U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Congressional Presentation
Fiscal Year 2000
ANNEX IV

Latin America and the Caribbean

LATIN AMERICA AND THE CARIBBEAN

Overview of Latin America and the Caribbean
Abbreviations and Acronyms

Bolivia
Brazil
Colombia
Cuba
Dominican Republic
Ecuador
El Salvador
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru

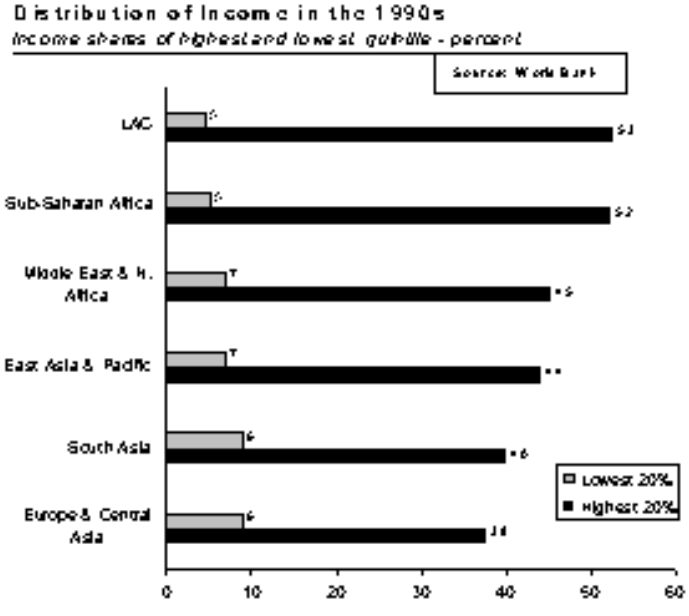
Regional Programs
Caribbean Regional
Central American Regional
Latin America and the Caribbean Regional

LATIN AMERICA AND THE CARIBBEAN

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$213,561,000	$212,450,000	$233,064,000
Child Survival & Disease Fund	$80,502,000	$108,476,000	$76,214,000
Economic Support Funds	$116,383,000	$118,000,000	$160,500,000
International Narcotics Control Funds	$27,000,000	$66,000,000	$50,000,000
P.L. 480 Title II	$123,932,000	$190,611,000	$135,571,000
P.L. 480 Title III	$10,000,000	$10,000,000	---

Introduction

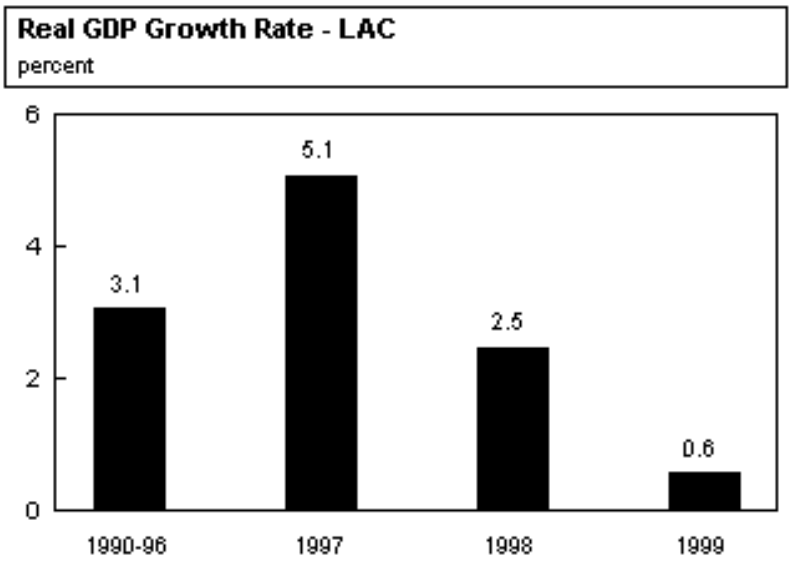
The LAC region has experienced significant progress in recent years. A decade ago, our programs operated amidst the debt crisis, Central American conflicts, cold war divisions, astronomical levels of inflation, a decade of declines of GDP per capita, and a decade-long failure of LAC countries to invest in their social and physical infrastructure. Throughout the region, the 1990s have brought higher standards of living, a return to positive economic growth rates, a consolidation of macro-economic reforms, and social investment that has yielded significant reductions in both fertility and child mortality rates. The shift from dictatorships to democratic governance has also been consolidated over the last ten years as we have witnessed first-time-ever transitions of power from one democratically elected government to another in credible and successful elections, reductions in human rights violations, and a strong start toward building inclusive, democratic institutions.



There are, nonetheless, real dangers that the region's advances could easily be reversed. Cynicism is growing in countries where the promises of democracy and liberalized economic policies have yet to produce tangible improvements in the lives of ordinary citizens. The LAC region still has the worst income distribution in the world (which has become even more skewed during the 1990s) and 40% of the population remain in dire poverty. The situation is even worse in Honduras and Nicaragua where, even prior to Hurricane Mitch in November of 1998, 73% and 76% of the population, respectively, lived in poverty. Additionally, corruption and lack of transparency in government remain a major challenge exacerbated by the influence of drug money, citizens in many nations stay in prisons for years without formal criminal charges or due process before impartial systems of justice, and the region continues to hold the world's record for murdered journalists. These factors undermine both citizens' confidence in their elected officials and investor confidence throughout the region. Moreover, unlike poverty of the past, poverty today takes place with new democratic governments in office -- meaning that citizens are beginning to question whether they are participants in, and beneficiaries of, their nation's economic and democratic achievements.

The recent global financial crisis -- which originated in Asia and resulted in falling commodity prices around the world and reduced world demand for LAC exports -- has also highlighted the fragility of economic progress in the LAC region. The financial crisis contributed to a decline in the GDP growth rate in the LAC region from 5.1% in 1997 to an estimated 2.5% in 1998 and estimated .6% in 1999. It also prompted a massive flight f short-term capital from the region. Additionally, Brazil's current economic turmoil already has begun to affect liquidity, export prospects and economic growth for other LAC economies. If unchanged, these declining growth trends in the region, one of our major export markets, will reverberate negatively in the U.S. economy as well.

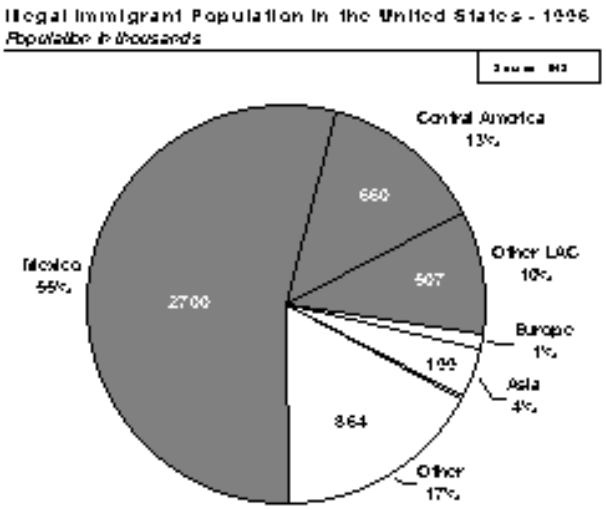
The worst crises, however, to have hit the region in 1998 were natural disasters, from El Nino's drought and fires and floods earlier in the year causing destruction in Mexico, Central America, Brazil, Ecuador and Peru, to Hurricanes Mitch and Georges, which within a few days destroyed billions of dollars worth of development in Central America and the Caribbean that took decades to achieve. Shocks such as these, whether financial or natural, disproportionately affect the poor. There is, thus, reason for concern that these recent crises could set the region back from its path towards sustainable growth with equity; and could result in levels of illegal immigration to the United States rivaling that of the 1980s, as the LAC region's poor seek refuge and better opportunities in the United States.



U.S. National Interests

Developments in the LAC region have a clear impact on the economic, social and political well being of the United States. First, our interests are linked to seeing the evolution of stronger democracies in the region. Second, our economies are closely linked as 49% of LAC imports come from the United States and these now account for about 40% of all U.S. exports. Mexico is our second largest trading partner after Canada and by 2010 it is estimated that U.S. trade with our hemisphere's partners will exceed U.S. trade with the European Union and Japan combined. Third, due to our close geographic proximity, there is strong cross-border pressure that often results in illegal immigration and the spread of communicable diseases. Fourth, protection of the hemisphere's natural resource base enhances our quality of life in the United States, and its destruction, as we saw during the fires in Mexico, can affect the quality of the air, land and water in our country.

Despite growing economic opportunities, our close proximity to the region poses some serious demographic concerns, since almost 75% of illegal immigrants to the U.S. come from the LAC region. Although Mexico is by far the largest country of origin, illegal immigration from other nations has also been significant. El Salvador alone has been the source of more illegal immigration to the United States than all of Europe, Asia and Africa. USAID's programs are critical for achieving the U.S. Government's (USG's) strategic goal to "address the underlying causes of large-scale illegal migration by promoting regional stability, democracy, and broad-based growth, particularly in Central America and the Caribbean."



To both reduce pressure of the LAC region's poor to seek refuge and better opportunities in the United States, and enhance political stability and economic prosperity in all of the Americas, it is critical that the U.S. Government ensure that LAC countries continue in their transitions from conflict to peace and reconciliation, from

dictatorships to democracy, and from controlled economies with massive inequity to open markets and determined efforts to alleviate poverty. To accomplish this, the United States must continue supporting democratically elected governments throughout the region, consolidating peace agreements in Central America, encouraging emerging democracies such as Haiti, and supporting activities that enhance the likelihood of a peaceful democratic transition in Cuba. The United States must also support efforts to enhance economic growth, improve income distribution, and decrease poverty and food insecurity in the region. Equally critical, the United States must ensure that post-hurricane reconstruction in Central America not only replaces what was destroyed, but, indeed, transforms these societies in a way that supports the economic and political gains of the last decade and lays the foundation for sustainable growth.

The Development Challenge

To accomplish the goals described above, continued U.S. leadership in support of the Summit of the Americas' agenda is crucial. The Summit meetings in Miami, Santa Cruz and Santiago produced an historic common agenda for the region -- an agenda that reflects converging values, North and South, in democracy and human rights, education, economic growth and poverty reduction, environmental protection and sustainable development. Our ability to consolidate the progress already achieved, as well as to help shape the future, depends on our commitment, working closely with our partners, to assist the countries of the region to confront the myriad challenges and threats that still exist.

Political Stability, Democratic Governance and Transitions to Peace: USAID assistance plays a crucial role in supporting the transitions from war to peace in Guatemala, on the Peru/Ecuador Border, and in Colombia. In Guatemala the USG is supporting implementation of the Guatemalan Peace Accords. Signed in December 1996, the Accords contain over 400 commitments that are making fundamental changes to the economic and political life of the country. The USG joined other donors in pledging a total of $1.9 billion over four years (1997-2000) to support this historic effort and the FY2000 request contains the balance of our pledge to complete this commitment to the first phase of implementing the Accords. USAID also proposes to support, with ESF funds, the Peru-Ecuador border integration program that will undertake small-scale development projects to improve socio-economic conditions in the severely underdeveloped border region . In Colombia, the USG is actively supporting the newly elected Colombian Government in seeking a lasting peace and an effective counternarcotics campaign.

Economic Growth and Poverty Reduction: A key Summit objective is to reduce regional poverty by half in the LAC region by 2015. However, recent estimates show that absent measures to improve income distribution and increase growth, the region will fail to reach the 2015 target. USAID is thus committed to helping the countries of the region to increase economic participation of the poor by assuring access to credit and financial services, to formal title to property and land, and to education and productive resources. And, because many of the region's poor are small farmers found in marginal, rural areas, USAID is committed to enhancing the agricultural productivity and sustainable resource management of such areas . USAID also supports the countries of the region which have renewed their commitment to regional integration as part of a Free Trade Area of the Americas (FTAA). This requires a substantial improvement in the ability of some Latin American countries to implement free trade policies, and to enforce sanitary and phytosanitary standards, fair labor practices, and trade-related environmental policies.

Another objective of the Summit Plan of Action is to focus on "second generation reforms" -- those addressing human capital development; the removal of the barriers that keep the poor from participating fully in the national life of their countries; and the ability of governments to carry out essential public services reliably, efficiently and impartially. First generation reforms, which concentrated on dismantling inappropriate government intervention in the economy and strengthening fiscal, monetary, and foreign exchange policies, have been largely successful. Further consolidation of these first generation reforms is needed at the same time that countries address "second generation" governance reforms to transform the essential functions of the state. Critical reforms include strengthening local government and decentralizing responsibilities, resources and power, They also involve fundamental revisions in the rule of law, real independence of the judiciary and effective due process; as well as the prudential regulation of financial institutions (including those that serve the poor), and speedy and effective judicial resolution of commercial disputes.

Drug Trafficking: Illegal production and trafficking of narcotics is the greatest plague of the Americas. Illicit drugs corrupt leaders and institutions within the LAC region and constitute the leading cause of violent crime in the United States. The USG, in support of its strategic goal to "reduce the entry of illegal drugs into the United States," has a comprehensive program in place to take the profit out of the cultivation and processing of narcotics. USAID plays a pivotal role in this initiative by helping Latin American governments improve law enforcement systems and educate citizens about the dangers of drugs. USAID also helps key source countries provide environmentally sound, economically sustainable alternatives to crops produced for illegal drug production, and improve their administration of justice to deal with narcotics traffickers and narcotics-related crime.

USAID is pleased that coca reduction programs in Peru and Bolivia have begun to produce significant results. In Peru, with the participation of 239 communities, coca production has decreased a dramatic 56% over the past three years, thus slashing the supply of cocaine by 220 metric tons. In Bolivia, coca production decreased by 22% over the same period. Moreover, as a result of USAID alternative development funding in Bolivia, the land area devoted to licit crops in a major coca growing area is now three times the area devoted to coca cultivation.

Human Capacity Development: Considerable progress in education has been made in LAC over the past three decades, including significant gains in overall access to basic education. However, poor quality schooling undermines the system and access to secondary schooling remains limited. Repetition and dropout rates in Latin America are also the highest in the world. Nearly one of every two students repeats the first grade and only 60% of students complete primary school. In the face of the Summit goal of universal primary education by 2010, these levels must be improved. To address these problems, USAID activities focus on assuring equity, enhancing quality and increasing efficiency of education in Latin America and the Caribbean.

In addition to educating children, there is a need to ensure that children stay in school and out of the workplace -- a key issue raised at the Santiago Summit. To do this it is critical to ensure that children not only have access to quality education, but also that poverty -- the key factor that forces children into the workplace or onto the streets -- is reduced.

Health and Population: Curtailing the Spread of Epidemics: U.S. assistance to the region is also critical to achieving the strategic goal to "protect human health and reduce the spread of infectious diseases." These diseases include cholera, HIV/AIDS, tuberculosis, malaria, dengue fever, chagas and measles, some of which could reach epidemic levels following the floods and destruction of clean water sources caused by Hurricanes Mitch and Georges. The accelerating transmission of HIV within Latin America and the Caribbean is also particularly disturbing -- nearly two million HIV infections have been recorded in the LAC region and the epidemic is growing by about 1,000 cases per day.

These problems are daunting and high fertility and child mortality rates persist in some countries. Nonetheless, the health and population sector in the LAC region has, overall, made significant progress with USAID support. In the area of child survival, for example, increased vaccination coverage in LAC-presence countries has met USAID's 85% mid-decade target. Deaths due to diarrhea and pneumonia are also decreasing in most LAC countries. It is also cause for optimism to see that the total fertility rate for the LAC region is on track for a 5% decline between 1996 and 1999. However, it is sobering to note that Haiti is an extreme outlier with a very high fertility rate of 4.8 children per woman (1996). Yet even in Haiti, between 1997 and 1998 there was a 50% increase in the use of modern contraceptive methods in areas supported by USAID programs.

Protecting the Hemisphere's Resources: Rapid population growth in the LAC region puts pressure on all systems, including natural resources. Environmental degradation, the irreplaceable loss of natural resources and biodiversity, and pollution spread from the borders of Latin America into the U.S. A good example is the 1998 fires in Central America and Mexico, whose smoke affected air quality in the southern U.S. for weeks -- underscoring how environmental degradation in the region can have direct implications on the health of the people of the United States.

In addition, the LAC region has the world's highest rates of deforestation and loss of habitat. Such figures are alarming when one considers that the LAC region contains 40% of the globe's species, roughly 50% of the world's remaining tropical forests, and globally important coral reefs and marine ecosystems. Additionally, of the world's 25 most biodiverse countries, nine are in the LAC Region (e.g., Brazil, Mexico, and the Andean countries). To address these concerns, USAID focuses on preserving biodiversity, through encouraging passage of biodiversity-related legislation; supporting natural resource management, including sustainable forestry and agricultural practices; supporting Global Climate Change activities, including clean energy alternatives; and reducing urban and industrial pollution.

Natural Disasters: 1998 brought some of the worst natural disasters to Central America and the Caribbean than have ever been experienced in the recorded history of this hemisphere.

Hurricanes: The nations of Central America -- not long ago the center of military conflicts and plagued by enduring poverty -- over the last decade have made incredible strides to consolidate democracy, open their economies and address their major development problems. Unfortunately, the most powerful and destructive storm of this century -- Hurricane Mitch -- devastated these countries, especially Honduras. In a few days it destroyed what took decades to achieve. Losses are estimated to total up to 70% of GDP in both Honduras and Nicaragua. Victims of these disasters are left without homes, schools, jobs, health facilities and clean water; and severe flooding has provided a breeding ground for the transmission of gastrointestinal, respiratory and infectious diseases. Hurricane Georges also caused massive levels of destruction to countries of the Caribbean, particularly the Dominican Republic, where 60% of the

bridges, 60% of the national forests and 75% of the agriculture sector were destroyed. In total, for the countries of Central America and the Caribbean, the hurricanes resulted in 9,500 people killed and 25,000 wounded or missing; as well as total damages of approximately $10 billion.

To address the devastation caused by these hurricanes, the USG launched the largest foreign disaster response in U.S. history -- one that involved almost every part of the USG and provided more than $300 million of immediate relief, delivered by USAID, the U.S. Department of Agriculture and the Department of Defense. To move beyond relief, USAID is refocusing some of it programs to reconstruct what was lost and help these devastated countries reactivate their economies. Because additional resources are required so that the United States can contribute its fair share of the total international donor assistance needed to address critical reconstruction needs, an emergency package of nearly $1 billion in FY 1999 supplemental resources has been proposed for hurricane reconstruction and debt relief. More than a dozen Cabinet agencies will be involved in the reconstruction and relief efforts, being coordinated by USAID. In addition, this proposal allocates $10 million of FY 1999 supplemental resources to Colombia to help address needs arising from its recent earthquake.

USAID hurricane reconstruction support, which will be implemented quickly, efficiently and with minimal chance for diversion of funds, will focus on: preventing the outbreak of infectious diseases; resupplying medicines and medical supplies; restoring and rebuilding water distribution and sewage systems; repairing critical infrastructure, including farm-to-market roads; assisting small farmers to reestablish crop and livestock production; ensuring access to credit and technical assistance to support housing, small farmers and microenterprises; helping countries and municipalities delineate habitable lands for relocation/development; providing temporary balance-of-payments support to Honduras; resupplying damaged and destroyed schools; and encouraging redevelopment that is more environmentally sound, so the countries of Central America and the Caribbean are better prepared to deal with future natural disasters, should they occur.

Fires: Just as the effects of the hurricanes were exacerbated by environmentally hazardous development practices (e.g. slash-and-burn agriculture, deforestation, construction on flood plains and poor watershed management), so too were the effects of the 1998 fires of Mexico, Central America and Brazil exacerbated by inappropriate land-use practices. The start and spread of the fires were the result of El Nino which caused drought throughout the region. The fires destroyed over a million acres of land, destroyed critical tropical forests, threatened some of the world's richest and most fragile biodiversity, and severely affected air quality and airport operations throughout Central America and Mexico. Moreover, the fires in Latin America released a level of greenhouse gases that rivals that produced by the region's industrial and energy sectors. USAID, working with the U.S. Forest Service and Department of Defense, responded quickly to help suppress the fires. Support included assessment teams, technical assistance, fire fighting and safety equipment, and aircraft. To help these countries better prepare for such disasters in the future, USAID proposes to work with the Mexican, Brazilian and Central American governments to implement preventive measures needed to mitigate the effects of future fire seasons. Support will focus on the promotion of sustainable agricultural and forest management practices.

External Debt and Debt Relief

Although the LAC debt situation has improved enormously since the crisis of the 1980s, as a result of economic recovery and the implementation of growth-enhancing policy reforms, in a number of the poorer countries the debt burden remains an obstacle to economic growth. To address this the international community has developed the Highly Indebted Poor Country (HIPC) initiative, under which certain highly indebted poor countries that have a track record of strong economic policies and economic reforms can receive debt reductions. Bolivia has already successfully concluded this process and Nicaragua is in the beginning stages. Honduras was in the process of being evaluated for possible HIPC treatment when Hurricane Mitch struck.

Additional debt relief under the Paris Club, Naples Terms and HIPC is planned for the countries devastated by the Hurricanes (particularly for the highly indebted countries of Honduras and Nicaragua). However, because as much as 60% of Central American debt is to multilateral creditors which cannot be rescheduled, the World Bank has established the Central American Emergency Trust Fund to which donor countries can make contributions that will be utilized by recipient countries to make debt service payments. Commitments already exceed $100 million. The lion's share of resources will go to Honduras and Nicaragua.

Program and Management Challenges

USAID has taken major steps to enhance the impact and sustainability of its programs; and link its programs more closely to U.S. foreign policy interests. USAID has also had to respond to constantly changing and unforeseen needs throughout the LAC region, including the hurricanes and fires of Central America and the Caribbean; U.S. foreign policy imperatives that led to decisions to maintain development programs in Panama and Colombia; and political

openings created by peace efforts along the Peru/Ecuador border and positive national elections in Colombia and Ecuador.

USAID has responded to these needs and opportunities, within lower budget and staffing levels, by finding better ways of doing business. This has included closer cooperation with other donors, streamlined procurement procedures that reduce the number of procurement and financial management transactions; and regionalization of Mission services wherever feasible.

Other Donors

Among major donors, the United States ranks second in Official Development Assistance after the United Nations. The other lead donors in the region are Japan, the European Commission and Germany. USAID's coordination and collaboration with other donors is a critical and expanding focus of its strategy in the LAC region, particularly as U.S. Government assistance has declined over the last decade. USAID has strong working relations with the Multilateral Development Banks (MDBs), the European Union (EU) and Japan, as well as several U.N. organizations. Primary partners are the Inter-American Development Bank (IDB), the World Bank, the Pan American Health Organization and the Organization of American States.

As a key source of development finance in the LAC region, the IDB is a natural partner for USAID in implementing the commitments made by President Clinton at the Santiago Summit of the Americas held in April, 1998. For example, in support of the Presidential Initiative on Food Safety, USAID expertise in adequate safety standards for US food imports is contributing to the IDB's design of food safety programs in Central America and the Caribbean. In support of Summit education initiatives, efforts are underway for USAID to collaborate with the IDB and World Bank on regional initiatives in areas such as education standards, technology and teacher training.

Within the context of the Transatlantic Initiative, USAID collaborates closely with the European Commission (EC) on critical democratic governance activities, as well as the Guatemalan Peace Accords. Within the context of the Common Agenda, USAID collaborates closely with Japan on critical environmental initiatives, including conserving globally important ecosystems and their biodiversity; protecting the Panama Canal Watershed; addressing key regional environmental challenges in the Caribbean; and developing Haiti's agricultural sector in an environmentally sustainable manner.

Because USAID has been a pathbreaker in judicial reform, education for indigenous populations, alternative dispute resolutions and other democracy-building areas In the LAC region, other donors are now increasing their support to areas once left to the U.S. government. This includes programs dealing with justice, legislative support, crime and violence, anticorruption, accountability, local government, and national institutional strengthening. For example, in Honduras, Bolivia, Guatemala and El Salvador, the IDB and World Bank are working together to develop major judicial reform initiatives that build on existing USAID activities. Additionally, USAID initiatives have contributed to the IDB's recent expansion of microenterprise assistance.

In addition to close working relations with other donors, USAID implements its programs in close collaboration with other U.S. Agencies, including State, Environmental Protection Agency, Education, Interior, Commerce, Justice, Agriculture, Housing and Urban Development, Health and Human Services, Labor, U.S. Trade Representative, National Security Council and the Inter-American Foundation. Many of these U.S. Agencies have been working closely with USAID and other donors in developing a coordinated and complementary reconstruction response to Hurricanes Mitch and Georges.

FY 2000 Program

The resources requested by USAID for the LAC region in FY 2000 total $653.3 million. Of this, $233 million is Development Assistance (DA), $76.2 is Child Survival and Disease, $160.5 million is Economic Support Funds, $50 million is International Narcotics Control funds, and $135.6 is P.L. 480 Title II.

The activities planned for FY 2000 will directly contribute to achieving the shared vision for the hemisphere as ratified by the Summit of the Americas and its follow-up process. USAID's program will provide impetus to a second generation of reforms vital for substantially accelerating growth, improving income distribution, ensuring political stability and increasing participation in decision-making by all segments of society. Additionally, the USAID request will provide critical hurricane reconstruction support to help the countries of Central America and the Caribbean regain what was lost in the storms and reactivate their economies.

The USAID FY 2000 program will contribute to the following results:

- Strengthening democratic institutions, promoting broad citizen participation, and promoting respect for

human rights;

- Expanding economic growth, reducing poverty and improving income equality;
- Reducing levels of illegal emigration to the United States;
- Stemming the flow of illegal narcotics to the United States;
- Reducing fertility and population growth, improving maternal and child health, and slowing the spread of HIV/AIDS and other infectious diseases.
- Increasing sustainable development and sound environmental practices; and
- Improving the quality of education.

SOME COMMON ABBREVIATIONS AND ACRONYMS

Bureau for Latin American & the Caribbean

ACDI/VOCA - Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance
ADEX - Exporters' Association (Peru)
ADOPLAFAM - Dominican Family Planning Association
ADR - Alternative Dispute Resolution
ADRA - Adventist Development and Relief Agency
AED - Academy for Educational Development
AIDS - Acquired Immune Deficiency Syndrome
AIDSCAP - Acquired Immunodeficiency Syndrome Control and Prevention Project
AIFLD - American Institute for Free Labor Development
AMUNIC - Association of Nicaraguan Municipalities
ANACAFE - Guatemala's National Coffee Association
ANEEL - Brazilian Energy Regulatory Agency
ANPDH - Nicaraguan Association for Human Rights
APENN - Nicaraguan Association of Producers & Exporters on Non-traditional Products
APROFE - Pro Family Association (Ecuador)
ARI - Acute Respiratory Infection
- Interoceanic Regional Authority (Panama)
ASHONPLAFA - Honduran Family Planning Association
ASSET - Agriculturally Sustainable Systems and Environmental Transformation
AVSC - Access to Voluntary and Safe Contraception

BEP - Brazil Energy Program

CACM - Central American Common Market
CAPAS - Central American Protected Areas System
CAPEL - Center for the Promotion of Electoral AssistanceB CARE - Cooperative for Assistance and Relief Everywhere, Inc.
CARICOM - Caribbean Community
CASS - Cooperative Association of States for Scholarships
CBO - Community - based Organization
CCAD - Central American Commission for Environment and Development
CCC - Commodity Credit Corporation (Dominican Republic)
CCH - Community and Child Health
CCJS - Coordinating Commission for the Justice Sector (El Salvador)
CCP - Criminal Procedures (Bolivia)
CCT - Constitutional Court (Bolivia)
CDC - Centers for Disease Control and Prevention
CDO - Cooperative Development Organization
CED - Center for the Education for Democracy

CEDEL - Legislative Development Center
CEDRO - Center for Drug Education and Information (Peru)
CEEN - Nicaraguan Strategic Studies Center
CEMOPLAF - Medical Center for Family Planning (Ecuador)
CEN - Caribbean Environmental Network project
CENDEL - Nicaraguan Center for Labor Studies
CEPAL - Center of Electoral Assistance and Promotion
CEPPRO - Paraguayan Center for Economic Liberty and Social Justice
CFC - Chlorofluorocarbon
CG - Consultative Group
CIAM - Women's Center for Research and Action (Nicaragua)
CICON - Congressional Research Center (Bolivia)
CIDA - Canadian International Development Agency
CIES - Center for Information, Education and Services
CIRD - Information and Resources Center for Development
CLUSA - Cooperative League of the United States of America
CO_2 - Carbon Dioxide
COFIDE - Financial Development Corporation (Peru)
CONAM - National Council for Modernization (Ecuador)
- National Environmental Council (Peru)
CONASIDA - National AIDS Prevention Council (Mexico)
CONCAUSA - Conjunta Central America-USA
CONFIEP - Businessmen's Association (Peru)
CP - Congressional Presentation
CPDH - Permanent Commission for Human Rights (Nicaragua)
CPR - Contraceptive Prevalence Rate
CRP - Caribbean Regional Program
CRS - Catholic Relief Services
CS - Child Survival
CSD - Child Survival and Disease
CSE - Supreme Electoral Council
CSO - Civil Society Organization
CYP - Couple Years Protection
CZM - Coastal Zone Management

DA - Development Assistance
DAC - Development Assistance Committee
DAI - Development Alternatives Inc.
DCA - Development Credit Authority
DG - Democracy and Governance
DHS - Demographic Health Survey
DNPW - Directorship of National Parks and Wildlife
DPT - Diptheria, Pertussis and Tetanus
DOE - Department of Energy
- Department of Education

EAI - Enterprises for the Americas Initiative
EC - European Community
- European Commission
ECLAC - Economic Commission for Latin America and the Caribbean
EEAF - Environmental Enterprises Assistance Fund
EIA - Environmental Initiative for the Americas
ENCORE - Environment and Coastal Resource Project
ENR - Environment and Natural Resources
ENV - Environment
EPA - Environmental Protection Agency

ESAF - Enhanced Structural Adjustment Facility (IMF)
ESF - Economic Support Fund
ESOP - Employee Share Ownership Plan (Jamaica)
ET - Ethics and Transparency (Nicaragua)
EU - European Union

FA&H - Armed Forces of Haiti
FAO - Food and Agriculture Organization
FFP - Food for Peace
FFS - Health Promotion Foundation (Honduras)
FIAES - Initiative for the Americas Debt Reduction Fund
FINCA - Foundation for International Community Assistance
FUNDE - Foundation for Economic Development (El Salvador)
FMCN - Mexico Conservation Fund
FONAMA - National Environment Fund (Bolivia)
FONHEP - Haitian Private School Foundation
FP - Family Planning
FTAA - Free Trade Area of the Americas
FUNBIO - Brazilian Fund for Biodiversity

G-7 - Group of Seven (leading industrialized nations consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States)
GATT - General Agreement on Tariffs and Trade
GCC - Global Climate Change
GDP - Gross Domestic Product
GEF - Global Environmental Facility
GIS - Geographic Information System
GNP - Gross National Product
GTZ - German Development Agency

HA - Hectare
HCD - Human Capacity Development
HIV - Human Immunodeficiency Virus
HFTE - Hemispheric Free Trade Expansion
HPZ - High Potential Zones (Haiti)

IBAMA - Brazilian environmental agency
IBRD - International Bank for Reconstruction and Development (World Bank)
ICITAP - International Criminal Investigation and Training Assistance Program
ICMA - International City Managers Association
IDB - Inter-American Development Bank
IESC - International Executive Service Corps
IFAD - International Fund for Agriculture Development
IFES - International Foundation for Electoral Systems
IIC - Inter-Institutional Commission (Panama)
IICA - Inter-American Institute for Agricultural Cooperation
IIDH - Inter-American Institute for Human Rights
IMAZON - The Institute of Man and the Amazon Environment (Brazil)
IMCI - Integrated Management of Childhood Illnesses
IMF - International Monetary Fund
IMR - Infant Mortality Rate
INADE - National Development Institute (Peru)
INC - International Narcotics Control (State Department)
INL - International Narcotics and Law Enforcement (State Department)
INRENARE - Institute for the Management of Renewable Natural Resources
INSALUD - National Health Institute (Dominican Republic)
IOM - International Organization for Migration

IPAM - Amazon Environmental Research Institute (Brazil)
IPR - Intellectual Property Rights
IPPF - International Planned Parenthood Federation
IR - Intermediate Result
IRI - International Republican Institute
IUCN - International Union for the Conservation of Nature
IULA - International Union of Local Authorities

JC - Judicial Council (Bolivia)
JUST - Justice Sector Support (Peru)

LAC - Latin America and the Caribbean
LGD - Local Government Development (Peru)

MAGA - Guatemalan Ministries of Agriculture, Food and Livestock
MCD - Citizens' Movement for Democracy (Mexico)
MCH - Maternal and Child Health
MDB - Multilateral Development Bank
MED - Ministry of Education
MENJS - Ministry of Education, Youth and Sports (Haiti)
MIF - Multilateral Investment Fund (IDB)
MINUGUA - United Nations Verification Mission for Guatemala
MOF - Ministry of Finance
MOH - Ministry of Health
MSH - Management Sciences for Health
MUDE - Women in Development (Dominican Republic)

NACP - National AIDS Control Program
NAFTA - North American Free Trade Agreement
NAMRID - Naval Medical Research Institute Detachment
NAS - Narcotic Affairs Section (State Department)
NCBA - National Cooperative Business Association
NCSC - National Center for State Courts
NDI - National Democratic Institute
NEAP - National Environmental Action Plan
NGO - Nongovernmental Organization
NRCA - Natural Resources Conservation Authority (Jamaica)
NRMU - Natural Resource Management Unit
NRM - Natural Resource Management

OAS - Organization of American States
ODA - Official Development Assistance
OECD - Organization for Economic Cooperation and Development
OECS - Organization of Eastern Caribbean States
OHRO - Office of the Human Rights Ombudsman
OPDAT - Office of Professional Development and Training
ORT - Oral Rehydration Therapy

PADCO - Planning Associates Development Collaborative
PAHO - Pan American Health Organization
PARDEM - Participatory Democracy (Peru)
PASA - Participating Agency Service Agreement
PCA - Panama Canal Authority
PCC - Panama Canal Commission
PCTC - Panama Canal Transition Commission
PCW - Panama Canal Watershed
PERA - Partnership for Educational Revitalization in the Americas

PHN - Population, Health and Nutrition
PIP - Parks in Peril
PPG-7 - G-7 Pilot Program to Conserve the Brazilian Rain Forest
PRET - Program for the Recovery of the Economy in Transition
PRISMA - Salvadoran Development and Natural Resources Research Program
PROALCA - Central American Participation in the Free Trade Area of the Americas
PROCEL - Brazilian government agency
PRODEEM - National Energy Development Program for States and Municipalities (Brazil)
PRODIM - Program for the Development of Women and Children (Honduras)
PROFAMILIA - Dominican Association for Family Well-Being
PVO - Private Voluntary Organization

RECC - Cotacachi-Cayapas Ecological Reserve (Ecuador)
RECAY - Cayambe-Coca Ecological Reserve (Ecuador)
REPSO - Renewable Energy Project Support Office (Brazil)
ROL - Rule of Law
RTI - Research Triangle Institute

SABE - Strengthening Achievement in Basic Education
SAP - Structural Adjustment Program
SDAF - Special Development Fund
SEGEPLAN - Economic Planning Secretariat
SENREM - Sustainable Environment and Natural Resources Management activity (Peru)
SEPAZ - Secretariat for Peace (Guatemala)
SIECA - Permanent Secretariat for Central American Economic Integration
SMSE - Sustainable Markets for Sustainable Energy (Brazil)
SO - Strategic Objective
SSU - Sanitation Support Unit (Jamaica)
STD - Sexually Transmitted Disease
STI - Sexually Transmitted Infection
STRI - Smithsonian Tropical Research Institute (Panama)
SUNY - State University of New York

TFF - Tropical Forest Foundation (Brazil)
TNC - The Nature Conservancy

UDAPE - Government Economic and Social Policy Analysis Unit (Honduras)
UN - United Nations
UNAG - National Union of Farmers and Cattle Owners (Nicaragua)
UNAIDS - United Nations Acquired Immunodeficiency Syndrome
UNDCP - United Nations Drug Control Program
UNDP - United Nation Development Program
UNFPA - United Nations Population Fund
UNICEF - United Nations Children's Fund
UPANIC - Nicaraguan Union of Agricultural Producers
URNG - Guatemalan National Revolutionary Union
UPAT - Legislative Technical Assistance Unit within Guatemalan Congress
USDA - United States Department of Agriculture
US/ECRE - U.S. Export Council for Renewable Energy
USG - U.S. Government
USTR - Office of the U.S. Trade Representative

WHO - World Health Organization
WTO - World Trade Organization
WWF - World Wildlife Fund

BOLIVIA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$27,963,000	$27,161,000	$26,950,000
Child Survival & Disease Fund	$7,962,000	$6,515,000	$6,973,000
International Narcotics Control Funds	$12,000,000	$25,000,000	$16,000,000
P.L. 480 Title II	$17,423,000	$15,882,000	$23,000,000
Economic Support Funds	---	---	$3,000,000

Introduction

Despite continued adherence to macroeconomic norms, poverty poses a continued challenge which must be reduced through economic integration, free trade, social investment and greater inclusion of Bolivia's indigenous population in national life. Significant steps are also being taken to reduce the corrupting influence of the coca/cocaine industry. Sustainable development must be guaranteed through conserving Bolivia´s natural resources, improving the health of its people, providing greater economic opportunities for Bolivia´s poor and strengthening participative democracy. USAID´s strategy directly supports the principal foreign policy goals contained in the U.S. Mission Performance Plan and the Government of Bolivia´s five-year National Plan of Action (NPOA). Common strategic goals include stopping the illicit production of coca, encouraging a market-driven economy with emphasis on poverty alleviation, nurturing democracy, protecting the environment from further degradation, and improving the health of the Bolivian people.

The Development Challenge

As the fifth poorest country in the hemisphere, Bolivia will not graduate from the need for development assistance in the near-term. Bolivia's population of 7.95 million grows at a rate of 2.3% a year. Over five million Bolivians (63%) live in poverty. The per capita GNP rose from $870 to about $913 in 1998, but 65% of the people remain under-employed. The real per capita income remains at 12% below the 1980 level. Ninety-four percent of Bolivians who live below the poverty line are in rural areas and 88% are indigenous. Poverty remains the leading cause of high infant and maternal mortality rates estimated at 67 per 1,000 and 390 per 100,000 live births, respectively. Systemic constraints such as inadequate governmental, financial and educational institutions; poor technological capability; limited financial services; poor infrastructure; and a shortage of human capital and experience, impede economic growth. Bolivia remains highly dependent on foreign assistance. External debt was modestly reduced from $4.3 billion to $4.1 billion in 1998 and external debt rescheduling was consolidated, including successful Paris Club negotiations of $760 million in bilateral debt relief. Approval of the Highly Indebted Poor Countries initiative by the multilateral banks gives Bolivia access to an additional $448 million. The U.S. Balance of Payments program ($8 million for FY99), which is linked to coca eradication, will help the GOB service its external debt schedule estimated at $305 million for 1999.

USAID and the donor community support the National Plan of Action and recognize that the GOB made progress towards its development goals in 1998. Still, the GOB needs to develop a more coherent poverty alleviation strategy and implementation schedule within the established framework of its Plan and to assign adequate financial and human resources to areas directly related to Plan priorities. The highest USG priority in Bolivia is abolishing the cocaine industry which is also one of the GOB's highest priorities under the NPOA. Significant public support was gained over the past year in this effort and progress in eradication efforts was excellent. Net eradication went from 2,300 hectares in 1997 to 8,000 in 1998, a net increase of approximately 350%. Other Plan priorities include continued work on development and reforms in privatization, local government, the justice sector, education, environment and health.

USAID's five-year strategic plan (FY 1998-2002) closely supports and parallels the GOB National Plan of Action. At the end of the first year of the strategy period (FY98), and in spite of setbacks due to uncontrollable conditions caused by the El Niño phenomenon, USAID's program had great impact in all of its strategic objectives. Key legislative proposals were approved which greatly strengthen the justice sector with increased transparency, accessibility and accountability, thus supporting other USG narcotrafficking-related enforcement objectives. Local government institutions were significantly strengthened by USAID support. USAID conducted a study on poverty alleviation efforts in Bolivia over the past 20 years which is being used to design USAID's poverty alleviation program for targeted communities. Coca production in the Chapare region has been significantly reduced for the third year in a row through direct eradication and continued large-scale, USAID-supported alternative development activities. USAID contributed to steadily declining child, infant and maternal mortality rates as well as to greater access to primary health care, improved health status of mothers and children and lower population growth. Achievements under P.L. 480 Title II include improved road infrastructure, enhanced micro-irrigation, reduced school dropout rates, greater nutritional status of children and improved water and sanitation systems in Bolivia's most food-insecure areas. USAID technical support increased forest certification dramatically with more than 340,000 hectares of forest certified and under sustainable management. Equally dramatic is a 3,000 percent increase since 1997 in marketed eco-certified products ($196,000 in 1997 to nearly $6 million in 1998.)

Damage from a strong earthquake in May 1998 was centered in the towns of Aiquile and Totora. In the Aiquile town center, up to 70% of the buildings were destroyed or suffered serious structural damage. USAID's humanitarian assistance response built over 1,140 temporary shelters to provide adequate protection from the elements while urban and rural residents rebuild their homes. Title II assistance to approximately 100,000 people mitigated the impact on agricultural incomes and reduced the food security effects of the severe El Niño-induced drought. USAID also assisted nearly 11,500 families with a potato seed program to diminish the loss of this dietary staple.

Other Donors

Contributions from Bolivia's active donor community have averaged $500 million annually over the past decade. The U.S. continued to be the largest bilateral Official Development Assistance (ODA) donor to Bolivia in 1997, disbursing $163 million. Japan provided $65.0 million; the Netherlands $59.8 million; Germany $47.5 million and Sweden $20.1 million, while multilateral donor disbursements totaled $264.2 million. At the Paris Consultative Group (CG) meeting in 1998, 26 donor countries and international organizations pledged about $940 million (a 45% increase over 1997) -- 44% in the form of grants to support Bolivia's socio-economic reforms and investment program. After the CG, the GOB organized working groups with the donor community to develop indicators to measure success against the Development Assistance Committee´s 21st Century Strategy and Bolivia's NPOA. This process, in which USAID played a lead role, led to the GOB-initiated Local CG held in November 1998 which evaluated the main recommendations from Paris and identified areas requiring further attention.

FY 2000 Program

With a $75.9 million request, USAID´s planned FY 2000 program includes support to: 1) continue our efforts in illicit coca eradication through a limited performance-based Balance of Payments Program which links disbursements to GOB eradication performance, and through the alternative development of marketable crops and self-sustaining linkages to regional and international markets; 2) strengthen the social base of democracy and governance through the implementation of key reforms and institutional strengthening of the judicial branch and local governments; 3) continue increasing income and opportunities for Bolivia´s poor through access to financial services in peri-urban and rural areas; 4) improve production technology, linking local and international product markets, productive infrastructure, and school feeding through the P.L. 480 Title II program; 5) improve the health of the Bolivian population by supporting knowledge, attitude and behavior changes of mothers and children, and improving the quality and coverage of health care options through a more decentralized health care system; and 6) reduce degradation of forest, water, and biodiversity resources by discouraging deforestation and ensuring a reduction of pollution.

BOLIVIA

FY 2000 PROGRAM SUMMARY
($000)

USAID Strategic and Special Objectives	Economic Growth and Poverty Alleviation	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Democracy broadened and governance strengthened							
- DA	---	---	---	4,500	---	---	4,500
- INC	---	---	---	2,000	---	---	2,000
- ESF	---	---	---	3,000	---	---	3,000
S.O. 2 Increased income for Bolivia's poor with emphasis on targeted communities assisted by USAID							
- DA	4,450	---	---	---	---	---	4,450
- PL480/II	---	---	---	---	---	9,000	9,000
S.O. 3 Improved health of the Bolivian population							
- DA	---	13,000	---	---	---	---	13,000
- CSD	---	6,973	---	---	---	---	6,973
- PL480/II	---	---	---	---	---	14,000	14,000
S.O. 4 Reduced degradation of forest/water resources and biodiversity protected							
- DA	---	---	5,000	---	---	---	5,000
Sp.O. 5 Illicit coca eliminated from the Chapare							
- INC	14,000	---	---	---	---	---	14,000
Totals							
- DA	4,450	13,000	5,000	4,500	---	---	26,950
- CSD	---	6,973	---	---	---	---	6,973
- PL480/II	---	---	---	---	---	23,000	23,000
- INC	14,000	---	---	2,000	---	---	16,000
- ESF	---	---	---	3,000	---	---	3,000

USAID Mission Director: Frank Almaguer

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA
TITLE AND NUMBER: Social Base of Bolivian Democracy Broadened and Governance Strengthened, 511-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: 4,500,000 DA; 2,000,000 INC, 3,000,000 ESF
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Democracy in Bolivia stands on two fundamental pillars: 1) the capacity of elected, representative governments to govern with legitimate and generally accepted authority; and 2) the capacity of the governed to participate in decisions through legitimate and effective channels.

USAID's focus on democracy coincides with Bolivia's recent efforts to support the rule of law and administration of

justice development. USAID has been an important player throughout the design and approval of key justice sector reforms. USAID provided intensive technical assistance for the drafting of several laws: Code of Criminal Procedures (CCP), Constitutional Tribunal, Judicial Council (JC), and Ombudsman. Members of the last three institutions were appointed on a merit basis during 1998. Both the JC and Ombudsman have opened doors to the public already. The significance of these reforms, especially the CCP, is that over the next several years, the Bolivian judicial system will become more transparent and reliable.

The decentralization process made very good progress in the municipalities, especially in the rural areas, despite sporadic central GOB efforts to accelerate its implementation. USAID's assistance has helped municipal governments to develop and carry out their action plans in a participatory fashion, engaging civil society in the process. Since 1997 USAID has promoted encounters between single district congressional representatives and their constituents -- a new concept in Bolivia. In late FY 1998, a USAID-funded national Democracy Values Survey (DVS) was conducted. The survey results show a high correlation between participation in municipal governance and support for democracy, thereby providing empirical support for the Mission's local government program, and the basis for refining the democracy strategy.

The Bolivian public will benefit from an accessible, fair, and expeditious justice system. GOB institutions, including the Ministry of Justice, the Congressional Justice Committees, the Attorney General's office, the Public Defender's Office, the Constitutional Tribunal and the Judicial Council will benefit from the full implementation of ongoing reforms. Constituents will benefit from closer relations with members of Congress, and Congress will become more effective. USAID's democratic development and citizen participation activities will have a widespread impact on the conduct of local government by empowering citizens and improving their ability to determine the priorities of their municipalities, and the effectiveness of municipalities to respond to locally defined demands.

Key Results: In order to strengthen and broaden the social base of Bolivia democracy, USAID assistance will result in: key elements of rule of law becoming more transparent, efficient, effective, and accessible; single district congressional representatives becoming more responsive to constituent demands, and local governments in the Democratic Developments and Citizen Participation (DDCP) municipalities effectively responding to citizen needs and demands.

Performance and Prospects: USAID's Democracy Strategic Objective will continue to be achieved through activities promoting the rule of law, improved municipal governance, and the creation of stronger linkages between congress and their constituents. USAID is assisting a cluster of "teaching municipalities" by training them to develop annual municipal action plans with broad citizen participation, improve their budgeting techniques, implement their action plans, and incorporate citizen oversight. Through the use of an NGO grant fund, lessons learned from these "teaching municipalities" are being disseminated through an additional 100 municipalities. USAID is now planning to focus its congressional program to further develop linkages between the single member district representatives and their constituents.

USAID continues to carry out intensive policy dialogue at all levels to ensure that decentralization efforts and the justice sector reform agenda remain a priority. The judicial reform laws have laid the foundation for a complete revamping of the justice sector and for a more accessible judicial system for all Bolivian citizens. In this regard, USAID will continue to seek passage and implementation of the CCP law. During the CCP revision process, USAID is providing intensive technical assistance to the Congress in the drafting of the CCP, and in facilitating its passage. Following its enactment, expected in February 1999, USAID will assist in the establishment of an inter-institutional body which will develop an implementation strategy for the CCP.

Possible Adjustments to Plans: With the DVS completed, USAID will revise its indicators and refine its strategic objective statement to better reflect USAID's manageable interests, and to capture more precisely and reliably the impact of the mission's democracy program. Through use of the DVS, Bolivian citizenry attitudes and perceptions of democracy are measured scientifically. New indicators from the DVS will more accurately reflect the impact of USAID´s program.

Other Donor Programs: The World Bank has provided a $11.5 million loan for judicial reform. The IDB continues to support citizen identification documentation, decentralization, and congressional modernization. GOB direct contribution to USAID dollar-funded activities for FY 2000 is over $6 million. The OECD Development Assistance Committee (DAC) donor working group functions to ensure donor coordination and includes all major bilateral donors, the World Bank, UNDP and IDB. USAID is responsible for the coordination of the "Institutionality" group, which includes Rule of Law.

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

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Percentage of judges re-appointed on the basis of merit by new Judicial Council	0 (1996)	100	100%
Judicial cases handled by Public Defenders (9 judicial districts)	4,000 (1996)	9,250	12,230
USAID-assisted municipalities: Number of municipalities plans completed with at least 60% of registered NGOs participating	0 (1994)	15	19
Percentage of co-participation funds expended with citizen participation in assisted municipalities [1]	0 (1994)	50	65

[1] Co-participation funds are the 20% share of national revenue distributed to the municipalities on a per-capita basis.

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA
TITLE AND NUMBER: Increased Income for Bolivia's Poor with Emphasis on Targeted Communities, Directly or Indirectly Assisted by USAID, 511-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $4,450,000 DA; Title II $9,000,000
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID's assistance improves entrepreneurial and business skills, supports rural productive infrastructure, and facilitates economic activities of the poor by providing access to financial services, marketing services and appropriate technology. In 1997 USAID-assisted institutions provided technology services to 3,570 production units and marketing services to 1,189 units; 150,000 poor households had access to credit and 252,000 were active savers; and 280 communities improved their basic infrastructure. USAID continues to play a lead role in supporting the expansion of microfinancial services in Bolivia with more than 190,000 poor clients as of December 1998. Emphasis on the development of financial services and outreach into new areas has resulted in more rural than urban branches of microfinance institutions being opened in 1998 with even greater increases in the rural areas projected through 2002. In 1998 there were 116 rural branches and 72 urban branches as compared to one rural branch and five urban branches in 1990. USAID-assisted activities in the productive sector directly contributed to increasing access to technological services for 4,770 production units (farms, artisans, firms, etc.), while an additional 2,120 accessed marketing services during 1998. Improved technologies and improved access to national and international markets will increase incomes for those who live in poverty.

The P.L. 480 Title II program provides inputs of funds and food-for-work to improve rural roads, access to technology and marketing services, micro-irrigation projects and basic sanitation in 76 municipalities in some of the poorest, most food-insecure areas of the country. This program has increased production of staple crops and introduced greenhouses for the cultivation of vegetables and other high-value crops. However, due to the 1997-98 El Niño-induced drought, agricultural production in the highlands dropped sharply. In some areas, losses exceeded 70%. Rural income figures in general will surely decline from 1997 and we will likely reach only 60-80% of the planned 1998 income target of $786 per rural household.

USAID-supported programs are designed to benefit an increasing number of clients through the provision of credit services from microfinance institutions by more than 200% to 325,000 between 1997 and 2002. The number of poor with savings in microfinance institutions will also grow by 200% to 407,000 by the year 2002 as institutions increasingly mobilize capital from the private sector. In 1999 and 2000, an additional 2,000 rural families per year will benefit from production and marketing services, and technical assistance. These families will also benefit from the construction of 15 rural infrastructure works. USAID assists 100,000 school children per year through a Title II-sponsored school feeding program, which reduces repetitions and dropout rates, specifically among girls.

Key Results: USAID's major focus is to increase income through expanded economic opportunities by overcoming a set of constraints to growth that include: limited access to micro-finance services, lack of access to technology and markets, weak productive infrastructure, and low levels of education.

Performance and Prospects: USAID is committed to fostering broad-based economic growth and to helping overcome principal constraints that inhibit the productivity of Bolivia's poor. USAID assistance will strengthen the sustainability of financial intermediaries as they expand and diversify services while maintaining financial viability. Emphasis will be placed on improving financial services to small savers and borrowers in rural and urban areas. Assistance will also be provided to strengthen bank and financial institution regulation and supervision. USAID will assist rural producers to increase their incomes by developing improved services and identifying new markets.

P.L. 480 Title II resources will be used in targeted communities to improve secondary roads and use of irrigation technologies thereby creating linkages between producing areas and market towns to increase the volume of products farmers are able to sell. USAID activities will focus on improving, rehabilitating, and expanding community micro-irrigation systems to increase productivity and extend the planting season. Activities will include organizing, establishing, strengthening, and training beneficiaries in the maintenance and operation of the improved infrastructure. Revenue collection by beneficiaries is an important activity to ensure the sustainability of infrastructure.

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

Possible Adjustments to Plans: USAID and the GOB have been working closely in developing plans to support the 1999-2002 Poverty Alleviation Plan of the Ministry of Agriculture. Activities being designed as part of this joint effort may require slight adjustments as new, additional plans emerge.

Other Donor Programs: In 1997, the previous government unveiled a food security strategy that included such key components as improved marketing systems, improved technology and better infrastructure. With DA resources scarce, donor collaboration and leveraging is fundamental to USAID's strategy. The EU is supporting the GOB food security strategy with nearly $60 million and there are opportunities for achieving a much greater impact through synergistic collaboration with the donors. Collaboration with Title II Cooperating Sponsors (NGOs), which work in some of Bolivia's poorest, most food-insecure areas, is also an essential part of USAID's strategy. The Cooperating Sponsors work closely with municipal authorities that, due to the Popular Participation Law, now have financial resources to complement those of the Cooperating Sponsors. The GOB contribution to USAID dollar-funded activities in FY 1999 is estimated to be $840,000.

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

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Number of production units receiving technology services	1,430	5,711	9,200
Number of production units receiving marketing services	230	3,248	5,290
Number of households with access to credit	130,877	275,000	320,000
Number of poor households with savings facilities	231,457	337,000	407,000
Number of communities with infrastructure constraints resolved	130	735	870

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA
TITLE AND NUMBER: Improved Health of the Bolivian Population, 511-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $13,000,000 DA; $6,973,000 CSD; $14,000,000 Title II
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Over the last five years, USAID has contributed to significant improvements in the health of the Bolivian population as demonstrated by data on key indicators from the 1998 Demographic and Health Survey (DHS). A comparison of these data to those from the 1994 Bolivia DHS shows that during the period 1994 to 1998: the infant mortality rate dropped from 75 to 67 deaths per 1000 life births; the percentage of children under five who are malnourished (as measured by weight for age) dropped from 16% to 8%; the percentage of infants with diarrhea in the two weeks preceding the survey dropped from 30% to 19%; the percentage of pregnant women seeking prenatal care from a trained provider increased from 53% to 65%; the percentage of births attended by a trained provider increased from 47% to 57% and the percentage of women in union using a modern contraceptive method increased from 18% to 25%; the modern contraceptive prevalence rate increased from 18% to over 25%; and the couple years protection rate increased 170% during the period from 1994 to 1997. These improvements have been achieved in part because of USAID's role in supporting the implementation of a more decentralized health system, strengthening reproductive health services in the public and private sectors, national health communication and education campaigns, the development and expansion of social marketing projects for contraceptives and locally produced oral rehydration salts, and technical assistance to the national Vitamin A-fortified sugar and iron-fortified flour programs. The 1.3 million Bolivian children under five and two million Bolivian women of child-bearing age are the major beneficiaries of support under USAID's health strategic objective.

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

Performance and Prospects: In FY 2000, the Health SO will support expanding and improving primary health care and reproductive health care services in the public and private sectors. Through a new five-year health sector bilateral agreement, USAID will continue to finance national family planning training centers; provide technical assistance in management, natural family planning, information, education, communication and counselling activities. USAID will also continue to improve the GOB's National Social Security Medical System's voluntary reproductive health services throughout its network of 94 urban health facilities serving nearly 20% of the population. USAID also will continue to support national immunization, diarrhea prevention and treatment, and GOB social marketing of oral rehydration salts and fortified flour and sugar programs. Support at the district level through the newly created PRODESCO (Community Health Project) will contribute to Bolivia's steady reduction in infant mortality and child malnutrition and improved maternal care. Included in the five-year plan is support to the GOB under USAID's new infectious diseases initiative for improving surveillance, diagnostics and treatment, as well as prevention and control, of key infectious diseases threatening the health of the Bolivian population: tuberculosis, malaria and chagas. USAID will continue to provide technical assistance for the implementation of an innovative model for Integrated Management of Childhood Illnesses promoted by the World Health Organization (WHO) and the Pan American Health Organization (PAHO), which has the potential to significantly improve the quality and effectiveness of child survival interventions.

In the private sector, operational support will continue for Bolivia's model self-financing, high quality, primary health care provider (PROSALUD), and USAID will add more to an endowment for long term sustainability. Bolivia's largest provider of family planning services in the private sector (Center for Information, Education and Services), will receive direct funding, having just recently achieved eligibility for direct USAID financing. A federation of 24 private and nongovernmental organizations (PROCOSI) will receive support to continue providing child survival and reproductive and sexual health services to 35% of Bolivia's rural population. Support will also be provided to Population Services International to increase sales of modern contraceptives, expand social marketing for other primary health care products, and initiate social marketing of reproductive health care services. USAID/Bolivia's P.L. 480 Title II program will continue to support child survival and reproductive health efforts with a combination of food and local currency resources. These resources are directed at reducing child and maternal malnutrition and improving biological utilization of food through integrated health, education, and water and sanitation interventions.

Possible Adjustments Plans: Based on revised health statistics, USAID will continue to adjust program activities to

maximize results achievement.

Other Donors: USAID works closely with the United Nations Children's Fund, the United Nations Population Fund (UNFPA), PAHO, the World Bank (WB), Inter-American Development Bank (IDB), and the German, Canadian, British, Belgian, Japanese and Dutch Cooperation agencies in coordinating external support to the health sector. USAID spearheaded a major donor coordination effort to combine resources from eight multilateral and bilateral agencies to fund the 1998 Demographic and Health Survey. The UNFPA continues to finance regional program supervisors and other reproductive health initiatives, and the British Department for International Development finances contraceptives for the public sector. The GOB chairs interagency coordinating committees for vaccination, micro-nutrient/fortification, reproductive health, safe motherhood, and child health in which USAID and other donors participate. The Ministry of Health provides salaries, clinic facilities, and most other recurrent program costs. In 1999, the WB and the IDB will both initiate implementation of large health projects. The contributions from the GOB to USAID dollar funded activities in FY 2000 total $2.3 million. Although not precisely known at this time, total GOB contribution to the sector is many times greater.

Principal Contractors, Grantees, or Agencies: USAID implements its health activities through nine GOB technical units, and over 25 NGOs, almost all of which belong to a USAID-supported NGO network. U.S. and Bolivian commercial sector companies collaborate in social marketing. Significant technical assistance is provided through more than 20 Cooperating Agencies. PVOS/NGOs include CARE, Management Sciences for Health, Population Services International, John Snow International, and Johns Hopkins University, among others. Three U.S. cooperating sponsors (CSs) implement P.L. 480 Title II health activities. USAID/Bolivia will continue working with three CSs: Adventist Development and Relief Agency, Project Concern International and Food for the Hungry International. It is expected that a fourth CS will begin implementation in 1999. The three existing sponsors are implementing five-year Development Assistance Plans that run from 1997 to 2001.

Selected Performance Measures:

	Baseline (1994)	Target (2000)	Target (2002)
Infant mortality per 1000 live births	75	52	47
Maternal mortality per per 100,000 live births	390	220	194
Contraceptive prevalence (% modern methods)	18	40	48
Couple years protection	89,587	203,325	246,023

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA
TITLE AND NUMBER: Reduced Degradation of Forest and Water Resources and Biodiversity Protected, 511-S004
STATUS: Continuing
PROPOSED OBLIGATION/FUNDING SOURCE: FY 2000: $5,000,000 DA
INITIAL OBLIGATION: FY-1995 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Bolivia's forest and biodiversity resources are unquestionably of global significance. The rate of decline in Bolivia's forest cover is alarming, with extensive conversion of biologically rich areas (many inhabited by poor indigenous groups) to often unsustainable agricultural use. Further, Bolivia faces the need to reduce industrial and toxic waste pollution.

The GOB has had an historically strong commitment to sustainable development as evidenced by the creation of the hemisphere's first Ministry of Sustainable Development and Environment, and the GOB decision to host the Hemispheric Summit on Sustainable Development in 1996. USAID is a critical player in Bolivia's environmental affairs and the key donor working to protect forest resources. Achievements in 1998 include more than 225,000 hectares of forest "eco-certified" by international certification agencies. Another 650,000 hectares are in the evaluation phase of becoming certified. A technical, apolitical forest regulatory superintendency was successfully established in the evaluation phase of becoming certified. Further, 20 institutions adopted USAID- introduced pollution prevention technologies.

With the new GOB administration, it is not presently clear what level of priority the GOB is placing on continued protection of Bolivia´s natural resources. Through ongoing policy dialogue, USAID is playing a pivotal role in

defining how these issues will be resolved. Several environmental issues were raised during both the Paris and Local Consultative Group meetings.

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

Key Results: USAID focuses on reducing degradation of forest and water resources and protecting Bolivia's globally important biodiversity by discouraging forest conversion and reducing pollution.

Performance and Prospects: USAID supports achievement of its strategic objective by: (1) providing assistance which promotes sustainable forestry management; (2) increasing forest value, developing new eco-certified forest products for export to high-value "green markets," and creating an independent National Certification Council; (3) creating a local environmental watchdog organization; (4) empowering local municipalities to effectively manage and monitor their natural resource base; and, (5) helping to craft the appropriate institutional, legal and regulatory framework enabling responsible resource management. Adoption of sustainable resource management practices continues to be promoted through environmental education programs in both rural and urban areas; by increasing capabilities of local institutions for improved environmental management; and by managing selected wildlife populations by local groups. Pollution is being reduced in target areas by showing factory owners how they can comply with Bolivia's new environmental regulations and yet improve their rates of return on investment.

This program met or exceeded all of its targets in 1997 and expects to do the same in 1998. Looking ahead, USAID supports a sustainable forestry management program (BOLFOR) through the design and implementation of programs for "environmentally friendly" sustainable forest use on some 2.6 million hectares of natural forests by the year 2000. The Parks in Peril Program helps the GOB and NGOs protect almost 1.5 million hectares of some of the planet's most biologically rich areas. USAID supports highly innovative work with the indigenous Izoceño community in managing the 3.4 million hectare Parque Nacional KAA-IYA del Gran Chaco, including work with the 23 communities of Izozog/Guarani indigenous population to implement sustainable resource management practices on their 1.7 million hectares of community lands. This, coupled with work through the Parks in Peril Program, will lead to 4.5 million hectares protected in priority eco-regions. USAID is supporting modest, but path-breaking work with the private sector National Chamber of Industries on industrial pollution prevention. USAID also manages the Enterprise for Americas Initiative (EAI) program. EAI is a debt-for-development swap that is focused exclusively on funding environmental projects implemented by NGOs.

Possible Adjustments to Plans: No adjustments are envisioned at this time.

Other Donor Programs: Collaboration with other donors continues to be excellent. USAID has been a driving force in bringing together donor agencies from Canada, Germany, Switzerland, Holland, England, the World Bank, IDB, Denmark and UNDP. Periodic meetings are held to coordinate environmental activities. The group has expanded from its previous task of conducting an evaluation of the National Environment Fund (FONAMA) in late 1995 and is now meeting regularly to assess the new GOB´s policies and programs related to environmental issues. GOB direct contribution to USAID dollar-funded activities in FY 1999 is $1.375 million. Although not precisely known at this time, total GOB contribution to the sector is many times greater. $2.2 million are disbursed each year to the EAI, with more than $11 million in GOB funds received to date.

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

Selected Performance Measures: (cumulative)

	Baseline	Targets (2000)
Forest hectares under improved management	0 (1993)	2,000,000
Area in USAID priority eco regions protected (hectares)	0 (1995)	4,500,000

Factories adopting pollution prevention	0	20

Note: End-of-Activity targets to be determined

ACTIVITY DATA SHEET

PROGRAM: BOLIVIA
TITLE AND NUMBER: Illegal Coca Eliminated from the Chapare, 511-SP05
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $14,000,000 (INC)
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Suppression of cocaine production and trafficking is the major foreign policy interest of the U.S. in Bolivia. Without the USG/GOB counternarcotics efforts over the last decade, the coca problem would be significantly worse. Prior to 1992, coca was the principal crop grown in the Chapare and accounted for the majority of income and employment in the region. The area planted with commercially viable crops has now increased from about 46,000 hectares in 1987 to over 105,000 hectares in 1998 -- three times greater than coca cultivation. To date, more than 2,500 families have stopped growing coca and a net of 8,000 hectares of coca were eradicated as of the end of 1998. As a result of alternative development efforts, licit agricultural production in the Chapare now represents 1.7% of Bolivia's gross domestic product. Access to markets is no longer a constraint due to the infrastructure and market development assistance provided by USAID. To date, over 3,000 kilometers of roads have been maintained or improved to all weather standards, and approximately 100 bridges built, making the Chapare the area with the largest concentration of road infrastructure in Bolivia. Even with a dramatically increased output of licit products, competition has not reduced farm-gate prices because product quality is better and improved roads have opened new domestic and export markets. Additionally, the area has benefitted from private sector investments of about $10 million in off-farm agribusiness from over 25 different companies.

Prior to 1996, private growers had to be persuaded to enter into licit alternative crop production and private agribusinesses were provided with investment incentives. Although there has been a reduction of compensation by the GOB, an increasing number of farmers and grower associations are voluntarily signing coca eradication agreements and actively soliciting alternative development support to expand licit production. Farmers now understand the income potential of licit products such as bananas, pineapples, palm hearts, black pepper, citrus, and passion fruit. Between July 1997 and September 1998, 75 Chapare communities and producer associations signed coca eradication agreements. Of the 35,000 family farms in the Chapare Region, approximately 75% cultivate some coca and could benefit from USAID assistance in the next five years if they choose to give up coca production. Currently, approximately 12,000 families receive USAID-funded assistance to improve their licit alternative crops.

Key Results: USAID plans to increase employment and licit income in the Chapare agricultural economy and assist the GOB in the elimination of illegal coca production, processing and narcotrafficking.

Performance and Prospects: USAID works closely with the Narcotics Affairs Section (NAS) of the U.S. Embassy, the U.S. Information Agency, the GOB, the United Nations Drug Control Program (UNDCP) and private partners in the implementation of alternative development activities aimed at eliminating coca-cocaine from the Chapare by the year 2002. USAID intends to allocate resources for balance of payments support to assist the GOB in its continuing successful counter-narcotics efforts, as well as for alternative development activities to build on the achievements already made by current and predecessor programs in responding to producer needs and investor demands.

The new Counter-Narcotics Consolidation of Alternative Development Efforts (CONCADE) activity will make a closer linkage of alternative development with coca elimination by working only with Chapare farmers who sign coca eradication agreements and/or with farmers whose coca has been forcibly eradicated. Using participatory mechanisms, such as consultation with farmer unions and farmers, intensive development assistance will be tailored to the needs of specific zones and offered selectively in return for defined net coca reduction targets. CONCADE activities will include infrastructure improvement and maintenance to roads, electricity, cableways, etc; and, technical support to expand licit agriculture, production, marketing, and packing facilities. Efforts will also be directed to reducing subsidies and developing graduation/exit strategies for farmer organizations to ensure alternative development ventures are sustainable beyond the termination of USAID support. To better link USAID medium-term alternative development actions to NAS short-term eradication actions, the two agencies will jointly plan and share information by: (1) developing a common database including information on farmer unions, municipalities, hectares planted and eradicated, characteristics of geographic areas, identification of farmer groups that have eradicated coca, and income changes as a result of licit crop production; (2) working with the same

counterparts and groups; and, (3) establishing common protocols on when eradication/reduction actions end and alternative development actions begin.

Possible Adjustment to Plans: The GOB and USAID recently completed the design for the continuation of alternative development activities in the Chapare and entered into a five-year agreement. This new activity supports the GOB's five-year plan to eliminate illegal coca production in Bolivia. As additional donors buy into the GOB counter-narcotics plan, adjustments to the mission's strategy may be required to minimize overlap and improve coordination with other donors.

Host Country and Other Donors: The GOB has developed a comprehensive counter-narcotics strategy to eliminate all illegal coca from Bolivia by 2002. Although viewed as a lofty goal, 1998 achievements show that the GOB is highly committed to ridding the country of drugs. The fight against narcotrafficking is at the top of the GOB's agenda and it is one of the five major initiatives to improve Bolivia's international image and demonstrate that Bolivia is an attractive and safe country for investors. The United Nations Drug Control Program (UNDCP) indicates that work in illegal crop areas alone will amount to $338 million under the National Plan of Action of which $160 million (47%) has already been secured under bilateral and multilateral grants ($109 million) and from GOB resources ($51 million). The NPOA indicates that host country contributions for the entire counternarcotics initiative will amount to $142 million over the 1998-2002 five-year period. Donor support includes funding from USAID for alternative development and balance of payments eradication activities, European Union for cadastre, infrastructure and road improvement activities, and UNDCP for agro-forestry, forestry, vocational and managerial training, private sector and microenterprise promotion, and global resource mobilization and institutional strengthening activities.

Principal Contractors: USAID will use full and open competition to select a contractor to oversee the implementation of CONCADE activities by GOB entities. The contractor may enter into sub-contracts or grants with local NGOs and/or private businesses.

Selected Performance Measures:

	Baseline (1996)	Target (2000)	Target (2002)
Hectares of additional non-coca crops in the Chapare region	92,300 has.	117,000 has.	130,000 has.
Number of families not growing coca	0	22,000	25,000
Net gross regional licit income generated per capita	0	$2,015	$2,350
Net hectares of coca eradicated	500 has.	20,000 has.	31,000 has.

BRAZIL

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$8,378,000	$10,532,000	$8,000,000
Child Survival & Disease Fund	$2,500,000	$2,000,000	$2,900,000

Introduction

Brazil, the fifth largest country in the world (over 160 million population) has increased in importance to the United States, the hemisphere and the global community. With the world's eighth largest economy, Brazil's significant trade relationships ($20 billion annually with the United States), and its current economic crisis, have made events there even more critical to the international community. As the hemispheric economic power, it has taken the leadership role in hemispheric matters, such as Mercosur -- a Free Trade Zone among Brazil, Paraguay, Argentina and Uruguay, and in the resolution of the Peru-Ecuador conflict. Brazil's emergence as a strong, dependable partner is important to broader U.S. foreign policy goals globally, as well as in the hemisphere. Long-term, sustainable development in Brazil is in the U.S. strategic interest and our targeted programs benefit both countries by advancing mutual goals of preventing environmental degradation in Brazilian forests, the spread of infectious diseases, such as the Acquired Immune-Deficiency Syndrome (HIV/AIDS), and from uncontrolled population growth.

The Development Challenge

Brazil has high levels of income inequality and areas of extreme poverty, particularly in the North and Northeastern regions. Brazil's external debt is more than $230 billion dollars, though completion of final debt rescheduling negotiations pursuant to the 1992 Paris Club agreement is expected in 1999. Given the scope of the global problems to be addressed in Brazil, such as those in the environment and energy area, U.S. assistance will continue to focus on two key problem areas: in the environment goal area, the protection of globally important biodiversity and the reduction of greenhouse gases associated with climate change; in the health goal area, support for HIV/AIDs prevention, women's reproductive health and services to at-risk children and youth. USAID's program fits under the 1998 Mission Performance Plan's (MPP) strategic goals of Broad-Based Growth, Democracy, Environment, Population and Health.

Brazil's main challenges in addressing global environmental priorities are reducing biodiversity loss and GCC. USAID activities focus on reducing deforestation in the Amazon, the Atlantic Coastal Rainforest and the Cerrado. Due to serious risk of accidental fires in these ecosystems, USAID has directed renewed attention to fire preparedness and prevention. In 1998, USAID provided $25,000 emergency support for one month of food supplies to 7,000 individuals of the Makuxi Indians in Northern Brazil to mitigate the effects of an eight-month drought and fire. Food distribution activities also provided the opportunity to deliver information on fire management and environmental education. Given the magnitude of the threats to Brazil's natural ecosystems, USAID resources alone cannot significantly alter the loss of these natural areas. Thus, the environment program seeks to leverage resources with those of non-governmental organizations (NGOs), industry, multilateral banks, cooperatives, universities, and government agencies, allowing USAID to play a catalytic role in protecting Brazil's ecosystems. USAID-funded actions have successfully demonstrated the viability of low-impact forest management for both timber and non-timber forest resources. On the energy side, USAID targets its resources on increasing Brazil's ability to detect and mitigate energy sector climate change impact, focusing on policy, regulation, and financing mechanisms critical to environmentally sustainable energy. Negotiations are in progress with the Government of Brazil (GOB) and the private sector to identify and support Clean Development Mechanism (CDM) initiatives, laying the ground for U.S. technology exchanges.

USAID's health program covers HIV/AIDS prevention, voluntary reproductive health and services to at-risk children

and youth. Approximately 52% of reported AIDS cases in Latin America and the Caribbean are in Brazil and between 560,000 and 850,000 persons are infected with HIV. Following epidemiological trends, USAID's newly approved, follow-on strategic objective (SO) is designed to increase sustainable, effective programs to prevent sexual transmission of HIV among major target groups: women, adolescents, and low-income populations. Although contraceptive prevalence in Brazil continues to increase and fertility levels continue to decline, wide regional disparities still exist and access to a broad range of contraceptive methods remain problematic. USAID's program in reproductive health, planned for closeout in FY 2000, emphasizes increased access to family planning methods and improved quality and sustainability of family planning services. Street children and at-risk youth constitute a serious problem in Brazil, especially in large urban areas of the Northeast. Many of these children come from families with incomes of only half the $68 monthly minimum wage and are victimized by domestic violence, sexual exploitation and abuse. USAID-funded activities emphasize the promotion of children's rights and the provision of direct services, especially vocational training, education and health.

Other Donors

USAID's environment program leverages activities of multilateral donors, especially the World Bank's (IBRD) G-7 Program to Conserve the Brazilian Rainforest (PPG-7) and the Global Environment Facility (GEF) -- a multilateral fund managed jointly by the UNDP and World Bank. USAID's FY 1999 contribution to the IBRD's Rainforest Trust Fund will fund research proposals on relevant issues to natural resource development in the Brazilian Amazon in a fully participatory manner, engaging Brazilian scientists and stakeholders, the donor community and IBRD managers. The incipient energy program has started negotiations with the United Nations Development Program (UNDP), IBRD and the Inter-American Development Bank (IDB) for cost-shared activities and loans for energy efficiency and renewable energy technologies.

In reproductive health, USAID closely collaborates with the United Nations Population Fund (UNFPA), the Japanese International Cooperation Agency (JICA), UNDP and the United Nations Children's Fund (UNICEF). Support to the Ministry of Health (MOH) under the new HIV/AIDS strategy flows through USAID's participation in the UNAIDS Theme Group, composed of IBRD, UNDP, UNICEF, the United Nations Education, Scientific and Cultural Organization (UNESCO), the European Union (EU) and bilateral donors. Major donors in the at-risk youth area are UNICEF and the IDB. In the past year, USAID increased coordination with these and other donors, developing a significant cost-shared portfolio. Other active partners are the EU, France and Spain.

In 1998, the IBRD has provided long-term, continuing loans in energy ($1 billion in 1998), sanitation and environment ($1.8 billion), and health ($740 million), while the IDB has $7 billion dollars in projects in the areas of environment, health and at-risk youth. Other donor contributions for environment from 1994 through 1998 were (in US$ millions): Germany ($233); EU ($89.8); United Kingdom ($28); Japan ($10.7). The U.S contribution in the same period totalled $37 million. Japan alone conducts a multi-billion dollar assistance program directed to Brazil's savannah zone. In 1998, UNICEF's investment in health and at-risk youth amounted to $11.5 million, while the EU's technical cooperation totalled $2 million in AIDS and $1 million in at-risk youth activities. As compared to other donors' contributions, the United States ranks fifth in environment and second in reproductive health (a phase-out program). USAID is not among the five major donors in at-risk youth, AIDS prevention or energy.

FY 2000 Program

The requested funds are necessary to meet current commitments to the GOB, as well as Brazilian and U.S. NGOs. The request will allow the U.S. Government (USG), through USAID, to engage Brazil on vital foreign policy issues: pursuing achievement of Summit of the Americas' goals, addressing global issues, and accomplishing the objectives of the U.S./Brazil Common Agenda Agreement. The AIDS program will work with the MOH to evaluate existing prevention activities and design training curricula to strengthen program management and the reproductive health activities will continue the process of phase over to the State Secretaries of Health. At-Risk Youth activities will concentrate on education/training programs for disadvantaged youth, while environment efforts will continue with PPG-7 coordinators to establish a scientific basis for sustainable resource use in the Amazon. Energy actions will focus on collaboration with the new Brazilian energy regulatory agency to assure private sector access for clean energy technologies to meet Brazil's growing energy needs.

BRAZIL

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Environment-ally and socio-economically sustainable alternatives for sound land use adopted - DA	---	---	7,150	---	---	---	7,150
S.O. 2 Reduce rate of growth in greenhouse gas emissions from energy sources - DA	---	---	850	---	---	---	850
S.O. 3 Programs to prevent sexual transmission of HIV - CS	---	2,000	---	---	---	---	2000
S.O. 4 Access to contraceptive methods and integrated family planning services - DA	---	---	---	---	---	--	---
Sp.O. 1 Improved quality of life for at-risk youth - CS	---	900	---	---	---	---	900
Totals - DA - CS	--- ---	--- 2,900	8,000 ---	--- ---	--- ---	--- ---	8,000 2,900

USAID Mission Director: Janice M. Weber

ACTIVITY DATA SHEET

PROGRAM: BRAZIL
TITLE AND NUMBER: Environmentally and socioeconomically sustainable alternatives for sound land use adopted beyond target areas - 512-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $ 7,150,000 DA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: USAID's environment program addresses two global environmental priorities: biodiversity loss and GCC. Brazil is a "key" country in these areas because it has one of the greatest number of species in the world and produces approximately ten percent of the world's carbon dioxide emissions, the latter primarily from deforestation and habitat conversion and burning. Incorporating the lessons learned from USAID/Brazil's GCC Project, this strategic objective (SO) aims at reducing deforestation in the Amazon, the Atlantic Coastal Rainforest and the Cerrado (savannah). Due to serious risk of accidental fire in these ecosystems, renewed attention is being directed to fire preparedness and prevention. The purpose of this SO is to increase protection and sustainable use of natural resources in Brazil's critical regions for biodiversity, and to reduce greenhouse gas emissions from deforestation. The program focuses on: 1) protected area management in two major national Parks, one extractive reserve, one national forest, one state-protected area, and the buffer zone surrounding one biological reserve; 2) forest management alternatives for reduced-impact harvest of upland timber in the largest timber harvesting region in Eastern Amazon; 3) fire science and management to reduce the effects of uncontrolled burning on local biodiversity and global warming; 4) provision of information and training support for the preparedness and mobilization of rural dwellers to deal effectively with fires; 5) natural resource policy and environmental education with federal, state, and local officials and land managers; 6) capacity building of local organizations and NGOs; and 7) agroforestry alternatives for restoring productivity to degraded, cleared areas, developed by a participatory approach with small holders. As of the current presentation, USAID/Brazil is integrating the contribution to the World Bank-managed PPG-7 program under the same SO in order to achieve a more integrated means of reporting environment activities. Direct beneficiaries are rural communities, especially small holders, who frequently have only traditional rights to their

land, as well as Brazilian research organizations. USAID-supported actions also benefit Brazilian society at large by assuring that the resource base is maintained for future generations. Benefits will ultimately be felt at the international level from protecting tropical forests and biodiversity, and reducing greenhouse gas emissions.

Key Results: Four key results will be achieved in the course of reaching this objective: (1) A total of 16 systems for sound land use will be identified, promoted and adopted in target areas; (2) Nine institutions and local capacity of 4,000 people will be strengthened; (3) Ten Targeted policies that support environmentally sound land use will be adopted and/or implemented; and (4) Sound land-use systems will be disseminated beyond target areas (71 dissemination tools reaching a total of 490,000 people).

Performance and Prospects: Performance over the past year has been very encouraging. USAID activities through support to local NGO efforts and training of key individuals continue to serve as models for reconciling development and conservation in the Amazon and, more recently, in the Atlantic Rainforest and Cerrado regions. Management plans for two important parks in the Amazon, Jaú National Park (the largest park in Brazil and the size of Massachusetts - 2,270,000 hectares (ha)), and Serra do Divisor National Park (840,000 ha) were completed and are under implementation. They were finalized as a result of a participatory process that included research activities, field work and workshops with representatives of partner NGOs, community leaders, and the federal environmental agency (IBAMA). IBAMA approved the plans and now proposes to use them as models for future management plans in other protected areas throughout Brazil. USAID support has helped establish the first community-owned, operated and managed palm heart factory in the Eastern Amazon state of Amapá. The World Wildlife Fund (WWF) Brazil office, in collaboration with IBAMA and the National Center for Development of Traditional Populations (CNPT), has developed a plan for producers to manage the palm forest located within the extractive reserve of Cajari. USAID is also supporting activities in fire prevention, suppression and control. Through PPG-7, the local partner NGO Amazon Working Group (GTA), has provided training to 11,200 rural community leaders. The U.S. Forest Service and the Woods Hole Research Center/Amazonian Institute for Environmental Research (IPAM) partnership continue to quantify the effects of burning on Amazon forest and Cerrado (savannah) ecosystems, while surveying the extent of fire damage on private land from ground surveys and with satellite/Geographic Information System (GIS) mapping. A new study, partly funded by USAID, carried out by Woods Hole/IPAM, and based on rainfall exclusion, is currently underway and aims to understand the effects of increasingly frequent and severe droughts in Amazonian forests. The GOB has made substantial progress in the environmental sector over the past year, with President Cardoso's pledge to set aside ten percent of tropical forests as protected areas. As a result, an ecological reserve was created near Jaú National Park, in an attempt to form an ecological corridor connecting different conservation areas. However, a decline in GOB environment resources is likely to result following recently implemented economic austerity programs, thus, affecting the short-term feasibility of new projects.

Possible Adjustments to Plans: A severe El Niño drought aggravated fire conditions in the Amazon in 1998, and highlighted the importance of developing effective local measures to control fire. Increasing risk of accidental fires in the Amazon, the Atlantic Coastal Rainforest and the Cerrado, will require renewed attention to fire awareness, preparedness and prevention. The Mission will be working with other donors, U.S. and Brazilian government agencies and U.S. and Brazilian NGOs to expand this SO to include a fire activity that will help prevent the devastation of Brazilian forests. USAID will be entering a new phase of the environment strategy in FY 2000 and new set of indicators will be developed to measure progress of this new phase.

Other Donor Programs: USAID works in close consultation with Brazilian Government programs as an integral part of the U.S./Brazil Common Agenda on environmental issues. Assistance is provided directly to U.S. NGOs that have a presence in the country and work with Brazilian partners in coordination with other USG agencies. Activities under the USAID environmental program leverage those of multilateral donors, especially the $300 million PPG-7 program, GEF, and the Brazilian Fund for Biodiversity (FUNBIO). USAID continues to support model reduced-impact forest management practices in the Amazon, guiding timber industry and government enforcement officials to workable solutions that assure industry viability and forest permanence. Engagement of USAID partners such as WWF, the Institute of the Man and the Amazon (IMAZON), and the Tropical Forest Foundation (TFF) was key to designing IBRD's $18 million activity in forest management under PPG-7.

Principal Contractors, Grantees or Agencies: USAID implements activities through U.S. private voluntary organizations (PVOs) such as WWF, The Nature Conservancy, Conservation International, Woods Hole Research Center, and TFF; USG agencies such as the USDA Forest Service and the Smithsonian Institution; and several U.S. academic institutions (e.g. University of Florida and the State University of New York).

Selected Performance Measures:

	Baseline	Target

Number of families adopting sustainable resource management systems	40 (1997)	310 (2000)
No. and proportion of protected areas (and their area in hectares) having management plans developed and validated on schedule	7/7 (1996) 5,277,000 (1996)	9/9 (1999) 5,450,000 (1999)
Low impact logging systems developed and validated	3 (1996)	4 (1999)
Trained environment professionals	2,450 (1991-96)	4,000 (1999)
Note: End-of-Activity targets to be developed this year.		

ACTIVITY DATA SHEET

PROGRAM: Brazil
TITLE AND NUMBER: Brazil Energy Program (BEP), 512-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $850,000 DA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Brazil is currently the largest emitter of greenhouse gases (GHGs) in Latin America. In the 1991-1995 period, industrial carbon dioxide emissions increased by 20%. Given the continuing growth and structural changes in its economy, it is likely that Brazil's GHGs caused by energy production will continue to increase at a quick pace. In addition, Brazil is reshaping its existing energy industry and diversifying its energy sources. USAID has used this opportunity to provide assistance to Brazil in an attempt to ensure that energy is used efficiently and that energy demand is supplied by a mix of sources with the lowest greenhouse gas emitting potential. The purpose of this program is to reduce the threat of GCC through increased adoption by key actors of concepts, methods and technologies for clean and efficient energy production and use. The direct beneficiaries are Brazil's energy sector and economy, U.S. renewable energy and energy efficiency technology companies and, especially, a currently estimated group of 20 million people who are under-served by traditional sources and scattered in 60,000 rural communities.

Key Results: Four key results will be achieved in the course of reaching the objective of clean and efficient energy production and use: 1) three policy initiatives will be promoted, operational incentives to cogeneration, renewable energy and climate change; 2) eight training courses and workshops of key Brazilian institutions will be developed to facilitate access to markets and financing; 3) availability and use of financing will be increased, two IBRD loans and one DCA loan guarantee; and 4) one umbrella technology cooperation framework between U.S. and Brazilian firms will be implemented.

Performance and Prospects: Performance over the past year has met established targets. The GOB continues to show a clear commitment to restructuring and privatizing its energy industry in a competitive environment. Significant progress in privatization of state-owned utilities, and notable administrative and institutional reforms in the period were: 1) enactment of policies and regulations supportive of energy efficiency and clean energy production; 2) establishment of energy regulatory agencies and initial steps conducive to a legal framework for the energy industry; and 3) establishment of open access to energy transmission for power utilities and regional competition among energy producers.

The USAID-sponsored Renewable Energy Project Support Office (REPSO), staffed by Winrock International, has played a strong role in developing commercial renewable energy projects. Based on the concept of sustainability, those projects address the following issues: providing technical assistance on renewable energy systems installation, operation and maintenance to rural communities, a NGO network, power utilities and trade associations. REPSO is also providing local technical assistance for the development of the proposed IBRD "Integrated Commercial-Social Power" loan to the GOB, establishing the necessary institutional bridges to support deployment of clean energy sources in other USAID environmental activities, as well as in the PPG-7 program.

With support provided by USAID, the IDB initiative on Sustainable Markets for Sustainable Energy (SMSE) is assisting the National Program for Energy Development of States and Municipalities (PRODEEM), a program focused on infrastructure development, social equity and job generation, ranked as a top priority of the Cardoso Administration. The Secretary of Energy has formally approved PRODEEM's action plan, which is composed of a set of specific activities to foster the development of private sector sustainable markets for rural energy services in Brazil. A priority identified in PRODEEM’s action plan was the need for quality technical assistance to review

PRODEEM's operations and to reshape its incentive program supportive of clean energy markets. Considering the excellent results obtained through a full time, USAID-financed technical advisor to the National Electricity Conservation Program in 1996-97, USAID used a similar mechanism and placed an advisor at PRODEEM. The initial elements of a new management structure that will result in more effective operations were further detailed by the Advisor and implementation is expected in fiscal years 1999-2000.

In the policy area, USAID instituted a regulatory partnership between the National Agency for Electric Power and three American state-level public utility commissions (Florida Public Service Commission, Iowa Utilities Board and Oregon Public Utilities Commission). The purpose of this partnership is to promote regulatory experience exchanges between American and Brazilian regulatory institutions in the areas of energy production, planning and market regulation.

USAID also played a critical liaison and local support role to the State Department and Department of Energy in developing the U.S.-Brazil Implementing Arrangement for Cooperation in the Area of Energy Technology. This foreign policy initiative was signed during President Clinton’s October 1997 visit to Brazil and it is expected that, due to its significance for U.S. business, the Arrangement will form a useful institutional umbrella to further leverage USAID results. USAID expects to provide technical assistance to institutions associated with the arrangement, targeted to developing a Work Plan for energy technology cooperation.

Possible Adjustments to Plans: In order to support the international consensus on GCC, that is the need for reducing GHG emissions, USAID intends to direct BEP's technical and training assistance to act locally on the energy and climate change agenda. It is expected that this will result in CDM project design activities in the private sector. Climate change awareness, focused technical training and private sector involvement, in turn, is expected to lead to the creation of knowledgeable constituencies to support policy decisions on international GHG trading mechanisms between the U.S. and developing nations, the latter of which generates fewer GHG.

Other Donor Programs: USAID has provided assistance to both GOB and the IBRD on the preparation of two major loan requests: one $150 million loan targets energy efficiency, and the other $200 million loan, entitled "Integrated Commercial-Social Power," targets 60,000 isolated rural communities. Once in place, both loans and their accompanying GEF grants, will target Brazil’s potential market in clean and efficient energy applications and maximize involvement of the private sector. USAID has also been successful in attracting, coordinating and assisting other major donors such as the IDB with its initiative on SMSE. USAID is currently in the process of coordinating with the UNDP local office on further assisting PRODEEM's Action Plan. In coordination with other donors, the Mission is also considering providing support to the National Renewable Energy Laboratory's initiative on the Technology Cooperation Agreement Pilot Project, whose aim is to attract international donor community assistance in fostering private investment in energy technologies that can reduce GHGs and initiate projects based on the United Nations Framework Convention on Climate Change and the Kyoto Protocol's mechanisms such as the Clean Development Mechanism (CDM).

Principal Contractors, Grantees or Agencies: Current grantees, cooperative agencies and contractors include Winrock International, Advanced Engineering Associates International (AEAI) and the United States Energy Association (USEA).

Selected Performance Measures:

	Baseline	Target (1998)
New capacity installed and operating, on and off the electric grid, powered by renewable energy or other clean energy technology	607 KW (1996)	6,500 KW
Electric power and energy saved, attributable to energy efficiency programs which USAID has created or influenced	900 MW (1997)	1,100 MW
Number of people using renewable energy, energy efficiency, or other clean energy systems	1,600,000 (1997)	2,300,000

Note: The above indicators were set for BEP's first phase, which ended in FY 1998. A new set of indicators and targets will be reflected in the FY2001 CP.

ACTIVITY DATA SHEET

PROGRAM: BRAZIL
TITLE AND NUMBER: Increased sustainable and effective programs to prevent sexual transmission of HIV among major target groups, 512-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $ 2,000,000 CS
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

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

Summary: In the Western Hemisphere, Brazil is second only to the U.S. in the number of reported AIDS cases, totalling over 120,000 cases. Brazil also accounts for half of the cases in the Latin America and Caribbean region. Over 65% of HIV/AIDS infections are concentrated in the states of São Paulo and Rio de Janeiro, with about eight percent occurring in the Northeast, including the states of Bahia and Ceará, two of USAID's target areas. Estimates of HIV infection range from 560,000 to 850,000 individuals. Bordering most of the countries in South America, Brazil is a potential epicenter to spread the disease. Following the successful conclusion of the five-year AIDSCAP program, USAID started a new program to follow the epidemiological trend that shows increasing HIV incidence among women and adolescents and to integrate reproductive health and HIV/AIDS prevention programs.

Key results: The activity contemplates three intermediate results: (1) strengthened institutional capacity to plan and implement sexually transmitted infection (STI/HIV) programs; (2) strengthened technical capacity to plan and implement STI/HIV services; and (3) sustainable condom marketing.

Performance and prospects: In 1998, USAID started the implementation of its new five-year strategy to increase the use of improved responses to the HIV/AIDS epidemic. This strategy is closely linked with and complementary to the programs of the World Bank, MOH and other smaller donors. The pro-posed program emphasizes the provision of technical assistance, which is one of USAID's comparative advantages, but relies on World Bank financing to fund training programs for the public and private sectors and to replicate HIV/AIDS prevention interventions on a large scale. The areas of particular need where USAID has excellent resources to offer include program evaluation, operations research, management improvement and social marketing. The strategy also involves expansion of activities to reach the Northeastern region, where USAID will promote integration of AIDS/STI prevention activities with the ongoing reproductive health and at-risk youth programs. The relationship with the MOH has been intensified through the provision of hands-on technical assistance in monitoring and evaluation and through the MOH-supported introduction of the strategy to the four target geographical states.

While the strategy's key elements were being negotiated with the MOH and the UNAIDS Group, USAID provided bridge funding to the Pathfinder Fund to implement pilot activities in Northeastern Brazil, in preparation for the five-year program that has been expanded to include this region. Under the bridge grant, among other achievements, USAID support reached 2,295 private sector employees in 15 companies through awareness-raising activities; referred 400 female adolescents and their mothers to health services in Fortaleza; and engaged 50 radio stations in broadcasting HIV/AIDS information in 13 different municipalities.

Possible Adjustments to Plans: The major results indicators shown below refer to the bridging grant to the Pathfinder Fund. Illustrative indicators that will measure the progress of intermediate results under the newly started strategy are also included. Final indicators and respective baseline and targets will be established in FY 1999.

Host country and other donors: USAID has been working closely with other international donors to achieve the results under this SO. Coordination with the MOH is done through the United Nations AIDS Program (UNAIDS) theme group that, besides USAID, includes IBRD ($300 million for 1998-2002), UNDP ($13 million, 1998-1999), the World Health Organization/Pan-American Health Organization (WHO/PAHO), the United Nations Drug Control Program (UNDCP, $22 million, 1998-1999) UNICEF, UNFPA, UNESCO ($17.8 million, 1998-1999), the EU ($2.5 million for 1998-2000) and bilateral donors. USAID's program funding time frame coincides with the time frame of the IBRD program. Best practices which have been identified and implemented by the USAID program to date are being financed and replicated under that program.

Principal Contractors, Grantees, or Agencies: USAID implements activities through four U.S. PVOs: the Population Council, Family Health International, Population Services International and the Pathfinder Fund local office, in cooperation with Brazilian NGOs.

Selected Performance Measures (illustrative):

	Baseline	Target
Annual increase in expenditures for HIV/AIDS prevention in states	Under survey	TBD
% sustainability of Condom Social Marketing (CSM) programs	Under survey	TBD
Note: End-of-Activy targets to be developed this year.		

ACTIVITY DATA SHEET

PROGRAM: BRAZIL
TITLE AND NUMBER: Increase access to contraceptive methods and integrated family planning services to improve women's reproductive health, 512-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: no new funding
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2000

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

Summary: Brazil has the largest population in Latin America, 160 million persons, and faces continued urbanization and a large disparity of income. Overall mortality is still considered high: maternal mortality is estimated at 200 deaths per 100,000 births, and infant mortality is 39 deaths per 1000 live births nationwide, elevated in the Northeast region to 106/1000 in the poorest areas. The total fertility rate is 2.5 while contraceptive prevalence is 70% for Brazil as a whole, although wide regional disparities persist. However, due to limited access to contraceptive methods, contraceptive use is still heavily concentrated in female sterilization and oral contraceptives. In the Northeast, a heavily populated and extremely poor region of 40 million people, one of the areas where USAID assistance is targeted, health services for women and children remain of relatively poor quality. Although USAID assistance has had a marked impact on overall health and fertility indicators in targeted states, distinct urban to rural disparities still exist. In the Northeast, some one-quarter of rural women declared a birth as "unwanted" in the past five years, (Demographic and Health Surveys-DHS, 1996), a proportion almost double their urban counterparts. USAID assistance allows for the development and implementation of public and private service delivery systems for low-income groups, that emphasize preventive services, especially in maternal and child health.

Key Results: The program contemplates two key intermediate results: (1) improved quality of family planning services, through increased access to contraceptive methods and adoption of key quality elements such as informed choice, trained providers and adequate supplies; and (2) improved sustainability of family planning delivery services, that focuses on the increased ability of state, NGO and private sector systems to provide services.

Performance and Prospects: USAID assistance is channeled through U.S. organizations that work in conjunction with the state health departments and Brazilian NGOs in the two Northeastern states of Ceará and Bahia. With USAID assistance, the availability of voluntary reproductive health services has been expanded, and the quality of services improved to the benefit of low-income women who utilize the public health system. As a direct result of USAID assistance, political support for family planning has increased. Brazil has conformed to international norms in the testing of condoms, has lifted non-tariff barriers on imported commodities, and has registered Depo-Provera, adding it to the list of methods purchasable by public funds. Furthermore, in 1998, UNFPA expanded USAID's model of improved RH and family planning services in rural clinics to the Northeastern State of Rio Grande do Norte.

The USAID assistance program will continue to concentrate on the two target states of Ceará and Bahia until the planned phaseout in FY 2000. Emphasis will be placed on consolidation of achievements through training, creation of demand for quality services and method choice, integration of family planning within overall reproductive health strategies, and assurance of sustainable delivery systems by FY 2000.

USAID's role in the provision of contraceptive commodities has purposefully diminished over time, with the gradual assumption of this responsibility by other donor and private organizations and the Government of Brazil. In this regard, USAID has negotiated significant contributions from Pharmacia & Upjohn for the introduction of an injectable contraceptive at an affordable price to the public sector and to low-income consumers. These and other organizations supported by USAID will remain involved in the provision of family planning services and/or the sale

of contraceptive commodities after the phaseout of USAID family planning assistance.

Possible Adjustments to Plans: In preparation for the phaseout of USAID population assistance in 2000 and looking at a means to provide Brazilian institutions with ongoing access to technical information and support, USAID and its Cooperating Agencies (CA) working in Brazil will pursue the establishment of a virtual network utilizing existing resources of the CA community. This virtual link should facilitate the exchange of lessons learned between Brazil and other countries as reproductive health institutions work to achieve sustainability.

Host Country and Other Donors: The major donor in reproductive health in Brazil is UNFPA ($9 million in the 1998-2000 period) whose programs complement and are coordinated with USAID's activities. USAID will continue its efforts to leverage funds from other international donors such as UNDP and UNICEF, particularly with respect to the integration of family planning and STI/AIDS prevention programs. Because of USAID's expertise and proven track record in this area, other donors have been willing to cost-share activities. In spite of the lack of a U.S.-Brazil bilateral relationship in the population area, USAID has made great strides in developing an open and collaborative relationship with the GOB, that includes policy dialogue, standardization of family planning norms and introduction of new contraceptive methods, such as depo-provera.

Principal Contractors, Grantees or Agencies: USAID implements its activities through U.S. private voluntary organizations and U.S. firms. They include The Pathfinder Fund, Population Council, Johns Hopkins University, Management Sciences for Health and BEMFAM, the local International Planned Parenthood Federation's affiliate.

Major Results Indicators:

	Baseline	Target (2000)	
% of Births Declared as Unwanted			
Ceará State	24% (1996)	20%	
Bahia State	27% (1996)	20%	
Couple Years of Protection	Bahia State	173,034 (1996)	190,200
	Ceará State	64,165 (1996)	70,600
Units of Depo-Provera sold to the public sector and through pharmacies	284,000 (1998)	456,000	

ACTIVITY DATA SHEET

PROGRAM: Brazil
TITLE AND NUMBER: Improved ability of at-risk children and youth to become healthy, productive citizens, 512-SpO01
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $900,000 CS
INITIAL OBLIGATION: FY 1999; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To promote activities that can improve the ability of at-risk children and youth to become productive, healthy citizens, in selected cities in Northeastern and West-Central Brazil.

Summary: The situation of children and youth in Brazil is particularly precarious. The effects of the current economic crisis have further limited the GOB's capacity to effectively address the issues affecting the mass of children already living or at risk of living in the streets. Migration into large urban centers and the concentration of impoverished populations in the outskirts of capital cities force children into begging and looking for small informal jobs in central areas. Contributing and consequent problems are illiteracy, disease, delinquency, drug abuse, prostitution, and human rights violations. Street children and at-risk youth lack access to educational and health services, while the country still lacks safety networks capable of supporting the implementation of existing, excellent legislation, which provides for the delivery of model services but has not yet been enforced. Since 1994, USAID has been strengthening the capacity of local governments and NGOs to provide better services to this population by: (1) providing at-risk children and youth with access to vocational training and formal educational opportunities in order to augment their chances to find legitimate, income-generating alternatives; (2) mobilizing society to decrease violence against youth and to decrease the phenomenon of child and adolescent prostitution; (3) promoting the direct participation of children and youth in the country's political process through legitimate bodies; and (4) supporting educational activities to promote the healthy, responsible and safe sexual development of youth. A four-year extension to this objective was approved in 1998, with estimated completion in 2003.

Key results: The program includes four key intermediate results: (1) society will be engaged in decreasing violence against youth; (2) educational preparation of program-assisted youth will be increased; (3) program youth access to information on reproductive health and HIV/AIDS will be increased; and (4) lessons learned and successful, innovative approaches targeting replication will be disseminated and adopted.

Performance and Prospects: In the first phase of implementation of the At-Risk Youth program (1994-1998), USAID demonstrated the capacity to develop programs that make a difference and to leverage and direct the resources of other donors. Incorporating the lessons learned in that period, the four-year follow-on activity will focus on education and health with subgrants directed to promote access to formal schooling and vocational training, and to prevent early pregnancy and AIDS/STI infections among Brazilian disadvantaged youth.

In 1998, the target for children and youth completing the school year and being promoted to the next grade, established at 60%, was far exceeded, with an actual promotion rate of 87%, nearly twice the national average. Three new subgrants were signed to develop specific AIDS/STI prevention activities targeting adolescents from public schools and educators in Salvador and Fortaleza. In 1998, USAID also strengthened the work of coalitions of Northeastern institutions to more effectively address issues that directly affect the lives of at-risk youth, such as advocacy of human and civil rights, prevention of child and adolescent prostitution, and child labor eradication. USAID sponsored a four-day technical seminar to exchange lessons learned with Central American countries and to provide Central American Labor Ministers with an overview of USAID-supported activities to promote the labor rights of adolescents. USAID's support was also critical for two institutions assisting girls victimized by domestic violence and commercial sexual exploitation to leverage the Brazilian National Social and Economic Development Bank (BNDES) funds to expand services and increase the number of beneficiaries.

Approximately 40,000 people were reached by the activity as of December 1998. The target for 2003, the estimated activity completion date, is 80,000 beneficiaries. In 1998, new objectives and results were defined for the follow-on activity.

Possible Adjustments to Plans: Following the review of objectives and results, USAID and the grantee will work in 1999 to adjust the strategy designed in late 1997. The strategy focuses on the provision of hands-on assistance and training to implementing NGOs and coalitions; expansion of project monitoring and evaluation activities; and dissemination and replication of best practices from previous activities in this area.

Host Country and Other Donors: In 1998, UNICEF ($2 million), the IDB (approximately $4 million) and the EU ($1 million) were the major donors in the area of at-risk youth in Brazil. USAID works closely with these and other donors, such as the International Labor Organization (ILO, $1.1 million in the 1997-98 biennium) for complementary support to successful initiatives. Of the 16 local institutions supported by USAID in 1998, 15 subgrants were co-funded with other bilateral and multilateral donors. After a suspension of grant assistance in mid-1998, the IDB restored its grant program to BraziI, which favorably impacts the sustainability of some institutions that receive both USAID and IDB assistance. USAID's main role has been to provide small amounts of seed money to demonstrate the feasibility of programs that have subsequently been replicated and expanded by other donors. USAID has intensified its contacts with local foundations, the private sector and, particularly, BNDES, from which USAID leveraged funds of approximately $2,000,000 in 1998. The Bank, with a total budget of $42,000,000 for 1999, will become the major in-country resource to address at-risk youth issues. Since budget cuts in the health and educational sectors, driven by the effects of the global economic crisis, may further limit the GOB's ability to provide social services to its population, USAID plans to continue to work with state and local governments to expand services in target areas and strengthen partnerships with civil society.

Principal Contractors, Grantees or Agencies: USAID will continue to implement activities through a cooperative agreement with the U.S. PVO National Association of the Partners of the Americas, and local NGOs.

Major Results Indicators:

	Baseline	Target (2000)
% of program-assisted youth that find legitimate income-generating work	59% (1996)	70%
% of program-assisted youth promoted to the next grade	49% (1994)	90%
Number of grievance cases lodged and monitored by children and adolescent advocacy groups	300 (1997)	1,000

Note: End-of-Activy targets to be developed this year.

COLOMBIA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$20,000	---	---
Economic Support Funds	---	---	$4,000,000
International Narcotics Control Funds	$500,000	$7,000,000	$7,000,000

Introduction

The principal U.S. national interests in Colombia are: (1) reduction of production and trafficking of illicit drugs; (2) promotion of participative local governance in preparation for a negotiated end to the internal conflict; (3) increased observance of human rights; and, (4) continued Colombian support to U.S. Hemispheric objectives, including Summit of the Americas goals and the advancement of free trade. President Pastrana's inauguration in August 1998 marked a sea-change in Colombia's relationship with the United States, leading to progress on illicit drug eradication, the peace process, and participative democracy. The Colombian Government (GOC) seeks to bring the fruits of full democracy and peace to a county which has now endured more than a generation of armed violence and the corrupting influence of a massive illicit drug industry. Secretary of State Albright designated Colombia as a Democracy Opportunity Country in January 1999, one of four worldwide that will receive high-level attention.

USAID experience in Bolivia and Peru has demonstrated that alternative development -- when combined with interdiction, law enforcement, and eradication -- is effective in reducing illicit drug production. Alternative development offers a sustainable means of providing licit incomes for rural people while extending legitimate governance to the coca and poppy areas. The peace discussions have had a higher political profile in early 1999, and the GOC acknowledge the need to take more corrective measures to achieve increased respect for human rights.

USAID's presence in Colombia was to end in FY 1999, but has been extended in light of President Pastrana's initiatives. The portfolio, emphasizing judicial reform since 1994, has been expanded to include alternative development and an array of democracy and human rights activities.

Development Challenge

Democracy and Human Rights. The 1991 Constitutional reform did not change the judicial system from a private, written, inquisitorial system to a public, oral, accusatorial one. Colombian judges continue to receive written files from the Office of the Chief Prosecutor and the Office of the Public Defender, read them in chambers, and render a verdict without hearing arguments. The 1991 reform, however, does provide for many investigative and judicial functions to be carried out by the Chief Prosecutor independent of established criminal procedures. The change threatens due process safeguards that can be maintained only when investigative, prosecutorial and judicial functions are woven into a single overarching judicial process. The system is slow and cumbersome, and insufficiently transparent. As few as three percent of criminals are ever tried and punished for their crimes.

Colombia is plagued by high-profile human rights abuses with little success in curbing abuses. Paramilitary units continue to carry out extrajudicial execution. Both the guerrilla and the paramilitaries regularly abuse the rights of non-combatants as the adversaries vie for control. The Vice President has been designated the Human Rights Counselor. He, along with the Human Rights Ombudsman, the Human Rights Offices of the Attorney General, and the Human Rights Chief Prosecutor are charged with improving the human rights conduct of the police and military.

President Pastrana was elected with a mandate to find a negotiated end to the four decades of civil conflict. The Colombian Revolutionary Armed Forces (FARC) control about 40% of the thinly populated rural area, mainly in the south and east, but with little popular support or political legitimacy. The guerrilla rely on protection and extortion

from drug producers as well as kidnapping and extortion from ordinary citizens. Resolving the conflict is complicated by the need for bipartisan GOC support, narcotics production and trafficking, skewed income distribution, historically unresponsive local governance, and by over a million Colombians internally displaced by the violence. The challenge for USAID is to lay the foundation for an emerging pluralistic and participative government without upsetting the balance of the peace discussions.

Reduced Cultivation of Illicit Crops. Successful reduction of illicit crop production will cause economic hardship for thousands of small farmers and wage laborers who have come to depend on coca and poppy as reliable sources of income. Experience in Peru and Bolivia has shown that farmers will accept the need to eradicate coca provided that three conditions exist: 1) the availability of licit income sources through introduction of agricultural and off-farm opportunities; 2) social stability through greater personal security and participative governance; and 3) availability of social services provided by the GOC, such as primary education and basic health care. The challenge to USAID and the GOC is to satisfy these conditions while negotiating an end to the civil conflict.

The 6.0 magnitude earthquake of January 25, 1999, Colombia's most devastating this century, left approximately 40,000 families (about 200,000 people) homeless in the city of Armenia and surrounding towns. USAID provided $2 million in emergency assistance to support search and rescue operations, and to provide food, water, health care and temporary shelter. Other pressing needs in-clude reconstruction of health centers, stabilization of the city aqueduct, and reconstruction of housing for lower-income families. With additional funds, the USG proposes to finance low-income housing for an estimated 6000 poor families and is working with the GOC to identify additional reconstruction needs.

Other Donors

The USAID Country Strategy, to be submitted in FY 1999, emphasizes coordination and collaboration with other donors. The Inter-American Development Bank (IDB) has a substantial portfolio of public infrastructure projects as well as an $80 million loan in support of alternative development. The World Bank has had a lower profile portfolio. After the earthquake, $190 million in emergency infrastructure credits have been extended by the IDB and World Bank. Few other bilateral donors are currently active; numerous U.S. and European NGOs are involved with human rights monitoring and work with internally displaced persons.

FY 2000 Program

Accelerate investigation and prosecution of criminals through the establishment of special units of investigators and prosecutors for counternarcotics, money laundering, and human rights.

Assist the Superior Judicial Council to introduce oral, public trials, instill modern judicial practices and concepts, and reduce case backlogs. Expand the Casa de Justicia program (court-annexed alternative dispute resolution).

Enhance protection of human rights by strengthening the office of the national Human Rights Counselor (the Vice President), the Human Rights Ombudsman, and the justice system.

Within the overall U.S. policy framework, support governmental and civil society mechanisms that lead to conflict resolution and reconciliation.

Initiate alternative development activities in areas of opium poppy cultivation and plan for alternative development in areas of coca cultivation. Assist the GOC to create and maintain an effective counterdrug coordination mechanism to integrate and oversee its programs.

COLOMBIA

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS

SO 1 - Democracy strengthened and human rights observance enhanced. - ESF - INC	 --- ---	 --- ---	 --- ---	 4,000 2,000	 --- ---	 --- ---	 4,000 2,000
SO 2 – Illicit crop production reduced in target areas - INC	 5,000	 ---	 ---	 ---	 ---	 ---	 5,000
TOTALS - ESF - INC	 --- 5,000	 --- ---	 --- ---	 4,000 2,000	 --- ---	 --- ---	 4,000 7,000

USAID Mission Director: Carl A. Cira

ACTIVITY DATA SHEET

PROGRAM: Colombia
TITLE AND NUMBER: Democracy and human rights, 514-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $4,000,000 ESF, $2,000,000 INC
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: The violence of guerrilla warfare undermines Colombia's democracy. Political and criminal violence harms Colombian society and its economy -- directly and immediately through the destructive action of the combatants and indirectly through a reduction in economic opportunities. Political violence has generated abuses of human rights that threaten freedom of expression and the right to petition for a redress of grievances.

President Pastrana was elected with a mandate to find a negotiated end to four decades of civil conflict. Winding up the conflict is complicated not only by the need for bipartisan support for the GOC, but also by the effects of narcotics production and trafficking, skewed income distribution, historically unresponsive local governance, and the several million internally displaced Colombians who have fled their homes to escape the violence. The eventual introduction of participative democracy into guerrilla- and paramilitary-controlled areas will likely encounter problems similar to those in the demise of one-party states: an increase in crime, environmental destruction, and economic uncertainty. The challenge for USAID is to lay the foundation for an emerging pluralistic and participative government without upsetting the balance of the peace discussions.

Key Results: USAID's democracy and human rights activities strike at the roots of political violence by strengthening the effectiveness of and increasing access to the justice system, promoting the enforcement and protection of human rights, assuring that the required legislation is passed to strengthen the justice system and enforce and protect human rights, and by strengthening the legislative and analytical capacity of the National Congress. These activities help consolidate democracy and governmental legitimacy, which are important facets to an eventual peaceful settlement to the armed, civil conflict.

Performance and Prospects: USAID's support to enhanced democracy and greater respect for democracy and human rights includes activities in five areas.

Effective Administration of Justice. Judicial effectiveness will be increased through the introduction of oral, public trials, with a subsequent trend of increasing the quality of these trials. Oral, public trials help ensure a transparent judiciary, resistant to corruption. The transition to such trials is supported by dialogue, technical assistance and training of the Superior Judicial Council, the Prosecutor General's staff, and the Public Defender's Office. USAID will train prosecutors, judges, and public defenders. With the media, academics, the bar association, and civil society organizations, USAID will foster the development of a judicial culture supportive of the oral process.

Access to Justice. Access, especially by the poor, is a basic requirement for belief in the value of the rule of law as a better alternative to authoritarian justice. USAID's assistance will provide greater access to justice and the rule of law by Colombia's poor majority by increasing the availability of public defenders and by increasing the number of conflicts presented to and resolved, formally or informally, by community-level offices called "Casas de Justicia" (Houses of Justice). USAID and the Ministry of Justice will improve the participation and coordination among the

agencies involved in *Casas de Justicia*, in addition to providing training and technical assistance in alternative dispute resolution. At the Public Defender's Office, USAID is helping to implement an information system to organize and manage defenders' caseloads, as well as train public defenders.

Human Rights. USAID will work with GOC entities to reduce impunity from prosecution of human rights violators by enhancing the abilities of public authorities to investigate and prosecute human rights violations by guerrilla, paramilitary and military forces. Protection of human rights will be enhanced by strengthening the office of the national Human Rights Advisor (currently the Vice President), the Attorney General's office, the Human Rights Ombudsman, and the Human Rights Unit of the Prosecutor General to present cases to the justice system and to adequately follow-up. USAID will also support NGOs active in the field of human rights.

Civil Society. USAID focuses on organizations that work toward a long-term solution of the underlying causes of human rights violations, one of the most egregious of which is impunity from prosecution. USAID will help build a coalition of Colombian organizations engaged in civic education, conflict resolution and reconciliation, and will help establish a "Challenge Fund" to encourage Colombian and international financing of innovation and support activities for conflict resolution and reconciliation.

National Legislature. The Colombian congress has requested USG assistance to modernize its administration and committee functions and to increase the participative quality of its deliberations. USAID will also consider ways to increase popular access to the legislature though public hearings and to strengthen the legislature's oversight capacity with respect to judicial discipline.

Peace Process: Within the overall U.S. policy framework, USAID will support both governmental and civil society mechanisms that lead to conflict resolution and reconciliation. These may include local government councils, human rights organizations, or church-led groups. Initially, USAID will seek opportunities where people can work together locally in well-defined and transparent activities, defining areas where reconciliation can occur. The justice and human rights segments of the USAID program reflect demands that are expected to be made in any eventual peace negotiations, as they were in the Guatemala and El Salvador negotiations. The Colombian Revolutionary Armed Forces (FARC) control about 40% of the thinly populated rural area, mainly in the south and east, but with little popular support or political legitimacy. The guerrilla rely on protection and extortion from drug producers as well as kidnapping and extortion from ordinary citizens. As communication between the GOC and the guerrilla entities evolves, USAID will position its program to lend support to meaningful dialogue among the parties and to contribute to a reduced scope of the conflict. USAID will work closely with the U.S. Embassy and through international and civil society organizations.

Possible Adjustments to Plans: USAID will submit a country development strategy in FY 1999 that provides greater detail on its democracy and human rights program. The rate of achievement of performance targets will be affected by the evolution of negotiations for ending the civil conflict.

Other Donor Programs: In administration of justice, USAID collaborates with U.S. Department of Justice programs for improved investigation and development of criminal cases. There is little bilateral presence in strengthening democracy, although numerous U.S. and European NGOs are active in human rights monitoring and working with internally displaced persons.

Principal Contractors, Grantees or Agencies: Colombian universities, U.S. and Colombian NGOs [to be determined] , and the GOC Vice President's Office.

Selected Performance Measures:

Performance measures will be developed during FY 1999 on the basis of the Mission's Country Strategy and in collaboration with the parallel activities of the State Department.

ACTIVITY DATA SHEET

PROGRAM: Colombia
TITLE AND NUMBER: Illicit crop production reduced in target areas, 514-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $5,000,000 INC
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: One of the highest USG foreign policy goals in the western hemisphere is to reduce and eventually eliminate the flow of illicit narcotics into the United States. Colombia is the world's largest producer of coca leaf and is an important source of heroin for the United States. The narcotics trade contributes to official corruption, debases the police and judicial systems, and is known to have affected even the election of the Colombian president in 1994.

USAID has experienced substantial success in Peru and Bolivia with counternarcotics programs that use a three-pronged approach of alternative development, strong interdiction and law enforcement. Indeed, this success has had the effect of concentrating illicit production in Colombia. However, this counternarcotics approach has had limited success in Colombia due to the absence of the important alternative development element. The GOC's National Plan for Alternate Development (PNDA) initiated operations in 1995, receiving its first substantial international support (from the Inter-American Development Bank) in 1997. With the support of the Pastrana administration elected in 1998, it is now feasible to considerably expand alternative development efforts in Colombia.

USAID will contribute to achievement of USG counternarcotics goals in Colombia by introducing or improving alternative, licit economic opportunities for those living in the coca- and poppy-growing areas and for potential migrants to those areas. This will result in abandonment or prevention of coca and opium poppy cultivation, and lead growers to cooperate in, or consent to, elimination of the illicit crops. An initial grant of $500,000 was made in September 1998 to the GOC's PNDA to initiate program planning.

Key Results: By September 2003, the alternative development program in Colombia will have reduced illicit crop production (coca and poppy) through voluntary abandonment by up to 3,300 hectares of opium poppy and up to 40,000 hectares of coca through a combination of alternative development, law enforcement, and aerial eradication. A fundamental assumption of the strategy is that the security situation in target areas will improve to a level where systematic alternative development activities can take place.

Performance and Prospects: USAID's alternative development program in Colombia will work in five areas:

Policy and Planning: USAID, the PNDA, other GOC agencies and international donors will work in a coordinated manner towards a common vision of voluntary abandonment of illicit coca and poppy crops in favor of licit economic alternatives. The GOC will establish a high-level, national counterdrug coordination mechanism that brings together leaders in alternative development, law enforcement, budget, and the GOC sectoral ministries to reinforce efforts at reducing illicit crop production. Policy dialogue will include the nexus of alternative development and anti-poverty efforts, as well as the criteria for selection of the geographic zones where these concurrent and complementary actions will take place.

USAID will strengthen PNDA staff in program planning, management and oversight to provide uniform coverage of program areas through on-the-job training, technical assistance, and purchase of computer hardware and software. USAID will assist PNDA to conduct rapid evaluations of selected regions to evaluate program options and identify and strengthen local governments, NGOs and the private sector as the principal intermediaries of alternative development actions.

Licit Economic Opportunities: The main thrust of the alternative development program will be grants for activities to substitute licit sources of income for the illicit income lost as a result of abandonment and non-replanting of coca or poppy. It will focus on activities in targeted areas with active community participation through local governments, NGOs, and private sector entities. The key to providing grants will be eradication agreements signed between PNDA, municipalities, and community organizations with community leaders responsible for ensuring that farmers comply with their commitment to eradication. Successful grant applicants will clearly link abandonment of illicit cultivation in favor of licit economic alternatives. Grants would finance credit for community-based private sector investment activities: small, local-level social infrastructure; infrastructure improvements (farm-to-market roads) necessary for sustained reactivation of licit economic activities; commodities, including improved seed varieties; basic irrigation; agricultural inputs and processing; studies; technical assistance; and local project implementation costs.

Initially, there will be two geographic concentrations of this effort: the southwest departments of Cauca, Huila, and Tolima where high-altitude opium poppy is produced, and the lower altitude coca- producing departments of Meta and Caqueta. The rate of program expansion will be dependent upon successful experience in these five departments.

Environmental management: Plantation-style coca production (half or more of the coca crop in Colombia) involves clearing forest cover planting on tropical soils which are inappropriate for sustainable agricultural production. Poppy production in higher altitudes is generally undertaken on small plots of land within national parks and reserves in the *macizo Andino*, the principal watershed for the Cauca and Magdelena Rivers that dissect the country. The use of

chemicals for production and processing of illicit crops results in serious contamination of nearby water sources for human and animal consumption.

The environmental management activity will focus on preventing or reversing the deterioration of natural resources (soil, water, flora, and fauna) caused by cultivation and processing of illicit crops in ecologically fragile areas. Appropriate management and recovery of natural resources will have a focus on sustainable, alternative economic forestry production, harvesting, and marketing opportunities through soil terracing, reforestation, management of forestry reserves for conservation and production, grazing in and around protected areas, ecotourism, and environmental education and community organization.

Possible Adjustments to Plan: USAID will submit a country development strategy in FY 1999 that provides greater detail on the alternative development program. The rate of achievement of performance targets will be affected by the evolution of negotiations for ending the civil conflict, as much of the coca-producing area is in territory where FARC guerilla control is strong.

Other Donor Programs: The GOC's alternative development program received a $80 million loan from the IDB in 1997, primarily for public infrastructure improvement and agricultural processing. The United Nations Drug Control Program has been active in Colombia since 1987 with annual financial assistance of $2.5 million annually. The USAID-financed alternative development activities will be closely coordinated with the aerial fumigation activities financed through the State Department.

Principal Contractors, Grantees or Agencies: PNDA, U.S. and Colombian NGOs to be selected during 1999.

Selected Performance Measures:

	Baseline (1998)	Target
Hectares of poppy	3,300	0 (2003)
Hectares of coca	80,000	40,000 (2003)
GOC coordinating mechanism established	No	Yes (1999)

CUBA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Economic Support Funds	$2,000,000	$3,000,000	$3,000,000

Introduction

In 1995, President Clinton announced the first USAID grant aimed at promoting democratic transition in Cuba. The grant was authorized pursuant to the authority provided in the Cuban Democracy Act of 1992 (sec. 1705g) which allows the U.S. government (USG) to provide assistance "though 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 (sec. 109a) further elaborates the types of assistance and support the Pres-ident is authorized to provide for individuals and independent nongovernmental organizations (NGOs) to support democracy-building efforts for Cuba. Such assistance includes: published and informational matter--e.g. books, videos, and cassettes--on democracy, human rights and market economies, to be made available to independent groups in Cuba; humanitarian assistance to victims of political repression, as well as their families; support for democratic and human rights groups in Cuba; and sup-port for visits and permanent deployment of independent international human rights monitors in Cuba.

The overarching goal of U.S. policy toward Cuba is to promote a peaceful transition to democracy on the island. To that end, policy is proceeding on a multi-faceted track: pressure on the regime for change through the comprehensive economic embargo and LIBERTAD sanctions; outreach to the Cuban people; the promotion and protection of human rights; multilateral efforts to press for democracy; and migration accords to promote safe, orderly and legal migration.

The Development Challenge

U.S. policy recognizes the key importance of civil society in shaping and helping smooth the way for a peaceful transition from dictatorship to democracy in Cuba. The present state of Cuban civil society is extremely weak. Fidel Castro and the Communist Party of Cuba dominate the political landscape, control the formal economic system, and strive to maintain a monopoly on the flow of information to, from and within the island. As long as Castro remains in power, most analysts predict little intentional loosening of government controls. Once Castro is gone, however, the prospects for peaceful transition will hinge on the ability of a renascent Cuban civil society to help reconcile conflicts and prepare the population for peaceful democratic change.

A peaceful democratic transition in Cuba must stem from the successful initiatives of Cubans on the island who seek to build civil society and promote respect for human rights on the island. This will require that Cubans develop the means to peacefully reconcile conflicts during the transition--be they social, economic or political. Thus USAID supports NGO activities which open new avenues for promoting a peaceful democratic transition in Cuba, as well as those which build capability/knowledge of independent individuals and groups on the island that will contribute to a peaceful transition once the process of political change has begun.

Other Donors

Catholic, Protestant and Jewish religious organizations provide humanitarian assistance to the Cuban people. The Roman Catholic Church provides assistance to CARITAS CUBANA, one of the few independent Cuban nongovernmental organizations. In 1998, Canada, the United Kingdom, Italy, France and other donors delivered nearly $50 million in economic and humanitarian aid and made commitments of another $16 million.

FY 2000 Program

U.S. policy encourages U.S. NGOs and individuals to undertake humanitarian, informational and civil society building activities in Cuba with private funds, subject to applicable Treasury and Commerce Department regulations. Dozens of NGOs have been engaging in such activities over the past several years, with licensed humanitarian goods alone amounting to about $150 million. The level of planned USAID funding for section 109 activities in Cuba, which is relatively limited, is not meant to be utilized as a marginal supplement for activities that are already being effectively undertaken through private initiative. Rather, the intent of the USG funding is to support activities for which adequate private resources are not presently available, and which offer favorable prospects for serving a catalytic role or leverage for the promotion of a peaceful transition.

The requested $3,000,000 in ESF is intended to promote a peaceful transition to democracy in Cuba by building solidarity with Cuba's human rights activists, giving voice to Cuba's independent journalists, helping develop independent Cuban NGOs, defending the rights of Cuban workers, providing direct outreach to the Cuban people, and planning for assistance to a future transition government in Cuba.

CUBA

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
Sp.O. 1 Peaceful Transition to Democracy Promoted Through Dissemination of Information on Democracy & Human Rights - ESF	---	---	---	3,000	---	---	3,000
Totals - ESF	---	---	---	3,000	---	---	3,000

USAID Senior Advisor: David Mutchler

ACTIVITY DATA SHEET

PROGRAM: Cuba
TITLE AND NUMBER: Peaceful Transition to Democracy Promoted Through Dissemination of Information on Democracy and Human Rights, 516-Sp001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $3,000,000 ESF
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The goal of U.S. foreign policy toward Cuba is to promote a peaceful transition to democracy. U.S. policy recognizes the key importance of civil society in shaping and helping smooth the way for a peaceful transition from dictatorship to democracy in Cuba. The present state of Cuban civil society is extremely weak. Fidel Castro and the Communist Party of Cuba dominate the political landscape, control the formal economic system, and strive to maintain a monopoly on the flow of information to, from and within the island. As long as Castro remains in power, most analysts predict little intentional loosening of government controls. Once Castro is gone, however, the prospects for peaceful transition will hinge on the ability of a renascent Cuban civil society to help reconcile conflicts and prepare the population for peaceful democratic change.

To support a peaceful transition to democracy, USAID has adopted the special objective of increasing the free flow of accurate information on democracy and human rights to, from, and within Cuba. The Cuban Democracy Act of 1992 authorizes the President to provide assistance "through appropriate nongovernmental organizations for the support of individuals and organizations to promote nonviolent democratic change in Cuba." The LIBERTAD Act of 1996 further elaborates the types of assistance and support the President is authorized to provide for individuals and

independent NGOs to support democracy-building efforts for Cuba. Assistance may include provision of published and informational matter on democracy, human rights and market economies, to be made available to independent groups in Cuba; humanitarian assistance to victims of repression, as well as their families; support for democratic and human rights groups in Cuba; and support for and permanent deployment of independent international human rights monitors. The LIBERTAD Act (section 202) also authorizes the President to begin planning now for U.S. assistance to a future transition government in Cuba and to a future democratically elected Cuban Government.

Key Results: Six key intermediate results were concluded to be necessary to achieve this objective:

(1) Cuba's Human Rights Activists: Books and other Informational materials will be provided to more than 250 human rights activists in Cuba. Nine thousand pounds of food and medicine are needed for families of political prisoners and other victims of government repression in Cuba; (2) Cuba's Independent Journalists: 5000 articles by Cuba's independent journalists will be disseminated internationally as well as circulated inside Cuba; (3) Independent Cuban NGOs: 12 exchange programs will be completed to strengthen independent NGOs; (4) Cuban Workers: Contacts must be established with Cuban rank and file workers and international pressure brought to bear on the Cuban government to permit independent labor unions and to allow direct payment of workers by foreign firms; (5) Outreach to the Cuban people: Three thousand hours of AM radio programming on democracy and human rights will be transmitted to the entire island. Newsletters and other informational material will be provided directly to more than 150,000 Cuban citizens, through the international mails and via fax and e-mail; (6) Transition plans must be drafted for U.S. assistance to a future transition government in Cuba. Such plans will be transmitted to the Cuban people via radio, fax, e-mail and in hard copy.

Performance and Prospects: In 1995, the President announced the first USAID grant to support this objective--a $500,000 award to Freedom House. Freedom House provided 40,000 Spanish language books, pamphlets and other materials to the Cuban people on issues such as human rights, transition to democracy and free market economics. During FY 1998, USAID provided grants to an additional twelve U.S. NGOs to continue promoting a peaceful transition to democracy in Cuba, by increasing the free flow of accurate information on democracy and human rights to, from, and within Cuba.

By early FY 1999, USAID grantees reported that they: transmitted informational materials to more than 100 human rights activists in Cuba; provided political prisoners and their families with more than 2,000 pounds of food and medicine; published more than 500 articles by Cuba's independent journalists; completed three exchange programs with Cuban independent NGOs; initiated international labor confederation discussions with the Cuban government concerning workers rights; and completed a plan for assisting a future transition government with the conduct of free and fair elections. Additional USAID programming will facilitate a significant expansion of these activities, leading to a better-informed Cuban population and a strengthening, increased reporting of government of Cuba human rights violations, and a strengthening of civil society on the island.

Possible Adjustments to Plans: USAID is seeking ways to: bolster solidarity with Cuba's human rights activists; significantly increase the transmission of information to the Cuban people; improve the skills of Cuba's independent journalists; and expand the monitoring of program impact. No changes in this approach are currently envisioned. Formal country strategy development and approval will be completed during the next few months, although the elements of the strategy -- the goal, strategic objective, intended results and performance indicators -- are already in place, as here described .

Other Donor Programs: The Roman Catholic Church provides assistance to CARITAS CUBANA, one of the few independent Cuban NGOs. In 1998, Canada, the United Kingdom, Italy, France and other donors delivered nearly $50 million in economic and humanitarian aid and made commitments of another $16 million.

Principal Grantees: American Center for International Labor Solidarity, Center for a Free Cuba, Cuba Free Press, Cuban Dissidence Task Group, Institute for Democracy in Cuba, International Foundation for Election Systems, International Republican Institute, Pan American Development Foundation, Partners of the Americas, Rutgers University, Sabre Foundation, University of Florida, U.S.-Cuba Business Council, Florida International University, and Freedom House.

Approvals Pending: CubaNet, National Policy Association, Cuba On-Line, Archdiocese of Miami: Pax Catholic Communications

Major Results Indicators:

	Baseline (FY 99)	Target (FY 2000)

Human rights activists provided with books and other informational materials	150 activists	250 activists
Food and medicine provided to political prisoners and their families and other victims of government repression	3,000 pounds	9,000 pounds
Articles by independent journalists published and disseminated	2000 articles	5,000 articles
Exchange programs completed with independent Cuban NGOs	3 NGOs	12 NGOs
AM Radio programming broadcast to the Cuban people	0 hours	3,000 hours
Cuban general population provided with newsletters and other factual information	75,000 citizens	150,000 citizens
Transition assistance plans completed	Assistance for Free Elections	Assistance for Food Security, Potable Water

DOMINICAN REPUBLIC

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$8,292,000	$6,039,000	$7,385,000
Child Survival & Disease Fund	$2,470,000	$8,785,000	$2,599,000
Economic Support Funds	$2,500,000	$2,300,000	$3,000,000
P.L. 480 Title II	---	$9,841,000*	---

* includes emergency food aid in response to Hurricane Georges. An additional $5 million in FY99 food aid is also planned to address hurricane reconstruction.

Introduction

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

Development Challenge

The trail of destruction left by Hurricane Georges, which hit the Dominican Republic on September 22, 1998, has affected virtually all regions of the country and is the worst since Hurricane David passed over the island in 1979. Flooding and wind damage from the hurricane killed at least 280 people and left a further 300,000 homeless. Total direct losses are estimated at $1.96 billion, equal to 14% of the country's 1997 gross national product. The worst hit sector has been agriculture, which accounts for 13% of GDP. Plantains and poultry suffered the most, with sugarcane, cocoa, coffee, citrus and palm producers also experiencing substantial losses. Twenty-five percent of the road network and 60% of all bridges were damaged or destroyed. Further infrastructure damage includes schools, hospitals, clinics, homes, airports, aqueducts, sanitation facilities and irrigation systems. Increased fecal contamination of water and food is leading to higher rates of diarrhea, especially among high-risk groups such as children. Disease-bearing insects and rodents are proliferating due to stagnant water in broken water pipes and uncollected garbage. The U.S. Government has announced a total of $50.3 million in assistance to the Dominican Republic following the hurricane, most of which is being funnelled through nongovernmental organizations (NGOs). Disaster funds were used initially for helicopter transport of critical supplies to isolated communities and provision of additional emergency supplies. Disaster funds are also being used for agricultural rehabilitation and provision of temporary shelters. P.L. 480 Title II emergency food assistance will be provided as well as U.S. Department of Agriculture (USDA) Section 416(b) wheat (100,000 metric tons). Section 108 funding for U.S. private agribusinesses to assist in the reconstruction of the Dominican agricultural sector is also being provided. USAID is currently funding health and water and sanitation activities in those areas most impacted by the hurricane. Also, USAID has reprogrammed a substantial portion of its ongoing and planned activities to ensure that they target those most detrimentally affected by the hurricane.

While the reconstruction effort will be a major component of USAID's overall development program, to a large extent the ongoing current strategic plan will continue. The Dominican government's (GODR's) ability to act on economic and social issues continues to be hampered by weak state institutions plagued with patronage, large inefficient bureaucracies and inadequate financial controls. USAID-funded grassroots organizations identify,

advocate and enact change on a broad range of local and national development priorities, such as improving the provision of basic services (e.g., water and sanitation, electricity) and promoting decentralization. The selection of new judges throughout the country by the Supreme Court through an open public hearing process is one example of the progress being made in justice sector reform. USAID support in recruiting and training over 10,000 volunteers to monitor the 1998 Congressional and municipal elections led to an extremely transparent and smooth-running election process.

Improved fiscal and monetary management has led to inflation below double digit levels and remarkable real growth of roughly seven percent or higher over the last three years. This growth, however, has not been equal throughout society, focusing on only a few sectors such as the duty-free, export assembly zones and communications. The Dominican Republic still remains one of the poorest countries in the Caribbean, with high growth rates masking a pronounced inequity in income distribution. In response, USAID is pursuing a focused economic policy dialogue with the Dominican government. Key successes include the signing of trade agreements with Central America and the Caribbean community.

USAID support for voluntary family planning, HIV prevention, and the provision of water and sanitation services has contributed to notable improvements in the overall health of Dominicans in targeted areas. Nonetheless, critical health care issues remain. These include a sharp rise in HIV/AIDS infection among the general population, limited access to reproductive health care by youth, and inadequate water and sanitation systems, all exacerbated by limited coverage for basic preventive health care. USAID assists Dominicans to achieve their reproductive goals through strengthening of NGO partners and increased technical assistance to the GODR. USAID is marketing its model community-managed water and sanitation projects to mobilize private sector, other donor, and government funding. USAID has increased support to public and private sector organizations working to prevent HIV/AIDS, and is developing the infrastructure for greatly expanded diagnosis and treatment.

The Dominican Republic is overdependent on inefficient and unreliable energy sources, such as firewood and charcoal, that pollute the environment and deplete the natural resource base. By demonstrating how known technologies can exploit untapped alternative energy resources in a cost- effective and commercially viable way, USAID is helping to improve power availability for the rural poor. Solar power for community potable water and domestic lighting systems; pilot conservation projects in critical watersheds; and wind energy and mini-hydro pilot demonstrations for community electrification, are among the activities receiving USAID's support. Graduation from U.S. assistance is not expected in the near term. The GODR is up-to-date on most foreign debt obligations. Damage from Hurricane Georges has pushed the government to seek a delay in debt payments falling due through March 1999, worth around $110 million, from the Paris Club of creditors.

Other Donors

The U.S. is the fifth largest donor to the Dominican Republic, after the Inter-American Development Bank (education, health community development, tourism, transport infrastructure, financial sector, land titling, irrigation), the World Bank (education, health, roads, energy, justice reform, irrigation), the European Union (integrated rural and community development, private sector and NGO support, energy, water/sanitation, health, natural resources), and Japan (agriculture, health, natural resources). The United Nations Development Program, Italy, Spain and Germany are other important donors.

FY 2000 Program

With a $14.9 million request for FY 2000 (including $3 million in ESF), USAID's assistance program contributes to four Agency goals: Democracy, Population and Health, Economic Growth and Environment. Principal activities include reform of the justice system, civic education and support for popular participation in democratic processes, election monitoring, socio-economic policy reform analysis and dialogue, reproductive health services, HIV/AIDS prevention, and health sector reform. In the aftermath of Hurricane Georges, USAID will continue to provide assistance in reconstructing the country, which contributes to the Agency's humanitarian assistance goal. USAID's strategic framework for the Dominican Republic is currently under review and will be completed by May 1999. Based on this review, additional funds for the environment may be required.

DOMINICAN REPUBLIC

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 2 Increased Use of Preventive Health Care Services - DA - CS	 --- ---	 2,800 2,599	 --- ---	 --- ---	 --- ---	 --- ---	 2,800 2,599
S.O. 3 Better Functioning Democracy - DA - ESF	 --- ---	 --- ---	 --- ---	 3,985 3,000	 --- ---	 --- ---	 3,985 3,000
S.O. 4 Increased Capacity to Produce Envi-ronmentally Sound Energy	---	---	---	---	---	---	---
Sp.O 1 Better Gov-ernment Economic Decision-making - DA	 600	 ---	 ---	 ---	 ---	 ---	 600
Totals - DA - CS - ESF	 600 --- ---	 2,800 2,599 ---	 --- --- ---	 3,985 --- 3,000	 --- --- ---	 --- --- ---	 7,385 2,599 3,000

USAID Mission Director: Edward Kadunc

ACTIVITY DATA SHEET

PROGRAM: Dominican Republic
TITLE AND NUMBER: Increased Use of Effective Preventive Health Care Services and Practices, 517-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $2,800,000 DA; $2,599,000 CS
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Despite government and private sector investments in recent years, many challenges remain to improve access to basic health services. The quality of health care services remains inadequate and does not respond to the needs of the poor. For example, 44% of the rural population is still without access to potable water, 23% of adolescent women are pregnant or already mothers, and one of three women reported some type of sexually transmitted infection during the past year. The HIV/AIDS epidemic continues to grow. The current HIV seroprevalence rate is estimated at 2.5% among the sexually active population. In a recent study on maternal mortality, AIDS was identified as the leading cause of death (12%) among women of reproductive age in the National District. The maternal mortality rate and underlying malnutrition rate is unacceptably high given the country's level of economic development. The Ministry of Health (MOH) has been very centralized and inefficient. In the past few years, however, the government has embarked upon an effort to decentralize to the provincial level. Unfortunately, limited capacity exists to implement health programs at the local level. The purpose of this strategic objective (SO) is to address critical public health concerns of low-income Dominicans through support to the government and NGOs, and through joint ventures that also involve the private sector. The expected result is greater utilization of basic services such as water and sanitation, family planning, and diagnosis and treatment of sexually transmitted infections (STIs). Beneficiaries are women and men, with a special emphasis on youth of reproductive age at risk of HIV and sexually transmitted diseases, and poor families in areas receiving water and sanitation improvements under the SO. Since the DR is one of the epi-centers for HIV/AIDS infection in the Caribbean, support for HIV/AIDS/STI prevention contributes to reducing the spread of infectious diseases into the United States.

Key Results: The following intermediate results are necessary to achieve this objective: (1) AIDS: sexually active population practicing low-risk behavior increases from 67% to 70% among males and from 72% to 75% among

females by 2002; (2) Family planning: contraceptive prevalence rate using modern methods increases from 59% to 64% by 2000; (3) Best practices: maternity hospitals with postpartum family planning services increases from one to fifteen by 2000; and (4) Water: rural population with access to potable water increases from 56% to 64% by 2002.

Performance and Prospects: Performance during the past year was as expected until Hurricane Georges in September. The remainder of 1998 focused on retargetting ongoing activities to provide relief to Dominicans suffering from the hurricane damage.

Hospital-based postpartum voluntary family planning services were expanded from four to ten public maternity hospitals, with another five planned for initiation in 1999. These hospitals carry out over half of all deliveries in the country, attending obstetric emergencies and complications and focusing special attention on delaying subsequent pregnancy in teen mothers. A communication strategy was launched in 1997 to increase male involvement in reproductive health, support family planning and reduce the transmission of HIV and other STIs. A survey of urban men revealed that more than one in four men reported using a condom during the past sixty days. Seventy-nine percent of men reported they have changed their sexual behavior in response to the threat of HIV, with 39% indicating they have fewer partners than three years earlier. Significant resources are also being invested to influence sexual behavior among adolescents and young adults. USAID is testing innovative approaches to raise awareness, involve community members, parents and teachers, and advocate for healthier lifestyles. These activities are expected to show promising results during 1999-2000.

Sixteen new grants have been awarded to NGOs for national-scale HIV/AIDS prevention and prevention-care continuum activities to reduce risky behavior among target populations. USAID has initiated a policy group to promote a positive policy environment towards HIV/AIDS prevention and care. While the main focus of assistance is through NGOs, USAID is exploring opportunities to work more closely with the Dominican government (GODR). USAID has begun to work with the MOH to strengthen the institutional capacity of the national AIDS Program. By the end of this assistance the GODR AIDS program will assume a leadership role as a normative and coordinating body for the National HIV/AIDS/STI program in the DR.

USAID's efforts in the rural water sector focus on policy reform and marketing a successfully sustainable development methodology that includes community participation throughout the entire activity design and implementation process. With existing partners, USAID mobilized resources to provide emergency relief efforts following Hurricane Georges. Working both within affected communities and refugee centers, USAID partners established water supply and sanitation facilities, provided food and direct medical care, repaired housing and developed key educational materials to prevent disease outbreaks.

Possible Adjustments to Plan: During FY 1999 USAID will design a new health activity that will contribute to the government's decentralization and reform process in the health sector. USAID is reviewing the need to support child survival interventions in light of the impact of Hurricane Georges on the overall health status of the Dominican population. The initial project sites will be in areas affected by the hurricane. The expansion of USAID's work with the total community participatory approach and empowerment at the local level will be emphasized.

Other Donor Programs: USAID has leveraged other donor funds for rural water and sanitation systems that are adopting USAID's model, such as a new $50 million IDB water program. The new health reform activity will allow USAID to leverage World Bank and IDB health sector loan funds by providing a platform to support demonstration projects under a new public health system. The European Union (EU) initiated a communication strategy for AIDS prevention, directed primarily at youth, jointly with the national AIDS control program. USAID, UNAIDS and EU assisted the GODR in producing situational and response analyses for HIV/AIDS. USAID is working with the UN system agencies such as UNAIDS, Pan American Health Organization, UNICEF, and the United Nations Population Fund on a variety of health issues including AIDS public policy, adolescent reproductive health, quality of care, and community participation in water and sanitation. In many of these areas USAID is the key donor. The GODR has programmed approximately $130 million for water/sanitation activities, contributed over $17 million in health sector reform activities, and provided roughly $3 million for family planning efforts and $1.5 million for AIDS prevention.

Principal Contractors, Grantees or Agencies: Current grantees and contractors include the Academy for Educational Development, Development Associates, and Entrena.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Contraceptive prevalence rate [1] (modern methods)	59% (1996)	64%	

Sexually active population practicing low-risk behavior	M 67% (1996) F 72% (1996)	M 69% F 74%	M 70% F 75%
Rural population with access to potable water	56% (1996)	60%	64%

[1] There is no 2002 target for this indicator as the activity is scheduled to end in the year 2000.

ACTIVITY DATA SHEET

PROGRAM: Dominican Republic
TITLE AND NUMBER: More Participatory, Representative and Better Functioning Democracy Achieved, 517-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $3,985,000 DA; $3,000,000 ESF
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Recent Dominican history has been marked by authoritarian tendencies and clientelistic party politics. Although the Dominican Republic cannot yet be termed a consolidated democracy, elections have resulted in the transfer of political power over the past two decades. However, due to a long tradition of repression and little knowledge of advocacy techniques, activities and coordination of civil society groups involved in promoting reforms have been somewhat erratic. Given the prevalence of clientelism within the political parties, together with the general weakness of most state institutions, USAID's objective focusses on enhancing the capacity of civil society. Civil society groups need to know how to advocate for, and monitor progress toward, the consolidation of democratic gains in the electoral process, the independence of the judiciary, and the modernization and democratization of the legislature and local government. In addressing these problems, all Dominicans will benefit from a strengthened democratic system and a lively, active civil society better able to defend political and civil liberties against authoritarian encroachments. Strengthening democracy, and in particular the rule of law, reduces criminal activity that affects the United States, and protects U.S. citizens in property and investment disputes.

Key Results: Three intermediate results are viewed as necessary to achieve this objective: (1) rule of law: prisoners held without sentences will be reduced from 88% to 70% by 2002; (2) civil society: citizens involved in activities in favor of democracy increases from 18% to 25% by 2002; and (3) elections: eligible citizens who vote will increase from 73% to 86% by 2000.

Performance and Prospects: USAID, in close alliance with its Dominican civil society partners, has continued to obtain impressive results. Although voter turnout for the 1998 municipal and congressional elections--the first such elections that were separate from Presidential elections in three decades--was predictably lower than the Presidential elections in 1996, the amount of transparency and order achieved was remarkable. Through a USAID-funded civic movement, 10,000 volunteer observers contributed to an atmosphere of confidence in the election results, and provided another highly accurate quick count. In preparation for the presidential elections in 2000, USAID will be working once again to strengthen the national electoral monitoring network and support the preparation of a better educated electorate.

With little more than a year in office, the new Dominican Supreme Court is recognized for advancing the democratization and independence of the judiciary from special interests and for holding state organizations and public officials subject to the rule of law. Similar to the open and transparent process in 1997 through which the Supreme Court justices were selected, the Supreme Court held public hearings throughout the country during the past year to select all lower-court officials. USAID is continuing to work with the Dominican government to modernize the justice sector. A pilot court program seeks to improve 22 criminal and civil courts. Assistance to prosecutors promotes efficiency in criminal prosecutions and reductions in case delays. USAID's anti-corruption program supports government efforts to prosecute corrupt public officials. In addition, judicial reform commissions are receiving assistance to revise legal codes and to enact judicial career programs which will enhance the independence and quality of judges, prosecutors, and public defenders. USAID is assisting the process of integration of full-time public defender services into the government organization structure.

In addition to strengthening the rule of law, USAID works to foster participatory grassroots democracy through activities to educate and motivate Dominican citizens in the practice of democratic values and civic responsibilities. Broad-based civic participation is being promoted at the local level, working on everyday problems to increase

citizens' understanding of municipal government and the ability to elicit responses from local officials. Assistance is also aimed at supporting the institutionalization of civil society's oversight function of elected officials and state institutions.

Possible Adjustments to Plans: Progress has been made towards a true separation of state powers, one of the major structural changes required to achieve a consolidated democracy. At this point, however, old traditions of power brokerage and cronyism threaten to stall the reform process unless a coherent and resourceful civil society continues to push for democratic change. Civil society must place renewed emphasis on its important progress in the areas of public advocacy, respect for human rights, and participatory decision-making.

Other Donor Programs: The IDB is providing $40 million for a land registry and valuation program. The World Bank has contributed nearly $600,000 for justice reform. France and Spain have also contributed to improving the justice system. The IDB is providing funds for civil society advocacy efforts.

Principal Contractors, Grantees, Agencies: Current contractors and grantees include the National Center for State Courts, Chemonics International, Casals and Associates, the Foundation for Institutionality and Justice, Citizen Participation, and the Mother and Teacher Pontifical Catholic University.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Prisoners held without sentence	88% (1996)	74%	70%
Citizens involved in activities in favor of democracy	18% (1997)	23%	25%
Eligible citizens who voted [2]	86% (1994)	86%	75%

[2] The 2002 target is lower than the 2000 target because the 2000 elections are Presidential elections, while the 2002 elections are only for congress and municipalities.

ACTIVITY DATA SHEET

PROGRAM: Dominican Republic
TITLE AND NUMBER: Increased National Capacity to Produce Environmentally Sound Energy, 517-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: no new funding
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The Dominican Republic continues to be plagued by persistent electric power shortages and a rapidly deteriorating natural resource base, further exacerbating the power shortage problem given the reliance on hydroelectricity. The sector of the population most burdened by this situation is the estimated two million poor Dominicans living in rural areas without access to the national grid and on hillsides that are being severely eroded due to deforestation and destructive farming practices. The purpose of this SO is to increase the national capacity to produce environmentally sound energy through: 1) commercially feasible renewable energy alternatives; and 2) increased public awareness of community based approaches to protect hydroelectric energy production in critical watersheds. The strategy to achieve this objective is built upon successful USAID-funded demonstration activities in renewable energy and community-driven models for sustainable hillside agricultural production and reforestation. Direct beneficiaries are off-grid, rural communities without energy or water and rural poor living on hillsides in watersheds where there is the potential for hydroelectric production. USAID support for commercially viable renewable energy has opened the economy to increased trade from the United States.

Key Results: Two key intermediate results are necessary to achieve this objective: 1) increased investment in renewable energy (installed capacity of project-funded, commercially feasible renewable energy systems increases from 14 kilowatts (kw) of installed capacity to 250 kw by the end of 1999, and 30 new, wind and microhydro demonstration systems financed and installed); and 2) increased participation in soil conservation (number of small farmers participating in conservation activities increases to 5,000 and the cumulative area under sound soil conservation practices increases to 3,600 hectares by the end of 1999).

Performance and Prospects: Performance over the past year has been as expected in some areas and disappointing in other areas, due primarily to a prolonged drought in 1997/98, followed by Hurricane Georges.

Encouraged by the success of USAID-funded demonstration activities in photovoltaics, several Dominican commercial firms have established multimillion dollar businesses in renewable energy in both the Dominican Republic and Haiti, resulting in millions of dollars worth of panels imported from the United States. The Dominican commercial banking sector has started demonstrating some interest in solar energy and energy efficiency. Although the target for increased installed capacity of USAID-funded renewable energy systems is well short of expected (42%), the total number of new wind systems has exceeded expectations. The extended drought from early 1997 to September 1998 demonstrated that larger planned microhydro systems (25-50Kw each) are not technically feasible. There has been a greater than expected demand for the small wind systems (.3-1Kw) and small microhydro systems (.5-5Kw), especially after Hurricane Georges' impact in September 1998; however, funding for community microhydro systems has been constrained due to a lack of required subsidies.

Economically attractive models for effective natural resource management are being demonstrated with ample community participation in the design and implementation of the activities. Although the number of farmers participating in soil conservation activities has surpassed expectations, the total area treated with soil conservation practices fell short of the goal due primarily to the inability to reforest during the drought period. Working closely with the Dominican government, USAID continues to help NGOs promote their successful community-led models to other donors. Case studies of three models were highlighted during a three-day conference involving both the Dominican Republic and Haiti. Farmers, high-level government officials and other donors from both countries laid the framework for a joint, binational environmental program in the largest watershed on the island (the Artibonito) which is shared by both countries. The workshop generated strong interest at the highest levels of both national governments and other donors, demonstrating the program's potential as an excellent vehicle to develop cooperation between these two neighbors. Continuing in its role as a catalyst, USAID will work with other donors to reduce the degradation of the environmentally and economically important Artibonito watershed.

To help direct power development along an environmentally-sound path, USAID has provided limited assistance to the GODR to set standards for new investments, and to establish a regulatory body for the power sector. Environmental audits of the power sector were performed and distributed among potential private sector investors, while several training activities were financed to help move the GODR along in the decision to privatize the power sector in an environmentally sound way.

Possible Adjustments to Plans: To address the problems and lessons learned with larger renewable energy systems, greater emphasis will be placed on promotion of smaller systems and on promotion of successful demonstrations. Credit guarantee mechanisms will be considered to encourage the Dominican commercial banking sector to invest in alternative energy. USAID is reviewing its strategy in energy and environment to include promising low-cost, high-impact initiatives to take advantage of successful experiences to date and a receptive environment for change. Several areas that the Mission is considering are: 1) US/GODR energy partnership; 2) pilot for rural cooperative electrification; 3) Global Climate Change initiatives using commercial approaches (alternative energy, carbon sequestration, energy efficiency); 4) bi-national cooperation with Haiti in the Artibonito Watershed; 5) improved forest management, an obvious need in the wake of Hurricane Georges; and 6) environmental policy reforms (environmental law, consolidation of agencies). In order to implement these activities, additional resources will be necessary for this objective.

Other Donor Programs: Spain has been the largest single bilateral donor in natural resources, providing $43 million. The European Union has contributed a total of $44 million. The IDB is providing $13 million for reforestation. The World Bank and IDB have provided loans on the order of $160 million for irrigation projects. Germany is providing $5 million in assistance for a dry forest management project. Major expansion of electric power is planned for the immediate future, including a $300 million IDB/World Bank loan for two new privately-owned power plants. The Dominican government is contributing approximately $11 million in renewable energy and has programmed roughly $90 million for reforestation and watershed conservation activities.

Principal Contractors, Grantees, or Agencies: USAID implements activities with Winrock International, Enersol, the Nature Conservancy, Catholic Relief Services and several local NGOs.

Selected Performance Measures:

	Baseline	Target (2000)
Installed capacity of project-funded renewable energy systems increases (kilowatts)	14 (1996)	250

Increase in area under sound soil conservation in target areas (hectares)	2,300 (1996)	3,600

ACTIVITY DATA SHEET

PROGRAM: Dominican Republic
TITLE AND NUMBER: Better Systems and Information for Governmental Economic Decision-making, 517-SPO1
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $600,000 DA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: FY 1998 marked the final year of USAID's strategic objective of encouraging broad-based economic growth, which will continue as a limited special objective focussing on policy reform advocacy and dialogue with the Dominican government. Successful programs in microenterprise lending and basic education were phased out in 1997 and 1998, respectively. Business skills training for microentrepreneurs will continue, particularly for those affected by Hurricane Georges. Focus has been on strengthening the management and administrative systems of key NGOs to enable them to carry on activities after USAID assistance terminates, as well as creating linkages between NGOs and the Dominican government, the private sector and other donors. Building on earlier work with NGOs on an economic policy agenda and by engaging in effective policy dialogue and providing solid technical assistance, USAID helped the Dominican government articulate an economic vision and develop an ambitious reform package designed to alleviate poverty by opening up the economy, sustaining macroeconomic equilibrium and increasing social spending. Unfortunately, deterioration of the political environment and relations with congress, which is led by an opposing political party, has resulted in further delays in the passing of key legislation. Through USAID technical assistance and training, Dominican government officials will improve their skills and technical capacity. The ultimate beneficiaries of this objective are the 60% of Dominicans who are poor, unemployed or underemployed who will gain from the successful implementation of more equitable economic and social reforms. USAID support for market liberalization will also greatly benefit U.S. exporters.

Key Results: A key intermediate result necessary to achieve this objective is policy reform: at least twelve identified policy reforms approved by the Dominican government.

Performance and Prospects: Through short-term technical assistance, as well as continuous dialogue, USAID supports a more orderly flow of donor assistance to the Dominican government, increases the government's internal capability to analyze complex economic interactions, and provides effective feedback on proposed government programs and their likely effects on both efficiency and poverty alleviation. Technical analyses, dialogue and information provided to government economic policy makers enabled them to begin implementation of key reforms, and submit to congress those requiring new legislation. While the agricultural sector remains relatively closed, USAID has provided key analyses to the GODR to assist them in working towards liberalizing food imports. USAID financed an investors' roadmap that identifies the main administrative bottlenecks for foreign investors in the country. A USAID-funded study on rationalizing the national budget allocations for the social sectors led to an increase in budget allocations for the 1999 budget. USAID is assisting the Ministry of Finance and the Dominican Stock Market on the issuance of public bonds.

Economic highlights for the year include the signing of trade agreements with the Central American Common Market and the Caribbean Community (CARICOM). The two trade agreements establish the Dominican Republic as a bridge between Central America and the Caribbean, and should play an important role in promoting trade links between two heretofore economically separate regions. The Dominican Republic should also benefit from an increase in foreign investment, attracted by the special trade agreements the Central American Common Market and CARICOM maintain with the European Union and the United States. Four bills aimed at modernizing the functioning of the economy were submitted to congress, including a code of consumer rights, a new Market Order Code containing antitrust measures, a new legal framework for the stock exchange and a bill covering social security reform. The government has taken further steps outside the legislative arena to open up the economy and enhance the developmental role of the private sector. For example, the national Investment Promotion Office initiated a plan to eliminate bureaucratic barriers faced by foreign companies interested in investing in the country. The first privatization of a government-owned wheat milling company took place in December. Bidding for the capitalization of the generation and distribution arms of the state-run electricity company is scheduled to take place in early 1999. The government has increased budget allocations to the social sectors.

USAID facilitates broad-based discussions on economic issues between government officials and civil society.

During 1999, USAID will assist the GODR to better articulate why proposed economic reforms are necessary to achieve sustained growth and alleviate poverty. USAID assistance will focus on the following priority areas: 1) recovery from Hurricane Georges, focussed on those microentrepreneurs affected; 2) completion and compliance with international trade agreements; 3) promotion of a competitiveness culture and mentality; and 4) support for key economic, social and policy reforms. USAID will finance key analyses and high-level consultancies in these areas and follow up with the government on implementing relevant recommendations.

Possible Adjustments to Plan: Given the political tension in the Dominican Republic between the administration and congress, as well as the extraordinary devastation caused by Hurricane Georges, USAID will review its strategic framework. Although USAID will maintain its focus on achieving results through short-term, high-level technical assistance for policy reform, USAID is now examining new strategies to assist the microenterprise sector in its hurricane rehabilitation efforts. Also, USAID is exploring new ways to strengthen and broaden advocacy for reforms in basic education and energy policy, two areas where there appears to be consensus among the GODR and civil society as key to the economic and social development of the country.

Other Donor Programs: USAID coordinates its policy dialogue with the World Bank and the IDB, which have provided the government with their assessments of economic policy reform priorities. The World Bank has recently provided $400,000 in assistance to improve the government's communications with the public concerning policy reform. The United Nations Development Program (UNDP) provides TA and equipment totalling approximately $8 million to modernize the working environment of several key ministries.

Principal Contractors, Grantees, or Agencies: Grantees and contractors include the Santo Domingo Technological Institute; the Foundation for Economy and Development; Economists at UCLA, the University of Wisconsin and Georgia State University; the Harvard Institute for International Development, the Boston Institute for Developing Economies, and Chemonics International, Inc.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2001)
Number of identified policy reforms approved by Dominican government	0	10	12

ACTIVITY DATA SHEET

PROGRAM: Dominican Republic
TITLE AND NUMBER: Hurricane Georges Reconstruction, 517-SPO2
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: no new funding
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: On September 22, 1998, Hurricane Georges entered the Dominican Republic from the southeast with winds of up to 120 miles per hour. Over a twelve-hour period it wreaked havoc across the country. Heavy winds severely damaged the eastern region, while the southwest suffered from extensive flood damage. At least 280 people have been confirmed dead. Total direct losses are estimated at $2 billion and total economic losses at $3.3 billion. All socio-economic areas suffered: approximately $474 million in agricultural infrastructure and production losses; $380 million in destroyed and damaged homes; $46 million in electricity losses; $34 million lost in educational infrastructure; rural health care centers damaged and destroyed; hospitals suffered major damages; water systems were made inoperable; communicable and water-borne diseases increased; and thousands of homeless people sought shelter. Over a million Dominicans are estimated to be at risk in terms of their health due to the hurricane. The purpose of this SpO is to mitigate damages from Hurricane Georges. This program will focus on those in most need in the areas hardest hit by the hurricane, principally in the southwest, east and the National District.

Key Results: Four key intermediate results are necessary to achieve this objective: 1) health: 80% of children in targetted communities will be provided adequate health care services by 2001; 2) water: 80% of homes in targetted communities will be provided with adequate water supplies by 2001; 3) food: 300,000 Dominicans will receive emergency food by 1999; and 4) agriculture: prices of agricultural products will return to pre-hurricane levels by 2000.

Performance and Prospects: To date, the U.S. Government has announced a total of $50.3 million in assistance to the Dominican Republic following the hurricane. Disaster funds were used for helicopter transport of critical supplies, the provision of tents, plastic sheeting for roofing, water containers, water purification chemicals, and emergency food rations. Currently, USAID funds are being used for agricultural rehabilitation and provision of temporary shelters. P.L. 480 Title II emergency food assistance will be provided, with the first tranche of food expected in February. U.S. Department of Agriculture (USDA) Section 416(b) wheat will be arriving in the coming months, with the corresponding local currency generated from its sale to be used for agricultural rehabilitation. USDA Section 108 funding for U.S. private agribusinesses will also assist in the reconstruction of the Dominican agricultural sector. Finally, USAID has reprogrammed a portion of its ongoing and planned activities to ensure that they target those most detrimentally affected by the hurricane.

Building upon the assistance provided to date, this reconstruction program will continue to mitigate the damage caused by Hurricane Georges. USAID will focus on addressing the disaster's health effects on children and their caretakers. This will be accomplished through: providing primary health care and health education services to children and their caretakers in communities affected by the hurricane; safeguarding and improving the health of children and their families in poor communities by repairing hurricane damage to water and sanitation facilities; establishing a decentralized epidemiological and nutritional surveillance system to control disaster-related diseases and monitor vulnerable groups, with the input of community-based health services; and carrying out adequate health education campaigns to promote behavior change that will reduce the effects of anticipated epidemics on affected populations. In addition to the health-related focus, USAID will also assist in increasing the food supply of the country by providing management oversight of the Title II emergency feeding program and agricultural rehabilitation activities carried out under USDA's Section 416 wheat monetization program. USAID continues to explore ways to restore citizens' economic livelihoods and provide appropriate shelter to those Dominicans without homes or jobs due to the hurricane. As was the case with Hurricane David in 1979, well-intentioned hurricane relief can easily become paternalistic and foster dependency if proper design and planning efforts are not undertaken. Reconstruction assistance provided under this program will ensure customer ownership and the fostering of joint nongovernmental organization and Dominican government efforts.

Possible Adjustments to Plans: USAID has considered the needs required by the Dominican Republic to recover from the hurricane, other international donors' response, and USAID's comparative advantage in providing assistance. Based on this analysis, USAID believes additional funds are needed to respond to disease risks, immunizations, primary health care, and repairing potable water and sanitation systems. More funding is needed to rehabilitate extensive damage to small farmer land and plantings in labor-intensive and income-producing crops, and to improve marketing systems and correct sector policies. In housing and shelter, more funds are needed for building materials and housing credit. Additional funds for microenterprise credit are needed. Additional funding is also needed to reduce the fire risk from fallen timber, to recycle this downed timber for housing construction, and to stabilize the soil where erosion threatens infrastructure and agriculture. Finally, more assistance is needed to help establish a better coordinating mechanism among the various GODR agencies and civil groups so that they can adequately respond to the next disaster.

Other Donor Programs: The IDB and World Bank are providing soft loans to the Dominican government of $117 million and $110 million respectively to assist in the reconstruction effort. They have also promised to accelerate the disbursement of loans already approved. Funds from the World Bank are for basic education, roads and bridges, irrigation and water management, and municipal health services. IDB funding will be used for roads and bridges, urban water systems, electricity, social spending, community rehabilitation, and disaster mitigation planning. The International Monetary Fund will provide an emergency credit line of $55 million. The European Union is providing $42 million, mostly for infrastructure rehabilitation, and small amounts in light construction materials, water purification and emergency relief. Spain provided $21 million for loans for humanitarian aid, small businesses, agriculture, and communications. The United Nations is providing $12 million for social, community and agricultural development.

Principal Contractors, Grantees or Agencies: Anticipated grantees, contractors and participating agencies include the Pan American Health Organization, Entrena, the U.S. Peace Corps, and the U.S. Department of Agriculture.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2001)
Percentage of homes in benefitted communities provided with adequate water supplies	0%	40%	80%

Percentage of children in benefitted communities provided adequate health care services	0%	40%	80%
Number of Dominicans receiving Title II emergency food [3]	0	300,000	

[3] This indicator does not have a 2001 target because the food distribution program will end in 2000.

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	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$7,800,000	$11,578,000	$11,551,000
Child Survival & Disease Fund	$1,000,000	$1,950,000	$550,000
Economic Support Funds	$1,000,000	$1,200,000	$1,500,000

Introduction

Several U.S. national interests are served through assistance to Ecuador: the preservation of political stability and peace in the region; the strengthening of democratic institutions in order to reduce threats to democracy and democratic processes; the improved management of natural resources to secure a sustainable environment; the protection of human health and the stabilization of population growth; and, the reduction of drug trafficking and money laundering resulting from Ecuador's strategic location between Colombia and Peru.

The Development Challenge

Ecuador remains one of the poorest, least developed countries in South America. An estimated 56% of the population, or about six million people, live in poverty. Of these, roughly two million live in extreme poverty, i.e., they could not meet their basic nutritional requirements even if their entire incomes were spent on food. Among the rural population, poverty affects approximately 75% of the population in the highlands and on the coast, and 90% in the Amazon region. As a result of continued poor macroeconomic performance over the past two decades, social indicators have worsened and poverty has become even more widespread. In 1998, Ecuador's per capita growth was negative, with an economic growth rate of less than one percent and a population growth rate of two percent. The inflation rate for 1998, the highest in the region, was 43.4%. Stagnant economic growth, compounded by the lack of domestic and foreign investment, has led to a further deterioration in employment levels. In 1998, 12% of the economically active population was unemployed, the highest unemployment rate in the country's history. Underemployment stands at 42% and real wages remain 26% below 1986 levels. Additionally, income distribution in Ecuador is among the worst in the Andean region, with roughly 80% of the income share of GDP accruing to approximately 20% of the population. Combined, these factors, in the recent past, have put Ecuador's fragile democracy at risk. Weak democratic institutions, particularly judicial, have permitted endemic and widespread corruption to occur. This has fueled discontent among the country's poor majority and led to significant increases in crime rates, particularly on the coast. Moreover, Ecuador's status as a "key" biodiversity country, with numerous habitats of unique biological value, is seriously threatened as the landless poor seek to meet their economic needs through unsustainable methods.

Ecuador's fiscal deficit now stands at six percent, one of highest in the LAC region. This, combined with the lack of a coherent macroeconomic reform program, has seriously impeded efforts to achieve a Stand-by Agreement with the International Monetary Fund (IMF), and has effectively blocked the renegotiation of Paris Club Debt (including U.S. debt) in the amount of $468 million. The problem of pervasive and endemic tax evasion, particularly by the wealthy, is further straining relations with the IMF and the international financial community. Recent attempts to address this (by substituting the income tax with a one-percent tax on financial transactions) has further strained relations with the IMF and created greater uncertainty nationally and internationally about the future of the economy, as well as Ecuador's ability to address the daunting economic and social challenges it now faces. In sum, Ecuador will be hard pressed to generate the level of resources needed to close the financing gap for 1998. After servicing the country's external debt (which remains at $15.1 billion and requires a debt service equal to 40% of the national budget), military expenditures and federal salaries, little or nothing will be left in 1999 for badly needed social sector investments, particularly in education and health.

The election of President Jamil Mahuad in July 1998 brought room for optimism that socio-economic challenges can be effectively addressed. President Mahuad was elected on a platform of modernization and stability. During his first 100 days in office, peace was achieved with Peru, ending over a one-and-a-half century border dispute. This singular event permitted the country to regain some of the respect and recognition it had lost from the international community. Mahuad also eliminated gas and electric subsidies, while maintaining popular support. Additionally, the new Ecuadorian Constitution, effective in August 1998, contains fundamental principles that permit greater efficiency in government and that afford greater protection of individual citizens' rights, thus offering a new framework for addressing institutional weaknesses.

USAID assistance is at a crossroads, having played a seminal role in promoting critical policy and legislative reforms in the areas of environment, health and family planning, rule of law, good governance, and economic growth (microenterprise development). USAID will fully phase out its economic growth and health and family planning activities in FY 2000 and focus on the environment, judicial reform, and anti-corruption activities. An emerging challenge will also be targeted support for the Ecuador-Peru peace accords. USAID will provide a leadership role in key sectors and will implement activities that will serve as models for replication and/or expansion by the Government of Ecuador (GOE) with the support of other, major donors.

Other Donors

USAID provides about 12% of donor assistance to Ecuador and ranks fourth among multi- and bilateral donors. The bulk of other donor funding (grant and loan) is provided by the Inter-American Development Bank (industry, environment, health, education, microenterprise and democracy), the Andean Development Corporation (infrastructure and banking), the World Bank (industry, environment, education, health, potable water and democracy), Japan (energy and health) and Spain (transportation and telecommunications). USAID assistance plays a catalytic role by influencing the planning, design and implementation of other donor programs and by leveraging the significant assistance they are able to provide. For example, through dialogue and coordination with the IDB and the World Bank in the area of administration of justice, USAID has successfully engaged these two key donors in a complementary and sustainable manner that will significantly improve the attainment of U.S. national interests in Ecuador, by encouraging the creation and expansion of an NGO fund accessible to key civil society organizations. Similarly, it is highly likely that the IDB will devote substantial investments to continuing education reform and microenterprise development activities initiated by USAID.

FY 2000 Program

In FY 2000, the USAID program will focus on key activities in the strategic areas of environment, democracy, health and family planning, and microenterprise development. USAID partners, largely non-governmental, will work with the GOE to ensure that needed reforms are adopted and implemented. Specifically, USAID will:

- Promote biodiversity conservation models that will be replicated by the GOE and other donors;
- Identify appropriate technologies for preventing the health hazards caused by uncontrolled industrial and other emissions;
- Support the decentralization and deconcentration of health care administration, alternative financing schemes, quality improvement measures, and the long-term, financial sustainability of health and family planning services;
- Promote a more fair and effective criminal justice system that increases access and public legal defense and reduces systemic and deep-rooted corruption; and,
- Provide assistance to expand opportunities and participation by low-income groups through increased access to financial services by microentrepreneurs throughout the country.

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FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS

SO 1 - Biodiversity conserved in selected pro-tected areas & buffer zones - DA	---	---	3,300	---	---	---	3,300
SO 2 - Increased use of sustainable FP/MCH services - DA - CS	--- ---	6,800 550	--- ---	--- ---	--- ---	--- ---	6,800 550
SO 3 - More effective and fair criminal justice system - DA - ESF	--- ---	--- ---	--- ---	1,451 1,500	--- ---	--- ---	1,451 1,500
SpO 1 - Improved capacity of public and private insti-tutions to prevent pollution - DA	---	---	---	---	---	---	---
SpO2 - Increased access to financial services by micro-entrepreneurs. - DA	---	---	---	---	---	---	---
Totals - DA - CS - ESF	--- --- ---	6,800 550 ---	3,300 --- ---	1,451 --- 1,500	--- --- ---	--- --- ---	11,551 550 1,500

USAID Mission Director: Hilda M. Arellano

ACTIVITY DATA SHEET

PROGRAM: Ecuador
TITLE AND NUMBER: Biodiversity conserved in selected protected areas and their buffer zones, 518-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $3,300,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: With only two percent of South America's geographical area, Ecuador contains numerous habitats of globally and regionally outstanding biological value. This environment, however, is seriously threatened, since Ecuador has the highest population density, the third highest population growth, and one of the lowest per capita GNP incomes in South America. Ecuador suffers the highest rate of deforestation among the Amazonian countries (1.2% or over 200,000 hectares per year) as a result of agricultural expansion by landless poor, timber extraction, and petroleum production. The purpose of this Strategic Objective (SO) is to conserve the biodiversity in selected protected areas and their buffer zones and to develop models for replication throughout Ecuador. With the replication of these models by the Government of Ecuador (GOE) and other donors, ultimate beneficiaries will be the majority of the nation's poor, especially women, children and Ecuador's indigenous communities who directly depend on sustainable use of natural resources.

Key Results: Key intermediate results will be a strengthened capacity of targeted nongovernmental organizations (NGOs) and civil society organizations (CSOs) active in biodiversity conservation; the adoption of economically viable natural resources management (NRM) practices; and key policies and legal frameworks introduced and/or implemented to conserve biodiversity. It is estimated that total funding for conservation activities implemented by key partners (NGOs/CSOs) will have increased from $1.1 million in FY 1997, to $3.8 million in FY 2003 and that the administrative and financial capabilities of these partners will have been significantly strengthened. By the end of FY 2003, 30.9% of households in partner communities will have adopted conservation practices, as opposed to 3.2% in FY 1996.

Performance and Prospects: With USAID support, some critical steps towards improved NRM and biodiversity protection have been taken. Of particular significance is the development of the national legal framework which enables the demarcation of community lands. The paralegal program has trained and assisted local people in

community law and legal advocacy on issues such as land titling and natural resource access rights. Partner NGOs have developed coalitions of community groups, local governments and private enterprises that will be better able to influence GOE policy and achieve economic sustainability of natural resources while preserving Ecuador's biodiversity. Ecuadorian NGO partners have been strengthened. Activities in the Cotacachi-Cayapas (RECC), Antisana, and the Cayambe-Coca (RECAY) Ecological Reserves are strengthening secondary-level organizations to test and extend models of sustainable biological resource use. Resource management plans have been completed for 638,100 hectares in and around the ecological reserves. Indigenous communities have received formal, legal title for 24,000 hectares of ancestral lands, also located in and around the ecological reserves. Agroforestry/garden plots have been implemented in communities in the buffer zones. Commercialization activities are now producing significant results as community forestry initiatives are helping local communities in the RECC buffer zone to obtain an increase in profits from sustainable forestry operations, ecotourism, cheese making, and handicraft activities. USAID successfully sponsored the establishment of an endowment fund through water-user fees collected for the management and protection of RECAY, which is the major source of water for greater metropolitan Quito. Community park guards are bolstering the weak park protection system with assistance from USAID partners and second-level organizations. The Galapagos Marine Reserve has been designated as a protected biological area and the Special Law for the Galapagos Islands, which, among other important aspects, prohibits commercial fishing within forty miles of most parts of the islands and empowers local institutions to take the leadership in the affairs of the archipelago, was approved by the Ecuadorian Congress and published in the Official Register. Relations between scientists at the research station and local fishermen in the Galapagos have improved so that they are jointly discussing and working to resolve issues related to marine reserve management. USAID is also assisting the Ministry of the Environment to establish policies, strategies and legislation for sustainable forestry development in Ecuador.

USAID will continue ongoing activities in the protected and buffer zone areas of the RECC and the RECAY to develop replicable models. Ecuadorian partner NGOs will carry out the types of activities currently being developed and tested in and around protected areas in additional communities. Key activities include forest management, land demarcation and titling, and the development of income-producing ventures based on non-timber forest products and efforts to strengthen forest dwellers' (including indigenous and Afro-Ecuadorians) claims to land and resources, and to prepare them to enter into productive partnerships with the commercial sector. Support will continue to the Charles Darwin Foundation in the Galapagos for the conservation and preservation of the Islands' marine reserves and their native and endemic species. Now that the Special Law for Galapagos has been passed, the Ministry of the Environment, in consultation with key groups from the Galapagos, is preparing a set of implementing regulations that will make possible the implementation of the Special Law. Stakeholders will work to revise the Galapagos Marine Reserve Management Plan.

Possible Adjustments to Plans: None contemplated.

Other Donor Programs: Host country, other donor and NGO contributions to achieve the SO total over $2 million. Complementary contributions include World Bank and IDB funds exceeding $28 million. The World Bank, through its Global Environmental Facility, is financing a biodiversity protection project which complements USAID-supported activities in the Galapagos, RECC and RECAY. In addition, the IDB is financing a feasibility study which may lead to a loan of up to $15 million for environmental activities in the Galapagos. Although USAID provides only a small proportion of total donor assistance in this sector, USAID environmental activities are on the cutting edge and lay the groundwork for other, major donors. For example, the IDB is capitalizing on the solid waste management and quarantine studies previously supported by USAID in the Galapagos to expand this activity.

Principal Contractors, Grantees or Agencies: USAID funding is provided principally to U.S. and Ecuadorian NGOs. Key partners include CARE/Ecuador, The Nature Conservancy, and the Charles Darwin Foundation. Both CARE and TNC have developed strong working relationships with Ecuadorian partners (e.g. EcoCiencia, Jatun Sacha, Fundación Antisana, Fundación Ecológica Rumicocha, Fundación Arco Iris, and Fundación Natura) which, in turn, work with local customers, e.g. community groups and indigenous organizations, to carry out planned activities. In addition, specific activities are being undertaken in collaboration with the U.S. Department of the Interior and the Peace Corps.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2003)
Hectares in selected protected areas and their buffer zones under implemented NRM plans	70,000 (1996)	1,252,000	1,402,000

Increased number of hectares under legal title outside of selected protected areas	10,000 (1996)	150,000	300,000
Key policies, legal frameworks and enforcement mechanisms prepared, modified and introduced to improve biodiversity conservation	6 (1997)	23	27

ACTIVITY DATA SHEET

PROGRAM: Ecuador
TITLE AND NUMBER: Increased use of sustainable family planning/maternal child health services, 518-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $6,800,000 DA; $550,000 CS
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: Both infant and maternal mortality are unnecessarily high in Ecuador, especially among the rural/urban poor and indigenous groups. In recent years, the economic and political crises facing Ecuador's public health system have severely jeopardized efforts to sustain trends towards acceptable levels of reproductive and child health. Harsh budgetary constraints faced by the GOE and its Ministry of Health (MOH), where most of its budget is now used to pay salaries and hospital operations, make it impossible for the MOH to maintain adequate programs in family planning and maternal and child health. As a result, these programs have become dependent on external support. Merely increasing the budgets for public sector health programs is clearly insufficient to address the country's fundamental health problems. A major modernization/health reform effort by the MOH is underway, with a focus on targeting, decentralization, alternative financing, and quality improvements. In addition, USAID's NGO partners have demonstrated significant successes in achieving health reform at the local and provincial levels, providing sustainable models, as well as policy analyses and studies relevant for national level change.

The purpose of assistance under this SO is to increase the use of sustainable, voluntary Family Planning (FP) and Maternal/Child Health (MCH) services. Children under five and fertile-aged women represent the principal beneficiaries of this SO. By the year 2000, approximately two million women and children will have benefitted from services developed, improved and/or expanded with USAID assistance. Meanwhile, key technical and financial support by the Mission to planned policy reforms by the GOE in the area of modernization, such as administrative decentralization and deconcentration, will impact positively on a large portion of the population.

Key Results: Key results will be the increased sustainability of FP and health NGO partners; and, improved quality and access of FP/MCH services. Cost recovery will permit nearly 100% financial self-sufficiency for Ecuador's two largest FP NGOs (APROFE and CEMOPLAF), and approximately 80% financial self-sufficiency for four, key health NGO partners. Couple years of protection (CYP) provided by APROFE and CEMOPLAF will have increased from 279,117 in FY 1994, to an estimated 494,654 in FY 2000, and the number of service delivery points with improved and/or expanded packages of MCH services will have grown from 3 in FY 1995 to a projected 118 in FY 2000.

Performance and Prospects: In the areas of FP and population, USAID continues to be the major donor and therefore a critical actor in achieving reduced fertility, increased contraceptive use to prevent unwanted pregnancies, and improved women's health, especially through NGO service providers. In FP, activities will focus on support to the network of 41 private clinics operated by USAID's two Ecuadorian NGO partners, thereby preserving USAID's considerable investment over the past three decades and ensuring the continued provision of quality FP and MCH services through the private sector. To achieve the self-sustainability of these programs and to better serve the poor, USAID will assist partners in the areas of cost-effective service delivery, commodity management, effective marketing of products and services, and in the cross subsidization of health and family planning services. Our NGO FP partners have reached ever-higher levels of cost recovery, while remaining focused on access provision to less affluent and under-served populations of women. In 1998, these NGOs reached an average of 79% cost recovery. USAID support for these NGOs through the year 2000 will enable them to achieve nearly 100% financial self-reliance. Additionally, significant increases in a financial self-sustainability fund derived from program income should ensure their financial viability at current levels of service provision for another 10-15 years.

In the health sector, USAID will support reform efforts through activities managed by U.S. and Ecuadorian NGOs

and the MOH. These activities will: target the provision of health services to at-risk groups; increase the availability of alternative health care organization and financing mechanisms; and offer models of decentralization of services with increased community participation. Ecuadorian NGOs will provide consensus building seminars, local-level health reform models, and analytical studies to help guide policy decisions in these areas. Working with a variety of partners--including municipalities, church organizations, health NGOs, communities, and the MOH--local NGOs and community organizations are developing viable and replicable models of decentralization, cost recovery, shared risk, and insurance and management improvement schemes throughout the country. Through the expansion of training and technical assistance activities with the MOH, USAID considerably exceeded its MCH targets for both "number of service delivery points improved/expanded", and "number of women and children using these improved/expanded services." USAID support for MOH modernization and reform efforts contributed directly to the development of three pilot decentralization projects, the reorganization and streamlining of the MOH, and indirectly to the leveraging/focusing of World Bank support for these activities.

Possible Adjustments to Plans: None are contemplated at this time.

Other Donor Programs: Due to the planned FY 2000 phase-out of USAID support in this sector, donor coordination has become a key component of USAID activities. The major donor in this sector is the World Bank, through two large loans: a new $45 million for health sector modernization, emphasizing decentralized health networks; and an ongoing $70 million loan for strengthening the MOH, the construction of health water and sanitation facilities, and a national nutrition program. Limited financial resources also come from the IDB, especially for the Social Security hospital system, as well as from the Governments of Canada, Holland, Belgium and Japan. UNFPA and UNICEF are major contributors to MCH programs. USAID is among the leading sources of technical assistance, along with the Pan American Health Organization (PAHO) and the World Bank. USAID technical assistance and pilot interventions serve as catalysts for leveraging large inputs of World Bank funds.

Principal Contractors, Grantees, or Agencies: USAID implements most of its activities through NGOs. In health, these include an Ecuadorian NGO, the Center for Population and Social Development Studies, which conducts policy analyses, promotes important program activities and disseminates information; and CARE, which is working to develop the capacity of Ecuadorian NGOs and municipalities to implement decentralized health care demonstration projects with cost recovery. Contractors for this SO include: Abt Associates, John Snow, Inc., Management Sciences for Health, University Research Corporation, and the Center for Development and Population Activities. In family planning, major partners are two Ecuadorian family planning NGOs, Association for Ecuadorian Family Well Being (APROFE) and Medical Center for Orientation and Family Planning (CEMOPLAF), with critical inputs related to social marketing, operations research and logistics management provided by Johns Hopkins University (both JHPIEGO and the Population Communications Services Program), The Population Council, and the U.S. Centers for Disease Control.

Selected Performance Measures:

	Baseline	Target (2000)
Contraceptive Prevalence Rate	56.8% (1994)	60.0%
Number of women and children (1-5) using improved or expanded MCH services per year	0 women/ 0 children (1995)	170,000 women/ 434,000 children

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ACTIVITY DATA SHEET

PROGRAM: Ecuador
TITLE AND NUMBER: More Effective and Fair Criminal Justice System, 518-SO03
STATUS: Revised
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $1,451,000 DA; $1,500,000 ESF
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: During the last decade, successive governments in Ecuador demonstrated little political will to reform the country's corrupt and ineffective justice system. The only real impetus for change came from civil society, which was successfully pressing for wider access to justice for vulnerable women's and indigenous groups and advocating important constitutional, legal and institutional reforms. Hence, in FY 1997-1998, the Democracy SO sought to strengthen civil society in its efforts to provide accessible services and to promote reform primarily in the justice sector and secondarily in the education sector. A Good Governance Special Objective (SpO) sought short-term,

limited support for Government of Ecuador (GOE) state modernization and anti-corruption activities. With the inauguration of President Mahuad in August 1998, however, there has been a significant improvement in the development environment, with a demonstration of both seriousness and strong political will for judicial reform and for combatting corruption. Furthermore, a justice-oriented Constitution came into effect in August 1998, calling for the creation of new judicial sector institutions such as the National Judiciary Council, now beginning to function. Additionally, an accusatory Criminal Procedures Code is being debated in the National Congress. To accommodate these changes, a new and expanded SO is being developed for FY 1999-2003, which will promote a more effective and fair criminal justice system. This reformulated Criminal Justice SO, if approved, would consolidate selected, priority activities under the previous Civil Society SO and Good Governance SpO, and would support both private and public sector judicial institutions in their efforts, through strategic alliances, to develop and implement priority reforms.

Direct beneficiaries of these activities have been the 30,076 women and 500 indigenous families who annually use the justice services provided by NGOs through state-supported domestic violence centers and privately-run Alternative Dispute Resolution (ADR) clinics located in indigenous communities. Indirect beneficiaries of the constitutional and legal reforms promoted by civil society (such as the Constitutional Court, a more effective accusatory criminal code, and a modern civil code) are the users of the justice system in Ecuador. Under the new SO, direct beneficiaries will also include judicial institutions such as the Supreme Court and the Judiciary Council, law enforcement agencies (e.g. the Prosecutor General's Office and the Judicial Police), and all defendants in criminal cases who will benefit from the strengthening of the public defense system.

Key Results: Key results will be strengthened constituencies and coalitions among public and private institutions participating in priority reforms; the introduction of an accusatory justice system through the adoption of an effective justice sector reform plan and its implementation by leading public sector institutions; and, an improved capacity of government to combat public and private corruption. By the end of FY 2000, the number of domestic violence cases attended will have grown from 25,600 in FY 1996 to 33,000, and the number of ADR services handled from 4 to 654 over this same period. By the end of FY 2003, a new Criminal Procedures Code (currently being debated in Congress) will have been implemented in a minimum of three jurisdictions. In an effort to strengthen the capacity of the Public Ministry to combat corruption, a minimum of one anti-corruption task force, enabling collaboration between the judicial police and prosecutors, will have been established by the end of FY 1999.

Performance and Prospects: Funding has been used to: 1) support the expansion and institutionalization of NGO services in broadening access to justice for women's and indigenous groups; 2) improve the capacity of NGOs to advocate for judicial reforms; and, 3) promote the financial sustainability of the most active and influential justice sector NGOs. In 1998, performance exceeded expectations. Use of services for victims of domestic violence increased from 28,021 to 30,076 clients; use of ADR services for indigenous groups also increased from 389 to 499 families. Other important achievements included the drafting of proposals adopted by the Constitutional Reform Assembly, the introduction for congressional debate of a modern accusatory criminal procedures code, and important reforms in the Mediation and Arbitration Law. Activities in financial sustainability were initiated late in FY 1998, with excellent prospects for significant impact in FY 1999 in at least one of the more important justice sector NGOs. Extensive consultations with new counterparts also indicate excellent prospects for the reformulated SO as regards institutional capacity to investigate and prosecute corruption cases and the development and implementation of priority reforms by leading justice sector public institutions. By FY 2000, an anti-corruption task force will have been created and its staff trained, improving the efficacy of the prosecutorial system and resulting in an increased number of anti-corruption convictions in FY 2003. Similarly, a judicial training plan will have been adopted and implementation initiated in order to ensure the introduction of oral proceedings in at least 35 courts by FY 2003.

Possible Adjustments to Plans: Under the reformulated SO, the strengthened participation of civil society in judicial reform will require support for the formation of strategic alliances for new activities in the area of public defense; greater collaboration between civil society and the public sector in developing an overall reform strategy; and increased civil society organization participation in priority justice reforms. New activities with key public sector institutions will include anti-corruption training and technical assistance for prosecutors, police and judges; extensive technical assistance to the Supreme Court and Judicial Council to strengthen their capacity to plan and implement a judicial reform strategy oriented to the introduction of oral procedures at the trial stage; and support for the training required by judges for the adoption of oral procedures.

Other Donor Programs: The World Bank has an extensive, $10.5 million program in civil justice reform which parallels USAID activities in criminal justice reform. The IDB has a $2.5 million program more directly related to the new SO, including institutional strengthening of the Prosecutor General's office and judicial training. Its program is being coordinated with the USAID program to avoid duplication and to continue and expand pilot efforts. Other, small amounts of assistance are either being provided or are under consideration for financing by the European

Community.

Principal Contractor, Grantees or Agencies: Work with the Prosecutor General's Office will be carried out under a joint agreement with the Offices of OPDAT and ICITAP (Department of Justice). Other partners are local NGOs, including the Latin American Development Corporation (CLD), the Center for Social Investigation and Development (CIDES), Esquel Foundation, and the Center for Women's Policy and Action (CEPAM). Public sector partners include PROJUSTICIA (the coordinating body for justice sector reform), the Supreme Court (CSJ), the National Judicial Council (CNJ), the Public Ministry, the Anti-Corruption Commission, and the Judicial Police.

Selected Performance Measures:

	Baseline (1999)	Target (2000)	Target (2003)
Increased number of convictions in anti-corruption cases	Baseline est.	+0%	+300%
Number of courts using oral procedures	0 (1999)	0	35
Increased number of government-supported public defenders	8 (1999)	8	80

ACTIVITY DATA SHEET

PROGRAM: Ecuador
TITLE AND NUMBER: Improved sustainable capacity of selected public and private institutions to prevent/control pollution, 518-SpO1
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: No new funding requested
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

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

The purpose of assistance under this Special Objective (SpO) is to improve the sustainable capacity of selected public and private institutions to prevent pollution. Ecuador's increasing urban and peri-urban residents who lack access to potable water, sanitary systems and a pollution-free, residential and work environment, benefit from these activities

Key Results: Key results will be expanded NGO technical assistance to local firms, universities and municipalities on pollution prevention; and, increased dissemination of technical information on cleaner production technologies, international trade environmental concerns, and urban environmental management. It is estimated that the number of firms with environmental technology and related services will have increased from 80 in FY 1996, to an estimated 400 in FY 2000. By the end of FY 2000, some 35 universities will have been provided with the information necessary to initiate cleaner production options through cooperative programs with firms, and information on cleaner production technologies, international trade environmental concerns, and urban environmental management will have been disseminated to some 200 entities. The number of municipalities reached with technical assistance on environment-related policy reform and urban planning at the municipal level will have been expanded from 12 in FY 1996, to an estimated 209 in FY 2000.

Performance and Prospects: Recent efforts have focussed on ensuring the sustainability of past USAID investments, which sought to strengthen the technical, fund-raising and income-generation capabilities of Oikos Corporation, an Ecuadorian NGO active in promoting scientific, technical and educational approaches for

environmental management. As USAID support is phased out, this final funding is needed to ensure that partner organizations begin to stand on their own. Oikos Corporation will continue working with various chambers of industries to improve production techniques, while reducing pollution and costs. In addition, Oikos assistance to municipalities in the adoption of cleaner production policies and improved solid waste management practices will continue. Oikos Corporation has developed innovative approaches to involve the population in pollution prevention and reduction measures, and has been effective in promoting debate at the national level regarding priorities for pollution prevention and control. The cleaner production and energy efficiency strategy which Oikos Corporation uses to implement its activities has been very effective in convincing an increasing number of Ecuadorian industries to adopt cleaner production technologies and energy efficiency practices. The sustainability of Oikos Corporation activities supported by USAID is enhanced through user fees Oikos Corporation charges for the services it provides to industries and municipalities. In addition, Oikos has in place a sustainability plan which maps out specific steps for reducing its dependence on USAID funding and increasing its own contribution, as well as those obtained from other sources.

Funds have also been provided to enable municipalities to identify and prioritize environmental problems, adopt practical, low-cost solutions, and to seek the collaboration of the private sector. Models are being developed in selected coastal cities and in the Amazonian region to manage solid waste through concessions with environmental microenterprises. USAID efforts to strengthen the administrative and accounting capabilities of selected municipalities and environmental microenterprises will contribute to their long-term institutional and financial self-sustainability.

Possible Adjustments to Plans: None are contemplated at this time.

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

Principal Contractors, Grantees or Agencies: USAID implements pollution prevention activities primarily through Oikos Corporation.

Selected Performance Measures:

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

ACTIVITY DATA SHEET

PROGRAM: Ecuador
TITLE AND NUMBER: Increased access to financial services by microentrepreneurs, 518-SpO2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: No new funding
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: Experience worldwide shows that microentrepreneurs represent a vast pool of hardworking people who, given access to minimal resources, can evolve into a formidable force contributing to job creation, poverty alleviation, democratic stability, and economic growth. The World Bank's 1995 Ecuador Poverty Report and other studies on the sector show that, in Ecuador, this pool of microentrepreneurs and potential entrepreneurs is over 1.1 million people, who have between 400,000-450,000 microenterprise businesses. Over half of these are women. USAID has designed activities to bring quality financial services to the poor, thereby helping them to build stronger enterprises which ultimately improve their incomes and quality of life. Two principal problem areas are targeted: outreach and financial sustainability. Outreach aims at providing large numbers of poor people, especially the very poor and women, access to quality financial services. Financial sustainability refers to the creation and/or strengthening of existing institutions that become independent of continuing inputs from government, international

agencies or charitable organizations.

Key results: Key results will be new licensed, for profit financial institutions serving the needs of microentrepreneurs; upgraded microcredit delivery systems of selected financial institutions and NGOs; and, strengthened institutions implementing village banking programs. By the end of FY 2000, at least one, formal financial institution will be serving the needs of microentrepreneurs through credit and savings programs, the quality of financial services by partner financial institutions and NGOs will have improved significantly, and an estimated 754 village banks will have been established against a baseline of 80 in FY 1996.

Performance and Prospects: Micro-credit activities were initiated in FY 1996, with a major USAID contribution to two U.S. PVOs for equity investments in a fully private bank, Banco Solidario, established for the purpose of serving Ecuador's microenterprise sector. Through FY 1998, Banco Solidario improved its delivery of financial services to microentrepreneurs, opening five new branch offices in suburban Quito, Guayaquil and other, smaller cities. USAID equity investments, made through Seed Capital Development Fund (SCDF) and CARE, permitted Banco Solidario to meet its capitalization targets of $18.0 million required by the Superintendency of Banks. As of September 1998, its microcredit portfolio had grown to 13,223 active clients. Village banking activities with our partners Catholic Relief Services, Project Hope and Foundation for International Community Assistance (FINCA) created 146 new village banks, benefiting an additional 5,056 poor women. These partners have continued experiencing significant growth and have moved toward achieving financial self-sustainability. The planned target of 100% self-sustainability by FY 2000 appears realistic. USAID has also conducted an analysis of the formal banking system and has identified several formal, commercial banks interested in microenterprise lending as a means of significantly expanding sources of credit to the microenterprise sector. Technical assistance and training has been provided to selected banks.

Through FY 1999-2000, USAID will continue to provide technical assistance and training to Banco Solidario and will invest through SCDF in an international guarantee trust fund called LA CIF, that will provide loan guarantees to microenterprise borrowers in Ecuador. Building on its analysis of the formal banking sector, USAID will also continue to work with the formal banking system by providing matching funds for technical assistance tailored to individual bank needs, thereby enabling an expansion of this important source of credit to the microenterprise sector. In FY 1999, USAID will also provide additional funding to village banking aimed at establishing a network of NGOs with sustainable anti-poverty lending programs.

Possible Adjustments to Plans: None are contemplated at this time.

Other Donor Programs: USAID´s total $1.9 million equity investment in Banco Solidario played an important catalytic role, leveraging some $3.2 million in additional equity for this bank from other donors, namely the Andean Development Corporation ($500,000), ProFund ($1.7 million) and Accion International ($1 million). A key partner, Seed Capital Development Fund, played a role in obtaining a portion of this financing. The only other large donor in this sector is the IDB, which operates two lines of credit in the amounts of $16 million and $2.5 million for credit and technical assistance, respectively, through the National Financial Corporation. USAID played an important catalytic role, leveraging an estimated $3 million from the IDB to continue its support for the entry of formal, commercial banks into the microenterprise sector. The World Council of Credit Unions indirectly serves the microenterprise sector, providing technical assistance worth $500,000 annually to 19 credit unions, whose members include microentrepreneurs.

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

Selected Performance Measures:

	Baseline (1996)	Target (2000)
Increase in the number of microentrepreneurs assisted by USAID partner organizations per year (disaggregated by gender)	1,300 men 1,000 women	16,200 men 22,000 women

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	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$23,152,000	$20,050,000	$23,300,000
Child Survival & Disease Fund	$10,881,000	$11,616,000	$10,645,000
Economic Support Funds	$1,000,000	$2,000,000	$5,000,000
P.L. 480 Title II	$1,623,000	$2,259,000 *	---

* includes emergency food aid in response to Hurricane Mitch

Introduction

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

The Development Challenge

While El Salvador continues to progress toward sustainable development and democracy, its graduation from U.S. assistance is not imminent. The need for continuing efforts to consolidate democracy and alleviate poverty are more evident during this election year. While electoral experience suggests that the forthcoming March 1999 presidential elections, and the March 2000 municipal and legislative elections will be free, fair and transparent, low voter turnout indicates that other factors still discourage great voter participation. Moreover, the high rate of violent crime continues to be a major concern, reflecting weaknesses in the rule of law.

Many faces of rural poverty still grip the nation. Nationally, 35 infants die for every 1,000 live births, a rate three times that of Costa Rica. The literacy rate is the fourth lowest in the hemisphere; fewer than 50% of Salvadorans graduate from sixth grade. The second-highest population density in the hemisphere exacerbates already severe environmental degradation. Virtually all natural surface water is contaminated with sewage, agricultural runoff, industrial waste and sediment -- with consequent impacts on human health and environmental stability. A rural population growth rate of 3.0% (2.1% nationally) and lack of economic opportunity in rural areas are major forces behind the high rural-urban migration rate, and contribute to the high annual exodus to the United States of 20,000-25,000 legal and illegal immigrants. A 1997 study found that 26% of Salvadoran adolescents, the highest percentage in Latin America, had parents who lived in other countries.

In late 1998, flooding and landslides in El Salvador caused by Tropical Storm Mitch resulted in 374 persons dead or missing, and 55,864 displaced. Twelve of the country's fourteen departments suffered significant damage, but the hardest hit areas are in low-lying coastal zones. Roughly 163,000 acres were flooded and three major bridges crossing the Lempa River were swept away, restricting access to the eastern part of the country. The GOES estimates the total damage at $282 million.

This was the worst natural disaster in El Salvador since the 1986 earthquake, which killed 1,000. The greater loss of life and property from the earthquake was due to its direct impact on heavily congested urban areas of San Salvador. The flooding, by contrast, was felt most in rural areas, including some of the poorest in the country. These were also areas where people affected by the war had been recently resettled, ex-combatants had been given land, and many land-reform cooperatives are located.

While El Salvador was spared the widespread destruction wrought upon Honduras and Nicaragua, the storm exposed the fragility of El Salvador's environment and highlighted the devastating impact of natural disasters on the rural poor. USAID responded with $123,451 in emergency relief supplies and a $1 million grant to CARE International to restore potable water services. By January 30, 1999, CARE had cleaned or reparied 2,800 wells and rehabilitated 3,200 latrines.

In FY 1998, USAID continued to implement its six-year rural poverty alleviation strategy by pursuing four inter-dependent strategic objectives in economic growth, democracy, health and water. Achievements to date have been impressive. Several of these, captured by the 1998 Demographic and Health Survey, show that infant and child mortality rates and malarial cases have dropped dramatically over the past 20 years -- largely a result of USAID's leadership as the largest donor in the health sector. Numerous other survey data illustrate the gains achieved. For example, between 1998 and 1998, 99,000 more people have potable water and 82,000 more have sanitary latrines; acute respiratory infections decreased from 59.4% to 33.4%; the total fertility rate dropped from 3.83 to 3.54 children per woman, and bouts of diarrhea nationwide decreased by more than four percent. USAID's emphasis on decentralizing the health sector is also showing results: the Ministry of Health has agreed to hire 240 additional rural health promoters as well as contract non-governmental organizations (NGOs) to provide basic health services in rural areas, thereby expanding coverage from 67% to 87% of rural communities over the next three years.

The USAID focus on decentralization has helped El Salvador in several other sectors. With the utilities and telecommunications industries now privatized, they are poised to expand services into rural areas. The municipalities received six percent of the national budget this year and programmed much of it into needed infrastructure improvements, that were identified and prioritized by local citizens. Finally, with a successful decentralized model for basic education in place, USAID is now turning its attention to early childhood and family education.

In 1998, El Salvador's external debt was one of the lowest in Central America, both in absolute terms ($2.556 billion) and as a percent of gross domestic product (21%). Multilateral creditors hold 73% of the debt. Debt to the U.S. government was $337 million after the United States, in 1993, forgave $471 million under the Enterprise for the Americas Initiative and rescheduled another $155 million.

Other Donors

The United States continues to be the largest bilateral donor in El Salvador, followed by Japan, Germany, Spain, the Netherlands and Sweden. The Inter-American Development Bank (IDB) remains the largest multilateral donor, and is focused on social sector reforms, local development, the environment, promoting private investment and improving public sector efficiency. Other multilateral donors include the World Bank, the European Union and the United Nations Development Program.

FY 2000 Program

In FY 2000, USAID will continue to pursue its six-year rural poverty reduction strategy begun in FY 1997. It will expand access and opportunities for poor, rural families to participate in and benefit from El Salvador's growing economy. One activity will work with cooperatives and other rural organizations to promote the cultivation and marketing of organic crops. USAID will complete ongoing efforts to assist communities that received land under the Peace Accords to parcel the land and secure individual titles for their members. Another activity will support policy reforms to privatize, decentralize and develop policy options to combat rural poverty. Others will expand access by the poor to credit through microfinance lending and provide targeted training opportunities that support the overall strategy. Finally, building on past successes in the education sector, USAID will work with local NGOs and government institutions to increase the awareness of child-raising practices and improve the skills of those who care for young children.

USAID will deepen democracy in El Salvador by helping Salvadorans to develop more inclusive and effective democratic processes. A new activity will increase citizen awareness and participation in democratic processes. USAID will continue to strengthen key institutions such as the Human Rights Ombusdman's Office and the prosecutors' and public defenders' offices, which began to implement the new criminal codes in 1998. Other ongoing activities will upgrade the administrative capacities of municipal governments and strengthen citizen involvement in local and national government.

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

the needs of rural areas and to implement more cost-effective approaches to delivering health care.

USAID will work with the Government of El Salvador and private institutions to increase access to clean water by rural residents. USAID will support efforts primarily at the municipal and community levels to strengthen municipal management of watersheds, increase citizen involvement in addressing water problems and protect water sources. These actions will be complemented by targeted support for policy reforms at the national level to support decentralization of local water resource management, improve waste-water management, and establish and enforce water quality standards. In addition, community-based water distribution systems will be installed or rehabilitated, and complemented by health education, to reduce water-borne illnesses.

Additionally, to address the damage wrought by Tropical Storm Mitch, with additional funding, USAID proposes to begin in FY 1999 a reconstruction program that will rehabilitate key productive infrastructure, including many tertiary rural roads necessary for moving produce to market, and to target food and agricultural assistance to the most affected communities. USAID will also continue to focus priority attention on restoring potable water and sanitation services, and to mitigating flood-related diseases. To provide basic public services, it is necessary to rehabilitate public infrastructure, especially clinics and schools. The public's heightened awareness of the devastating impact of natural disasters provides an important opportunity to redouble efforts to strengthen El Salvador's disaster prevention preparedness through education, flood control measures, improved watershed management and improved capacity to assess damage. All of these activities complement or intensify USAID's ongoing efforts in these areas.

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FY 2000 PROGRAM SUMMARY *
($000s)

USAID Strategic and Special Objectives	Economic Growth	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Expanded Access and Economic Opportunity							
- DA	8,500	---	1,600	---	---	---	10,100
- CSD	---	---	---	---	3,500	---	3,500
- ESF	3,000	---	---	---	---	---	3,000
S.O. 2 More Inclusive and Effective Democratic Processes							
- DA	---	---	---	4,800	---	---	4,800
- ESF	---	---	---	2,000	---	---	2,000
S.O. 3 Sustainable Improvements in Health of Women and Children Achieved -							
DA	---	4,000	---	---	---	---	4,000
- CSD	---	7,145	---	---	---	---	7,145
S.O. 4 Increased Access by Rural Households to Clean Water							
- DA	----	---	4,400	---	---	---	4,400
Totals							
- DA	8,500	4,000	6,000	4,800	---	---	23,300
- CSD	---	7,145	---	---	3,500	---	10,645
- ESF	3,000	---	---	2,000	---	---	5,000
* R4 FY 2000 Request							

USAID Mission Director: Kenneth C. Ellis

ACTIVITY DATA SHEET

PROGRAM: El Salvador
TITLE AND NUMBER: Expanded Access and Economic Opportunity for El Salvador's Rural Poor Families, 519-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $10,100,000 DA; $3,500,000 CS; $3,000,000 ESF
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The long years of conflict and economic stagnation that El Salvador experienced in the 1970s and 1980s severely deteriorated living standards for the country's urban and rural poor. In contrast, the peace process and ambitious economic and social sector reforms consolidated during the 1990s have raised incomes, reduced unemployment, and expanded access to higher quality primary education. Since the chief beneficiaries of economic growth and social spending in El Salvador have been the urban poor, USAID now directs its programs to expand access to financial services, markets, education and infrastructure for rural households so that they may better participate in and benefit from the strengthened Salvadoran economy.

USAID policy dialogue emphasizes that the Government of El Salvador (GOES) must do more to distribute the benefits of economic growth to the rural poor, especially through infrastructure investment and greater availability of social services in rural areas. Hence, USAID's other activities complement these policy reform objectives by giving rural poor households better access to credit, technology, education and training, to help raise their incomes. USAID seeks to strengthen service providers that work with the rural poor, with the objective of expanding household income opportunities and making service provision sustainable. For example, USAID works with NGOs and credit cooperatives to increase access by the rural poor to credit and secure savings, and to technology and marketing services. USAID is also collaborating with the Salvadoran Institute for Protection of Minors in a new initiative to expand access to early childhood education in rural areas, and is providing small grants to rural communities for vital infrastructure such as roads, bridges, schools and health clinics.

Key Results: USAID is working to achieve five key intermediate results, essential to expand opportunity and access for rural poor families. These results are based on increasing access to (1) education and training; (2) secure land titles; (3) marketing, technology, and financial services for rural producers; 4) infrastructure; and (5) a supportive policy environment.

Performance and Prospects: Performance over the past year has reached expectations, despite several implementation delays that affected the start-up of new activities. New activities in early childhood education, microfinance and agriculture are expected to demonstrate initial results by late 1999.

In the policy arena, USAID has contributed to several significant reform processes. On the rural infrastructure side, USAID has stimulated a productive debate on municipal finance, and is assisting pilot municipalities in designing tax reforms that will help raise more funding for local infrastructure. USAID works with the government to implement its subsidy program to guarantee rural access to power and telephones in the newly privatized market. USAID has also contributed to a process of local NGOs and credit cooperatives participating in the development of new banking laws; one result is that the National Assembly is now considering legislation that would provide microfinance NGOs a means to be recognized by the formal banking sector.

Policy reforms facilitate the USAID activities that work directly with rural producers. USAID-supported microfinance institutions have opened access to credit for approximately 33,300 borrowers, from predominantly rural and poor households. Since 1997, USAID partners have provided marketing and technology services to 50,471 producers. A total of 548 properties transferred to Peace Accords beneficiaries have been subdivided into 11,614 secure individual titles. Now in its final year, USAID's groundbreaking primary education activity has provided textbooks, improved curriculum and better trained teachers for all Salvadoran schoolchildren; in rural areas, testing shows improved educational attainment has resulted from USAID investments. During FY 1999, USAID will award grants to an estimated 35 rural poor communities to implement infrastructure activities that they designed themselves.

Possible Adjustment to Plans: No changes to the current strategy are being considered. However, USAID is considering to significantly expand its support for infrastructure activities to help El Salvador recover from the damage caused by Tropical Storm Mitch. This would include increased funding for community-initiated activities in the hardest hit areas, and for rehabilitating rural market roads and drainage canals. These activities will be complemented by additional assistance to poor farmers whose crops were destroyed by the floods, and by funding

for school textbooks and supplies damaged or destroyed in the flooding. USAID is also considering working with NGOs to introduce housing designs that are more appropriate for the country's flood-prone regions.

Other Donor Programs: Active international financial institution programs of the InterAmerican Development Bank and the World Bank provide significant resources to El Salvador in education, infrastructure, land registry, microfinance and economic policy. Many bilateral donors are also present. USAID assistance is directed to (1) providing seed financing in innovative areas where other donors are not yet present, but which have great potential (e.g., early childhood, formalization of microfinance NGOs); and (2) helping to leverage the efforts of players outside the central government to participate more fully in rural development, in particular local government and sustainable local NGOs. USAID coordinates with the aforementioned donors to support the GOES in setting a policy framework that is conducive to reducing rural poverty.

Principal Contractors, Grantees or Agencies: Current grantees and contractors include the U.S. firms Chemonics, Harvard Institute for International Development, Development Alternatives Inc., Development Associates, and DevTech Systems Inc.; GOES agencies such as the Ministries of Education and Agriculture; and an array of local and U.S.-based NGOs, including CARE, Catholic Relief Services, the Cooperative League of the USA, the World Council of Credit Unions, the Foundation of Entrepreneurs for Educational Development and the Ungo Foundation.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Rural population with children aged 7-10 attending school	79.4% (1995)	85.5%	88.1%
No. of male/female customers receiving services (i.e.management, agricultural technical assistance, bulk input supply, processing or produce marketing)	28,594 m (1996) 7,856 f (1996)	55,000 m 7,500 f	70,000 m 10,000 f
GOES investment budget allocated to the poorest departments	2.8% (1995)	4.9%	6.0%

ACTIVITY DATA SHEET

PROGRAM: El Salvador
TITLE AND NUMBER: More Inclusive and Effective Democratic Processes, 519-S002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000:$4,800,000 DA; $2,000,000 ESF
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: By the beginning of the strategy period in 1997, most of the structural and organizational changes to key democratic institutions mandated by the Peace Accords had been effected -- the Office of the Human Rights Ombudsman and a new national civilian police force were established, and reforms to the appointment process and terms of office for Supreme Court magistrates had significantly depoliticized the judicial branch and strengthened its independence. These structural changes alone, however, merely set the stage for the much more profound transformation of El Salvador's legal and political system, which will take at least the next decade to achieve. USAID is supporting Salvadoran efforts to strengthen democratic processes, increase citizen participation and improve the quality of governance. USAID is directing its efforts toward ensuring that all Salvadorans, especially women and minors, have access to effective legal and judicial protection.

Key Results: USAID considers four key intermediate results as necessary for achieving this objective: (1) in the area of legal protection, significant improvements in the level of citizen confidence in the judicial system, resulting from an improved legal framework and reduced average processing time for criminal cases; (2) in 18 selected municipalities, establishment of broadly representative local development committees, preparation of community development plans, and an increase of at least 50% in local tax revenues invested in public works or other priorities established in the community development plan; (3) establishment of a new civil registry and issuance of new identity/voter registration cards to 3,000,000 adult Salvadorans; and (4) a more vibrant, better informed and active civil society involved in national and local decision-making processes.

Performance and Prospects: Performance has generally kept pace with targets established for USAID's municipal

development and citizen participation activities, the establishment of the new civil registry, and judicial training to facilitate implementing reforms to criminal legislation, which entered into force in the spring of 1998.

USAID catalyzed support for the drafting and passage of important criminal justice system reforms. To facilitate implementation of the new criminal procedures and sentencing codes (which took effect in April 1998) and to expand citizen access to them, USAID helped purchase equipment to establish public defender and prosecutor offices in each of the country's 14 departments. USAID also delivered specialized training for judges, prosecutors and public defenders in formulating oral trial court arguments, interviewing witnesses and in following trial court procedures. During 1997, 4,500 community, municipal and non-governmental organization (NGO) leaders participated in new criminal legislation training. USAID expects that data on 1998 performance, not yet available, will show continued improvements over 1997, when more than 19,000 backlogged cases were brought to closure and the Public Defender's Office provided 8,000 individuals with free legal counsel.

During 1998, USAID continued to strengthen democratic local governance. It made grants to nine Salvadoran NGOs to help form local committees to develop and implement local development plans in concert with the elected municipal authorities. In all of the 18 municipalities where USAID provides technical assistance for municipal services administration, mayors held at least one public forum to present and discuss the 1998 budget, and are consulting on priorities more regularly with their constituents. In 14 of the 18 municipalities, mayors have also hired internal auditors and are undertaking other efforts to improve the local government's accountability for public resources.

Upon appointment of a new National Registrar in late 1997, USAID and the United Nations Development Program (UNDP) agreed to co-finance the technical design studies required prior to purchasing equipment and launching the new civil registry system. In July 1998, the technical study was completed and approved by the National Registrar. Technical specifications are being developed to purchase the equipment required to implement the new identification system. USAID will help finance an intensive effort to collect and record electronically all valid birth certificates--a first step in a three-year effort to issue the estimated 3,000,000 new identity/voter registration cards.

Civil society cannot function effectively without access to information, the participation of a broad range of citizens, and the opportunity to participate in the policy-making process. Recognizing this, making the legislative process accessible to its constituents is an important element of USAID's program. During 1998, USAID assisted the legislature to develop a modernization plan -- one element of which is the creation of departmental offices to facilitate public access to the legislature. The first of these offices, located in Chalatenango Department, was opened in January 1999. USAID is also providing technical assistance to establish the equivalent of a congressional budget office. On the citizen "demand" side, USAID initiated an advocacy training program for local NGOs and has trained public and private sector leaders in anti-corruption strategies. An anti-corruption working group has been formed and will receive USAID support for its advocacy and public awareness activities.

Possible Adjustments to Plans: No adjustments are planned.

Other Donor Programs: The IDB and Spain continue to contribute significantly to judicial reform, with a World Bank program under design. The IDB, the German aid agency GTZ, and the UNDP all have active local development programs. The United States and Japan continue to identify and fund projects designed to strengthen civil society under the Common Agenda.

Principal Contractors, Grantees or Agencies: Current grantees and contractors include Chemonics, DPK Consulting, Research Triangle, World Learning Inc., DevTech Systems Inc., National Center for State Courts, and local NGOs. The International Foundation for Electoral Systems was the principal contractor for the technical design studies for the civil registry.

Selected Performance Measures:

	Baseline (1996)	Target (2000)	Target (year)
Average criminal case processing time, in months	16	12	3 (2002)
Local development/municipal service delivery plans, in number of municipalities	0	25 (1999)*	25 (1999)*
Increase in locally-generated tax revenues	0%	50% (1999)* in 18 munic.	50% (1999)* in 18 munic.

New identity/voter registration cards issued	0	3 million	3 million (2002)

* the activity for which this data is being collected ends in 1999

ACTIVITY DATA SHEET

PROGRAM: El Salvador
TITLE AND NUMBER: Sustainable Improvements in Health of Women and Children, 519-SOO3
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $7,145,000 CS; $4,000,000 DA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID is helping to improve the health of women of reproductive age and children under age five through increasing the use and sustainability of appropriate health practices and services. USAID's support for health and population activities in El Salvador spans several decades and is associated with a steady improvement in health and population indicators. Now, USAID is expanding geographically the coverage of health services, especially for women and children, and seeking mechanisms to enhance their long-term viability while reducing the dependency on donor funding.

Key Results: Three key intermediate results contribute to achieving this objective:

- Child Survival: USAID programs reduce mortality and morbidity in children under the age of five through support to the Ministry of Health (MOH) and to NGOs to provide primary health services such as vaccinations, growth monitoring, and the prevention and treatment of preventable diseases.
- Reproductive Health: USAID programs reduce reproductive health problems through improved safe motherhood and birth outcomes. Families receive assistance to have fewer unplanned and mis-timed pregnancies. Assistance to prevent sexually transmitted infections and HIV/AIDS is provided.
- Policy: To improve health for women and children, USAID works with the government and other donors to enhance the policy environment to support long-term changes. The policy component supports decentralization and increasing community participation in health services policies and practices at the local level. These achievements are quantified in more detail under the Selected Performance Measures, below.

Performance and Prospects: USAID has financed major health and demographic surveys every five years in El Salvador since the late 1970s. The 1993 and 1998 surveys showed marked improvement in the health status of Salvadorans: infant mortality dropped from 41 to 35 per 1,000 live births. For child mortality, they showed a decrease from 12 to eight per 1,000 live births. Contraceptive prevalence increased from 53% to 59.8%. Acute respiratory infections decreased from 59.4% to 33.4%. The total fertility rate dropped from 3.83 to 3.54 children per woman. Prenatal visits increased from 68.7% in 1993 to 76.0% in 1998, with a higher number of women seeking prenatal care in their first pregnancy quarter (from 45.7% in 1993 to 75.2% in 1998). Rural inhabitants have more access to potable water and latrines: due to USAID support, 99,000 more people have potable water and 82,000 more people have sanitary latrines. Diarrhea incidence nationally decreased from 24.4% in 1993 to 20.2% in 1998. As the health sector's leading donor for over 20 years and virtually its only donor during El Salvador's 12 years of civil conflict, USAID can take the credit for much of these improvements.

USAID plays an important leading role in coordinating, developing and implementing activities to support the health reform process. USAID will continue to provide financial and technical assistance to develop new health legislation that ensures equitable service provision, especially for the rural poor, and assist the MOH to develop a more effective and affordable health care delivery system.

An assessment of the MOH National Tuberculosis Program, conducted in close coordination with the Pan American Health Organization (PAHO), resulted in a $2 million, three-year infectious disease program to reinforce and improve TB control, to be implemented through a cooperative agreement with the PAHO. It is expected to begin early in 1999. PAHO will coordinate activity implementation with close USAID monitoring. USAID supports the MOH in implementing, developing and strengthening programs to prevent the spread of sexually-transmitted infections and HIV/AIDS. USAID is also coordinating with the Regional Central American HIV/AIDS Project to develop El Salvador's National Strategic Plan for HIV/AIDS.

To ensure the coverage of child survival and reproductive health services in those areas previously assisted by USAID-funded NGOs, the MOH has agreed to recruit 240 new health promoters and contract with five local NGOs

to continue providing and expanding service delivery to the rural population. The number of MOH health promoters will increase from 1,471 to 1,711, and the five NGOs will be providing services to approximately 113,000 people in 318 communities. Under this new strategy, the MOH coverage will increase from 67% to 87% of the rural communities in El Salvador.

Possible Adjustments to Plans: No adjustments to the current strategy are planned. To assist with reconstruction following Tropical Storm Mitch, USAID is considering a significant increase in funding for construction and rehabilitation of water and sanitation services.

Other Donor Programs: Three other major donors besides USAID work in the health policy and reform area: PAHO, the IDB and the German aid agency (GTZ). PAHO and GTZ concentrate mostly on supporting the MOH decentralization process in limited geographic regions. PAHO also supports the MOH's implementation of the Integrated Management of Childhood Diseases initiative and other aspects of child health and emerging diseases. A $21 million, 25-year IDB loan, which was expected to be approved by the GOES in 1998, is still pending ratification by the National Assembly. The European Union is developing complementary activities to improve access to potable water and sanitation services for rural people. The Government of Japan is also implementing activities to address water quality and distribution, and sanitation. UNICEF supplies essential medicines and is the lead donor on food fortification and micronutrient issues, and is developing activities to improve access to water and sanitation at the national and departmental levels. In the area of reproductive health, the United Nations Fund for Population Activities has been working with the MOH to develop a national reproductive health plan. UNICEF programs continue to target adolescents with information including HIV prevention and, together with PAHO, educating Salvadorans on domestic violence and women's role in society. The European Union and GTZ also support reproductive health programs in El Salvador.

Principal Contractors, Grantees or Agencies: Current grantees, contractors and/or technical assistance recipients include the MOH, the Legislative Assembly, CARE International, the Salvadoran Demographic Association, and other local NGOs. Other entities supporting the activities under this Objective include the National Administration for Aqueducts and Sewage and the Rotary Club International.

Selected Performance Measures:

	Baseline (1993)	Target (2000)*	Target (2002)**
Maternal mortality ratio (per 100,000 live births)	158	120	90
Infant mortality rate (per 1,000 live births)	41	30	19
Child mortality rate (per 1,000 children under 5)	12	9	6
Total fertility rate (children per woman)	3.85	3.5	3.1

*data are collected every five years in the regular health and demographic survey, hence data in this column reflect the targets for 2000, which are the same as for 1998 and 1999

**although the activity will be completed in 2002, the data will be collected in the year 2003 health and demographic survey

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ACTIVITY DATA SHEET

PROGRAM: El Salvador
TITLE AND NUMBER: Increased Access by Rural Households to Clean Water, 519-S004
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $4,400,000 DA
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Increased Access by Rural Households to Clean Water focuses activities of the entire Mission program upon three critical watersheds that transcend the boundaries of 16 municipalities. In these municipalities, the availability of clean water to rural households is critical and has potential to be replicated throughout the country. While the strategy is national in scope, its primary focus is on devolving national authority to the municipal level, and working at the community level through diverse activities that cut across the Mission portfolio. To make a meaningful and lasting impact on water resources in rural El Salvador, communities must organize to demand clean

water, the water provided must be of acceptable quality, sufficient water must be available to fulfill residents' needs, water delivery systems must be operational and efficient, and municipalities must be able to manage and regulate water use effectively.

Key Results: USAID is working to achieve four key intermediate results to increase access by rural households to clean water: (1) improved quality of water sources: increase the area where sound agricultural practices are used to reduce soil erosion and runoff into the rivers and water sources; (2) improved performance of water distribution systems: of the 91 existing water systems, only eight work properly, this should increase to 82 by the end of FY 2002; (3) more effective citizen actions to address water issues: increase the changes resulting from citizen's actions from 43 to 300; and (4) improved municipal management of water resources: at least 36 local ordinances passed and municipalities invest at least 25% of their resources in water related projects.

Performance and Prospects: Since the revised strategy was approved in October 1997, USAID signed the agreement with the Government of El Salvador in September 1998 and is proceeding with contracting for its implementation.

In November, Tropical Storm Mitch hit the selected areas and gave watershed protection and water purification program greater visibility by showing people throughout the country the tangible need for caring for watersheds and assuring sustainable supplies of clean water. The environmental education component assisted the affected areas immediately, providing chlorine and safe water. These efforts were augmented by strong collaboration with and counterpart funding by the Ministry of Environment. In environmental policy, the Legislative Assembly passed the landmark framework environmental law, that took effect on May 4, 1998. The Ministry then drafted detailed regulations for the law, and is consulting with appropriate interest groups on them. In one department, two local non-governmental organizations completely took over the demonstration farmer promoter program's continuation and extended it to more small-scale farmers. The Enterprise for the Americas Initiative in El Salvador received 64 proposals for new projects in environmental protection and child survival. It has already granted over $12 million for 260 similar projects nationwide since 1994.

Possible Adjustments to Plans: USAID's assistance to post-Tropical Storm Mitch reconstruction will not require significant changes to the current strategy since this activity's geographic focus coincides with the areas hardest hit by the flooding. Nonetheless, USAID does envision increased assistance for disaster mitigation in these areas, primarily through reforestation and watershed management. USAID is also considering additional assistance to construct wastewater treatment systems (oxidation lagoons, for example) to reduce the amount of wastewater being dumped into the rivers that flow through the flood-prone coastal area.

Other Donor Programs: The IDB is the largest multilateral donor in the water sector. In 1998 it approved a $55 million, 20-year repayment period loan for an activity to modernize the water sector and rehabilitate water systems for San Salvador, in small, decentralized municipalities (under 5,000 inhabitants), and in small communities in rural areas. The European Union, Sweden, Germany, Japan and Spain all implement activities through the Government of El Salvador or NGOs to install, rehabilitate and construct water supply and sewage systems in rural areas and ex-conflictive zones. The Food and Agriculture Organization of the United Nations and Pan American Health Organization/World Health Organization also support interventions to increase access to water supply and sanitation services as well as to strengthen water resource management in rural areas. A UNICEF environmental education program features water and sanitation as one of its themes.

Principal Contractors, Grantees or Agencies: The current contractor is the Academy for Educational Development. USAID also works through local NGOs and consultants.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Rural households in target areas with water that meets quality and time standards, by gender of head of household	30% m (1997) 26% f (1997)	46% m 45% f	65% m 65% f
Rural households nationally with water that meets quality and time standards, by gender of head of household	41% m (1997) 38% f (1997)	48% m 47% f	57% m 57% f

Increased use of improved agricultural and conservation practices, in number of hectares			
a. soil conservation	a. 3,804 (1998)	a. 4,250	a. 4,800
b. organic cropping	b. 815 (1998)	b. 1,000	b. 1,200
c. integrated pest management	c. 811 (1998)	c. 1,000	c. 1,200

GUATEMALA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$15,750,000	$16,400,000	$16,350,000
Child Survival & Disease Fund	$7,588,000	$10,485,000	$7,310,000
Economic Support Funds	$25,000,000	$25,000,000	$25,000,000
P.L. 480 Title II	$12,481,000	$28,428,000 *	$17,204,000

* includes emergency food aid in response to Hurricane Mitch

Introduction

Guatemala is into its third year of successfully implementing the historic peace accords signed December 29, 1996. The Peace Accords provide the framework for transforming Guatemala into a more participatory, pluralistic and equitable society. U.S. assistance has played a key role in four areas of the peace process: (1) demobilization, reinsertion, and reconciliation; (2) integrated human capacity development; (3) sustainable productive investment; and, (4) modernization and strengthening of the state. U.S. assistance strengthens fragile democratic institutions and supports justice sector reform while promoting respect for human rights. USAID is also helping to increase income opportunities and access to social services for the rural poor while encouraging sound environmental management. A wide range of U.S. interests are served by supporting the peace process. The consolidation of democracy in Guatemala contributes to long-term growth and stability in the country as well as the region, which is of increasing trade and investment importance to the United States. Guatemala has 35% of the total population of Central America and a similar percent of regional economic production. Successful post-conflict recovery and reintegration supports other major U.S. interests, such as controlling illegal immigration and narcotics trafficking and creating a stronger trading partner, as well as addressing the global issues of environmental protection, global climate change, rapid population growth, and the improvement of human health.

In response to Hurricane Mitch which struck in November, 1998, the USG has contributed $10 million for emergency relief activities and USAID reprogrammed $2.8 million from current activities. Relief assistance included emergency food rations, medical supplies and equipment, construction materials, and Department of Defense helicopter support to facilitate relief efforts. Despite an impressive response by the United States and Guatemalan emergency agencies which minimized loss of life, the hurricane did tremendous damage to the agriculture sector, which is the primary source of livelihood for the majority of those affected. Agriculture sector damages are estimated to be $242 million. It is anticipated that the loss of major export crops, banana, and coffee will contribute to balance of payments pressure and cost the economy 1% in growth. It is estimated that 1999 exports will drop by $365 million, which translates into the loss of jobs for 35,000 people. Hurricane damages to the transportation network which includes roads, bridges, and ports are estimated to be $207 million. A significant percentage of the roads in Guatemala were damaged and 68 bridges were destroyed. Damage to health buildings and equipment is estimated to be $6.9 million. The United States will continue to play a key role in the Government of Guatemala's (GOG) rehabilitation and reconstruction efforts along with other bilateral and international donors. The US is supporting activities in agriculture, infrastructure, microenterprise lending for reconstruction, and health. This includes the purchase of seeds and agricultural equipment, rehabilitation of crop land, repair and construction of roads, bridges, water supply systems, schools and health posts, the development of a nongovernment organization microenterprise lending program, and efforts to help contain cholera, dengue, and malaria through the purchase of emergency medical supplies and public awareness materials.

The Development Challenge

While Guatemala is the largest Central American country in terms of population (11 million) and economic activity

(1998 gross domestic product, GDP $18.4 billion), its largely rural, Mayan population live in extremely difficult conditions. Distribution of land, income and other wealth is highly skewed toward a small percentage of Guatemala's Spanish-speaking population. An estimated 75% of Guatemalans live in poverty, and the roughly five million Mayans are isolated socially, economically, and politically due to geographic and language barriers as well as the lack of educational and economic opportunity. The country's social indicators are among the worst in the hemisphere, and national averages mask even sharper inequalities between ethnic groups and gender. Overall adult literacy is estimated at 65%, but literacy among Mayan women is estimated as low as 30%.Less than half of rural Guatemalans have access to running water, only a quarter have access to electricity and less than one in ten have access to modern sanitary facilities. Infant, child, and maternal mortality rates are among the highest in Latin America, despite decreases in recent years. These indicators reflect the country's persistent under investment in social services and basic rural infrastructure, as well as past practices of political and socioeconomic exclusion of the indigenous population.

The Peace Accords and the subsequent implementation process as a whole is a historic undertaking for Guatemala. There have been dramatic advances in the peace process over the past two years. The initial reconciliation and reintegration process proceeded smoothly. Three thousand ex-combatants were demobilized without violence or loss of life. The Guatemalan Congress negotiated a set of constitutional reforms that will help institutionalize the peace process and key reforms once ratified in a popular referendum. A modernization plan for the judicial system was formulated that lays the foundation for increasing access, fairness, and due process, which are essential to restoring public confidence in the judicial institutions and establishing the rule of law. A key element of the Government of Guatemala’s (GOG) efforts to address one of the most fundamental sources of conflict was the capitalization of the Land Fund, which provides a market-based mechanism for land purchases and titling. The Government's increased budget allocations for social sectors coupled with a comprehensive education reform plan which emphasizes multicultural, multilingual, and multiethnic education are beginning to address major disparities in the delivery of social services.

There have been setbacks on the road to achieving lasting peace. Rising crime and random violence continue to fuel concerns over public security. The Government is still at work on developing an integrated national policy on public security. The April 1998 unsolved murder of Bishop Juan Gerardi has raised national and international concerns over impunity and the ability of the justice system to investigate and prosecute criminal cases. The Government is encountering opposition to its new fiscal package which is needed to sustain the upward trend in revenue collections called for in the Accords.

The requirements for addressing Guatemala's multiple challenges, in addition to financing the costs associated with the peace agreements, are enormous and far exceed the country's current revenue-generating capacity. Increased donor funding is essential to complement domestic financing given the estimated $2.3 billion cost of implementing the Accords between 1997-2000. Additionally, the burden of financing Hurricane Mitch-related reconstruction is estimated to be $550 million. Thus, Guatemala is not considered a candidate for graduation from U.S. assistance in the near term.

Other Donors

The United States continues to be the largest bilateral donor, having pledged $260 million of the total $1.9 billion in donor pledges in support of the Peace Accords over the four-year period 1997-2000. Other important bilateral donors Spain ($168 million), Germany ($65 million), Norway, and Sweden are supporting Peace Accords activities mainly in community development, modernization of the state and the judiciary, and infrastructure. Major multinational donors include the Inter-American Development Bank ($945 million), Central American Bank for Economic Integration, the World Bank ($400 million), the United Nations Agencies, and the European Union with programs supporting demobilization and reinsertion, emergency assistance to affected populations, community development, integrated human development, income generation activities, infrastructure, and modernization of the state. Approximately, $182 millon has been pledged by international donors to support Hurricane Mitch relief and reconstruction efforts. Major donors include Inter-American Development Bank ($61 million), Spain ($29 million) and The World Bank ($13.5 million).

FY 2000 Program

Beyond the special Economic Support Funds (ESF)-funded Peace Program, the range of sustainable development activities supported by USAID has been further focussed to achieve priority development results. In 1998, the Poverty Reduction strategic objective (SO) was reformulated into two SOs, Income and Education. The five development focus areas are: democratic development, improved health for women and children, increased rural incomes, improved access and quality of education services, and sustainable natural resource management.

Geographically, USAID programs target the departments most affected by the civil conflict and highest levels of poverty. The proposed mix of $16.4 million Development Assistance, $7.3 million Child Survival and Disease Program Funds, $25 million of Economic Support Funds, and $17.2 million P.L. 480 Title II in FY 2000 will enable the United States to pursue its highest-priority objectives and help address the root causes of Guatemala's longstanding armed conflict, among them, persistent and widespread poverty and social exclusion. As part of the U.S. response to Hurricane Mitch, additional resources are needed for public health, economic reactivation, and infrastructure rehabilitation and reconstruction.

GUATEMALA

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O 1. More Inclusive and Responsive Democracy - DA	---	---	---	3,000	---	---	3,000
S.O. 2. Better Educated Rural Society - CS	---	---	---	---	2,535	---	2,535
S.O. 3. Better Health for Rural Women & Children - DA - CS	--- ---	6,000 4,775	--- ---	--- ---	--- ---	--- ---	6,000 4,775
S.O. 4. Increased Rural Household Income and Food Security - DA - PL 480 T II	3,350 ---	--- ---	--- ---	--- ---	--- ---	--- 17,204	3,350 17,204
S.O. 5. Improved Na-tural Resources Management & Conservation of Biodiversity - DA	---	---	4,000	---	---	---	4,000
Sp.O. Support the Implemen-tation of the Peace Accords - ESF	13,250	---	---	6,000	5,750	---	25,000
Totals - DA - CS - PL 480 T II - ESF	3,350 --- --- 13,250	6,000 4,775 --- ---	4,000 --- --- ---	3,000 --- --- 6,000	--- 2,535 --- 5,750	--- --- 17,204 ---	16,350 7,310 17,204 25,000

USAID Mission Director: George Carner

ACTIVITY DATA SHEET

PROGRAM: Guatemala
TITLE AND NUMBER: More Inclusive and Responsive Democracy, 520-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $3,000,000 DA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Guatemala suffered more than 36 years of internal conflict, which formally ended with the signing of the

Peace Accords at the end of 1996. This SO seeks to advance the Peace Accords and deepen democracy by focusing on the interaction between citizen participation and government response. In particular, this SO builds upon previous experience in the democracy sector to strengthen democratic institutions and expand effective participation in political life especially among indigenous and women. The ultimate beneficiaries will be those individuals and groups that have been excluded from such participation.

Key Results: (1) A more effective and responsive criminal justice system through increased functional integration within the system, streamlined and improved transparency of justice administration, and improved legal education; (2) Broader, more effective citizen participation in political decision-making by helping civil society organizations (CSOs) focus on public policy relating to women, the indigenous, and the rule of law; (3) Increased citizen participation in strengthened local governments through support for municipal development activities; and, (4) Improved quality of public policy through a strengthened national legislature which is achieved by improving research and bill drafting capabilities within the Congress.

Performance and Prospects: Performance during the past year has met or exceeded expectations. Through the justice activity, USAID has promoted greater access to justice by helping: to create a Clerk of Courts office in the ten criminal courts in Guatemala City; open three more justice centers (bringing the total to five) outside the capital; establish nine community mediation centers that resolve legal disputes using customary law; train Justices of the Peace that have filled 60 of 118 vacancies; and, expand legal interpreters programs. Legal education has been improved significantly through curricular reform at San Carlos University Law School and the renovation of student law clinics. Nevertheless, the justice system requires major reform before it can effectively deal with cases involving everyday crime let alone high-profile cases. USAID's new justice activity, scheduled to begin in May/June 1999, will help address some of these issues.

USAID has promoted citizen participation in political decision-making by helping to strengthen civil society organizations (CSOs) and providing the opportunity to engage state actors on issues of national importance. Most notable is the work of the National Permanent Commission on Constitutional Reforms of the Indigenous Peoples of COPMAGUA (an umbrella indigenous group) that developed consensus among the indigenous as to what constitutional reforms should be sought, followed by dialogue with congressional representatives that convinced them to include reforms on indigenous rights and practices. This is but one example of USAID providing support to groups previously excluded from political debates. The challenge of the future is to make these CSO efforts sustainable, which USAID is addressing directly through training and technical assistance to target CSOs.

The USAID local government activity will begin implementation in 1999, focused on selected municipalities and local partners. It will promote citizen participation by strengthening channels of communication between the local community and local authorities and foster dialogue on national policies affecting municipalities and citizens at the local level. The on-going USAID Special Development Fund (SDF) provides financial assistance to rural community groups. Focusing on ex-conflictive areas, SDF supports small community development projects (e.g., bridges, roads, school buildings) while promoting democratic participation. Approximately 40 to 50 small community improvement projects are completed annually.

USAID is working to improve public policy through a strengthened national legislature. USAID financing supports implementation of the Guatemalan Congress' Modernization Plan through the operation of the Legislative Technical Assistance Unit. This unit responds to requests by congressional representatives to provide research and draft high-quality bills through legislative interns. The intern program, staffed by volunteer students, is yielding impressive results. Twenty-seven graduates have been placed in paid professional positions, with 17 contracted by Congress. The latter are the congressional staff for six new technical operating units. The Congress has demonstrated its commitment to the program through significant budget support for the new staff and technical units.

The major uncertainty facing Guatemala relates to a national referendum to ratify constitutional reforms and the general elections later this year. The outcome of these votes could have a major impact on the peace process and democratic development.

Possible Adjustments to Plans: No major adjustments in the democracy program are anticipated for the near future. USAID is in the middle of a successful five year strategy, and will primarily strengthen existing activities to ensure they support an evolving democracy sector in Guatemala. Two new activities addressing the problems of violence against women and corruption will be developed. These will help to focus attention on two issues that are restraining democratic development.

Other Donors Programs: Until recently, USAID has been the lead donor in supporting democratic initiatives, particularly in justice sector reform. The United Nations Verification Mission for Guatemala (MINUGUA) continues to be engaged in institutional strengthening and human rights verification. Other donors have recently become much

more involved in supporting Guatemala's justice modernization, with the IDB and the World Bank having signed major programs at the end of 1998. Local government and community development also receives support from several donors, including German Technical Cooperation (GTZ) and the IDB. The EU, the Organization of American States, Canada, Sweden, Norway, Spain and Holland either have or are planning investments in this sector.

Principal Contractors, Grantees, or Agencies: USAID activities are implemented with the Guatemalan judicial branch, the Public Ministry, San Carlos University Law School, Guatemalan Bar Association, selected municipalities and the National Congress. Activities are managed by a mix of U.S. partners such as DPK Consulting, Creative Associates, Inc., the University of Texas at Austin, the National Center for State Courts, Development Alternatives Incorporated, and local NGOs and CSOs.

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

	Baseline	Target (2000)	Target (2002)
System support index	40% (1993)	42-44%	46-48%
Democratic liberties index	55% (1993)	60-62%	63-65%
% of convictions supported by evidence [1]	59%-67% (1996)	90-93%	
CSO public advocacy effectiveness [2]	23.8% (1998)	27.9%	
% of legislative initiatives accompanied by technical analysis [3]	43% (1997)	52%	

[1] A new activity is being designed. Targets will be set by the Fall of 1999.
[2] Targets will be set in March 1999.
[3] Targets will be set in Fall 1999.

ACTIVITY DATA SHEET

PROGRAM: Guatemala
TITLE AND NUMBER: Better Educated Rural Society, 520-S002
STATUS: New/Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $2,535,000 CS
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The Guatemalan education system is characterized by limited coverage, poor quality, centralized decision-making, urban concentration of resources, and ethnic and gender inequities. In 1996, net primary enrollment was only 69%, leaving an estimated 500,000 school-age children without access to schooling. Over half of all Guatemalan school-age children are indigenous, though only eight percent have access to schooling in their mother tongue. More than 70% of Mayan women cannot read or write. Due to the inadequacies of the education system, the country produces one million illiterate adults every nine years.

The purpose of this SO is to increase educational access, raise educational quality, and enhance the capacity of civil society and the Ministry of Education to define and carry out policies and strategies that recognize the cultural and linguistic pluralism of the country. The direct beneficiaries of USAID assistance include Mayan school-aged children in the Department of Quiche; newly literate individuals, mainly indigenous women and youth; Mayans who will graduate from university degree programs; and bilingual education promoters who will become certified primary school teachers. The indirect beneficiaries include teachers who will be trained in bilingual education programs as well as the future generations of indigenous children who are more likely to be educated because of their parents' improved access to education through the USAID program.

Key Results: (1) Increased access to intercultural and bilingual primary education for Quiche through teacher training, development of multicultural materials and methodologies, and increased parent participation; (2) Greater access to education services for rural communities in the Peace Zone by supporting a university scholarship program for indigenous men and women, training community promoters to be certified rural primary teachers, promoting community models of schooling, and implementing a literary program; and, (3) Reformed educational policies and

strategies that enhance gender and cultural pluralism.

Performance and Prospects: This is a new strategic objective, formally approved by USAID in 1998. It continues education activities funded under the former Poverty Reduction SO. Most of the past year focused on the design and early implementation of Peace/ESF funded education activities. The indigenous scholarship program is the most advanced activity with excellent prospects for success. USAID awarded a Cooperative Agreement to Rafael Landivar University to provide scholarships to permit at least 750 indigenous students to graduate from university degree programs. During the first year, Landivar enrolled 806 students, 45% of whom are women. Eighty-eight percent of the USAID scholarship students successfully completed the school year. Scholarship recipients are studying in 30 different career programs including intercultural bilingual education, legal translation and rural health education. Approximately 200 additional scholarship students have been recruited to begin their studies in January 1999. USAID is assisting more than 200 community education promoters who work in refugee and other remote communities to become accredited primary school teachers. The professionalization programs for the promoters are being provided by three local nongovernmental organizations (NGOs). A new community literacy activity will begin in January 1999. The focus is on training rural community members, especially women and youth, in Mayan and Spanish reading, writing, and numeracy skills linked to income generating strategies to improve family welfare.

USAID's new intercultural bilingual primary education program will be underway by April 1999. The geographic focus is on the Quiche Department which experiences a high level of social exclusion and a marked need for expanded access to basic services, particularly intercultural bilingual education. USAID, working with the Ministry of Education and local NGOs, will strengthen teacher training, develop instructional methodologies and materials, and increase parental and community participation in schooling for 70,000 Mayan children.

To support the implementation of the education reforms called for in the Peace Accords, USAID is pursuing a three-pronged approach to strengthen gender equity and cultural pluralism. First, USAID will promote individual and community rights and responsibilities, especially in indigenous areas where community participation was previously discouraged. Second, USAID will enhance the capacity of key civil society organizations, including member NGOs of the National Council for Mayan Education (CNEM), to promote reforms that address the needs of the indigenous. And finally, USAID will provide assistance to the Ministry of Education to implement selected strategies that improve girls' education and cultural pluralism in the primary school system.

Possible Adjustments to Plans: None anticipated.

Other Donor Programs: The World Bank and the Inter-American Development Bank (IDB) are providing major education sector loans to facilitate the expansion of previous USAID pilot activities in the education sector such as the one-room school model, bilingual and intercultural education, and girls education. USAID is joined by German Technical Cooperation (GTZ), United Nations Children’s Fund (UNICEF), United Nations Educational, Scientific, and Cultural Organization (UNESCO), the EU, UNDP, and others focusing on increasing educational opportunities, especially for the rural indigenous. Donor resources directed toward this objective approximate $100 million since the beginning of the strategy period (1997) with USAID contributing about 13% of the total.

Principal Contractors, Grantees or Agencies: Current grantees and contractors include Rafael Landivar University, Save the Children, the American Institutes for Research, Juarez and Associates, World Learning, and local NGOs.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2002)
Gross primary enrollment ratio in Quiche			
(girls)	53%	66%	73%
(boys)	66%	73%	85%
Illiteracy rates reduced among adult Guatemalans	35%	30%	28%
Number of literate persons trained by USAID-supported programs	0	100,000	250,000
Number of indigenous university graduates/ number of indigenous scholarship recipients	0	450/1000	750/1000

ACTIVITY DATA SHEET

PROGRAM: Guatemala
TITLE AND NUMBER: Better Health for Rural Women and Children, 520-S003
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $6,000,000 DA; $4,775,000 CSD
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Despite a 40% reduction over the past 20 years, Guatemala has the highest infant mortality rate in Central America and one of the highest in the hemisphere. The high maternal mortality ratio, especially among the indigenous, reflects women's inadequate access to reproductive health services. This SO seeks to improve the health status of Guatemalan women and children at the national level and to diminish the disparity in health indicators between rural Mayan families and the rest of the country. By targeting assistance in seven predominantly indigenous departments, the purpose of the SO is to reduce the infant mortality rate (IMR) by 15% from 51/1000 to 43/1000 live births and to decrease the total fertility rate (TFR) from 5.1 to 4.8 births during the same period. Since the IMR and TFR are 12% and 33% higher, respectively, among Mayans than the national averages for these indicators, USAID is developing new approaches to improve the quality and accessibility of maternal-child health (MCH) services in indigenous communities. An important element of these new models is the reduction of cultural confrontation between indigenous and western health systems. USAID supports both the Guatemalan Government and local NGOs in their efforts to improve health practices. The direct beneficiaries of USAID assistance include women of reproductive age and children under five years of age who are gaining access to preventive and curative MCH services, including reproductive health.

Key Results: (1) Increased use of MCH services following a multi-pronged approach to enhance demand for health care and to improve the quality of care provided at health facilities and by community health workers. The activities are specifically designed to address the factors that give rise to the urban-rural differentials in terms of use of family planning methods, vaccination coverage, prenatal care, intra- and post-partum care, maternal mortality, and infant mortality. These include increasing the geographic and linguistic accessibility of services; improving health providers' technical competence, interpersonal communication skills and cross-cultural understanding; improving community education, and strengthening referral systems; (2) Better management of MCH programs of both the public sector and local NGOs by improving logistics systems to guarantee well stocked rural health facilities, and by strengthening financial and administrative systems; and, (3) Stronger Guatemalan commitment to integrated women's health by engaging local NGOs in advocacy for reproductive rights and helping policy makers use reliable demographic and health data to define policies that will permit more Guatemalan couples to elect the number and spacing of their children.

Performance and Prospects: Performance over the past year has been as expected. All of the established targets for 1998 were met and no problems are foreseen in meeting the 1999 and 2000 targets. The Ministry of Health has introduced major reforms integrating service delivery, significantly improving public health administration. It should be noted that in the wake of Hurricane Mitch, Guatemala has become more vulnerable to measles, cholera, malaria, dengue, and leptospirosis. USAID is working closely with the Guatemalan Ministry of Health and local NGOs to reprogram available resources to reduce the spread of epidemic outbreaks and maintain the lowest possible case fatality rates. USAID is monitoring the incidence of infectious diseases in the post-hurricane period and working closely with other donors and the Ministry to marshall all available resources to confront disease outbreaks.

Possible Adjustments to Plans: No major adjustments to the approved strategy are anticipated. However, during FY 1999, the Mission will design a public health package to strengthen the national capacity to reduce the spread of cholera, malaria, and dengue; and capacity to increase immunization coverage, specially of measles.

Other Donor Programs: The IDB is financing a two-phased health sector reform loan to improve access to basic health services in rural areas and to improve hospital efficiency. USAID coordinates closely with the IDB and the Ministry of Health in the design of community health reforms and provides technical assistance for the implementation of reforms at the local level, especially in the predominantly indigenous areas of the western highlands. USAID and the Pan American Health Organization (PAHO) enjoy a productive working relationship, especially in the area of childhood immunization. Plans are underway for a joint USAID-PAHO initiative to improve the quality of care for childhood illnesses. USAID continues its lead role in the area of reproductive health with other donors such as the European Union and United Nations Population Fund (UNFPA) gradually delivering increased support to reduce maternal mortality and improved reproductive health in the country. USAID is the major donor contributing approximately half of all donor support in the health sector.

Principal Contractors, Grantees or Agencies: Current grantees include the Ministry of Health, the Social Security

Institute, the Family Welfare Association (APROFAM), Project Concern International, the Population Council, Management Sciences for Health, the Johns Hopkins Program for International Education in Reproductive Health, the Association for Voluntary and Safe Contraception, and PAHO. Contractors include John Snow International and the University Research Corporation.

Selected Performance Measures:

	Baseline (1995)	Target (2000)*
Infant Mortality Rate per 1,000 live births	51	43
Total Fertility Rate	5.1	4.8
Contraceptive Prevalence Rate	31%	35%
% of Children 12-23 Months Fully Immunized	43%	60%
% of Children <5 Years Treated for Pneumonia	41%	60%
% of Children <5 Years Using Oral Rehydration Therapy or Increased Liquid Intake During Diarrheal Disease	51%	65%

* Targets were set for the year 2000 to help monitor compliance with health commitments made under the Peace Accords for that year

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ACTIVITY DATA SHEET

PROGRAM: Guatemala
TITLE: Increased Rural Household Income and Food Security, 520-SO04
STATUS: New/Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $3,350,000 DA; $17,204,000 Title II
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Poverty in Guatemala is pervasive and severe. The indigenous and rural population have the greatest likelihood of being poor; women are more likely than men to be poor. Access to land and credit is out of reach for those living in rural areas. The lack of adequate economic opportunity to produce sufficient food or to earn an income to purchase food contributes to malnutrition. The poor in Guatemala spend 70% of their total income to purchase basic foods that are often of low nutritional value.

The primary objective of this SO is to increase the capacity of a significant number of poor rural families, particularly women and indigenous people, in selected areas of the country to improve their income. The direct beneficiaries of actions under this SO will be small farmers, microentrepreneurs, and food aid program participants. The indirect beneficiaries will be rural communities living within the selected geographic areas of intervention.

Key Results: (1) Small farmers engage in higher-value production, secure land titles, use sustainable agricultural production practices, and use market information to increase sales; (2) Microentrepreneurs expand their businesses by accessing financial and technical services; (3) Market towns stimulate economic activity by attracting public and private investments; and, (4) Improved family nutrition supported by food aid programs to reduce chronic malnutrition in children under five years of age.

Performance and Prospects: This is a new strategic objective, formally approved by USAID in 1998. It continues income generating and food security activities that were initially funded under the Poverty Reduction SO. Most of the past year has focused on designing new activities; however, a number of activities implemented under the former Poverty Reduction SO are performing as planned.

In 1998, USAID worked closely with the Rural Development Bank to provide technical and financial assistance to 8,500 microentrepreneurs; this represents a 23% increase over the 1998 target figure. USAID is supporting the National Coffee Association (ANACAFE) efforts to help small coffee farmer organizations obtain access to loans and technical assistance in their communities. The coffee industry in Guatemala represents over 30% of the GDP and employs close to 40% of the working population.

Additionally, USAID technical assistance has helped the Ministries of Agriculture (MAGA) and Economy engage the private sector in providing fee-for-service technical assistance and rural credit services for on- and off-farm productive activities. In 1998, MAGA's heavily subsidized extension service has been nearly eliminated and replaced

by this model that has been proven in Mexico and Chile. Further technical assistance for this transformation to be successful will come through a direct USAID contract with a private U.S. firm in FY 2000.

In 1998, P.L. 480 Title II cooperating sponsors CARE, Catholic Relief Services (CRS), and SHARE, provided health care assistance to 204,000 mothers and children. In early 1999, Save the Children Foundation will begin Title II activities that will benefit an additional 28,000 people. The devastation brought on by Hurricane Mitch in October 1998 resulted in the need for additional food resources. USAID and the cooperating sponsors responded quickly and delivered an additional 645 metric tons of food to support 169,000 people affected by the disaster.

It is anticipated that the Ministry of Agriculture will focus a great deal of attention in 1999 and 2000 on Hurricane Mitch reconstruction activities. USAID will provide technical assistance to small farmers and expand seed production and help finance small scale agricultural infrastructure in the areas affected by Hurricane Mitch. Additional Hurricane Mitch related assistance will be needed.

Possible Adjustments to Plans: Hurricane Mitch assistance needs have been identified by USAID and MAGA. USAID estimates that additional resources are needed in the agriculture sector to purchase seeds and agriculture equipment, restructure loans, and rehabilitate cropland. Additional funding is also needed for rehabilitation and reconstruction of basic infrastructure including roads, bridges, and water supply systems; and to develop a microenterprise lending program for reconstruction through local NGO microenterprise organizations.

Other Donor Programs: The Guatemalan Government established a credit trust fund for small farmers based on the design of successful models supported by USAID. USAID assisted in the design of the International Fund for Agriculture Development (IFAD) and the Guatemalan National Land Fund both of which provide rural credit at the community level. The IDB is funding a major sector loan for community development ($50 million) and actively supports USAID's income and food security objective. USAID provides approximately 20% of all donor contributions that currently support Guatemala rural household income and food security activities.

Principal Contractors, Grantees or Agencies: Current implementing organizations supporting this SO are: Cooperative Housing Foundation (CHF), Canadian Center for Studies and International Cooperation (CECI), CARE, Conservation International, Rodale Institute, Tropical Agricultural Center for Research and Education (CATIE), Boston Institute for Developing Economies (BIDE), National Coffee Association (ANACAFE), Agricultural Development Consultants Inc., Catholic Relief Services (CRS), SHARE, Feed the Children, and Save the Children (early 1999).

Selected Performance Measures

		Baseline	Target (2000)	Target (2002)
Small farmers in target areas with secure land titles		0 (1997)	5,300	10,000
Small farmers use sustainable agricultural practices		0 (1997)	11,500	25,000
Microentrepreneurs assisted to meet financial/technical needs		0 (1997)	17,400	30,000
Increased public/private investment in the focus areas		0 (1998)	$4 million	$6 million
Reduced percent of children under the age of five years who are malnourished in food aid program	Share	37%(1997)	27%	21.6
	CARE	52.1%	38%	30.6
	CRS	63.%	45.9%	35.1

ACTIVITY DATA SHEET

PROGRAM: Guatemala
TITLE AND NUMBER: Improved Natural Resources Management and Conservation of Biodiversity, 520-S005
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $4,000,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The Guatemalan Maya Biosphere Reserve (MBR) forms the core of the largest tract of intact tropical forests remaining in Meso-America and is one of the most important regions in the world in terms of biological diversity. The 1.5 million hectare reserve has thin fragile soils in which farmers practice slash and burn agriculture which adds to environmental degradation. In 1992, Government of Guatemala (GOG) analysis of deforestation found that if existing trends continued unabated, by 2010 the MBR would be destroyed by the advancing agricultural frontier.

The purpose of the strategic objective is to stabilize the agricultural frontier, conserve the MBR, and promote a more sustainable development path for the region focusing on tourism, forestry and other income alternatives for marginalized populations. USAID assists the GOG and Guatemalan civil society organizations to improve management and protection of its national park system by focusing on priority units within the MBR. Direct beneficiaries include the population living in and around the MBR (approximately 87,000 in 1998) and national constituencies interested in parks, tourism, conservation, forestry and environmental quality. Indirect beneficiaries are national and international in scope, including future generations.

Key Results: (1) People adopt more sustainable, environmentally sound practices as a result of the dissemination of "best management practices" for sustainable agriculture, timber and non-timber forest products, ecotourism and other enterprises; 2) Policies affecting the environment are improved and applied by defining a policy reform agenda, building environmental constituencies, strengthening the capacity of local stakeholders and organizations to identify and analyze policy constraints, and by implementing corrective measures, such as forest management concessions; and, 3) More responsive institutions and increased local participation in decision-making related to natural resource management through the promotion of greater private, municipal, and community participation in the administration of parks and forest reserves.

Performance and Prospects: Accomplishments met or surpassed targets for 1998. Significant advances related to park management were made: deforestation rates fell significantly in key units of the MBR; non-USAID funding for counterpart organizations increased significantly; 26 agreements were signed to facilitate community participation in natural resource management and conservation; 400 land titling deeds were granted to 1000 families; and, 55% of the target population adopted one or more of the sustainable practices promoted by the program.

The biggest challenges continue to be related to human settlements within the MBR. In 1998, approximately 300 families, located in the core zones of the MBR, were voluntarily relocated to other areas where they can legalize their property rights. On the policy front, efforts focus on improved enforcement and application of laws and regulations concerning petroleum exploration, settlement and infrastructure within protected areas. In 1999, USAID will continue to support a more comprehensive community, municipal, and private sector participation in park planning, zoning, and management. This will help make natural reserves and parks more responsive to local needs. Also, a concerted effort will be made to ensure inclusion of women in income-generating activities, credit, and organizational assistance.

Possible Adjustments to Plans: Independent consultants are currently reviewing the existing program strategy and results to date to identify lessons learned and alternatives for consideration in a new environmental framework agreement with the Government of Guatemala. The existing SO will be extended to approximately June 2001 to permit adequate time for a transition to new implementation arrangements under the new SO. The program is expected to continue its focus on natural resource management and conservation of biodiversity in priority areas without major adjustments to the approved strategy.

Other Donor Programs: USAID has coordinated and collaborated with many other donors working in the area, such as: the European Union, German Technical Cooperation, Inter-American Development Bank, Canadian Center for Studies and International Cooperation (CECI), World Bank, Global Environmental Fund (GEF), Government of Japan, MacArthur Foundation, and U.S. agencies (Fish and Wildlife Service and Forest Service). Implementing partners contribute significant matching funds toward program costs.

Principal Contractors, Grantees or Agencies include: Implementing organizations include: the Government of Guatemala's National Environmental Commission, the National Council for Protected Areas, CARE International, Center for Tropical Agriculture Investigations and Studies, Department of Energy/Oak Ridge National Laboratories, Conservation International, The Nature Conservancy, Rodale, and local NGO partners.

Selected Performance Measures:

	Baseline (1997)	Target (2000)

% of target population adopting improved ag. practices	35	70
Hectares of threatened forest lands conserved	520,000	670,000
Hectares officially protected	1,946,000	2,150,000 [1]
Hectares under contract/concession for sustainable forest management	30,000	150,000
Sustainable productive enterprises established in communities	6	30

[1] Not including buffer zones

ACTIVITY DATA SHEET

PROGRAM: Guatemala
TITLE AND NUMBER: Support the Implementation of the Peace Accords, 520-SP01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $25,000,000 ESF
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: The signing of the historic Peace Accords on December 29, 1996 signaled the end of 36 years of civil war and the beginning of a new and more democratic phase for Guatemala. The Peace Accords serve as a framework for the political, economic, and social development of the country. The principal goal of the Peace special objective (SpO) is to provide direct support to the Government, private sector and civil society of Guatemala for the timely implementation of the principal commitments made in the Peace Accords. The beneficiaries of this program are the entire Guatemalan nation which has expressed its desire for peace and development through the negotiation and implementation of the Peace Accords. In particular, ex-combatants, refugees, displaced persons and other war-affected populations in the formerly conflictive and resettlement zones will most directly benefit from the full implementation of the Peace Accords.

Key Results: Results necessary to achieve the Peace special objective track the four major areas of the Peace Accords. USAID provided early and crucial assistance for the successful demobilization and reinsertion of ex-combatants through activities that increased participants' access to health services, formal and non-formal training, skills development, productive land and credit. Other contributions for advancing national reconciliation include activities assisting victims of human rights violations in 40 of the most war affected communities. Human capacity development is being achieved through basic literacy programs, certification of bilingual teachers in exconflictive areas, and university scholarships for indigenous leaders. Sustainable productive investment in ex-conflictive areas is being achieved by addressing land-related issues, infrastructural development, as well as the strengthening of microenterprises, productive agricultural and financial services. State institutions modernized and strengthened is achieved through justice sector reforms, strengthening the national legislature, and improving tax administration.

Performance and Prospects: The consolidation of peace is a precondition to the successful achievement of each of USAID's five strategic objectives for sustainable development. During FYs 1997/98, significant ESF resources were used to assist the Government of Guatemala to meet immediate short-term requirements generated by the Accords, such as support for demobilization camps, the Peace Secretariat, and a number of peace commissions. During the latter part of the strategic planning period, however, ESF resources will be increasingly used to intensify activities that are not only essential to Peace Accords implementation but that are also closely tied to other strategic objectives. The strategic objectives for Democracy, Education, and Income include activities that link them to the Peace SpO, and a full description of the results, performance measures, and targets for these activities are included within the strategic objectives and not repeated in the Peace SpO.

The consensus of the Consultative Group (CG) meeting in Brussels in October 1998 was that Guatemala had made real progress in implementing the Accords and initiating major structural changes. With the congressional passage of the constitutional reforms and an emerging consensus on the need for a fiscal pact, peace has become a national project that promises to carry the process beyond the present Arzu administration. FY 1997 ESF funds constituted the first major donor support to the GOG peace program and U.S. assistance has continued to be critical to the transition. USAID assistance has played a leading role among donors in supporting the Guatemalan Government's

implementation of the Accords by: (a) helping design a comprehensive plan for overhauling the tax administration, crucial to the GOG's ability to finance implementation of its commitments in the Accords; (b) capitalizing the Land Fund, a market-based financing mechanism for land purchases and titling, and a key element of the GOG's effort to address one of the most fundamental sources of conflict; (c) institutionalizing the GOG's capacity to manage the complex array of commitments and resources supporting the implementation of the Accords, through the Secretariat for Peace (SEPAZ); (d) funding the crucial work of the Historical Clarification ("Truth") Commission, and leveraging other donor and GOG contributions to support this process; (e) improving human rights guarantees through justice reforms, strengthening relations between municipal governments and citizen groups, and supporting the modernization of the national legislature to achieve higher quality laws; (f) providing university fellowships to Mayan leaders; (g) training and certification of teachers in rural ex-conflictive areas; and (h) initiating a major activity for increasing literacy among rural and mostly indigenous youth and women. USAID's program includes a cash grant component which generates within the GOG the local currency to respond to immediate, high priority needs, including the work of SEPAZ and the Commissions mandated by the Accords, land titling, Mayan scholarship funds with Guatemalan universities, and provide assistance to survivors of human rights abuses, e.g., war widows and orphans. USAID has taken the lead in designing an effort to support national reconciliation and enlist the GOG and other donor support to respond to needs in ex-conflictive areas with a high potential for violence through local, small-scale infrastructure, and productive activities.

Possible Adjustments to Plans: Although the GOG has strengthened its efforts to increase tax revenue, fiscal revenues are short of Peace Accord targets, thus limiting the GOG's ability to finance peace and adequately invest in the social sectors. On the eve of the CG meeting in Brussels in October 1998, the GOG and Peace Monitoring Commission reached consensus for new fiscal measures and a revised time frame for reaching associated targets, though resistance to these measures continues.

Other Donor Programs: The GOG has estimated the cost of financing Peace Accord commitments to be approximately $2.3 billion and recognizes that a significant portion of the funding must be generated internally. External pledges of $1.9 billion were made in 1997 and reconfirmed in 1998. Major donors include the IDB, the World Bank, the United Nations, the European Union, Japan, Spain, and the Nordic countries. The United States continues to be the largest bilateral donor, having pledged $260 million or 14% of the total $1.9 billion in donor pledges in support of the Peace Accords over the four-year period 1997-2000.

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

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Social sector investment as % of GDP	2.51% (1995)	3.78%	N/A
Tax revenue as % of GDP	7.6% (1995)	11.5%	12.0
Cumulative number of recommendations from Peace Commissions supported *	0 (1997)	6-12	
# of people benefitting from completed land transactions	0 (1997)	19,000	29,000
# of beneficiaries benefitting from community infrastructure supported with USAID Special Development Fund Resources *	45,000(1997)	180,000	

* Funding for these activities ends in 2000.

GUYANA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$3,185,000	$2,180,000	$3,200,000

Introduction

Over the past few years, Guyana has made significant strides in moving toward a market economy and transitioning to democracy. However, these advances are fragile. Guyana remains the third poorest country in the hemisphere. With modest funding, USAID is playing an important role in leveraging donor resources to stimulate economic growth, and is serving as a catalyst to promote democratic norms and practices within government and in civil society. In this way, USAID's development program in Guyana responds to two areas of U.S. national interest: (1) the promotion of broad-based economic growth in developing and transitional economies, and (2) the increase in adherence to democratic practices and respect for human rights. Improvements in these areas will promote both internal and regional stability and assist Guyana in addressing a growing narcotics trans-shipment problem. A substantial improvement in the investment climate, coupled with Guyana's wealth of natural resources, has potential for increasing opportunities for U.S. investment.

The Development Challenge

The level of poverty in Guyana remains high, structural distortions continue and the distribution of income is still skewed. Public institutions remain weak and years of emigration have drained the country of technical and professional leadership. These economic and structural weaknesses create an environment in which the undercurrent of tension between the two major racial groups in the country is often used to seek political advantage. The December 1997 election, won by the People's Progressive Party/Civic, primarily with Indo-Guyanese support, led to street demonstrations and a continued threat of violence by the opposition People's National Congress (supported by Afro-Guyanese) who refused to accept the results, despite election audit findings from a high-level Caribbean Community (CARICOM) team. This political tension and uncertainty over the past year dampened the climate for both foreign and local investment, contributing to a significant downturn in the economy, one which Guyana can ill afford. However, there is cautious optimism that all political parties now realize that it is in their self interest to peacefully resolve differences and move constitutional reform forward, to stabilize democracy and to restore investor and consumer confidence.

In addition to the already formidable development obstacles, the ability of the Government to adequately address improvements in the quality of life for its people is further constrained by its heavy debt burden. Approximately $1.49 billion dollars in external debt is owed, about $35.7 million to the United States. Recognizing that reducing this debt is essential to its future, Guyana has consistently maintained its compliance with the International Monetary Fund (IMF) and donor conditionality, and is participating in a special debt reduction initiative for heavily indebted poor countries (HIPC). Since 1991, $127 million in U.S. debt has been forgiven. For Guyana to reach income levels comparable to those of most other countries in the region and strengthen its ability to meet the needs of its citizens, multilateral budgetary support and bilateral development assistance will be needed over the long term.

USAID's strategic objectives (SOs) address two of Guyana's most critical problems: the need for significant, equitable economic growth and a stable, participatory democracy. Given the scope of Guyana's constraints resulting from two decades of misguided, socialist rule, progress over the four years (since USAID reopened its office in Guyana) has been impressive. In the area of democracy and governance, USAID assistance resulted in the computerization of the primary laws of Guyana (an essential starting point for law reform), the introduction of modern court reporting to expedite judgments, and the exposure of political party and civil society leaders to models of constitutional reform and political solutions to ethnic, racial and religious conflicts. A better understanding of the

American, Irish, and South African experiences will positively influence the newly-established 20 member Constitutional Reform Commission, since several members participated in these activities. In the area of economic growth, USAID assistance resulted in: the introduction of strategic planning in the Ministry of Trade and the Ministry of Finance as an integral part of the annual budget preparation process; the establishment of a fledgling trade policy unit to help the Ministry of Trade address and take advantage of the new realities of globalization and liberalization; the preparation and recent publication of Guyana's Investor's Guide; and the development of an investment strategy.

Other Donors

Donor assistance in terms of actual disbursements in 1998 totalled approximately $79 million. With the combined disbursements of USAID and P.L. 480 Title I, the United States remains the largest bilateral donor. The Inter-American Development Bank (IDB), IMF and World Bank (WB) provide the largest funding for macroeconomic assistance, primarily allocated to the public sector investment program. Bilateral donors with programs of comparable size to USAID's support the policy agenda of the IMF/WB and assist in policy analysis, institution-building, social infrastructure and other technical assistance programs. Sectoral programs of the multilateral organizations in health, agriculture, environment and education, are complemented by the major bilateral donors--Canada, the United Kingdom and the European Union (EU). USAID's technical assistance and training resources have helped leverage the funding of the multilateral banks by assisting the GOG to meet conditionalities. Aside from elections support, generally multidonor funded, USAID is the principal donor in democracy and governance.

FY 2000 Program

USAID's country strategy for FY 1999-FY 2003 builds upon prior investments and continues its focus on economic growth and democracy. The two SOs are: Expanded Opportunities for the Urban and Rural Poor and More Responsive and Participatory Governance and Rule of Law. By FY 2000, implementation of the two new SOs will be well under way. The strong synergy between these sectors will support long term sustainability of democracy and economic growth.

Increasing economic pressure creates an environment where racial tensions can be exploited and the democratic process could backslide. USAID's economic growth objective will help Guyana with the tools needed to achieve broad-based economic growth, increased equity and more employment opportunities. The democracy and governance program will assist in this effort by helping the courts and other regulatory bodies develop the institutional capacity to ensure that the policies and regulations critical to increased investment are fairly, promptly and uniformly enforced. Increased capacity of the judiciary to adjudicate cases is an important factor in attracting more private investment and in assuring citizens regardless of race or party, that they will have fair, timely access to justice. Strengthening NGOs and private sector organizations and increasing dialogue on important social, political and economic issues with affected parties at the outset, will encourage civil society to take on a greater role in influencing public policy. USAID's new strategy is targeted at addressing these issues.

Results anticipated in the new economic growth objective are: development of trade policies conforming to international norms; wide availability of marketing and investment information; more effective application of laws relating to commerce and investment; enhanced capacity of the private sector to influence public policy; and increased services to support small and micro-enterprises. The democracy and governnance objective will result in: improved lawmaking and regulatory processes; increased capacity to resolve disputes in a timely manner; strengthened capacity to conduct free and fair elections; increased influence of civil society on public policy; and strengthened local government.

Although requested financial resources are modest ($2.9 million for FY 2000), the focus on technical assistance and training in the two strategy areas is not resource-intensive. Based on USAID's performance in the last strategy, similar resource levels have yielded very positive results.

USAID/GUYANA

FY 2000 PROGRAM SUMMARY
(in Thousands of Dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS

S.O 1. Expanded Opportunities for the Urban and Rural Poor - DA	1,700	---	---	---	---	---	1,700
S.O. 2. More Responsive and Participatory Governance and Rule of Law - DA	---	---	---	1,500	---	---	1,500
Totals - DA	1,700	---	---	1,500	---	---	3,200

USAID Mission Director: Carol Becker

ACTIVITY DATA SHEET

PROGRAM: Guyana
TITLE AND NUMBER: Expanded Opportunities for the Urban and Rural Poor, 504-S01
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCES: FY2000: $1,700,000 DA
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: In 1995 when USAID began work on this objective through its recently concluded Building Equity and Economic Participation (BEEP) project, the Government of Guyana (GOG) lacked minimum, acceptable capacity to implement economic, financial and other business-related policy and regulatory reforms to produce progressive economic growth. USAID used its limited resources to leverage funds from the international donor community by supporting the policy agenda of international financial institutions, and filling critical niches in other bilateral donors' programs. USAID's assistance enabled the GOG to increasingly satisfy donor conditionalities, to increase its implementation and analytic capacity, and to provide an improved enabling environment for private sector development, including microenterprises. The purpose of this new SO is to continue to strengthen the business environment in order to bring about more equitable economic growth. The activities will benefit all Guyanese but the greatest proportional benefit should accrue to the disadvantaged because of emphasis on equity. Reduction in the proportion of the population in poverty will be monitored.

Key Results: Four key intermediate results were agreed upon to achieve this objective: (1) increased capacity to implement economic policy for more equitable growth; (2) improved climate for private investment; (3) strengthened capacity of private sector to influence public policy; and (4) increased services available to support small and microenterprises.

Performance and Prospects: Performance over the life of the recently concluded BEEP project was good, particularly considering the problems of deteriorated infrastructure and limited human and financial resources. USAID assisted the GOG to satisfy macro reform conditionalities, to qualify for debt relief, and to develop a debt reduction plan. USAID also assisted in the current reorganization of the Ministry of Finance (MOF) and the computerization of the MOF and Ministry of Trade, Tourism and Industry, resulting in improved economic and trade policy analytical capacity. Improved dialogue between the public and private sectors on economic policy has led to the publishing of an investor's guide and the re-introduction of income tax holidays in 1998. USAID's continued support for the microenterprise sector was responsible for over 2,200 micro credit loans in 1998, with approximately 80% to women. In addition, the delinquency rate of the institution was reduced from over 30% in 1996 to under seven percent in 1998. In spite of a projected negative growth rate of 1.1% in 1998, primarily due to the El Niño phenomenon, Asian financial crisis, and political instability after national elections in December 1997, growth of real GDP averaged 7.2% per year between 1991-1997, while inflation was reported at 4.8% for 1998.

Although there have been significant improvements in the physical infrastructure, the lack of a skilled and qualified workforce will continue to constrain both the private and public sectors. The multilateral and bilateral donors are providing assistance for human resources development. USAID will continue to leverage this additional support.

The New Economic Growth Activity will be more focused than the previous project, and will build on successful initiatives. USAID will target its resources on increasing and improving the opportunities and climate for trade and

investment, in keeping with the new realities of liberalization and globalization. Emphasis will be placed on diversifying the economy from its current narrow raw material production base to growth in new areas of economic activity such as manufacturing, tourism and non-traditional agri-business. USAID will also encourage a more collaborative private/public sector approach to prepare Guyana for the Free Trade Area of the Americas, and assist the private sector to become the driving force for economic development, job creation and wealth. In addition, advice and training will be provided to several micro credit institutions, and increased loans will be made to indigenous and other disadvantaged groups.

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

Principal Contractors, Grantees or Agencies: A competitive bidding process is being used to select a contractor for the new activity. The RFP has been issued and a contractor is expected to be selected during the second quarter of 1999.

Selected Performance Measures: Preliminary measures for the new strategic objective are: (1) reduction in the proportion of population in poverty; (2) unemployment rate remains stable or falling relative to December 1998 benchmark; (3) non-traditional export growth exceeds growth of GDP; (4) real GDP grows by at least four percent per year; and (5) inflation is less than five percent per year.

Baseline data and targets will be established once a contractor is selected.

ACTIVITY DATA SHEET

PROGRAM: Guyana
TITLE AND NUMBER: More Responsive and Participatory Governance and Rule of Law, 504-SO02
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $1,500,000 DA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: In 1994, USAID initiated a program to strengthen the Guyana legal system, which had been systematically starved of funds during the previous 28 years of authoritarian rule. This support followed the 1992 election of a new government under an electoral process which was regarded to be the first free and fair general election in two decades. In addition to the Guyana Justice Improvement Project (GJIP), a complementary project, the Guyana Strengthening Democracy Project (GSD) was initiated to promote democracy and good governance. This activity focused on improving parliamentary systems, strengthening local government, and enhancing capacity of the elections commission. Both projects will end on March 31, 1999. The new strategic objective (SO), More Responsive and Participatory Governance and Rule of Law, will build and expand upon the gains made by the two current projects.

Key Results: Five intermediate results were determined to be necessary to achieve the new activity's objective: (1) improved and more informed law and regulation-making; (2) increased capacity to resolve disputes in a timely manner; (3) sustained institutional capacity to conduct free and fair elections; (4) increased civil society influence on public policy; and (5) strengthened local governance.

Performance and Prospects: Both the GJIP and GSD projects have exhibited strong performance and have shown good to excellent results in a wide array of activities. For example, the criminal case backlog is now 57% of its level two years ago and eight Guyanese have been professionally trained as court reporters and are now formally assigned to the court system using the latest court reporting technology. Previously, proceedings were transcribed in longhand by judges. All the primary laws of Guyana have been placed on a computerized database, and very soon the GOG will be able to update its laws electronically. Sixteen courts have been refurbished, nine more than the initial target, and the high court library has been renovated and furnished for use by the legal community. Despite impressive progress, there is still a great backlog of civil cases, judges and magistrates require ongoing upgrading of skills, numerous laws need reform, and greater efficiency in the judicial system is required to ensure timely and effective justice.

Under the GSD Project, USAID has provided materials and technical assistance to strengthen Parliament, enhance local government capacity, improve electoral management in the 1994 local, and the 1997 general elections, and

increase participation of civil society in constitutional reform dialogue. With the renovation of the Parliamentary library, members of Parliament as well as the wider citizenry of Guyana now have access to one of the finest libraries in the region to inform themselves more fully regarding important issues of the day. This will lead to better laws being enacted for Guyana.

Possible Adjustments to Plans: The proposed activities under the new democracy and rule of law SO have been the subject of lengthy and intensive review by the GOG, not because of their inherent nature but rather due to the politically and racially charged atmosphere since the December 1997 elections. The delays in negotiating an agreement with government have postponed the obligation of initial funds and the issuance of a Request for Assistance (RFA) to implement the new objective. High-level negotiations have recently taken place, including Cabinet review, and ratification of an agreement is imminent. The GOG now appears to be on board with the results to be achieved under the SO and its commitment enhances the prospects of successful implementation over the course of the strategy period. While an agreement with the Ministry of Legal Affairs was signed for the Guyana Justice Improvement Project four years ago, the agreement with the GOG for the new SO will mark the first time since its return to democracy that the GOG will sign an agreement with USAID for democracy activities. USAID plans to extend its two current grants for a few months until a new grant award is made in order maintain momentum in the judicial reform area and in the critical constitutional reform process which has just received Parliament's approval.

Other Donor Programs: USAID is the only donor with a comprehensive approach to democracy and rule of law. Several donors have supported local and national elections and there is particular interest by the IDB in strengthening the electoral process. The United Nations Development Program has a number of small projects in the democracy area. The Canadian International Development Agency (CIDA) has been engaged in strengthening the management capacity of indigenous NGOs and USAID plans to work in close collaboration with both CIDA and NGOs working to improve the status of women, children and indigenous peoples. USAID has been actively seeking greater engagement of donors in the democracy and rule of law area. Discussions with the European Union have been encouraging. Wherever possible, USAID also plans to use its local government capacity-building activities in coordination with the IDB's local government infrastructure program.

Principal Contractors, Grantees or Agencies: The National Democratic Institute (NDI) and the University of the West Indies are current democracy and rule of law grantees. A competitive process will be used to select a primary implementing entity for the new SO. This primary implementing entity will have the capability to provide subcontracts and subgrants to other entities in the achievement of activity objectives. A RFA is anticipated to be issued in the first quarter of 1999.

Selected Performance Measures: Preliminary measures for the new SO are: (1) reduction in the civil and criminal case backlogs; (2) establishment of a permanent, effective Elections Commission; (3) more expeditious drafting of laws which have greater public input; (4) increased organizational capacity of civil society organizations directed to improve the status of women, children and indigenous people; and (5) increased capacity of local government to respond to the needs of their communities.

Baseline data and targets will be established once a cooperating agency is selected.

HAITI

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Economic Support Funds	$70,021,000	$70,000,000	$70,000,000
P.L. 480 Title II	$24,908,000	$25,579,000	$26,432,000
P.L. 480 Title III	$10,000,000	$10,000,000	---

Introduction

Starting in FY99, the U.S. assistance program in Haiti has sought to move further along the spectrum from an emergency response to a long-term development program which establishes the foundation for poverty alleviation in the context of an evolving inclusive democracy. USAID's program is designed to ameliorate the worst effects of poverty: high fertility, poor education, malnutrition and environmental degradation. It also strengthens the rule of law by supporting elections, police training and development of local government and civil society. Haitians from all levels of society throughout the country continue to participate in the implementation of USAID's strategy. The USAID program directly supports U.S. national interests as identified in the Mission Performance Plan (MPP) by "promoting economic development and reducing poverty which will improve the quality of life in Haiti and help consolidate the country's democracy, thereby ameliorating conditions that contribute to illegal emigration to the United States."

The Development Challenge

Haiti is a complex development challenge, with a history of political instability and repression, widespread poverty and illiteracy, and weak government institutions. As the World Bank's poverty study indicates, 65% of Haiti's people live in rural areas and two-thirds of them live below the absolute poverty line -- i.e. unable to meet minimum daily caloric requirements. The overall situation is slightly better in the cities where "only" 53% of the population lives below the poverty line. Overall, many Haitians are living at a level of economic vulnerability seen only in war-torn countries. The Government of Haiti (GOH) has, since 1995, tried to manage its fiscal and monetary policies within the framework of donor-financed International Monetary Fund (IMF) structural/financial reform programs. In 1995 and 1996, the GOH failed to fully carry out tariff, budget and decentralization reforms. It did not comply with the second year of the IMF/ESAF (Enhanced Structural Adjustment Facility). In 1997-98 the IMF shifted to staff-monitored programs, organized around fiscal discipline, privatization and civil service downsizing. The GOH met prudent fiscal and monetary policies under this staff-monitored program which has stimulated economic growth and reduced inflation to 8.2 percent in 1997 and 1998. In addition, government and para-public employment levels were down-sized by 16%. Under the GOH's privatization program, the state-owned flour mill was privatized and is now fully operated by private interests.

Haiti has made some progress in poverty alleviation, with the total fertility rate dropping from 6.3% in 1987 to 4.8% in 1994. Haiti's progress toward establishing a foundation and commitment toward democracy based on the 1987 Haitian Constitution has achieved mixed results. The military was disbanded and a civilian police force created, which U.S. assistance continues to professionalize. Human rights issues are being addressed. Civil society is increasingly active and vocal over public priorities and concerns, and is putting increased pressure on the government to "transform the state" through decentralization--with an enhanced role in the system for civil society and private business--and through credible elections. Although there is a fledgling democratic framework in Haiti, the process of institutionalizing good electoral processes remains tenuous. The most recent results from the 1997 election have been questioned. In June 1997 Prime Minister Rosny Smart resigned in protest over alleged fraud in those elections, which continues to be a key part of the political crisis. The inability to come to a reasonable compromise between differing positions produced the confrontation between the President and Parliament and led to the current confrontation.

More recently, the refusal to extend the expiring terms of parliamentarians exacerbated the political crisis. Strongly held opposing legal and constitutional interpretations of that decision have increased divisions with the populace as well. That decision was challenged by the political opposition, many local officials, including Haiti's Federation of Mayors, and many members of civil society. Nevertheless, there is a continuing dialogue between those groups and the central government on ending the crisis. Those groups, with support from the international community, are insisting on a role in the creation of a provisional electoral commission to conduct the next round of elections.

Another challenge facing Haiti is dealing with the aftermath of Hurricane Georges, which passed through the heart of the country in September 1998. The hurricane caused an estimated 400 casualties and direct losses to crops, agricultural infrastructure, livestock, housing, schools, water and sanitation of over $80 million. With indirect and secondary losses included, damage totals over $180 million. This amounts to almost five percent of Haiti's current Gross Domestic Product. If the aftermath of this disaster is not adequately addressed, the current cycle of political, social, and economic decline in Haiti could be exacerbated by its devastating effects. Thus, USAID proposes to support the rehabilitation or reconstruction of critical infrastructure that was lost in the hurricane, including some roads, irrigation and flood control systems, and health facilities; as well as support the reactivation of lost agricultural production. Additional resources will be needed to support these activities.

Other Donors

Donor grants declined from $293.1 million in FY 1996 to $200 and $204 million in FYs 1998 and 1999, respectively. Similarly, loan disbursements (gross) tapered off from $121.5 million in FY 1996 to $91.1 and $71.7 million in FYs 1998 and 1999, respectively. The net amount of public funds disbursed to the Haitian public sector also declined by $129 million between FYs 1996 and 1998-- going from $389.6 million to $260.6 million, or a 33.1% decline. In FY 1998, the United States was Haiti's largest disbursing donor: $128.1 million, compared to $58.7 million by the IDB, $48.8 million by the EU, and $39 million by the IBRD. Other major donors included Canada, the IMF, France, Germany and United Nations agencies.

FY 2000 Program

In FY 2000, most of USAID's program resources will be devoted to reducing family size, improving health and education, assuring access to family planning information and services, reducing environmental degradation, increasing income, and promoting more inclusive democratic governance. With $70 million ESF and $26.4 million in P.L. 480 Title II resources, USAID will also be able to support elections, political party development, modernizing customs, as well as activities in secondary cities and their environs. It will also support new environmental activities such as development of alternative energy sources and expansion of microenterprise programs.

USAID works with public and private groups, including labor, to improve the environment for economic growth and increased real incomes. Through its secondary cities program, USAID will support efforts by local governments, business groups, civic groups, and Parliament to promote private sector investment in areas with economic growth potential, thereby creating job and revenue enhancement opportunities for the poor. USAID's democracy and governance programs will focus on strengthening the rule of law by supporting elections, Parliament, political party development and judicial reforms, as well as strengthening the police. Health, population and nutrition programs will enable Haitian women to have smaller, healthier families. USAID supports development of quality education networks which bring together public and private schools to jointly undertake teacher training, participate in distance learning programs, and encourage greater parent involvement in the education process. The GOH is expected to continue privatization of state-owned enterprises.

HAITI

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Sustainably Increased Income for the Poor							
- ESF	22,320	---	---	---	---	---	22,320
- P.L. 480/II	---	---	---	---	---	3,000	3,000

S.O. 2 Environmental Degradation Slowed - ESF	---	---	2,230	---	---	---	2,230
S.O. 3 Healthier Families of Desired Size - ESF - P.L. 480/II	--- ---	22,370 ---	--- ---	--- ---	--- ---	--- 8,500	22,370 8,500
S.O. 4 Increased Human Capacity - ESF - P.L. 480/II	--- ---	--- ---	--- ---	--- ---	6,340 ---	--- 14,932	6,340 14,932
S.O. 5 More Genuinely Inclusive Democratic Governance - ESF	---	---	---	12,240	---	---	12,240
Sp.O 1 Streamlined Government	---	---	---	---	---	---	---
Sp.O 2 Police Better Protect and Serve Haitians Nationwide - ESF	---	---	---	4,500	---	---	4,500
Totals - ESF - P.L. 480/II	22,320 ---	22,370 ---	2,230 ---	16,740 ---	6,340 ---	--- 26,432	70,000 26,432

USAID Mission Director: Phyllis Forbes

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: Sustainable Increased Income for the Poor, 521-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $22,320,000 ESF; $3,000,000 P.L. 480 Title II
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Sixty-five percent of the Haitian population lives in rural areas and more than 80% of the rural population lives below the poverty line. The majority attempt to eke out a living from the severely-eroded slopes of the steep hills that cover much of Haiti. Farm holdings generally are neither large enough nor fertile enough for successful subsistence farming. Rural emigrants flow to Port-au-Prince and swell the already large ranks of the unemployed. Capital flight drains the national investment pool. Limited access to credit and technology, a complicated legal system that makes land titling difficult and deters land improvements, and the lack of public investment and basic infrastructure in rural and urban areas all contribute to low productivity and incomes.

USAID's strategic objective (SO) "Sustainable Increased Income for the Poor" aims to induce growth at the farm and microenterprise levels and in the formal sector. In the near term (1999-2001), USAID will target major segments of the poor population. It will increase income available to small hillside farmers and informal sector partners, and deliver immediate results to alleviate the worst problems. Through this objective, program beneficiaries are expected to see their incomes increase by 10%, and by 2003, investment in Haiti is expected to increase to 10% of GDP. It will create market-driven models of income generation--including increased agricultural productivity, informal sector credit plans and assistance to high potential zones outside Port-au-Prince--in an environmentally sustainable fashion so as to build the foundation for long-term growth.

Key Results: Four major results are considered essential to achieving this SO: 1) Increased environmentally sustainable agricultural productivity through increased planting and improved production, processing/storage, and

marketing of multipurpose trees, coffee, cocoa, and other high value crops using appropriate soil conservation practices; 2) Small and micro-entrepreneurs economically empowered by establishing a financial network of institutions lending to the working poor and an integrated support system providing technical assistance for both production and business management for the small- and micro-entrepreneurs; 3) Investment climate improved through appropriate banking regulation, urban property titling, and support to both Parliament and civil society allowing them to effectively advocate for economic reform and improved services; 4) Strengthened zones of high potential growth (beginning in FY 1999) through a municipal development fund which will support market-driven solutions to public sector issues such as energy, potable water, solid waste collection, and community management of infrastructure such as the rehabilitation of roads linking secondary cities to areas of great tourist and agricultural potential and the supply of electricity.

Performance and Prospects: The USAID program continues to lead in improving agricultural productivity and income through the promotion of value-added activities, identification of new markets for tree crops, distribution of improved plant materials and promotion of bio-intensive gardening. A total of 152,000 farmers have participated in these activities and have seen their incomes increase by 20%. The development of new markets for tree crops (e.g., mango and cocoa), and assistance to 20,000 farmers producing the premium "Haitian Bleu" coffee have contributed to renewed interest in the cultivation of these crops on degraded hillsides. The Federation of Coffee Growers Associations doubled its coffee export earnings in 1998. Many more farmers will be joining this new coffee marketing network. Other donors, such as the IDB, are replicating these successful models in other areas of the country. ServiCoop, a new marketing cooperative underwritten by USAID, is now fully operational and has helped 20 farm groups market sour oranges and quality cacao to U.S. buyers and has begun to export regular as well as specialty coffee. By FY 2000, this approach will have increased agricultural yields for 180,000 farmers by an average of 10%.

The USAID micro-credit program continues to expand access to credit among small borrowers through formal and informal institutions, thus creating a more dynamic informal trading sector and fueling an expansion in the microenterprise sector. In the past year, USAID's micro-credit programs have expanded access to credit for over 7,379 clients and disbursed 13,289 loans; and expanded the village banking program, which has made 5,277 loans to 3,985 clients through 53 village banks in three regions. In January 1999, the village banking program will expand further with an additional 1,539 new clients. Commercial banks interest in the program has increased and, with their participation, micro-enterprise development loans are now available to informal sector clients in peri-urban areas. Loan volume is expected to increase by 25% in the year 1999 and 2000.

USAID support to investment promotion continues to focus on privatization, investment policies, microenterprise and institutionalization. Aggressive marketing efforts are attracting interest in Haiti as a tourist destination by major cruise lines and will increase tourists to Haiti by 10% in 2000. USAID is also concentrating on the introduction of new artisan product lines to meet the demands of an increasingly sophisticated domestic market and a very quality-conscious international one. The volume of sales are expected to increase by 25% in 1999 and 2000.

Efforts to formalize informal urban property rights have moved forward with completion of an initial study by the Center for Free Enterprise and Democracy (CLED) and the Institute for Liberty and Democracy (ILD). The study, which determined that the value of the informal property and homes in Port-au-Prince and the three next largest cities exceeds $2 billion, is now ready to move into the pilot implementation phase.

Possible Adjustments to Plans: On September 22-23, 1998, Hurricane Georges significantly damaged Haiti's productive capacity. In an effort to respond to the damage, personnel were engaged in "Operation Bounce Back" activities funded through Haiti's Title III program and supplemental funding. This event led to delays initiating new efforts to secondary cities in the Cape Haitian and Jacmel areas. The Mission brought in additional personnel to assist with Hurricane efforts and is now proceeding with design activities for the secondary cities program. Additional delays could result if 1999 funding cuts result in downsizing or eliminating this component intended to significantly contribute to decentralization in Haiti. Measured program results will include kilometers of road, megawatts of electricity, and number of cruise ship visits.

Other Donors Programs: The IDB, IBRD, EU, Canadian Government, and United Nations Development Program (UNDP) are assisting in institutional reform, encouraging private investment, and supporting the agricultural sectors in Haiti. The IDB, IBRD, and EU plan to each invest over $100 million in sup-port of activities that impact this SO. USAID's Agribusiness Guarantee Fund has already leveraged an additional $4.5 million from the European Investment Bank. The GOH programs P.L. 480 Title III local currency in support of irrigation interventions and secondary road rehabilitation ($10 million per year).

Principal Contractors, Grantees, or Agencies: Under the Program for the Recovery of the Economy in Transition:

Development Alternatives Inc., Société Finançière Haitienne de Développement (SOFIHDES), and CLED/ILD. Under the Agriculturally Sustainable Systems and Environmental Transformation program: Southeast Consortium for International Development, CARE, Pan American Development Foundation (PADF), and Inter-American Institute for Cooperation on Agriculture (IICA) in partnership with many indigenous NGOs.

Selected Performance Measures:

	Baseline (1997)	Target (2001)	Target (2004)
Increase in private investment as percentage of GDP	5%	7%	10%
Increase in income for customers (percentage)	N/A	10%	10%

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: Environmental Degradation Slowed, 521-S002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $2,230,000 ESF
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Haiti is increasingly losing its productive potential. Due to the loss of its vegetative cover, it is also beginning a process of desertification. Only 1.5% of Haiti's natural forest remains and 25 to 30 watersheds are denuded. Deforestation of Haiti's mountainous countryside has resulted in extensive soil erosion. An estimated 15,000 acres of top soil are washed away each year, with erosion also damaging other productive infrastructure such as dams, irrigation systems, roads, and coastal marine ecosystems. The growing gap between fuel-wood supply and demand is exacerbating environmental degradation as peasants cut the few remaining trees to produce charcoal.

USAID's objective is to slow the disastrous pace of environmental degradation in Haiti. The direct beneficiaries include small agricultural producers, urban slum dwellers, urban charcoal users, and residents along several strategic watersheds. In the strategic period, direct interventions are expected to improve environmental practices in soil and water conservation, land/waste management, and energy efficiency for almost 450,000 households and businesses; to reduce wood/charcoal consumption by five percent; and to result in the planting of 35 million additional trees.

Key Result: The major result considered essential to achieving this SO is civil society and government implementing environmental solutions. USAID's environmental team, through the strategy period, will nurture this result by support to community-based endeavors to sustainably manage natural resources, to encourage effective advocacy for improved policies, and to promote economically viable productive enterprises (such as improved stoves) which reduce fuel consumption. In addition, USAID will support the implementation of the National Environmental Action Plan through NGOs; the Ministry of Environment's ability to meet demands for improved environmental services (if difficulties with the government are resolved); policy reform/restructuring for energy and environment sectors (e.g. environmental awareness campaign, conditionality, policy dialogue, analyses); the establishment of a Haitian Environmental Foundation; and the development of strategies for improving the supply and management of electrical power in secondary cities.

Performance and Prospects: USAID promotes conservation and sustainable utilization of natural resources in order to reverse the trend for Haiti to become the first "eco-catastrophe" country in the Western Hemisphere. The USAID program continues to lead in soil conservation and tree-planting efforts to protect the environment: with over 172,000 hillside farmers and coffee growers planting 4.8 million multipurpose and coffee trees in 1997 and practicing soil and water conservation techniques. These practices slow soil erosion and increase water retention while fostering community action through 2,179 farmer and community groups.

A community training program (watershed protection/agro-forestry) is now underway that encourages community action and organization along strategic watersheds: the Riviere Grise and Blanche watersheds (which supplies the drinking water for the capital), Camp Perrin, and the Jacmel region. A comprehensive eco-tourism plan has been developed for the Bassin Bleu site near Jacmel supporting soil conservation, beautification, and local organization capacity building.

In 1997, community groups in Cité Soleil, one of the worst slums in the Western world, are now managing, through 76 community-operated fountains, the sale of clean water for over 175,000 people. The organization fully recovers

its recurrent costs and has created 124 sustainable jobs while using the proceeds to manage the collection of solid waste. An improved stove pilot program targeting small enterprises and schools has begun that will eventually reduce wood consumption for energy which led to Haiti's massive deforestation.

A National Environmental Action Plan (NEAP) national conference, led by the Ministry of Environment's Secretariat, was held in December 1998. The NEAP is expected to be finalized shortly. This conference was a culmination of a participatory process that mobilized 93 communes, 660 grassroots organizations, and was debated both regionally and nationally by civil society and local government. The NEAP will set the priority environmental agenda for action for the next 15 years and can be used to coordinate the efforts of all groups. Efforts have also begun to support a civil society initiative to begin a Haitian Environmental Fund.

By the year 2000, 215,000 households and businesses will be using improved environmental practices in solid waste disposal, soil and water conservation, energy efficiency, and tree planting (thousands); wood/charcoal consumption will be reduced by 2.5%; environmental awareness will increase by 10%; 6 million trees will be planted per year; and 20,000 hectares of land will be protected with sustainable natural resource management practices. The results of the implementation of the NEAP through NGOs will contribute to this performance.

Possible Adjustments to Plans: None.

Other Donors Programs: The IDB, IBRD, Canada, and the EU have substantial investments planned (approximately $345, $65, $48, and $40 million, respectively) to support environmental activities (including the water and energy sectors) in Haiti. Due to the political crisis in Haiti, disbursement of funds channelled through the Central Government (i.e. loans) has been significantly delayed. The IBRD, UNDP and Canada have been active in the support of the NEAP. The IBRD Park program ($22.5 million) was built on USAID lessons learned in Park Macaya and successes in hillside agriculture (i.e. PLUS Project).

Principal Contractors, Grantees, or Agencies: Under Agriculturally Sustainable Systems and Environmental Transformation: Winrock is the prime environmental contractor with contributions from CARE, the Pan American Development Foundation, and Inter-American Institute for Cooperation on Agriculture, in partnership with many indigenous NGOs.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2004)
Households and businesses using improved environmental practices in solid waste disposal, soil and water conservation, energy efficiency, and tree planting (000s)	150	190	215

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: Healthier Families of Desired Size, 521-S003
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $22,370,000 ESF; $8,500,000 P.L. 480 Title II
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Although most Haitians want fewer children, according to the most recent Demographic and Health Survey (1995) and other scientific studies, the population continues to grow at the high annual rate of 2.3 percent. At the current total fertility rate (TFR), Haitian women will give birth to an average of 4.8 children during their reproductive years. Today's population of eight million is expected to double by the year 2027. If all unwanted births were avoided, the TFR would be three--nearly two children less than the actual rate. About 10% of Haiti’s urban population is infected with HIV and almost half the women of reproductive age currently have an untreated sexually transmitted infection. Haiti has the highest child mortality rate in the Western Hemisphere. One in eight children will not live to the age of five, and one in three children is chronically malnourished. Maternal mortality is estimated at 1,000 per 100,000 live births.

According to official statistics, 60% of the population has access to health services; but for practical purposes, only

25% has access to family planning services. Only eight specialized institutions, concentrated mostly in the capital city, offer more than three modern contraceptive methods and 78% of health facilities do not offer assistance for childbirth. Services offered do not adequately address the behavior and health care needs of young adults aged 12-24 who make up one-third of the population. Child survival programs are equally deficient. Full childhood immunization coverage is only 30%, one in five children receive no immunizations by age one, and only 31% of diarrhea cases are treated with oral rehydration solution.

USAID's strategic objective (SO) in the health sector aims to improve the health and well-being of Haiti's children and to address the country's rapid population growth rate. Cost-effective child survival interventions which reduce infant and child mortality and morbidity, and voluntary reproductive health services which permit women and men to delay or space births, are essential to achieving desired family size and health. USAID-financed health programs in Haiti cover a population of 4.7 million people, with USAID funds directly contributing to over half of the country's family planning (modern methods) acceptors. USAID's food aid will reach approximately 120,000 people through the nutrition programs which target women and children.

Key Results: The key intermediate results anticipated for this objective include: (1) increased use of quality child survival and nutrition services to reduce infant and child mortality rates; (2) increased use of quality reproductive health services to increase contraceptive prevalence; (3) improved public policy environment for child survival and reproductive health, including greater and more effective involvement of civil advocacy groups in public health issues; (4) women empowered, so that more girls complete primary school and more women have access to economic opportunities; and (5) youth better prepared for and men more engaged in responsible family life by modifying sexual behavior.

Performance and Prospects: This SO builds on the recommendations of the 1994 International Conference on Population and Development and focuses on improving child, maternal and reproductive health services. Interventions target the major causes of infant mortality in Haiti (diarrhea, fever, acute respiratory infections, malaria, measles, malnutrition) as well as maternal health needs (prenatal, delivery and postnatal care), and reproductive health care (family planning information and services, HIV/AIDS prevention, and sexually transmitted infection prevention, detection and treatment). In addition, USAID provides assistance to the department-level Ministry of Health (MOH) management units to improve supervision, management and financial systems. Support for services is provided to NGOs and to a few MOH facilities, and is focused in three of Haiti's 10 departments. USAID also provides support for service delivery to select NGOs located in Haiti's seven other departments, complemented by targeted assistance to the MOH management units in these departments. Despite challenges and constraints, USAID's 22 NGO partners have succeeded in expanding access to many priority services to 4.7 million beneficiaries nationwide. The contraceptive prevalence rate in several program target areas is nearly double the national average (36% vs 18%); in FY 2000, the contraceptive prevalence rate for all methods will increase from 36% to 40% in USAID-financed sites. A social marketing program, financed by USAID and other donors, sold 7.5 million condoms in 1997 and increased sales of oral and injectable contraceptives.

Top MOH officials are committed to addressing several topics of critical importance to service delivery and management including decentralization of services and decision-making, improved management of essential drugs, including contraceptives, Integrated Management of Childhood Illnesses, and development of a national "master plan" for GOH and donor financing. However, the health system has been impacted by the erratic political situation in the country. This has made it problematic to address, in a systematic and comprehensive manner, major systemic shortcomings (i.e., the lack of access to services for 40% of the population, the inequitable distribution of services and health care providers, and the poor quality of many health services). Nevertheless, results achieved by USAID and partners to date demonstrate that progress and success is possible.

Possible Adjustments to Plans: USAID's health activities are implemented primarily by NGO and private voluntary organizations (PVO) partners; only about 15% of funds are used to support GOH entities and/or activities. USAID does not envision significant revisions in strategy or activity implementation and anticipates that the current modus operandi -- through which private sector service delivery capacities are strengthened and the public sector oversight and regulatory roles reinforced -- will continue for the foreseeable future.

Other Donor Programs: Key donors in the health sector are the IDB, EU, IBRD and UNICEF. Other players include the World Health Organization and United Nations Population Fund. Donors in food aid and food security are the World Food Program, the EU and the Canadian International Development Agency. The Japanese and Taiwanese also contribute modest food aid. Representatives of all donors meet with top officials of the Ministry of Public Health and Population on a regular basis to coordinate activities, exchange information, and discuss critical sector and policy issues.

Principal Contractors, Grantees or Agencies: USAID administers its maternal-child health and family planning program primarily through a U.S. firm, Management Sciences for Health, which in turn negotiates sub-grants and contracts with U.S. PVOs and Haitian NGOs. A separate grant program which focuses exclusively on reproductive health and family planning is managed by the Haitian NGO Association of Private Health Works. The food aid program is implemented through three U.S. PVOs: CARE, Catholic Relief Services and the Adventist Relief and Development Agency. A U.S. contractor, Chemonics, manages the food policy information system, and a local Haitian firm, International Maritime Transport, was contracted for warehousing services.

Selected Performance Measures:

	Baseline (1999)	Target (2000)	Target (2004)
Total Fertility Rate	4.8	4.3	4.0
Infant Mortality Rate (< 12 mos. age)	74/1000	61/100	50/1000
Child Mortality Rate (< 5 years of age)	131/1000	123/1000	12/1000
Malnutrition rate (children < 5 years)	24%	23%	20%

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: Improving Human Capacity, 521-SOO4
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY2000: $6,340,000 ESF, $14,932,000 P.L. 480 TII
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY2004

Summary: Education in Haiti remains the weakest in the Western Hemisphere. The national adult literacy rate is 35% and fewer than 75% of school-age children are enrolled. The poor quality of education is the result of inadequate learning materials, unqualified teachers, and the Government's inability to provide resources to improve primary education.

To compensate for deficiencies in public education, a system of private primary school education-- supported primarily by religious, philanthropic and community organizations--has evolved in Haiti. The quality of instruction at the majority of these schools is far below the minimal acceptable standards for the hemisphere. Two out of three students drop out before finishing school, and more than half of those remaining will repeat at least one grade before passing the sixth-year exam.

USAID's strategy for assistance seeks to alleviate poverty by improving the capacity of Haitians to seize or create economic opportunities. The Human Capacity SO aims at improving the quality of instruction and administrative efficiency in primary schools serving rural and depressed urban areas, and helping establish a sustainable primary education system in Haiti. Also, to offer the majority of Haitian possibilities to learn continuously about educational, economic and political opportunities, USAID will seek to expand access to communication technology.

Key Results: With Haiti's bleak human capacity statistics in mind, this SO will address three intermediate results (IRs): (1) Improved quality of primary education: Quality improvements will include improved instruction in 1000 primary schools, which will require training 3,354 teachers and 559 directors. Distance education radio lessons in math and Creole will be provided to 240,000 pupils. Community support is also essential for school improvements, measured by community activities that improve the quality of education. Greater collaboration between the public and private education sectors is a third focal point to improve quality, measured by a growing percentage of targeted private schools seeking public sector accreditation. (2) Improved quality of services for orphans and at-risk children: A USAID-supported Haitian NGO (Haitian Chamber for Needy Children--CENH) has just been created as an umbrella organization to coordinate donor assistance to institutions serving orphans and other at-risk children. CENH presently has 20 orphanage members but aims to increase this number by more than 25% annually. (3) Improved access to information and communication technology: This IR will rely principally on private sector enterprise for impact by strengthening existing private sector service providers and developing rural telecommunication centers. It is expected that the present base of less than 1000 internet subscribers will double each

of the next four years.

Performance and Prospects: Performance over the past year has been satisfactory, but some constraints have developed.

The planned start-up of various activities under USAID's Education 2004 project (Ed2004) was delayed because formal Ministry of Education (MENJS) recognition and approval of the project was not obtained until the signing of the USAID/MENJS Memorandum of Understanding of September 1998. Introduction of ED2004's network and cluster approaches also has taken longer than anticipated, since such innovations are completely new in Haiti. Programmed information efforts at the community level, targeting specific geographical areas, have been developed to sensitize stakeholders to the benefits of such approaches.

USAID's Cooperating Sponsors implementing the P.L. 480 Title II program are utilizing their school feeding programs to leverage improvements in the quality of education in their client schools. This has proved to be a complex task. The Cooperating Sponsors are now coordinating their activities smoothly with the ED2004 project and with one another.

The lack of reliable local data on at-risk children and orphans made planning assistance to orphans difficult. The USAID-supported creation of an umbrella organization will provide for systematic collection of such data and also help deploy resources from donor agencies equitably among member orphanages.

Possible Adjustments to Plans: None.

Other Donor Programs: The IDB funds teacher training, curriculum development, and textbook distribution for the public sector. A joint IDB/World Bank project will finance school construction, teacher training, textbook distribution in both the public and private sectors as soon as the project is ratified. The EU provides budget support to the MENJS for institution strengthening of the central and regional offices. Cooperation Francaise funds a training program of MENJS technical staff in central and regional offices.

Principal Contractors or Agencies: Academy for Educational Development; CARE International; Catholic Relief Services; Adventist Development and Relief Agency; Haitian Chamber for Needy Children; Haitian Foundation for Private Education.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2004)
Percentage of school children completing primary school (passed primary school exam)	60.5%	63.5	67%

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: More Genuinely Inclusive Democratic Governance, 521-S005
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $12,240,000 ESF
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Although Haiti has taken strides along the road to democracy, its citizens are not yet convinced that elected officials represent public views and interests. Many believe that the judicial system is deeply flawed, lacks independence and is susceptible to widespread corruption and inequity. Prospective foreign and local investors express the need for a strengthened rule of law that provides a stable legal environment for commercial activities, protects property and promotes trade.

USAID's SO aims to increase Haitian citizens' participation in governance at all levels: elections, justice, national and local government and civil society. Each of Haiti's citizens should benefit from achievement of this objective, and is therefore considered our ultimate customer. It is these people who have identified their top priority need--for genuine inclusion in democratic governance. There are important subsets of individuals who are more closely linked to USAID's activities, and as a result are considered primary customers.

Key Results: There are four key results leading to more genuinely inclusive democratic governance: (1) civil society organizations that positively influence policies and oversee public institutions; (2) elections that are more credible and participatory; (3) more responsive governance by elected local officials; and (4) people increasingly treated according to the rule of law.

Performance and Prospects: The current program builds upon activities initiated since return of the constitutional government. It focuses on the problem of ensuring greater and more meaningful inclusion of citizens in the process of democratic governance. Over the last year, it helped Haitians to realize a number of achievements and positive trends. More than 1,200 civil society organizations in all nine departments have constructively engaged in policy discussions and debates on the topics of decentralization, poverty alleviation and the environment. Associations and federations of local officials exist and are spearheading important decentralization initiatives.

USAID will continue to assist Haitians in holding free and fair elections, strengthening elections administration, providing oversight and monitoring mechanisms to deter fraud, with special emphasis on voluntary citizen observers. To make future elections more credible and participatory we are strengthening political parties through the development of party platforms that accurately reflect the views of the people they represent. USAID will also focus on civic education, to ensure that citizens understand the importance of elections and of credible candidates. USAID will continue to work with organizations in all development sectors to build their advocacy skills so that they may positively influence government policies and oversee public institutions. Networks and coalitions of civic organizations with common interests in areas such as the environment, business, education, and health are being strengthened. USAID's planned efforts in justice will focus on strengthening the local constituencies interested in judicial independence and reform (such as judges associations and human rights groups) while improving training of judicial and legal personnel. Absent a Ministry of Justice (MOJ) strongly committed to implementing judicial reforms, USAID will continue to work with the judiciary at the local level, supporting streamlining to reduce case backlog, training to improve performance, and legal assistance for the poor to ensure their access to justice. If, in the future, the MOJ demonstrates more commitment to reform, then greater emphasis will be placed on activities to strengthen the Ministry's ability to lead the judicial reform effort (e.g., proposing and implementing reform legislation, developing a judicial supervision unit & support). USAID is encouraging a Haitian human rights monitoring and oversight capability to ensure that government abuses of human rights are documented and publicized, and that greater deterrents to abuse are established. Finally, through ICITAP, USAID will strengthen the police's ability to respond to complaints, thereby improving its image and reducing public perceptions of impunity.

Possible Adjustments to Plans: None.

Other Donor Programs: Donors coordinate closely in the democracy arena in three general categories. In terms of justice programs (also including police and prisons), Canada, the EU, France and the UNDP are the principal donors. USAID regularly collaborates with these donors to ensure complementarity of program implementation, planning, and policy discussions. In elections, the United Nations Transition Mission in Haiti provides a forum for information exchanges among the donors, including France, Canada, the EU, Germany, Venezuela, Argentina, Chile, the UNDP and MICIVIH. And in the broader area of governance, UNDP coordinates the donors, including USAID, the IDB, EU, Canada and France.

The Haitian public and private sectors are USAID's partners in the democracy program. In terms of the GOH, the Ministries of Justice and the Interior, and the Prime Minister's Office are USAID's principal counterparts and partners. In the private sector, Haitian NGOs, bar associations, law schools, citizen groups, popular movements, and rural and inner-city low-income people are directly involved, particularly through USAID's various small grants programs.

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

Selected Performance Measures:

	Baseline (1999)	Target (2000)	Target (2004)
Percentage of participation in the Presidential elections of 2000 and 2005	25	40	N/A

Percent of citizens who say that their local and parliamentary elected officials care a great deal or a fair amount about the problems facing people in their localities	12	20	37
Percent of citizens who say they have a great deal or a fair amount of confidence in the justice system	24	28	40
Number of public policies on critical areas for development that are changed based on CSO advocacy	7	4	6

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: Streamlined Government 521-SpO1
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: None
INITIAL OBLIGATION: FY 1991 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Since the return of constitutional rule in FY 1995, the Government of Haiti (GOH) has had a comprehensive donor-financed financial/structural reform program. Working either jointly or in complementarity with other donors, USAID has actively supported this program. USAID also provided substantial budget support to assist the GOH to preserve fiscal balance and avoid inflationary financing. All disbursements of budget support funds had conditionalities tied to either the privatization of state-owned enterprises (SOEs) or civil service downsizing/reform. The objective of the Special Objective (SpO) "Streamlined Government" is to contribute to the maintenance and improvement of the macroeconomic environment by inducing reform in the policy areas of: privatization of SOEs, civil service downsizing (CSD), civil service reform (CSR) in general, and improvement of GOH public resource management.

Key Results: USAID's Streamlined Government SpO has four expected results: (1) reduce size of para-public sector; (2) reduce size of civil service; (3) civil service reform implemented; and (4) improve management of GOH revenue. While USAID has been providing funding for these activities since FY 1991 under the Policy and Administrative Reform project, this SpO was created in FY 1998 under USAID's Country Strategy for FYs 1999-2003,

Performance and Prospects: FY 1998 performances have been significantly higher than expected in the CSD area, as expected in the SOE privatization and GOH public resource management areas.

In FY 1998, USAID worked closely with the IMF to coordinate actions in support of CSD, and coordinated with Canada, the EU and Switzerland in facilitating disbursements of some $20 million in budget support which GOH needed for severance/pension payments. With USAID support in general organization and planning, and day-to-day technical and personnel support by an USAID-financed management/audit firm, the GOH began the effort to downsize the Haitian civil service in March 1998. As of October 1998, 3,110 "irregular and zombi" checks were removed from the payroll yielding an annual budgetary savings of $8.3 million and 5,179 civil servants voluntarily opted for either separation or early retirement yielding another $10.6 million in annual budgetary savings.

In FY 1999, USAID will continue to work with the GOH, IMF and other donors to consolidate the FY 1998 CSD results and to make the transition from CSD to CSR. USAID will, working jointly with donors, support GOH efforts in the: (1) update and implementation of existing procedures and regulations to hire civil servants; (2) introduction of efficiency-based sectoral salary increases for civil servants; and (3) creation and operation of a short-term training program for both departing civil servants and employees of privatized SOEs.

With USAID-financing, the GOH privatization board (CMEP) selected, under IBRD rules, three U.S. firms to prepare the bid documents and related materials for the privatization of the Port-au-Prince seaport, Port-au-Prince airport and the telephone company. An Information Memorandum for Potential Investors and the Request for Bids documents for the seaport "modernization" is expected by end-January 1999, with final negotiations and turnover of management during Summer 1999. Preparatory work on the "modernization" of the airport will begin in early 1999, with a contract awarded by the summer. Privatization of the telephone company, Téléco, is expected to occur in late

1999. In addition, with donor-financed technical assistance, the restructuring of the *Banque Nationale de Crédit* (BNC) began in FY 1998 -- a new Board of Directors was installed, the work-force was drawn down and the restructuring of the balance sheet and information system was initiated. The GOH met all the privatization benchmarks established under the IMF FYs 1997-98 Shadow Programs.

The technical assistance provided by the U.S. Treasury and U.S. Customs to the Ministry of Economy and Finance and the Customs Services respectively during FYs 1997-98 has been instrumental in enabling the GOH to both better control public expenditures and enhance tax collection. The GOH met all the fiscal targets established under the IMF FYs 1997-98 Shadow Programs.

Other Donor Programs: Donors' support of the GOH structural economic reform program has been significant since late 1994. During FYs 1994-96, approximately 27% of the GOH annual Operating Budget has been financed by donors each year to assist the GOH in the inflation-free financing of its wage bill and non-salary operating costs. That ratio dropped to seven to eight percent in FYs 1997-99 after the resignation of the Prime Minister in June 1997. Donors' commitment to the areas of CSD, CSR and privatization has always been significant. Since FY 1995, all IMF financial stabilization/structural adjustment programs have required the GOH to implement civil service reform-related and privatization actions. Canada and EU disbursed some $20 million of budget support in FY 1998 against achievement of agreed-upon CSD and privatization results. The IMF FY 1999 Shadow Program, with $21 million of balance of payments disbursed by IMF and some $30 million of budget support committed by Canada and EU, calls for consolidation of CSD results achieved to date and further privatization progress.

The IDB has prepared a $20 million Administrative Reform loan, and the IBRD has prepared a $12 million Second Technical Assistance Project. France and UNDP also have programs in the CSR area. With respect to the privatization program, the IDB is financing the transactions involving the electric parastatal, the BNC and the *Banque Populaire Haitienne (BPH*) under its $50 million Investment Sector Loan (ISL). The Canadians are providing partial financing for CMEP's operating costs and the IBRD serves as the primary technical advisor to CMEP. Donors, such as the IMF/UNDP, Canada and the EU, have also been providing significant technical assistance (TA) to the Ministry of Economy and Finance (MEF) and the Central Bank. The USAID-financed Treasury TA to the Ministry of Economy and Finance, as well as the U.S. Customs training of Haitian Customs Officers, are integral parts of donor assistance to the GOH to strengthen its capacity to implement macroeconomic policies in a timely fashion. The IBRD is planning a sizeable TA grant to MEF for the initiation of the establishment of an integrated financial management system in FY 1999.

Principal Contractors, Grantees, or Agencies: The World Bank received a $3.5 million grant to procure the technical assistance needed by CMEP to execute the seaport, airport and Téléco privatizations. Under the IBRD privatization grant, Nathan Associates and consortia led by Citibank and Sterling Merchant Finance have been assisting CMEP in the execution of the seaport, airport and telecommunication privatization transactions, respectively. A Haitian financial/management firm (subsidiary of Price Waterhouse/Canada) has been executing the technical assistance contract to assist the GOH implement its CSD program. The Training and Technical Education Center has won the contract to design and administer the GOH short-term training program for departing employees of the Haitian civil service and para-public sector.

Selected Performance Measures:

	Baseline (1995/97)	Target (2000)
Size of para-public sector (% of GDP)	7-8%	2-3%
Number of civil services employees	52,192	44,692
Increase of GOH revenue (% of GNP)	8.7%	11.5%

ACTIVITY DATA SHEET

PROGRAM: HAITI
TITLE AND NUMBER: Police Better Protect and Serve Haitians Nationwide 521-SpO2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $ 4,500,000 ESF
INITIAL OBLIGATION: FY 1994; **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Under this USAID Special Objective "Police Better Protect and Serve Haitians Nationwide", the U.S.

Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) supports USG policy related to law enforcement development in Haiti through planning, implementing and coordinating project plans that focus available resources on key training and development needs of the Haitian National Police (HNP). U.S. policy and goals related to the HNP are based in the interest of enhancing what is becoming a credible, responsive civilian law enforcement agency, delivering basic law enforcement services pursuant to the rule of law, accountable to the public and subscribing to internationally-accepted standards of human rights.

Many of the deficiencies in police capabilities can be attributed to inadequate numbers of supervisory personnel, insufficient logistical capabilities which lead to too few officers in rural areas, and problems in managing personnel and finance. However, operating expenses, for such things as fuel, and limited capital investments, including policy station refurbishment, are not adequately provided for in the HNP's budget. Therefore, it has been necessary for the police to "borrow"from its salary line item to cover these costs. This is not a long-term solution, and without increased resources, budget concerns will continue to plague the HNP. ICITAP's support has been for technical assistance, training and equipment.

Key Results: There is one key result leading to Police Better Protect and Serve Haitians Nationwide: People Feel There is More Personal Security.

Performance and Prospects: ICITAP is in the fourth year of its five-year plan and there are several accomplishments, including: separating police function from those of the Haitian Armed Forced (FADH), defining the role of the police in the context of Haitian society and local needs, and instituting a basic training program that provided vetted members of FADH with immediate police skills so that they could perform as Interim Police (IPSF). Simultaneously, international police monitors were trained and deployed with ICITAP assistance as a method to deter violence during the transition period. In the second phase of ICITAP's effort it focused on institution building. This stage was central to the development of a professional civilian police force and included training and assistance in establishing police administrative and management capabilities, as well as specialized skills such as investigative and police forensic capabilities.

ICITAP has worked in close collaboration with the Haitian Secretary of State for Public Security of the Ministry of Justice, the HNP Director-General, the Chief Inspector General and their respective staffs to develop an HNP Development Plan to the year 2000. At the invitation of Haitian counterparts, ICITAP worked with Haitian officials to define achievable goals and objectives. This plan remains the corner stone of HNP development. The GOH and the international community rely on the plan as the blueprint for all coordination efforts. The HNP Development Plan is divided into short and long-term components. The first segment presented emergency measures to be implemented by July 1997 and the second addresses measures for HNP development through the year 2000. The immediate objective addressed quality-of-life issues for HNP agents, management issues, and sought to consolidate HNP training programs, while modeling HNP operational readiness to be able to confront and effectively deal with a public order crisis or a criminal incident of national proportions.

ICITAP will continue to assist the GOH to improve and formalize HNP management, including HNP executives, managers and supervisors to guide and direct, all aspects of the HNP operations to ensure it can fulfill its law enforcement mission. Management issues being addressed include acquisition, deployment and preservation of human and physical resources, including in rural areas. ICITAP has a major interest in assisting the GOH in formulation of policy related to the new rural police including authorities to be delegated, jurisdictions and career paths.

ICITAP is also assisting the GOH in strengthening the HNP in both patrol and investigative operational capabilities and to improve the delivery of law enforcement services. Areas important to Haitians, such as theft and property crimes are emphasized, along with transnational criminal issues such as auto-theft, contraband and narcotics. This is helping to establish a predictable environment of community-wide safety and security. It is also assisting the GOH to institutionalize a sustainable law enforcement training capability to continue the professionalization of the HNP at all levels. Funding is also being provided to assist in equipping a new rural police.

Possible Adjustments to Plans: Although ICITAP is in the fourth year of a five-year plan, it will need to continue its activities over the next five years focused primarily on three major themes, including: (1) Specialized Training; (2) Police Management; and (3) Operational issues. The specialized training program will support the long-term development plans of the HNP by continued teaching of management and leadership skills, as well as the continued professonalization of the police at all levels of the institution. It is quite likely that this training will include supervision courses for new rural police. In addition, human rights training for officers at all levels, as well as training on womens' rights and domestic violence will be included in both the initial training program and the continuing education program.

The indicators, both baseline and targets, for this SpO need to be revisited to ensure that they are still relevant and accurate reflection of progress in achieving intermediate results (outcomes) and the strategic special objective.

Other Donor Programs: ICITAP coordinates its activities with other international donors to maximize the impact of available resources. The French are working exclusively with the judicial police, including training; developing a criminal investigation and record system; establishing a medical examiner's office; and strengthening a unit which will investigate dangerous crimes committed by gangs. The Canadians support is mostly in mid-level management training, as well as work with the judicial police in crime scene analysis. They also provide training and technical assistance in areas such as logistics and motorpools. The UNDP has five technical advisors who work with local commissariats and headquarters and UNCIVPOL mentors the new police. Finally, the Taiwanese have contributed commodities, including vehicles.

Principal Contractors, Grantees, or Agencies: U.S. Department of Justice (OPDAT and ICITAP).

Selected Performance Measures:

	Baseline (1999)	Target (2000)	Target (2004)
Percentage of people who believe police are responsive to their request for help.	TBD*	5% over baseline	5% over baseline

* These indicators are being finalized for inclusion in Performance Monitoring Plan that will be submitted along with the R4 for FY 1998.

HONDURAS

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$10,085,000	$17,545,000	$13,918,000
Child Survival & Disease Fund	$7,517,000	$22,840,000	$7,250,000
P.L. 480 Title II	$5,114,000	$40,218,000*	$12,695,000

*includes emergency food aid in response to Hurricane Mitch

Introduction

U.S. assistance to Honduras is now focused on helping the country recover from the devastation of Hurricane Mitch and on the process of reconstruction and economic reactivation required to meet the needs of those most severely affected by the hurricane. U.S. interests in Honduras are driven by its proximity to the United States, strong links between the U.S. and Honduran people, trade and investment opportunities, high levels of illegal immigration, narcotics transit, global environmental and health threats and general foreign policy interests in building stable democracies that protect human rights. Since January, illegal Honduran immigrants to the United States at just one U.S. intake center are running at 45 per day, a major increase since the hurricane. Rapid recovery and reconstruction after the hurricane will help reduce growing levels of immigration to the United States by restoring previously positive economic growth rates, expanding employment, and improving the quality of life. U.S. assistance also promotes U.S. global interests by protecting biodiversity and tropical rain forests, controlling the spread of HIV/AIDS, and reducing population growth.

The Development Challenge

Hurricane Mitch caused staggering levels of destruction and dislocation throughout Honduras. The Government of Honduras (GOH) estimates that more than 5,000 people died due to the storm. Up to a third of Honduras' six million people were dislocated and over one million were at least temporarily uprooted from their homes or livelihood. U.S. humanitarian assistance helped rescue people and assure that survivors received food and essential relief supplies (e.g. water storage containers, plastic sheeting for shelters) to prevent more deaths in the immediate aftermath of the storm. USAID provided over $30 million in immediate relief and recovery assistance including P.L.-480 Title II assistance, disaster assistance, and funds to immediately repair damaged water and sanitation systems and support public health efforts to prevent disease.

The damage and losses caused by Hurricane Mitch in Honduras have set the country back years in its development efforts, making graduation from U.S. assistance impossible in the foreseeable future. The transportation and productive infrastructure that served as the foundation for development was severely damaged and an economy that was headed toward sustained vigorous growth suffered huge losses. Estimates of total economic losses range beyond $4 billion. Agricultural losses, which amount to eight percent of GDP and 70% of Honduran exports, are estimated at nearly $1 billion. Growth projections for 1999 have been revised downward to around zero from a projected figure of six percent to reflect the loss of production caused by hurricane damage. The transportation and productive infrastructure loss must be replaced and medium-term financial resources to finance reconstruction and spur economic growth will be required. Much of the nation's social infrastructure (water and sanitation systems, schools and health facilities) was also damaged and must be replaced to prevent the spread of disease and contribute to a healthy, well-educated workforce and citizenry. The process of reconstruction will test Hondurans' commitment to democracy in maintaining transparency and accountability to prevent corruption associated with major international assistance.

Before Hurricane Mitch, Honduras was making significant progress in addressing its daunting development

challenges: severe poverty, protectionist economic tendencies, archaic judicial practices, inadequate education and health care systems, and widespread environmental degradation. Honduras is the fourth poorest country in Latin America with per capita annual income below $750 and a poverty rate above 65%. Efforts to stimulate rapid economic growth must include attention to the needs of small entrepreneurs and farmers who need adequate access to land, technology, financial services, and markets. The government faces policy challenges in the aftermath of the hurricane that will test their commitment to free-market solutions and poverty alleviation. Debt relief via a three-year moratorium on bilateral debt service (valued at $327 million) will help conserve government resources for hurricane reconstruction efforts; balance of payments assistance will also be needed. Micro-finance and rural credit institutions, whose portfolios were affected by client losses, need to be recapitalized to meet their clients' reconstruction needs, recover their losses, and reach out to others in need. The country's natural resources, rich soils and extensive pine forests that serve as a foundation for economic development, must be sustainably managed and protected.

Basic education and vocational training must reach many more Hondurans to give them the skills they need to gain employment, provide for their families and create an informed citizenry. While the national literacy rate is 74%, recent improvements in primary education have not yet had a big impact on the adult labor force, less than 50% of whom have completed primary school. Repetition rates in the primary system are relatively high, and rural children generally drop out of school when they reach adolescence. Only one-third of primary school graduates can find places in middle school (grades 7-9), with a complete lack of access in many rural municipalities. This situation--combined with the scarcity of vocational schools in the country--leaves students, particularly in rural areas, with few options for continuing education after primary school. The family dislocation caused by Hurricane Mitch, on top of the damage to classrooms and loss of supplies, has created difficulties in preparing for the 1999 school year and will likely increase drop-out rates.

Hurricane Mitch placed further demands on weak health care systems that attempt to meet the needs of a poor country with a population growing at 2.7% a year. Before Mitch, access to water and sanitation had reached over 60% in rural areas and a high percentage of municipal urban areas. This access to potable water and improved sanitation was a major contributor to a 20% decline in infant and child mortality. The decline was achieved through reduced diarrheal diseases, coupled with increased treatment of diarrhea with oral rehydration therapy and through 95% vaccination rates. Pre-Mitch, diarrheal disease had dropped from the first to the third most important cause of infant mortality. Since Hurricane Mitch destroyed or damaged an estimated 42% of rural water/sanitation systems, only 35% of rural families now have access to safe sources. Most urban municipal water and sanitation systems were also damaged or destroyed. Diarrheal disease is again a leading health problem, and shows an estimated 25% increase over the previous year. Infant mortality remains at 40 deaths per 1000 live births, and over 25% of the surviving infants are seriously malnourished during the second year. Sustainable improvements in family health will require reducing fertility, infant and maternal mortality, malnutrition, and the spread of disease by improving delivery and increasing use of health care services.

Honduran democratic institutions must be strengthened to assure protection of human rights and allow for greater citizen participation in decision making. Past decentralization efforts have created capable local governments that can play a major role in the reconstruction of the country and in meeting the needs of their constituents for basic services and productive infrastructure. However, these municipalities have been stretched in meeting the immediate needs of their citizens, cleaning up hurricane damage, and coordinating relief and reconstruction efforts. They will require financing for repairing infrastructure and restoring basic services and will need assistance in planning reconstruction efforts. Rule of law in Honduras is undermined by an archaic, inefficient, unfair inquisitional court system (e.g., 90% of prisoners have not been tried or sentenced). A major reform of the criminal procedures code is needed to bring increased transparency and efficiency to the system and key institutions such as the Court Inspector General and Public Ministry need assistance to prosecute corruption. Corruption is a major problem that many fear will affect the reconstruction effort as major contracts are awarded for infrastructure. The GOH has stated that it plans to take action to assure that reconstruction funds are used most effectively and appropriately. In this regard, USAID will support the strengthening of the Honduran Controller General's capability to audit international funding. Donors are also working with the government to establish adequate inspection and monitoring of financial transactions and engineering oversight.

Other Donors

The major multilateral lenders in Honduras are the: World Bank (balance of payment support, public infrastructure, government reform, education); IMF (balance of payment support); IDB (public infrastructure, government reform, education); European Union, especially Spain; and Central American Bank for Economic Integration (CABEI). USAID is the second largest bilateral donor behind Japan, which is primarily involved in health and agriculture. USAID is coordinating closely with other donors on the reconstruction effort, with the World Bank, IDB, Japan and

Sweden likely to be heavily involved in expensive transportation infrastructure projects (highways, bridges) and social infrastructure (schools, clinics).

FY 2000 Program

The USAID strategy for Honduras is being revised to respond directly to hurricane reconstruction needs and will focus largely on public health, economic reactivation, education, shelter, environmental management, disaster mitigation, and accountability. The GOH is committed to using reconstruction as an opportunity to transform the country, not merely replace what was lost. Therefore the United States has an opportunity to help ensure that the reconstruction process deepens Honduras' commitment to free markets, democratic principles, and economic growth with equity.

Additional resources would allow USAID to play a major role in spurring economic reactivation of small and medium entrepreneurs and agricultural producers by providing the necessary access to financial and technical assistance. Expert assistance will be provided to policymakers who must deal with the complex issues of post-Mitch economic recovery and poverty reduction. USAID will also finance rapid rehabilitation of rural roads and bridges to spur rural economic recovery and provide employment. Assistance to promote sustainable management of pine forests will contribute to both economic growth and protection of key watersheds. Expanded support for NGO environmental programs will also help improve management of watersheds and protected areas and will help farmers use proven technologies for hillside agriculture that prevent the kind of erosion and landslides caused by Hurricane Mitch.

Expansion of alternative delivery systems for basic education will help meet the needs of dislocated populations and support for vocational education will provide skills for reconstruction.

Municipalities will be the focus of much of USAID's reconstruction efforts due to their proven responsiveness to citizen needs. Major funding for rehabilitation of municipal and rural water and sanitation systems, plus new systems for dislocated populations, will strengthen the ability of municipalities to meet the basic needs of their citizens and reduce the potential for the spread of disease. USAID will also support targeted efforts to meet the shelter needs of dislocated people. Rural road and bridge rehabilitation and other infrastructure work focused on economic reactivation will be coordinated with municipal governments.

In the health sector, water and sanitation will also be a major thrust of USAID's reconstruction effort with the primary focus on rural systems managed by local water boards. Water and sanitation work will therefore be a major element in achieving both municipal and health objectives. Support for control of infectious diseases will be expanded and child survival interventions, family planning and AIDS prevention efforts will continue. Food assistance will meet nutritional needs in the aftermath of Mitch and provide support for reconstruction efforts through food-for-work programs.

Efforts to assure accountability and transparency during reconstruction will be supported through mechanisms to assist the GOH in adequate monitoring and audit of reconstruction implementation. USAID will continue to support replacement of the current written, inquisitional justice system with a new oral, adversarial system that will be more transparent and fair and will complement USAID efforts to bring significant improvements in efficiency of the judicial system.

HONDURAS

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Economic reactivation - DA - CSD	 3,950 ---	 --- ---	 800 ---	 --- ---	 --- ---	 --- ---	 4,750 ---
S.O. 2 Environmental Management - DA	---	---	1,200	---	---	---	1,200

S.O. 3 Responsive Health Systems - DA - CSD - P.L. 480/II	 --- --- ---	 4,318 4,750 ---	 --- --- ---	 --- --- ---	 --- --- ---	 --- --- 12,695	 4,318 4,750 12,695
S.O. 4 Rule of Law, Accountability, Human Rights - DA	 ---	 ---	 ---	 1,100	 ---	 ---	 1,100
S.O. 5 Responsive local governments - DA	 ---	 ---	 ---	 2,550	 ---	 ---	 2,550
S.O. 6 Improved opportunity for basic educa-tion and skills - CSD	 ---	 ---	 ---	 ---	 2,500	 ---	 2,500
Totals - DA - CSD - P.L. 480/II	 3,950 --- ---	 4,318 4,750 ---	 2,000 --- ---	 3,650 --- ---	 --- 2,500 ---	 --- --- 12,695	 13,918 7,250 12,695

USAID Mission Director: Elena L. Brineman

ACTIVITY DATA SHEET

PROGRAM: HONDURAS
TITLE AND NUMBER: Economic reactivation meeting the needs of the poor, 522-SO01
STATUS: Continuing (revised to respond to needs created by Hurricane Mitch)
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $4,750,000 DA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Poverty, especially in rural areas, is the foremost long-term economic problem facing Honduras today. The economy grew slowly over the past decade (at a rate only slightly exceeding population growth), resulting in an overall poverty rate of 66% in 1997. Though the country was moving toward vigorous growth rates and making some progress in addressing poverty, Hurricane Mitch wreaked widespread devastation, dealing a significant setback to economic growth and poverty reduction efforts. Estimates of economic damages range beyond $4 billion. Those most severely affected were the poor majority already living a marginal existence. Flooding throughout the country caused whole towns, neighborhoods, businesses, crops and livestock to be washed away or covered with water and mud. Many businesses and agricultural producers of all sizes lost everything or sustained major damage. The financial sector was dealt a severe blow as many borrowers--both agricultural and micro and small enterprises--became insolvent overnight. Unemployment increased as small businesses collapsed and 70-80% of agricultural production was destroyed. Recent economic growth projections have been adjusted downward, and the decline in agricultural (and forestry) exports expected in 1999 and 2000 will likely increase the national poverty rate and unemployment. In this context, maintaining monetary and fiscal policies which are conducive to economic growth will be extremely difficult without balance of payments support to the GOH.

Key Results: Economic reactivation to meet the needs of the poor is a critical objective in the Mission's overall national reconstruction strategy. Program activities and balance of payments support will be targeted to achieve the following key results: (1) expanded business and financial services to micro and small businesses; (2) expanded extension services and credit to agricultural producers; (3) improved policy environment conducive to poverty reduction through economic recovery and growth, (4) enhanced monetary and fiscal stability through balance of payment support, and (5) generation of temporary employment through a public works program aimed at repairing rural roads and productive infrastructure. In addition, USAID will continue its support to the GOH forestry agency (COHDEFOR) to implement sustainable pine forest management practices.

Performance and Prospects: USAID partners will provide micro and small businesses--as well as small- and medium-sized agricultural producers--with the business, marketing, technical and financial services they need for

economic recovery and greater market competitiveness. Implementation will be through the private sector, especially through experienced NGOs and institutions with the capacity and agility to quickly expand operations. Hurricane Mitch wiped out so many micro and small businesses, that mature microfinance NGOs will need to work with their former clientele while significantly expanding their business and financial services to meet the emergent needs of micro and small businesses in those secondary cities ravaged by Mitch. USAID will also help greatly expand agricultural extension and credit through leading private sector institutions with a proven track record of performance.

USAID will also help the GOH consolidate and improve its economic policies in order to facilitate recovery, compete more effectively in the growing global economy, promote growth and create new jobs, and maintain monetary and fiscal stability. This will entail timely provision of technical assistance to leading public and private sector institutions responsible for formulating policy, enhanced training and educational opportunities for decision makers, and public education/awareness activities. Balance of payments support will greatly enhance this policy reform effort, and better enable the GOH to avoid backsliding on sound monetary, trade and fiscal policies during reconstruction.

A major program to rehabilitate rural roads, bridges, and productive infrastructure destroyed by Hurricane Mitch will contribute significantly to economic reactivation where producers and suppliers are unable to reach key markets with their goods. This program will also generate temporary employment for those citizens whose livelihoods have been threatened.

Possible Adjustments to Plans: This economic reactivation effort has been redesigned to respond to the specific needs created by Hurricane Mitch and will be flexible to meet needs that emerge.

Other Donor Programs: USAID has worked closely with bilateral and multilateral donors, and with the GOH and private sector partners, in carrying out sectoral needs assessments in the aftermath of Mitch and in developing this new economic growth and recovery strategy. USAID's operational and technical support to UNAT (a highly competent and influential GOH advisory unit responsible for developing the national reconstruction plan that will be presented to donors at the April 1999 Consultative Group meeting in Sweden) has been instrumental in helping the GOH establish priorities and facilitating effective donor coordination. The World Bank and IMF together have committed $266 million for balance of payments support. The IDB has yet to provide new monies, but has agreed to the reprogramming of its current portfolio. It has approved $12 million for a Central American micro-finance recovery fund; USAID is providing an additional $5 million, of which $3 million will be used in Honduras. USAID continues to coordinate closely with other donors, including Spain, Japan and the EU, which are expected to announce substantial contributions to the economic recovery program at the Consultative Group meeting.

Principal Contractors, Grantees and Agencies: Microenterprise credit and business services will be provided by Honduran microenterprise NGOs and through the formal banking and credit union system. Similarly, private sector mechanisms (cooperatives, credit unions, NGOs and commercial banks) will provide agricultural credit, and leading agricultural institutions such as Honduran Foundation for Agriculture Investigation (FHIA) and the Pan-American Agricultural School, along with US PVOs, will receive grants to provide agricultural extension research services. A U.S. institutional contractor will work with key GOH and private sector partners on economic policy concerns. Mechanisms for implementing employment creation and public works programs will include the Honduran Social Investment Fund (FHIS), various NGOs, and the municipalities. Support for sustainable pine forest management will be through COHDEFOR, the GOH forestry agency. Local currency generated through USDA commodity programs (i.e. Section 416(b)) also contributes to this objective.

Selected Performance Measures

	Baseline	2000	2003
Recovery of small agricultural producers from Mitch damages as measured by a return to pre-Mitch levels of small farmer production of (a) corn and (b) bananas	(a) 950 m. pounds (b) 10% of normal prod.	(a) 1.3 billion pounds (b) 25% of normal prod.	(a) 1.3 billion pounds (b) 100% of normal prod.
Micro-finance institutions stabilize portfolios, reach pre-Mitch default levels	8 affected	4 recovered	8 recovered
Percentage of Honduran micro and small businesses with access to financial services.	33%	43%	50%

Restored employment levels in the agricultural, industrial and trade sectors	1.1 m. (1990)	1.2 m.	1.55 m.
Improvement in an Index of Economic Freedom	3.15 (1997)	3.0	2.85
Number of rural bridges repaired *			
Km. of rehabilitated rural roads *			

* Targets not yet developed

ACTIVITY DATA SHEET

PROGRAM: HONDURAS
TITLE AND NUMBER: Sustainable management of watersheds and protected areas, 522-SO02
STATUS: Continuing (upgraded and revised to respond to needs created by Hurricane Mitch)
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $1,200,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: This SO is focused on improving sustainable management of the natural environment and protection of biodiversity. Poor management of protected areas and watersheds contributed to the level of damage and destruction caused by Hurricane Mitch as deforested hillsides became landslides or failed to hold water, thereby contributing to flash floods. Experience with sustainable environmental management is limited and Honduras has few trained professionals in this field. Many hillside farmers and even some foresters are not familiar with soil and water conservation methods. Environmental groups are few and relatively weak, though growing in number and strength. While the GOH is taking some positive steps, e.g. declaring numerous "protected areas," the budget to actually "protect" them is lacking because environmental protection is still a low government priority. Primary beneficiaries are the next generation of Hondurans who must depend upon the country's natural resource base for their future economic well-being, as well as those who might be subject to future disasters.

Key Results: Activities in this area will focus on the following results: greater numbers of NGOs working directly in protected areas; greater number of improved management plans developed; and greater number of municipalities collaborating on watershed management.

Performance and Prospects: USAID provides support to strengthen Honduran institutions and finances sub-grants for environmental protection through the Honduran Environmental and Development Foundation ("Fundacion VIDA"), a Honduran environmental NGO. Many sub-grants link U.S. environmental NGOs, such as the Nature Conservancy and the World Wildlife Fund, with local organizations to improve protected area and watershed management. These organizations are developing improved management plans for selected areas within the Honduran National System of Protected Areas. Improved management of these areas includes definition of area limits, legal declaration of the park or reserve, demarcation of boundaries, assignment of institutional responsibilities, preparation of management plans, and infrastructure development. Sustained implementation involves mobilizing public and private resources and economic incentives for wise resource use. USAID is also working toward greater involvement of NGOs in managing protected areas. With USAID help, protected areas under improved environmental management have increased from one covering 5,000 hectares in 1993 to 15 areas covering 192,000 hectares in 1998.

Possible Adjustments to Plans: Additional resources, if available, will be used to fund activities that would mitigate the kind of damage caused by Hurricane Mitch in the future and improve watershed management. The flooding and mudslides devastation was amplified by deforested watersheds and unsound hillside agricultural practices. This was clearly demonstrated during Mitch at the site of a USAID-funded demonstration plot showing the effectiveness of environmentally sound hillside agriculture technologies. The steep slope microwatershed test plot treated with the "complete" soil/water conservation package (mulching, stabilizing grass barriers and agroforestry) underwent virtually no erosion, while the adjoining test plot with only mulching suffered massive mudslides.

Environmental restoration and sustainable land use must be integral to reconstruction efforts. Through Fundacion VIDA, the Mission will support: (1) critical watershed stabilization, including agroforestry, soil/water conservation, microwatershed management plans, and environmental education, utilizing the training materials and outreach experiences from the Land Use and Productivity Enhancement Project; and (2) restoration and protection of key ecosystems, such as fragile coastal wetlands, and other critical protected areas, to mitigate against impacts of future natural disasters and to contribute to economic recovery.

Other Donor Programs: Close technical cooperation between USAID, the United Nations Development Program (UNDP), GTZ, other donors, and environmental NGOs is helping the GOH to fulfill its proper role as a guardian of the Honduran environment.

Principal Contractors, Grantees, or Agencies: U.S. organizations: Biodiversity Support Program Consortium. Honduran organization: Fundacion VIDA, which also supports linkages between various U.S. environmental organizations and Honduran NGOs. The Mission also coordinates closely with USAID's Regional Environmental Program (PROARCA), Parks in Peril Project, and Partnership for Biodiversity Project.

Selected Performance Measures

	Baseline	2000	2003
Number of protected areas under effective environmental management	1 (1994)	21	25
Hectares of protected areas under effective environmental management	5,000 (1990)	227,000	286,429
Development and monitoring of comprehensive watershed management for key watersheds affected by Hurricane Mitch	TBD*	TBD*	TBD*
Farm families who experienced significant soil erosion or landslides during Hurricane Mitch and other major rains implementing environmentally-sound soil management technologies	TBD*	TBD*	TBD*

* Final figures are not yet available on the magnitude of Mitch impact on these indicators.
Targets have been set up based on the number of participants in the Land Use and Productivity Enhancement Project and observations made during field visits to areas affected by Hurricane Mitch.

ACTIVITY DATA SHEET

PROGRAM: HONDURAS
TITLE AND NUMBER: Health systems responsive to family health needs, 522-SO03
STATUS: Continuing (revised to respond to needs created by Hurricane Mitch)
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $4,318,000 DA; 4,750,000 CSD; $12,695,000 P.L. 480 Title II
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Hurricane Mitch has created conditions that threaten the progress Honduras has made toward sustainable improvements in family health. Large bodies of stagnant water have created ideal mosquito breeding grounds and cases of malaria and dengue have increased. Water systems throughout the country were washed away or seriously damaged, depriving millions of people of access to potable water. Damage to sanitation systems caused sewage to flow in the streets or to discharge directly into rivers and streams. These conditions, combined with dislocated people crowded into shelters and forced into precarious living situations, contribute to the spread of disease and the potential for epidemics. Prior to Mitch, Honduras faced major challenges to family health that were associated with rapid population growth (2.7% per year), widespread poverty, and limited access to health information and care, especially in rural areas. Honduras also has the largest concentration of HIV/AIDS in Central America. Primary beneficiaries of this SO are the over two million women and children in low-income Honduran families who currently lack access to quality reproductive health, child survival, and family planning services, and those without a secure source of water and adequate sanitation. Approximately 128,000 children and adults receive nutrition supplements. Beneficiaries of the AIDS prevention program are the high-risk groups, including young adults in major cities.

USAID is a leader in the health sector, engaging in policy dialogue and providing technical assistance, training, and capital assistance that supports a variety of interventions, including vaccination programs, oral rehydration therapy, maternal health care, family planning, and targeted nutrition programs. Particular attention is given to achieving sustainable delivery of services. Activities include technical assistance, training and limited commodity support to the Ministry of Health (MOH), a rural water and sanitation program, assistance to private and public family planning programs, and a P.L. 480 Title II food security program.

Key Results: Efforts to improve the responsiveness of Honduran health systems to emerging needs in the aftermath

of Hurricane Mitch and contribute to sustainable family health are focused on the following results: 1) Rehabilitation of hurricane-damaged rural water and sanitation systems and construction of new systems for resettled populations, 2) Increased use of malaria, dengue, and tuberculosis prevention and control services to reduce current infection levels and prevent epidemics, 3) Sustained use of child survival services via health reform and rehabilitation of facilities, 4) Increased use of reproductive health services, including family planning, 5) Improved rural access to reproductive health services through the Ministry of Health and non-governmental organizations, 6) Improved sustainability of the NGO family planning organization, ASHONPLAFA, 7) Increased use of STI/HIV prevention practices, and 8) improved household food security in Title II target areas.

Performance and Prospects: With vaccination rates for children under one year exceeding 94%, Honduras has the best record in Latin America. Infant mortality (measured by indirect method) has declined from 85 per 1,000 live births (1979) to 42 (1993). The proportion of children (age 12-23 months) who are seriously malnourished declined from 30% (1987) to 27% (1996). The P.L. 480 Title II program, implemented through CARE, focuses on improving nutritional status and food security in the neediest regions of the country. Related USAID activities, which increase incomes and education levels of the poor, contribute directly to improved family health. Recent data indicate that the spread of HIV/AIDS has started to slow. The national AIDS prevention program promotes preventive practices, including early detection and treatment of sexually transmitted diseases and condom use. USAID supports AIDS prevention activities of Honduran NGOs and the MOH.

The total fertility rate declined from 5.1 children per women (1991) to 4.9 (1993-95), while couple-years of contraception protection increased from 311,724 (1996) to 366,587 (1997). Total contraceptive prevalence in women increased from 47% (1991) to 50% (1996). The use of modern methods of contraception increased from 35% (1991-92) to 41% (1996). USAID's family planning activities with the MOH and Honduran Family Planning Association (ASHONPLAFA) are expanding access to quality services, with the goals of increased use of modern family planning methods and greater financial self-sufficiency of the family planning NGO. Family planning has been a major factor in reducing infant and maternal mortality; however, efforts are constrained by lack of an official GOH policy on reproductive health and by negative publicity and unfounded press statements by strong and vocal religious groups.

The GOH is committed to a series of quality and efficiency improvement measures in a decentralized health care system. The key challenge remaining is to greatly increase families' access to effective family planning methods in the rural areas where the average number of children per family is over six and modern contraceptive use is only 35%.

Possible Adjustments to Plans: Improved child survival--achieved in part by USAID's 10-year support for expansion of access to safe water supply and sanitation systems--has been undermined by Hurricane Mitch. Access to safe water/sanitation has declined by 42% in rural areas, presenting a threat already demonstrated by high levels of reported diarrheal disease in the post-Mitch period. Rural water and sanitation systems must therefore be rehabilitated quickly throughout the country. USAID's immediate support for this effort has helped get the work started, but restoring these services to most of the population will be a massive effort. Public health efforts focused on accelerating and expanding detection, treatment, and community education to control infectious diseases (e.g., malaria and dengue) are receiving additional support in the aftermath of the hurricane. This effort is complemented by plans to strengthen disease surveillance systems and expand rural access to reproductive health services.

Under a new health reform activity starting in 2000, USAID will assist the GOH to: a) improve the quality and efficiency of its public sector primary health services; b) improve health policy to increase equitable access to primary health care; and c) increase public and private sector resources for primary health care.

Other Donor Programs: USAID coordinates with the IDB on AIDS prevention assistance and interventions, and with the programs of Japan, Sweden, United Nations Children's Fund, Pan American Health Organization (PAHO), European Union, and Spanish Technical Cooperation on child survival interventions. USAID also coordinates closely with PAHO on health reconstruction plans. With regard to food aid, USAID participates in bi-weekly meetings of a coordinating committee with the World Food Programme, CARE and Catholic Relief Services.

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

Selected Performance Measures

	Baseline	2000	End of Activity
Infant mortality per 1,000 live births	36 (1991-95)	33 (1996-00)	30 (2001-05)
Maternal mortality/100,000 live births	221 (1989)	175	125 (2003)
Severe malnutrition among children (12-23 months)	27.2% (1996)	22.6%	19% (2003)
Total fertility rate (average number of live births per women)	4.9 (1993-95)	4.5 (1997-99)	4.1 (2002-04)
Percentage of rural residents with access to potable water at "A" level returned to at least pre-Mitch levels	13% (1998 Pre-Mitch)	13%	40% (2001)
Reduced malaria cases	TBD (# of 1999 cases)	malaria down by 10%	TBD

ACTIVITY DATA SHEET

PROGRAM: HONDURAS
TITLE AND NUMBER: Strengthened rule of law, accountability, and respect for human rights, 522-SO04
STATUS: Continuing (revised to respond to needs created by Hurricane Mitch)
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $1,100,000 DA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETED DATE:** FY 2003

Summary: Corruption and inefficiency have been major problems for the nation's judicial system and reduce citizen confidence in the rule of law. An archaic judicial code and judicial bottlenecks also deprive Hondurans of their human rights -- over 90% of those in prison have never been sentenced and many serve more than their sentence before their case is processed. The justice sector as a whole remains weak, and justice is rarely delivered in a timely and equitable manner. Merit is now a factor in choosing judges, but the judiciary is still politicized and subject to outside influences. There is little career stability among judges, and nearly all judges, as well as support personnel, need additional training in order to be able to carry out their duties competently. A number of improvements in court administration are under consideration, but the court system is still woefully inefficient. The Attorney General's Office, under the strong leadership of the current Attorney General, has established itself as a positive influence on the justice system, challenging previously untouchable sectors of society and establishing its worth and necessity to the society at large. But as an institution it is still young, and needs support to consolidate its role. Of key importance, the new Criminal Procedures Code is expected to pass this year. The Code would create the legislative framework for the transition from a written, inquisitorial system to an oral, adversarial one, Both the court and the Attorney General's Office will need extensive support to make this transition.

Within this context of a relatively weak capacity to stem fraud and corruption through normal judicial channels, and a history of allegations of serious corruption at all levels, it has been paramount to address this issue in light of the large levels of foreign aid flows in support of Honduran reconstruction. From the first day USAID emergency resources began flowing, USAID has focused on accountability for these goods and funds. By Executive Decree No. 018-98, the President declared the country in a state of emergency and asked the Comptroller General of the Republic (CGR) to name Special Commissions to monitor the assistance received from the national and international communities. At the request of the CGR, the USAID controllers office worked hand-in-glove with its local counterpart to monitor all assistance. USAID also provided local currency to the CGR to allow it to contract with an internationally recognized accounting firm to supplement its own staff in order to continue this monitoring effort.

All Hondurans benefit from strengthened rule of law, respect for human rights and increased accountability, especially the politically, socially, and economically disadvantaged and those who historically have suffered from a corrupt and ineffectual justice system.

Key results: Efforts to strengthen rule of law, accountability, and respect for human rights are focused on 1) adequate monitoring and oversight of hurricane reconstruction funds, 2) increased transparency and efficiency in the judicial system, 3) increased prosecution of corruption cases, and 4) increased civil society, citizen, and elite support for judicial reform and government transparency and accountability.

Performance and Prospects: USAID has played a leadership role in supporting GOH efforts to put in place

accountability and transparency mechanisms for reconstruction funds. In addition to support for the Controller General's audit activities, USAID is supporting a GOH and multidonor effort to establish an independent Inspector General that would monitor ongoing implementation to assure funds are used as intended.

The rule of law program supports the Public Ministry, justice sector reforms, strengthening of Supreme Court and lower courts, and public participation in the justice system. USAID support has helped move forward a major reform of the Criminal Procedure Code that will modernize the judicial system through an oral advocacy process. Once passed by the Congress and signed into law, USAID will help provide the training and technical assistance to put the new code into practice and implement it effectively. Principal constraints are resistance of some groups to judiciary reform. USAID is also supporting administrative reforms and case tracking systems to improve the speed and efficiency of judicial processes in both the Public Ministry and the courts.

The Public Ministry, established in 1993, is recognized as an effective force against corruption and impunity. Cases adjudicated by the courts involve, for the first time, accusations against high-level civilian and military officials, some of whom have been incarcerated. The number of cases prosecuted by the Public Ministry for corruption and crimes against women, minorities, and the environment has increased seven-fold since 1994, while adjudication of these cases has increased by eight-fold since 1995.

Possible Adjustments to Plan: If the Criminal Procedure Code is not passed during the upcoming legislative session, our strategy in this area will need to be re-visited.

Other Donor Programs: USAID coordinates administration of justice programs with international donors such as the IDB, Spanish cooperation, and UNDP, as well as with Honduran agencies such as the Judiciary and Public Ministry who provide in excess of 25% counterpart financing for most justice sector programs.

Principal Contractors, Grantees, or Agencies: U.S. organizations: National Center for State Courts, DPK Consulting, and one more U.S. institutional contractor to be determined. Honduran organizations: FOPRIDEH, National Autonomous University of Honduras, and University of San Pedro Sula.

Selected Performance Measures

	Baseline	2000	End of Activity
Reform of criminal procedures code to institute oral adversary system	Napoleonic code	Reform passed by legislature	Full implementation of reformed code
Criminal cases prosecuted by the Public Ministry	275 (1994)	6244	
Criminal cases adjudicated by the courts	258 (1995)	2676	
Court officials investigated by Court Inspector General and sanctioned by the Court:			
a) Investigated	401 (1995)	603	
b) Sanctioned	64 (1995)	70	
Prevention of corruption associated with donor-financed reconstruction efforts	TBD	TBD	

ACTIVITY DATA SHEET

PROGRAM: HONDURAS
TITLE AND NUMBER: Increased role for local government in responding to citizen needs, 522-SO05
STATUS: Continuing (separated from SO04 and revised to respond to needs created by Hurricane Mitch)
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $2,550,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETED DATE:** FY 2003

Summary: Municipal government must play a central role in the Honduran reconstruction effort since decentralization efforts have created municipal governments that are the most direct governmental link to the people and therefore have the best knowledge of citizen needs in their locale. Citizens find their local governments more

responsive to their needs and can exercise oversight of their municipal officials. In the immediate aftermath of Hurricane Mitch, municipalities played a critical role in providing shelter for dislocated people, delivering emergency supplies and food, undertaking clean-up activities, and developing plans for permanent relocation of people in shelters. At the same time, their financial situation has deteriorated as they have tried to meet the needs of constituents devastated by the hurricane while facing loss of income due to the effects of the hurricane and national legislation which deferred tax payments that local businesses pay to municipalities. Municipal infrastructure throughout the country was destroyed or damaged, especially water and sanitation systems and local road networks. Municipal officials often do not have the experience and background to deal effectively with the demands placed on them, especially in a disaster situation, and they often lack the managerial and financial resources they need to respond to citizen needs. A strong role for municipal governments also serves as a check on the growth of centralized power at the national level and reduces the potential for the kind of authoritarian governments seen in Honduras in the recent past. Intensive USAID assistance to 35-40 secondary cities benefits approximately 50% of all Hondurans (approx. three million); other efforts reach all 298 Honduran municipalities. The whole country will benefit from greater efficiency and reduced potential for corruption inherent in public investment for reconstruction at the municipal level, reduced risk to public health, and increased participation by citizens in decisions that affect their lives.

Key Results: Efforts to promote an increased role for local government in responding to citizen needs focus on the following results: 1) Improved capacity to respond to citizen needs; 2) Rehabilitation of hurricane-damaged municipal water and sanitation systems and construction of new systems for resettled populations; 3) Increased coverage of basic services (water, sewer, refuse collection) by municipalities; 4) Restored municipal financial health after Hurricane Mitch and increased income; 5) Improved citizen participation in local government decision-making; and 6) Disaster mitigation efforts undertaken.

Performance and Prospects: USAID's municipal development program works at the national level to promote decentralization and greater autonomy for municipalities, and at the municipal level to increase the responsiveness, transparency, and effectiveness of municipal governments with corresponding increases in citizen participation. The activity works through the Honduran Municipal Association to address national policy issues and develop priorities for project activities. Technical assistance to municipalities for planning, financial management, and financing options is provided through a local non-governmental association specialized in local government issues and other mechanisms. Training for local government officials is provided through a specialized program of study through a local university. Funds for water, sanitation, and solid waste infrastructure projects are provided in support of overall project objectives.

In the aftermath of Hurricane Mitch, policy reform, technical assistance, and training efforts will be oriented toward managing recovery efforts in areas such as: land use planning and disaster mitigation; improving municipal involvement in public health measures; financing clean-up and infrastructure repairs; developing appropriate municipal initiatives to spur economic recovery; and building new communities of resettled populations. USAID will provide support for transitional shelters and facilitate the movement of displaced people to more permanent housing solutions as quickly as possible. Expanded financing will be provided for repair and rehabilitation of water and sanitation infrastructure and for municipal involvement in employment generation focused on repair of rural roads and urban housing issues. Related USAID activities which improve the income, education and health of the poor also enable them to participate more effectively in democratic processes.

Average participation at open town meetings grew from zero in 1990 to 137 individuals per meeting by 1997. Local government is becoming more responsive to citizens' needs. For example, the proportion of municipal budgets going to capital projects increased from 15% in 1991 to 48% in 1997. As a result, municipal population simultaneously provided with water, sewerage and refuse collection increased from 17% in 1991 to 31% in 1997.

Possible Adjustments to Plans: USAID's strong relationships with municipal governments and its partnerships with the primary implementing organizations create a strong foundation for a major expansion of water and sanitation work to repair and rehabilitate damaged municipal systems in the aftermath of Hurricane Mitch. Municipalities will also be critical partners in USAID employment generation efforts and rural road rehabilitation programs, as well as in disaster mitigation efforts such as storm drainage systems. Technical assistance and training efforts will focus on land use planning, shelter needs for resettlement of dislocated families, and environment-focused disaster prevention/ mitigation planning.

Other Donor Programs: Other donor efforts will complement USAID's focus on secondary cities by focusing similar efforts on the two largest cities and smaller rural municipalities that are not part of USAID's primary target group. The IDB and World Bank have reprogrammed planned lending for the largest cities and smaller donors and NGOs are targeting rural municipalities. The GOH has supported the project through loan funds for infrastructure

improvements obtained through the Central American Bank for Economic Integration (CABEI) and, in the past, through passage of major decentralization legislation.

Principal Contractors, Grantees, or Agencies: Honduran Association of Municipalities, Foundation for Municipal Development, Central American Technological University, Honduran Social Investment Fund, Central American Techological University. The U.S. Geological Survey and Army Corps of Engineers are providing technical assistance for land-use planning and infrastructure, and the Department of Housing and Urban Development is providing technical assistance on housing and shelter issues.

Selected Performance Measures

	Baseline	2000	2003
Recovery of financial health after Hurricane Mitch and real municipal income increase over 1997 levels			
- Larger municipalities	15 (1997)	0 - 5%	5%
- Smaller municipalities	6	0 - 3%	3%
Rehab of hurricane-damaged water and sanitation services; increased municipal coverage of public services (water, sewerage, refuse collection) (% of urban residents receiving three services in participating municip.)			
- Larger municipalities		33%	37%
- Smaller municipalities		17%	26%
Increased community attendance at town mtgs in participating municip.			
- Larger municipalities	20 (1991)	220	235
- Smaller municipalities	97 (1996)	140	155

ACTIVITY DATA SHEET

PROGRAM: HONDURAS
TITLE AND NUMBER: Improved opportunity to obtain basic education and skills, 522-SO06
STATUS: Continuing (separated from SO01 and revised to respond to needs created by Hurricane Mitch)
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $2,500,000 CS
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETED DATE:** FY 2003

Summary: Improving the educational level of Hondurans contributes in critical ways to all USAID objectives in Honduras. A skilled and educated workforce helps spur economic development and can improve Honduras' competitive position in global markets. Education has proven to be a major factor in promoting improved health practices and family planning. And an educated citizenry is important to developing effective participation in decisionmaking, citizen oversight, and a functioning democracy.

The national literacy rate in Honduras is 74% (female/74.5%, male/73.5%), up from 68% in 1988. Overall rural literacy is 63%, compared to nearly 90% in the two major cities. Recent improvements in primary education have not yet had a big impact on the adult labor force, less than 50% of whom have completed primary school. The average level of schooling among adults is only 4.2 years, only 3.1 years in rural areas. A decade ago, less than 50% of the youth completed primary school (6th grade). Now the level is slightly more than 71% (female/72%, male/70%). The total number of primary school graduates increased by 80% between 1985 and 1996. Repetition rates in the primary education system are relatively high (10-15%). Furthermore, rural children generally drop out of school when they reach adolescence. Only a third of the primary school graduates can find places in middle school (grades 7-9), which have gross enrollment rates of only 37%. Urban areas enroll more than 90% of the students while there is a complete lack of access to middle schools in many rural municipalities. This situation, combined with the scarcity of vocational schools in the country, leaves students, particularly in rural areas, with few options for continuing education after primary school.

Family dislocation caused by Hurricane Mitch, as well as damage to classrooms and loss of supplies, have created difficulties in preparing for the 1999 school year and will likely increase drop-out rates. In response, the Ministry of

Education (MOE) has requested assistance in building classrooms, replacing lost supplies and expanding alternative delivery systems to reach students who have been displaced or lack adequate facilities. Should additional resources become available, USAID would assist the Ministry with re-supply of classrooms for the current school year. The MOE has taken several steps to address other areas of long-term need in the education sector. Basic education was extended to include grades 7-9. The MOE made the commitment to improve the coverage, quality and efficiency of middle schools and to decentralize the education system to respond to local needs. The MOE successfully sought additional donor assistance to improve the quality, equity and efficiency of education. USAID assistance in the education sector will benefit more than one million school children seeking to achieve their full economic potential as adults, and out-of-school youth and young adults needing alternative basic and vocational education in order to improve their productivity and income.

Key results: Efforts to improve opportunity to obtain basic education and skills include activities to achieve the following results: 1) Expansion of alternative basic education programs, 2) Policy changes and programs to improve quality of basic education, reduce repetition, and decentralize, and 3) Expansion of vocational education.

Performance and Prospects: Through the Basic Education and Skills Training (BEST) Project, USAID assists the MOE *EDUCATODOS* ("Education-For-All") program which allows out-of-school youth and adults to obtain access to grades 1-9 through alternative delivery systems. This program was awarded honorable mention for literacy and basic education programs by UNESCO last year. Currently, the program is developing educational materials to expand the program to grades 7-9 of the traditional school-based basic education system. Development and testing of experimental strategies and interventions for reducing repetition rates will also be supported. USAID will also continue to work on improving educational policy through the strategy period with initial focus on developing and testing of experimental strategies for reducing repetition rates in early grades and on developing curriculum and basic education materials for grades 7-9. Policy efforts will also focus on decentralization within the education system to improve the efficiency of the system and responsiveness to educational needs. Other policy issues that may receive USAID support include teacher training programs to encourage more progressive teaching strategies, and criterion referenced evaluation systems to assist teachers in making pass/fail decisions.

USAID will also support development of a total of 27 vocational training schools over the next few years that will graduate an estimated 3,000 students per year, compared to 1,085 in 1996. Vocational education has proven its capability of providing unemployed and underemployed youth with skills that improve their marketability in the labor market. EDUCATODOS materials are used in the vocational schools to help those students who dropped out of school before obtaining the level of basic education needed for their vocational program. Graduates from USAID-assisted vocational centers earn average income increases of approximately $1,000 per year.

Possible Adjustments to Plan: USAID's program is responding to the immediate needs of the MOE in the aftermath of Hurricane Mitch in coordination with other donors. Delays in full implementation of the World Bank's basic education project may require more significant USAID involvement in this area.

Other Donor Programs: A World Bank project, funded with Germany, addresses many key areas critical to the improvement of basic education in Honduras, including teacher training, textbook printing, school construction for primary grades (1-6) and local community participation in school management and operations. A new activity with the IDB works to expand access and improve middle schools (grades 7-9), both in the formal system and in the alternative systems, which includes EDUCATODOS. Current projects with the World Bank, IDB, and the German Development Agency provide more than $60 million in loans and grants.

Principal Contractor, Grantees, or Agencies: Ministry of Education, Advisory Council for Human Resource Development (CADERH), Maduro Foundation for Education (FEREMA).

Selected Performance Measures

	Baseline	2000	2003
1. Number of grade levels * passed by students in alternative basic education programs	Total: 900 Female: 400 (1993)	80,000 40,000	110,000 55,000
2. Percent of children completing primary school (to grade 6) through regular basic education program	61.7% (1986)	86%	89.5%
3. Graduates from PVO and municipal training centers employed	Total: 1,085 Female: 360 (1996)	3,000 1,050	3,000 1,050

4. Alternative education centers meeting needs of students dislocated by Hurricane Mitch	Determined during CY-99	TBD	TBD

* Under EDUCATODOS, a student can complete up to two full grade levels in one year.

JAMAICA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$7,590,000	$6,120,000	$7,435,000
Child Survival & Disease Fund	$3,450,000	$3,426,000	$3,325,000
Economic Support Funds	---	---	$1,500,000

Introduction

The United States has a strong interest in Jamaica's economic and political well-being because of its geographic proximity, trade and investment relations, commitment to interdiction of illegal drugs destined for the United States, and shared concerns regarding regional security and environmental threats. U.S. development assistance in Jamaica contributes directly to U.S. strategic goals. Ensuring a stable Jamaican economy protects existing U.S. markets and investments in Jamaica and fosters opportunities for expanding the market for U.S. imports. Promoting economic growth and employment generation in Jamaica also provides Jamaicans with viable economic alternatives to becoming victims of or participants in drug trafficking and illegal emigration.

The Development Challenge

Jamaica's key development challenges include: reducing widespread poverty; jump-starting a stagnant economy; protecting a fragile natural resource base; and assisting "at risk" Jamaican youth. Although Jamaica made significant strides in liberalizing its economy under its structural adjustment program (1981-1995), comparable benefits have not yet reached the poor. With economic growth declining in both 1996 and 1997, unemployment rates remain high (16%) and living conditions continue to deteriorate for far too many Jamaicans. USAID's strategy for stimulating broad-based economic development focuses on creating jobs through micro and small business development, with a special emphasis on creating opportunities for depressed inner city communities, particularly for young Jamaicans. Without a solution to the problems which put youth at risk, the potential of tomorrow's workforce is compromised. To address this challenge, USAID is supporting an integrated program to improve primary-level education and to enhance the life skills of at-risk adolescents.

Jamaica's economic dependence on tourism, mining and traditional agriculture has generated widespread degradation of the country's natural resource base, threatening the very existence of these key industries. Moreover, Jamaica's population and economic activity is becoming increasingly concentrated in urban and coastal areas. This trend places natural habitats and natural resources in these areas under increasing threat, from deforestation and degradation of upland watersheds to pollution of coastal waters and degradation of the island's coral reefs. In response to these threats, USAID efforts target increasing the capacity of the Government of Jamaica (GOJ) and local NGOs to manage and protect Jamaica's fragile natural resource base. USAID efforts also support the development of a national environmental policy framework and a national system of protected areas, including the establishment of a user fee system and improved protected area management through public-private partnerships.

Exacerbating Jamaica's development challenge is an external debt of about $3.6 billion (including $670 million to the United States), the servicing of which consumes 52% of the GOJ's annual budget. Given the extent of Jamaica's development challenges and the benefit to the United States of ensuring the stability of our neighbors, USAID does not foresee program graduation in the near-term.

Other Donors

In FY 1996, USAID and the donor community pledged over $140 million for development activities in Jamaica. The European Union (EU) is the largest bilateral donor, followed by the United States. Canada, Japan, the Netherlands

(GON), Germany and the United Kingdom. Multilateral donors/lenders include the World Bank (IBRD), Inter-American Development Bank (IDB), Caribbean Development Bank and United Nations agencies. Major activities supported by these donors/lenders include: the Social Investment Fund and public sector modernization (IBRD); microenterprise development (GON, EU, IDB, IBRD, Canada); water supply/road infrastructure improvement (Japan); capacity building for environmental management and watershed and forestry management (Canada/IDB); support for parks and protected areas (EU); sewage and waste water treatment (EU, Japan, UNEP); primary and secondary school reform (IDB, IBRD); teacher education (Britain); and HIV/AIDS/STDs prevention (Germany, GON).

FY 2000 Program

USAID's planned FY 2000 program will require a total funding level of $12.26 million -- $7.435 million in Development Assistance, $3.325 million in Child Survival Funds and $1.5 million in Economic Support Funds. Of that amount, $4.275 million (including $1.5 million in ESF to support employment generation in garrison communities) will support increased employment in targeted micro and small businesses; $2.71 million will support improved quality of key natural resources in environmentally and economically significant areas; $3.275 million will support improved reproductive health of youth; and $1.975 million will support improved literacy and numeracy among Jamaican youth in targeted primary schools. These funds will directly support Agency goals of promoting economic growth, protecting the environment, stabilizing world population and developing human resources.

Toward these goals, USAID's program will support broad-based economic growth and better governance by delivering financial and technical services to microenterprises; improving management and technical capacity of small businesses with competitive growth potential in targeted sectors; and facilitating public-private partnerships to simplify government regulations and processes toward an improved business and trade environment. USAID's response to environmental threats is an integrated "ridge-to-reef" resource management program that assists community-based NGOs to implement activities, e.g. agroforestry, eco-tourism, appropriate on-site sanitation solutions and environmental audit programs, that will improve the quality of coastal waters and upland watersheds. Other interventions will focus on improving the policy framework and waste water/sewage management.

USAID's efforts to improve reproductive health will focus on the high-risk adolescent population. Assistance will increase availability and access to youth-friendly reproductive health services; develop and disseminate educational materials and innovative approaches to encourage changes in high-risk behaviors; and strengthen reproductive health policies. To improve human capacity, USAID will support a comprehensive program to improve literacy/numeracy levels among both primary school students and out-of-school youth. At the primary school level, USAID will provide 72 schools in poor communities with in-service teacher training in mathematics and reading, parent education, health and nutrition programs, and leadership training for schools, communities and parents. To improve the prospects of a targeted 80,000 out-of-school adolescents, USAID will aim to improve social and job skills through activity packages designed to promote self-esteem, reduce teenage pregnancy and HIV/AIDS/STDs, increase literacy, and re-instate "drop-outs" into schools.

JAMAICA

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
SO#1 - Increased employment in targeted micro and small businesses							
- DA	2,500	---	275	---	---	---	2,775
- CS	---	---	---	---	25	---	25
- ESF	1,500	---	---	---	---	---	1,500

SO#2 - Improved quality of key natural resources in selected areas that are both environmentally and economically significant - DA	---	---	2,710	---	---	---	2,710
SO#3 - Improved reproductive health of youth - DA - CS	--- ---	1,450 1,825	--- ---	--- ---	--- ---	--- ---	1,450 1,825
SO#4 - Increased literacy and numeracy among youth in targeted primary schools - DA - CS	--- ---	500 ---	--- ---	--- ---	--- 1,475	--- ---	500 1,475
TOTALS - DA - CS - ESF	2,500 --- 1,500	1,950 1,825 ---	2,985 --- ---	--- --- ---	--- 1,500 ---	--- --- ---	7,435 3,325 1,500

USAID Mission Director: Mosina H. Jordan

ACTIVITY DATA SHEET

PROGRAM: Jamaica
TITLE AND NUMBER: Increased Employment in Targeted Micro and Small Businesses, 532-SO01
STATUS: Continuing and New
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $2,775,000 DA; 25,000 CSD; $1,500,000 ESF
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY2001

Summary: In response to the deteriorating economy, USAID undertook a comprehensive assessment of its economic growth strategic objective. The Mission reconfirmed that negative to low growth in the Jamaican economy over the last several years largely results from severe structural problems still needing correction. These problems include weak institutions (financial and non-financial) which support the private sector, the high cost of credit, low levels of training and the lack of government incentives to foster business development. Increases in crime and acts of violence seriously undermine efforts to promote investment, employment, and growth. Given limited USAID resources, a consensus emerged that USAID could best help by implementing a program which focuses on promotion of micro and small enterprises. The purpose of this revised SO is to increase employment opportunities and to foster greater emphasis on job creation especially in micro and small enterprises. The Jamaican beneficiaries will include individuals who gain employment in the enterprises that receive USAID support, and those who live in communities which will be strengthened through the program.

Key Results: Several key results were developed as necessary to achieve the overall SO: (1) Microenterprise: the number of microenterprises receiving micro business support services will be increased by 50%: 9,000 loans will be made, and micro and small business support institutions will be strengthened; (2) Small Business: Critical regulatory improvements will be implemented with the provision of more incentives and the reduction of bureaucratic "red tape" (it is estimated that at least 13 regulations will be modified); and (3) Reduction in Crime and Violence: the investment climate and employment in targeted urban communities (i.e. support to inner city development) will be improved.

Performance and Prospects: The ongoing microenterprise activity performed well over the past year despite a delay in expanding microenterprise financial services, and despite the fact that a financial sector crisis resulted in 75% of Jamaica's banks, including the bank which implements the activity, going into receivership. The success has been multi-faceted. The delinquency rate has been low and sustained, (maintained at under six percent). The number of loans disbursed far exceeded the planned target by nearly 100%. Over 3,000 loans totalling 56 million Jamaican

dollars (approximately US$1.5 million) were disbursed to Jamaican microentrepreneurs who would not have been otherwise able to access credit. During the crisis, the microenterprise program was curtailed for a short time, as the authorities evaluated the administering bank, Workers Bank, and took the decision to consolidate it with other financial institutions. As a result, planned expansion of the program did not take place as scheduled. Over the next year, USAID will build on the continued success of the microfinancing activity and expand the program to provide business services to 14,000 microenterprises already in the program. These business non-financial services will include training and technical assistance in the areas of product development, accounting, basic management skills and marketing.

In Jamaica there are many overlapping bureaucratic requirements and procedures which inhibit trade and investment. These problems appear to be most serious for smaller firms. A new activity to improve the enabling environment for small business through improved governance will be designed in FY 1999, with implementation beginning in early FY 2000. It is anticipated that assistance will focus on policy dialogue between the GOJ and small businesses and self employed individuals to identify specific obstacles to small business development; implementation of specific regulatory and policy reforms; development of a small business investment roadmap; and provision of technical support to small businesses in targeted niche areas such as agro-processing, textiles and sewn product, and eco-tourism which enjoy competitive advantages.

There will be the inclusion of an activity to foster the reduction in crime and violence with the creation of avenues for employment of inner-city youth. This activity is primarily inspired by the recognition that poor unemployed youth are more easily drawn into illegal and criminal activities, and it is important to invest in these young individuals so that they can make their positive contributions to Jamaica. Assistance will be provided in the following areas: community relations; conflict resolution; assistance to NGOs for technical skill training, job preparation, and job placement; and microenterprise support.

Possible Adjustment to Plans: In response to the problems of the bank which implements the microenterprise program, USAID supported a due diligence assessment of the Bank's savings and credit portfolios. The assessment provided important information to the Financial Sector Adjustment Company (FINSAC) which seeks to bolster the financial sector and also ensure that the microenterprise program supported by USAID continues with no adverse impacts. To achieve this, FINSAC will license a new, independent microenterprise finance institution which will become USAID's principal partner for implementation of a new microfinance program modeled on the successful elements of USAID's current program.

Other Donor Programs: There are a number of other donors working in the area of economic growth with a focus on small and microenterprise: the Inter-American Development Bank (IDB), World Bank, United Nations Development Program and the Government of the Netherlands. The Canadian Development Agency (CIDA) entered into a joint venture with the Bank of Nova Scotia and an inner- city development company to offer loan services to three inner-city communities on a pilot basis. Total funds for these activities approximate $205 million.

Principal Contractors, Grantees or Agencies: Current and potential grantees and contractors include Workers Bank, Financial Sector Adjustment Company, Jamaica Exporters Association, Planning Institute of Jamaica and the Ministry of Finance and Planning.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2001)
Number of loans per year	2,460	6,500	9,000
Value of loan portfolio	J$40 mil	J$130 mil	J$200 mil

Proposed results indicators for new activities:
Number of regulatory improvements implemented
Number of people in targeted communities employed

ACTIVITY DATA SHEET

PROGRAM: JAMAICA
TITLE AND NUMBER: Improved quality of key natural resources in selected areas that are both environmentally and economically significant, 532-S002

STATUS: Continuing/revised
PROPOSED OBLIGATION & FUNDING SOURCE: FY 2000: $2,710,000 DA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: As Jamaica's population and economic activity becomes increasingly concentrated in urban and coastal areas, the fragile natural habitats and natural resources in these and surrounding areas are placed under increasing threat -- from deforestation and degradation of upland watersheds (the result of unsustainable agricultural and industrial practices) to pollution of coastal waters and degradation of the island's coral reefs (largely the result of inadequate sanitation and sewage treatment systems). The very resource base on which Jamaica's tourism- and agriculture-based economy depends is at risk. A 1996 report from the GOJ indicates that several of the island's beaches had fecal coliform levels well in excess of the acceptable level for recreational use of water recommended by the U.S. Environmental Protection Agency and a survey of north coast coral reefs indicated that there is only about 10% live coral on key barrier reefs. The purpose of USAID's environmental program is to reverse the trend of environmental degradation and promote practices and policies that will result in the sustainable management of the natural resource base on which Jamaica's economy depends.

Key Results: Three key intermediate results were deemed necessary to achieve this objective: (1) increased adoption of environmentally sound practices--70% of targeted resource users are expected to adopt improved practices; (2) increased compliance with environmental regulations: five policies which provide economic incentives for adoption of improved environmental practices will be enacted; and (3) improved effectiveness of waste water management--at least 50% (versus the current 23%) of effluent samples taken from selected treatment plants will meet GOJ standards.

Performance and Prospects: Overall performance during the last year met expectations. Significant USAID-supported achievements include start-up of the first public/private partnership for coastal water quality monitoring and GOJ approval of a plan to introduce voluntary user-fees in Jamaica's two national parks. The Mission is currently working to formalize the program. Work is continuing with resource users in selected coastal zones, watershed areas and protected areas to adopt environmentally sustainable practices. In buffer zones and protected areas, local communities are adopting improved environmental standards, particularly with respect to sanitation practices. Some private sector/NGO partnerships have resulted in sustainable eco-enterprises. As the result of an environmental audit program many resort hotels are adopting environmental management systems (EMS) that comply with international standards. In fact, three of the 15 hotels audited have attained the internationally recognized Green Globe environmental certification. Moreover, as a result of this USAID initiative, other hotels are independently seeking Green Globe certification, and one hotel has already achieved certification without USAID support.

One of the key challenges to protecting natural resources is the fact that they are undervalued; their prices are not based on the prevailing market prices. For example, the price of potable water and the sewage fees charged by the National Water Commission (NWC) do not reflect the cost of providing these services (annualized capital costs plus annual operating and maintenance costs). Without better pricing, businesses and households may be discouraged from making water conservation investments and altering water management practices. USAID has achieved exceptional progress in national policy formulation for an experimental model in public-private partnership arrangements for waste water treatment. The rationalization of the price of the services is under active consideration as part of the policy initiative.

A significant policy issue may impede USAID's achievement toward improving coastal water quality. Jamaican law requires households/businesses near a sewer main or branch to pay a sewage fee to the NWC, but it does not require the household or business to actually connect so that their sewage may be treated. Thus, if the connection costs--borne by the customer under current NWC policy--far exceed the costs of pit latrines or soak-away systems, the customer's optimal strategy may be to pay the NWC charge without connecting. This may allow the NWC to maximize its revenue but does not auger well for protection of water quality since most alternatives result in direct discharges to groundwater or surface water. In addition, such policy contributes to inefficient use of sewage treatment capacity. To address this issue, USAID is providing assistance to the GOJ on how to implement a policy of mandatory connection and an assistance package to low-income households.

Possible Adjustments to Plans: Whereas the Mission's environmental program in the past has supported traditional enforcement mechanisms for compliance with environmental regulations--an approach which has been only moderately effective, the program is poised for a shift in emphasis toward supporting the development of market incentives to encourage voluntary compliance. USAID is currently working with the GOJ to make the necessary policy changes to implement this strategy. Based on the success of the environmental audit program, which has focused principally on the tourism sector, the program will be strengthened to work with the industrial and service

sectors to promote the adoption of environmental management systems to meet voluntary international environmental standards, such as ISO 14000 for the manufacturing sector and Green Globe Certification for the hotel/tourism sector. More emphasis will also be placed on the identification of economic incentives (creative financing, taxes, and polluter pay principle) for the adoption of improved environ-mental practices. In a similar vein, local communities will be assisted to create income earning opportunities within the protected areas (e.g. ecotourism) which will have a positive environmental impact.

Other Donor Programs: USAID is collaborating closely with other donors to maximize the use of resources. We are working jointly with the European Union (EU) to support NGO programs in marine park management and with the Netherlands Government to promote eco-tourism enterprises. The IDB is supporting a program to improve natural resources management in selected watersheds by promoting profitable environmentally-friendly watershed management activities. The EU and the German government are supporting the policy reforms necessary to improve the efficiency of waste water management systems.

Principal Contractors, Grantees or Agencies: Current grantees include the GOJ's Natural Resources Conservation Authority and local NGOs, such as the Negril Environmental Protection Trust, Jamaica Conservation Development Trust, Portland Environmental Protection Agency. Technical assistance firms include Associates in Rural Development, Hagler Bailly Inc., and Technical Support Services.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2001)
Targeted resource users adopting improved environmental practices in target areas (%)	0	60	70
Number of economic incentives incorporated in regulatory framework	0	5[1]	5
Effluent samples from targeted sewage treat-ment plants meeting GOJ effluent standards (%)	23	40	50

ACTIVITY DATA SHEET

PROGRAM: Jamaica
TITLE AND NUMBER: Improved Reproductive Health of Youth, 532-S003
STATUS: Revised
PROPOSED OBLIGATION AND FUNDING SOURCES: $1,450,000 DA; $1,825,00 CSD
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: USAID has supported the development and implementation of a national family planning program which has assisted with increasing the contraceptive prevalence rate from 38% in the 1970s to 64.5% in 1997, and decreasing fertility rates from 4.5 to 2.8 live births per woman during the same time-frame. The general decline in the total fertility rate is more or less mirrored in the declining age-specific fertility rates for most age groups. Over the past decade, the largest decreases were among 25-29 year-olds; however, there was an upward movement among the 15-24 year olds where the fertility rate increased from 107 live births per 1,000 women (1993) to 112 live births per 1,000 women (1997). The fact that the proportion of births to mothers under 20 years of age has remained at about 30% of all births since the 1970s is also significant.

In response to the trend of increased fertility rates among the younger age groups and the potential adverse consequences both in terms of the health of the young mother and infant, as well as interruption or termination in their education, USAID made a strategic decision to shift the program focus to the adolescent population. A new program was designed to improve reproductive health, especially among adolescents and will begin implementation in June/July 1999.

Key Results: Three key intermediate results will support the achievement of the SO: (1) increased use of quality reproductive health and HIV/AIDS/STD services and preventive practices--toward a decrease in the fertility rate of 15-19 year-olds from 112 to 105 live births per 1,000 women and a 1% or less increase in the HIV seroprevalence rate among clinic attenders; (2) knowledge, attitude and practice gap decreased related to family planning and HIV/AIDS/STDs; and (3) national policies adopted and guidelines implemented in support of reproductive health (focusing on adolescents), e.g., incorporation of a strong adolescent reproductive health rights element in the national

population policy, implementation of the national family planning service guidelines and legislation enacted by Parliament to make HIV a notifiable disease.

Performance and Prospects: With USAID financial support and technical assistance, Jamaica's Personal Choice contraceptive social marketing program has stimulated a 110% increase in private sector sales of Depo Provera injectables since 1995. The extensive marketing campaign of the program has made the injectables available in a convenient setting and at an affordable price. Increased use of the injectable has contributed to a rise in contraceptive prevalence and couple-years protection (CYP). Legislation has been passed in parliament for over-the-counter sale of oral contraceptives by pharmacists. This has legally permitted brand name marketing of oral contraceptives for the first time. The number of infectious (primary and secondary) syphilis cases in both males and females has decreased by 32% since 1996. This decrease in infectious cases can be partially attributed to activities supported by USAID's AIDS prevention and counseling and STD treatment program and includes: more widely available same-day treatment; better syphilis screening; follow-up by contact investigators in case finding; and peer counselling and outreach. Interventions under this new activity will serve to improve reproductive health including family planning and HIV/AIDS/STD prevention.

The new reproductive health program scheduled to begin implementation later this year is focused to address the specific issues related to adolescent reproductive health. Its activities are aimed at enhancing the transition to adulthood of young Jamaicans by increasing the availability of relevant information and quality services that can motivate young people to take positive actions to improve and protect their reproductive health status. The program will focus interventions in selected parishes.

Possible Adjustments to Plans: In 1998, after extensive consultations, USAID concluded it would separate the education and health program into two separate programs. This division has provided more specificity, ease and significance of meaningful measurement of results. However, the linkages between education and health continue to be clearly defined. USAID's family planning program will end in July 1999. Based on the successes and groundwork laid by the family planning program and the increased fertility in the younger age groups as well as their increased risk for HIV and STDs, USAID and the Government of Jamaica (GOJ) signed a new agreement in September 1998. This agreement will encompass both the new reproductive health activity as well as incorporate the existing AIDS/STD Prevention and Control program.

Other Donor Programs: USAID is the major donor in the area of reproductive health focusing on adolescents as well as HIV/AIDS/STDs. The United Nations Family Planning Program (UNFPA), the only other donor at present implementing programs in adolescent reproductive health, has designed an approximately three-year $780,000 project which will be implemented in three sites. USAID collaborates with the GOJ, Pan American Health Organization and other bilateral donors such as the British, Germans and Dutch to maintain implementation coordination.

Principal Contractors, Grantees or Agencies: USAID implements its activities through the GOJ, U.S. and Jamaican private firms, and, where possible, Jamaican NGOs. U.S. firms which have assisted in program implementation include the Academy for Educational Development, the Futures Group, Family Health International and Pathfinder, International. GOJ entities include the Ministry of Health (specifically, the Epidemiology Unit and the National Family Planning Board).

Selected Performance Measures:

	Baseline	Target (2000)	Target (2001)
Youth Fertility (15-19) (live births/1,000 women)	112 (1997)	105.5	105
HIV seroprevalence among clinic attenders[1] (% of STD clinic attenders)	5.9 (1995)	13	14
Percentage of target group who cite at least two ways to prevent HIV infection.[2]			

[1]HIV seroprevalence in an STD clinic overstates the prevalence in the general population. Quality STD services in the clinic could disproportionately attract HIV-positive clients. The plan is to reduce or maintain the rate of increase of HIV seroprevalence to 1% or less each year.

[2]This is a proposed indicator to reflect the changes in knowledge, attitudes and/or practices. The final indicator and target will be selected in consultation with the Ministry of Health and other partners.

ACTIVITY DATA SHEET

PROGRAM: Jamaica
TITLE AND NUMBER: Increased Numeracy and Literacy In Targeted Primary Schools
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCES: $500,000 DA; $1,475,000 CSD
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Structural adjustment measures over the last two decades have forced negative repercussions on Jamaica's education system. This includes a decline in budgetary allocations to education from 13.5% in 1990/91 to 9.2% in 1994/95. These have been translated into chronic poor attendance, perennial under-achievement and depressingly low levels of literacy and numeracy at the end of six years of primary schooling. Approximately 10,000 adolescents age 10-14 are not enrolled in school, and of the 323,000 adolescents (age 10-18) enrolled in school (1992), 4,000 dropped out annually. Moreover, 52% of primary school graduates are functionally illiterate and innumerate. The purpose of this SO is to assist children from lower income backgrounds in 72 primary schools, where performance scores are low, to improve their achievements in mathematics and reading. Eleven thousand adolescents who have dropped out or are "at-risk" of dropping out of schools will be provided with the foundation for re-instatement in school and improving their social and job skills. Twenty-eight thousand primary school students, 1900 teachers, 72 principals and 504 primary school board members and community representatives will benefit directly from the program.

Key Results: Key intermediate results leading to the achievement of this SO include: a) improved quality of teaching--to be reflected in a three percent average increase per year in the pass rates for mathematics and reading among the 28,000 students in targeted primary schools; b) increased attendance; c) increased school/parent/community involvement; and d) improved management of schools. Special attention will be given to the performance of boys as, contrary to other Latin American and Caribbean countries girls outperform boys in almost all aspects of primary schooling.

Performance and Prospects: With USAID assistance and through the development of a Local Area Network, the Ministry of Education and Culture (MEC), now has current reliable data on which to formulate and implement critical educational policies. The technical and administrative capabilities of 17 NGOs have been greatly strengthened to deliver services to school drop-outs in areas such as literacy; remedial, vocational, and technical education; and personal and family development. Training has also increased the potential of NGOs to access alternate sources of finances, thereby improving their potential for organizational and program sustainability. A program of innovative mathematics and literacy strategies, in-service teacher training, governance and leadership training for principals, and parenting education will be implemented through year 2000. This is expected to result in increases in literacy and numeracy among primary school students, particularly those from poor communities. Through USAID assistance, the youth unit of the GOJ programs have achieved increased capacity to develop and implement youth policies and to coordinate youth activities in the public and private sector. These programs are expected to assist the MEC in reversing the alarming 15-year downward trend in reading and mathematics scores of children in primary schools.

Possible Adjustments to Plans: After extensive consultations in 1998, USAID concluded it would separate the education and health programs into distinctive strategic objectives. This division has provided the advantage of more specificity, ease and significance of meaningful measurement of results. The new SO, "Increased literacy and numeracy in targeted primary schools," is now seen, however, as being narrow in scope and not reflective of all activities being affected by USAID's material resources in the education sector. USAID will therefore modify the SO to read "increased literacy and numeracy among Jamaican youths." This will integrate all activities in the education sector under one program with results that are linked to one strategic objective.

Other Donor Programs: The IDB funded the establishment of libraries in more than 100 primary schools, refurbished more than 42 primary schools, and revised the language arts curriculum for primary schools. In 1999, the British donor agency, Department for Foreign and International Development, will initiate a five-year in-service teacher education program in 100 primary schools complementing the 72 being supported under the USAID program. Also beginning in 1999, the Canadian International Development Agency will begin implementation of a five-year C$25,000,000 Caribbean Human Resource Development Program for Economic Competitiveness in Jamaica and the Eastern Caribbean States.

Principal Contractors, Grantees or Agencies: Current contractors include: Development Associates Incorporated and Juárez and Associates Incorporated. Other development partners include the Ministry of Education and Culture, The Youth Unit of the Ministry of Local Government, Youth and Community Development, and local NGOs.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2001)
Mathematics Pass Rates (%)			
Grade 3:			
Males	43	56	57
Females	61	64	66
Grade 6:			
Males	45	48	51
Females	53	56	57
Literacy Pass Rates (%)			
Grade 3:			
Males	51	54	57
Females	53	56	66
Grade 6:			
Males	48	51	51
Females	53	56	57

MEXICO

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$8,977,000	$6,882,000	$6,725,000
Child Survival & Disease Fund	$400,000	$2,050,000	$1,700,000
Economic Support Funds	$1,000,000	$1,500,000	$2,000,000
International Narcotics Control Funds	$500,000	$1,000,000	$1,000,000

Introduction

Mexico, with its 2,000 mile border, emerging democracy, and volatile economy, is central to U.S. Latin American policy. Mexico is a major transit country for illicit drugs and a source of much legal and illegal labor. As the United States' second largest trading partner, Mexico helps shield the U.S. export market from world shocks. In Mexico, USAID facilitates hemispheric and regional cooperation between the United States and Mexico, addresses key diplomatic objectives such as counternarcotics and energy, and works in sustainable development activities such as health and the environment. Mexican partners bear more than half of the expense of programs carried out by USAID in Mexico.

Development Challenge

The challenge in Mexico is unique among USAID-presence countries. Not only does USAID deal with Mexico in a multilateral context--on hemispheric and world issues such as the Kyoto Climate Change, the Summit of the Americas, the North American Free Trade Agreement (NAFTA), trade integration, and Central American reconstruction--it also has a bilateral program that cooperates with Mexican and U.S. agencies in addressing issues in counternarcotics and crime, the environment, clean energy, and public health.

Mexico is one of the largest emitters of greenhouse gases in the world and a key country in USAID's Climate Change Action Plan, both for emissions and their potential for reduction. USAID and the Mexican Electric Commission have reduced CO_2 emissions in a way that shows that clean energy and economic development are compatible goals. Cost-effective energy-saving technology, much of which comes from the United States, is being expanded to other generating stations. Mexico is a major contributor to achievement of the second generation reforms launched at the Second Summit of the Americas in Santiago in April 1998. On the fifth anniversary of the North American Free Trade Agreement, the United States, Mexico, and Canada are moving to coordinate their development assistance programs in a spirit similar to that of NAFTA to spur increased progress against the Summit goals. USAID underpins these activities by providing concrete support to U.S. diplomatic positions. Mexico and the United States are seeking closer coordination of development activities in Central America. High among these priorities is reconstruction of the damage caused by Hurricanes Georges and Mitch. USAID will facilitate contacts in Mexico for third countries where USAID Missions are funding reconstruction activities.

The primary U.S. bilateral policy issue with Mexico is control of narcotrafficking and related crime. USAID facilitates exchanges between U.S. and Mexican federal judges to strengthen administration of justice, especially in counternarcotics, and will also facilitate contacts between state judges as well. USAID has facilitated contacts between U.S. and Mexican cities for the improvement of municipal services and maintains an active program of exchange and support for NGOs interested in improving governance at all levels.

Mexico is among the most biologically diverse countries in the world. It also has one of the world's highest rates of deforestation and natural resource degradation as a result of wildfires, agricultural clearing, and over-fishing. In June 1998, the Bi-National Commission of the two governments agreed to cooperate in the prevention and protection

against wildfires. USAID will also help the GOM and Mexican NGOs to expand the system of protected areas, plan resource management for vital ecosystems; offer economic alternatives for people living in these delicate areas, and promote policy reforms and strengthening key organizations.

Mexico has the third largest HIV/AIDS-infected population in the Western Hemisphere. USAID is designing prevention programs at the state level to avoid the human consequences and high costs if AIDS were to reach an epidemic level. Tuberculosis has emerged as a threat, with its incidence and increase linked to poverty, migration and HIV/AIDS. The number of drug-resistant cases in U.S. and Mexican border states is above the average for both countries. USAID is working with the Mexican Secretariat of Health, other GOM institutions, and NGOs to better monitor and treat tuberculosis. USAID’s support to Mexican voluntary family planning programs ends in March 1999. Since 1997, the assistance emphasized quality of care issues including informed consent of persons who avail themselves of family planning services.

Other Donors

The Inter-American Development Bank (IDB) and the World Bank finance development assistance programs through the GOM, largely in the poor southern states. USAID's role has been one of breaking a path for the multilateral lenders. Mexico has development cooperation with Japan, and is negotiating technical exchanges with the European Community.

FY 2000 Program

The program in FY 2000 will support trilateral assistance coordination in the hemisphere and work towards strategic U.S. objectives in counternarcotics, the environment, energy, health, and democracy. Specifically, USAID will:

- Implement a trilateral agreement for coordination of development assistance in the hemisphere that directly supports the Summit of the Americas objectives.
- Implement a bilateral agreement that facilitates the use of Mexican training and technical assistance for hurricane reconstruction and broader development in Central America.
- Broaden the conservation of threatened eco-systems and promote sustainable environmental protection, including microenterprise under a Development Credit Authority (DCA) guarantee.
- Co-host an international conference on the use of fire in agriculture.
- Assist the power sector to apply more efficient combustion technology to reduce costs and greenhouse gas emissions.
- Continue the judicial exchange activity with emphasis on counternarcotics and state courts, strengthen municipal governments and NGOs with an interest in improving governance.
- Expand HIV/AIDS prevention and develop guidelines for STD diagnosis and treatment.
- Launch a tuberculosis program to expand the GOM's Directly Observed Treatment training to cover the northern border and key states.

MEXICO

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Ecosystems and Biological Resources Conserved - DA	---	---	3,570	---	---	---	3,570
S.O. 2 CO_2 Emissions and Pollution Reduced - DA	---	---	2,430	---	---	---	2,430

S.O. 3 Strenghtened and More Responsive Democratic Institutions/ Citizenry - DA - ESF - INC	 --- --- ---	 --- --- ---	 --- --- ---	 725 2,000 1,000	 --- --- ---	 --- --- ---	 725 2,000 1,000
S.O. 4 Enhanced Access, Quality and Sustainability of HIV/AIDS Ser-vices and Info for Vulnerable Populations - CS	 ---	 1,200	 ---	 ---	 ---	 ---	 1,200
S.O. 5 New TB Activity - CS	 ---	 500	 ---	 ---	 ---	 ---	 500
TOTALS - DA - CS - ESF - INC	 --- --- --- ---	 --- 1,700 --- ---	 6,000 --- --- ---	 725 --- 2,000 1,000	 --- --- --- ---	 --- --- --- ---	 6,725 1,700 2,000 1,000

USAID Mission Director: Paul E. White

ACTIVITY DATA SHEET

PROGRAM: Mexico
TITLE: Critical Ecosystems and Biological Resources Conserved, 523-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $3,570,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: The focus of this strategic objective (SO) is conserving critical ecosystems and biological resources. Protected areas management, forest and wildlands conservation, fires prevention and recovery, and many other portfolio activities help to sequester carbon or avoid or reduce the emission of greenhouse gases. In this way the SO also supports Agency objectives regarding the mitigation of global climate change.

The USAID program addresses four key constraints which must be removed to permit successful on-the-ground conservation in Mexico: (1) the system of protected areas is too small and unrepresentative Most of the GOM protected areas lack funds and cannot develop or enforce management plans; (2) natural resource management on lands adjacent to protected areas is inadequate; (3) reform is needed in laws and policies; and (4) there is insufficient nongovernmental capacity to guide resource management. In addition, the wildfire disaster of Spring 1998, which sent smoke and ash over much of the southern United States, produced a unique bilateral agreement. This agreement was ratified by the two governments at the June 1998 Bi-National Commission meetings in Washington to cooperate on the prevention of such disasters.

The pilot activities that USAID supports are securing the long-term stability of parks and protected areas through increased Mexican management capability, and development of sustainable funding mechanisms. USAID is developing community-based plans, technologies and industries, for sustainable use activities in all targeted areas. USAID's partner organizations are working to develop an improved legal and policy framework. USAID's program is designed to build management capacity among NGOs, community groups and others where that capacity is insufficient. USAID expects to replicate its successful pilot experiences and develop a critical level of institutional capability that will promote sustainable biodiversity conservation in Mexico. This is the same model which the Mexico Conservation Fund (FMCN) has successfully carried out. In late FY 1998, USAID initiated a Mexico Fires Prevention and Rehabilitation Program with a new partner, the GOM's Environmental Secretariat (SEMARNAP). This activity (budgeted under the LAC Regional Program) will be implemented through the development of a grants program to be administered by the FMCN, and will be integrated into existing environmental conservation activities.

Key Results: USAID has identified four intermediate results which will lead to achievement of the SO: (1) improved management of nine target protected areas and other critical ecosystems; (2) demonstration and implementation of sustainable use activities in biologically important areas (measured by the number of men and women participating in sustainable activities; (3) improved policy framework for conservation and sustainable use of biological resources; and (4) improved professional capacity for seven Mexican NGOs to direct conservation and sustainable use programs. One of the key indicators for the fourth program IR has been achieved: The FMCN has become fully operational, and is fulfilling the biodiversity conservation mandate established for it when its funding endowment was established. This is measured by (a) the capitalization level of the FMCN, which demonstrates non USG commitment to USAID's biodiversity goals (FY 2003 target: $79 million); and (b) the number of grants for NGO projects in this area being approved and disbursed each year (FY 2003 target: 100).

Performance and Prospects: In 1998, USAID assisted its Mexican partners to implement improved management of five protected areas, while a total of eight protected areas were being managed under work plans designed by Mexican NGOs. Approximately 9,000 people living in these fragile areas directly benefit from improved management of these lands. Nongovernmental support to Mexican NGOs increased substantially, with 76 grants awarded by the FMCN. Fire emergency preparedness was increased at the community level as a result of the wildfires prevention and recovery project, begun in June 1998.

Possible Adjustments to Plans: The FMCN is now expanding its activities, to incorporate wildfire protection and restoration as an essential element of biodiversity conservation. The complex Fire Prevention activity must be successfully integrated with existing conservation activities. The GOM's Environmental Secretariat (SEMARNAP) must establish effective working relationships with environmental NGOs; and the NGOs must learn to work with the FMCN, to obtain grant funding. It may be necessary, at some point, to strengthen the structure of the fire prevention activity, in order to achieve a smooth transition to integrated activities.

Other Donors: Multinational development banks (MDBs) are important indirect partners who provide counterpart or follow-on funding for expansion of USAID-supported pilot interventions. Over the life of the SO (through FY 2006) we expect that over $100 million in MDB funds will have been contributed toward USAID's targeted results. This includes $16.5 million from the Global Environment Facility to increase FMCN's total endowment; and an estimated $20 million from the World Bank to support SEMARNAP and protected areas management.

Principal Contractors, Grantees or Agencies: The U.S. Nature Conservancy; Conservation International; The University of Rhode Island; Partners in Flight; PRONATURA; FMCN, and SEMARNAP.

Selected Performance Measures:

	Baseline (FY 1995)	Target (FY 2000)	Target (FY 2003)
Number of core areas demonstrating improved management capability	0	5	9
Number of target protected areas being managed according to NGO plans	0	8	6
Number of people in target areas participating in sustainable use activities (men/women)	0	6,420/2,795	2,742/947
Overall level of Mexican and other donor capitalization of the FMCN	0	$43 million	$79 Million
Number of new grants disbursed each year by the FMCN	0	76	100

ACTIVITY DATA SHEET

PROGRAM: Mexico
TITLE AND NUMBER: Carbon dioxide emissions and pollution reduced, 523-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $2,430,000 DA
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: Mexico is one of the largest emitters of greenhouse gases (GHGs) in Latin America; and ranks third among developing countries. Mexico is a key country in USAID's global Developing Country Climate Change Action Plan, because of its contribution to net global GHG emissions, and Mexico's potential for carrying out cost effective actions to reduce the growth in GHG emissions.

Energy is inexpensive, and widely available thanks to an extensive electrical grid. Partly because energy receives high GOM subsidies, there are few incentives to use electric power efficiently. Energy demand has grown very fast in the past 10 years (six to seven percent per year). Industrial pollution has also become a major problem. Mexico faces a dilemma: how to stimulate its economy and create employment through industrial growth, while remaining competitive with global producers and protective of its environment. USAID believes the solution lies in three major action areas: demonstrating that investment in proven energy efficiency, renewable energy and pollution reduction technologies will pay off for industry; increasing financing available for those who wish to adopt new energy technologies; and changing public policies to encourage efficient, non-polluting use of energy. All of these elements are necessary, in order to achieve the primary goal: widespread use of clean, efficient and renewable energy and production technologies, and reduced carbon dioxide emissions and pollution.

Key Results: This SO has one intermediate result: the adoption of resource management systems (RMS) and renewable energy technologies and practices in targeted industries and municipalities. From program inception to FY 1998, SO2 focused on three specific indicators: 1) carbon dioxide emissions prevented through adoption of more efficient combustion technology (886,000 million metric tons; 2) adoption of at least 50% of energy/environment audit recommendations by 82 firms; and 3) adoption of renewable energy technologies and practices by 52,000 beneficiaries.

Performance and Prospects: The first phase of this program focused on testing and demonstration of economically viable RMS and renewable energy technologies in selected industries. This phase, and its corresponding intermediate results have been completed successfully through demonstration projects focused on specific management measures and technologies (i.e., steam efficiency, motor rewinds, and high efficiency motors), and on the maquiladora industries (i.e., electroplating, foundry and chemical sectors).

The second phase of the program, now beginning, is aimed at achieving widespread adoption of proven energy efficiency and non-polluting production technologies. RMS activities include: design of large-scale programs based on pilot project results; replication of proven RMS methodologies (high efficiency motors and pumps), and developing computer software for energy efficiency analysis with Mexican expertise; expansion of non-polluting production techniques to a second group of plants in the electroplating industry; work on policies to encourage industrial pollution reduction; training local consultants and manufacturing plant staff to conduct energy audits resulting in increased energy efficiency, decreased pollution, and lowered operating costs. The renewable energy program, working through agricultural development and conservation organizations, has installed approximately 200 energy generating projects in 10 Mexican states. These projects are producing approximately 100KW of electric power using renewable energy methods. (This is expected to grow to 250 KW by end-FY 1999). The program has worked with more than 40 U.S. and Mexican manufacturers and suppliers of renewable energy technologies. To date, there are an estimated 10,000 direct and 40,000 indirect beneficiaries of these renewable energy systems. And a potential market of over US $1 billion has been identified for renewable energy.

To expand adoption in FY 1999 and FY 2000, the program will implement pilot projects in additional industrial sectors, to demonstrate viability of RMS technologies; develop improved policies, strengthen the institutional capacity of partner institutions, and create financing mechanisms that promote the adoption of RMS and renewable energy; and provide training for more than 1,500 engineers, suppliers, and decision-makers in renewable energy project implementation.

Possible Adjustments to Plans: Mexico's commercial banks are experiencing a liquidity crisis, and are reluctant to risk entering a new lending market. If sustainable financing cannot be developed, USAID may fall short of its goal of achieving widespread adoption. The alternative would be to encourage other international donors to provide replication funding, until the Mexican economy situation improves. The current energy subsidies are politically popular. With inflation driving all other costs up, the GOM will be reluctant to take price and other policy measures which force manufacturers and industrialists to convert to energy efficient technologies. This would affect USAID's ability to meet the objective.

Other Donor Programs: Mexico's public power utility, the Federal Electricity Commission, provided $23 million in funding to the national Trust Fund for Electrical Savings (FIDE). The Inter-American Development Bank (IDB) has authorized a $23 million loan for promotion of energy efficiency in the power sector. The United Nations' Industrial Development Office (UNIDO) and the Mexican National Polytechnic Institute supported the creation of a

Center for Cleaner Production, which implements pollution prevention projects in conjunction with the USAID program. The World Bank is preparing a $440 million agricultural productivity improvement project which could provide up to $40 million for agricultural projects which use renewable energy applications.

Principal Contractors, Grantees or Agencies: Hagler Bailly; U.S. Department of Energy's Sandia National Laboratories; the Mexican National Energy Savings Commission (CONAE); the Mexican Electrical Energy Savings Trust Fund (FIDE); the Mexican Center for Cleaner Production (CMPL); and the Mexican Shared Risk Trust Fund.

Selected Performance Measures:

	Baseline (FY 1995)	Target (FY 2000)	Target (FY 2006)
Carbon dioxide emissions prevented through selected uses (per year) (estimated metric tons of CO_2)	0	300,000	1,254,000
Number of firms adopting energy efficient technologies and practices	0	43	165
Number of beneficiaries adopting renewable energy technologies and practices	0	1,000	32,000

ACTIVITY DATA SHEET

PROGRAM: Mexico
TITLE AND NUMBER: More democratic processes adopted in key government institutions, 523-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $725,000 DA; $2,000,000 ESF; $1,000,000 INC
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Seventy years of one-party rule are coming to an end. The old political structures are breaking down, and the Mexican people are demanding open, democratic, effective and transparent government. USAID's role has been to support the initiatives that Mexicans are taking in key areas.

A judicial exchange activity provides a unique fora for discussion between U.S. and Mexican judges of legal issues of mutual interest, and provides ideas which stimulate Mexico's justice reform efforts. USAID proposes to start a model state court pilot (FY 1999) to test methods for improved court administration and prosecution of cases. USAID is also testing alternative dispute resolution (ADR) as a means of reducing court caseloads, making court administration more efficient, and improving access to justice for the poor. These will be important to USG counternarcotics objectives, as all narcotics cases begin at the state level in Mexico. USAID supported the National Autonomous University (UNAM) Judicial Research Institute development of a model judicial education degree program.

The pluralistic Chamber of Deputies (lower house in the federal legislature) must now update and streamline its administration, develop procedures for more pluralistic debate and consensus-building, and strengthen its ability to legislate independently of the executive branch. USAID is working with a committee of legislators to identify and assist in meeting the most urgent institutional strengthening needs for possible future assistance.

The federal government is decentralizing authority and funds to local levels. But Mexico's municipalities are ill-prepared to meet citizen expectations. USAID's U.S.-Mexico Partnership for Municipal Development is conducting a municipal government strengthening pilot which includes technical assistance to improve municipal administration and services, coupled with a "sister cities" arrangement. If successful, this model to raise local government effectiveness and increase citizen participation may be replicated by other states and municipalities across Mexico.

After decades of corrupt elections, Mexico has made major advances toward orderly transfer of power among multiple parties. USAID helped Mexican NGOs strengthen the election observation system, and provide information to citizens about their electoral rights and obligations. A crucial test of the system's maturity will be the upcoming presidential elections in 2000, in which the opposition has a realistic chance of taking over the national government.

Key Results: Three intermediate results will help achieve the SO: more effective local governance in target areas; permanent structures strengthened to enhance Congress' legislative function; and more efficient administration of justice in target state courts.

Performance and Prospects: In FY 1998, the municipal development activity formed working relationships between nine Arizona cities and six pilot municipalities in Jalisco. The technical assistance needs of each Mexican municipality were identified, and baseline measurements completed. Training courses in local government functioning and advocacy strategies for citizen organizations were designed. More than 100 Mexican and U.S. judges, prosecutors and legal academics from California, Arizona, Baja California and Sonora states participated in the first Judicial Exchange Border Conference to discuss major bilateral legal issues in criminal law, prosecuting and trying narcotics cases, commerce and trade, migration and environmental protection. UNAM designed and implemented a pilot master's degree program in judicial law. The Mexican Center for Aid to Victims of Crime (CENAVID) opened two pilot centers for ADR in Jalisco; and is assisting court officials at state and federal levels and police agencies in testing mediation of less serious cases outside the court system. Commitments were obtained from a multi-party working group of congressional deputies to accept assistance through Mexican party foundations and administrative committees. An initial observation tour of legislative support services in FY 1999 will help the deputies develop a detailed work plan for future assistance.

By the end of FY 2000, three additional judicial exchange border conferences will be held. CENAVID will expand its ADR training for judicial and police officials in Jalisco; and obtain passage of legislation to install ADR in the court system in Jalisco. The Congress and Model State Court programs will be designed (including baseline, performance measures and workplans) in FY 1999. Both programs will be in full implementation by FY 2000. In FY 2000, improved service delivery and increased citizen input targets in the Jalisco municipalities will be met; and replication will begin in other municipalities. Citizen organizations trained by the Movement for Citizen Democracy (an NGO) will work with municipal authorities on key city policy issues. Progress will be made towards federal and state reforms which advance decentralization and promote municipal development.

Possible Adjustments to Plan: In the event of limited counternarcotics funding, judicial activities that contribute to this overriding U.S. objective will be slowed.

Other Donor Programs: USAID's local governance goals are advanced by Ford Foundation support for municipal associations. IDB and World Bank support municipal infrastructure development in Mexico's southern states. The National Democratic Institute (NDI) works with the congress, and the U.S. Department of Justice, State Department and the U.S. Drug Enforcement Agency work with law enforcement and prosecutors which is an essential complement to USAID's ROL activities. Many private international and Mexican foundations support improved access to justice and human rights in Mexico.

Principal Contractors, Grantees or Agencies: International City Managers' Association (ICMA); Mexican NGO, Citizens' Movement for Democracy (MCD); The Research Foundation of the State University of New York (SUNY); U.S. National Center for State Courts; the Mexican Center for Aid to Victims of Crime; and the Mexican Society for Womens' Rights (Semillas).

Selected Performance Measures:

	Baseline	Target (2000)	Target (2003)
Local Governance: increased average municipal capacity to deliver services and increased citizen input in local governance decision-making.	.5277 on a 0-3 scale	1.25	2.5

ACTIVITY DATA SHEET

PROGRAM: Mexico
TITLE AND NUMBER: Enhanced access, quality and sustainability of HIV/AIDS and STD services and information for vulnerable populations in targeted areas, 523-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $1,200,000 CS
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: The GOM is currently reforming its health system, and transferring authority to the states for health policy and budget allocation. The states must tailor their programs to local realities; and health authorities and citizens must take responsibility for policy and quality of services. GOM health services and expenditures for HIV/AIDS at the national level are mostly oriented toward treatment and care than toward prevention. Decentralization forces states to determine what type and level of HIV/AIDS services they can afford. Most will not be able to support an increasingly costly treatment program. USAID's new SO will support CONASIDA in helping states pick up responsibility for funding and management of HIV/AIDS and STD programs. USAID assistance will help CONASIDA and the states to assess their current and projected situations with respect to HIV/AIDS and STDs; identify the most vulnerable populations; and design financially viable programs and information campaigns aimed at prevention, rather than treatment. The emphasis will be on institution-building and strengthened linkages between the public and private sectors.

While government is responsible for establishing a national strategy and guidelines for combating HIV/AIDS, private sector collaboration is needed in formulating the strategy and implementing programs, especially among hard to reach populations outside the reach of government services. Taking into consideration number of cases, current level of response and socio-economic conditions in each state, CONASIDA selected the states of Yucatan, Guerrero, Mexico (along with the Federal District), Puebla, Veracruz, Jalisco, and Oaxaca to initiate activities. Effective collaboration will require political will on the part of decision-makers, and full participation by civil society, as well as coordinated actions between governmental and NGO partners. Effective decision-making is also dependent on increased availability, and use of reliable data for policy development, program design, and advocacy. The USAID program will support development of cost-effective data collection and evaluation systems at the state level and within CONASIDA.

Key Results: Two key intermediate results were identified as leading to achievement of the SO: improved HIV/AIDS/STD policy environment at the national level and in targeted states; and increased capacity of governmental and nongovernmental partners to deliver HIV/AIDS/STD prevention, information and services.

Performance and Prospects: USAID's activities over the past year were directed toward defining the goals and planning for implementation. Workplans were developed with Mexican partners; and baseline data and targets are being set. Workshops in state-level strategic planning were held in two states with the active participation of NGOs and civil society organizations. In the state of Yucatan, the participants organized a multi-sectoral planning group, and obtained private sector funding to conduct a training workshop for 150 participants. Workshops in skills building, planning and external relations were held with key NGO partners, who will replicate the workshops for smaller NGOs in selected states. In FY 2000 workshops in strategic planning will be held in three additional states, while tailored technical assistance continues in states where multisectoral strategic planning groups have already been formed. A Mexican local institution will be selected and strengthened, to provide training on new STD and revised HIV/AIDS national guidelines to health workers in target states.

Possible Adjustments to Plans: Although it was originally planned to work with additional states in strategy planning in FY 1999, the schedule has been changed in order to provide continuing technical assistance to the multisectoral planning groups in the three original states. This was deemed necessary to ensure their sustainability and technical competency.

Other Donor Programs: In the area of prevention, various donors have supported efforts which complement USAID’s. These include the World Bank-funded regional project for Latin America; the joint United Nations Programme on HIV/AIDS (UNAIDS); the Pan American Health Organization (PAHO); and the MacArthur Foundation which supports a small program for prevention of AIDS among women in Mexico and other Latin American countries.However, USAID continues to be far and away the largest donor in this field.

Principal Contractors, Grantees or Agencies: Current contractors and grantees include the International HIV/AIDS Alliance, Family Health International, The Futures Group, Macro International, CONASIDA, the Mexican Health Foundation and local NGOs.

Selected Performance Measures: A performance monitoring plan, including intermediate results, indicators and baseline data for the new, expanded program in HIV/AIDS/STDs will be finalized by May 1999. Baseline data on policy environment and NGO capability was gathered by the end of 1998, and a facility-based survey against which to measure quality of services will be conducted in the Spring of 1999.

ACTIVITY DATA SHEET

PROGRAM: Mexico
TITLE AND NUMBER: Combatting Infectious Diseases (Tuberculosis), 523-SO05
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $500,000 CS
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Tuberculosis (TB) has recently re-emerged as a major threat to global heath. Numbers of cases are increasing in Mexico, due to a combination of poverty and large migrating populations; demographic and economic pressures which limit availability and access to health services for these highly vulnerable groups; and an upsurge in the related diseases, HIV and AIDS. Of particular concern are the large numbers of drug-resistant cases of TB along the U.S.-Mexico border. Studies show that the TB rate for the U.S. and Mexican border area is above the average for both countries. Many of these cases originate in the southern states of Mexico where poverty and out-migration are greater than in the north of the country.

Key Results: USAID will field a team of specialists in February 1999 to define the causes of TB incidence and spread in greater detail; and develop a proposed strategy for combatting this threat in collaboration with the GOM, border states on both sides, and key NGOs which are working in this area along the border. This strategy will identify key results which USAID will seek to achieve under a new Infectious Diseases (TB) SO.

Performance and Prospects: Prospects for U.S.-Mexico collaboration in combatting TB are good. Mexican President Zedillo has pledged GOM support for the effort. The Mexican Health Secretariat has indicated interest in working with USAID to address specific TB-related problems, and identify means of controlling its spread. There are a number of U.S. organizations working to combat TB along the border at present, among them: Ten Against TB (a coalition of six Mexican and four U.S. border states), Project Concern International and Project Hope. These organizations will serve as important sources of data; and assist in identification of ways to reach the most vulnerable -and most inaccessible- populations.

Possible Adjustments to Plans: None

Other Donor Programs: PAHO is assisting the Mexican Health Secretariat in implementing a program for treating identified TB victims with a method call DOTS, which is considered most effective because it assures that TB patients take medication for the period of time required for a cure.

Principal Contractors, Grantees or Agencies: USAID proposes to work initially with NGOs on the Mexican side of the border, to develop model programs which could be replicated more broadly by the Mexican Secretariat of Health.

Selected Performance Measures: Preliminary results indicators will be identified in the course of developing the new Strategic Objective and Strategy for TB.

NICARAGUA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$14,843,000	$16,600,000	$17,810,000
Child Survival & Disease Fund	$8,717,000	$11,940,000	$7,500,000
Economic Support Funds	$1,000,000	$1,500,000	$3,000,000
P.L. 480 Title II	$5,485,000	$13,069,000*	$6,244,000

* includes emergency food aid in response to Hurricane Mitch

Introduction

U.S. assistance to Nicaragua advances our national interests and strategic goals by strengthening democracy, promoting economic growth and reconstruction, and fully integrating Nicaragua in regional and global markets. U.S. engagement in Nicaragua is an investment in regional stability and the security of our borders, particularly after the destructive flooding caused by Hurricane Mitch in November 1998. Broad-based economic growth, open markets, and more jobs in Nicaragua not only offer an expanding market for U.S. exports and investment but also help stem the flow of illegal immigration to the United States. Assisting Nicaragua achieve a healthy democracy and rule of law contributes to a more level playing field for U.S. companies and improved security for U.S. citizens in Nicaragua as well as strengthens Nicaragua as a partner in the fight against illicit drug trade and international crime. Efforts to reduce environmental degradation will protect vital hemispheric biodiversity and help prevent natural disasters in the future while assuring sustainable development. U.S. assistance to reactivate basic health and education services following Hurricane Mitch, and emergency programs to improve food security for affected families, respond to Nicaragua's humanitarian needs and will contribute to its future prosperity.

Development Challenge

Prior to Hurricane Mitch, 1998 GDP growth for Nicaragua had been projected by the Central Bank to be 5.8% led by strong performance in the agriculture sector despite the effects of El Niño early in the year. Nicaragua had considerable success in reducing its rate of inflation to 7.2% in 1997, was on track to enjoy a small fiscal surplus in 1998, and had signed an Economic Structural Adjustment Facility (ESAF) agreement with the International Monetary Fund (IMF). However, despite debt forgiveness by the U.S. and other donors before and after Hurricane Mitch, Nicaragua still has an impossibly large external debt burden. Notwithstanding recent debt relief from the United States and other Paris Club creditors, still additional debt forgiveness is required. The country's debt burden remains considerable, including a debt-to-GDP ratio that exceeds 300% and a debt-service ratio in the neighborhood of 20%. These data compare most unfavorably to those of other Central American countries such as El Salvador and Guatemala where debt-to-GDP ratios are under 30 percent and debt-service ratios stand around 10 percent. Moreover, with overall economic losses as a result of Mitch estimated at $1.5 billion, projected GDP growth for 1998 dropped to four percent. A further drop to a 2.4% annual growth rate is expected in 1999. The challenge now is to recover productive capacity, with emphasis on rebuilding damaged agriculture, shelter, water and transportation infrastructure. To deal with the requirements of hurricane reconstruction, the Government of Nicaragua (GON) estimated it needs $1.4 billion in assistance from the international community.

The USG supports the GON's post-Mitch objective to safeguard good governance and its guarantee that civil society will participate in national reconstruction programs. Before the disaster struck, Nicaragua had free and fair elections in March 1998 on the Atlantic Coast, human rights violations continued to decline, and an increase in the level of participation by civil society in the political arena. Confidence in the judicial system grew in 1998 and the Congress passed several pieces of controversial legislation. The challenge now for democracy in Nicaragua is to not regress during this difficult period of recovery, but rather to push forward on government accountability, transparency,

efficiency, participation, and decentralization during the reconstruction period.

Nicaragua's growing investments in the social sectors suffered a severe setback with the damage to and loss of physical infrastructure, equipment and stocks of supplies as a result of Hurricane Mitch. Previously, all health and education indicators showed positive trends of increasing primary school completion rates while decreasing infant mortality and fertility rates, and was on track to have one of the highest immunization rates in the Americas at 90%. However, following the severe flooding, Nicaragua's first challenge is to feed the hungry and prevent outbreaks of infectious diseases, and then to rebuild water and sanitation systems, health facilities, and schools.

Other Donors

The international community responded immediately and generously to Nicaragua's emergency needs following the devastation of Hurricane Mitch. Indications are that major infrastructure repair and reconstruction in the transport, housing, electric and communications sectors will be covered by multilateral financial institutions, the European Union, and bilateral donors including Japan, Spain and Taiwan. The World Bank, United Nations agencies, and numerous bilateral donors are expected to reorient and increase their funding for school and health center reconstruction and equipping as well as for new water and sanitation programs. Though there are many donors financing agriculture and environmental recovery, the funding needs are overwhelming given the extent of the damages. The Inter-American Development Bank (IDB) has two large programs in financial sector reform and capital markets which will soon come on line. Nicaragua plans to continue with its ESAF program with the International Monetary Fund (IMF) in hope of early entry into a Highly Indebted Poor Country (HIPC) initiative. The United States ranks as the largest single bilateral donor to Nicaragua.

FY 2000 Program

USAID plans to continue with the core of its development program in Nicaragua in the areas of democracy, economic growth, health and education. The country strategic framework will, however, be revised to accommodate the strong USG response to the humanitarian and development needs resulting from Hurricane Mitch. USAID's ongoing program is already focussed on the geographical area most affected by Mitch, which also coincides with the area of highest level of poverty. Based on its comparative advantage vis à vis other donors, USAID proposes to focus reconstruction assistance over the next two years in agricultural recovery and natural disaster mitigation, public health promotion and disease prevention, public works, and microenterprise financing, all within a framework of promoting transparent and effective governance. USAID has reprogrammed some FY 1998 funds to jumpstart rehabilitation of basic grain crops and agricultural infrastructure, provide emergency supply of medicines to flood victims, support to food-for-work programs, and refinance microenterprise loans.

In addition to the regular funding levels requested for FY 2000 and non-emergency P.L. 480 Title II requirements, a full reconstruction strategy would require supplemental funding of over the next two years. The program would finance seeds, fertilizer, tools, grain and seed storage facilities, technical assistance and agricultural credit for the zones devastated by Mitch. Disaster mitigation activities such as watershed management, reforestation and stabilization of hillsides would benefit small farmers whose farms were washed out by flood waters. USAID plans to invest in reconstruction of water and sanitation systems in approximately 200 small communities not targeted by other donors. In addition to ongoing health activities with the Ministry of Health, USAID would fund PVO activities in health education and disease prevention in communities at high risk of malaria, dengue, cholera and leptospirosis as a result of hurricane damage. A centerpiece of USAID's FY 1999/2000 program would be the combination of P.L. 480 Title II development and emergency food commodities with supplemental funds to mount an ambitious food-for-work program to restore basic community infrastructure through disaster-related reconstruction projects. USAID proposes to capitalize microfinance partners in order to refinance loans of small producers affected by Mitch. Finally, USAID's good governance and rule of law activities will continue to build the systems, institutions, and attitudes required to assure competent and honest implementation of national reconstruction programs during the next two years.

NICARAGUA

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS

S.O 1. More Political Participation, Transparency and Com-promise - DA - ESF	 --- ---	 --- ---	 --- ---	 4,360 3,000	 --- ---	 --- ---	 4,360 3,000
S.O. 2 Sustainable Growth of Small Producers Income and Employment - DA - P.L. 480/II	 7,450 ---	 --- ---	 2000 ---	 --- ---	 --- ---	 --- ---	 9,450 ---
S.O. 3. Better Educated, Healthier, Smaller Families - DA - CS - P.L. 480/II	 --- --- ---	 4,000 4,000 ---	 --- --- ---	 --- --- ---	 --- 3,500 ---	 --- --- 6,244	 4,000 7,500 6,244
Totals - DA - CS - P.L. 480/II - ESF	 7,450 --- --- ---	 4,000 4,000 --- ---	 2000 --- --- ---	 4,360 --- --- 3,000	 --- 3,500 --- ---	 --- --- 6,244 ---	 17,810 7,500 6,244 3,000

USAID Mission Director: Marilyn Zak

ACTIVITY DATA SHEET

PROGRAM: Nicaragua
TITLE AND NUMBER: More Political Participation, Compromise, and Transparency, 524-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $4,360,000 DA; $3,000,000 ESF
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The USAID program aims to strengthen democracy through more responsive government, consolidation of the rule of law including protection of human rights, and an empowered civil society. The four branches of government--slowly modernizing and becoming more open--are not coequal in power, capabilities, and accountability. The judicial system operates under obsolete codes, inefficient systems, and arbitrary decision-making. Human rights abuses, while diminishing, are still of concern. Civil society grows stronger, but must provide more constructive avenues of expression for people's interests. Nicaragua needs to decentralize power and strengthen local governments while promoting improved management of public finances and greater transparency.

The devastation caused by Hurricane Mitch has affected the development agenda of the government and civil society. National recovery and rehabilitation must involve not only the central government and international community, but also Nicaragua's local government representatives and civil society. Overall, broad and informed citizen participation will help decentralize power and lead to an effective, representative government.

Key Results: Five key results are necessary to achieve this objective: (1) a measured increase in public support for the political system from a 1995 survey base of 43% to 55% in the year 2000; (2) a measured increase in public confidence in the judicial system from 35% in 1995 to 50% in 2000; (3) 75% of households have access to basic services such as garbage collection, sewer and water by the year 2000 compared to 52% in 1996; (4) naming of the Ombudsman for Human Rights in 1999; and (5) publication of a minimum of 20 independent audits of public institutions by 2000.

Performance and Prospects: Recent public opinion polls indicate growing confidence in the democratic system, in particular the judiciary and municipal governments. The National Assembly has become a more functional, representative body, witnessed by its dealing with a number of important and controversial bills during the 1998 session such as the judicial organic law, the code for the treatment of adolescents and children, and the executive

branch organic law. USAID contributed to strengthening the Supreme Electoral Council by assisting with completion of registration and voter cards for the Ad Hoc and Atlantic Coast municipalities, as well as the preparation of the March 1998 Atlantic Coast regional elections. The USAID democracy program has spurred the formation of human rights committees at the community level, which encourage reporting/ mediation of human rights violations.

USAID-supported activities trained hundreds of judges, prosecutors, court administrators, and improved the capabilities of the Attorney General's Office. USAID is part of a multi-donor effort to reform governmental financial management systems to reduce fraud, waste, abuse and corruption. USAID, working through local NGOs, has improved civil society participation in public decision making, fostered dialogue on civil-military relations, and supported domestic election monitoring. In addition, civil society organizations have organized themselves to provide direct assistance to the victims of Hurricane Mitch, and to involve them in community rehabilitation initiatives. Municipalities receiving USAID assistance demonstrate improved service delivery.

To upgrade the efficiency, improve access, and promote equity of the judicial system USAID will finance the reform of the penal and criminal procedure codes, plus the training to assure their implementation and that of the new administrative procedures code. USAID will support a public defender's office, strengthen the attorney general's office, and improve court administration with a view to address unique problems affecting the Atlantic Coast. USAID will continue to pursue a comprehensive system to protect human rights, by strengthening peace commissions in towns and cities, improving the capabilities of human rights NGOs, and assisting the government's Human Rights Ombudsman. Finally, USAID will continue to help improve the bond compensation mechanism for compensating owners of confiscated properties and support case resolution.

USAID will also undertake efforts to improve public sector transparency as well as provision of more cost effective and better quality services, and to promote greater citizen participation in community affairs. Activities will emphasize municipal development and decentralization by improving the capacity to deliver public services, helping local governments to increase revenue and encouraging citizen participation in local decision-making. USAID will assist citizens and municipalities affected by Mitch to prioritize needs, formulate solutions, obtain financing, and monitor implementation of basic reconstruction projects, and ensure that municipal priorities are reflected in the national reconstruction effort. USAID will fund activities to improve the National Assembly committees' ability to research and draft legislation, train staff, foster better constituent relations, automate the information system and provide orientation to new deputies.

USAID will continue working with civil society groups to improve civilian-military relations, enhance citizen participation, address women's rights, and stimulate citizen participation in community rehabilitation efforts. Work on integrated financial management will continue, but emphasizing anti-corruption and ethics awareness, and independent audits of government programs. USAID envisages small levels of technical assistance for the Electoral Council for the 2000 municipal and 2001 Presidential/Legislative Assembly elections.

Possible Adjustments to Plans: USAID has already increased funding for the reconstruction and rehabilitation of municipalities affected by Hurricane Mitch and has begun to work with civil society organizations to develop projects that respond to the needs of hurricane victims. More programmatic adjustments are likely as a revised strategy is developed.

Other Donor Programs: USAID takes the lead role in the rule of law, while Sweden, the United Nations (UN), and the European Union (EU) continue to support courthouse construction and penitentiary system reform. Spain, the UN, the IDB and World Bank fund complementary activities in police training, legal reform, statistics, and judicial administration. The Danes and Swedes have worked on improving municipal administration in towns other than those USAID covers, while the World Bank, IDB and EU finance construction and rehabilitation projects. USAID has taken the lead on the modernization of the National Assembly, the IDB on internal regulations, and Taiwan on building construction. The World Bank, IDB, and USAID joined in a multi-donor effort to carry out financial management reform. Almost all donors have provided assistance to the election process.

Principal Contractors, Grantees, or Agencies: Local organizations: women's and human rights organizations, advocacy and research NGOs, Association of Nicaraguan Municipalities, Supreme Electoral Council, Ministry of Finance, Supreme Court, Attorney General's Office, the Comptroller General, and Human Rights Ombudsman's Office. U.S. organizations: State University of New York, Casals and Associates, the Planning Associates Development Collaborative, Interamerican Institute for Human Rights, National Center For State Courts and Florida International University.

Selected Performance Measures:

	Baseline (1995)	Target (2000)
Political system support	43%	55%
Public confidence in judicial system	35%	50%
Households access to basic services	52% (1996)	75%
Human Rights Ombudsman named (yes/no)	No	yes (1999)
Independent audits of public institutions made public (cumulative)	0	22

ACTIVITY DATA SHEET

PROGRAM: Nicaragua
TITLE AND NUMBER: Sustainable Growth in Small Producer Employment and Income 524-S002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $9,450,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The goal of this Strategic Objective is to sustain the growth of incomes and employment opportunities of small producers. USAID finances technical assistance to small farmers through PVOs, NGOs, and producer associations. It also supports the national seed improvement program and a program to provide land titles to small farmers. USAID's microenterprise program provides technical assistance and training to strengthen 28 credit unions that provide financial services and savings mobilization in rural areas. It also supports value-added activities, including post harvest processing and storage, foods processing, equipment manufacture and repair, and commercial services. USAID funds initiatives to protect biologically important ecosystems by strengthening protected area management and by introducing resource-conserving technologies in buffer zones.

Key Results: Under this activity, USAID is aiming for an annual seven percent growth rate in the agriculture sector by helping farmers produce more and diverse crops. Another key result expected is the expansion of small businesses and microenterprises in rural and urban areas by providing 58,000 microenterprise loans over a five-year period ending 2000. A third critical result targeted for this activity is to assure natural resources are being used more rationally, and especially that protected areas are under effective management as measured by the Parks in Peril protected areas management index. Nicaragua is expected to average 45 points on the index which would be slightly above the average for nine rated areas in Latin American in 1996.

Performance and Prospects: Despite a serious drought in early 1998 caused by El Niño, Nicaragua's agriculture sector was projected to grow 10.3% in 1998. Hurricane Mitch left extensive damage in the north and northwest regions of the country, causing widespread soil erosion and deforestation and destroying agricultural infrastructure, including soil and water conservation works, storage facilities, wells, and irrigation systems. The hurricane hit at the worst time for Nicaragua's agriculture sector, just prior to the harvest of the second and largest crop, and just before the coffee harvest and the third planting season for basic grains. The rain, flooding, and landslides severely damaged standing crops in the north. Maize and red bean production, two of the staples of the Nicaraguan diet, fell by 50% and 40%, respectively. Non-traditional agricultural exports, a focus of USAID’s program, were even more seriously hit. Vegetable and sesame production, important non-traditional agricultural exports, were wiped out. The destruction of seed stocks, and damage to farm infrastructure and the transportation network sharply reduced prospects for successful coffee and third planting grain crop harvests. Though USAID microfinance programs had been successful in opening access to credit for nearly 90% of targeted micro-entrepreneurs while generating savings of $400,000 in participating rural credit unions, many farmers and rural entrepreneurs are now unable to repay outstanding loans, threatening the viability of USAID-supported micro-finance credit institutions. Population displacement and the permanent loss of cropland due to flood damage (some 25,000 acres of cropland has been permanently destroyed and another 700,000 acres seriously damaged) threatens a new wave of settlement into tropical forests and environmentally fragile lands despite the replication of the successful management models for protected areas.

Possible Adjustments to Plans: As a result of Hurricane Mitch, USAID plans a substantial revision of activities undertaken to implement this strategic objective.

For example, USAID procured nearly $1 million in agricultural equipment and $700,000 in grain and vegetable seeds to replace losses resulting from the flooding after Mitch. To ensure that farmers will regain their livelihood, USAID has redirected nearly $800,000 in local currency generations from P.L. 480 Title III into an emergency

program to support the November planting of basic grains. Investments must be made to repair and replace farm infrastructure, post harvest processing facilities, and transportation network. The destruction caused by the flooding has sensitized farmers to the problems of erosion and soil degradation, presenting USAID with an opportunity to promote soil and water conservation practices and organic agriculture. With additional resources, USAID will support the Ministry of Natural Resources, non-governmental organizations and community tree nurseries in the immediate planting of ground cover to stabilize hillsides and soils to mitigate against a repeat of the Posoltega disasters which took over 2000 lives.

Temporary measures, such as loan rescheduling, will be needed to ensure the survival of USAID-supported microfinance institutions and maintain the "repayment ethic" that USAID has worked to instill. Shortly after the hurricane, USAID programmed $450,000 in microenterprise funding to recapitalize one of its key partners, the Foundation for Microenterprise Support (FAMA).

Other Donor Programs: Among other donors working in the agriculture sector, the EU and Japan are working on broad rural development and agriculture support activities through the Rural Development Institute. Some donors have joined USAID in supporting the GON's emergency basic grains planting program. Others are expected to contribute to GON agricultural rehabilitation programs.

USAID partners have benefited from a basic grains marketing project financed by the EU. A joint IDB/USAID Microenterprise Recovery Fund has been created to help microenterprise credit institutions recover from Hurricane Mitch. The European Community and Central American Bank for Economic Integration (CABEI) have projects for small and microenterprises. USAID and its partners have been working closely with the World Food Program in helping farmers obtain access to emergency food supplies and will be providing assistance to complement food-for-work efforts. The Danish and German governments are providing a significant amount of aid for environmental conservation. The World Bank is designing a $6.4 million forestry program.

Principal Contractors, Grantees or Agencies: Winrock International, Development Alternatives Inc., World Relief, Cooperative League of the United States of America, Nicaraguan Agricultural Producers Association, Association of Non-Traditional Producers, and the GON P.L. 480 Secretariat; World Council of Credit Unions, Foundation for Microenterprise Support, and Promujer; Cocibolca Foundation, Alistar Foundation and Environmental Law and Development Center.

Selected Performance Measures:

	Baseline (1994)	Target (2000)
Growth rate of agriculture sector (GDP)	3.6%	7%
Farmers accessing USAID services	7500	28,000
Cumulative number of microentrepreneurs receiving loans under USAID projects	0	58,000

ACTIVITY DATA SHEET

PROGRAM: Nicaragua
TITLE AND NUMBER: Better Educated, Healthier, and Smaller Families, 524-S003
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $4,000,000 DA; $7,500,000 CS; $6,244,000 Title II
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The purpose of the Better Educated, Healthier, and Smaller Families Strategic Objective is to develop human capital through basic education, health, and family planning. USAID has supported educational reforms, which have led to fundamental changes in the curriculum, teaching practices, and instructional materials. Our objective is to increase access to quality education and to improve student achievement. Direct beneficiaries include students in 165 urban, rural and bilingual schools and 20,000 teachers.

Women and children are particularly vulnerable segments of the Nicaraguan population. Primary and preventive health care are critical to mothers' and children's survival, full realization of their potential, and a more efficient, cost effective social support network. An unrestrained population growth rate can quickly reverse the gains achieved in other sectors. Family planning is an important ingredient in improving maternal health and child survival, and

directly affects economic growth, environmental preservation, and poverty reduction activities.

Key Results: Key results expected under this activity are: 1) Women and children are better nourished; 2) Use of child survival services and practices is increased; 3) Comprehensive reproductive health services are more used; and 4) More students learn more and complete primary school. The first two results will contribute to lowering the infant mortality rate from 58 deaths per thousand in 1993 to 38 deaths per thousand in the year 2000. Total fertility rates should decrease from 4.6 children born to each woman in 1993 to 3.6 in 2000 is the third result is achieved. Finally, primary school completion rates are expected to increase from 23% in 1993 to 28% by 2000.

Performance and Prospects: Before the devastation caused by Hurricane Mitch in November 1998, Nicaragua was making rapid advances in education and health. Primary school completion rates rose from 22.8% in 1993 to 27% in 1997. Repetition rates have dropped sharply from 26% to 22%. Infant mortality dropped from 59/1000 to 40/1000 since 1993. Child immunization coverage rates sustained levels of close to 90%. Fertility rates dropped from an average of 4.6 in 1993 to 3.9 children per woman in 1997. Nicaragua's population growth rate dropped from 3.1% in 1993 to an estimated 2.3% in 1998.

In FY 1998, USAID began implementing second phases of its maternal/child health, reproductive health, and basic education programs. Curriculum reform, training in modern teaching methods, and increased community participation in the school system are the goals of the new nationwide program. The program will provide special emphasis on multi-grade schools and bilingual education on the Atlantic Coast. Because of damage to schools, the 1998 academic year ended early, and some program resources were diverted to disaster relief. Despite these setbacks, USAID will maintain performance targets for 1999.

USAID supports improved quality and availability of services at public health centers and posts, focusing on women and children under five years of age. Activities include the introduction of Integrated Management of Childhood Illnesses and expanded program of immunizations. USAID activities will lead to increased prevalence of exclusive breastfeeding for the infant's first six months, improved intake of micronutrient through increased consumption of fortified foods, and expanded community health education through private voluntary organizations. Other expected results are improved monitoring and prevention of infectious diseases, and public and private sector AIDS prevention programs established. USAID finances the expansion of Profamilia, a family planning NGO; training for Ministry of Health and Profamilia personnel in contraceptive technology and patient counseling techniques; and a major contraceptive social marketing program. Though USAID-supported local NGOs and US PVOs active in family planning and reproductive health services redirected resources and program priorities as a result of Hurricane Mitch disaster relief needs, program design and performance targets remain valid. To respond to emergency needs, the P.L. 480 Title II program also shifted from targeted feeding of malnourished groups to food distribution and food-for-work for disaster victims.

Several new grants have been awarded to PVOs and the Ministry of Health to improve the health, water supply, and sanitary conditions of communities affected by Mitch and in new settlement areas for refugees. Over $800,000 worth of emergency medicines and other medical supplies destined for flood victims were purchased through a grant to the Pan American Health Organization (PAHO).

USAID has worked closely with the U.S. Army Task Force Build Hope and Task Force New Horizons to repair schools and health facilities damaged by Hurricane Mitch. Despite considerable loss of infrastructure, equipment, and supplies, the Ministry of Education plans to open schools on schedule; and although it faces an overload of disaster victims and heavy damages to health facilities, the Ministry of Health has prevented major outbreaks of infectious, vector-transmitted, and water-borne diseases. With additional support, USAID plans to help reequip and resupply schools and health posts damaged by the Hurricane.

Possible Adjustments to Plans: As a result of the hurricane, P.L. 480 Title II has expanded more than eight-fold (in terms of tonnage) with emergency allocations. Over the short-term, traditional maternal child health feeding programs will be converted to food-for-work programs to repair and rehabilitate small community infrastructure such as foot bridges, wells, rural access trails, retaining walls and drainage ditches. USAID will conduct periodic assessments to determine appropriate timing for a return to supplemental feeding for children.

Ministry of Health and PVO grantees, involved initially in full-time disaster relief, have now returned to their child survival programs, adjusted to give priority to prevention of cholera, malaria, and other infectious diseases. Health interventions planned in the event of supplemental funding focus on reconstruction of water supply and sanitation programs. USAID will concentrate on peri-urban and rural areas unlikely to be covered by the environmental health initiatives of other donors.

Other Donor Programs: International response to the hurricane disaster has been rapid and significant. Much of the

relief effort has focused on health interventions, including food and medicine distribution and water supply. In addition to disaster relief, several donors have increased their existing primary health care programs. The Swedes fund regional health departments complementing USAID's activities. The World Bank and Japan finance hospital construction and renovation, other health infrastructure projects, and larger municipal water and sanitation projects. PAHO supports the immunizations program, while the UN funds limited reproductive health activities. The World Bank and Japan invest in school construction. The Dutch support education planning and curriculum development. At the secondary level, the EU funds teacher training, curriculum development, and school construction. Finland finances bilingual education on the Atlantic coast.

Principal Contractors, Grantees, or Agencies: U.S. partners include: Management Sciences for Health, the Adventist Development and Relief Agency, Academy for Educational Development, Save The Children, Project Concern International, CARE, Wisconsin-Nicaraguan Partners of the Americas, Project Hope, and Development Associates. Nicaraguan partners include Ministry of Health, Ministry of Education, and the Nicaraguan Association for the Promotion of Family Welfare (PROFAMILIA). International Agency Partner: PAHO.

Selected Performance Measures:

	Baseline	Target (2000)
Total fertility rate (children/woman)	4.6 (1993)	3.5
Infant mortality rate (deaths per thousand)	58 (1993)	38
Immunization coverage for children under one year of age	65% (1994)	90%
Primary school completion rates (6th grade graduate)	23% (1993)	28%

PANAMA

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$3,182,000	$4,598,000	$3,500,000
Economic Support Funds	---	---	$1,000,000

Introduction

U.S. assistance to Panama contributes to the achievement of U.S. foreign policy objectives in the areas of economic growth, environment and democracy. Specifically, the assistance supports the successful implementation of the Panama Canal Treaties, which is clearly in the U.S. national interest. Under the Treaties, Panama will assume full ownership, control and operation of the Canal on December 31, 1999. U.S. assistance focuses on assuring effective protection and management of the Panama Canal Watershed, productive uses of reverted military and other properties, and on substantial improvements in the criminal and commercial justice systems of Panama.

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

Development Challenge

Fresh water powers the Panama Canal. The Panama Canal Watershed (PCW) is the only source of water to meet the needs of the Canal as well as the fast growing population in the area. During the past 50 years, massive deforestation has reduced the forest cover in the Watershed by 60% and in the process eroded its river valleys and lake shores. As a result, the fresh water supplies of the watershed are increasingly vulnerable to agricultural and industrial pollution, siltation, sedimentation and the reduction of storage capacity of the lakes. Increasing rates of population migration into the watershed, with concomitant urbanization and economic activities, threatens its environmental health. With USAID assistance, the Government of Panama (GOP) has provided essential infrastructure and equipment, and has developed management plans for the five national parks located in the watershed. USAID has also supported GOP efforts to establish a comprehensive monitoring program to measure changes in forest cover, hydrology, biodiversity and human settlements in the watershed. An Ecological Trust Fund that provides a permanent source of funds which finances environmental education and awareness activities by local NGOs, as well as related management and protection activities, was successfully established with USAID's assistance. USAID will continue to provide assistance to improve the management and technical capabilities of key responsible GOP institutions, local governments, non-governmental organizations and communities in the area, to better protect and conserve the natural resources of the watershed.

Development in Panama, including the environmental sector, is affected by a justice system that is inherently slow, complex and non-transparent. The system is difficult to understand or access for both Panamanians and non-Panamanians, and is highly susceptible to manipulation. USAID will provide assistance to support the consolidation of ongoing efforts by the GOP to implement critical reforms of its criminal and civil systems. The assistance complements a larger effort supported by the IDB in criminal justice. It will also provide additional resources to address issues in commercial justice, an area in which the IDB is not involved. In an effort to modernize the justice system, selected technical assistance and training will focus on the application of internationally recognized commercial law and legal practices, enforcement of environmental regulations, and on the active

participation of an organized civil society.

The reversion of the Panama Canal is based upon the 1977 Torrijos-Carter treaty, which established that the United State would progressively give back to Panama by December 31, 1999 all the lands, water resources, and infrastructural installations (including the military bases) necessary to administer, operate and defend the Panama Canal. The Regional Interoceanic Authority, established in 1993 to oversee the reversion process, aims to ensure that the uses of the reverted areas do not impair the proper functioning of the canal and the reverted properties make maximum contribution to Panama's economic and social development. USAID is providing resources to assist the GOP in the development of policies and administrative options for the management of reverted properties. Assistance is financing studies, selected technical assistance, training and computer equipment and software to help the GOP in the efficient conversion and management of reverted properties. Due in part to USAID assistance, the GOP has been fairly successful so far in converting seven military bases or other installations already transferred to productive uses.

Currently the GOP's external public debt is $5.0 billion. Servicing of the external debt is 33.4% of the public sector budget. The U.S. Government has no plans for debt relief.

Other Donors

Currently, USAID is the major donor active in the watershed. Under the Common Agenda Initiative, the Government of Japan (GOJ) has indicated interest in assisting the GOP in the conservation and protection of the watershed, with activities complementary to the USAID program. To date, GOJ assistance has been modest. It recently awarded a $240,000 grant to a local NGO to establish a training center. However, Japan plans to expand its training and technical assistance activities and to assist in significant reforestation beginning in FY 2000 and beyond. The World Bank (IBRD) anticipates a lending program to Panama of $130-225 million over the 1999-2001 period. This support will concentrate on poverty reduction, economic growth policies, and selective activities focused on environmentally sustainable development. Planned activities in land administration will complement watershed conservation.

The IDB is currently assisting the GOP to develop a National Environmental Strategy. Assistance is also planned for the productive reconversion of areas in conflicting land use in the watershed. The IDB is also the lead donor supporting a major GOP effort in the improvement of its administration of criminal justice systems. USAID administration of justice activities complement this effort.

FY 2000 Program

USAID will focus resources on: 1) the protection of the canal watershed; 2) assisting on-going efforts of the GOP to implement critical reforms of its criminal and commercial justice system; and 3) resolving issues related to effective and productive use of the reverted areas adjacent to the Panama Canal. During CY 1999, USAID will develop a Strategic Plan that outlines the range of activities to be implemented beyond FY 2000 within the framework of the three objectives indicated above. In FY 1999, USAID will continue to support the institutional strengthening of GOP institutions responsible for the protection of the watershed. To enhance the sustainability of the protection of the watershed, USAID will encourage the participation of civil society, the private sector, local governments and residents of the watershed in this effort and provide appropriate financial and technical support. USAID will also provide assistance to the court systems, prosecutors and civil society to effect fundamental changes in the justice sector. Finally, USAID will continue to support GOP efforts in planning and implementing privatization and productive uses of the reverted areas.

PANAMA

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS

S.O. 1 Improved Management and Protection of Panama Canal Watershed -D.A.	---	----	2,500	---	---	---	2,500
S.O. 2 To facilitate Legal and Policy Changes Required to Sustain Fair, Fast and Independent Criminal and Commercial Justice Systems - ESF	---	---	---	1,000	---	---	1,000
Sp.O. Efficient Transfer of the Panama Canal and Facilitate Productive Use of Reverted Areas -D.A.	1,000	---	---	---	---	---	1,000
Totals -D.A. -ESF	1,000 ---	--- ---	2,500 ---	--- 1,000	--- ---	--- ---	3,500 1,000

USAID Mission Director: Lars Klassen

ACTIVITY DATA SHEET

PROGRAM: Panama
TITLE AND NUMBER: Improvement in the Institutional Capacity to Manage and Protect the Panama Canal Watershed, 525-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $2,500,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** 2006

Summary Numerous studies, including one conducted by USAID in 1994, have demonstrated the link between the environmental protection of the Panama Canal Watershed and the effective long-term operation of the Panama Canal. Protection of the environment helps assure the availability of adequate volumes of water for canal operations by maintaining an increasing forest cover where possible, and by minimizing sedimentation and drainage of contaminants into the Canal. Efficient operation of the Panama Canal relies on the freshwater provided by rain across the 326,000 hectare watershed, as each ship passage requires 52 million gallons of fresh water. As the GOP assumes responsibility for the operation of the Canal on December 31, 1999, the mandate of the newly created Panama Canal Authority (PCA) will extend beyond the management of the Canal itself to include, in coordination with other competent Panamanian authorities, the protection, conservation, and maintenance of the water and natural resources of the watershed. The purpose of this Strategic Objective is to assist Panama in assuming this responsibility for management of the watershed and to serve the U.S. interests in the sustainable operation of the Canal. The direct beneficiaries of this objective will be the Canal watershed ecosystem, the 143,000 residents of the watershed, and the operators and users of the Canal and watershed. The indirect beneficiaries will be the 1.4 million people along the transisthmian corridor on the east bank of the Canal, the population of Panama as a whole, and the global economy.

Key Results: USAID has determined that four key intermediate results are necessary to achieve this objective: (1) Institutional arrangements for effective watershed management and protection adopted; (2) watershed monitoring and evaluation system institutionalized; (3) Protected areas management systems functioning effectively; and (4) Local capacity to protect and manage the watershed increased.

Performance and Prospects: Performance over the past year has been as expected, with successes in all aspects of the portfolio.

The GOP, with USAID assistance, made progress during FY 1998 in improving the institutional arrangements for effective management of the watershed through drafting of alternative organizational structures for the legally mandated Inter-Institutional Commission for the Canal Watershed (IIC), passage of a framework law for the newly created National Environmental Authority (ANAM), and appointment of the members of the newly created PCA's Board of Directors. To finance watershed protection activities, the USAID-created Ecological Trust Fund (FIDECO) provided more than half a million dollars to the GOP for operation and maintenance of protected areas, and an equivalent amount for NGO projects including sustainable agriculture, biodiversity conservation, and watershed management. Over the next two years, USAID expects to support the establishment of the IIC, and assist the GOP in developing policies, regulations, and sustainable financing systems for watershed protection activities.

Continued support to the Smithsonian Tropical Research Institute's watershed monitoring program resulted in a functioning unit of scientists and technicians collecting monitoring information on biotic and abiotic conditions in the watershed including forest cover, hydrology and soils, biodiversity, and human settlements. This monitoring team has provided useful information to decision makers. The identification of an appropriate institutional home for the unit has been moving slowly with continuing discussions between USAID and appropriate GOP institutions. Over the next two years, USAID expects the monitoring unit and its information to become an invaluable resource for managers in the watershed.

Over the past year, USAID has supported the GOP with multiple activities to strengthen the functioning of protected areas within the watershed. USAID is supporting the development and improvement of park-use plans and construction of infrastructure facilities. Over the next two years, USAID will complete these activities and work with the GOP to implement co-management arrangements in the protected areas in accordance with the new environmental law.

Local capacity to conserve natural resources and to manage the watershed was increased through pilot agroforestry activities and support for the institutional consolidation of the Association of Panamanian Municipalities (AMUPA). Activities over the next two years will assist AMUPA to play a lead role in helping local governments implement the regional land-use plan, and help communities solve environmental problems such as solid waste disposal.

Possible Adjustments to Plans: USAID will dedicate significantly more resources toward the development and strengthening of civil society organization and encourage their increased participation, together with local and national government entities and the private sector, in watershed conservation and protection activities.

Other Donor Programs: The IDB and the WB have begun developing projects that will improve management of the watershed. Both entities anticipate activities in land management and watershed conservation as part of their planned $130-$225 million lending program. The IDB has ongoing activities which support the establishment of an institutional and operational framework to promote the development of a modern national environmental strategy and strengthen comprehensive watershed management programs elsewhere in the country. Under the Common Agenda Initiative, Japan is considering establishing a training center in the watershed to provide environmental education and awareness as well as training in forestry and agroforestry techniques. USAID is working closely with all of these donors to ensure complementarity of projects.

Principal Contractors, Grantees or Agencies: Current grantees and contractors include the Smithsonian Tropical Research Institute (STRI), the Academy for Educational Development (AED), the International Institute for Education (IIE), the International Executive Service Corps (IESC), and Technoserve.

Major Results Indicators:

	Baseline 1997	Target 2000
Land use in the Panama Canal Watershed compatible with the approved Regional Plan	57%	63%
Community-based, pilot agro-forestry activities on-going	1	5
The Inter-Institutional Commission (IIC) to strengthen coordination among public and private institutions in the PCW established and decision-making mechanisms functioning	No	Yes

Note: End-of-Activity Targets to be Developed

ACTIVITY DATA SHEET

PROGRAM: PANAMA
STRATEGIC OBJECTIVE: To Facilitate Legal and Policy Changes Required to Sustain Fair, Fast and Independent Criminal and Commercial Justice Systems, 525-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $1,000,000 ESF
INITIAL OBLIGATION: FY 1991 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: The Panamanian justice system is a mixed inquisitory/accusatory one which is inherently slow, complex and non-transparent, is difficult to understand or access for both Panamanians and non-Panamanians, and is highly susceptible to manipulation. Recently, an increasing number of policy formulators and opinion leaders have spoken out against the systemic slowness and inefficiency of justice in Panama. Most of the negative remarks have been confined to the criminal system, but the same criticisms apply to commercial law.

Notwithstanding past Panamanian, USAID and other donor efforts, the criminal justice system continues to suffer serious, systemic weaknesses that have produced delayed, flawed, or simply wrong decisions. Major consequences of these weaknesses are increasing backlogs in cases, and a prison population in which 65% of the prisoners held in preventive detention have never even appeared before a judge. Just as worrisome, the courts appear subject to manipulation, corruption and political influence. The civil system, including its commercial component, is similarly lacking. Court productivity is low and slow: approximately 60% of all cases in the system (the majority in civil courts) have been pending over a year, and 40% have been waiting for over three years.

The purpose of this SO is to support GOP efforts in facilitating fundamental change in the justice sector. A fair, timely and transparent justice system is necessary to ensure the economic health and political stability of the country. In particular, fundamental change to the justice system will improve the confidence of Panamanian citizens and U.S. and international businesses and investors which, in turn, will facilitate the productive uses of formerly owned U.S. properties. Additionally, it will contribute to improving and strengthening the legal foundation upon which the institutional framework for sustainable Panama Canal Watershed management and protection is based.

Key Results: USAID has concluded that four key intermediate results are required to achieve this objective: (1) An informed civil society (NGOs) working with other sectors to improve the justice system; (2) An improved prosecution and public defenders system on a sustained basis; (3) Effectively functioning court systems, and alternative dispute resolution systems; and (4) improved police organization and capabilities (through the Department of Justice).

Performance and Prospects: Since Panama's return to democracy in 1990, efforts have been undertaken to re-establish independent Panamanian judicial institutions, strengthen operations and modernize laws. When 1995 budget stringencies forced USAID to reduce its presence worldwide, the Mission was instructed to eliminate its Democracy and Governance Strategic Objective, and phase out its successful Administration of Justice project in 1997. After a year's hiatus, USAID has reinitiated its work in the justice sector with relatively modest financial resources. In returning, a USAID sector assessment has determined that major problems persist. However, because other donor assistance in this area has increased considerably with the advent of the IDB's large justice sector loan, USAID will work to complement IDB efforts and focus in particular areas not being covered by the IDB (e.g., NGO development and strengthening, commercial justice issues and police training (with the Department of Justice).

Possible Adjustments to Plans: The objective is to enable the GOP and civil society organizations to formulate, institutionalize and implement activities designed to ensure fundamental sustainable systemic change in the justice systems. A top priority will be to ascertain receptivity to change, and results of research here could result in changes to USAID's approach in the future. Further research will be undertaken to understand better the constraints to justice and the appropriate means to address them. USAID will continue to coordinate and collaborate closely within the U.S. Government and with the IDB.

Other Donor Programs: The IDB is the major donor in the sector with an $18.9 million loan to the GOP. Other donors include the United Nations Development Program (UNDP), the Organization of American States (OAS) and the European Union (EU) with very modest programs. The British, Germans, French and Spanish have small bilateral programs.

Principal Contractors, Grantees or Agencies: Since this is a new SO, there are no contractors or grantees in place. Thus, USAID is considering accessing support through an existing Agency Indefinite Quantity Contract mechanism, Cooperative Agreements, and Participating Agency Service Agreements, supplemented with local and third country

expertise where feasible.

Major Results Indicators:

	Baseline 1998	Target 2000
Number of local NGOs actively involved in justice issues	8	10
Number of judges and prosecutors trained in aspects of new penal code	0	200

Note: End-of-Activity Targets to be Developed

ACTIVITY DATA SHEET

PROGRAM: Panama
TITLE AND NUMBER: Efficient Transfer of the Panama Canal and Productive Use of the Reverted Properties, 525-SpO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000 $1,000,000 DA
INITIAL OBLIGATION:FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: This activity supports U.S. foreign policy objectives aimed at successful implementation of the Panama Canal Treaties of 1977. According to the Treaties, the ownership, management and operation of the Panama Canal will be transferred from the United States to the Republic of Panama on December 31, 1999. The Treaties also call for the closure of all U.S. military bases and the reversion to Panama of related properties.

With USAID assistance, the GOP seeks to offset the negative impact on the Panamanian economy, in terms of lost jobs and income, resulting from the progressive closure of U.S. military bases. Compared with the base year of 1994, some 12,300 jobs will have been lost, along with $95 million in annual wages and $250 million in other annual expenditures that accrue to the Panamanian economy. In addition, given that approximately 12% to 14% of U.S. international maritime trade transits the Canal, USAID, acting as facilitator in those areas where it possesses a particular comparative advantage, will continue to provide selective technical assistance and short-term training to the newly established Panama Canal Authority (PCA) during the next two years to ensure a smooth and seamless transition.

Key Results: To achieve this Special Objective USAID has defined two key intermediate results: **(1)** selected policies and procedures for Canal operations adopted; and **(2)** enabling conditions established for generating investment and employment in the reverted areas.

Performance and Prospects:USAID-funded technical assistance has contributed to significant improvement in the Inter-Oceanic Regional Authority's (ARI) ability to market reverted properties. Policies for investment development have also been adopted and procedures streamlined with USAID assistance.

As a result, there have been successes in converting for productive use the seven military bases or installations already reverted to Panama: Espinar (1995), Davis (1995), Rodman Tank Farm (1997), Amador (1997), Curundu Flats (1997), Albrook (1997) and Quarry Heights (1998). Conversion of these properties to other uses ranges from 50% of Quarry Heights to 100% of the Rodman Tank Farm. Successes are also evidenced by the sale of 1,186 houses and 80 planned and on-going investment projects implemented in 1998. These projects have been primarily in tourism (hotel and eco-tourism development); plus commercial (fuel tank farm, tanker port) and maritime (overhauling existing ports i.e., Balboa and Cristobal and two new port concessions, Manzanillo and CocoSolo) activities.

Contributing to improvements in the investment climate, USAID-supported activities have led to a number of other accomplishments: new industrial property rights law, amendments to the labor code, legal stability for investment law, streamlining of customs operations and new GOP financial management integrated system.

Given the PCA's recent creation, the focus of USAID assistance has been institutional strengthening, including the introduction of labor mediation (following the model of the U.S. Federal Mediation and Conciliation Service (FMCS)), public information, and financial management.

Possible Adjustments to Plans: To address additional needs in the reconversion and transition process, institutional contractors will be used to address organization and management issues at ARI and PCA. USAID plans to assist ARI in project development for reconverted properties. Emphasis will be technical assistance in urban planning, economics and architecture, maritime industry, tourism, including a School for Tourism Education and master plan development. Technical assistance in business negotiations, customer service, plus public affairs and relations is also contemplated. The institutionalization of the mediation and conciliation system to resolve labor conflicts, using alternate dispute resolution, will be a key element for ensuring continued smooth operation of the Panama Canal.

Other Donor Programs: The IDB has been the major donor in the reversion process. The Bank financed the technical studies that led to the General and Regional Plan (adopted by Law 21). The United Nations Development Program (UNDP) was instrumental in building nation-wide consensus for the passage of Laws 21 and 19 (PCA organic law).

Principal Contractors, Grantees, or Agencies: International Executive Service Corps (IESC), Federal Mediation and Conciliation Service (FMCS), Free Market Development Advisors Program (FMDAP), and Fundación ANDE.

Major Results Indicators:

	Baseline 1995	Target 2000 (a)
Jobs created in the reverted areas (cumulative #)	12,300	6150
Total wages of the newly employed in the reverted areas ($ million/yearly)	95	48.5
Value added of new economic activity in reverted areas ($ million/yearly)	250	125.0
Toll revenues ($ million/yearly)	462.8	503.0
Transits	13,631	14,050

(a) Equivalent to 50% of level attributable to U.S. military presence on December 31, 1994.

Note: End-of-Activity Targets to be Developed

PARAGUAY

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$5,625,000	$4,694,000	$5,225,000
Economic Support Funds	$500,000	$800,000	$1,000,000

Introduction

Paraguay's emerging democracy is very fragile and is facing difficult political, social, environmental, and economic demands. The U.S. Government's main policy objective in Paraguay is to consolidate and strengthen democracy in an effort to help preserve stability in the region. Environmental degradation and high population growth are also key U.S. regional and global interests.

The Development Challenge

Paraguay has taken important steps since its transition to democracy began in 1989. Despite earlier accomplishments, the transition has been inconsistent and needs to be consolidated. Democratic institutions remain weak and confidence in the government is extremely low. The Executive Branch now seeks to balance participative democracy against the political forces that attempted a coup in 1996. Paraguay also faces issues of rampant corruption, modernizing the state, and tackling socio-economic and environmental problems.

In national elections in May 1998, a new President and Congress were democratically elected with 81% of eligible voter participation. USAID greatly assisted the Electoral Tribunal prepare and carry out these successful, transparent national elections. An effective legal and regulatory framework, supported by a professional judiciary, is fundamental to Paraguay's continuing democratic and economic development. Key legislation to strengthen judicial reform, such as a modern Criminal Code and new Criminal Procedures Code, was enacted in 1998 with USAID support. These represent a major structural reform of Paraguay's criminal justice system. Paraguay is developing innovative activities with local governments to provide services to their communities through the decentralization of basic public services, starting with primary health care and sanitation services. Consolidating these decentralization initiatives will remain a significant objective in the near future.

Paraguay has one of the highest deforestation rates in the world which, if unabated, will leave the country with no significant remaining forests by 2010. Moreover, intensive, unsustainable exploitation of land, water, and wildlife resources continues, posing a major threat to the survival of characteristic local and regional ecosystems. Conservation of Paraguay's unique natural resources is critical to the country's long-term sustainable development. Models are being developed to set aside protected areas to decrease the deforestation rate and rationalize land use through a national reserve program.

The country's maternal mortality rate and estimated annual population growth rate (2.6%) are among the highest in the hemisphere. Less than one-third of women of reproductive age have access to family planning and reproductive health services. Per capita income is highly skewed with the bottom half of the Paraguayan population receiving only 10% of the national income. USAID is supporting reforms in health and voluntary family planning with selected assistance to reproductive health initiatives that reach poor women and rural populations.

Although experiencing slow economic growth, Paraguay has a relatively low level of international debt and is current on debt payments. This is not a significant issue for U.S. concern. Nevertheless, the state of the country's democratic institutions--such as the Electoral Tribunal, key GOP Ministries, the Judicial System and the recently formed local governments--as well as NGOs and political parties indicate that substantial time and effort are still required to complete the transition to a fully-functioning democracy. Thus Paraguay is not a candidate for graduation

from U.S. development assistance in the near term. However, important aspects of USAID's population and environmental special objectives will be achieved by FY 2000.

Other Donors

The Inter-American Development Bank (IDB), World Bank, and United Nations Development Program (UNDP) are major multilateral contributors. The United States is the fifth largest bilateral donor after Japan, Germany, the European Union (EU) and Spain. USAID continues to leverage other donor resources and encourage greater donor coordination. The development of a joint reproductive health initiative is underway with the Japanese under auspices of the U.S.-Japan Common Agenda. USAID has joined forces with the Pan American Health Organization (PAHO) to deepen health sector reform and begin the decentralization of primary care services. Extensive coordination amongst donors is being carried out to expand environmental protection activities.

FY 2000 Program

Strengthening of participatory democracy is the cornerstone of the USAID program, as well as Paraguay's highest priority. Although Paraguay has been able to hold free and fair elections, results from a comprehensive post-election evaluation indicate that to ensure continued success in this area the electoral code must be modified. Appropriate technical assistance will be provided to the Congress, Electoral Tribunal, and political parties to develop a consensus on the necessary modifications and reform the regulatory framework. This activity will be complemented by electoral education programs by NGOs and civic organizations which include programs that reach traditionally marginalized groups, such as youth and women. Activities to strengthen and integrate political parties fully into the democratic process will continue, as will activities to improve access to strengthened judicial systems. Support to improve civil-military dialogue will be encouraged through the establishment of joint working groups on security issues. USAID will promote the introduction of alternative dispute resolution centers to increase access to justice at both the municipal and national levels. USAID also plans to introduce activities to increase transparency in public management. Health decentralization activities that are underway will be folded into a broadened health sector reform process.

In the environmental sector, USAID will fund activities to support the development of public and private reserve areas, build local management capacity, and develop economic alternatives to deforestation. This includes assisting the largest national park in the Chaco region under USAID's Parks in Peril program which is being managed under an innovative public/private partnership. FY 2000 funding is estimated at $525,000 and will be used to coordinate and leverage the larger resources available from other donors.

In population, USAID support of $2.3 million in FY 2000 will increase voluntary family planning through the introduction of quality public sector services and strengthened private sector information systems and services, including an innovative contraceptive social marketing program. Funding will also be provided through the premier family planning NGO in Paraguay to improve services at public and private health clinics.

PARAGUAY

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Improved Democratic Institutions							
- DA	---	---	---	2,700	---	---	2,700
- ESF	---	---	---	1,000	---	---	1,000
Sp.O. 1 Improved Management of Protected Areas							
- DA	---	---	525	---	---	---	525

p.O. 2 Increased Use of Voluntary Family Plan-ning Services - DA	---	2,000	---	---	---	---	2,000
Totals - DA - ESF	--- ---	2,000 ---	525 ---	2,700 1,000	--- ---	--- ---	5,225 1,000

USAID Mission Director: F.Wayne Tate

ACTIVITY DATA SHEET

PROGRAM: Paraguay
TITLE AND NUMBER: Improved responsiveness and accountability of key democratic institutions, 526-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $2,700,000 DA; $1,000,000 ESF
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The transition to a democratic society in Paraguay is still fragile and uncertain. Since emerging from a 34 year dictatorship in 1989, Paraguayan society has been expecting to reap the economic and social benefits of democracy. After ten years, many Paraguayans are unsure if democracy will deliver the promised better life and some are yearning for an authoritarian government to return. The purpose of this objective is to strengthen Paraguay's nascent democracy by improving government responsiveness and accountability through the creation of an effective judiciary, an independent functioning electoral system, transparent local governments with decentralized services based on wide citizen participation and an active, responsible civil society.

Key Results: Four key intermediate results were concluded necessary to achieve this objective: (1) Free and fair elections need to be held with wide national participation and acceptance to assure and instill confidence in the basic democratic processes; (2) Participatory and better functioning sub-national governments need to be created since the common citizen's most direct contact with government is through municipal and provincial governments; (3) Access to justice is key to people's belief in a democratic society as well to encouraging economic development; (4) Civil-military dialogue is required so that the military understands its new role in a democracy and to ensure appropriate civilian oversight of the military.

Performance and Prospects: Performance over the past year has been better than expected. USAID has been improving the responsiveness and accountability of key democratic institutions by carrying out a series of activities which features institutional strengthening and human resource development. The results of surveys carried out in 1996 and 1998 showed a statistically significant increase in the population who believe the national government is responsive to their needs. Technical assistance was provided to the recently established Election Tribunal to create a new voter registry, inform voters of electoral procedures, supervise the work of new local and regional tribunals and councils, and successfully conduct the May 1998 national elections with an impressive nationwide turnout of 81%. The elections were declared to be free and fair by international and national observers, as well as the political parties. Surveys taken after the municipal elections of 1996 and the national elections of 1998 reveal that 75% of those surveyed believed the elections were clean. The perception of free and fair elections demonstrated a statistically significant increase.

Currently, the Executive Branch represents the interests of a minority, populist wing of the Colorado Party that is inclined to espouse the policies promoted by General Oviedo. There have been a series of institutional impasses based on the Presidential decree to free Oviedo and reinstate many officers involved in the coup attempt to active military duty. This political impasse that has resulted at the national level is part of the country's evolving democratic process and has affected some of USAID's initiatives related to State modernization. Despite these unsettled issues USAID has continued to strengthen and consolidate democratic principles at the local level, create an informed and active civil society, and instill an independent judiciary and electoral tribunal. Other key activities such as the USAID-sponsored program to enhance civil-military dialogue also continue. The congressional leadership, key politicians, academics and top military officers are beginning to engage in serious discussions on the roles of the military in a democracy and review proposed defense legislation and a draft of a national defense strategy.

Support has also been provided to the Congress to enact a new criminal code and criminal procedures code (two of the four major legal reforms targeted by USAID), which modernized the judicial sector by moving to an accusatorial

and oral process judicial system. The Supreme Court and the Office of the Attorney General are receiving training and technical assistance to assume their roles under the new laws. Additional support is still needed to assist the judiciary and legislature more transparently fulfill their governmental roles and to fight corruption in public administration. The introduction of alternative dispute resolution centers at the municipal and national levels should increase access to justice and improve citizen perceptions of their nascent democracy.

Local governments are receiving training in administration, budgeting, and transparent financial management and are part of a USAID-sponsored policy dialogue on decentralization. Based on the National Health System Law, which USAID supported, the decentralization of primary health care services is being implemented in about 10% of the country's municipalities. This is being carried out as a fundamental component of health sector reform and will gradually be expanded nationally. Citizen groups are beginning to play a greater role in defining local priorities and are participating in community-wide public hearings. Ten communities have also carried out local planning exercises to develop long-term municipal development plans based on community priorities.

Possible Adjustments to Plans: In 1999, the Mission will present a new Strategic Plan that will begin in FY 2001. New programming directions will be reflected in that plan.

Other Donor Programs: USAID has taken the lead in encouraging the donor community to support democracy, especially with the IDB. Using USAID-initiated studies, the IDB has designed $80 million in complementary projects to help modernize the State, to strengthen the judicial branch for $13 million and provide assistance to the congress estimated at $500,000. They also are executing a $17 million municipal strengthening project aimed mainly at designing new urban cadasters. The Organization of American States (OAS) has worked closely with USAID in election assistance and has spent approximately $800,000 since 1996 to support the electoral process. USAID is now moving ahead with a joint Pan American Health Organization (PAHO)-USAID initiative to reform and modernize the health sector which could possibly leverage up to $1 million of funding. Selected Government of Paraguay Ministries, such as such of the Ministries of Health and Finance, provide substantial, complementary support to USAID-sponsored initiatives.

Principal Contractors, Grantees, or Agencies: USAID implements activities through several U.S. private non-profit companies and international and local NGOs. U.S. principal contractors and grantees are the International Foundation for Electoral Systems, Development Alternatives Inc., and the National Center for State Courts. Local NGOs and grantees include the Information and Resources Center for Development, the Paraguayan Center for Economic Liberty and Social Justice, and Alter Vida.

Selected Performance Measures:

	Baseline	Target (2000)
Population who believe that the national government is responsive to their needs	39% (1996)	50%
Population that consider the elections clean	45% (1993)	65%
Registered voters who vote (in national elections)	69% (1993)	80%
Number of target sub-national governments with joint community project implemented	2 (1996)	17
Number of key legal reforms enacted by Congress	0 (1996)	4

ACTIVITY DATA SHEET

PROGRAM: Paraguay
TITLE AND NUMBER: Improved management of an expanded protected areas system, 526-SpO1
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $525,000 DA
INITIAL OBLIGATION:FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: USAID contributes to the sustainable development of Paraguay by promoting environmentally sound practices of natural resources management. A significant percentage of the land in the country is owned by large private landowners who use the land for unsustainable agriculture and livestock practices. USAID is engaging landowners to join conservation initiatives and is providing examples of sustainable economic alternatives for land use. Additionally, USAID is working closely with the government sector that is responsible for the management and

preservation of protected areas by strengthening their institutional capacity and promoting the joint implementation of programs with local NGOs. The purpose of this special objective (SpO) is to improve both public and private management of Paraguay's protected areas.

Key Results: Three key intermediate results were concluded necessary to achieve this objective: (1) create new reserve areas with sustainable management plans. Through two local NGOs, a private reserve program has been established which is providing models for effective conservation that is compatible with income generating activities. (2) Improve the local human capacity to manage and understand the importance of protected areas. (3) Promote economic alternatives to deforestation for sustainable land use in protected areas. Important components of this plan include wildlife management, ecoturism and forestry projects.

Performance and Prospects: Performance over the past year has been as expected, although Paraguay, with one of the highest rates of deforestation in the world, continues to lose 10% of its remaining forest cover every year, threatening the future of unique regional ecosystems. Because environmental problems aggravate poverty and complicate the transition to democracy, it is imperative that Paraguay develop and implement sustainable land use models and preserve the last remnants of these important ecosystems. USAID activities include the protection of important public and private natural reserve areas, and the development and implementation of sustainable models for management of natural resources. Three models have been developed to date that will permit greater conservation of Paraguay's unique ecosystems. The models organize a private natural area in several zones, some of which are dedicated to ecosystems protection and some to sustainable use of natural resources. This way, private landowners can contribute to ecosystems conservation and obtain profits at the same time. USAID's management models are proving to be successful in keeping areas from degrading.

Paraguay placed an additional 211,000 hectares under public protection in 1998 based on the USAID-sponsored plan for a national protected areas system. The country's largest national park has been incorporated into USAID's Parks-in-Peril program, which includes an innovative public/private system for park management. This is the GOP's first experience in managing a park with the private sector.

Environmental education remains a challenge and programs are currently being conducted in three key reserve areas. These have demonstrated a measurable positive impact in the reserves and in their buffer zones. Ten viable economic alternatives to traditional agricultural and livestock grazing have been implemented to demonstrate that deforestation in not the only way to earn profits from forested land. Some examples are: reforestation, agriculture under forest cover, sustainable forestry and eco-tourism. With these activities, landowners are engaged in profitable and environmentally appropriate initiatives. Activities are on track to meet the expected results for this SpO by FY 2000.

Possible Adjustments to Plans: The Mission is scheduled to develop a new Strategic Plan that will begin in FY 2001. New programming directions will be reflected in that plan. Ecoregional conservation initiatives involving neighboring countries will be promoted.

Other Donor Programs: Other donors continue to be highly involved in the conservation of natural resources activities in Paraguay, in close coordination with USAID. All donors are working directly with the GOP and in most cases also with local NGOs. UNDP is involved in the protection of ecosystems of regional and global importance in Paraguay through a $9 million project. The Japanese International Cooperation Agency is trying to diminish the severe deforestation problem that Paraguay faces with a $7 million forestation project. The German Cooperation Agency is implementing a $3.8 million effort to elaborate a National Action Plan for the protection of natural resources. The European Union is supporting a $18 million Sustainable Development Project for the Occidental Region of the country.

Principal Contractors, Grantees or Agencies: USAID implements activities through The Nature Conservancy, a U.S.-based organization, and two local NGOs, the Moises Bertoni Foundation and the Desdel Chaco Foundation.

Selected Performance Measures:

	Baseline (1996)	Target (2000)
Number of models of biodiversity conservation and sustainable use of natural resources implemented	2	6
Number of communities engaged in education and sustainable development activities	1	10
Number of economic alternatives (e.g. reforestation) implemented on private properties	4	15

ACTIVITY DATA SHEET

PROGRAM: Paraguay
TITLE AND NUMBER: Increased use of Voluntary Family Planning Services, 526-SpO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $2,000,000 DA
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: In 1994, the Government of Paraguay (GOP) made reproductive health and family planning a priority. The Ministry of Health's reproductive health plan endorses reproductive health activities and establishes a variety of goals aimed at fighting the country's very high maternal mortality rate and estimated annual population growth rate (2.6%). The country is now struggling with major reforms in health, education, and family planning services. The purpose of this special objective (SpO) is to increase current contraceptive prevalence by expanding access and use of voluntary family planning services that reduce maternal mortality and unwanted pregnancies, especially targeting poor women, rural populations and other marginalized groups.

Key Results: Three intermediate results were concluded to be necessary to achieve this SpO: (1) Expanding access to reproductive health services by offering these services through existing public and private facilities which do not currently provide them, rather than establishing new facilities; (2) Improving the quality of reproductive health and family planning services by establishing a range of modern family planning methods by providers with adequate technical and managerial skills; and (3) Promoting sustainability of providers by increasing efficiency and reducing the costs of family planning programs.

Performance and Prospects: Performance over the past year has been better than expected. A national reproductive health survey has demonstrated that contraceptive prevalence for women between the ages of 15 and 49 using modern methods has gone from 35% in 1990 to 41% in 1996. This upward trend is expected to continue and reach the target of 50% prevalence by the end of FY 2000. Couple-years of protection is expanding as a result of contraceptives supplied by the Ministry of Health and the Paraguayan Center for Population Studies (CEPEP), the primary local NGO supporting family planning services. Activities to assist the private sector organize cost-effective services are being carried out through local NGOs and U.S. cooperating agencies. USAID's support for expanded access to family planning services includes the expansion of community-based and alternative distribution systems, including an innovative contraception social marketing program, to reach underserved rural and marginal urban areas. In addition, program efficiency and sustainability are addressed through training and technical assistance in contraceptive logistics management, specialized clinical training, financial and program management, and closer coordination between the public and private sector.

USAID is also introducing the concept of model quality service delivery in certain regions which more directly addresses specific community needs. This model includes a basic package of selected family planning services for the community and establishes minimum service delivery conditions which assure quality family planning. The number of quality service delivery points has been expanding quite rapidly.

Possible Adjustments to Plans: USAID will develop a new Strategic Plan that is scheduled to begin in FY 2001. New programming directions will be reflected in that plan.

Other Donor Programs: The GOP National Reproductive Health Council includes members from the public and private sectors and donor community. The Council is active in organizing and coordinating all population and family planning activities. The United Nations Population Fund provides public sector support and spent $1 million between 1994 and 1997 to purchase contraceptives. The World Bank is working on integrated women's care and has provided training for family planning. The total amount of their five-year project is $30 million. The IDB has a maternal and child health care project for $28 million. Family planning activities are only a small part of the project. The International Planned Parenthood Federation also provides support of $300,000 per year to its local affiliate. The Mission is coordinating activities with the Japanese Government under the U.S.-Japan Common Agenda to identify potential areas of cooperation in reproductive health.

Principal Contractors, Grantees or Agencies: USAID implements the program through the following U.S.-based organizations: Population Services International, Management Sciences for Health, Access to Voluntary and Safe Contraception, Family Health International, John Hopkins University, the Center for Disease Control, the University of North Carolina, and John Snow Inc.

Selected Performance Measures:

	Baseline (1996)	Target (2000)
Contraceptive prevalence for women 15-49 using modern methods	41%	50%
Couple years of contraceptive protection (Ministry of Health and CEPEP)	107,000	156,000
Quality service delivery points providing services in priority regions	0	15

PERU

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$23,629,000	$24,418,000	$28,900,000
Child Survival & Disease Fund	$7,048,000	$8,437,000	$7,000,000
International Narcotics Control Funds	$14,000,000	$33,000,000	$26,000,000
P.L. 480 Title II	$56,898,000	$55,335,000	$49,996,000
Economic Support Funds	$12,000	---	---

Introduction

USAID assistance to Peru is fully supportive of U.S. vital national interests and strategic goals to: promote democracy and human rights; reduce the amount of illegal coca products entering the United States; protect and promote a healthier population, while reducing the spread of infectious diseases; reduce poverty through broad-based economic growth; support a sustainable environment; and strengthen human capacity.

The Development Challenge

Peru is at a critical juncture as it approaches national elections in April 2000. Recent actions of the Government of Peru (GOP) provide evidence of a slow but steady decline in support for democratic institutions. Despite this situation, USAID support for the municipal elections in 1998 contributed to significant increases in voter participation, increases in the number of women elected to municipal office, and effective monitoring efforts involving civil society. In addition, USAID last year strengthened and expanded the Office of the Human Rights Ombudsman, which has focused on institutional development; support to the Pardon Commission; implementation of activities related to women's and native communities' rights; and research, campaigns and public events on relevant human rights and judicial sector issues. The Ombudsman has implemented decentralized offices in five communities outside Lima. With this activity, the geographical reach of the Ombudsman was further expanded in FY 98 through the implementation of mobile units. USAID has also improved the capacity of the Controller General to carry out performance audits; contributed to the release of hundreds of citizens unjustly accused of terrorism; and increased citizen participation in local government.

Peru remains one of the world's largest producers of coca leaf, the cultivation, processing and trafficking of which continues to cause considerable harm to the country. However, Peru is no longer the largest producer as coca production has registered a net decline of 64,000 hectares, or 56%, over the past three years. This outstanding result has been due to the successful joint U.S./Peru law enforcement efforts to disrupt the coca trade and drive down coca prices and USAID's Alternative Development Program (ADP) assistance which has offered farmers licit income alternatives.

Peru's remarkable economic accomplishments over the past years have been adversely affected by the global economic crisis and the impact from El Niño, causing a reduction of GDP growth from 7.2% in 1997 to around one percent in 1998. Despite these recent economic problems, the GOP remains committed to further reducing poverty (extreme poverty has been reduced from 20.2% in 1994 to 14.7% in 1997) and eliminating serious inequities in income distribution. Toward this end, USAID's food assistance in 1998 reached around 1.5 million food-insecure Peruvians, 361,200 of whom were under five years of age. Food assistance also created 153,300 temporary jobs and contributed to a decline in chronic malnutrition in some of the poorest areas of the country. Food commodities for direct distribution have long been used in support of food-for-work activities as a means of creating temporary employment for the extremely poor. Peru Title II programs now place greater emphasis on using food aid monetized resources to support the creation of permanent jobs and more stable income growth through improved agricultural

production and marketing activities and other micro-enterprise initiatives. Under its Microenterprise and Small Producer Support Program (MSP), USAID assistance in 1998 created over 11,000 new full-time jobs and provided 30,000 small farmers and microentrepreneurs (most of whom were women) with increased access to credit, and increased their exports of non-traditional products.

While achievements have been made in the health sector, regional disparities persist, and maternal mortality remains very high. A gap also exists between people's desired family size and current fertility. Substantial progress has taken place this year in improving both general maternal-child health services and in helping the GOP reform its family planning program, so that all Peruvians can realize their reproductive intentions, with full information, voluntarily and safely. Initiatives in the key areas of infectious diseases and nutrition are moving ahead. Safeguarding one of the world's richest and largest natural resource bases depends upon increased attention to the problems of uncontrolled urbanized growth, industrial pollution and low public awareness of environmental problems. USAID is addressing these concerns by improving Peru's environmental legal framework, promoting pollution prevention practices, and collaborating with non-governmental organizations (NGOs) to upgrade their capacity for policy dialogue with other institutions.

While the long-term effects of the 1997-1998 El Niño are still not known, the GOP has estimated overall damages at approximately $1.5 billion. USAID has helped the GOP respond to the most urgent needs of the population with $6 million in humanitarian relief funding to procure and transport plastic sheeting, blankets, water bladders, and other needed supplies--resulting in improved housing and sanitary conditions. In addition, the United States has provided $10 million in P.L. 480 Title I assistance, whose sales proceeds will finance the rehabilitation and reconstruction of infrastructure in affected areas. The GOP has provided around $600 million to meet the urgent needs.

Peru's total foreign debt has increased from $28.5 billion in 1997 to $30.2 billion as of September 1998, mainly due to increases in short-term private sector debt.

In light of Peru's immense development needs, coupled with the slowdown of its economy, all of the areas in which USAID is currently involved will require continued assistance over the medium term.

Other Donors

During 1997, the net official development assistance to Peru was $488 million. U.S. assistance was $119 million (24% of the total), making the United States the largest bilateral donor in Peru. The next four largest bilateral donors are Germany, Japan, the Netherlands and Spain. Germany, Japan and the Netherlands have concentrated on basic infrastructure development and basic health, while Spain has focused primarily on institutional development programs with plans to involve itself in the environment. The UNDP, World Bank, Inter-American Development Bank (IDB), and the European Union (EU) have provided assistance in the areas of basic infrastructure development, disaster relief, education and social development.

FY 2000 Program

The FY 2000 Program will continue to focus on disadvantaged groups to achieve the following program objectives related to Agency Goals: broader citizen participation in democratic processes, reduced illicit coca production in target areas, increased incomes of the poor, improved health and family planning practices of high-risk populations, improved management of the environment in targeted sectors and expanded opportunities for girls' basic education in target areas.

USAID assistance in democracy, representing the top priority, will support: greater participation of disadvantaged groups in the upcoming 2000 elections; increased access to justice and the protection of human rights; greater civil awareness, accountability and strengthening of local governments; and where possible, the promotion of judicial reform through support to non-governmental efforts. USAID activities in economic growth (including P.L. 480 Title II) will continue to improve the economic well-being of the poor through improved policies, increased market access, improved capacity of the extremely poor, increased production/productivity and strengthened NGO organizations. Assistance requested for the ADP Program is needed to keep up momentum to eliminate the illegal production of coca. In population, health and nutrition, USAID will support Peru's efforts to improve child survival and maternal health services, strengthen participation of public and private sector groups in HIV/AIDS prevention, support infectious disease and nutrition efforts, and help the GOP reform its family planning program. In environment, USAID will emphasize the strengthening of private and public institutions; develop a policy framework; disseminate information and provide training; and develop innovative results-oriented sustainable technologies in environmental areas. Finally, USAID will move ahead in its new program to improve basic education for girls.

PERU

FY 2000 PROGRAM SUMMARY
(000's)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
SO 1. Broader Citizen Participation in Democratic Processes - DA	---	---	---	3,100	---	---	3,100
SO 2. Increased Incomes of the Poor							
- DA	7,800	---	---	---	---	---	7,800
- PL480 Title II	---	---	---	---	---	49,996	49,996
SO 3. Improved Health Includ-ing Family Planning, of High-Risk Populations							
- DA	---	13,500	---	---	---	---	13,500
- CSD	---	6,500	---	---	---	---	6,500
SO 4. Improved Environmental Management in Targeted Sectors - DA	---	---	4,500	---	---	---	4,500
SpO.1 Alternative Development - INC	26,000	---	---	---	---	---	26,000
SpO. Girls' Basic Education - CSD	---	---	---	---	500	---	500
Totals							
- DA	7,800	13,500	4,500	3,100	---	---	28,900
- CSD	---	6,500	---	---	500	---	7,000
- PL480 Title II	---	---	---	---	---	49,996	49,996
- INC	26,000	---	---	---	---	---	26,000

USAID Mission Director: Thomas Geiger

ACTIVITY DATA SHEET

PROGRAM: Peru
TITLE AND NUMBER: Broader Citizen Participation in Democratic Processes, 527-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $3,100,000 DA
INITIAL OBLIGATION:FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: The strengthening of democracy in Peru requires an expansion of citizen participation in the decision-making processes that affect their lives, and an increase in GOP responsiveness to citizens' needs. Accordingly, USAID's democracy program targets individuals and community groups previously excluded from access to fair and equitable decision-making processes, particularly the justice system, e.g. indigenous groups, women, minorities and the poor.

Key Results: There are four key results deemed necessary to achieve broader citizen participation. They are: (1) three more effective national institutions (Ministry of Justice, Ombudsman's Office, and Controller General's Office; (2) greater access to justice; (3) 240 local governments more responsive to constituents' needs, and; (4) citizens better prepared to exercise their rights and responsibilities.

Performance and Prospects: In FY 1998 USAID focused on electoral reform and participation, human rights, decentralization, civic education and public accountability. USAID's support for the municipal elections contributed to: (1) significant increases in voter turnout (from 62% in 1995 to 75% in 1998) in USAID-assisted highland areas usually characterized by high levels of absenteeism; (2) an increase in women elected to municipal office (approximate increases of 8.5% in Lima and 15% in the provinces); (3) a successful election monitoring effort with the fielding of nearly 9,000 observers -- many of whom were youth; (4) effective OAS-local NGO coordination on observation; and (5) a highly credible observation report issued by the local elections NGO *Transparencia*. In the area of more equitable access to justice and improved human rights: the Office of the Ombudsman was strengthened and its geographic coverage expanded through the implementation of mobile units; nearly 700 persons unjustly accused of terrorism were released from jail through the efforts of the Pardon Commission and USAID-supported NGOs; and over 500 human rights promoters were directly trained, who, in turn, have trained an estimated 30,000 people in their communities. USAID-sponsored legal clinics provided free legal and conciliation services in more than 31,000 cases. Support to Ministry of Justice and private groups has begun to prepare the country for entry into effect in FY 2000 of conciliation as an obligatory first step in most civil and family cases. Of the nearly 125 USAID-assisted municipalities, almost one-third have developed strategic plans with the participation of USAID-trained community leaders--many of them women--and representatives of public and private local institutions. All have developed mechanisms for consultation with the community on elaboration of annual work plans. Finally, as a result of USAID assistance in 1998, congress now works with the benefit of an annotated legislative agenda and has gained experience consulting with the public on key pieces of legislation; the capacity of the Controller General's Office to carry out audits was improved; and numerous civic education training and other activities were carried out, promoting greater citizen awareness and involvement, especially of youth.

Prospects for future success in USAID's democracy and governance areas are good. In FY 2000, USAID will focus its assistance on the April 2000 presidential and congressional elections. This assistance will include voter education, electoral observation, promotion of women's political participation and possibly some targeted technical assistance for electoral administration. USAID will also sponsor activities that foster public debate on key democracy issues, such as the importance of independent institutions and decentralization. The mass media will play an important role in these and other efforts. Other areas of emphasis will continue to be: (1) greater access to justice and protection of human rights through continued support to the Ombudsman, human rights groups, and public and private sector organizations promoting legal defense and alternative dispute resolution, especially for the poor; (2) increased civic awareness, through programs of voter, human rights and civic education with a particular focus on key democracy issues; and (3) more accountable public institutions, and more responsive local governments, through the training of municipal officials and promotion of citizen participation and greater accountability.

Judicial reform is a critical concern that USAID is not currently addressing through assistance to the government, due to the limited independence of the judiciary. Where possible, USAID will seek opportunities to promote judicial reform through support to NGOs and other means (e.g. seminars on the criminal procedures code and due process).

Possible Adjustments to Plans: The April 2000 elections are widely believed to be critical for the future of democracy in Peru. USAID will continue to focus on support of preparations for elections, with the expectation that opportunities and priorities for USAID in democracy may change after the elections.

Other Donor Programs: USAID continues to be an important donor in the democracy sector. Other donors are becoming increasingly involved and interested in the sector, in part as a result of their participation in the Democracy Donors Group which USAID helped found. This multi-donor group hosted its first joint event on extra-judicial conciliation in November 1998, which served to highlight and disseminate the importance of conciliation as an alternative dispute resolution mechanism which will be mandatory in Peru by the year 2000. The donors group has selected two themes for concentration and coordination this year: elections, and strengthening of regional and local governance. Since many of the donors are working with the Ombudsman, coordination of this work has begun to take place within the Donors Group. The IDB is financing construction of 83 basic justice modules in order to cover Peru's most urgent needs for justice services at the national level. The World Bank will provide a grant to the Ombudsman to replace the loan funding it lost when the Bank's new judicial reform project was cancelled as a result of steps taken by the GOP to limit judicial independence. Several donors are working in the area of local government as well. Total donor support to the sector (1997-1999) equals approximately $46 million. Finally, the GOP provided approximately $1.7 million in counterpart funding to key institutions with which USAID works--the Ombudsman, Ministry of Justice, and Controller General's Office.

Principal Contractors, Grantees, or Agencies: USAID implements democracy activities through several local NGOs, the Office of the Ombudsman, the Ministry of Justice, the Controller General's Office, a local educational institution, and a national association of municipalities.

Selected Performance Measures:

	Baseline (1996)	Target (2000)	Target (2001)[1]
Valid votes cast as a percent of registered voters in presidential elections	61% (1995)	70%	N/A
Percent of citizens who actively participate in resolving community problems	32%	39%	42%
Number of incarcerated citizens who are "unjustly" accused of terrorism	1,500	375	250
Percent of citizens from disadvantaged groups who know their basic rights/responsibilities	17%	25%	27%
Number of local governments with formal plans/ budgets developed with the community	80	200	240

[1] Targets represent the last year of Mission's current five-year strategy and will be revised during FY 2001 R4.

ACTIVITY DATA SHEET

PROGRAM: Peru
TITLE AND NUMBER: Increased Incomes of the Poor, 527-SOO2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000 $7,800,000 DA; $49,996,000 P.L. 480 Title II
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Despite striking economic growth over the past five years, 50% of the Peruvian population remains poor and 14.7% are classified as extremely poor. The purpose of this program is to provide the poor access to income-generating opportunities which will result in reduced poverty and improved food security, consistent with Government of Peru (GOP) goals. Activities include P.L. 480 food assistance, microenterprise and small producers support, the strengthening of NGOs, and a new initiative for poverty reduction and alleviation which will focus on 10 economic corridors in the highland and jungle areas where poor districts are linked with growing markets in intermediate cities. The direct beneficiaries are two million poor people--including microentrepreneurs, small producers, and the unemployed--who are located principally, but not exclusively, in the highland areas of Peru where poverty is the most severe.

Key Results: USAID is focusing on achieving the following key results: (1) improving the policy environment for broad-based economic growth (by focusing on the formulation and monitoring of public policies conducive to reducing poverty and increasing food security); (2) expanding access to 65 new markets; (3) improving production; (4) increasing productive and social investments in extremely poor areas; and (5) strengthening service delivery in poverty areas through 390 NGOs.

Performance and Prospects: Performance of this SO over the past year was negatively affected by El Niño. Nevertheless, 14,000 USAID-assisted small farmers and microentrepreneurs were able to access 12 new export markets and increase their sales by $24.7 million in agricultural products (e.g., onions, coffee and potatoes) and $12.4 million in manufactured products. Since the inception of the program, USAID has generated the equivalent of 40,800 full-time jobs, of which 11,140 were created last year. Half of those jobs were for women. In addition, USAID activities have mobilized $11.3 million in microcredit funds to 30,000 low-income clients, most of whom are women. USAID has also contributed to improvements in the effectiveness and efficiency of 260 Peruvian NGOs from poor highland regions through training in strategic planning, financial management, project design, monitoring and evaluation. Approximately $4.5 million has been leveraged by these strengthened NGOs from other donors for development projects.

In 1998, USAID's food assistance programs improved the food security of more than 1.5 million Peruvians. This includes 361,200 children benefiting from nutrition and growth-monitoring activities, half of whom eventually graduated from feeding programs. Through Title II activities, nearly 150,400 small farmers have improved their agricultural production practices on 26,000 hectares. Food-for-work projects have provided temporary employment to 153,300 families while improving productive and social infrastructure, including the rehabilitation of 6,600 kilometers of access roads and the installation of 13,130 sanitary/health facilities (e.g. latrines, wells, potable water systems, health posts).

The effects of El Niño and the global financial crisis are restraining the country's economic growth. However, it is expected that the economy will improve. USAID support in policy reform will include both the elimination of obstacles and additional enhancements to economic growth at both the regional and national levels. In addition, by 2000, USAID will be fully implementing its poverty reduction strategy in up to 10 economic corridors in the highlands and high jungle areas where there exists a close link between extreme poverty and market potential. Marketing efforts will evolve around programs of quality control and efficiency, reliable supply, and adherence to international trade agreements. USAID assistance will provide for full-time employment to 45,000 Peruvians; technical assistance and training to 25,000 microentrepreneurs and small producers; improved production practices for 80,000 small farmers; and the provision of financial services to 40,000 Peruvians, of whom 80% are women.

Possible Adjustments to Plans: It is critical that the new poverty reduction and alleviation activity receive maximum support from the public sector. GOP support will ensure a more favorable policy and market environment in which the activity can achieve its targets. The Mission will consolidate these activities and increase coordination with other Mission activities to achieve maximum synergy to reduce poverty, especially in the coca-producing areas.

Other Donor Programs: During 1997 and 1998, the IDB and World Bank provided loans of $300 million for the El Niño Emergency Program, while the Japanese also contributed to reconstruction with a loan of $131.9 million. Recent IDB loans include $300 million for highway rehabilitation, $200 million to the Financial Corporation for Development (COFIDE) for multi-sector credit programs, and $30 million for microenterprise programs. Additionally, the World Bank approved in 1998 an Urban Property Rights Project for a total of $38 million. Over the next few years, considerable resources will also be provided by the Japanese, who are planning activities in irrigation ($115.8 million), rural electrification ($109.6 million), and poverty alleviation ($60.4 million).

Principal Contractors, Grantees or Agencies: Principal implementing agencies of USAID-funded activities are: GOP Ministries of the Presidency, Industry and Commerce, Agriculture, and Health; the private sector Exporters' Association (ADEX) and Businessmen's Association (CONFIEP); U.S. PVOs Cooperative for American Relief Everywhere (CARE), Catholic Relief Service (CRS), TechnoServe, Agricultural Cooperative Development International (ACDI), Private Agencies Cooperating Together (PACT), Adventist Development and Relief Agency, International (ADRA); and the local NGOs, CARITAS and Projects in Health, Medicine and Agriculture (PRISMA).

Selected Performance Measures:

	Baseline	Target (2000)	Target (2001)[2]
Value of expenditures per capita of the poor[3]	$447 (1994)	$570	$592
Percent of extremely poor in the population	18.9 (1996)	12.5	11.2
Value of exports of selected non-traditional export products ($million)	$354 (1995)	$681	$800
Chronic malnutrition rates in rural areas (percent)	40 (1996)	31	28

[2] Targets represent the last year of Mission's current five year strategy. Due to El Niño and global economic crisis, targets will be revised during FY 2001 R4.

[3] Average annual per capita expenditures of the poor. The poor are those whose annual per capita expenditures are below $639, which is the cost of a basic food nutritional basket plus the cost of other necessary goods and services (based on 1994 US$ prices).

ACTIVITY DATA SHEET

PROGRAM: Peru
TITLE AND NUMBER: Improved Health, including Family Planning, of High-Risk Populations, 527-SOO3
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $13,500,000 DA; $6,500,000 CSD
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Though notable declines have occurred in infant mortality (the first year of life) and under-five mortality at the national level, dramatic gaps exist between the cities and the interior of Peru. Infant mortality is 43 deaths (per 1,000 births) nationwide, but reaches 109 in some rural areas. Further, maternal mortality and perinatal mortality (around the time of birth) are still unacceptably high, even at the national level. Half of births in Peru occur at home, and maternal mortality is estimated at 265 deaths per 100,000 live births. Thus, USAID helps distribute the benefits of development more equally by combatting mortality in rural and peri-urban areas. Beyond sheer survival, USAID supports health and nutrition actions that improve the quality of life for children and families. In Peru 26% of children under five are chronically malnourished, which means they are short for their age. Emerging and re-emerging infectious diseases such as malaria, yellow fever and dengue represent a significant challenge to public health; a project begun in FY 1998 combats such diseases through research, community education and other public health measures.

USAID supports family planning so that citizens can voluntarily exercise their right to voluntary family planning without coercion, and because of the health benefits that family planning can confer on child survival, nutrition status and maternal health. Though on average Peruvian women want 2-3 children each, currently they are having 3-4 children. In rural areas, women want just over three children on average, but are having 5-6 children. And 69% of women and 68% of men declare that they don't want any more children. USAID support helps low-income Peruvians, particularly children and women, enjoy longer lives and a higher quality of life. Children under age five number 3.5 million--four percent of the population, while women of child-bearing age total 6.6 million--26% of the population. Four of every ten Peruvians are in one of these two target groups. Some USAID projects benefit the entire Peruvian population of 24.8 million.

Key Results: USAID seeks to achieve the following results: 1) People take appropriate preventive actions, that is, measures such as immunization, which prevent disease, and have access to information and family planning services, which can reduce undesired pregnancies; 2) People take appropriate promotive actions, that is, measures such as good breastfeeding and weaning practices (for 55% of children under 6 months) which help avoid disease and contribute to good nutrition; 3) People take appropriate curative actions, that is, measures such as oral rehydration therapy and referral of high-risk pregnancies; and 4) Sustainable institutions and operations are in place, such as 102 certified model health centers, to carry on programs when donor investments end.

Performance and Prospects: The past year was marked by scrutiny of the GOP family planning program, which had complaints lodged against it for overly aggressive tactics and poor quality of care, particularly regarding tubal ligation and vasectomy. A series of reforms in its program was announced by the Government of Peru in February-March 1998. USAID has been providing technical and financial assistance to help implement and monitor the reforms through the Peruvian Medical Association and the Ombudsman's Office, among other ways.

In 1998, the government embarked on far-reaching reforms in its family planning program to ensure voluntary informed consent and other indispensable aspects of quality of care; these include new requirements regarding counseling, a waiting period, and qualification processes for health establishments and physicians. The government authorized its first large-scale ($1.6 million) purchase of temporary methods of contraception with its own funds. As a result, the USAID share of the contraceptive budget declined from 84% to 50%, surpassing targets for both 1997 and 1998. USAID is working with the women members of over 100 community-based organizations in the interior of Peru on rights to voluntary family planning without coercion and reproductive health. Agreements were signed with eight NGOs to provide reproductive health care in underserved areas in the interior.

A manual was developed for health workers on sexually-transmitted disease, and several studies were completed on behavior, the economic impact of AIDS and related topics. Key work is moving ahead in drug-resistant malaria and insecticide-resistant vectors, as well as in hospital-based infections. The large in-service training program for Ministry of Health staff to improve the quality of child survival programs exceeded its target, certifying 58 health establishments as meeting the improved standards, compared to the target of 35. The Ministry of Health has reformed overall health-sector policy by establishing the legal framework for new private-sector entities to compete with social security facilities in services for workers in the formal sector, and two new USAID-supported clinics that offer private-sector alternatives opened their doors. Data through September 1998 suggest that, as in past years,

immunization rates for six childhood diseases will meet the targets of 95% coverage of children under age one, and 58% of women will receive the intended two doses of tetanus-toxoid vaccine. USAID embarked on a joint initiative with UNICEF to combat childhood malnutrition.

Possible Adjustments to Plans: Because of the extent of needed reforms in the GOP family planning program and the loss of confidence by the citizenry, the number of couple-years of protection was lower in calendar year 1998 than in 1997. The total figure, some 1.867 million couple-years of protection, represents two-thirds of that of 1997; 1998 was a year of setting the foundation for a program that can continue to mature and regain the confidence of its intended beneficiaries. For these reasons, expected results for 1999 and beyond may have to be adjusted.

Other Donor Programs: USAID conducted a comprehensive study of other donor investments in health, and is currently analyzing technical and financial data on more than 70 projects. In 1998, total donor assistance in the health sector amounted to $87.6 million. USAID investment under this activity, at $21 million, represented the largest investment and 24% of the total. Some of the other major donor investments are through international financial institutions and represent low-interest loans, rather than grant funds. USAID coordinates its activities closely with such agencies as UNICEF, with which USAID has had two joint programs, the Pan American Health Organization and UNFPA. USAID is also a close partner of such other bilateral agencies active in health in Peru as the Department for International Development of the United Kingdom, the Dutch Embassy, the Canadian International Development Agency (CIDA), Germany's Technical Assistance Agency (GTZ) and the Japan International Cooperation Agency (JICA). USAID is also a member of a number of special multi-institutional coordinating bodies in such areas as immunization, family planning and wider reproductive health, infectious diseases and gender.

Principal Contractors, Grantees or Agencies: USAID implements activities through several U.S. firms, U.S.-based private voluntary and other not-for-profit organizations, and U.S. universities, including: Association for Voluntary & Safe Contraception (AVSC); CARE; The Futures Group, International; University of North Carolina; Johns Hopkins University (Program for International Education in Reproductive Health and Center for Communications Programs); John Snow, International (JSI); MACRO International, Inc.; Management Sciences for Health (MSH); Pathfinder, International; The Population Council; Tulane University; and University Research Corporation. USAID also implements activities through Peruvian NGOs, universities and the Peruvian Ministry of Health. Grants have been made to UNICEF in the area of nutrition.

Selected Performance Measures:

	Baseline (1991)	Target (2000)	Target (2001)[4]
Infant mortality per 1,000 live births	57	40	39
Mortality per 1,000 children under five years	78	50	48
Percent of infants fully vaccinated by age one	85	95	95
Total fertility rate	3.9	3.1	3
Couple-years of protection (000s)	598 (1993)	2,500	2,600

[4]Targets represent the last year of Mission's current five year strategy. Due to El Niño and global economic crisis, targets will be revised during FY 2001 R4.

ACTIVITY DATA SHEET

PROGRAM: Peru
TITLE AND NUMBER: Improved Environmental Management in Targeted Sectors, 527-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $4,500,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Peru has an abundance of natural resources and its biodiversity is one of the richest in the world. However, Peru's environment is threatened by uncontrolled urbanization growth, industrial pollution and widespread poverty which frequently leads the poor to use environmentally destructive practices to survive. The purpose of this

activity is to improve protection of the natural resource base, fragile ecosystems and biodiversity and to prevent or reduce urban and industrial pollution. Large segments of the Peruvian population will ultimately benefit from enhanced conditions in the environmental and natural resource (ENR) sector resulting from an improved ENR legal, regulatory and policy framework; private sector participation; and validated innovative practices. In addition, pilot activities will directly benefit low-income populations where these programs will be implemented.

Key Results: Five key results are considered necessary to achieve this objective: 1) institutional capacity of the GOP and private sector strengthened; 2) 25% of the public support environmental improvements; 3) 15 innovative technologies tested and validated through pilot projects; 4) sustainable practices adopted; and, 5) sound policies established and effective legislation enacted.

Performance and Prospects: Overall, the activity has met expectations and continues to show significant positive trends in the ENR sector. Sustainable Environmental and Natural Resource Management (SENREM), the first major activity under the current ENR strategy, is strengthening the National Environmental Council (CONAM), the GOP's leading agency for environmental policy making and SENREM's main counterpart institution. It is also strengthening the environmental policy and regulatory framework, promoting private sector participation, and implementing pilot interventions in biodiversity, pollution prevention, and environmental health. With SENREM's support, Peru's first environmental policy framework for the manufacturing industry was approved in October 1997, emphasizing best practices for pollution prevention. In 1998, a similar framework was developed for the fisheries industry. The first two pilot demonstration activities completed under SENREM are serving as the basis for further initiatives in the field. The solid waste management pilot, which demonstrated highly effective and profitable new technologies using women-owned microenterprises to manage solid waste in peri-urban areas, is now being replicated in a much broader area of Lima. The other pilot, a comparative risk assessment of Lima, is being used in the design of a new major environmental health activity. The Paracas pilot activity, completed in 1998, is showing an impact in the fishmeal industry with seven plants having switched to the use of more efficient pumping equipment, two plants having reduced pollution by more than 10%, and a large number of other plants beginning to adopt more efficient technologies. In 1998, the International Standard Organization (ISO) 14000 regulation was approved, setting the procedures for the adoption and use of sound environmental policies and practices. Two plants in Peru have already received ISO 14000 certification. SENREM is also supporting GOP's efforts towards decentralization for ENR management. The first multisectoral regional environmental committees have already been established.

The Peruvian Society for Environmental Law (SPDA), the contractor for SENREM's Private Sector Advocacy and Pilot Projects components, has also made satisfactory progress during the year. One research study with proposed legislation for oil drilling in protected areas has been completed and another one has been initiated on the adoption of individual transferable quotas for fishing catches; work is underway on the preparation of the first annual independent State of the Environment Report; and an "umbrella" organization of environmental networks and NGOs has been established to promote the participation of the independent sector in environmental policy making. Eleven new pilot projects were started in 1998 and at least fifteen new projects will be initiated in 1999. These will test and validate results-oriented, sustainable practices with strong likelihood of replication by the GOP, the private sector and other donors.

At the end of FY 1998, the new Biodiversity and Fragile Ecosystem Conservation and Management (BIOFOR) activity was approved and began implementation. In FY 1999, the Mission is planning a new activity in the area of environmental health to help low-income Peruvians in high-risk urban communities enjoy longer and higher quality lives by reducing risks associated with exposure to urban and industrial pollutants. USAID also plans to expand SENREM activities in the area of industrial pollution prevention to increase the capacity of public institutions and the industrial sector to identify and remedy the negative effects of industry on Peru's resources, including people.

Possible Adjustments to Plans: USAID is planning to negotiate an umbrella agreement with the GOP to consolidate ENR activities in the country. This will include the on-going SENREM and BIOFOR and other proposed new activities. Negotiations have already been started with the National Environmental Council (CONAM).

Other Donor Programs: In support of CONAM, a $1.8 million IDB program for institutional strengthening concluded in FY 1998. A small UNDP program, Agenda 21, is assisting CONAM in the organization of Regional Environmental Committees. The Food and Agriculture Organization supports several forest management and re-forestation activities, mostly in the highlands, which will contribute to climate change mitigation. The International Tropical Timber Organization is currently supporting nine forestry projects in Peru through the Natural Resources Institute and the National Program for Watershed Management. Other biodiversity funding sources include the World Bank, through its Global Environmental Facility, which supports the protected areas fiduciary fund, National Fund for Natural Protected Areas (PROFONANPE), that pays park guard salaries and covers infrastructure investment, as well as site-specific programs. The principal bilateral donors for biodiversity

conservation are the Germans, through its technical assistance (GTZ) and development loan (KFW) agencies, and the Dutch. Others include the Canadians, the Finns, and the Swiss. U.S. PVO donors for biodiversity conservation interventions in Peru include the World Wildlife Fund, The Nature Conservancy, Conservation International and Wildlife Conservation International. The World Bank and Japan's International Cooperation Agency (JICA) continue to provide support for the rehabilitation of Lima's water and sewage systems and the IDB for the improvement of basic sanitation services in 36 cities throughout the country.

Principal Contractors, Grantees or Agencies: The main GOP counterpart agency for SENREM is CONAM. Main contractors are the technical assistance provider, Abt Associates, and SPDA. The U.S. firm International Resources Group is the main contractor for BIOFOR, while the GOP coordinating agency is INRENA.

Selected Performance Measures:

	Baseline (1996)	Target (2000)	Target (2001)[5]
Number of biologically important national parks that have achieved management improvements.	0	3	5
Percentage of solid waste properly disposed of in sanitary landfills in Lima.	24.4	63	67
Number of industrial plants in targeted sectors that have adopted new pollution prevention practices.	0	24	45

[5]Targets represent the last year of Mission's current five year strategy. Due to El Niño and the global economic crisis, targets will be revised during the FY 2001 R4.

ACTIVITY DATA SHEET

PROGRAM: Peru
TITLE AND NUMBER: Alternative Development, 527-Sp01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $26,000,000 INC
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Despite its unparalleled performance in stemming the flow of illegal drugs to consumer countries in the past three years, Peru remains one of the world's leading producers of coca leaf. Production and trafficking of coca leaf continue to cause serious political, economic, and social harm, while domestic drug abuse is expanding at a high rate to further compound Peru's social problems. Deforestation, erosion and disposal of toxic chemicals resulting from processing coca are causing ecological damage as well. In response to this development challenge, USAID's Alternative Development Program (ADP) is being implemented with the goal of reducing illicit coca leaf cultivation in target areas of Peru. To achieve this goal, the ADP purpose is to increase employment and income from licit economic activities of farmers that reside in the program areas. The ADP is part of a two-pronged, long-term and integrated counternarcotics strategy that promotes interdiction and law enforcement to disrupt narcotics trafficking and lower the farm-gate price of coca leaf [6]; and implements alternative development interventions to allow farmers to engage in licit economic activities leading to reduced coca leaf cultivation and production. The strategy is premised on the development hypothesis that offering farmers alternative licit sources of income and employment, coupled with improved living conditions and physical security, will lead the majority of them to voluntarily abandon coca cultivation. The ADP is benefitting over 337,000 people residing in approximately 1,600 communities within five of the nine coca-growing areas where most of the coca leaf is produced.

Key Results: The ADP's progress and success is being measured by the net reductions in coca cultivation areas and coca leaf production, and achievement of the following Intermediate Results: (1) Increased commitment to voluntarily reduce hectares devoted to coca production; (2) Increased availability and access to basic services for 1,436 communities; (3) Increased public participation in local decision-making; and (4) Increased awareness of social and ecological damage caused by drug production and use.

Performance and Prospects: The ADP is being implemented through a number of public and private-sector partners in five major coca-growing areas of Peru: the Central Huallaga, Upper Huallaga, Aguaytia, Pichis-Palcazu, and Apurímac River Valleys. The ADP interventions focus on development activities aimed at strengthening local

governments, increasing income and employment opportunities, improving infrastructure (e.g., road rehabilitation, bridge construction, small electricity-generating facilities, schools, health posts, etc.), protecting natural resources, and increasing people's awareness of the harmful effects of coca cultivation and use of drugs. In addition, the ADP seeks to strengthen CONTRADROGAS, the primary GOP agency responsible for providing policy guidance and operational coordination to multi-donor alternative development initiatives, in support of its Comprehensive Alternative Development and Prevention and Rehabilitation Program for the period 1999-2003.

During 1998, the successful combination of effective interdiction and alternative development resulted in a net reduction of 26% (18,000 hectares) in coca cultivation and a decrease of over 34,000 metric tons in coca leaf production. During 1995-1998, the cumulative coca reduction of 64,000 hectares represents a 56% decrease in coca area from the 1995 baseline level. This reduction caused a drop in potential coca leaf production of 87,000 metric tons, and reduced potential cocaine hydrochloride production of 220 metric tons. These coca reductions are decreasing the potential flow of harmful drugs to the United States and elsewhere. Currently, a total of 51,000 hectares remain devoted to coca cultivation, which is expected to be further reduced by the year 2001. These successes are based on the community agreements to reduce coca hectares voluntarily, while committing not to plan any new coca in ADP areas. By January 1999, around 580 ADP-supported communities will have signed coca reduction agreements, including the 239 communities with agreements signed in previous years. Other ADP achievements include the completion of around 800 social infrastructure projects (schools, health clinics, potable water systems, etc.); rehabilitation of about 630 kilometers of farm-to-market roads and 16 key bridges; increased production and marketing of nearly 22,000 hectares of licit crops (coffee, cacao, palm heart, pineapple, etc.); establishment of a $10 million rural credit system with a private bank, resulting in the approval of over 1000 small loans; and strengthening the capacity of 103 local governments to assist communities to carry out and sustain ADP efforts.

Prospects for future ADP success are excellent as evidenced by: the GOP's political will in addressing the problem of illicit coca cultivation, production and trafficking; the international support recently pledged by the donor community at the Consultative Group on Alternative Development (held in Brussels) to the GOP's Comprehensive Alternative Development and Prevention and Rehabilitation Programs for 1999-2003; the ongoing effort to streamline the management of increased U.S. Government support; and the increasing commitment and performance of the ADP-implementing institutions, especially the private-sector entities under USAID agreements.

Possible Adjustments to Plans: Given the key results achieved to date, the ADP's current challenge is two-fold: (1) to sustain previous successes and further reduce coca cultivation; and (2) to make these successes permanent over time by creating a sustainable licit economy within an improved environment for the participating communities and farmers. Toward this end, the ADP will be amended to conform with annual goals and targets of the GOP's ADP Program, reflecting the $150 million for the FY 1999-FY 2003 period that was pledged by the USG at the Consultative Group Meeting in November 1998.

Other Donor Programs: Currently, USAID is regarded as the leader in alternative development, both in terms of strategy and in funding. Other donors include the UN Drug Control Program (UNDCP), Japan, Germany and Canada. Currently, other donor assistance in the coca-growing areas is estimated at $24 million. Additionally, the IDB has recently approved loans for $239 million for construction of national main roads that will facilitate access to the coca-growing areas and to markets for licit crops. In recognition of Peru's alternative development success, other donor pledges at the November 1998 Consultative Group totalled approximately $127 million for six coca-growing areas not supported by the ADP. Major donors are the European Union, Spain, Netherlands, Switzerland, UNDCP and the United Kingdom. In addition, the GOP has committed equivalent of $33 million through 2001.

Principal Contractors, Grantees, or Agencies: The ADP is being implemented by Special Projects of the GOP's National Development Institute (INADE); the GOP's Ministry of Transport and Communications; the San Martin Region Local Governments Association; the U.S. PVO Winrock International; the Center for Drug Education and Information; the Peruvian private bank BANEX; the private-sector Exporters Association; and a Peruvian NGO, PRISMA.

Selected Performance Measures:

	Baseline (1995)	Target (2000)	Target (2001)
Hectares devoted to coca production	115,300	68,300 *	60,000 *
Coca leaf production (metric tons)	183,600	126,355 *	111,700 *
Community coca reduction agreements	0	706	1,006
Licit jobs generated in target areas	0	15,810	19,540

* Since actual reductions in coca cultivation and coca leaf production have exceeded planned targets, USAID is in the process of revising the ADP annual targets for the 1999-2001 period.

[6] Implementation of this part of the strategy is the responsibility of the GoP and other U.S. Government law enforcement agencies, and is not within USAID's management control.
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ACTIVITY DATA SHEET

PROGRAM: Peru
TITLE AND NUMBER: Expanded Opportunities for Girls' Basic Education in Target Areas, 527-SpO2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $500,000 CSD
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Girls in Peru--particularly rural girls--face three daunting challenges in completing primary school. First, they tend to enroll late, rather than beginning school at the expected age of six. A large proportion of girls do not enter school until some years later. Some 53% of primary students are over-aged, and 70% of those reside in rural areas. Second, girls in rural areas are more likely than boys not to be promoted from grade to grade on an annual basis. This puts them even further behind. Nationally, 15.5% of primary school students repeat grades. Third, a constellation of geographic, socio-cultural, economic and academic factors makes it harder for girls to stay in school through the years. Educational quality is also an issue for children and families, especially in rural areas. Dated materials with themes that are irrelevant and even contradictory to students' experiences, failure to address language barriers, and unequal treatment of girls in the classroom all affect girls' ability to learn and their motivation to stay and progress in school. Consequently, the drop-out rate for girls is higher than the rate for boys, with the national rate hovering around 10%. Though total enrollment rates for primary school in Peru are strong for both girls and boys (net enrollment of 92%), this statistic does not convey the difficulties rural girls have in getting into, progressing through, and finishing primary school.

Rural boys face similar problems, though to a lesser extent; therefore the urban/rural disparities between primary school-aged children are greater than gender disparities. By the same token, experience has shown that measures taken to improve girls' chances for completing primary education also help improve boys' chances. Accordingly, USAID's support in primary education in Peru is focused on rural girls as the category of student most at-risk of not completing primary school. Among the many rural areas that are in need of support, USAID has chosen to work in three of the poorest departments (Ayacucho, Huancavelica and Apurímac) that were hard hit by terrorism over the past two decades. In those departments, children--particularly girls--have the least educational development. For example, the illiteracy rate among girls aged 15-17 is 13%, three times higher than that for boys, reflecting the exclusion that over 150,000 school-aged girls face in those areas.

Key Results: The following key results are required to achieve this objective: 1) Increased consciousness of the importance of girls' education, particularly among rural girls, and the constraints affecting it; this calls for building a national constituency on the topic that can provide the national and local support needed to develop sustainable policies and the required commitment to implement them. 2) Pilot programs that address barriers to girls' education are successfully tested in target areas; USAID is supporting pilot interventions in the geographic areas mentioned above. 3) Improved local capacity to implement appropriate policies and programs for girls' education; USAID is supporting key institutional actors in their efforts to improve educational opportunities for girls, transferring USAID's considerable experience in this area.

Performance and Prospects: This SpO was approved in May 1998 and is just beginning implementation. Nonetheless, a national network on girls' education has been established with the participation of Peru's First Lady, congresswomen, and vice-ministers of social sectors, as well as NGOs, the Catholic Church, universities, the private business sector and donors. This multi-sectoral network coordinates activities and mobilizes resources. Through the network, pamphlets to inform and motivate the public about girls' education issues have been disseminated, targeting the business and social services communities in greater Lima and Ayacucho. A radio campaign has been launched in Ayacucho to disseminate information to the public about the educational needs of girls and the USAID project. Community outreach workshops were conducted in Ayacucho to dialogue with parents and community-based organizations about girls' educational experiences.

Two assessments are nearing completion: a national assessment of the status of girls' education, and a local evaluation in Ayacucho of girls' school participation and barriers affecting girls' school attendance, performance and completion. A study on the relationship between puberty and school drop-out is likewise almost done. The results will help develop strategies and implement pilot activities over the next two years to make the school and community environment more supportive of girls.

Prior to the development of this activity, USAID also provided some support in basic education through a collaborative effort with UNICEF. As a result, during 1997-1998, some 70,000 school-aged girls and boys were brought into the school system through special efforts in timely enrollment; estimates indicate that these children account for about 20% of those who should be in grades 1-3 but are not. At the first grade level, 30% of classrooms are now working with children to develop their writing skills, rather than relying solely on rote classroom teaching. Corporal punishment has declined by about 40%. Through a program in which high school students mentor grade school children at risk, 880 monitors and 3,780 promoters were trained in 77 educational centers.

Possible Adjustments to Plans: Since the activity is just getting underway, no adjustments are called for at the present time.

Other Donor Programs: UNICEF is very active in education in Peru, both through its own resources and through grants from the governments of Canada and Japan, in addition to the support provided by USAID. UNICEF projects address rural education in general, but not girls' education in particular. The World Bank and the IDB are assisting the Ministry of Education with educational reform that seeks to address both substantive issues of curriculum and teaching methodology and administrative reform of the system. With the exception of the Dutch, no other donor is working in the area of girls' education. USAID coordinates actively with UNICEF and other major institutional actors through the girls' education network mentioned above.

Principal Contractors, Grantees or Agencies: CARE is the implementing entity for the girls' education activity in Peru, under a sub-contract with the American Institute for Research. World Education is the contractor for the research on puberty and school participation. Field work is being done through the Peruvian NGO-National Network for Women's Promotion. USAID support in basic education before the development of this activity was through UNICEF and CARE.

Selected Performance Measures: [7]

	Baseline (1998)	Target (2000)	Target (2001)
Departmental networks established to promote policies and programs that support girls' education	0	1	3
National girls' education strategy in place	0	0	1
Girls' age-appropriate enrollment for grade in primary schools in Ayacucho	20%	22%	30%

[7] To be refined once the assessments are completed.

CARIBBEAN REGIONAL PROGRAMS

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	---	$700,000	$1,200,000
Economic Support Funds	$2,000,000	$700,000	$7,000,000

Introduction

For the United States, the Caribbean constitutes our "third border." Its future will inevitably affect us. Its close proximity to the United States means that poverty, political instability, and environmental degradation in the Caribbean can directly affect U.S. well-being. The United States is also concerned about narcotics trafficking through the region. The continued cooperation of the governments of these small islands in drug interdiction efforts is a major U.S. foreign policy objective. That cooperation is affected not just by the perception of the U.S. as a helpful friend and neighbor, but also by the ability of the governments to sustain effective efforts in the face of economic hardships, loss of traditional sources of income, and lack of economic alternatives. Immigration is another area of continuing U.S. concern. Deterioration in economic, social or political conditions in these small countries will increase the likelihood of illegal immigration in search of a better life in their large neighbors to the north. For these reasons, the U.S. has a strong interest in promoting economic prosperity and political stability in the region.

USAID currently has bilateral programs in Haiti, the Dominican Republic, Jamaica, and Guyana which, in coordination with other donors, address their development constraints. Apart from small programs which support economic diversification, no USAID assistance is being provided to the Eastern Caribbean, which is presently experiencing severe economic difficulties due to the reduction/loss of banana preferences and economic restructuring. This program will assist in addressing development constraints of this sub-region.

The Development Challenge

The fundamental development problem facing the Caribbean is lagging economic growth, resulting from several causes, including trade policies that emphasize domestic production over production for the world market. These small countries have weak governmental institutions, as reflected in their shortage of qualified personnel with skills needed to carry out the policy analysis, negotiations and even routine paperwork necessary for governments to make and implement informed decisions and execute their mandates. Weak governmental institutions limit these countries' ability to take advantage of opportunities in the world market and resources offered by multilateral institutions. Weak institutions also limit their ability to protect the natural environment which is the foundation for the critically important tourism industry in the region. Weak judicial institutions and the lack of harmonization of commercial laws further undermine the investment climate. Slow growth restricts tax revenue generation which, in turn, weakens efforts to provide adequate health, education, and other social services.

The advent of the Free Trade Area of the Americas, along with the WTO, hold opportunities for the Caribbean. However, globalization represents particular risks for the Caribbean nations. The small size of these countries' economies makes them particularly vulnerable to economic shocks such as a loss of banana preferences. The governments in the islands of the Caribbean and those of the Guyana Shield fear social instability and violence from economic displacements as the Hemisphere moves toward implementation of the Free Trade Area of the Americas. The development challenge then is one of diversification and employment creation within a fragile ecosystem.

The region must position itself to take advantage of the economic opportunities that their human and natural resource endowment, geographic position, and the new global economy make possible. Diversification of the productive base and harmonization of outward-oriented trade and investment practices are essential for the Caribbean's future. Likewise, a shared vision of justice -- both civil and criminal -- is critical to assure that protection of the citizens and

investors throughout the region does not dissuade investment or encourage criminal activity to the detriment of the region. The region's natural resources must be managed for long-term sustainable development, and environmental policy also needs harmonization, particularly given the region's high dependence on tourism revenues. Regional cooperation and regional solutions which respect the individual nature of each country, are the most likely successful approaches to addressing the problems of the Caribbean region.

Other Donors

The other major donors providing support in the Caribbean region are the European Union (EU), the World Bank, the Inter-American Development Bank (IDB), including the Multilateral Investment Fund (MIF), and the Caribbean Development Bank. Canada and the U.K. are the major bilateral donors.

FY 2000 Program

In May 1997, the United States and Caribbean leaders met in Bridgetown, Barbados and pledged to strengthen cooperation in responding to the challenges of the coming millennium. They renewed a commitment to free trade, human rights, democracy, the rule of law, and the need to overcome poverty. This commitment forms the basis upon which USAID is developing its strategy of assistance to the Caribbean region. USAID plans to build on the Barbados "Caribbean/United States Summit Plan of Action" by helping the region prepare itself for the inevitable globalization and liberalization of its economies. USAID's Caribbean Regional Program will work with regional institutions that are part of the Caribbean integrated system and in partnership with nongovernmental organizations (NGOs) and the private sector to implement the Summit Plan of Action commitments in the areas of hemispheric free trade, economic growth and diversification, environmental sustainability, and justice improvement. The strategy will cover the Caribbean region but will place special emphasis on small states that are affected by the loss/reduction of banana preferences: St. Lucia, St. Vincent and the Grenadines, Grenada, Dominica, and Belize. More limited assistance is anticipated for Guyana and Suriname for Guyana Shield environment activities. The program will be complemented by current bilateral assistance programs in Jamaica, Haiti, the Dominican Republic, and Guyana. Their participation, however, will be limited to where value is added to the regional program.

The strategy for USAID's Caribbean Regional program for FY 2000-FY 2005 is now being prepared. The planned FY 2000 program will require a total of $7 million in Economic Support Funds (ESF) and $1.2 million in Development Assistance. Of that amount, $2 million in ESF will support administration of justice, $2.5 million in ESF will support economic growth and diversification; $1.2 million in DA and $2.5 million in ESF will support environmental sustainability. The new strategy proposes three strategic objectives: increased economic growth and diversification; improved environmental management; and increased effectiveness and efficiency of judicial/legal systems in the Caribbean. USAID will strive to integrate disaster assistance efforts in the region to improve regional disaster prevention, preparedness, mitigation and response. These funds will directly support Agency goals in economic growth, the environment, democracy, and humanitarian assistance.

CARIBBEAN REGIONAL PROGRAM

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 - Increased Economic growth and diversification							
- DA	---	---	---	---	---	---	---
- ESF	2,500	---	---	---	---	---	2,500
S.O. 2 - Improved environmental management in support of sustainable economic development							
- DA	---	---	1,200	---	---	---	1,200
- ESF	---	---	2,500	---	---	---	2,500

S.O. 3 - Increased effectiveness and efficiency of judicial/ legal systems in the Caribbean - DA - ESF	 --- ---	 --- ---	 --- ---	 --- 2,000	 --- ---	 --- ---	 --- 2,000
Totals - DA - ESF	 --- 2,500	 --- ---	 1,200 2,500	 --- 2,000	 --- ----	 --- ---	 1,200 7,000

USAID Mission Director: Mosina H. Jordan

ACTIVITY DATA SHEET

PROGRAM: Caribbean Regional Program
TITLE AND NUMBER: Increased Economic Growth and Diversification, 538-SO01
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCES: $2,500,000 ESF
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** 2005

Summary: Many small Caribbean countries are facing severe economic and social stress due to the decline in banana production and the prospective loss or curtailment of existing European Union trade preferences. The most seriously affected countries include the Windward islands (Dominica, St. Vincent and the Grenadines, St. Lucia, and Grenada) and Belize. These nations also fear social instability and potential violence arising out of the economic displacement of small farmers and those employed in supporting infrastructure in the banana industry, which comprise some 50% of their workforce. In addition, economic growth in the Caribbean has lagged seriously behind the rest of the Latin America region during the 1990s. Although this lag is on the order of one percent per year, in another 5-10 years, this differential will produce significantly lower living standards for the Caribbean and lower levels of tax revenues with which to address critical social needs. In the small, open economies of the Caribbean, growth can only be achieved as their policies and products, both goods and services, become increasingly competitive in the global market. The purpose of this strategic objective (SO) is to improve economic and social conditions by creating employment opportunities and reducing poverty. The primary beneficiaries of achievement of this objective will be the people of the targeted Caribbean countries, with the greatest proportional benefits accruing to the individuals who are or would be displaced by economic restructuring. The program will cover the Caribbean region but will place special emphasis on small states that are affected by the loss/reduction of banana preferences. The program will be complemented by current bilateral programs in Jamaica, Haiti, the Dominican Republic, and Guyana. Their participation, however, will be limited to where value is added to the regional program.

Key Results: To increase employment and the Caribbean's competitive position, the SO will seek key intermediate results in trade and product diversification. The program will support activities designed to improve market access, business skills, the provision of technologies, resource flows and the policy and regulatory environment.

Performance and Prospects: This SO builds upon the experience of the ongoing USAID-financed Windward Islands Diversification project. It will enable USAID to continue to assist the region in mitigating the dislocations caused by economic restructuring. It will support increased small and microenterprise lending and strengthen selected lending institutions which provide assistance to these enterprises to become more effective and efficient. USAID will also work with training institutions in the region and with the private sector to identify short-term training that will be offered to those affected by restructuring. In addition, the SO will assist the governments in the region to access available multilateral and bilateral funds, and to develop and implement donor-funded projects.

USAID will also support trade liberalization and the region's ability to successfully participate in the global economy, in part, through participating in the Free Trade Area of the Americas (FTAA) process and honoring WTO obligations. The program will continue to build on USAID's Hemispheric Free Trade Expansion Project by directing resources towards an improved framework for trade and investment in the region, which will improve trade and investment regimes, policies, and practices that are necessary to attract the level of investment required for sustained growth and competitiveness.

Possible Adjustments to Plans: This is a new activity. There are no anticipated problems in its development.

Other Donor Programs: USAID's program will be implemented in coordination with host countries of the Caribbean. The program is complementary to programs funded by the Caribbean Development Bank, the Inter-American Development Bank, the World Bank, and the European Union, which assist the countries in economic diversification efforts.

Principal Contractors, Grantees or Agencies: USAID proposes to work with existing regional institutions such as the Caribbean Development Bank, the Organization of Eastern Caribbean States Secretariat, the CARICOM Secretariat, local and regional training institutions, community and non-governmental organizations, the private sector, and the University of the West Indies.

Selected Performance Measures: Preliminary indicators for the new strategic objective have been established, but baseline and targets have not been determined as activity design(s) will not be completed until mid-FY 1999.

Proposed Indicators:

- amount of new technology introduced
- number of projects approved and financed by MDBs
- investment/GDP ratio
- number of new jobs created in non-traditional activities
- number of new policies adopted
- amount of sales resulting from non-traditional activities

ACTIVITY DATA SHEET

PROGRAM: Caribbean Regional
TITLE AND NUMBER: Improved Environmental Management of Fragile Ecosystems Development, 538-SO02
STATUS: Continuing and New
PROPOSED OBLIGATION & FUNDING SOURCE: $1,200,000 DA; $2,500,000 ESF
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: Caribbean economies are predominantly based on agriculture, tourism, fishing and mining. The ecosystems which support this economic foundation are under severe and increasing threat. The causes are direct (e.g., overfishing, deforestation of hillsides), indirect (e.g., raw sewage and pesticide/ fertilizer run-off transported to streams, beaches and coral reefs) and even global (warming of sea temperatures and sea level rise). Ultimately, the results of such environmentally unsound actions are manifested in the destruction of productive habitats (e.g. depleted soils, fishing grounds), loss of biodiversity, unmanageable waste disposal problems and deteriorating economies. The objective of USAID's regional environmental program is to reverse the loss of renewable natural resources and biological diversity and, thus, reduce threats to economic and social development. The program, currently under development, will draw from the experience of and lessons learned from USAID's Environmental and Coastal Resources Project to strengthen the capacity and the policy framework of the principal regional institutions in Dominica and St. Lucia. The program will cover the Caribbean region but will place special emphasis on small states that are affected the loss/reduction of banana preferences: St. Lucia, St. Vincent and the Grenadines, Grenada, Dominica, and Belize. More limited assistance will be provided to the Guyana Shield countries of Guyana and Suriname. Other Caribbean countries with bilateral USAID programs (Jamaica, Haiti, the Dominican Republic and Guyana) may also participate if it adds value to the regional program.

Key Results: Three key results were deemed necessary to achieve this objective: (1) implementation of improved environmental policies and regulations; (2) increased adoption of environmentally sound practices; and (3) mobilization of private stakeholder, lending institution and donor resources for environmental improvements.

Performance and Prospects: This program will support the action agenda and the environmental priorities defined by the 1997 Caribbean-United States Summit in Barbados. It will extend its activities to include the Guyana Shield. One key element of the program will be to support the harmonization of environmental law within the region, including an inventory and review of the status of implementation of environmental regulations. Another program component will provide packages of strategic interventions targeted to address the specific environmental challenges of selected areas which are, both, economically and environmentally significant. Anticipated activities include introduction of financially viable technologies for reducing productive ecosystem degradation; support for ecologically sound enterprise development and employment opportunities; disseminating best practices and

experiences demonstrating private environmental management; support for promulgation and implementation of economically sound, market-based policies, laws and regulations favoring improved environmental practices; and identifying alternative income sources to replace environmentally destructive practices among vulnerable populations. To ensure long-term financing for environmental improvements, especially within the tourism industry, the program will explore joint private/public/community-based organization/donor initiatives which may include tourists' voluntary contribution programs; and grants from major international private stakeholders (e.g. airlines, cruise lines, American Express, etc.).

Possible Adjustments to Plans: This is a new activity. There are no anticipated problems in its development.

Other Donor Programs: The EU and the Canadian International Development Agency (CIDA) are the other principal bilateral donors, while the multilateral donors/lenders include the United Nations Environmental Program (UNEP), United Nations Development Program (UNDP), World Bank (WB) and Inter-American Development Bank (IDB). By activity areas, the EU, IDB and CIDA are the key supporters of activities in watershed management, forestry and agriculture; UNEP supports protected areas; UNEP, EU, IDB and CIDA have ongoing activities in coastal and marine resource management; the World Bank supports solid and liquid waste management; and all donor/lenders support institutional strengthening.

Principal Contractors, Grantees or Agencies: Potential grantees include the Organization of Eastern Caribbean States, the Caribbean Environmental Health Institute, community-based groups and local environmental NGOs. Other implementing partners may include international NGOs; technical assistance contractors, and university groups.

Selected Performance Measures:

- Number of environmental threats reduced
- Number of alternative, environmentally sound practices introduced and adopted
- Number of new policies targeted to improve the environment promulgated/implemented
- Value of funds mobilized by the private sector for environmental improvement activities

*Targets to be formulated during the activity design phase scheduled for Spring 1999.

ACTIVITY DATA SHEET

PROGRAM: Caribbean Regional
TITLE AND NUMBER: Increased Effectiveness and Efficiency of Judicial/Legal Systems in the Caribbean, 538-SO03
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCES: $2,000,000 ESF
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: There is a long democratic tradition of applying the rule of law to resolve conflict among the peoples of the English-speaking Caribbean. Legal systems in the Caribbean have become antiquated, however, as the level of crime has increased and international trade and investment has spread into the region. Studies indicate that these systems are in need of modernization if they are to retain the confidence of regional populations and investors, both domestic and international. An effective legal system will also require reducing case loads.

Specific actions aimed at the effectiveness and efficiency of the legal systems of Caribbean countries include: (1) establishing alternative dispute resolution mechanisms; (2) developing electronic means for judges to transcribe criminal and civil court proceedings to significantly speed up actions and improve court efficiency; and (3) providing systematic training to judges and magistrates in specialized areas. Based on experience gained and lessons learned under the Caribbean Justice Improvement Project (CJIP), USAID will support efforts to address these and other areas of weakness in the legal system and pursue IFI loan disbursement for improvements in legal infrastructure. The program will cover the Caribbean region but will place special emphasis on small states that are affected by the loss/reduction of banana preferences; St. Lucia, St. Vincent and the Grenadines, Grenada, Dominica, and Belize. Caribbean countries with bilateral USAID programs (Guyana, Haiti, the Dominican Republic, and Jamaica) may also participate if it adds value to the regional program.

Key Results: Three results are deemed necessary to achieve this objective: reduced case load in criminal and civil

cases; improved efficiency of the legal systems in beneficiary countries; and improved training of legal system personnel.

Performance and Prospects: The program to achieve this SO is currently being defined in anticipation of FY 2000 funding. Anticipated activities to improve the effectiveness and efficiency of the justice systems would include: strengthening technical capacity of the judicial system to draft and implement appropriate legislation, strengthening court reporting and recording systems and addressing constraints to IFI resource flows aimed at enhancing judicial infrastructure. Other potential regional activities include strengthening judicial and magistrates' capcity.

Other Donor Programs: The World Bank is supporting the improvement of court facilities while the IDB is considering support to its Caribbean member countries in the areas of judicial training and court registry operations and management. CIDA is currently studying administration of justice (AOJ) projects for Jamaica and the Organization of Eastern Caribbean States (OECS) countries.

Principal Contractors, Grantees, or Agencies: Implementing partners will be selected following activity design. Potential partners include CARICOM Secretariat, the University of the West Indies, Mona Campus, and the Eastern Caribbean Central Bank for activities to be implemented in the Eastern Caribbean States.

Selected Performance Measures:

- Increase in cases resolved annually by court system
- Improved court report system in place
- Confidence expressed by citizens in the legal system increased

CENTRAL AMERICAN REGIONAL PROGRAMS

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$9,375,000	$8,249,000	$9,200,000
Child Survival & Disease Fund	$3,900,000	$2,700,000	$2,900,000

Introduction

The Central American Regional Programs have a uniquely sub-regional character to them designed to strengthen Central American institutions and to promote the integration of the five Central American common market countries of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica as well as participation by Panama and Belize in dealing with regional cross-border economic, environmental, and health (HIV/AIDS) issues. The 1994 Central American leaders created the Alliance for Sustainable Development (ALIDES) to increase trade and improve management of the region's rich biodiversity. In December 1994, President Clinton signed the Conjunta Central America-USA Agreement (CONCAUSA), promising U.S. technical support for the implementation of the Alliance's Action Plan. The CONCAUSA framework provides the shared framework from which USAID has derived its regional trade and environment objectives for Central America, implemented under three sub-regional activities. The May 1997 United States-Central American President's Summit in San Jose, Costa Rica reconfirmed the commitments under CONCAUSA and the common objectives shared by the U.S. with it closest neighbors.

Key U.S. goals and interests in the Central American region include: (1) expanding economic growth and prosperity through greater economic integration and open markets; (2) promoting trade and investment; (3) improving labor conditions; (4) increasing sustainable development and sound environmental practices by stemming regional resource degradation and loss of biodiversity; and (5) reducing the incidence of communicable diseases, especially HIV/AIDS.

Hurricane Mitch in late 1998 severely affected Honduras and Nicaragua, the two poorest countries in Central America, and caused significant damage to Guatemala and El Salvador. Total regional damage is estimated by the UN Economic Commission for Latin America and the Caribbean at $7.4 billion and by others as high as $8.1 billion, but it may cost as much as $10 billion to restore to acceptable standards the lost infrastructure, housing, social service facilities, utilities, and agriculture according to the U.S. Army Corps of Engineers. Reconstruction represents both a challenge and an opportunity for the countries to reinforce their shared regional commitments to economic integration, sound environmental management, sustainable development, and now disaster preparedness and mitigation.

The Development Challenge

The Central American region encompasses seven small countries: Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. The region's current population of over 34 million will reach 37 million by the year 2000 at the current 2.6% annual growth rate. Approximately half of all Central Americans live in rural areas and two-thirds live below the poverty line. The 1998 United Nations Human Development Index ranks Nicaragua, Guatemala, El Salvador and Honduras among the lowest countries falling into the "medium" human development category. Beyond the challenges of poverty reduction, the Central American countries also remain ill-equipped to face the cross-border spread of HIV/AIDS and other contagious diseases, as well as the continuing loss of biodiversity due to environmental degradation.

To combat poverty and promote sustainable development in Central America, higher economic growth rates are required. Growth must occur in an equitable manner that avoids the depletion of natural resources and must be accompanied by adequate investment in the human resources of the region, in order to be broadly-based and

sustainable. The region's ability to achieve more open markets, better protection of workers rights, increased labor productivity, and improved regional environmental management are limited by intra-regional trade barriers, sparse technical capacity, weak and inconsistent legal frameworks, and rapid depletion of key natural resources in cross-border areas.

A key feature and success of the Central American program continues to be the direct involvement of Central American Ministers of Trade, Environment and Labor in supporting regional programs. The Central American Ministers of Trade are on track in implementing interim tariff reductions as they move toward a common, lower external tariff by 2000. USAID regional program support to modernize energy and telecommunications sector regulatory frameworks in Guatemala and El Salvador contributed to over $2.6 billion in private investments in the past two years. Additionally, USAID provides assistance to support the development of bilateral intellectual property rights (IPR) agreements. In June 1998, Nicaragua signed a bilateral IPR agreement with the United States. USAID has also helped establish a working group of the Ministers of Labor which is supporting efforts to modernize labor markets and initiate a program to combat child labor. Recognizing Central America's commitment to and leadership in sustainable development and the environment, the Administration selected the region in 1997 as a priority area for U.S. Global Climate Change assistance. The regional devastation in 1998 from tropical forest fires and Hurricane Mitch underscores the region's need to better manage its natural resource base and cope with future extreme climatic change-induced events. USAID support to the Central American Commission for Environment and Development (CCAD) is critical in coordinating national level resource management efforts at the regional level involving cross-border watershed/protected areas and cost-effective natural resource information analysis and use such as the recent information-sharing agreement between NASA and the CCAD.

While Hurricane Mitch reconstruction efforts will be primarily country-focused, USAID's Central American program can provide critical support to ensure that national efforts mesh, where appropriate, with regional integration and cross-border activities, especially in the areas of trade and environment. Pending approval of additional resources, the regional program would build on current integration efforts with regional institutions to plan and harmonize standards for regional connecting infrastructure such as roads and bridges necessary for expanded regional trade in the next century. The program would continue support for economic integration, opening of markets, energy and telecommunications privatization, and improved labor conditions to spur economic recovery and wider participation in economic growth. Increased regional/national program coordination on watershed management and land use planning particularly in cross-border areas and where there are economies of scale to better cope with future extreme climate change-induced events would also be expanded.

Other Donors

Data on official assistance flows for regional programs are not readily available. Besides USAID, major donors providing support on a regional basis to Central America are the United Nations agencies, the Pan American Health Organization, Canada, the European Union, the Nordic countries, and the Inter-American Development Bank (IDB).

FY 2000 Program

The regional program will help increase Central America's ability to participate in global markets by reforming trade and investment policies, improving protection of worker rights, protecting children from child labor, encouraging productivity-enhancing labor market policies, and increasing private investment in energy/telecommunications services. In the environment, the program will support activities with regional economies of scale and cross-border impacts to consolidate a Central American system of protected areas and to harmonize environmental policies. The regional special objective will help local Central American organizations deliver HIV/AIDS awareness and prevention services. The $9.2 million in Development Assistance and $2.9 million in Child Survival and other Disease Program Fund resources in FY 2000 will enable the United States to achieve its priority objectives in the region. As part of the U.S. response to Hurricane Mitch, additional resources are needed to coordinate watershed management and land-use planning in the region.

CENTRAL AMERICAN REGIONAL PROGRAMS

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS

S.O 1. Increased C.A. Participation in the Global Markets - DA	3,200	---	---	---	---	---	3,200
S.O. 2. Increased Effectiveness in Regional Stewardship of the Environ-mental & Natural Resources - DA	---	---	6,000	---	---	---	6,000
Sp.O. Enhanced C.A. Capacity to Respond to HIV/AIDS Crisis - CS	---	2,900	---	---	---	---	2,900
Totals - DA - CS	3,200 ---	--- 2,900	6,000 ---	--- ---	--- ---	--- ---	9,200 2,900

USAID Mission Director, George Carner

ACTIVITY DATA SHEET

PROGRAM: Central American Regional
TITLE AND NUMBER: Increased Central American Participation in Global Markets, 596-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $3,200,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: In the 1990s, Central American leaders adopted a more outward-oriented regional integration model. As a result of this, at the 1998 Summit of the Americas held in Santiago, Chile, Central American leaders expressed their full support for establishing the Free Trade Area of the Americas (FTAA) by 2005. FTAA establishment provides greater opportunities for Central America to expand exports to new markets and thereby increase output, productive employment, and real incomes to levels high enough to effectively combat poverty. However, Central America's ability to participate in the FTAA is severely limited by its shortage of technical expertise to implement existing trade agreements and commitments, eliminate trade barriers, and enhance the region's trade competitiveness. This strategic objective (SO) is to help increase the Central American region's ability to join and honor commitments made under free trade agreements, such as the FTAA and the North America Free Trade Association (NAFTA), and to accelerate regional integration into hemispheric and global markets. It is anticipated that by FY 2000 total Central American trade as a percent of gross domestic product (GDP) will increase from 45.4% (1994) to 50%.

Key Results: 1) Improved trade and investment policies by providing technical assistance and training to assist Central American countries in concluding, ratifying and implementing a series of regional agreements, as well as facilitating the establishment of policy frameworks and enforcement mechanisms required for accession to free trade agreements; 2) More equitable and better functioning markets by helping the Ministries of Labor modernize operational procedures particularly in the area of labor inspection, labor relations and union activity; and, 3) Greater private investment in energy and telecommunications by helping countries draft new legislation and regulations.

Performance and Prospects: Performance over the past year has met or exceeded 1998 planned targets. USAID's assistance has contributed to the adoption of a more outward-oriented regional integration model characterized by lower tariffs, faster implementation of World Trade Organization (WTO) commitments, and fewer non-tariff trade barriers. In 1998, total Central American trade as a percentage of GDP was 54.9% and intra-regional trade as a percentage of GDP was 8.55%: both exceeded respective targets of 48.5% and 7.85%. Notwithstanding persistent protectionist pressures, the region's governments have nearly completed their three year phased reduction of their common external tariff from a range of 5%-20% (five percent minimum tariff on capital goods and raw materials and 20% maximum tariff on final goods) to a range of 0-15%. Central America's trade performance continues to improve. The region scored 3.4 on the composite trade readiness index, putting it slightly ahead of its target; Chile and Mexico scored 4.4 and 3.0 respectively. Over the last five years imports from the United States have nearly doubled to almost $10 billion supporting 200,000 U.S. jobs. Central America has increased its participation in the FTAA process, chairing three of the 11 working groups during the FTAA preparatory phase, and now assuming leadership positions in four of the nine FTAA negotiating groups.

Additionally, USAID is assisting in the area of intellectual property rights protection. Technical assistance was provided in drafting Guatemala's and Nicaragua's new copyright laws and training was given to legislators in Nicaragua in order to facilitate approval of the new law. As a result of this, in 1998 confiscations of pirate materials took place in El Salvador, Nicaragua and Panama. The confiscation of $5 million in compact discs in Panama was the most important in the region.

While further improvement is needed, the region's overall performance in protecting workers rights has significantly improved over the last two years, based on information obtained from the July 1998 General Accounting Office report on labor rights in Central America, and the workers rights segments of the annual human rights reports from the U.S. embassies in the region. USAID and the Inter-American Development Bank (IDB) have initiated a joint program to build consensus on the steps required to modernize labor markets consistent with the region's social, economic and integration objectives. The program is contributing to better labor-management relations and stronger protection of core labor standards by improving labor legislation and increasing enforcement. USAID-financed regional workshops and national seminars stress the link between increased trade and better wages, models of labor-management cooperation that contribute to increased productivity and higher wages, the need for greater productivity and improved competitiveness to succeed in hemispheric markets, and workers rights and their relationship to trade preferences.

USAID support to modernize the regulatory framework for the electricity and telecommunications sectors in El Salvador and Guatemala has contributed to over $2.6 billion in private investment in the now privatized segments of those industries over the last two years, exceeding the $1.1 billion target. USAID, encouraging private sector participation, has helped regional governments develop more open and competitive telecommunication and energy regimes. New strategies for the private-public sector partnership have been defined; regulatory issues during sector restructuring have been identified; and key public sector institutions/commissions responsible for providing the direction, oversight, and regulations of the restructuring process have been strengthened.

Possible Adjustments to Plans: The activity, in response to new challenges presented by Hurricane Mitch will increase its focus on roads, energy, and telecommunication systems. Also, in response to the Presidential Summit Initiative on Child Labor, USAID and the region's labor ministers are designing a new activity to combat the more abusive forms of child labor.

Other Donor Programs: USAID and the IDB are designing a joint activity to help modernize labor markets. USAID maintains close contact with the United Nations Economic Commission for Latin America (ECLA)-Central American Office, which provides research and technical analysis on Central American economic integration issues.

Principal Contractors, Grantees or Agencies: USAID coordinates with the Office of the U.S. Trade Representative (USTR), the U.S. Patent and Trademark Office (USPTO), the U.S. Department of Labor, the U.S. Customs Service, and the Economic/Commercial Sections of U.S. Embassies in the region. The Permanent Secretariat for Central American Economic Integration (SIECA) is a grantee, as are several Central American governments. Contracts and grants have been awarded to U.S. and local firms including Hagler Bailly and Investment and Development Corporation (Guatemala). Through USAID support and encouragement, SIECA negotiated a Memorandum of Understanding with the USPTO to cooperate toward strengthening intellectual property rights protection.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2001)
Trade openness (total trade as a percent of GDP)	45% (1994)	54%	55%
Readiness to enter FTAs (composite index with maximum of 5)	2.7 (1992)	3.5	3.6
Intra-regional trade as percent of GDP	7.2% (1994)	8.4%	8.5%
New private investment in energy and telecommunications (U.S. dollars)	0 (1997)	$4 billion	$5 billion

ACTIVITY DATA SHEET

PROGRAM: Central American Regional
TITLE AND NUMBER: Increased Effectiveness in Regional Stewardship of the Environment and Natural Resources in Targeted Areas, 596-S0O2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $6,000,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The economies of the Central American region still depend heavily on agricultural production which is threatened by a deteriorating natural resource base. The sustainability of this productive base requires concerted action at all levels which recognize the vital connection between productive soils, forest resources, ample water quantity and quality, and maintaining the rich genetic pool for pharmaceuticals and other scientific uses. This SO will develop and consolidate a Central American system of protected areas by providing appropriate management models for terrestrial and coastal protected areas, and to promote a strengthened regional regulatory and enforcement framework for environmental management. The assistance provided under this SO supports the Central American Commission on Environment and Development (CCAD). The direct beneficiaries are those who are living within and around the Central American protected areas, which is approximately one fourth of the region's population. The indirect beneficiaries are all the people of Central American (34 million), especially those who depend on the natural resource base for their livelihood.

Key results: 1) Consolidate the Central American Protected Areas System (CAPAS) by increasing the number of protected and special management areas under improved management; 2) Increase local stewardship of the environment in target areas by helping local communities manage coastal and forest resources; and, 3) Harmonize and strengthen Central American environmental policy frameworks by supporting the drafting and introduction of national environmental laws and regulations to Central American national legislatures/executive branches.

Performance and Prospects: Performance over the past year has been good as all planned targets were achieved. USAID's partnership with CCAD supports the establishment of the Mesoamerican Biological Corridor. In 1998, the SO was on target with the implementation of six sustainable mechanisms to protect the environment. The most important of these mechanisms is the Tri-national Alliance of nongovernment organizations (NGOs) for the Gulf of Honduras (shared by Guatemala, Belize, and Honduras), which addresses regional environmental concerns and reduces transboundary threats to key natural resources. The Organization of American States has chosen it as a case study for transboundary public participation in resource management. The Tri-national Alliance's strategic plan includes a fisheries assessment and the development of a tri-national fisheries management plan.

During 1998 two additional protected areas (Port Honduras/Belize and Bahia de Chismuyo/Honduras) were brought under improved management, bringing the total number of protected areas to date to six (128,200 hectares). Six additional sites in the following countries: Guatemala, Belize, Honduras, Costa Rica, Nicaragua, and Panama have achieved an effective level of local governance. For example, in Guatemala, an environmental crisis committee in the community of Puerto Barrios carried out a port contingency plan that included an oil spill simulation exercise conducted by oil companies, the naval base, and communities.

As a result of USAID and CCAD training in environmental enforcement and compliance, fines have been levied in the following countries: Belize (on maritime companies for destruction of coral reefs); El Salvador (for illegal cutting of forests and mangroves); Guatemala (for illegal cutting of forests); and Honduras (for the improper granting of environmental permits). Additionally, USAID's technical assistance has helped Central American governments draft environmental laws and regulations, including: pollution control regulations in Costa Rica, El Salvador, Guatemala and Nicaragua; waste water regulations in El Salvador and Panama; and, a biodiversity law in Nicaragua.

Possible Adjustment to Plans: The CCAD Executive Secretariat has moved its headquarters from Guatemala to El Salvador in order to centralize the operation of the Secretariat for Central America Integration (SICA). USAID and SICA have established mutual responsibilities during the transition but long-term effects on the program are yet to be determined. The Mission will consider the design of a follow-on activity. The damage caused by Hurricane Mitch has affected implementation of community-level activities and pilot projects for waste management. Project communities will be requesting both a postponement of activities and a revision of priorities to address post-hurricane needs. A post-Mitch program is being developed to strengthen regional and bilateral land use management, strengthen disaster preparedness, and improve collection, analysis, and dissemination of information on areas at risk from environmental disasters.

Other Donors: International donor programs implemented under the auspices of the CCAD contribute to the

establishment of the Mesoamerican Biological Corridor, and work collaboratively to establish and strengthen the national protected areas systems and surrounding buffer zones that constitute the backbone of the corridor. Complementary regional programs include: Global Environment Facility ($10 million) (GEF) which supports the Central American Sustainable Development Fund (FOCADES); German International Technical Assistance Agency ($2.8 million) (GTZ), and World Wildlife Fund (WWF) support for Corridor programs; the European Union supports the Sustainable Development in Agricultural Frontiers program; Danish Agency for International Development ($3 million) (DANIDA) supports the Gulf of Fonseca coastal resources management program; National Aeronautics Space Administration (NASA) supports satellite mapping; and, U.S. Environmental Protection Agency (EPA), Panamerican Health Organization (PAHO), International-Regional Organization for Agricultural-Livestock Health (OIRSA) and GTZ support the safe disposal of obsolete pesticides.

Principal Contractors, Grantees or Agencies: Key implementing organizations include: Central American Commission on Environment and Development (CCAD), the Nature Conservancy, World Wildlife Foundation, University of Rhode Island, International Resources Group, Cooperative Housing Foundation, and EPA.

Selected Performance Measures:

	Baseline (1995)	Target (2000)
Number of sustainable mechanisms implemented to protect regional environment	0	21
Number of USAID/G-CAP assisted transboundary sites where local threats to key natural resources and the environment have been reduced	0	10
Number of protected and special management areas under improved management with assistance from USAID	0	12 (339,560 has.)
Number of sites that have achieved an effective level of governance for stewardship of the environment and natural resources	0	20
National environmental laws and regulations that have been introduced to/approved by C.A. national legislatures/executives branches.	0	34

ACTIVITY DATA SHEET

PROGRAM: Central American Regional
TITLE AND NUMBER: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis, 596-SPO1
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $2,900,000 CSD
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: HIV/AIDS is a growing problem in Central America. The overall incidence of AIDS cases for the region in 1996 was 84 per million inhabitants. There is considerable variation across countries. For example, Honduras had double the regional rate with 168 cases per million inhabitants. The epidemic until about 1986 was predominant among homosexual and bisexual men. However, by mid 1998 over 56% of all reported cases were related specifically to heterosexual transmission. The HIV/AIDS epidemic continues to grow due to the sexual behavior of individuals with multiple sexual partners and the large level of sexually transmitted diseases (STDs). There continues to be an environment within Central America of denial, ignorance, and discrimination against people with HIV/AIDS .

The HIV/AIDS special objective's (SpO) purpose is to strengthen Central American organizations' capacities to deliver HIV/AIDS services and information. The SpO is organized under three different inter-related components: (1) promotion of policy dialogue/public awareness to improve HIV/STD policies and programs in Central America; (2) strengthening of nongovernment organizations (NGOs) capacity to deliver effective HIV prevention programs; and, (3) development of a condom social marketing (CSM) strategy that modifies risky sexual behavior in target populations. It is anticipated that by 2000 the policy environment, as measured by the AIDS Policy Environment Score (PES), will have significantly improved. Primary beneficiaries are Central Americans at risk of infection by

HIV/STDs.

Key Results: 1) Improve regional policy environment by strengthening policy formulation through sound research and information dissemination, develop a cadre of public and private leaders who actively support effective policies and programs, and formulate public sector reforms responsive to the HIV/AIDS challenges; 2) Improved NGO capacity by developing their programmatic and management skills and structures, establishing effective linkages among NGOs providing HIV/AIDS prevention services, and promoting the implementation of supportive HIV/AIDS policies; and, 3) Safer sex practices by assisting in efforts to increase consistent and correct condoms use, especially among at risk groups, and by supporting strategies to make condoms more affordable and widely available.

Performance and Prospects: SpO performance in the past year has been better than expected, especially in regards to the policy and NGO strengthening activities. However, the condom social marketing component experienced problems meeting original sales targets because of delays in establishing marketing agreements in various countries.

Nine positive changes occurred (exceeding the target of four) in 1998 including a national AIDS policy in Honduras, a new health code in Guatemala that improves access to health care to people living with AIDS, and new blood bank regulations. The major focus of policy dialogue over the past year continues to be the development of national strategic HIV/AIDS plans. El Salvador, in close collaboration with USAID and the United Nations Joint Program on AIDS (UNAIDS), has completed a national HIV/AIDS plan; four other national plans are in progress. As a result of USAID's work in this sector, the Central American Parliament has drafted a memorandum of understanding to work with a USAID grantee, the Academy for Educational Development, on HIV prevention, legislation, and information dissemination at a regional level. This collaboration will provide further impetus to policy activities in the region.

USAID has provided technical assistance to 56 organizations in the region in sustainability, counseling, advocacy, networking, monitoring and evaluation, proposal development, data management, and strategic planning. As a result of this assistance, the percentage of NGOs that are providing improved HIV/AIDS services increased from 13% to 61%.

The condom social marketing component has not met its targets for sales. As of January 1, 1999 only five countries have initiated sales of project condoms. It is anticipated that safer sex and condom education activities will be initiated in Panama, Honduras, and Mexico by mid-1999.

Possible Adjustments to Plans: Recommendations from a mid-project review suggested a narrowing of the activity scope in order to ensure sustainability. The SpO will focus on fewer NGOs and work more directly with these organizations. Additionally, based on lessons learned, the condom social marketing component will realign its strategy to target HIV prevention more directly through behavior change in priority high-risk groups and less emphasis will be placed on general promotional campaigns and the development of cross-subsidy products for generating income.

Other Donor Programs: The demise of the World Health Organization (WHO) Global Program on AIDS (GPA) in 1996 left a funding and coordination gap in the region. UNAIDS has taken up much of the slack in the area of technical coordination. The Dutch, the only other truly regional donor, channel most of their support ($1.5 million a year) through a Costa Rican NGO. The Nordic Countries are providing approximately $3.6 million over three years to programs in Guatemala, Nicaragua, El Salvador, and Honduras. The German Technical Cooperation (GTZ) and Doctors without Borders have also been active in some countries. USAID is the leading contributor in this sector.

Principal Contractors, Grantees, or Agencies: Grantees are the Academy for Educational Development (Policy Dialogue and NGO Strengthening Activities) and Population Services International (PSI).

Selected Performance Measures:

	Baseline	Target (2000)	Target (2003)
AIDS Policy Environment Score	43.8 (1996)	54.3 [1]	
Number of positive policy changes	0 (1996)	20	
Percentage of NGOs that use a systematic approach to intervention	13% (1997)	80%	
Safer Sex practices index			
(commercial sex workers)	24.8% (1998)	45%	60%
(men who have sex with men)	44.9% (1998)	50%	70%

[1] A follow-on activity is anticipated in 2001.

LAC REGIONAL

	FY 1998 Actuals	FY 1999 Estimate	FY 2000 Request
Development Assistance	$35,715,000	$28,704,000	$42,415,000
Child Survival & Disease Fund	$17,069,000	$15,732,000	$15,562,000
Economic Support Funds	$10,350,000	$10,000,000	$30,500,000

Introduction

Since 1994, the Summit of the Americas has set the agenda for U.S. foreign policy in the LAC region, with major initiatives in such critical areas of national interest as economic prosperity, democracy and human rights, law enforcement and global issues of environment, population and health. The first Summit in Miami (1994), along with the subsequent Bolivia Sustainable Development Summit (1996), have guided USAID's efforts in the LAC region for the past several years. Implementation of the Summit recommendations and the partnerships created have influenced our programs and stimulated new approaches to development in the hemisphere. The Santiago Summit, held in April 1998, has again set the pace for development initiatives in the region.

The Second Summit of the Americas in Santiago culminated a year-long effort of Presidential engagement in hemispheric affairs. At the Summit, the heads of state of the 34 democracies in the region set forth certain regional initiatives that can be accomplished over the next three to five years. These initiatives focused on a "second generation" of reforms aimed at deepening the trend toward democratic governance in the region and removing the barriers to the participation of the poor in the national life of their countries. While the effects of Hurricanes Mitch and Georges on Central America and the Caribbean have taken a serious toll, the reconstruction effort will provide opportunities to accelerate the Summit agenda.

Development Challenge

A "second generation" of political and economic reforms is necessary to consolidate the democratic transition, reduce high poverty levels and change the region's markedly unequal distribution of income. While the broad macroeconomic policies put into place over the last decade are working to restart economic growth in the region as a whole, the Asian financial crisis has already begun to have negative repercussions on trade and capital movements, particularly in Brazil. Increases in unemployment, falling export prices and short-term capital flight will mean a decline in growth rates for this year estimated at two to three percent. The challenge that now faces the region is to transform the 1996-1997 economic recovery into sustained and shared growth.

In addition to completing the macroeconomic agenda and continuing steps to achieve the Free Trade Area of the Americas (FTAA) by the year 2005, second generation economic reforms underscore the importance of removing barriers--such as lack of access to credit and other financial services, and secure title to land and other property--that deny the poor, women and indigenous peoples and other minorities access to economic opportunity. The Santiago Summit also supported efforts to ensure that the poor have access to quality health care and that workers are given decent wages and working conditions.

In the political arena, civilian governments are being elected at national, state and local levels in almost every country, and electoral politics in the region are largely respectful of constitutional norms. Nevertheless, the democratic transition still has a long way to go. Democratic governance--reflected in the rule of law, transparency, accountability, representation, and participation--needs to be consolidated throughout the region. These reforms will not happen automatically without unrelenting efforts to shore up countries' legal systems as well as scrutinize and reform all elements of their political systems. Needed reforms include: strengthened rule of law; greater decentralization and extension of democratic practices to local and subnational governments; creation of conditions

for a vibrant civil society; and the assurance of freedom of the press.

All of these reforms depend on a increased investment in human capital. There is a consensus in the region that improving the quality of education is vital for economic growth, social advance and bolstering democracy. It is also key to reducing the income inequality that characterizes this hemisphere. Hence, the Santiago Summit highlighted activities that: strengthen the teaching profession, assure adequate investment at the primary and secondary school levels; provide local communities with more control over school decisions; and promote the establishment and monitoring of standards for educational performance--all important factors in improving the quality of education. These action items will reinforce the commitment at the Miami Summit to achieve 100% primary school completion rate by the year 2010.

Other Donors

The LAC Regional program works collaboratively with key regional institutions that are charged with implementation of the Summit of the Americas agenda, including the Organization of American States (OAS), Inter-American Development Bank (IDB) and Pan American Health Organization (PAHO). Support is also provided to the International Institute for Democracy and Human Rights (IIDH) and the Inter-American Democracy Network to strengthen their ability to respond rapidly and effectively to the Summit action items. USAID's relationships with these institutions are longstanding, and effective mechanisms for collaboration have been developed. An excellent example of this collaboration is the Hurricane Mitch Recovery Fund ($5 million USAID and $12 million IDB), which was announced by the First Lady during her trip to Central America. While the two components will be administered separately, they were designed to complement each other and were developed in close consultation, both at headquarters and in the field. Another area of collaboration is property registration, where donor coordination with the IDB and World Bank is essential to improved implementation. USAID will engage both multilateral organizations and other bilateral donors working on property formalization in developing a consensus-building strategy for this program.

The FY 2000 Program

In FY 2000, the LAC Regional program will continue to implement the directives of the Miami and Bolivia Summits, paying particular attention to the Santiago Plan of Action. USAID has been actively engaged in providing leadership and advice to that agenda while fine tuning its own regional activities to be more in sync with Summit goals and objectives. As a result, several new initiatives--in education, microenterprise, property registration, food safety, decentralization, judicial training, anti-corruption, and child labor--are being designed.

Agency Goal: Human Capacity Built through Education and Training

By successfully focusing high priority on education reform, documenting the shortcomings in existing educational systems, and developing a constituency for reform at all levels, from policy makers to community organizations, the LAC Regional program has played a key role in propelling education to the top of the region's policy agenda. It will continue to enable local constituencies-- civil society leaders, business executives, NGOs, religious groups, parents and community organizers--to galvanize support for educational reform and improved school performance. The Summit Education Working Group has assigned the USG responsibility for: educational standards and assessment; education technology; and decentralization and involvement of civil society in education administration. In FY 2000, the LAC Regional program will implement activities in all three areas, e.g., through training of mayors and civil society in ways to improve educational management at the local level, and establishing a clearinghouse on applications of technology to education in the region.

Agency Goal: Broad-Based Economic Growth and Agricultural Development Encouraged

In FY 2000, the LAC Regional program will implement three major Summit initiatives: trade, property registration and microenterprise. In the trade arena, emphasis will be placed on: assisting CARICOM and other countries to meet FTAA reforms, furthering the Caribbean Food Safety Presidential initiative, advancing trade-related environmental issues, and supporting increased involvement of civil society in FTAA decision-making processes. USAID has lead responsibility for the Summit Property Systems Initiative. In cooperation with the Institute for Liberty and Democracy, assessments of informal property and needs for institutional change will be undertaken to advance the adoption of modernized property registration systems. In implementation of the Summit microenterprise agenda item, the LAC Regional program will seek to strengthen microfinance institutions to achieve self-sufficiency and gain access to capital markets, assist governments with their legal and regulatory framework, and expand financial and business development services to the rural and urban poor, especially women.

Agency Goal: The World's Environment Protected for Long-Term Sustainability

Parks in Peril is one of the USG's most important and successful programs in meeting its obligations from the Bolivia Summit. To date, a total of 17 parks covering nearly 15 million hectares can now protect their biological diversity without USAID assistance, including six that graduated from the program last year. In FY 2000, the program will continue its leadership in developing sustainable financing mechanisms for protected areas, strengthening local NGO capacity, and developing management tools for measuring progress and prioritizing conservation interventions. In collaboration with the U.S. Geological Survey, the Inter-American Biodiversity Information Network will be launched at an international meeting in Brazil.

Agency Goal: World Population Stabilized and Human Health Protected

In addition to its ongoing activities to reduce infant and maternal mortality and foster equitable access to basic health services, the LAC Regional program will be initiating a new infectious disease activity in FY 1999. By FY 2000 this program will ensure that the region has better information available for making decisions about antibiotic use to combat childhood illnesses. PAHO will continue to strengthen its role in surveillance of measles and other vaccine-preventable diseases. This year, thanks to these efforts, an epidemic of childhood measles was potentially averted in Haiti. In the face of Hurricanes Mitch and Georges, this surveillance may be expanded to include other infectious diseases, such as cholera and dengue. In FY 2000, the Integrated Management of Childhood Illness program--in response to the need to decentralize activities to all levels of the health service delivery system--will strengthen a component to maximize participation of the community. Health sector reform will also provide valuable information to governments, donors and health care practitioners on how well reforms are progressing in expanding the Summit equity objective.

Agency Goal: Democracy and Good Governance Strengthened

In FY 2000, the LAC Regional program will be renewing its democracy programs in three key Summit areas. A new program will build on the groundwork laid by the Regional Financial Management Project, designed to stem corruption by promoting public accountability through transparent accounting and financial systems. It will move into "second generation" issues related to trade and economic development, and expand greatly into local governments, particularly in Central America. The Decentralization and Democratic Local Governance program will coordinate closely with other donors as well as initiate training programs and information exchanges among regional and national associations of municipalities. Significant training and institution-building will be promoted. The International Forum for Cooperation on Local Government will be fully operational to permit better sharing of information on donor programs. A new endeavor in civil society will build on the hemispheric networks already established in the Inter-American Democracy Network to focus on helping foster sustainable NGOs supporting further Summit reforms.

LAC REGIONAL

FY 2000 PROGRAM SUMMARY
($000s)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O. 1 Resolving key market issues impeding environmentally-sound, equitable free trade in hemisphere - DA - ESF	 5,000 ---	 --- ---	 --- ---	 --- ---	 --- ---	 --- ---	 5,000 ---
S.O. 2 Improved human resource policies adopted - CS	 ---	 ---	 ---	 ---	 2,500	 ---	 2,500
S.O. 3 Delivery of selected health services/policy interventions - CS	 ---	 4,855	 ---	 ---	 ---	 ---	 4,855

S.O. 4 Parks and reserves important to conserve the hemisphere's biological diversity - DA	---	---	9,378	---	---	---	9,378
S.O. 5 Strengthened regional trends that deepen democracy - DA - ESF	--- ---	--- ---	--- ---	6,829 10, 500	--- ---	--- ---	6,829 10,500
S.O. 6 Potential leaders equipped with technical skills, training and academic education - DA - CS	6,000 ---	--- 2,000	--- ---	--- ---	--- 2,000	--- ---	6,000 4,000
SpO.1 Peru-Ecuador Border Region Development - ESF	5,000	4,000	5,000	6,000	---	---	20,000
Summit Follow-Up - DA - CS	5,778 ---	--- ---	--- ---	--- ---	--- 4,207	--- ---	5,778 4,207
Microenterprise - DA	7,550	---	---	---	---	---	7,550
Program Development and Support - DA	1880	---	---	---	---	---	1880
Totals - DA - CSD - ESF - INC	26,208 --- 5,000 ---	--- 6,855 4,000 ---	9,378 --- 5,000 ---	6,829 --- 16,500 ---	--- 8,707 --- ---	--- --- --- ---	42,415 15,562 30,500 ---

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ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL
TITLE AND NUMBER: Progress Toward Resolving Key Market Issues Impeding Environmentally-Sound and Equitable Free Trade in the Hemisphere, 598-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $5,000,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The Hemispheric Free Trade Expansion (HFTE) program supports trade-induced economic expansion as a catalyst for sustaining economic growth and reducing poverty in the LAC region. USAID collaborates closely with the State Department, the Office of the U.S. Trade Representative (USTR), USG agencies, and other HFTE partners that participate on the Interagency Trade Policy Staff Committee, while closely monitoring the reports of the Hemispheric Working Groups that meet on the Free Trade Area of the Americas (FTAA). HFTE initiatives in trade liberalization are complemented by support for interventions which advance trade-related labor/management relations, market participation, and environmental management.

The purpose of this SO is to resolve key market issues impeding environmentally-sound and equitable-free trade. One of the action items from the 1998 Summit of the Americas' initiatives is to establish an agenda for strengthening property rights systems in the hemisphere where it is conservatively estimated that over 50% of rural properties and 20% of urban properties in developing countries are without title. USAID, as the lead agency for the USG, is implementing this action item which proposes a simplified system of private property formalization with enhanced access for all elements of civil society. The direct beneficiaries of the program are the LAC smaller-economy countries while emphasizing the equitable integration of small and medium-sized producers and enterprises into the Hemisphere's evolving socio-economic system.

Key Results: To advance hemispheric economic integration and trade in an equitable and environmentally-sound

manner, the project focusses on results in three key areas: trade reforms implemented, civil society participation in trade negotiations increased, and formal private property and financial systems in support of the poor strengthened. The first two result areas aim at institutional change to strengthen the role of the private sector rather than government, while the latter result aims directly at institutional change to increase participation of the poor in two critical markets.

Performance and Prospects: Performance over the past year has been as planned. USAID has: advanced telecommunications reforms in the Eastern Caribbean; advanced customs reforms in Caribbean and Central America; established a labor standards enforcement manual considered a model for Mercosur; reinforced the protocols for competition policy in the Caribbean and Mercosur regions; advanced eco-certification standards for tourism and agriculture in the Caribbean; and completed an assessment of food safety in the Caribbean. In FY 2000, USAID will continue to focus on: (1) trade liberalization--strengthen the capability of LAC countries to implement trade discipline reforms consistent with country obligations for World Trade Organization (WTO) and FTAA membership; (2) trade and market participation--in support of the Santiago Summit of the Americas, support an expanded initiative to accelerate micro, small and medium-sized enterprise access to key productive resources; and (3) trade and the environment--develop and disseminate replicable models integrating policy, technology and investment considerations (e.g., improved standards, regulations, financing mechanisms, market-based incentives and management practices) for clean and sustainable industries. In addition, the Inter-Summit Property Summit Initiative will achieve key results through a series of regional activities which facilitate exchange of ideas about best practice, evaluate critical bottlenecks to progress, and foster greater participation by civil society.

Possible Adjustments to Plans: Support of trade liberalization for the Caribbean region similar to the sub-regional program in support of Central America is being discussed in the context of the new Caribbean Regional Strategy. Trade-related reforms that can be implemented more effectively within the region will be transferred. In addition, sovereign hurricane recovery efforts in Central America may slow activities aimed at Central American regional economic integration. USAID is working with the regional Central American trade liberalization program and is prepared to redirect assistance to help counter tendencies to introduce trade barriers. Finally, USAID is examining how the current SO could be reformulated to strengthen USAID's support for the 1998 Summit of the Americas' commitments on (a) economic integration and free trade, and (b) eradicating poverty and discrimination. This requires a balancing of resources between trade liberalization (e.g., business facilitation) to foster market access for the smaller economy countries while at the same time increasing access of the poor to private property and financial services as a foundation for poverty alleviation.

Other Donor Programs: Trade liberalization activities are coordinated with other major donors through the FTAA Tripartite Committee comprised of the OAS Trade Unit, the regional division of the IDB and Economic Commission for Latin America and the Caribbean (ECLAC). USAID works closely with all members of the Tripartite Committee on trade liberalization as well as the World Bank to support environmental initiatives in support of the Summit of the Americas and the Bolivia Summit on Sustainable Development. Also, the World Bank has an official support role on the property registration item in the Summit Plan of Action. The Government of El Salvador has agreed to be an official co-sponsor of property registration. More generally, the multilateral lending institutions, USAID’s bilateral programs and other nations' bilateral development assistance programs have implementation projects relating to property formalization. As HFTE builds a stronger partnership with other donors, USAID will begin to leverage other donor resources

Principal Contractors, Grantees or Agencies: Selected U.S. partners include: the U.S. Departments of Agriculture, Justice, Commerce (National Telecommunications Information Agency) and Labor; Food and Drug Administration; Federal Trade Commission; Customs Service; U.S. Geological Survey; and Federal Mediation Conciliation Service. Other partners include the National Center for Food and Agricultural Policy, Inter-American Institute for Agricultural Cooperation, Catholic University of Chile, ACCION International, World Resources Institute, TechnoServe, Inc., OAS, Institute of the Americas, National Association of State Development Agencies, The Environmental Law Institute and the Institute for Liberty and Democracy.

Selected Performance Measures:

	Baseline	Target
Business Facilitation Measures Adopted [1]	0	6

[1]As the FTAA trade negotiations progress during the period 2000-2005, the 34 countries agreed that a series of business facilitation measures to expand trade should be undertaken. Of over 300 proposals, the negotiators are currently reviewing a list of 122 specific measures. Of these, the USG supports 41. The successful adoption of these measures by the smaller economies serves as the selected performance measure. USAID has provided assistance in several of the measures (customs reforms, transparency of regulations, and notification systems) and progress has been achieved. Based on recognized needs for technical assistance and USG priorities, a target of 6 has been set for the year 2000.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL
TITLE AND NUMBER: Improved Human Resource Policies Adopted in Selected Latin American and Caribbean Countries, 598-SOO2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $2,500,000 CS
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Education policy reform is a timely issue on the hemispheric agenda. In fact, it was given the highest priority by the 34 heads of state who participated in the 1998 Summit of the Americas, where education was declared key to progress in the hemisphere. The region's dramatic shift to open economies, democratic politics, and decentralized government has changed the demand for education, requiring that schools produce a flexible workforce, foster technological change, prepare people for democratic citizenship, and expand social opportunities. These demands are not currently being met. While many more children are going to school now than in the 1960s, the quality, efficiency and equity of education for most are far too low. Large segments of society in the LAC region--particularly women, minorities and indigenous groups--have not been equipped to participate fully in the economic, social or political life of their country. Nearly one-half of the hemisphere's population lives in ignorance and poverty, and the low level of primary schooling remains a major constraint to development. Inefficiency plagues schools in the region, which report the world's highest grade repetition rates, alarmingly high drop-out rates, and low or erratic attendance. None of the poorer countries in the region have accomplished getting the average child through a year of school in only one year. Instead, the average LAC student spends more than seven years in primary school, completing just four grades. Moreover, nearly one of every two students repeats the first grade. The cost associated with this wastage has been estimated at more than $3 billion--nearly one-third the total public expenditure on primary education in the region.

The Partnership for Educational Revitalization in the Americas (PERA) is designed to promote a better understanding of education policy issues and develop a broader and more active constituency for educational policy reform within the LAC region. Considerable evidence suggests that policies change only when local policy thinkers and leaders become intellectually convinced of the merit of an argument. Further, PERA directly supports the Summit goal of achieving universal education by the year 2010. The ultimate beneficiaries of the effort are the school-age children in the LAC region, especially those in primary grades. Other beneficiaries include: the host country governments which will provide higher quality cost effective services; the private sector which will draw on a better educated, more productive labor force; and people at large who will gain more equitable and politically stable societies.

Key Results: The essence of USAID's approach in the region is to effect policy change through the development of a network of hemispheric "change agents" who will work to reform educational systems in their own countries. USAID, in cooperation with other donors, supports a consultative forum for government, nongovernmental organizations (NGOs), the business community, donors and international organizations which has established a framework to identify, showcase and replicate the best educational policies and practices in the hemisphere. This forum encourages country-level reform in a variety of areas, including educational quality, finance, decentralization and equity. The creation of the U.S.-Brazil Partnership facilitated the collaborative development of a U.S. clearinghouse for the field of educational technologies. This clearinghouse provides a key mechanism for dialogue and network building among educators as the two countries share strategies, methodologies and technical responses around the area of educational technologies and its role in education--particularly its relevance to student learning.

There were several accomplishments during the past year: 1) one regional seminar was held in Central America on business participation in educational reform wherein eight countries were represented by ministerial and business representatives; 2) policy reform advocacy groups were established in Guatemala, El Salvador, Honduras and Haiti; and 3) expertise and advice helped shape the agenda for the Summit of the Americas.

Performance and Prospects: With a relatively small investment, USAID is effecting large changes in the manner in which national governments invest massive expenditures in education, resulting in dramatic efficiencies and savings. With modest investments in education policy reform in LAC countries, USAID is having a direct effect on both the development of influential constituencies to support policy reform and the delivery of quality primary education. Educational change is traditionally slow and can only be measured over time. The importance given to education at the Santiago Summit presented an opportunity for all countries within the region to focus on improving education in

the hemisphere, and the majority of governments have embraced this challenge. The recent effects of Hurricanes Mitch and Georges, particularly within Central America, have impacted the momentum of the Summit. However, from disasters often come new opportunities, and several of the hardest-hit countries are reviewing different education models for their reconstruction phase. USAID will continue to support countries' education systems by providing technical assistance, pilots, demonstrations, and conferences to ensure that best practices and approaches are shared.

Possible Adjustments to Plans: Promoting better education policy, broadening the constituency for education reform, strengthening local organizations working for educational improvement, and identifying and disseminating best practices remain the central objectives of PERA. However, more emphasis will be placed on extending and consolidating the initiatives currently underway by strengthening the coalition of institutions working in education reform. Future support of the Summit Education Initiatives will include closer collaboration with the IDB in the development of regional and bilateral education strategies and approaches, thus maximizing resources and leveraging education policy reform.

Other Donor Programs: USAID's effort to improve the quality and efficiency of education in the region is a partnership among USAID, host countries, other donors, and LAC education organizations. The IDB continues to provide support for this activity and is collaborating closely with USAID on follow-up actions associated with the Summit Education Initiatives. In support of the Summit, the IDB has increased its commitment to $5 billion and the World Bank to $3 billion. However, the banks remain concerned that without grant funds, social sector loans will fall short of their commitment. USAID is collaborating with the banks to identify specific areas where USAID can facilitate the loan process, such as undertaking project design and selected applied research. The IDB plans to create a pilot network of virtual schools throughout the region that will share best practices and approve short-term professional exchanges for teachers in support of regional cooperation. Policy reform and distance education remains a strong theme with the banks. On hemispheric educational policy, USAID works with the Inter-American Dialogue, LAC regional institutions and the U.S. Department of Education (USDOE). The USDOE is the lead agency in the U.S.-Brazil Partnership in Education; USAID is working with USDOE to facilitate the partnership's objectives to foster policy reform in Brazil.

Principal Contractor, Grantee or Agencies: PERA is implemented through a cooperative agreement with a U.S.-based NGO, the Inter-American Dialogue. We also collaborate with the USDOE in the implementation of the U.S.-Brazil Partnership.

Selected Performance Measures

	Baseline (1996)	Target (2000)	Target (2001)
Number of countries progressing towards implementation of key education reform policies * at the national and or local level.	0	5	10
Education reform monitoring system established and operating efficiently in selected LAC countries.	0	5	10
Increased education budgets allocated to primary education in selected LAC countries	0	4	10

* Reform policies include: quality, equity, governance and finance.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL
TITLE AND NUMBER: More effective delivery of selected health services and policy interventions, 598-S003
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $4,855,000 CS
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Infant, child, and maternal mortality remain high in LAC, relative to the United States, especially among

disadvantaged populations. While vaccination coverage is increasing towards the target levels, there are pockets of low coverage and programs are not yet sustainable. The measles elimination goal for the region requires strengthening of service delivery and surveillance systems, especially in hurricane-affected countries. The primary killers of infants and children in the LAC region are diarrheal disease and acute respiratory infections, while maternal mortality is approximately seven times as high as in the United States. Anti-microbial resistance inhibits the effectiveness of treatments. Health status improvements will be sustainable only if health sector reforms improve equity of access to high quality basic care.

This strategic objective responds to the Miami and Santiago Summits of the Americas by contributing to reductions in infant and maternal mortality, by increasing equity of access to basic health care, and by improving the availability and use of information for health policy decisions. It builds on successful efforts of prior activities with the Pan American Health Organization (PAHO) supporting regional vaccination activities, as well as the LAC Regional Health and Nutrition Technical Services Support Project. The purpose of the activity is more effective delivery of selected health services and policy interventions. Primary beneficiaries are the Ministries of Health in USAID-presence countries in LAC, and other organizations providing health care. The ultimate beneficiaries are the infants, children, and adults who have more access to better health care supported by more appropriate government policies.

Key Results: This activity is designed to influence key health services and policy interventions which can contribute to improving infant, child, and maternal survival in USAID-assisted countries of the LAC region. They include: increasing vaccination coverage to 90% or above; delivery of child health services using Integrated Management of Childhood Illness (IMCI); improved planning for birthing services and increased attendance of births by trained personnel; improved integration into health reform of lessons learned from activity results; and sentinel surveillance systems, laboratory identification of resistant pathogens, and policy/normative changes regarding anti-microbial resistance based on such information.

Performance and Prospects: Progress has been as expected except for delays in implementation of the maternal mortality initiative. The infectious disease initiative will start in FY 1999.

Vaccination coverage for infants with all antigens in the eight target countries (except Haiti) increased from at least 70% in 1996 to at least 74% in 1997, and to at least 76% in 1998. Tetanus toxoid coverage among fertile-age women in high-risk districts increased to over 50% (except in Haiti) in 1997, with three countries reaching the goal of over 90% coverage. El Salvador, Honduras, Nicaragua, and Peru have especially high coverage. The Americas remain polio-free since 1992. During 1998, measles outbreaks threatened in Haiti due to vaccination coverage of only 23% to 28% since 1995; up to 180,000 cases with perhaps 2,000 deaths could have been expected. Regional program advisors identified the problem, and worked with USAID, the government of Haiti, and other donors to negotiate a follow-up campaign (which included the other program vaccines and Vitamin A for infants, and tetanus toxoid for their mothers), conducted in late 1998. During 1998, the IMCI initiative strengthened capacity in seven countries, including materials for improving community health worker and auxiliary skills, drug management, behavior change, and use of monitoring to improve program performance. Primary international NGOs participated in regional planning for IMCI. In late 1998, Guatemala's Ministry of Health decided to adopt IMCI, the last emphasis country to do so. With the assistance of PAHO advisors, country officials developed individual country plans for reducing maternal mortality, adapting the existing structures and mechanisms. In demonstration sites, policy makers, health providers, and community members were brought together to form over 20 Quality Design Teams, each of which identified the most influential factor inhibiting the delivery of good obstetric care and developed action plans to address those factors. Local NGOs are working with these teams on materials to educate community members on recognizing and responding to obstetric emergencies. Agreement was reached on standards for National Health Accounts and six countries were assisted to initiate analysis of health spending from all sources. A thesaurus for abstracting the health reform literature from the region--facilitating easy Internet availability for health authorities--was also developed. Over 12,000 people having consulted the website thus far.

Possible Adjustments to Plans: Results of the mid-term evaluations planned of the maternal mortality, IMCI, and reform initiatives during FY 1999 will guide adjustments in programming.

Other Donor Programs: For the regional vaccination program, PAHO has budgeted $10 million and has pledges of $1 million from Spain and $2.2 million from the IDB. USAID missions implement programs which assist countries to improve effective delivery of vaccinations, emergency obstetrical care, and services to manage diarrhea and acute respiratory infections in children, and to identify and implement country health sector reforms; and work with other donors (principally PAHO, UNICEF, World Bank and IDB), through the Inter-Agency Coordinating Committees, to coordinate such efforts for each country.

Principal Contractors, Grantees or Agencies: Grantees and contractors implementing this activity include: PAHO, University Research Corporation, The Partnership for Child Health, Abt Associates, Harvard University School of Public Health, and Management Sciences for Health.

Selected Performance Measures:

	Baseline (1996)	Target (2000)	Target (2001)
Vaccination			
Target countries with at least 90% vaccination coverage among children under one against tuberculosis, polio, diphtheria, pertussis, and tetanus/ 95% against measles/ 90% tetanus toxoid (among women of childbearing age in high-risk areas)	3/1/0	8/8/8	8/8/8
Integrated Management of Childhood Illness			
Target countries with 10% of health facilities delivering IMCI services	0	7	7
Maternal Mortality			
Target countries with percentage of births attended by trained personnel increased by at least one percent over prior year	TBD	9	11
Target countries with 5% increase over prior year in percentage of reporting units with active maternal mortality committees	TBD	9	11
Health Sector Reform			
Target countries with reform processes that substantially integrate lessons learned from this initiative (methodologies and tools, information, monitoring, and exchanges)	0 (1997)	6	7
Antimicrobial Resistance: Indicators, Baseline and Targets to be determined			

ACTIVITY DATA SHEET

PROGRAM: LAC Regional
TITLE AND NUMBER: Protection of Selected LAC Parks and Reserves Important to Conserve the Hemisphere's Biological Diversity (598-S004)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $9,378,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The LAC region contains nearly half of the world's biodiversity. Unfortunately, such pressures as population growth and increased demands for agricultural and grazing land are rapidly degrading key ecosystems, especially tropical rain forests. While a cost-effective means to protect some of the Hemisphere's biodiversity is to improve the management of key LAC parks and reserves, the vast majority of LAC protected areas lack the resources and local technical capacity to manage them successfully. The Parks in Peril (PiP) program--a partnership among USAID, The Nature Conservancy, local NGOs and local government agencies--ensures the protection of up to 36 critically-threatened LAC national parks and reserves of global significance. Key beneficiaries include: (1) local rural people who depend on the sustainable use of natural resources in and around LAC protected areas and who gain economically from park employment, PiP community development and ecotourism activities; (2) urban dwellers from major cities (e.g., Chingaza Park for Bogota, Colombia; Podocarpus Park for Loja, Ecuador; Tariquia Reserve for Tarija, Bolivia) where parks protect watersheds; and (3) U.S. citizens who gain from the protection of genetic sources for future medicines and crop varieties, as well as from the storing of carbon in tropical forests and mangroves. The PiP program directly supports the Summit of the Americas' initiative to establish a "partnership for biodiversity" in key ecosystems in selected LAC countries. USAID will also support with $4.378 million alternatives to slash and burn agriculture, public education about fires, and preparedness for detecting and fighting fires, primarily in Mexico and selected countries of Central America. USAID will additionally support the advancement of market-driven approaches and private sector engagement in addressing the environmental challenges facing the

region.

Key Results: Four key intermediate results are necessary to achieve this objective. Note that quantitative values for each result vary by park site. Data for El Triunfo Biosphere, Mexico, a 295,000 acre reserve in Chiapas, provides an illustrative example. The intermediate results are: (1) on-site protection: each site requires an adequate number of trained park guards, protection infrastructure, and demarcated and patrolled boundaries (El Triunfo has eleven trained rangers and four ranger stations); (2) strong local NGOs: each site requires an administratively and technically competent NGO to assist government in park management (Instituto de Historia Natural, Chiapas, actively manages the site with the Government of Mexico); (3) local community involvement: each site requires that neighboring communities participate in park management and gain tangible economic benefits from park management (At El Triunfo, 14 community members are employed by the Reserve, and an additional 350 participate in community development projects in buffer zones such as community organic coffee and the use of organic fertilizers); and (4) non-USAID financing: each site requires significant local resources supporting conservation, and adequate financial planning to encourage other donor long-term support (in 1998, El Triunfo was supported by over $340,000 of non-USAID funds, including over $200,000 from Mexican federal, state, and municipal governments).

Performance and Prospects: An external evaluation completed in 1998 determined that the PiP program was working well, and has successfully turned "paper parks" (i.e. those legally declared but lacking on-the-ground conservation) into functioning, well-managed protected areas in a dozen countries throughout the Latin America and the Caribbean region. Achievements include:

i. Significantly improved protection of 33 parks covering over 24 million acres in 15 countries. Of these, 17 PiP sites covering nearly 15 million acres have graduated from the program and are now independent, functioning protected areas.

ii. Over $45 million of non-USAID funds to date have been leveraged for park management.

iii. Nineteen local conservation NGOs are now effective technical and administrative organizations. These NGOs have become hemispheric leaders in promoting policy reforms in such areas as mining, land tenure and zoning, local community involvement, and local government support for biodiversity conservation.

Unfortunately, El Niño floods, fires, and hurricanes significantly affected seven PiP sites, including two (Machallila, Ecuador and La Encrucijada, Mexico) which were scheduled to graduate. Graduation of these sites will be delayed a year or two. Progress at two sites in the Dominican Republic was set back significantly due to the severity of Hurricane Georges' impacts. Two sites impacted by fires, El Ocote (Mexico) and Sierra de las Minas (Guatemala) were much less severely damaged than neighboring areas lacking regular park patrols and community development activities.

Possible Adjustments to Plans: Based on recommendations from the external evaluation, additional resources will be directed to improving community development activities and long-term financial planning. The damage assessments of parks impacted by Hurricanes Georges and Mitch have not yet been completed. These assessments will influence the direction of future work at affected sites.

Other Donor Programs: PiP has greatly increased the level and diversity of funding sources for LAC biodiversity conservation. Governments are now financially supporting PiP sites. Mexico and Colombia are good examples of this. In FY 1998, Mexican federal, state (Chiapas), and municipal governments provided around $730,000 for PiP sites, while the Colombian Federal Government contributed over $400,000. In addition, USAID resources have leveraged funds from The Nature Conservancy, energy companies, the Global Environment Facility, the Governments of Holland, Japan, Switzerland, Germany, and France, and numerous U.S. philanthropic organizations (e.g., Packard, Ford, MacArthur). The Government of Holland also recently committed a total of $6.5 million to four PiP sites.

Principal Contractors: The Nature Conservancy, local NGOs (e.g., The Friends of Nature Foundation, Bolivia; National Association for the Conservation of Nature, Panama; Defenders of Nature, Guatemala; ProNaturaleza, Peru; Pronatura, Mexico).

Major Results Indicators:

	Baseline [1] (1994)	Targets (FY 2000)	Targets (FY 2001)
Independently functioning parks and reserves	4	26	32-34
Area (in millions of acres)	4.1	18.6	at least 25
Effective local NGOs	17	22	24-27

Host country funds leveraged (cumulative)	$4.3 million	$14.5 mil.	$16 mil.

[1] After four years of initial USAID/Parks in Peril funding.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL
TITLE AND NUMBER: Reinforcement of Regional Trends that Deepen Democracy, 598-SO05
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $6,829,000 DA; $10,500,000 ESF
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The purpose of this strategic objective (SO) is to reinforce regional trends that deepen democracy by working with LAC missions and by funding institutions, networks and exchanges that support emerging trends in democracy. Over the past twenty years, Latin American governments have increasingly consolidated their democratic practices. Commitments made at the Santiago Summit of the Americas in April 1998 underscores the resolution of governments in LAC to support democracy, and the Summit Plan of Action guides USAID's programmatic initiatives in the region. Yet the challenges to a democratic hemisphere remain profound. Governments are often unable to provide equal access to justice for many, particularly the poor and disadvantaged. Local governments frequently lack the resources and capacity to carry out decentralization initiatives. Though increasingly stronger, the level of citizen participation in civil society organizations is still often inadequate to give voice to citizen needs and concerns. Across the region, skyrocketing crime rates and the lack of per-sonal security are leading citizens to lose faith in elected governments. Democratic governments must strengthen their capacity to respond to these problems, and USAID’s democracy strategy supports ongoing reforms to consolidate nascent and existing democratic institutions in the hemisphere. Through this SO, USAID also supports the AFL-CIO's American Center for International Labor Solidarity which promotes worker participation, improves worker protection and empowerment, and fosters democratic practices in the workplace.

Key Results: In the area of democracy and human rights (DHR), three key intermediate results were concluded necessary to achieve the SO: 1) Strengthened regional mechanisms to promote human rights and the rule of law; 2) Strengthened regional approach in addressing public sector legitimacy; and 3) Strengthened regional mechanisms to promote pluralism.

Performance and Prospects: In the last year, USAID has helped ensure that the commitments made at the Santiago Summit become meaningful. Across DHR's three key results, progress is steady, and new agreements in each area in FY 2000 will build on program successes to date.

Strengthened regional mechanisms to promote human rights and rule of law: A core element in USAID’s support of regional mechanisms to promote human rights is through the Inter-American Institute for Human Rights (IIHR), including its highly-regarded Interdisciplinary Course on Human Rights. IIHR has successfully incorporated women’s rights concerns into the course and other activities, and continues to work to ensure balanced gender representation among participants in all its programs. The Institute has also continued to initiate successful follow-up activities with graduates of the human rights course to create human rights reforms in their home countries. To help develop the independence and professionalism of the judiciary throughout the region, USAID is providing start-up support for an innovative hemisphere-wide effort to create a regional Judicial Studies Center. This virtual center will help promote judicial reform by serving as a clearinghouse for the dissemination of information and resources in LAC. In the next year, DHR will also begin a new initiative to promote and disseminate best practices to help curb community violence. As crime and violence continue to threaten the safety of citizens and the stability of democracy, this effort will foster hemisphere-wide sharing of innovative crime-reduction strategies.

Strengthened regional approach in addressing public sector legitimacy -- In the aftermath of Hurricane Mitch, DHR is helping to ensure that accountability and transparency mechanisms are integrated into reconstruction efforts in Central America. Key aspects of this technical support include installing integrated financial management systems at national and sub-national levels and expanding decentralization to municipal governments. The achievements of USAID’s Regional Financial Management Improvement Project II can be seen the increased use of integrated financial systems by sub-national governments and in the implementation of compatible systems between central and local governments. Such efforts help to improve the integrity of government offices linked to trade, economic growth, disaster relief and other key policy areas. Building on these successes in good governance, DHR’s new

decentralization and local governance program will strengthen regional organizations that work with national associations of municipalities. The program will improve information networks to share successful practices for promoting citizen participation and transparency; increase localities' capacity to dialogue with national governments; and develop strategies to address training needs. In FY 2000, USAID support will also continue for the Center for Election Promotion and Assistance (CAPEL) to foster ongoing strengthening of electoral institutions in LAC.

Strengthening regional mechanisms to promote pluralism: In 1998, USAID supported the creation of a "Special Rapporteur for Press Freedom" at the Organization of American States (OAS) to help protect journalists' human and civil rights and strengthen press freedom. With USAID support, during the past year the Inter-American Democracy Network achieved a significant milestone in its work to strengthen over 88 organizations throughout the region, as the network's associate members moved from learning methodologies for civic participation to actively implementing activities on their own. Support for both of these activities will continue in FY 2000. In the last year, USAID initiated activities with the Esquel Group Foundation, to support the Civil Society Task Force, and with the Chilean NGO Corporacion Participa. Both activities have already contributed to increased participation of U.S. and Latin American civil society organizations in furthering Summit of the Americas goals. USAID will continue to work with the OAS and Latin American NGOs to ensure that civil society organizations are involved in key Summit areas including the environment, education, and economic development.

Economic Support Funds: The regional democracy program also provides ESF to those nations where it is critical to consolidate democracy, support human rights, and promote economic reform and equitable growth. ESF funds, through the Department of Justice, are also used to provide support for institutional strengthening of judicial and police systems in the LAC region.

Possible Adjustments to Plans: In FY 1999, DHR approved a new performance monitoring plan to assess the progress of its SO to deepen democracy in the region. DHR has worked on developing these measures since 1998 with the purpose of creating more results-oriented measures of quality, capacity and relevance of the programs supported. Presently, DHR is gathering baseline data for these indicators.

Other Donor Programs: USAID coordinates efforts with the OAS, the World Bank, the Inter-American Development Bank, the European Union and other multilateral donors through a variety of donor consultative groups to increase commitment to democratic principles by LAC countries, foster joint programming, and obligate greater resources to the region. Such coordination has been particularly productive in the areas of democratic decentralization and anti-corruption through the International Forum on Cooperation for Local Government and the Donor Consultative Group on financial management systems and anti-corruption. These issues have subsequently become mainstream considerations in donor community democracy programs.

Principal Contractors, Grantees, or Agencies: Regional organizations include: IIHR and its election programming arm CAPEL, the Partners of the Americas, the International City/County Management Association, the South America chapter of the International Union of Local Authorities, and the Federation of Municipalities of Central America. U.S. contractor: Casals & Co. LAC NGOs participating in regional activities include PARTICIPA (Chile), Conciencia (Argentina), Poder Ciudadano (Argentina), Institute for Investigation and Political Self-Formation (INIAP), and the University of the Andes (Colombia).

Major Results Indicators*:

	Baseline	Target
Quality of training and support to local governments	TBD	TBD
Implementation of anti-corruption measures by governments	TBD	TBD
Regional capability to support human rights institutions	TBD	TBD

* See explanation of "Possible Adjustments" above.

ACTIVITY DATA SHEET

PROGRAM: LAC REGIONAL
TITLE AND NUMBER: A Broad-base of Leaders and Potential Leaders in LAC Countries Equipped with Technical Skills, Training and Academic Education, 598-S006
STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: $6,000,000 DA; $4,000,000 CS
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: USAID's participant training strategy is based on the hypothesis that to have long-term impact there are two factors which are critical to lasting improvement in the economic and social conditions of the region: (1) a stable social, political and economic environment that is conducive to economic development; and (2) an educated and skilled population with capable leaders to manage and implement programs and policies. The importance of human resources to any country cannot be overstated--everything from the broad direction of public policy to the management of individual firms and productivity of individual laborers rest on the skills, knowledge and values of people.

The purpose of this activity is to equip a broad-based cadre of leaders and potential leaders in LAC countries with technical skills, training, and academic education, and an appreciation for and understanding of the workings of a free enterprise economy in a democratic society. Direct beneficiaries of this program are women, disadvantaged populations and other previously excluded groups in developing countries. These groups and individuals constitute the human resource base of the nation. The SO also endeavors to identify and recruit scholarship candidates who have demonstrated leadership potential, but who are clearly unable to obtain their educational objective in the United States without scholarship assistance. Indirect beneficiaries are the various ministries and organizations that have sponsored participants for U.S. training. The SO is a USAID training program consisting of individual USAID Mission projects, and the regional activity, which includes the CASS program.

Key Results: The Cooperative Association of States for Scholarships (CASS) project, implemented by Georgetown University since 1989, focuses training to support USAID objectives and meet human resource development needs of LAC countries for technical expertise (e.g., in business-related areas such as agribusiness, small business management, industrial maintenance administration; environmental subjects including forestry and fisheries management; and in health care including facilities administration and food science technology). In addition, the CASS training program aims to instill attitudes and beliefs of responsibility and initiative in participating scholars. These values often lead to a greater sense of commitment to family, community and country. Further, CASS has successfully met the objectives of incorporating women, rural, indigenous, and disabled people into training programs, with 95% of participants successfully completing their training programs since the inception of the program.

Performance and Prospects: The U.S.-based CASS training program is a particularly effective vehicle for strengthening societal commitment to the understanding of free enterprise and democratic pluralism. The combination of exposure to democratic values and institutions and their practical application in economic development, technical skills transfer, and establishment of human and institutional linkages are a potent catalyst for social and economic change. This fact is born out by past program accomplishments and its continued high performance.

- Approximately, 92% of the returnees are employed; many of those not employed are continuing their education.
- Of those trained, 96% reported having used their skills or put into practice what they have learned in the U.S. training program.
- 70% of the trainees reported an increase in salary, and/or job responsibilities since returning to their home country. 82% of the trainees attribute this increase in salary, at least in part, to their U.S. training.

Because the primary goal of CASS training is to improve the region's human capacity by educating disadvantaged people, fields of study will be carefully selected to address specific regional needs. CASS environmental programs will provide training promoting sustainable resource administration and waste management. To support the objective of protecting health and stabilizing population growth, CASS will train in areas emphasizing prevention, detection and treatment of malaria, dengue and tuber-culosis. Training educators will contribute to increasing the quality of human resources and educational policy and will promote regional dialogue on education issues. Advancing democracy will be achieved through the on-going activities of the civic participation component integral to all CASS programs. To ensure that programs continue to support USAID's regional strategic objectives, CASS will establish clear lines of communication to coordinate priorities with USAID, and will involve the missions in the annual field of study survey which outlines the priority training needs for participating countries.

Possible Adjustments to Plans: Despite some recent progress in Central America and the Caribbean, much of the region's population still lives in poverty, and the future stability of these countries is threatened by the re-emergence of serious infectious diseases and substandard primary education systems. Investing in the human resources of the region through technical training will help to alleviate these situations. Two initiatives in health and education will

include training in prevention, diagnosis, and treatment of communicable diseases, as well as skills upgrading to rural primary school teachers and administrators.

Other Donor Programs: The participant training program strategy was designed to expand the "partnership" between the cooperating agents and the U.S. training institutions. The objective is to foster cost sharing between institutions and USAID. For example, the CASS agreement requires 25% cost sharing. College cost sharing has taken many forms such as the provision of tuition and allowances, as well as indirect costs. In-country contributions include office and conference space, participant room/board during orientation and re-entry, and coverage of various administrative costs.

Principal Contractor, Grantee or Agencies: Georgetown University Center for Intercultural Education and Development.

Selected Performance Measures:

	Baseline (1992)	Target (2000)	Target (2003)
Number of leaders and potential leaders successfully completed training	18,106	19,006	25,000 *
Returned scholars employed in area of expertise and applying skills	70%	92%	92%
Percent of returned scholars involved in community and/or professional activities.	80%	90%	90%
Returnees finding new jobs or increased earnings or responsibility	92%	95%	95%
Percentage of returnees who maintain ties** with the U.S.	11%	13%	13%

* Target was established prior to the 1998 Cooperative Agreement which proposed a reduced number of trainees. The FY 2003 target will need to be revised to reflect the new target of 19,457.

** such as an ongoing relationship with a U.S. institution of higher education, various professional affiliations, personal connections with Americans, etc.

ACTIVITY DATA SHEET

PROGRAM: LAC Regional
TITLE AND NUMBER: Peru-Ecuador Border Region Development, 598-SpO1
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $20,000,000 ESF
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: In October 1998, the presidents of Ecuador and Peru signed a Peace Agreement which put an end to an often bloody, century-and-a-half old border conflict over the demarcation of their shared border. The United States, as one of four Guarantor nations, has invested considerable time, effort and resources in helping the parties to achieve this peace. The final settlement was built on a series of agreements, including a treaty on commerce and navigation and a binational peace fund for border integration, designed to compensate difficult political concessions with investments to stimulate growth and improve living conditions in an area impoverished by years of conflict.

The Peru-Ecuador border region is severely underdeveloped and contains some of the poorest populations in both countries. Lack of access to clean water, sanitation and proper solid waste management are serious problems in urban areas. Basic infrastructure is practically non-existent in rural regions. Infant and maternal mortality and child malnutrition rates are high. Local governments are weak and unable to meet the needs of the average citizen. Improvements to these socio-economic conditions are key to achieving stability. The presidents of both countries were initially criticized for their controversial stand on achieving peace and, while public opinion is slowly changing, citizens are expecting to see concrete benefits from the peace settlement.

This activity is aimed at improving socio-economic conditions of communities along the border between Peru and

Ecuador and facilitating border integration. It will support a range of activities aimed at creating economic opportunities for disadvantaged inhabitants; building or rehabilitating productive infrastructure; strengthening local governments; promoting sustainable natural resource management; and improving and establishing basic social services and health care to improve border residents' living conditions.

Key Results: The following key results are required to achieve this objective: 1) increased income generating opportunities; 2) increased availability and access to basic services; 3) more responsiveness by local governments to citizen's needs; 4) improved health of vulnerable populations; 5) expanded quality education in rural areas; 6) improved environmental management in border regions; and 7) improved cross-border economic and social exchanges.

Performance and Prospects: As part of the peace negotiations, the Governments of Peru and Ecuador created a Binational Commission for Border Integration. This Commission met several times and developed, among other things, the Border Integration Agreement which calls for a regional development program of investment, totaling $3 billion. Since the peace settlement, the two governments have been working together to gain international donors' financial commitment to this program. During a Summit between the presidents of Peru and Ecuador, scheduled for February 1999, the Inter-American Development Bank (IDB) will host a meeting to introduce the proposed development program to the international community. At this meeting, plans will be discussed for convening a formal donors' meeting for the border program later in the year.

USAID will support a number of activities aimed at improving both the social and economic conditions on both sides of the border with an eye to ensuring a lasting peace. Many of these activities will be replications of successful USAID-supported programs that are currently being implemented in other parts of Peru and Ecuador.

In support of improved economic conditions, USAID will create opportunities for income generation by providing technical assistance, training and access to credit to microenterprenuers and small farmers. Special emphasis will be given to poorer populations and women through the establishment of village banking-type systems. In Peru, USAID will expand its current poverty reduction activity to two urban areas in the border region, Jaen and Iquitos, and here it will establish economic service centers to promote productive investments and identify policy constraints to economic growth. Education quality will be expanded in rural areas, focusing on bilingual education for girls and women

Health interventions will focus on reducing maternal and perinatal mortality, infectious diseases and infant and child malnutrition, with particular attention on the population in rural and native communities. Activities will include development of community-based surveillance and referral systems, training of community health promoters, and education in basic maternal and child-health. In peri-urban areas, activities will also be directed towards improved environmental management of solid waste, sewage and clean water to reduce the risks of infectious diseases and infant diarrhea.

USAID will also support efforts to strengthen local governments, as border communities will only be able to take advantage of resources and opportunities generated by the peace accords to the extent they are able to plan, target and manage resources in a responsible and accountable manner. Funds will be used to train municipal leaders, civil society organizations and the population in general to assume new levels of involvement and responsibility. This training will then be applied in the development of small community-based projects (solid waste management, potable water, etc.) or area development plans (i.e. in tropical forest areas, community ecological reserves). Democratic values in areas on both sides of the border will be fostered through civic education in schools and human rights training with a focus on universal, women and childrens' rights.

In the area of natural resources management, USAID will provide assistance related to the two governments' plans to establish a peace park along the border. Possible interventions include the undertaking of studies, mapping, and grassroots organization and education to involve the local population in the role they will play in the development of this park/protected area.

The border area contains a large number of indigenous groups. All border activities will be tailored to the specific needs and cultural values of each area, based on participatory assessments that address gender need and diversity.

Possible Adjustments to Plans: None.

Other Donor Programs: The Binational Plan for Peru-Ecuador Border Area Development calls for approximately $3 billion over a ten-year period. The Governments of Peru and Ecuador plan to contribute a total of $1 billion and to solicit $2 billion from the international community. To date, the IDB and the CAF have offered soft loans for $500 million each to finance large-scale infrastructure projects. The World Bank and other donors are evaluating their

involvement in this effort. USAID's support will complement and leverage other donor and private sector investments.

Principal Contractors, Grantees, or Agencies: The Border activity will be implemented through a number of public and private-sector partners including local governments, community organizations, NGOs and central government sectoral organizations.

Selected Performance Measures:

	Baseline* (2000)	Target* (2005)
% of communities participating in local development plans with local governments		
% of children immunized		
No. of preventive health systems in place		
No. of new jobs generated *		

* Since this is a new activity, baselines and targets have not yet been established.

ACTIVITY DATA SHEET

PROGRAM: LAC Regional
TITLE AND NUMBER: Summit of the Americas Follow-Up
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $5,778,000 DA; $4,207,000 CS
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The purpose of the activity is to support the Summit of the Americas' objectives of: (1) reducing poverty by one-half and (2) achieving 100% primary school completion rate by the year 2010. Absent measures to improve income distribution and increase growth, it will take thirty years to achieve the Summit objective of reducing regional poverty by half. The Santiago Summit recognized the importance of reducing poverty and promoting equity, and identified the quality of basic education and the lack of access to the financial system as key obstacles to the achievement of these objectives. The beneficiaries will be the poor throughout the region--especially women, minorities, and indigenous populations--who suffer from low-quality schooling and lack of access to adequate financial services.

Key Results: There is a consensus in the region that improving the quality of education is vital for economic growth, social advance and bolstering democracy, and critical to addressing the income disparity that characterizes the Hemisphere. Curricula are poorly designed and of little relevance to most students, criteria for advancement are poorly articulated, textbooks and other instructional materials are in short supply, and there is little or no local control and accountability of schools to parents and communities. As a result, repetition and dropout rates are extremely high. Accordingly, the Santiago Summit highlighted activities that: strengthen the teaching profession, assure adequate investment at the primary and secondary school levels, provide local communities with more control over school decisions, and promote the establishment and monitoring of standards for educational performance. The USG has particular responsibility for: standards and assessment; decentralization and governance; and educational technology. LAC will use $4.2 million of the Initiative to expand its ongoing efforts to improve curricula and teacher training using new technology, develop new approaches to standards and assessment, and increase decentralization and accountability to local communities. An additional $1.5 million will be used to combat abusive child labor and ensure that at-risk children receive educational opportunities.

The persistent poverty and inequality in the LAC region was noted at both the Miami and Santiago Summits. USAID has the lead responsibility for the USG in implementing the microenterprise initiative, aimed at removing the barriers that deny the poor access to economic opportunity. Credit and other financial services are necessary to reduce poverty and end discriminatory practices based on gender, ethnicity and race. Microfinance NGOs have made enormous progress in demonstrating the capacity and willingness of the poor to repay on a full cost-recovery basis and to utilize the proceeds of the loans productively. LAC will use $5.7 million of the Initiative to strengthen microfinance institutions to achieve self-sufficiency and gain access to capital markets, assist governments with their legal and regulatory framework, and expand financial and business development services to the rural and urban poor, especially women.

Performance and Prospects: Both through its bilateral and regional portfolios, USAID has extensively and successfully promoted microenterprise lending and reform and addressed the quality of basic education. Throughout the hemisphere, USAID's microenterprise partners have reached 870,000 poor people and plan to increase that number to 1 million by the end of the century. In Honduras alone, USAID-assisted institutions had a portfolio of $10.3 million and served over 60,000 active clients, accounting for over 31% of all micro and small businesses in the country. USAID has also assisted microlending institutions to become formal financial entities, such as the Centro de Fornento a Iniciativas Economicas [need to use translated name] in Bolivia, which became a licensed Private Financial Fund, thus gaining greater access to commercial capital to fund their loan portfolio. USAID also provides microlending loan portfolio guarantees through, for example, the Royal Bank of Trinidad and Tobago, which has lent $3.0 million to microentrepreneurs throughout the Windward Islands. In the area of non-financial services, USAID has supported the Center for Micro and Small Enterprise in the Dominican Republic, resulting in business training to more than 2,500 micro and small entrepreneurs.

Education programs in the region are directing resources to improve problems of equity, efficiency and quality, primarily in the area of basic education. In Honduras, primary school (sixth grade) completion rates increased to 72.5% in 1997 compared to only 50% in the previous decade, and literacy rates have increased from 68% in 1988 to 77% in 1997. In Jamaica students' mastery of mathematics in Grade three has increased by four percent. Innovative radio math courses have been broadcast to 1.2 million students throughout the country in El Salvador. And in Guatemala, USAID assumed the leadership among donors in indigenous and girls' education as well as establishing a national dialogue around the promising results of bilingual education. The LAC Regional program has built policy consensus and a constituency around educational reform in the region.

Other Donor Programs: USAID works in close cooperation with the Inter-American Development Bank (IDB) in the promotion of the Summit agendas in education and microenterprise development. A Memorandum of Understanding was recently signed with the Bank to work collaboratively on implementing the Summit initiative in Microenterprise, and a complementary program has been developed to respond to the liquidity needs of microfinance institutions affected by Hurricane Mitch. Similarly, in the education area, frequent meetings have been held with IDB staff at headquarters on Summit recommendations, and a joint USAID/IDB meeting is planned to increase consultation in the field.

Principal Contractors, Grantees, or Agencies: TBD

Selected Performance Measures: TBD

ACTIVITY DATA SHEET

PROGRAM: LAC Regional
TITLE AND NUMBER: Improved Access of the Poor to Financial and Non-financial Services for Microenterprise
STATUS: Ongoing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: $7,550,000 DA
INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** Ongoing

Summary: To promote the expansion and effectiveness of microenterprise services into rural areas to facilitate entrepreneurial activities of the poor, especially women and youth. The Latin America and Caribbean (LAC) Bureau has steadily increased its use of central programs in support of our Agency's recently renewed Microenterprise Initiative. This includes: (1) the Implementation Grant Program (IGP) for U.S. PVOs; (2) the Program for Innovation in Microenterprise Fund (PRIME), a mission co-financing facility; and (3) numerous technical assistance Indefinite Quantity Contracts (IQCs). Based on past utilization of these central programs, USAID can project its FY 2000 program will support activities in several of the 16 countries in which the bureau has a presence. These funds will leverage an equal amount in counterpart funding provided by our regional development partners (e.g., the Inter-American Development Bank, commercial banks and non-governmental organizations). The MicroServe, Assessing the Impact of Microenterprise Services and the Microenterprises Best Practices IQCs provide the bulk of the technical assistance that the bureau and the LAC missions use in support of this sector.

Key Results: In the area of microenterprise development, three key intermediate results are necessary to achieve the SO: 1) Expanded Delivery of Financial Services to Microentrepreneurs; 2) Increased Capability of Financial and Non-Financial Institutions to Service Microenterprises; and 3) Expanded Dissemination of Best Practices in USAID-Supported Programs and in the Microenterprise Development Field.

Performance and Prospects:

Expanded Delivery of Financial Services to Microentrepreneurs. The IGP and PRIME Fund grants have resulted in increasing client services as new microfinance institutions are helped to enter the field and more established microfinance institutions scale up their programs. In FY 1997, all planned indicators for this key result were significantly exceeded by the IGP and PRIME programs. USAID staff also engaged in a number of field support activities that will lead to increased delivery of financial services, and, possible to new PRIME grant requests, incuding one from El Salvador. Staff assisted the mission in designing the "Increased Coverage of Sustainable Financial Institutions in Rural Areas" results package, which led to the development of a new $15.0 million microfinance program to strengthen local institutions.

Increased Capability of Financial and Non-Financial Institutions to Service Microenterprises. The IGP and PRIME Fund grants have also helped microfinance institutions to address critical sustainability issues. In FY 1997, all planned indicators were exceeded for this key result. In the Latin American and Caribbean region, contract personnel conducted assessments of local institutions in Bolivia, Peru, Ecuador, Dominican Republic, El Salvador, and Jamaica. These assessments led to a variety of institutional strengthening recommendations, and in two cases, the assessments helped the local institution prepare a feasibility study for a new banking license.

Expanded Dissemination of Best Practices in USAID-Supported Programs and in the Microenterprise Development Field. USAID's MicroServe and Microenterprise Best Practices programs developed institutional capacity by disseminating lessons learned and providing direct technical assistance and services to microfinance institutions and mission staff. Like all other key results, the planned indicators for this result were significantly exceeded. In one example, the number of best practices conferences and training events exceeded the target by over three times, due to increased level of activity among the Microenterprise Best Practices and the Assessing the Impact of Microenterprise Services and MicroServe contracts. The Economics Institute in Boulder, CO has demonstrated impact in strengthening mission and NGO capacity through anecdotal evidence. COMPARTAMOS is a Mexican village banking program which, in five years, has become the largest village banking program in the world with 37,000 rural clients. Its managers ascribed their vision and strategic planning capacity to their participation in two of the Economics Institute's courses. USAID staff conducted a field assessment of Katalysis in Honduras to monitor program progress and determine compliance with best practices.

Possible Adjustments to Plans: There are no anticipated adjustments to plans at this time.

Other Donor Programs: The Inter-American Development Bank, World Bank, and members of the Microenterprise Coalition.

Principal Contractors, Grantees, or Agencies: LAC implements the activity's components through private non-profit organizations, contractors, U.S. universities and host-country NGOs.

Selected Performance Measures: The central programs of the Global Bureau are available on a competitive worldwide basis. As such, the mix of countries and number of participants from the LAC region vary from year-to-year. Hence, performance measures are tracked in an aggregated form rather than disaggregated by geographic region. The following are illustrative indicators:

All information is for USAID's programs worldwide.

	Baseline (1996)	Target
Expanded Delivery of Financial Services to Microentrepreneurs		
Number of active borrowers	233,711 (1995)	700,000 (2000)
Percent of women borrowers	83%	75% (2000)
Number of savers	576,217	775,000 (1999)
Increased Capability of Financial and Non-Financial Institutions to Service Microenterprises		
Number of operationally sustainable institutions	10	19 (1999)
Portfolio at risk (Delinquent outstanding balance over 30 or 90 days)	10%	10% (2000)
Number of institutions meeting client outreach targets	15	25 (1999)
Expanded Dissemination of Best Practices in USAID-Supported Programs and in the Microenterprise Development Field		
Number of institutional assessments conducted	19	12 (1999)

Number of best practices conferences and training events	4	10 (1999)
Number of missions served through G/EGAD/MD programs	26	30 (1999)