nutrition activities will mitigate immediate negative economic consequences of eradication. Chemonics International is the prime contractor, with multiple local NGOs, specialized GOP agencies and municipal associations as subcontractors.

Sustainable local/regional development (\$37,900,000 ACI). USAID will provide technical assistance and training to strengthen local/regional governments and improve health and education services. The AD Program will fund infrastructure works, e.g., schools, health posts, sanitation, roads, and bridges. USAID will rehabilitate a 172 kilometer segment of the principal national highway, thus dramatically reducing transport costs for producers and increasing the region's economic competitiveness. A joint USG-GOP environmental agenda will focus on sustainable productive forest management through a forest concession process and forest product certification, an activity that protects the environment and has great income generation potential. USAID will assist private entrepreneurs with information and technical assistance to link their production to market demand and encourage private investment. USAID will provide technical assistance to small farmers, as well as seek financial services guaranteed by the Development Credit Authority (DCA). Major contractors/grantees are Chemonics International, local NGOs, the World Wildlife Fund, The Nature Conservancy, the U.S. Army Corps of Engineers and specialized GOP branches.

National framework for counternarcotics/alternative development (\$2,400,000 ACI). USAID will provide specialized consultancy services to build the capacity of the GOP's counter-narcotics coordinating body (DEVIDA) to implement the GOP's counter-narcotics strategy. Specific studies and advocacy efforts will provide the basis for policy changes related to such issues as a law to better delineate legal from illegal coca, land titling, and policies and procedures that catalyze greater economic growth and more effective and responsive state presence in the coca-producing regions. Major contractors/grantees include Chemonics International, DEVIDA and Development Associates, Inc., with local NGOs as subcontractors.

Communications (\$2,300,000 ACI). Media programs will be developed to: (a) better inform the targeted communities of the process and mitigate social unrest; (b) change attitudes and practices to contribute to a decrease in coca production; and (c) gain support among decision-makers and the general public for alternative development/counter-narcotics measures. Chemonics International is the prime contractor, with CEDRO, a local NGO, and local marketing and communication firms as subs.

FY 2004 Program:

The Program will reinforce each of the new strategic components. A new cross-component contract will be competed for overall program management, but other contractors/grantees will not change.

Short-term community support (\$17,400,000 ACI). USAID will continue to fund small labor-intensive infrastructure works, providing temporary income for families in target communities. Participatory processes to identify and prioritize these small projects will serve as the basis for linking communities to municipal level governance and sustainable licit development activities.

Sustainable local/regional development (\$43,900,000 ACI). USAID will provide technical assistance and training to strengthen local/regional governments and to improve health and education services. Local infrastructure works will be supported along with sustainable productive forest management efforts, assistance to small farmers, and financial services and support to entrepreneurs

National framework for counter-narcotics/alternative development (\$5,400,000 ACI). USAID will continue to provide specialized consultancy services and fund selected costs of the GOP's DEVIDA and finance specific studies and advocacy efforts.

Communications (\$2,300,000 ACI). Communications efforts will continue to inform the communities undergoing eradication to better understand the process and mitigate social unrest; change attitudes and practices to contribute to a decrease in coca production; and gain support among decision-makers and the general public for alternative development/counter-narcotics measures.

Performance and Results: Peru experienced rapid decline in coca production from approximately 115,000 hectares in 1995 to 32,200 in 2000, with the pace slowing more recently. Historically high coca leaf prices and the displacement of production from other countries have provided incentive for new coca planting that could not be offset by eradication efforts. Despite a very aggressive end-of-year push by the GOP that resulted in the eradication of about 7,000 hectares of coca, including 1,000 through a new USAID-financed auto-eradication program, it is anticipated that there will be a small net increase in coca production in 2002. The revised USAID approach responds to the new domestic and international scenario. ADP achievements during FY 2002 included the initiation of 97 social infrastructure works, rehabilitation/maintenance of 597 kilometers of roads, construction of three bridges and an irrigation channel. Over 800 loans were provided mostly for agricultural activities. USAID provided support to 10,869 families for licit economic activities within four coca-growing areas.

By 2007, substantial progress is expected to be made to realize a strengthened licit economy in current coca-growing areas, 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 region.

US Financing in Thousands of Dollars

Peru

	ACI
527-013 Alternative Development Program	
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	34,256
Expenditures	3
Through September 30, 2002	
Obligations	34,256
Expenditures	3
Unliquidated	34,253
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	69,000
Total Planned Fiscal Year 2003	
Obligations	69,000
Proposed Fiscal Year 2004 NOA	
Obligations	50,000
Future Obligations	0
Est. Total Cost	153,256

Caribbean Regional Program

The Development Challenge: Caribbean countries face numerous challenges including declining revenue from their traditional mainstay crops (sugar and bananas); the gradual removal of preferential market agreements previously upheld by their former colonial governments; the use of obsolete and outdated methods and equipment in key commercial, industrial, and support service areas; vulnerability to certain natural disasters including earthquakes, hurricanes and volcanic eruptions; increased drug trafficking and money laundering through the region; and more recently the rapid spread of the HIV/AIDS virus. The Caribbean region now has the second highest HIV/AIDS prevalence rate in the world, registering 2.2% at the end of 2001. According to the Caribbean Development Bank's 2001 Annual Report, 13 of the 17 Caribbean states recorded declining levels of economic performance in 2001, compared to 10 in 2000. Six countries registered outright negative growth and of the four that recorded increases, three were under two percent. These countries are still reeling from the effects of the September 2001 terrorist attacks, which further exacerbated the situation by triggering a dramatic fall-off in tourist arrivals immediately after the event.

USAID has worked closely with its Caribbean partners to develop the Third Border Initiative (TBI), a Presidential Initiative launched in 2002. TBI is designed to address constraints to competitiveness in the region through teacher training, business scholarships, HIV/AIDS prevention, disaster mitigation, enhancement of security for tourism, and preparation for the Free Trade Area of the Americas (FTAA). These objectives coincide with U.S. foreign policy interests in the region -- promoting free trade and economic development, safeguarding the natural environment, and enhancing justice and security. The Caribbean Regional Program, centered on the TBI, is geared toward preparing governments and private entrepreneurs in major sectors of the Caribbean economies to compete effectively in the FTAA (expected to enter into force in 2005), meet World Trade Organization requirements, and more effectively reduce major threats to stability in the region. Priority areas include liberalization of key telecommunications and financial sectors, improved environmental management by the major productive sectors, especially tourism, increased efficiencies in the justice system, and mobilization of governments and NGOs to fight against the spread of HIV/AIDS.

The USAID Program: Through a combination of technical assistance and training in both the public and private sectors, USAID's Caribbean Regional Program is: 1) improving the business environment in the Caribbean by helping the private sector diversify and produce goods and services compliant with international standards and developing more open and transparent legal and regulatory structures in the commercial sector; 2) promoting more responsible environmental practices; 3) increasing the effectiveness and efficiency of legal systems in the Caribbean; and 4) enhancing the region's ability to respond to the HIV/AIDS crisis. Implementation of the Administration's Third Border Initiative, particularly trade development and HIV/AIDS prevention, is a prime focus of the Caribbean Regional Program. Activities funded by FY 2003 and FY 2004 appropriations are described in the Data Sheets below.

USAID is working closely with regional governments and nongovernmental organizations (NGOs), as well as the private sector, to achieve these objectives. These groups have demonstrated strong commitment to the program but are hampered by limited human resources, sub-standard business practices, stifling government bureaucracies, gaps in policy frameworks and inadequate public education programs. USAID's efforts to strengthen the capacity of these organizations are beginning to pay off.

Other Program Elements: USAID's Office of Foreign Disaster Assistance is carrying out disaster mitigation activities to reduce risk and losses from natural hazard impacts, educate the public on such hazards, and establish an effective framework for disaster management in the region. The Office of Regional Sustainable Development in the Latin America and Caribbean Bureau (LAC/RSD) is funding hemisphere-wide capacity building efforts in the areas of trade and economic growth. USAID's Economic Growth, Agriculture, and Trade Bureau is supporting loan programs targeted at micro- and small enterprises, and assisting in environmental management initiatives.

Other Donors: There is strong donor coordination in the Caribbean region. The International Monetary Fund, the United Nations Development Program, the Canadian International Development Agency (CIDA), the European Union (EU), the Inter-American Development Bank (IDB), the United Kingdom's Department for International Development (DFID), and USAID have pooled resources to address the urgent and demanding need for fiscal and monetary reform by establishing the Caribbean Regional Technical Assistance Center. Donor coordination also continues in the area of HIV/AIDS where USAID, CIDA, the German development agency, EU, DFID, and the Pan American Health Organization are partnering to help the Caribbean Epidemiology Center implement its HIV/AIDS strategic plan for its 22 member countries. USAID's work in the Caribbean is complemented by the World Bank and the IDB in telecommunications, and CIDA in the area of judicial reform in the Resident Magistrate Courts. The Organization of American States and CIDA support small hotel programs. CIDA and the IDB also have programs in trade reform and integration.

**Caribbean Regional Program
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	1,497	3,550	4,688	6,532
Development Assistance	0	0	9,000	3,480
Economic Support Fund	6,985	10,800	3,000	9,000
Total Program Funds	8,482	14,350	16,688	19,012

STRATEGIC OBJECTIVE SUMMARY

538-004 Competitiveness in the Caribbean				
DA	0	0	5,000	2,905
ESF	2,500	4,600	1,000	6,075
538-005 Improved Environmental Management				
DA	0	0	3,000	0
ESF	2,500	3,300	0	2,500
538-006 Rule of Law				
DA	0	0	1,000	575
ESF	1,985	1,000	0	425
538-008 HIV/AIDS				
CSH	1,497	3,550	4,688	6,532
ESF	0	1,900	2,000	0
598-023 Education and Training (CETT)				
DA	0	0	(1,000)	0

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Competitiveness in the Caribbean
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	538-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,000,000 DA; \$1,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,905,000 DA; \$6,075,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: USAID's program to improve the business environment of the Caribbean to meet international standards is being carried out on two fronts -- enhancing the private sector's capacity to deliver goods and services competitively, and supporting the public sector in developing legislative and regulatory structures that encourage and facilitate trade and international business development. NOTE: The name of this program has changed from "Increased employment and diversification in select non-traditional activities" to "Improved business environment to meet international standards."

Inputs, Outputs, Activities:

FY 2003 Program:

Improve capacity of firms to deliver goods and services (\$3,100,000 DA, \$1,000,000 ESF). An additional \$500,000 is being notified with this program data sheet over what was notified last year. Assistance to the private sector will strengthen competitiveness through trade capacity building. Working with the Export Development Unit of the Organization of Eastern Caribbean States (OECS), USAID will provide assistance to approximately 100 firms to improve their productivity and product quality and become more competitive. USAID will seek to identify and develop key sectors using a cluster approach. Technical assistance will help select industries develop a strategy and action plan to implement common and innovative approaches to expand their capacity for entering collectively into the global market. To help both the private and public sectors identify constraints to doing business in the Caribbean, USAID will finance technical assistance to develop business roadmaps in four countries. USAID will initiate a training program to enhance the region's human capacity in areas related to competitiveness. A communication and trade information dissemination initiative will expose the private sector to information on the implications of Free Trade Area of the Americas (FTAA) and other trade agreements. The principal contractor is being selected. The grantee is the OECS Secretariat Export Development Unit.

Establish a legislative/policy framework that supports competition (\$1,900,000 DA). Working with the Caribbean Community (CARICOM) governments and the CARICOM Regional Negotiating Machinery, USAID will help develop a regulatory framework and legal environment more conducive to competition within the global economy. USAID-financed technical assistance will help modernize laws and regulations to encourage competition in support of FTAA. In cooperation with the CARICOM Regional Negotiating Machinery, USAID will develop a strategy to educate member country public sector officials on FTAA and other international trade agreements. USAID will finance technical assistance from the Pan-American Health Organization to develop appropriate sanitary and phytosanitary legislation and regulations. Through the Caribbean Regional Technical Assistance Center, USAID will continue to provide technical assistance and training related to finance for Caribbean governments. As part of its highly successful program to deregulate the telecommunications industry in OECS countries, USAID will finance technical assistance to the regulatory authority Eastern Caribbean Telecommunications to draft model licenses and regulations for interconnection and tariffs, licensing, spectrum allocation, and management. Additionally, technical assistance will be provided to the Government of Barbados to complete its telecommunications deregulation process. Principal grantees are the CARICOM Regional

Negotiating Machinery, the OECS Secretariat Export Development Unit, and the Pan American Health Organization.

FY 2004 Program:

Improve capacity of firms to deliver goods and services (\$700,000 DA, \$6,075,000 ESF). USAID plans to continue its initiative to provide technical assistance to firms to help them deliver goods and services that meet or exceed international standards. The activity to develop competitive clusters of industries may be accelerated and special emphasis placed on ensuring the sustainability of target sectors. Elimination of business constraints will continue to be a key priority in the region. USAID is planning to continue to assist the private sector to fully understand the implications of international trade.

Establish a legislative/policy framework that supports competition (\$2,205,000 DA). USAID plans to continue to work with CARICOM governments, the CARICOM Regional Negotiating Machinery, and other related public sector entities to develop a regulatory framework and legal environment more conducive to competition within the global economy. Technical assistance will continue to help modernize laws and regulations to encourage competition in support of FTAA. The activity to develop sanitary and phytosanitary standards for OECS countries will be concluded with the development of appropriate legislation and regulations.

Performance and Results: USAID is achieving excellent results in improving the quality of products available for export and increasing export sales of targeted firms. Over the past year, USAID helped 22 firms meet international requirements for product export. Application of new productivity techniques and marketing strategies helped targeted firms increase their total export sales by 14% in 2002. Remarkable progress has been made in reforming the telecommunications sector in the Eastern Caribbean. As a result of USAID assistance, the Eastern Caribbean Telecommunications (ECTEL) regulatory authority was established, and all ECTEL member countries have passed at least 60% of the regulations and licenses related to interconnections, spectrum management, spectrum and license fees, and numbering. With legislation and regulations put in place to make the telecommunications sector more competitive, evidence is showing a substantial increase in investment from \$27 million in 2001 to \$64 million in 2002. This investment has had a positive impact on employment levels in the sector with existing firms expanding and new companies entering into the market.

By the end of the strategy, it is expected that the Caribbean region will have a business environment conducive to competition in the global marketplace. By 2004, approximately 100 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.

US Financing in Thousands of Dollars

Caribbean Regional Program

	DA	ESF
538-004 Competitiveness in the Caribbean		
Through September 30, 2001		
Obligations	457	5,000
Expenditures	357	422
Unliquidated	100	4,578
Fiscal Year 2002		
Obligations	0	4,700
Expenditures	0	1,468
Through September 30, 2002		
Obligations	457	9,700
Expenditures	357	1,890
Unliquidated	100	7,810
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,000	1,000
Total Planned Fiscal Year 2003		
Obligations	5,000	1,000
Proposed Fiscal Year 2004 NOA		
Obligations	2,905	6,075
Future Obligations	20,000	6,075
Est. Total Cost	28,362	22,850

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Improved Environmental Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	538-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,500,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: USAID's program to improve environmental management within the Eastern Caribbean involves technical assistance and training to facilitate the adoption of best environmental management practices, policies, and standards in small enterprises; environmental marketing and education to promote awareness; and access to financing for environmental improvements.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase environmental management practices (\$2,000,000 DA). This program data sheet notifies an additional \$250,000 over what was notified last year to provide necessary resources for a renewable energy activity. USAID will continue to educate key groups on identification and implementation of environmental management practices. Approximately 160 small hotels will benefit from environmental assessments that identify energy and cost savings and environmental audits will help approximately 40 small hotels establish environmental management systems. Adoption of environmental management systems that meet international standards will enable 20 hotels to achieve "green certification" under a Caribbean brand that promotes small hotels using sound environmental practices. USAID-financed technical assistance will help establish five additional resource centers which will provide small businesses with access to information about environmental management practices. To reduce environmental damage and enhance economic growth, USAID will fund technical assistance to help develop renewable energy sources and technologies. Through a pilot activity that may be replicated on other islands, USAID is providing technical assistance to develop a strategy for the island of Dominica to achieve eco-destination certification. Principal contractors and grantees are the Organization of American States, P.A. Consulting Group, the Caribbean Alliance for Sustainable Tourism, and the University of New Orleans Foundation.

Increase access to environmental improvement financing (\$1,000,000 DA). This program data sheet notifies an additional \$250,000 over what was notified last year to fund a loan guarantee initiative being planned with the Development Credit Authority. Through the Development Credit Authority program, USAID and a regional bank will develop a credit guarantee program to make credit more readily available to tourism enterprises for environmental improvements such as energy efficient equipment, solar water heaters and other environmentally friendly investments. Technical assistance will be provided to structure an investment facility for small enterprises, including hotels, to access funds for environmental and hotel upgrades necessary to meet requirements for the Caribbean Experiences brand and international standards. The principal grantee is the Organization of American States.

FY 2004 Program:

Increase environmental management practices (\$2,000,000 ESF). USAID plans to continue to provide training and technical assistance to small hotels to improve their environmental management capacities and enhance their competitiveness. In addition, USAID expects to give considerable attention to identifying and improving the financial viability of sites and attractions including historical sites, eco-tourism sites, and national historic parks. A limited number of sites may be targeted to address

biodiversity concerns. USAID will consider continuing assistance to help Dominica, and perhaps other states, obtain certification as an eco-destination. The principal contractors and grantees are the Organization of American States and P.A. Consulting Group.

Increase access to environmental improvement financing (\$500,000 ESF). USAID plans to continue to provide funds for the investment facility and credit guarantee program for renewable energy efficiency and environmental upgrades. The principal contractor is not yet selected.

Performance and Results: USAID efforts to help organizations adopt best environmental practices led to impressive gains in the region. To date, 206 tourism organizations have adopted improved environmental practices, including purchase of energy efficient equipment, installation of solar water heaters, and establishing systems for solid and liquid waste disposal. Approximately 481 organizations received environmental information during FYs 2001-2002, many through the eight USAID-established resource centers in countries throughout the region. Training and briefings for hotel staff, as well as utilization of "how to" brochures on environmental practices and hotel management, helped hoteliers make important changes. Ten hoteliers involved with the program obtained financing for environmental upgrades. This number is expected to increase substantially when the investment facility and loan guarantee program begin.

By assisting the region address environmental concerns, this program will help protect critical ecosystems and are vital to tourism and economic growth.

US Financing in Thousands of Dollars

Caribbean Regional Program

	DA	ESF
538-005 Improved Environmental Management		
Through September 30, 2001		
Obligations	653	5,000
Expenditures	384	711
Unliquidated	269	4,289
Fiscal Year 2002		
Obligations	0	3,100
Expenditures	29	1,305
Through September 30, 2002		
Obligations	653	8,100
Expenditures	413	2,016
Unliquidated	240	6,084
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	3,000	0
Total Planned Fiscal Year 2003		
Obligations	3,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	2,500
Future Obligations	0	0
Est. Total Cost	3,653	10,600

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	538-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$575,000 DA; \$425,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: USAID's Rule of Law program is improving the efficiency and fairness of legal systems in the Caribbean by 1) providing technical assistance, training, and commodities to the Eastern Caribbean Courts to modernize the legal system and increase access to legal information; 2) providing technical assistance and commodities to physically establish the Caribbean Court of Justice, which will address trade disputes; and 3) providing technical assistance to revise and update laws related to the Caribbean Single Market and Economy, justice, and security.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve efficiency of legal systems (\$300,000 DA). To modernize the Organization of Eastern Caribbean States (OECS) Supreme Court and Court of Appeal, USAID will fund technical assistance to streamline appellate procedures and training courses for judges and court staff on the use of the Judicial Enforcement Management Systems case management software for areas such as jury management. To establish automated court reporting in three additional OECS countries, USAID will continue to train court reporters and procure equipment. USAID will replicate the court-connected alternative dispute resolution system established last year in St. Lucia in two additional OECS countries. Based on an evaluation of the effectiveness of public education efforts, USAID will continue to educate the public on the role of the new Caribbean Court of Justice, which has become a legal entity with original jurisdiction over trade disputes, and provide technical assistance and equipment to assist with its physical establishment. Principal grantees are the Caribbean Community (CARICOM) Secretariat, the OECS Secretariat, and the British Virgin Island Academy of Court Reporting.

Improve access to legal training (\$200,000 DA). USAID will fund four specialized training courses in technical areas such as legal writing and sentencing for judges and key judicial personnel to improve their capability to perform duties more efficiently and knowledgeably. The principal grantee is the OECS Secretariat.

Revise and update laws (\$500,000 DA). USAID will fund technical assistance to help establish a regional Legislative Drafting Facility within the CARICOM Secretariat. The facility will draft legislation with respect to the Caribbean Single Market and Economy, international trade, HIV/AIDS, and justice and security issues. It will be the focal point for the development of new regional laws in critical areas such as money laundering, assets forfeiture, and terrorism. The principal grantee is the CARICOM Secretariat.

FY 2004 Program:

Improve efficiency of legal systems (\$300,000 DA). USAID expects to continue efforts to streamline the Court of Appeal's appellate process and establish the Caribbean Court of Justice. USAID is planning to fund additional training for judges and court staff in use of the Judicial Enforcement Management Systems software in areas such as financial management. USAID is planning to replicate alternative dispute resolution facilities in the two OECS countries that will not yet have them.

Improve access to legal training (\$200,000 DA). USAID plans to train judges and court staff in four specialized areas with at least one course utilizing distance education techniques.

Revise and update laws (\$75,000 DA, \$425,000 ESF). USAID expects to continue technical assistance to the regional Legislative Drafting Facility to help develop new regional laws in the areas of trade, justice, and security.

Performance and Results: For the first time in history, the courts, judges, and personnel of the High Courts and High Court Offices in the six OECS countries all have access to a computerized case tracking system. This advance dramatically improves the efficiency of the court system in disposing of both criminal and civil cases, and 900 backlogged civil cases have been cleared from the system this past year. Automated court reporting has been established in St. Kitts and Grenada. Both of these countries are experiencing an improvement in the ability of judges to obtain transcripts of judicial proceedings more expeditiously. USAID has successfully established the first court-based alternative dispute resolution system in the OECS countries in St. Lucia. To date, judges have referred 42 cases from the formal High Court system to alternative dispute resolution, 19 have been scheduled for mediation, and 10 mediations have successfully concluded to the satisfaction of the parties involved.

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

	DA	ESF
538-006 Rule of Law		
Through September 30, 2001		
Obligations	120	3,975
Expenditures	120	423
Unliquidated	0	3,552
Fiscal Year 2002		
Obligations	0	1,000
Expenditures	0	650
Through September 30, 2002		
Obligations	120	4,975
Expenditures	120	1,073
Unliquidated	0	3,902
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	1,000	0
Total Planned Fiscal Year 2003		
Obligations	1,000	0
Proposed Fiscal Year 2004 NOA		
Obligations	575	425
Future Obligations	0	0
Est. Total Cost	1,695	5,400

Data Sheet

USAID Mission:	Caribbean Regional Program
Program Title:	HIV/AIDS
Pillar:	Global Health
Strategic Objective:	538-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,688,000 CSH; \$2,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,532,000 CSH
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2005

Summary: USAID's HIV/AIDS program works to mitigate the destructive effects of the HIV/AIDS epidemic in the Caribbean as well as to prevent further harm. USAID works in collaboration with other partners to support a range of activities that boost the capacities of local, national, and regional organizations to mount a coordinated regional response to HIV/AIDS. The program includes an NGO strengthening program, support to the Caribbean Epidemiology Center, and a training of master trainers program in voluntary counseling and testing. The program also provides support to establish a network of regional HIV/AIDS training centers, as well as support to the Caribbean Community (CARICOM), the Pan Caribbean Partnership against AIDS, the Coordinating Committee of National AIDS, and the regional governmental coordinating bodies on HIV/AIDS.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase NGO capacity to deliver HIV/AIDS programs (\$1,838,000 CSH, \$600,000 ESF). Resources will be used to establish nongovernmental organization (NGO) networks in Suriname and Trinidad and Tobago, and possibly one other country, to support HIV/AIDS prevention programs. USAID will assist NGOs in defining indicators to monitor and evaluate their programs, which were strengthened through this activity in the previous year. Technical assistance and training will strengthen additional NGOs on strategic planning, resource mobilization, financial management, and addressing stigma and discrimination against people living with HIV/AIDS. To enhance information sharing on programs, issues, policies, and fundraising, USAID will fund technical assistance to help NGOs design web pages for country-level networks and establish an electronic link between all the networks. USAID will continue to work with the International HIV/AIDS Alliance in reaching traditionally hard-to-reach, particularly vulnerable populations. The "south-to-south" sharing of good practices and technical expertise will be facilitated by working closely with five already established NGOs from the Caribbean region. Principal contractors and grantees are Family Health International, the International HIV/AIDS Alliance, and Peace Corps.

Increase government capacity to respond to HIV/AIDS (\$2,850,000 CSH, \$1,400,000 ESF). USAID will continue to support the Caribbean Epidemiology Center (CAREC) by providing technical assistance to draft and implement national strategic plans to combat HIV/AIDS, strengthen national testing systems, maintain a regional reference lab, and conduct national-level surveillance. Training on the use of CAREC's Third Generation Surveillance Guidelines will continue, and seroprevalence studies will be conducted in 11 countries. Working with national ministries and local NGOs, funds will be used to expand voluntary counseling and testing (VCT) services by integrating VCT programs into existing reproductive health initiatives and conducting training for VCT master trainers. In addition, USAID will support training for teachers and guidance counselors in targeted countries on HIV/AIDS. USAID plans to expand its support for technical assistance to establish a network of HIV/AIDS regional training centers, including centers in Jamaica, Haiti, and Barbados, as well as a coordinating Secretariat based at the University of the West Indies. USAID will support the CARICOM Secretariat to conduct human and legal rights assessments in eight countries in the region and to strengthen the Pan Caribbean Partnership against

HIV/AIDS. Principal contractors and grantees are the Caribbean Epidemiology Center, CARICOM Secretariat/Pan Caribbean Partnership against AIDS, Johns Hopkins Program in International Education on Gynecology and Obstetrics, and the Ministry of Health in Jamaica.

FY 2004 Program:

Increase NGO capacity to deliver HIV/AIDS programs (\$2,416,000 CSH). USAID plans to expand the NGO network to include additional countries. Continuation of training and technical assistance to NGOs would further strengthen their capacity to carry out effective HIV/AIDS programs and initiatives in the region. USAID anticipates expanding its "south-to-south" program to include additional NGOs, and continuing its work with special populations.

Increase government capacity to respond to HIV/AIDS (\$4,116,000 CSH). USAID plans to continue to support the efforts of the Caribbean Epidemiology Center to facilitate and monitor development and implementation of national strategic plans to combat HIV/AIDS and strengthen national surveillance capabilities. Continued support to the CARICOM Secretariat will allow USAID to disseminate findings on human and legal rights of persons living with HIV/AIDS in the region, and draft legislation to guarantee basic civil rights for people living with HIV/AIDS.

Performance and Results: Formulation and implementation of national strategic plans to combat HIV/AIDS continues to be a priority for almost every country in the region. Thirteen of the 21 Caribbean countries have drafted or approved a plan, and USAID is helping to develop a system that will monitor implementation progress. USAID has developed vibrant HIV/AIDS NGO networks in three countries (St. Lucia, St. Vincent and the Grenadines, and St. Kitts and Nevis) where there were none a year ago. These networks represent unified coalitions of small organizations that speak to their governments about HIV/AIDS with one voice and plan complementary activities, such as training in palliative care, public speaking competitions on HIV/AIDS in schools, and a Red Cross campaign against stigma and discrimination.

By the end of the strategy period, 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.

US Financing in Thousands of Dollars

Caribbean Regional Program

	CSH	ESF
538-008 HIV/AIDS		
Through September 30, 2001		
Obligations	1,497	0
Expenditures	980	0
Unliquidated	517	0
Fiscal Year 2002		
Obligations	3,550	2,000
Expenditures	494	0
Through September 30, 2002		
Obligations	5,047	2,000
Expenditures	1,474	0
Unliquidated	3,573	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	4,688	2,000
Total Planned Fiscal Year 2003		
Obligations	4,688	2,000
Proposed Fiscal Year 2004 NOA		
Obligations	6,532	0
Future Obligations	20,000	2,000
Est. Total Cost	36,267	6,000

Central America Regional Program

The Development Challenge: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua are striving to position themselves for a potential Central America Free Trade Agreement (CAFTA) while still recuperating from decades of civil conflict and sluggish economic growth. Four out of the five countries experienced a series of military-controlled regimes and over a quarter of a million lives were lost in civil conflict during the 1980s. Peace gradually came after the end of the Cold War in 1989. Central America's \$60 billion economy and population of 35 million make it the seventh largest Latin American economy. The region remains overly dependent on traditional agricultural commodities. Although during the 1990s the average GDP growth rate was around 4%, this rate failed to significantly reduce unemployment. The economic situation is now worsening, due to the combined economic fall-out from the decline in coffee prices and slowdown in the U.S. economy. As a result, Central America has relied on the "escape valve" of migration to the United States. In the aftermath of 9/11, the region faces increased migration barriers due to heightened U.S. border security. The region is facing a social "pressure cooker" crisis caused by deteriorating economic conditions and the tightening of the migration escape valve. Symptoms of this social crisis include increases in chronic malnutrition, violence, and organized criminal activities such as narcotrafficking, alien smuggling and crime.

The incidence of poverty in Central America is high and growing, with one-third of its population (as high as 45% in Honduras) living on less than \$2 a day. With the severe droughts and contraction of the coffee industry, the prospects for the near term remain grim. In addition 29% of the population is illiterate. These bleak standards include an abysmal rate of infant mortality (the infant mortality rate is 28 per 1,000 live births) and persistent chronic malnutrition among children. Central America has the worst primary school repetition and completion rates in Latin America, which threatens the region's competitiveness. A quarter or more of the region's children enrolled in first grade fail to reach second grade.

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 clearly increasing. AIDS is already the leading cause of death of women of reproductive age in Honduras and is the leading single cause of death in adults 20-49 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. The deleterious effects of HIV/AIDS on the economy include decreased worker productivity, increased medical care costs, an increased number of orphans, and a shrinking labor force.

Living standards within the region are being affected by environmental degradation. Forests are essential to the region, providing water for industry, towns, and surrounding ecosystems. These forests serve as refuges for endangered species, marginalized by the destruction of nearby ecosystems. Regional forests, coastal areas and wetlands are increasingly under pressure from human population growth, road building, and the conversion of land for grazing and agriculture. In many areas, hunting, fishing, tourism and the extraction of wood for timber, fuel and non-wood products have reached unsustainable levels, causing irreversible damage.

The rapidly growing U.S. Hispanic population (13% of the total population) has become the largest U.S. minority group, which increasingly influences U.S. foreign policy interests. Over 35 million Americans speak Spanish at home, and more than half of all documented and undocumented immigrants are Hispanic. Five percent of the documented U.S. Hispanic population is from Central America, and four out of the leading ten source countries for U.S. undocumented immigrants are from the region. This combined population of documented and undocumented residents in the United States sends \$4 billion of annual remittances that are essential for sustaining the region's economies.

U.S. national interests in Central America include trade, democracy, and the containment of illegal migration, organized crime and narco-trafficking. Trade is currently at the top of the region's political agenda. The United States expects to negotiate a Central American Free Trade Agreement with the region, which will serve as a vital step toward completion of the Free Trade Agreement of the Americas 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. The estimated U.S. private investment in the region is around \$1 billion, and is anticipated to substantially increase under CAFTA. The free trade agreement is expected to reinforce the region's integration process and help maintain stability while assisting the region to turn around its faltering economies. U.S. assistance will play a critical role in addressing the challenge of successfully implementing CAFTA by engaging the region's governments and civil society, and ultimately will support the creation of an integrated Central American economy.

A continuing challenge is the persistence of organized crime. The Mesoamerican corridor (i.e. Central America and Mexico) is a main conduit for illegal migrants and narcotics, and is recognized as the preferred transshipment route for alien smuggling and up to 70% of illicit South American narcotic shipments to the United States. Weak governments in the region could imperil U.S. efforts to contain illegal migration, HIV/AIDS, organized crime, and other potential threats to homeland security.

The USAID Program: USAID assistance will play a critical role in responding to the historic opportunity that CAFTA presents and to address the dramatic drop in coffee prices. Through a Presidential Initiative—the Opportunity Alliance—USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness, by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management. FY 2003 funds will be used to implement the ongoing programs described in the FY 2003 Congressional Budget Justification, and to carry out certain new activities in support of the Opportunity Alliance, including trade capacity building and public-private alliances that target small farmers and farm laborers affected by the coffee crisis. The Program Data Sheets provided below cover the four objectives for which USAID is requesting FY 2003 and FY 2004 funds. These objectives will strengthen regional economic integration by promoting open trade and investment policies, diversify rural economies, contain and control HIV/AIDS, and promote environmental management and disaster prevention. The programs to be funded by FY 2003 and FY 2004 appropriations are described in more detail in the following Program Data Sheets.

Other Program Elements: In addition to the resources requested in the Program Data Sheets, USAID's Office of Regional Sustainable Development within the Latin America and Caribbean Bureau (LAC/RSD) manages activities that provide technical assistance, training and membership in regional networks. Democracy and governance activities involve the Inter-American Democracy Network, the Inter-American Institute of Human Rights, the Justice Studies Center of the Americas, the Federation of Municipalities of Central America and the International City/County Management Association. LAC/RSD also manages environmental activities on Cleaner Production (PA Consulting) as well as Parks in Peril (The Nature Conservancy). The Bureau for Democracy, Conflict and Humanitarian Assistance runs the Matching Grant Program, which through U.S. private voluntary organizations leverages financial resources to improve primary health care, evaluate nonprofit housing organizations, and alleviate poverty through microenterprise development. The Bureau for Economic Growth, Agriculture, and Trade funds the Farmer-to-Farmer Program to provide short-term, U.S. volunteer technical assistance to increase agribusiness productivity. 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 support its regional efforts in trade capacity building 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 of Economic Integration, the World Bank, and the European Union.

**Central America Regional Program
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	3,692	4,000	5,412	7,628
Development Assistance	9,030	15,792	19,142	17,231
Total Program Funds	12,722	19,792	24,554	24,859

STRATEGIC OBJECTIVE SUMMARY

596-001 Increased Access to Global Markets				
DA	2,400	0	0	0
596-003 Addressing HIV/AIDS Crisis				
CSH	1,120	0	0	0
596-005 Regional Trade and Investment				
DA	600	2,800	7,300	7,616
596-006 Central America Regional Environment Program				
DA	6,030	6,842	10,742	6,365
596-007 Municipal Finance *				
DA	0	0	800	0
596-008 Regional HIV-AIDS				
CSH	2,572	4,000	5,412	7,628
DA	0	150	0	0
596-009 Increased Diversification of the Rural Economy				
DA	0	6,000	300	3,250
598-021 Special Development Opportunities				
DA	0	0	(7,200)	0
598-023 Education and Training (CETT)				
DA	0	0	(1,000)	0

* Program Non-start in FY 2003. Funds will be re-programmed and separately notified.

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Regional Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,300,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$7,616,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2007

Summary: The USAID Regional Trade and Investment Program for Central America provides technical assistance 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) promote effective preparation of Central America for trade negotiations. This assistance helps Central America to fully participate in and take advantage of the opportunities presented by the Free Trade Area of the Americas (FTAA), the United States-Central America Free Trade Agreement (CAFTA), the World Trade Organization (WTO), and other fora.

Inputs, Outputs, Activities:

FY 2003 Program:

Promote more open trade and investment policies (\$1,700,000 DA). USAID will promote effective participation by the Central American countries in trade negotiations such as CAFTA, FTAA and WTO; increase public support for open trade and investment policies; support the ongoing process to meet WTO commitments by 2005; monitor and enforce Intellectual Property Rights (IPR) agreements; design and enforce competition policy, antitrust laws and related legislation. Principal grantees are: the Secretariat for Central American Economic Integration (SIECA) (prime), the U.S. Federal Trade Commission and the U.S. Department of Justice (sub).

Accelerate Central America's process of regional integration (\$2,500,000 DA). USAID will provide assistance to further reduce barriers to intraregional trade, develop a dispute resolution mechanism, and consolidate the regional customs union. The program will provide technical assistance to harmonize legislation in areas such as regional power sharing. To promote regional road integration, USAID will finance a road concessions study. Principal contractors, grantees, and agencies are: SIECA, PA Consulting, and Carana Corporation (prime).

Promote more equitable and efficient labor markets (\$600,000 DA). USAID will upgrade Ministries of Labor officials' ability to protect workers' rights, and will support the development of a labor skills certification program and a horizontal cooperation program. The program will contribute to increased preparedness of the region for entry into CAFTA and satisfy technical feasibility requirements, including consistency with WTO requirements. The principal grantee is: SIECA.

Promote effective preparation of Central America for trade negotiations (\$2,500,000 DA). USAID will promote civil society awareness and education on trade agreements and their benefits. Principal contractors, grantees, and agencies are: SIECA, Carana Corporation and an interagency agreement with the Federal Trade Commission.

FY 2004 Program:

Promote more open trade and investment policies (\$1,700,000 DA). USAID will support effective participation of Central America in trade negotiations, promotion of civil society awareness, education on trade agreements, and enforcement of intellectual property rights legislation.

Accelerate Central America's process of regional integration (\$2,900,000 DA). USAID will support the consolidation of the Central American customs union. The intraregional dispute resolution mechanism will be in place and institutional strengthening will be provided.

Promote more equitable and efficient labor markets (\$1,016,000 DA). USAID will support Central American efforts to harmonize labor laws and codes. The program will facilitate discussions on trade-labor issues within the involved sectors.

Promote effective preparations of Central America for trade negotiations (\$2,000,000 DA). USAID will support implementation of the results of CAFTA negotiations and will assist the private sector in resolving CAFTA issues and making use of Free Trade Agreements.

Performance and Results: The major achievement of the Regional Trade Program is that the Central American countries are now ready to negotiate a free trade agreement with the United States starting in January 2003. This is a result of sustained USAID assistance to the countries in meeting the requirements of other trade agreements such as those entered into under the WTO, the FTAA and the Central American Common Market. Two highlights of FY 2002 are that Costa Rica was upgraded from the IPR "Priority Watch List" to the "Watch List" in the United States Trade Representative (USTR) Special Report; and one more product, wheat flour, was freed from tariffs under the Central American Customs Union--an event that had not happened in five years.

President Bush announced his intention to negotiate a free trade agreement with Central America in January 2002. USAID was the first donor agency to respond to the needs of the Central American countries to prepare for CAFTA by adding a rapid-response activity to the ongoing program. Some activities in training, coordination of meetings and studies, and most importantly, in education of civil society groups on trade were already carried out under this activity.

Technical assistance was provided to the Central American countries on market access in activities such as evaluation of the impact of Central American intraregional trade, a comparative study on current Central American free trade agreements, and a study on trade relations between Central America and the United States. Central American countries are committed to having a Customs Union at the beginning of 2004. USAID supported the Central American Customs Committee in training on customs valuation and related procedures, and in harmonization of the Customs Code and its procedures. These initiatives are consistent with international standards and are part of the business facilitation measures recommended under FTAA. USAID also provided support to establish physically integrated customs facilities and an intraregional trade dispute settlement mechanism. USAID continued to provide assistance and training to enforce Central American IPR laws and increase civil society understanding of IPR issues.

Two manuals were developed on regional roads standards. Advances were also made toward a regional power interconnection by strengthening market-oriented national policies that support local and foreign private investment, encouraging regional development of a competitive energy market, and reducing vulnerability of power system facilities to natural disasters.

By the end of the strategy period, USAID expects active and effective participation of the Central American countries in trade agreements (CAFTA, FTAA and WTO); the completion of the Central American Customs Union; strengthened and implemented intellectual property and labor laws; and a regional energy market in place.

US Financing in Thousands of Dollars

Central America Regional Program

596-005 Regional Trade and Investment	DA
Through September 30, 2001	
Obligations	600
Expenditures	0
Unliquidated	600
Fiscal Year 2002	
Obligations	2,800
Expenditures	616
Through September 30, 2002	
Obligations	3,400
Expenditures	616
Unliquidated	2,784
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	7,300
Total Planned Fiscal Year 2003	
Obligations	7,300
Proposed Fiscal Year 2004 NOA	
Obligations	7,616
Future Obligations	9,940
Est. Total Cost	28,256

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
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,742,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,365,000 DA
Year of Initial Obligation:	2001
Estimated Completion Date:	2007

Summary: The USAID Regional Environmental Program supports improved environmental management 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 the municipal and private sector use of less polluting technologies.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve protected area management (\$1,815,000 DA). USAID will support the Central American Protected Areas System, and help develop regional policies. The program will support watershed management in the Usumacinta River watershed along the Mexican-Guatemala border. The principal grantees are: The Nature Conservancy (TNC) (prime), World Wildlife Fund (WWF) (sub) and the Rainforest Alliance (sub).

Increase market access for environmentally sound products and services (\$2,145,000 DA). USAID will support producers to meet certification requirements. USAID will help create an international advisory committee for tourism certification activities. Principal grantees are TNC (prime), WWF (sub) and the Rainforest Alliance (sub).

Harmonize regional environmental laws and implementation of international environmental agreements (\$1,120,000 DA). USAID will develop model environmental regulations and conduct training on environmental compliance inspection and reviews. Principal grantees are: the Central American Integration System, the Central American Commission on Environment and Development (prime), the U.S. Environmental Protection Agency and the U.S. Department of Agriculture (sub).

Increase use of less polluting technologies (\$3,220,000 DA). The program will help four municipalities access financing for wastewater and solid waste projects, and provide training to 20 municipalities. The program will develop a strategic plan to help private businesses adopt less polluting technologies. Principal contractors are Associates in Rural Development, Inc. (prime) and USEPA (sub)

Small grants program (\$442,000 DA). This activity will provide financing and build the capacity of Central American nonprofits, private businesses and municipalities to promote and implement environmentally sound activities and practices. Principal contractors and grantees are not yet determined.

Strengthening forest fire prevention systems (\$1,000,000 DA). This program will focus on prevention planning and alternatives for fire restoration. Principal contractors and grantees are not yet determined.

Strengthening early warning systems (\$1,000,000 DA). This program will reinforce early warning systems and data management, and consolidate vulnerability mapping and preparedness efforts. Principal contractors and grantees are not yet determined.

An additional \$1.5 million, included in S.O. 598-021 in the FY 2003 CBJ will be dedicated to these activities.

FY 2004 Program:

Improve protected area management (\$1,100,000 DA). USAID will support the consolidation and coordination of working groups, monitor the effectiveness of protected area management, and support the implementation of relevant policies.

Increase market access for environmentally sound products and services (\$1,600,000 DA). The program will disseminate information on the requirements and benefits of certification

Harmonize regional environmental laws and implementation of international environmental agreements (\$700,000 DA). USAID will continue supporting the harmonization of environmental laws and the implementation of international environmental agreements.

Increase use of less polluting technologies (\$1,800,000 DA). USAID will continue helping municipalities access financing for waste water and solid waste projects.

Small grants program (\$500,000 DA). This program will continue providing financing and building the capacity of Central American nonprofits, private business and municipalities.

Sustainable management of the mesoamerican reef (\$365,000 DA). USAID is developing a partnership with the United Nations Foundation to promote sustainable management of the Mesoamerican Barrier Reef.

Strengthening early warning systems (\$300,000 DA). The program will continue reinforcing early warning systems and data management, and consolidating vulnerability mapping and preparedness.

Performance and Results: This report covers the first year of implementation under the new strategy. Specific activity indicators, targets and baselines were developed and included in a Performance Monitoring Plan. During FY 2002, USAID benefited a total of 167 representatives from 128 nongovernmental organizations, governmental agencies and ongoing projects working in 55 different protected areas in transboundary sites in Central America. Three protocols were developed to support forestry certification in Central America. Support provided to a community in the Nicaraguan Mosquitia, helped it prepare for and pass the SmartWood certification audit of their forestry operations. Coffee producers received assistance and market information to help them respond to Starbucks new "Preferred Supplier Program" standards. Contact was made with 292 tour operators in Austria, Switzerland, Holland, Germany and England and 123 tour operators in Guatemala to promote sustainable tourism and ecotourism in the region. USAID helped Central American governments revise environmental protocols, and monitor ratification of key environmental agreements. USAID designed and secured approval for the construction of wastewater and solid waste management systems in four municipalities, and inventoried financial resources for private sector clean production initiatives.

By the end of the program, 16 protected areas (1,623,601 hectares) in the Mesoamerican Biological Corridor located in the four transboundary program sites (representing 71% of the entire surface of the protected areas in these sites) will be effectively managed. Four hundred and two forestry, agricultural and tourism operations covering 54,000 hectares will be certified or in process of being certified producing a total of 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 related to waste water management, solid waste management, and clean production practices.

US Financing in Thousands of Dollars

Central America Regional Program

596-006 Central America Regional Environment Program	DA
Through September 30, 2001	
Obligations	6,030
Expenditures	0
Unliquidated	6,030
Fiscal Year 2002	
Obligations	6,835
Expenditures	1,960
Through September 30, 2002	
Obligations	12,865
Expenditures	1,960
Unliquidated	10,905
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	10,742
Total Planned Fiscal Year 2003	
Obligations	10,742
Proposed Fiscal Year 2004 NOA	
Obligations	6,365
Future Obligations	12,126
Est. Total Cost	42,098

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Regional HIV-AIDS
Pillar:	Global Health
Strategic Objective:	596-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,412,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$7,628,000 CSH
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2007

Summary: The USAID/Central America Regional HIV-AIDS Program focuses on three components: 1) technical assistance for the implementation of appropriate HIV/AIDS policies and strategic plans at the regional and national levels; 2) technical and material support for the implementation of improved prevention, support systems for consistent condom use, and other services to reach high-prevalence populations; and 3) support for an effective regional condom social marketing effort. Primary beneficiaries are Central Americans at risk of infection by HIV and other sexually transmitted infections.

Inputs, Outputs, Activities:

FY 2003 Program:

The Strategic Objective (SO) is currently undergoing a revision to reflect the Agency's operational plan "Stepping up the War Against HIV/AIDS." The revised SO "The HIV/AIDS Problem in Central America Contained and Controlled" represents an ambitious step up from the previous approach. The strategy for HIV/AIDS control in Central America will take into account the roles, contributions and responsibilities of the regional and bilateral programs. The revised strategic objective will be submitted to USAID/Washington for approval in March 2003.

Activities will focus on three components:

Reduced risky behaviors in high-prevalence groups (\$2,325,000 CSH). USAID will continue to support behavior change/condom social marketing interventions that will result in increased use of condoms and lubricants by high-prevalence groups and a reduction of other risky behaviors. USAID will help partners expand both the breadth and depth of interpersonal education services in order to reach higher-prevalence populations, while making affordable condoms available by increased nontraditional sales in high-risk zones. The program will also continue to support community-based planning in 11 municipalities with rapidly growing HIV/AIDS epidemics and where mobile populations converge. Further support for this activity will depend upon the results of a pending external evaluation of the activity. Principal grantees are: Population Services International (PSI) (prime), The Academy for Educational Development (AED) (prime) and the Futures Group International (TFGI) (sub).

HIV/AIDS policies and strategic plans supported (\$1,800,000 CSH). USAID will support the implementation of appropriate HIV/AIDS policies, strategic plans, and monitoring and evaluation strategies. The program will continue to assist the countries in fully costing out the National Strategic Plans. The program will coordinate with the United Nations Joint Programme on AIDS (UNAIDS) on an external evaluation of the results and benefits of the strategic planning processes to date. Similarly, USAID will support the implementation of advocacy agendas. USAID will seek an analysis and discussion of the impact of differential gender roles, power, and stigma and discrimination on the evolution of HIV/AIDS. These advocacy and policy dialogue activities will be supported by targeted proactive information dissemination and support for the third Central American AIDS Congress. Principal grantees are: AED (prime) and TFGI (sub).

Surveillance, voluntary counseling and testing and data for decision-making (\$812,000 CSH). A new surveillance activity is being designed in collaboration with the Pan-American Health Organization and UNAIDS and will begin implementation in late FY 2003. USAID will assist to improve data collection and accuracy on HIV/AIDS case data. USAID will also support the collection of seroprevalence data, conduct behavioral and special case investigation studies. Principal grantee/contractor will be the Centers for Disease Control (CDC) and the Global AIDS Program (GAP) as Field Support through the Inter-Agency Agreement with USAID/Washington.

The efficient and effective delivery of comprehensive care for people living with HIV/AIDS integrated with services to prevent secondary infections (\$475,000 CSH). A comprehensive care delivery system is being designed to start implementation in late FY 2003. This activity will be developed to introduce best practices and share lessons learned. A prevention component will be integrated into all of the activities. USAID will support the development of both pre- and in-service training curricula for health professionals including physicians, social workers, psychologists and nurses. The program will support the diffusion of information and lessons learned from the successful experiences in the region. The work at the clinical level will be integrated with community-based support networks. The principal grantee/contractor is to be determined.

FY 2004 Program:

Reduced Risky Behaviors in High-Prevalence Groups (\$3,325,000 CSH). This program will continue behavior change interventions with high-prevalence groups.

HIV/AIDS policies and strategic plans supported (\$2,500,000 CSH). This program will also continue and expand technical support and strategic alliances to develop and implement HIV/AIDS policies and strategic plans. USAID will continue strengthening the strategic alliances and also look to providing legal support to reduce and rectify human rights abuses to PLWHA and other stigmatized groups.

Surveillance, VCT and data for decision-making (\$1,100,000 CSH). New surveillance systems will be designed and tested and the program will perform further analysis of existing data and distribute the results for decision-making.

The efficient and effective delivery of comprehensive care for integrated with services to prevent secondary infections (\$703,000 CSH). The training program for new physicians will be validated, documented, approved and certified by ministries of health to be implemented by training institutions.

Performance and Results: In many ways, this year's performance was the pay-off after years of work on laying the foundation for partnerships to achieve results. The most gratifying aspect has been that USAID and its partners have become recognized as the leaders in HIV/AIDS prevention in the region. In some cases this was substantiated by external assessments (by Economics, Society and Environment Consultants). In other cases this was manifested by the increased utilization of regional mechanisms including the commitment of resources by bilateral USAID missions and other bilateral donors, such as the Dutch, the British, and the Germans. Furthermore, the information and resource materials the program has generated are used as references for program planning, implementation and resource allocation. National, regional, and international actors increasingly seek USAID's participation and advice in a variety of forums, events and activities.

Success at achieving this strategic objective will be measured by increased coverage of quality comprehensive care services for PLWHA.

US Financing in Thousands of Dollars

Central America Regional Program

	CSH	DA
596-008 Regional HIV-AIDS		
Through September 30, 2001		
Obligations	2,572	0
Expenditures	63	0
Unliquidated	2,509	0
Fiscal Year 2002		
Obligations	4,000	150
Expenditures	1,333	0
Through September 30, 2002		
Obligations	6,572	150
Expenditures	1,396	0
Unliquidated	5,176	150
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,412	0
Total Planned Fiscal Year 2003		
Obligations	5,412	0
Proposed Fiscal Year 2004 NOA		
Obligations	7,628	0
Future Obligations	15,588	0
Est. Total Cost	35,200	150

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
Status:	Continuing
Proposed FY 2003 Obligation:	\$300,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$3,250,000 DA
Year of Initial Obligation:	FY 2002
Estimated Completion Date:	FY 2005

Summary: The Rural Diversification Strategic Objective falls under the presidential initiative, the "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 will pioneer innovative ways to mobilize private sector partners, other donors, and private voluntary organizations and leverage resources to support a common agenda. The Rural Diversification Strategic Objective was developed in close collaboration with USAID bilateral missions in the region to help reduce dependence on traditional exports while addressing structural problems that inhibit rural economic diversification.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve coffee quality and marketing (\$100,000 DA). The Quality Coffee Program will help increase the competitiveness and sustainability of small and medium scale quality coffee producers by enhancing quality at the farm and the coffee 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 the competitiveness of quality coffee exports. An additional \$2 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. Principal grantees are Coffee Quality Institute (prime), and Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA) (sub).

Improved competitiveness of other rural nontraditional exports (\$150,000 DA). USAID will promote rural economic diversification by facilitating sustainable small and medium scale production and marketing of goods, services and nontraditional products. Rural nontraditional export activities will be designed during FY 2003. An additional \$3 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. Principal contractors are to be determined.

Electronic alliance (\$50,000 DA). USAID/G-CAP will establish a regional information system to facilitate the brokering of public-private alliances, information sharing, and results reporting. The system will include an innovative web-based toolkit, with links to related sites, to consolidate partnerships in the region through timely document circulation and virtual consultation, improve progress reporting and publicity, and increase access to information in order to enhance competitiveness and improve risk management. Activities in this area will be designed during FY 2003. An additional \$700,000, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal contractor is to be determined.

FY 2004 Program:

Improved competitiveness of other rural nontraditional exports (\$3,250,000 DA). USAID plans to continue to promote rural economic diversification by facilitating sustainable small- and medium-scale production and marketing of goods, services, and nontraditional products.

Performance and Results: This program began at the end of FY 2002 with the obligation of funds for the Quality Coffee Program. Implementation is expected to begin in the second quarter of FY 2003. Activities will concentrate on 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 coffee. The program will emphasize small- and medium-scale producers as the first line beneficiaries, within the context of a market-driven approach.

Over the life of the strategic objective, the Quality Coffee Program is expected to increase the sale of nontraditional goods, services and crops (including high quality coffees) by small and medium scale producers. Overall achievement of the program will be measured by the increase in the market share and value of quality coffee originating in Central America and the Dominican Republic. Specifically, the program will seek to increase the area producing quality coffee, income for farmers engaged in quality coffee production, the volume and value of quality coffee exports, the domestic consumption of quality coffee, and intraregional coffee trade. Overall achievement of the Rural Nontraditional Export Program will be measured by the volume of goods and services sold by small and medium scale producers, and the increased number of new products exported by Central America.

US Financing in Thousands of Dollars

Central America Regional Program

596-009 Increased Diversification of the Rural Economy	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	6,000
Expenditures	0
Through September 30, 2002	
Obligations	6,000
Expenditures	0
Unliquidated	6,000
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	300
Total Planned Fiscal Year 2003	
Obligations	300
Proposed Fiscal Year 2004 NOA	
Obligations	3,250
Future Obligations	5,750
Est. Total Cost	15,300

**South America Regional
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Andean Counterdrug Initiative	0	5,000	0	2,400
Child Survival and Health Programs Fund	0	0	0	1,154
Development Assistance	0	0	0	2,400
Total Program Funds	0	5,000	0	5,954

STRATEGIC OBJECTIVE SUMMARY

530-001 Andean Trade Capacity Building				
ACI	0	5,000	0	2,400
DA	0	0	0	2,400
530-XXXX Reduction of Infectious Diseases				
CSH	0	0	0	1,154

Data Sheet

USAID Mission:	South America Regional
Program Title:	Andean Trade Capacity Building
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	530-001
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$2,500,000 ACI
Proposed FY 2004 Obligation:	\$2,400,000 ACI; \$2,400,000 DA
Year of Initial Obligation:	2002
Estimated Completion Date:	2007

Summary: This new regional program will facilitate the participation of the Andean Community in the Free Trade Areas of the Americas (FTAA) to create employment and raise incomes for the region's poor. The Andean Community is defined as Bolivia, Colombia, Ecuador, Peru and Venezuela, based on their membership in the Andean Community and their status as a bloc in FTAA negotiations. By enhancing legitimate external trade opportunities, the Andean countries will be better able to combat the illicit narcotics industry that dominates many isolated areas. The program consists of three main components: 1) enhancing the technical capacity of the Andean Community (CAN) to prepare for the FTAA; 2) increasing regional compliance with and utilization of the rules of trade emerging from FTAA negotiations, and those established in other existing/interim trade agreements (e.g., WTO); and 3) strengthening the capacity of selected groups to participate in global markets. USAID/Peru will initiate work under this program in FY 2003, using FY 2002 funding, in coordination with the Andean Community's General Secretariat, USAID and Embassy staff in each country, USAID/Washington and other U.S. Government agencies.

Inputs, Outputs, Activities:

FY 2003 Program:

The regional trade program will use FY 02 funds to finance FY 03 activities, therefore FY 03 funds will not be needed.

Enhanced capacity of the CAN as a partner in FTAA negotiations (no FY 2003 funding planned). USAID will facilitate coordination between the five CAN countries 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 issues such as market access, agriculture, investment, government procurement, dispute resolution, competition policy, services, intellectual property rights, subsidies/anti-dumping/countervailing duties, labor and environment. USAID may fund efforts to increase stakeholder/public awareness related to the Free Trade Area of the Americas and its challenges/benefits. Major contractors and grantees are likely to include other USG agencies (e.g., the Department of Agriculture, the Customs Service and the Federal Trade Commission) and private sector contractors.

Increased regional compliance with and utilization of the rules of trade (no FY 2003 funding planned). In addition to concluding negotiations in each of the FTAA technical areas, the successful establishment of a hemispheric free trade zone will depend on incremental progress in each country and sub-regional bloc towards compliance with existing trade standards (e.g., WTO) and emerging trade standards (e.g., those established in Andean Trade Promotion and Drug Eradication Act 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 and grantees are likely to include other USG agencies (e.g., the Department of Agriculture, the Customs Service and the Federal Trade Commission) and private sector contractors.

Strengthened capacity of selected groups to participate in global markets (no FY 2003 funding planned). As a special target of opportunity, USAID will support the production and marketing of Andean crafts in order to create employment and income opportunities as an alternative to coca production. Initially, work will focus on Peruvian and Bolivian artisans, and may expand to other countries in the future. Aid to Artisans will be the principal grantee.

FY 2004 Program:

Activities will continue in FY 2004 as described above.

Enhanced capacity of the CAN as a partner in FTAA Negotiations (\$700,000 ACI). USAID will continue to facilitate coordination between the five CAN countries during the FTAA negotiating process, increase their technical capacity to analyze and respond to options under consideration and possibly fund efforts to increase stakeholder/public awareness related to the Free Trade Area of the Americas and its challenges/benefits.

Increased regional compliance with and utilization of the rules of trade (\$1,000,000 ACI). 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 areas such as market access, agriculture, investment, government procurement, dispute resolution, competition policy, services, intellectual property rights, subsidies/anti-dumping/countervailing duties, labor and environment.

Strengthened capacity of selected groups to participate in global markets (\$700,000 ACI). 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. The activity may be expanded to other Andean countries.

Performance and Results: USAID will contribute to the establishment of the FTAA and the Andean countries' compliance with WTO norms, thereby increasing trade flows, 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 selected FTAA standards, and establishment of regional monitoring/enforcement systems related to selected FTAA standards.

US Financing in Thousands of Dollars

South America Regional

	ACI	DA
530-001 Andean Trade Capacity Building		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	2,500	0
Expenditures	0	0
Through September 30, 2002		
Obligations	2,500	0
Expenditures	0	0
Unliquidated	2,500	0
Prior Year Unobligated Funds		
Obligations	2,500	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	2,500	0
Proposed Fiscal Year 2004 NOA		
Obligations	2,400	2,400
Future Obligations	0	0
Est. Total Cost	7,400	2,400

Data Sheet

USAID Mission:	South America Regional
Program Title:	Reduction of Infectious Diseases
Pillar:	Global Health
Strategic Objective:	530-XXXX
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,154,000 CSH
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	

Summary: In collaboration with USAID/Peru and USAID/Bolivia, USAID will train and supervise surveillance site personnel, perform drug efficacy studies to use in updating drug protocols for maximum effectiveness in reducing malaria, conduct operations research on effectiveness of malaria control measures, and expand the database of region-specific materials on malaria control and prevention.

Inputs, Outputs, Activities:

FY 2003 Program:

Amazon Malaria Initiative. The Amazon Malaria Initiative (AMI) will assist countries to analyze drug resistance, study findings, and implement new treatment guidelines; train program managers; begin adaptation of vector control interventions to the Amazon; and continue to implement malaria surveillance activities. Methods and approaches will be adapted to strengthen health reform outcomes; collect, synthesize, and disseminate country experiences and best practices; monitor the outcomes and processes of health sector reform; and conduct South-South (intra-regional) exchanges. This activity is being transferred from the LAC Regional Program to the South America Regional Program. The program is included in 598-003 in the FY 2003 Planned Level.

FY 2004 Program:

The results realized from FY 2003 activities will be analyzed and programs will focus depending on the findings.

Performance and Results: This program will begin in FY 2003. Performance indicators will be developed as part of the S.O. design process.

US Financing in Thousands of Dollars

South America Regional

530-XXXX Reduction of Infectious Diseases	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	1,154
Future Obligations	0
Est. Total Cost	1,154

LAC Regional

The Development Challenge: Over the past several years, the Latin America and Caribbean (LAC) region has faced increasing development challenges that threaten the national security of the United States. Insufficient economic growth rates, growing unemployment, extensive poverty and skewed income distribution continue to undermine the economic and political stability of the region. The risks of HIV/AIDS and drug-resistant tuberculosis on our borders also threaten the population of the U. S. Civil unrest due to poor economic conditions threatens countries in Central and South America while political instability in Colombia, Venezuela and Haiti continues unabated. U.S. national interests in the LAC region include strengthening democratic processes, promoting equitable trade-led economic growth and reducing poverty.

Overall economic growth rates for the LAC region in 2002 are estimated to be three percent (World Bank), but this rosy figure (which some economists dispute) masks major discrepancies between countries. The economic woes that hit Argentina in 2001 have continued throughout 2002 causing it to default recently on a World Bank loan, thereby reducing its access to necessary international financing. As more LAC countries face economic difficulties, they have tended to eschew free market reforms promoted by the U. S. and the multilateral development banks. This is unfortunate, since a major cause of these problems has been the countries' own failure to eliminate inefficient systems that in turn hinder free market reform. This is a major concern as the U.S. pursues signing the Free Trade Agreement of the Americas (FTAA) by January 2005. On the positive side, despite serious economic problems in Central America brought on by a prolonged drought and the global coffee crisis, the five countries have begun to negotiate a U.S.-Central America Free Trade Agreement (CAFTA) to be completed by December 2003.

While support for democracy remains solid in LAC, disillusionment is growing with governments that cannot reduce poverty, corruption, crime and violence. USAID continues to support a broad range of institution-building efforts to strengthen judicial systems, the rule of law and local governments, and demonstrate that accountable governments can deliver benefits to the people. Nicaragua is striving to curb government corruption and other countries, such as Mexico, have also made important commitments to reduce official corruption. Elections conducted in Jamaica, Brazil, Colombia, Bolivia and Ecuador were all judged to be free and fair. Unfortunately, continued violence and drug trafficking in Colombia and organized crime syndicates operating in other LAC countries continue to pose a serious threat to regional stability.

In the social sectors, there has been significant success in raising vaccination coverage, reducing or eliminating major childhood illnesses such as measles, and improving access to primary education. At the same time, the Caribbean has the second highest rate of HIV/AIDS in the world, maternal mortality rates remain unacceptably high and malaria and other infectious diseases are increasingly resistant to treatment. In education, the quality and relevance of primary and secondary schooling remain major problems. The number of students who complete secondary school is low compared to the number in Asian countries, and those who do finish lack adequate skills to compete in the workplace, creating a drag on the region's economies and global competitiveness.

Despite successes in introducing new technologies for clean production in industry and improved practices in park and protected areas management, the environment in LAC suffers from accelerating rates of severe degradation. This degradation is evident in the death of many coastal reefs, eroded watersheds and polluted water, and 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 U.S. foreign policy agenda in LAC and the LAC Regional program. It has catalyzed the forging of a vision for regional development among the countries of the hemisphere. USAID has taken the lead in developing initiatives related to strengthening local government, property registration and teacher training, and has shaped the agenda actively across other sectors.

The USAID Program: The Program Data Sheets provided below cover the eight objectives for which USAID is requesting FY 2003 and FY 2004 funds. These eight 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 and advancing development cooperation opportunities in the hemisphere. The FY 2003 funds will be used to implement the above programs as described in the FY 2003 Congressional Budget Justification; however, existing trade capacity building and market access activities are being merged into one strategic objective. In addition, FY 2004 resources will be used to initiate a follow-on program in health. The specific activities to be funded by FY 2003 and FY 2004 appropriations are described in more detail in the Program Data Sheets. USAID will use \$5,027,000 of the FY 2004 budget request to fund a new health objective while the remaining amount will fund ongoing efforts.

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, to protect the Meso-American coral reef, to develop the certified timber industry in selected countries, and to use remittances to promote increased access of the poor to financial services.

Other Donors: The U.S. 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, the Inter-American Development Bank (IDB), the Organization of American States (OAS), the 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 as well as the U.S. Trade Representative, the Environmental Protection Agency and others. In the economic growth area, USAID, the IDB, the OAS and the Economic Commission for Latin America and the Caribbean (ECLAC) are collaborating to help Central American countries identify their trade capacity needs in preparation for the CAFTA. In the environment, 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, as well as the IDB and World Bank, to implement its health initiatives.

**LAC Regional
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	14,780	9,434	6,813	5,169
Development Assistance	27,284	39,910	53,462	38,338
Economic Support Fund	7,584	16,163	12,500	7,500
Total Program Funds	49,648	65,507	72,775	51,007

STRATEGIC OBJECTIVE SUMMARY

598-003 Health Priorities				
CSH	8,467	8,434	6,412	0
DA	698	0	0	0
598-005 Regional Democracy Initiatives				
DA	5,000	4,500	5,100	4,025
ESF	6,985	4,163	11,500	7,500
598-006 Leadership Training				
CSH	4,000	1,000	0	0
DA	6,000	9,000	0	0
598-017 Market Access				
DA	5,000	3,150	3,300	4,400
ESF	0	0	1,000	0
598-018 U.S.-LAC Environmental Partnership				
DA	949	895	500	500
598-019 Participation in FTAA Process				
DA	1,000	1,030	0	0
598-020 Program Development and Learning				
CSH	23	0	401	32
DA	116	2,021	2,027	2,123
ESF	216	0	0	0
598-021 Special Development Opportunities				
CSH	0	0	0	110
DA	5,689	3,759	24,000	7,835
598-022 Conservation of Biological Resources				
DA	2,832	7,200	4,480	4,500
598-023 Education and Training Improvement				
CSH	2,290	0	0	0
DA	0	8,355	14,055	14,955
ESF	0	12,000	0	0
598-zzz Health Advancement				
CSH	0	0	0	5,027
TRANSFER				
ESF	383	0	0	0
519-003 Health of Women and Children				
CSH	0	0	(625)	0

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Health Priorities
Pillar:	Global Health
Strategic Objective:	598-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$6,412,000 CSH
Prior Year Unobligated:	\$101,000 CSH
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2004

Summary: The LAC Regional health program provides technical assistance and training for initiatives in: a) child survival, including vaccination and integrated management of childhood illnesses (IMCI); b) maternal mortality; c) HIV/AIDS; d) family planning; e) infectious diseases and Amazon malaria; and f) health sector reform.

Inputs, Outputs, Activities:

FY 2003 Program:

Maternal mortality (\$986,000 CSH). Technical assistance will be used to promote dialogue between parliaments and ministries of health to foster the provision of funding to reduce maternal mortality. Support groups will be established among program managers in different countries to improve service delivery quality. USAID will finance training on how to prevent maternal deaths by coordination between communities and health facilities. Pan American Health Organization (PAHO) (prime) and Center for Human Services (prime).

Vaccination (\$700,000 CSH). USAID will provide technical assistance and training to update annual plans and evaluate national programs; sponsor expert technical meetings to recommend program improvements, especially to reduce inequities in vaccine coverage; expand monitoring to include new diseases, and; identify districts with low coverage. PAHO (prime).

Integrated management of childhood illnesses (IMCI) (\$503,000 CSH). USAID will provide technical assistance to expand coverage of neonatal/perinatal care, incorporate efforts in nutrition, expand application of costing tools, strengthen service delivery, and support non-governmental organizations involvement in community-level IMCI. PAHO (prime) and Partnership for Child Health Care (prime).

Amazon Malaria (\$1,365,000 CSH). In collaboration with USAID/Peru and USAID/Bolivia, USAID will train and supervise surveillance site personnel, perform drug efficacy studies to use in updating drug protocols for maximum effectiveness in reducing malaria, conduct operations research on effectiveness of malaria control measures, and expand the database of region-specific materials on malaria control and prevention. PAHO (prime) and Centers for Disease Control (prime).

Infectious diseases (\$832,000 CSH). USAID will provide technical assistance to the Epidemiological Investigation and Surveillance Service for Central America and Hispaniola, an outgrowth of reconstruction efforts after Hurricanes Georges and Mitch. This will strengthen field epidemiology and surveillance and institutionalize sub-regional capacities. Funds will be used for training workshops on tuberculosis drug management, epidemiology, and operations research and a fellowship program to increase available tuberculosis technical capacity. PAHO (prime), Management Sciences for Health (prime), Centers for Disease Control (prime) and the TB Coalition for Technical Assistance (prime).

Health sector reform (\$1,253,000 CSH). USAID will provide technical assistance and training to increase the use of existing tools, the availability and quality of information, and communication regarding health

reform among sectoral leaders, and to strengthen health system performance. PAHO (prime), Abt Associates (prime), Management Sciences for Health (prime), and Center for Human Services (prime).

Technical advisors and program support (\$773,000 CSH). USAID funds will also support technical advisors, data analysis/reporting and other program support. Centers for Disease Control (prime), Johns Hopkins University (prime) and the Centre for Development and Population Activities (prime).

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

FY 2004 Program:

This program will end with FY 2003 funding. A follow-on health program will be initiated in FY 2004 as described in the Program Data Sheet for the LAC Regional Health Advancement program (598-zzz).

Performance and Results: The Americas remained free of polio, and measles cases continued to decline in 2002. All target countries except Haiti have DPT3 (series of diphtheria, pertussis, tetanus immunizations) coverage of at least 90%, reflecting a reduction in the dropout rate from 13% in 1992 to only two percent in 2002. Analysis of vaccination coverage changed to pinpoint low-coverage districts. All target countries except Haiti paid for basic vaccines with national funds. Guatemala conducted its campaign to reach children missed by measles vaccination much earlier than planned in response to significant vulnerabilities identified in a program review. The IMCI initiative expanded geographic coverage, added coverage for newborns in all target countries, and developed tools such as the Short Program Reviews conducted in Honduras and Bolivia that identified actions needed by national programs to expand coverage. The maternal mortality initiative gained approval of a revised strategy for reducing maternal mortality in LAC, utilizing the latest evidence that what saves lives is attendance by a trained health professional who monitors labor closely and intervenes as needed. PAHO is disseminating 10,000 copies of an updated Spanish version of a World Health Organization manual on managing complications of pregnancy and delivery, so that health care workers have a guide to modern obstetric practice. Profiles of the maternal health situation were prepared for the 11 target countries, which enable better resource targeting. The family planning initiative conducted a successful Maximizing Access and Quality Exchange Mini-University, after which three of five countries started to implement at least 20% of the activities proposed in plans developed at the event. Small grants were awarded to each participating country to implement changes identified.

The anti-microbial resistance initiative resulted in six target countries' laboratories being 95% accurate in their results, compared to none two years ago. Five target countries have trained drug and therapeutics committees in at least two facilities, and those committees are functioning in four countries, which will reduce drug resistance in these large hospitals. The Amazon malaria initiative, started in October 2001, emphasized development and strengthening of a regional surveillance network for anti-malarial drug resistance. National networks were established in all eight target countries. Efficacy studies were initiated for drugs to combat *P. falciparum*, the most deadly form of malaria. The HIV/AIDS initiative finalized and disseminated 17 country HIV/AIDS profiles in Spanish and English, available on the internet. A major satellite session was held in Spanish at the International AIDS Conference in Barcelona.

Twelve target countries' reform processes integrated lessons learned from the health sector reform initiative. Seven countries used results from studies of national health accounts to guide national health policy and budget allocations. In Mexico, a survey of the costs of provision of anti-retroviral therapy enables health managers to make better decisions about allocation of resources.

Continued progress of the health program will mean that by the end of FY 2004, delivery of selected health services will be improved and access to services will be more equitable through the LAC region.

US Financing in Thousands of Dollars

LAC Regional

	CSH	DA
598-003 Health Priorities		
Through September 30, 2001		
Obligations	31,930	1,401
Expenditures	22,606	703
Unliquidated	9,324	698
Fiscal Year 2002		
Obligations	8,573	0
Expenditures	7,510	260
Through September 30, 2002		
Obligations	40,503	1,401
Expenditures	30,116	963
Unliquidated	10,387	438
Prior Year Unobligated Funds		
Obligations	101	0
Planned Fiscal Year 2003 NOA		
Obligations	6,412	0
Total Planned Fiscal Year 2003		
Obligations	6,513	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	47,016	1,401

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Regional Democracy Initiatives
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	598-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,100,000 DA; \$11,500,000 ESF
Prior Year Unobligated:	\$6,458,000 ESF
Proposed FY 2004 Obligation:	\$4,025,000 DA; \$7,500,000 ESF
Year of Initial Obligation:	1996
Estimated Completion Date:	2007

Summary: This program supports the deepening of democracy in LAC countries by strengthening regional institutions, networks and initiatives to 1) strengthen human rights protections and advance justice sector modernization and reform; 2) reduce violent conflict and crime; 3) improve public sector legitimacy through good governance and accountability, and; 4) increase civil society capacity to facilitate citizen participation and oversight of government.

Inputs, Outputs, Activities:

FY 2003 Program:

Promote human rights and rule of law (\$1,900,000 DA and \$11,500,000 ESF). USAID will support the capacity of governments and non-governmental organizations (NGOs) to expand human rights protections, foster the inclusion of all groups in public life, and strengthen the Inter-American System of Human Rights to better integrate international human rights standards into local practice. It will support inter-American coalitions to bring innovative solutions to violence prevention/crime reduction and, using ESF funds, will expand successful efforts in community-oriented policing and community-based citizen security initiatives. Expanded assistance to regional networks of justice reformers and comparative analysis of sector reforms will help sustain and augment ongoing national justice modernization efforts. USAID will also aim to expand successful conflict prevention strategies at the local, national and regional levels. Inter-American Institute of Human Rights (IIDH), Inter-American Coalition for the Prevention of Violence, Justice Studies Center of the Americas, Department of Justice (all prime).

Improve public sector legitimacy (\$1,700,000 DA). USAID will continue to document successful methodologies to implement anti-corruption strategies to increase internal controls, improve transparency and expand accountability; and, support regional associations of electoral commissions to enhance the independence of electoral systems and assess opportunities to promote political party reform. Methodologies to measure advances in local government capacity (e.g., for participatory planning and service delivery) will be developed and shared throughout the LAC Region. USAID will also support distance-learning strategies to improve local government capacity in financial management, citizen participation, knowledge management. Casals and Associates, Center for Electoral Assistance and Promotion (CAPEL), International City and County Management Association (ICMA), and possibly others to be determined (all prime).

Promote pluralism and Citizen participation (\$1,500,000 DA). USAID will assist civil society organizations to develop a more pluralistic and participatory democratic culture across the hemisphere. Activities include supporting civil society implementation follow-up of the Summit of the Americas and the Inter-American Convention Against Corruption (IACAC) and expanding international partnerships to promote exchanges of experiences in citizen participation and oversight to improve democracy at the local level. USAID will also launch a new website containing comparative data from USAID-funded surveys on citizens' attitudes about democracy and best practices on the use of survey research in democracy programming. Inter-American Democracy Network (IADN), Esquel Foundation and University of Pittsburgh (all prime).

FY 2004 Program:

Promote human rights and rule of law (\$1,325,000 DA, \$7,500,000 ESF). USAID will focus on community-based and national-level models to prevent violence and address insecurity, along with regional networks to disseminate and exchange promising practices. Successful experiences to improve respect for human rights will be incorporated into the work of human rights ombudsmen offices and NGOs. USAID will continue to expand human rights protections at the national level.

Improve public sector legitimacy (\$1,400,000 DA). USAID will evaluate progress toward implementing the IACAC and refine methodologies to complement bilateral anti-corruption programs. USAID will disseminate lessons learned on social audits and self-assessments of local government accountability and replicate them at the local government level. USAID will also assess and expand experiences in e-learning for local governments, and implement an institutional sustainability plan for the regional municipal association for Central America.

Promote pluralism and citizen participation (\$1,300,000 DA). USAID will continue to support civil society organizations to develop and inform Summit and IACAC agendas, and to track their implementation. USAID will support civil society agendas to address anti-corruption and citizen security; and will emphasize building coalitions between citizen organizations and local governments to advance decentralization policies that enable citizen participation and oversight. USAID will also investigate methods to conduct independent local surveys on democracy.

Performance and Results: IIDH continues to be one of USAID's strongest regional partners in the promotion of democracy, respect for human rights and the prevention of conflict in the Americas. IIDH brought together governmental and non-governmental networks to expand adoption of international standards, increase citizen awareness of their rights and improve national human rights protections. Much attention focused on strengthening the human rights ombudsmen and developing the capacity of women's, indigenous and Afro-Latino organizations. USAID's support of the two-year old Justice Studies Center enabled it to diversify its funding while it expanded its network of justice practitioners, expanded its electronic clearinghouse and unveiled its initial research on the progress of criminal justice reforms in four countries. In the area of citizen security, innovative community policing activities in El Salvador were expanded to include national coverage; a new community-based program was launched in Jamaica.

USAID's American Anti-Corruption and Accountability Project developed options for anti-corruption strategies in Honduras and Nicaragua. An electronic discussion group has become an important medium for civil society organizations to exchange information about anti-corruption initiatives across the hemisphere. USAID's local government program successfully established electronic networks that permit municipal associations to share and disseminate information and best practices. These networks enabled the exchange of successful municipal-level experiences in promoting citizen involvement, participatory municipal management and enhanced revenue generation. Support to CAPEL provided transnational technical exchanges through its regional network of electoral commissions, resulting in the adoption of better election day procedures in Ecuador and other countries.

Members of IADN used the network's mechanisms to share knowledge and expertise, thus maximizing its regional impact and helping to improve local democratic conditions. Through its knowledge-sharing and its 22 innovative "international partnership" sub-grants, the IADN supported various transparency and governance initiatives directed at the local and national levels in Mexico, Argentina, Paraguay and Colombia, among others. The IADN has earned a strong reputation as a hemispheric network and was invited repeatedly to international gatherings on democracy topics as a regional representative for civil society. A prototype for a new website was developed utilizing data from USAID-funded surveys. The information will allow comparative analysis of citizens' attitudes toward democracy across LAC, to serve as the basis for decisions about USAID programming and citizen-led advocacy for fundamental reforms.

By 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

	DA	ESF
598-005 Regional Democracy Initiatives		
Through September 30, 2001		
Obligations	62,318	110,094
Expenditures	58,232	105,052
Unliquidated	4,086	5,042
Fiscal Year 2002		
Obligations	5,147	5,727
Expenditures	4,259	995
Through September 30, 2002		
Obligations	67,465	115,821
Expenditures	62,491	106,047
Unliquidated	4,974	9,774
Prior Year Unobligated Funds		
Obligations	0	6,458
Planned Fiscal Year 2003 NOA		
Obligations	5,100	11,500
Total Planned Fiscal Year 2003		
Obligations	5,100	17,958
Proposed Fiscal Year 2004 NOA		
Obligations	4,025	7,500
Future Obligations	14,275	28,000
Est. Total Cost	90,865	169,279

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Market Access
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-017
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,300,000 DA; \$1,000,000 ESF
Prior Year Unobligated:	\$250,000 DA
Proposed FY 2004 Obligation:	\$4,400,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2007

Summary: USAID's Market Access program contributes to poverty eradication by fostering access of the poor to income earning market opportunities; especially by strengthening property, financial and product markets. USAID efforts will support expanded access of the poor through disseminating best practices, leveraging resources and identifying innovative techniques. Trade capacity building activities will support the negotiations for the Free Trade Area of the Americas (FTAA) and the U.S.-Central America Free Trade Agreement (CAFTA) by providing technical assistance and training to increase LAC country capacity to compete effectively in global and regional trading systems. The SO was formerly titled "Institutional Infrastructure Improved to Support Access of the Poor to Markets."

Inputs, Outputs, Activities:

FY 2003 Program:

Property markets (\$700,000 DA). The program will continue to facilitate implementation of the Summit of the Americas initiative to improve property rights systems across the region. Technical assistance, research/analysis, and regional workshops will be undertaken. USAID will also support joint regional activities of other donors, e.g., the Inter-American Development Bank (IDB) Land Policy Thematic Group, and the United Nations Development Program's Central American Network for Capacity Building on Land Administration. Institute for Liberty and Democracy, University of California, Organization of American States, University of Wisconsin (all prime).

Financial markets (\$700,000 DA). Technical assistance will support innovative approaches to improving access to finance. Recognizing that remittances are a tremendous source of development finance, USAID will support efforts to identify and implement mechanisms for remittance transfer with lower transaction costs. USAID will also encourage innovative private sector approaches to expanding access of smaller firms and poorer households to rural credit through the Development Credit Authority. ACCION International, Pan American Development Foundation and World Council of Credit Unions (all prime).

Product markets (\$700,000 DA). The program will support rural competitiveness and diversification efforts using approaches that meet market demand in order for producers to establish business links and market arrangements. Pilot programs with private companies will be implemented to improve production and processing procedures that meet quality assurance guidelines. Efforts will focus on improving technology and management; improving market knowledge; and market-based employment generation. Organization of American States (prime).

Trade capacity building (\$1,200,000 DA and \$1,000,000 ESF). Trade capacity building activities will be incorporated into the Market Access program and an additional \$1.1 million DA and \$1 million ESF are being notified with this program data sheet over what was notified last year. ESF is being added as a funding source for the program. The program will provide trade negotiation-related technical assistance and training to assist governments, civil society and the productive sectors to better understand and prepare for global and regional trade. The program will also support a trade outreach activity to facilitate the timely dissemination of information on the benefits of free trade. CARANA Corporation (prime), other U.S. Government agencies (prime).

FY 2004 Program:

Property markets (\$800,000 DA). Building on activities conducted during FY 2003, the program will continue to provide technical assistance, carry-out research/analysis and sponsor regional workshops to improve property rights systems in LAC.

Financial markets (\$700,000 DA). The program will continue to provide technical assistance to improve access of the poor to financial markets. An analysis of approaches employed to improve access to financial markets will be undertaken and made available to other USAID programs and development partners.

Product markets (\$700,000 DA). The program will continue to provide technical assistance and pilot activities in an effort to increase access to product markets.

Trade capacity building (\$2,200,000 DA). In the final year of FTAA and WTO negotiations, trade negotiation-related assistance, training and outreach will be provided.

Performance and Results: USAID coordinated and implemented key elements of the Summit of the Americas initiative to improve property registration systems that enhance security of land rights. USAID supported policy workshops and a consultation process among governments, academics, non-governmental organizations and private firms, leading to the publication of a World Bank Policy Research Review on Land Administration and Land Policy that will influence strategic thinking and design of donor-financed projects across the region. USAID-supported technical assistance and research directly contributed to improved practices. For example, research on land rental markets in Guatemala is being used in designing alternative solutions to the crisis of land access that threatens to increase instability in rural Guatemala.

To improve supervision and regulation of microfinance lending institutions, especially those that offer savings services, USAID supported regional workshops that gathered bank supervisors from all over South America to exchange information on their respective policies and regulatory frameworks. A similar program conducted in Central America could improve the policy environment and lead to an increase in access to savings. With an estimated \$21 billion remitted to Latin America in 2001, USAID has emphasized remittances increasingly as a powerful financial resource for development. USAID initiated activities to reduce transaction costs and enhance development impact by funding research to ascertain the potential development role of hometown associations in stimulating productive uses of these funds. The program also initiated pilot projects between credit unions and other financial institutions in the U.S. and Mexico to increase access of the poor to low-cost remittance services and other financial products.

USAID adopted a new framework for promoting rural prosperity by broadening income-earning opportunities for small enterprises and the poor. The framework is being used to help shape related activities such as the Opportunity Alliance for Central America and Mexico and the Specialty Coffee Alliance Program. Guided by the framework, USAID's Central America Regional Program launched an \$8 million initiative to address the coffee crisis through public-private partnerships. It helps producers enhance the quality of coffee, improve business practices and market links, and support market-based policy reforms. This initiative engaged both the public and private sectors, including the IDB, the World Bank, Latin American governments, and corporate allies such as Starbucks, Seattle's Best, and Green Mountain Coffee Roasters that wish to sign long-term purchasing contracts with the producers and collaborate with USAID on joint projects.

Continued progress in this objective will mean that by 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

	DA	ESF
598-017 Market Access		
Through September 30, 2001		
Obligations	8,510	0
Expenditures	4,293	0
Unliquidated	4,217	0
Fiscal Year 2002		
Obligations	3,990	0
Expenditures	3,368	0
Through September 30, 2002		
Obligations	12,500	0
Expenditures	7,661	0
Unliquidated	4,839	0
Prior Year Unobligated Funds		
Obligations	250	0
Planned Fiscal Year 2003 NOA		
Obligations	3,300	1,000
Total Planned Fiscal Year 2003		
Obligations	3,550	1,000
Proposed Fiscal Year 2004 NOA		
Obligations	4,400	0
Future Obligations	8,500	3,000
Est. Total Cost	28,950	4,000

Data Sheet

USAID Mission:	LAC Regional
Program Title:	U.S.-LAC Environmental Partnership
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-018
Status:	Continuing
Proposed FY 2003 Obligation:	\$500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 DA
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2007

Summary: The U.S.-Latin America and Caribbean Environmental Partnership (LACEP) program seeks to improve the environmental performance of targeted 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 (FTAA); industrial cleaner production; sound water resources management; and sustainable forestry.

Inputs, Outputs, Activities:

FY 2003 Program:

Trade and environment (\$150,000 DA). USAID will enhance the understanding of, and commitment by, LAC governments to address critical trade-related environmental issues by continuing to support hemispheric analyses of key trade-environment issues; increased in-country technical capacities to conduct environmental assessments of trade agreements; and analysis and dialogue on trade-related challenges and opportunities in the region. Organization of American States, World Resources Institute, University of Miami's North-South Center (all prime).

Water and sanitation (\$150,000 DA). Technical assistance will be provided to support sanitation interventions in small towns that follow-up on water and sanitation decentralization activities. Follow up to country-specific recommendations stemming from two successful sub-regional workshops will include training of in-country consultant teams and local development representatives. Camp Dresser & McKee International Inc. (prime).

Industrial cleaner production (\$200,000 DA). USAID will provide technical assistance to develop regulatory frameworks, address financing constraints, and promote the transfer of U.S. environmental technologies and expertise for cleaner production. Assistance will also be provided to promote best management practices and demonstrate the economic benefits of hotel environmental management systems, cleaner industrial production and water use efficiency in industry in targeted countries. PA Consulting Group and the World Environment Center (all prime).

FY 2004 Program:

Trade and environment (\$150,000 DA). USAID will continue to provide technical assistance to support FTAA and other important U.S. Government environment-related trade priorities.

Water and sanitation (\$150,000 DA). USAID will continue to support sanitation interventions in small towns that follow-up on water and sanitation decentralization activities.

Industrial cleaner production (\$200,000 DA). Building on results of earlier efforts, USAID proposes to expand its energy-related activities in response to heightened awareness of and attention to the central role of energy in development with respect to promoting energy conservation, cleaner energy, energy efficiency, and renewable energy technologies.

Performance and Results: USAID realized several major achievements in FY 2002 toward improving the environmental performance of targeted LAC businesses and communities:

Trade and Environment - USAID's LACEP program hosted a technical meeting of public and private sector representatives that yielded a deeper understanding of the region's needs in trade and environment. USAID also supported the development of sectoral analyses in Brazil and Argentina that helped them to gauge the impacts of trade in key sectors.

Water and Sanitation - LACEP identified, compiled and promulgated suitable and replicable management models for water supply and sanitation services in smaller towns and rural areas, and developed a participatory field methodology for improving sanitation in small towns, which was tested by three pilot studies in FY 2002.

Industrial Cleaner Production - USAID helped leverage support from other donors, including a \$2 million Development Credit Authority loan guarantee program in Peru for cleaner production that is enabling small and medium-sized enterprises to adopt cleaner technologies. The activity involves Peru's credit bank, industry associations and the Center for Technology Efficiency. USAID also helped leverage \$1.4 million from the Inter-American Development Bank/Multilateral Investment Fund to support Panama's National Environmental Authority to develop a Clean Production Policy Framework. The program financed a workshop on cleaner production in Central America (which supported Nicaragua drafting a new clean production law, and initiating a cleaner production center) and produced/disseminated cleaner production information for field practitioners.

Sustainable Forestry - LACEP launched a program in Central America with the World Wildlife Fund to develop a network of producers to enhance the linkages between international markets and producers of certified forest products. USAID's work over the last decade successfully institutionalized a certification process for wood in Bolivia such that now over one million hectares in the country are certified. LACEP also funded a natural forest management assessment that is helping develop environment strategies and forestry programs in several LAC countries.

Continued progress in this program will mean that by the end of 2007, numerous businesses and communities throughout Latin America and the Caribbean will have the knowledge, capacity, technology and financing to improve their environmental performance within more responsive and supportive policy environments.

US Financing in Thousands of Dollars

LAC Regional

598-018 U.S.-LAC Environmental Partnership	DA
Through September 30, 2001	
Obligations	1,949
Expenditures	1,229
Unliquidated	720
Fiscal Year 2002	
Obligations	774
Expenditures	652
Through September 30, 2002	
Obligations	2,723
Expenditures	1,881
Unliquidated	842
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	500
Total Planned Fiscal Year 2003	
Obligations	500
Proposed Fiscal Year 2004 NOA	
Obligations	500
Future Obligations	2,550
Est. Total Cost	6,273

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Program Development and Learning
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-020
Status:	Continuing
Proposed FY 2003 Obligation:	\$401,000 CSH; \$2,027,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$32,000 CSH; \$2,123,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	Continuing

Summary: 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 2003 Program:

Program Development and Learning (\$2,027,000 DA; \$401,000 CSH): Resources will be used to support a wide variety of activities which include 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, to establish a new program that does not yet exist or the evaluation of a completed program. In other cases, it is too cumbersome and inefficient to include a particular activity within the construct of a single program. For example, an Operating Unit 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 2004 Program:

Program Development and Learning (\$2,123,000 DA; \$32,000 CSH): FY 2004 resources will be used to continue to support operating unit PD&L activities to fund studies, analyses, assessments, and evaluations; facilitate new strategy designs and supporting analyses; undertake program design and development; and learning efforts. The grantees, contractors, and/or implementing agencies are determined after specific tasks are identified.

Performance and Results: In FY 2002, four countries benefited from the use of PD&L resources to either analyze constraints or develop new programs critical to the achievement of USG development objectives. For example, resources were used to fund a team to undertake an in-depth analysis of the economic constraints in Brazil as part of the exercise to design the new strategic plan for FY 2003-2008; an assessment of the impact of the economic crisis in Argentina on the social fabric and delivery of social services; and analyses leading to the development of an initial concept for the new strategic plan for Bolivia. Funds were also used to carry out a study of the northern border of Mexico to identify strategic interests for the U.S. government within the framework provided by the current five-year strategy. The objective was to identify selected energy, tuberculosis, AIDS, environment, or democracy activities that could be undertaken in this strategically important geographic area but within the context of USAID's

existing strategic interest and management capabilities. USAID planned and conducted an initial workshop on contraceptive supply security with regional policy makers to discuss needs and preferences. In addition, PD&L funded technical leadership and guidance on relevant democracy issues, Summit of the Americas follow-up, and other high policy priorities.

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 contribute to the achievement of Agency goals and objectives.

US Financing in Thousands of Dollars

LAC Regional

	CSH	DA
598-020 Program Development and Learning		
Through September 30, 2001		
Obligations	423	633
Expenditures	0	325
Unliquidated	423	308
Fiscal Year 2002		
Obligations	420	519
Expenditures	0	272
Through September 30, 2002		
Obligations	843	1,152
Expenditures	0	597
Unliquidated	843	555
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	401	2,027
Total Planned Fiscal Year 2003		
Obligations	401	2,027
Proposed Fiscal Year 2004 NOA		
Obligations	32	2,123
Future Obligations	0	0
Est. Total Cost	1,276	5,302

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Special Development Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-021
Status:	Continuing
Proposed FY 2003 Obligation:	\$24,000,000 DA
Prior Year Unobligated:	\$5,000,000 ACI; \$2,963,000 DA
Proposed FY 2004 Obligation:	\$110,000 CSH; \$7,835,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	Continuing

Summary: Advancing Development Cooperation Opportunities in the Hemisphere (ADCOH) provides the Bureau for Latin America and the Caribbean (LAC) with the necessary 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 2003 Program:

Opportunity Alliance (\$9,000,000 DA). The Opportunity Alliance initiative (notified in the FY2003 CBJ as the Partnership for Prosperity), 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 majority of these funds will be utilized under the Central America Regional program to undertake a coordinated regional coffee program to assist coffee producers to become more competitive through accessing new specialty/niche markets and to diversify into other exports and economic areas; provide improved business development and marketing services; and assist countries with workforce development and competitiveness strategies. Funding will also be added to the programs in Nicaragua, Guatemala, and El Salvador for their rural diversification activities. The Central America Regional program will also build on its program to prevent forest fires, reinforce early warning systems, and manage watersheds to mitigate disasters.

Promote democracy (\$3,200,000 DA). Additional funding will be provided to support specific bilateral democracy strengthening and good governance activities: priorities in justice sector reform and consolidation of the Rule of Law in Nicaragua; the promotion of citizen participation in legislative process, civil society advocacy, and transparency in El Salvador; and the improvement of courts to enhance the efficiency of the justice system in Jamaica.

Prevent trafficking in persons and protection of victims (\$1,300,000 DA). In support of the Trafficking Victims Protection Act of 2000, USAID will support activities in the LAC region that: document and analyze the extent of trafficking; increase public awareness; train local private and public agencies to assist victims; and provide technical assistance to improve the legal framework to curb trafficking. Countries of planned implementation include Haiti, Dominican Republic, Brazil, Nicaragua, and possibly a Central America regional program. Grantees are: to be determined.

Protect victims of torture (\$1,000,000 DA). USAID's activities to protect victims of torture are carried out in support of the Torture Victims Relief Act. In the LAC region, USAID will provide grants to treatment centers and organizations to extend mental health counseling to torture victims and fund training for health care providers to improve quality of services. Countries of planned implementation include Guatemala, Mexico, Haiti, and a Latin America regional program. Grantees are: to be determined.

Improve access to microenterprise development support (\$4,500,000 DA). LAC will support the Agency's PRIME fund which support business development and microfinance services programs. In the past, funds have been used to support microenterprise development institutions in the following countries: Bolivia, Ecuador, El Salvador, Guyana, Haiti, Honduras, Nicaragua, and Peru. Funds will be available to directly and indirectly support the programs in all USAID LAC countries. The principal contractors are: Development Alternatives, Chemonics, IBM (International Business Machine) Consulting, Louis Berger, ACDI/VOCA (Agricultural Cooperative Development International/Voluntary Overseas Cooperative Assistance), University of Maryland, and Management Systems International.

Promote expansion of labor unions (\$3,000,000 DA). USAID, through contribution to the Agency's American Center for International Labor Solidarity (ACILS) will continue to promote labor unions in Latin America. Principal grantee: ACILS

Other development opportunities (\$2,000,000 DA). ADCOH will respond to other development opportunities consistent with the program description. For example ADCOH could develop pilot activities to mitigate cross-border conflict by: promoting investments in border communities to increase trade, income, and employment; improving access to basic social services; and promoting democratic processes and dialogue. Contractors and grantees to be determined.

FY 2004 Program:

Improve access to microfinance (\$2,000,000 DA). LAC, through continued support to the PRIME program, will continue to support microenterprise development institutions in the region. The principal contractors are Development Alternatives, Chemonics, IBM consulting, and the University of Maryland.

Promote expansion of labor unions. (\$3,000,000 DA). USAID, through contribution to ACILS, will continue to promote labor unions in Latin America. Principal grantee: ACILS.

Respond to other development opportunities (\$2,835,000 DA; \$110,000 CSH). 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. USAID will continue to respond to special foreign policy concerns identified by Congress and the Administration. Contractors and grantees 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 support to the Certified Forests Alliance trained producers in more sustainable techniques, strengthened forest policy reform, developed producer associations, and linked producers to global and local markets in Bolivia, Brazil, and Mexico. USAID funding to the Mesoamerican Reef Alliance fostered the conservation and sustainable use of the reef which spans Mexico, Belize, Guatemala, and Honduras. In Nicaragua, USAID supported the Ave Maria College by financing 18 scholarships to women and disadvantaged students. In Guatemala, USAID support helped Americares expand geographic and service coverage in basic primary health care to high risk Mayan populations. In Mexico, USAID funded equipment for an emergency care unit in Nogales. In Brazil, USAID is helping to narrow the digital divide by supporting computer training for disadvantaged youth. USAID also supported a lake basin management initiative undertaken by Saint Michael's College and LakeNet, a U.S. based NGO.

At the end of this program, USAID will have assisted field missions and other development partners in the LAC region to create 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 public- and private-sector partners working throughout the region to enhance economic growth and promote prosperity.

US Financing in Thousands of Dollars

LAC Regional

	ACI	CSH	DA
598-021 Special Development Opportunities			
Through September 30, 2001			
Obligations	0	0	500
Expenditures	0	0	0
Unliquidated	0	0	500
Fiscal Year 2002			
Obligations	0	0	5,042
Expenditures	0	0	150
Through September 30, 2002			
Obligations	0	0	5,542
Expenditures	0	0	150
Unliquidated	0	0	5,392
Prior Year Unobligated Funds			
Obligations	5,000	0	2,963
Planned Fiscal Year 2003 NOA			
Obligations	0	0	24,000
Total Planned Fiscal Year 2003			
Obligations	5,000	0	26,963
Proposed Fiscal Year 2004 NOA			
Obligations	0	110	7,835
Future Obligations	0	0	0
Est. Total Cost	5,000	110	40,340

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Conservation of Biological Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-022
Status:	Continuing
Proposed FY 2003 Obligation:	\$4,480,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$4,500,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2007

Summary: USAID's biological resources conservation program works to improve the conservation of the 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 (PiP 2000); the Neotropical Raptor Conservation Program; and regional conservation initiatives such as workshops and special studies.

Inputs, Outputs, Activities:

FY 2003 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. This program 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. 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) (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. United States Department of Agriculture (prime), U.S. Personal Services Contractors (prime).

FY 2004 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.

Regional conservation initiatives and technical advisors (\$1,000,000 DA). USAID will continue to support three Washington-based technical advisors and three regional environmental advisors. Regional conservation initiatives may also be implemented.

Performance and Results: USAID continues to improve the conservation of the LAC region's globally significant biological resources. In FY 2002, PiP 2000 began work on strengthening the management capacity of eight new "paper parks." In addition, it began implementing new and higher-level actions that use sites and partners strengthened through the prior Parks in Peril program to leverage conservation across more sites at the system level, as well as foster creative alliances across national and regional boundaries. Two indigenous communities located inside the Condor Bioserve depend on minimal agriculture, natural resource extraction, fishing, and hunting. Funding under the PiP 2000 program has

enabled both communities to complete participatory natural resource management plans emphasizing the participation of women, and begin implementing management efforts to improve productive systems and reduce critical threats.

The Neotropical Raptor Conservation Program, which works to conserve the harpy eagle and other neotropical raptors, has also produced successful results. Through the program, nine harpy eagle chicks were hatched, the first time that Panama's national bird has been successfully bred in captivity. Five birds were later released into the wild in a Panamanian national park. Other Neotropical Raptor Conservation Program results include the conducting of a Hook-Billed Kite survey in the Dominican Republic and the discovery of eight remaining pairs in a national protected area.

In FY 2002, two regional conservation initiatives are also contributing to the conservation of LAC's biological resources. The first, a coral reef risk assessment conducted by the World Resources Institute, identified and ranked the risks and threats to coral reefs in the LAC region. The second initiative, entitled CLARA (Spanish acronym for the Coalition for the Active Clean-Up of Water Resources), supported a non-governmental organization and school-based water quality monitoring and civic action program in Panama, Mexico, and El Salvador.

Continued progress in this objective will mean that by 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, 2001	
Obligations	2,859
Expenditures	0
Unliquidated	2,859
Fiscal Year 2002	
Obligations	7,109
Expenditures	2,435
Through September 30, 2002	
Obligations	9,968
Expenditures	2,435
Unliquidated	7,533
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	4,480
Total Planned Fiscal Year 2003	
Obligations	4,480
Proposed Fiscal Year 2004 NOA	
Obligations	4,500
Future Obligations	11,898
Est. Total Cost	30,846

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Education and Training Improvement
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	598-023
Status:	Continuing
Proposed FY 2003 Obligation:	\$14,055,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$14,955,000 DA
Year of Initial Obligation:	FY 2001
Estimated Completion Date:	FY 2011

Summary: USAID's LAC Regional education and training program aims to improve the poor state of public education systems in the LAC region where the majority of youth attend weak and under-funded public schools and fail to acquire basic skills in mathematics, language and science. Technical assistance and training will be provided to improve the environment for education reform, enhance the skills of teachers and administrators and improve the relevance and skills of the workforce.

Inputs, Outputs, Activities:

FY 2003 Program:

Improving the environment for education reform (\$2,555,000 DA). USAID will continue to support the Partnership for Educational Revitalization in the Americas (PREAL). PREAL will work to improve the availability of education data, continue its high-level research, distribute publications and seminars on education reform, and involve the business community in this effort. Inter-American Dialogue, Acquirre International and Creative Associates (all prime).

Civic engagement for education reform in Central America (\$700,000 DA). This activity will complement the work of PREAL and mobilize broad constituencies for improving school quality. USAID will finance technical assistance to conduct diagnostics and a regional workshop to identify key constituents, opportunities and obstacles to reform, and plans to address them. Academy for Educational Development, Acquirre International and Creative Associates (all prime).

Improving the skills of teachers and administrators (\$3,000,000 DA). Training and technical assistance will be provided under the Centers of Excellence for Teacher Training (CETT) Presidential Initiative to train teachers and administrators, develop and distribute new materials, conduct research, and design and test diagnostic and assessment tools. Three CETT institutions have been established, one each in the Caribbean, Honduras, and Peru, where the program is being implemented. Principal grantees and contractors are: University of the West Indies, Universidad Peruana Cayetano Heredia, Universidad Pedagógica Nacional Francisco Morazan, Creative Associates International, and Acquirre International (all prime).

Improving the relevance and skills of the workforce (\$7,800,000 DA). New participants will be recruited 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. Course selection will continue to be based on country needs and complementarity with other USAID programs. Georgetown University's Center for Intercultural Education and Development (prime).

FY 2004 Program:

Improving the environment for education reform (\$3,105,000 DA). PREAL will continue to expand its support base for education reform among the non-governmental organizations and business communities. Additional national report cards will be published and studies and analyses will be

distributed through associated centers and other PREAL affiliates. USAID will also continue to finance technical assistance to mobilize local and municipal level constituencies for improving school quality in five focus countries.

Improving the skills of teachers and administrators (\$4,050,000 DA). USAID will continue to provide funds for technical assistance aimed at training teachers and school administrators.

Improving the relevance and skills of the workforce (\$7,800,000 DA): USAID will provide funds for the 2004 class of participants under the scholarship program.

Performance and Results: In FY 2002, the greatest accomplishment was the design of the three Centers of Excellence for Teacher Training and funding of three lead institutions to implement the activity. The program will be carried out in phases through a network of teaching institutions across 23 countries. A non-governmental organization is assisting in fundraising and fostering long-term public-private partnerships that are expected to be CETT's primary source of financial sustainability after U.S. Government support ends.

Significant results were also achieved through the PREAL program in FY 2002. PREAL has impacted the policy atmosphere significantly in many LAC countries, and even altered the government's agenda in some. National report cards gained the attention of the media and the governments when they were released this year. In El Salvador, it was covered by a major newspaper and received three television spots. The Honduran Ministry of Education responded to its national report card point-by-point, illustrating the influence of the report cards at the national level. Further, PREAL's Working Group on Standards and Assessments was cited in a debate over the organization of an educational assessment institute in Mexico's House of Representatives.

By the end of SO23 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 education systems, and there will be a greater role for civil society and the business community in education reform. The Centers of Excellence for Teacher Training 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

	CSH	DA	ESF
598-023 Education and Training Improvement			
Through September 30, 2001			
Obligations	1,632	0	0
Expenditures	30	0	0
Unliquidated	1,602	0	0
Fiscal Year 2002			
Obligations	658	8,355	7,000
Expenditures	1,236	278	0
Through September 30, 2002			
Obligations	2,290	8,355	7,000
Expenditures	1,266	278	0
Unliquidated	1,024	8,077	7,000
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	14,055	0
Total Planned Fiscal Year 2003			
Obligations	0	14,055	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	14,955	0
Future Obligations	0	64,247	0
Est. Total Cost	2,290	101,612	7,000

Data Sheet

USAID Mission:	LAC Regional
Program Title:	Health Advancement
Pillar:	Global Health
Strategic Objective:	598-zzz
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,027,000 CSH
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2007

Summary: The LAC regional health advancement program will develop and advance USAID's health program priorities in the LAC region. Technical assistance and training will be used to adapt new knowledge about priority actions in health to LAC circumstances, disseminate information to key decision-makers, and support them to use the information to make improved decisions regarding health programs and policies by providing opportunities for policy dialogue. Activities conducted include: maternal/child health, nutrition and family planning; HIV/AIDS and infectious diseases; health sector reform.

Inputs, Outputs, Activities:

FY 2003 Program:

This program will begin in FY 2004.

FY 2004 Program:

Maternal/child health, nutrition and family planning (\$2,007,000 CSH). To improve maternal health and reduce maternal mortality, USAID will provide technical assistance and training to expand the use of successful models of coordinated efforts between communities and health facilities to assure that women have access to essential obstetric care and skilled attendance at birth. An interactive, internet-based center for technical assistance will be designed, and technical assistance and workshops will assist maternal health authorities to adapt national policies and action plans for use in providing obstetric care. Family planning efforts will help to ensure the availability of contraceptive supplies in the region. The results of the 2002-03 feasibility study will be disseminated widely as an initial step in dialog for implementation of recommendations. A tool will be developed to analyze the cost of implementing community integrated management of childhood illnesses with a strong focus on preventing malnutrition. Information on the effectiveness in varied settings of the Integrated Child Attention model of community action will be gathered and synthesized to improve infant and child nutrition.

HIV/AIDS and infectious diseases (\$844,000 CSH). Technical assistance will be provided to national leaders to support the application of best practices in the region for the development of national strategies in the area of prevention and control of antimicrobial resistance. Technical assistance will also be provided on aspects of the HIV/AIDS epidemic in the LAC region.

Health reform (\$1,330,000 CSH). USAID will provide technical assistance to more effectively implement and assess health reforms and health systems performance to advance resource allocation to and within the health sector; to strengthen the organization and management of health service delivery; and to increase the capacity of human resources to respond to and implement health reforms in the region. Technical assistance will also be used to share experiences within the region; distill best practices; promote the use of tools, such as national health accounts; and to evaluate the impact of health reform on equity, access, quality, and efficiency of services.

Technical advisors and program support (\$846,000 CSH). USAID funds will also support technical advisors, data analysis, and other program support.

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

Performance and Results: Progress under this program will mean that by the end of FY 2007, access to essential obstetric care and skilled attendance at birth will have increased. Family planning efforts will help ensure the availability of contraceptive supplies in the region. Child health activities will assure consistently high vaccination coverage, increase the use of improved Integrated Management of Childhood Illness, and improve nutrition among young children.

Infectious diseases programming will reduce anti-microbial resistance, enhance disease surveillance, and improve response to priority diseases, including HIV/AIDS, tuberculosis, and malaria, as well as other infectious diseases important in the region such as dengue and chagas.

Health reform efforts will advance resource allocation to and within the health sector, strengthen the organization and management of health service delivery, and increase the capacity of human resources to respond to and implement health reforms in the region.

US Financing in Thousands of Dollars

LAC Regional

598-zzz Health Advancement	CSH
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	5,027
Future Obligations	16,471
Est. Total Cost	21,498

ACRONYMS

AACD	Activity Assistance Completion Date
AAD	Activity Approval Document
ACI	Andean Counterdrug Initiative
CABEI	Central American Bank for Economic Integration
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
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
PLANTE	National Alternative Development Plan (Colombia)
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
UN	United Nations
UNAIDS	United Nations Joint Program on HIV/AIDS
UNDCP	United Nations Drug Control Program
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	United 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
USG	United States Government
WB	World Bank (International Bank for Reconstruction and Development)
WID	Women in Development
WHO	World Health Organization
WTO	World Trade Organization