

Central America Regional Program

The Challenge

The challenge facing Central America is to harness the benefits of trade-led economic growth that comes with the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR) and channel the benefits towards sustainable development while minimizing adverse social and environmental impacts of the new trade regime. The inadequacy of harmonized environmental laws and regulations diminish their application. Central America also has to meet the emerging market standards for product quality, compete as a regional supply market, and respond early to natural disasters and economic crises. While arrival of the Global Fund to Fight AIDS, Tuberculosis and Malaria expands opportunities to address the HIV/AIDS crisis, it also presents challenges due to the limited absorptive capacity and coordination issues of the countries.

Objectives, Sectors and Workforce

Mission Director: Mark Silverman

MCA Status: Not a Candidate

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Provided

Program Budget (Appropriations by Objective)	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07	2005 SO Performance Score		Direct SO Admin. Cost Ratio
	(\$000)	(\$000)	(\$000)	(\$000)				
596-005 Regional Trade and Investment	7,310	0	0	0	N/A	0.98	Met	N/A
596-006 Central America Regional Environment Program	6,771	0	0	0	N/A	1.74	Exceeded	N/A
596-009 Increased Diversification of the Rural Economy	1,720	0	0	0	N/A	1.28	Exceeded	N/A
596-022 Economic Freedom	0	11,236	5,376	5,500	N/A	N/A		0.08
596-023 Investing in People	5,950	6,401	6,039	5,700	-4.2%	1.65	Exceeded	0.09
596-024 Meso-American Food Early Warning System	0	0	500	500	N/A	N/A		N/A
Country Total	21,751	17,637	11,915	11,700	-46.2%			

Program Budget (Appropriations by Account)	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Child Survival and Health Programs Fund	4,950	5,901	6,039	5,700	15.2%
Development Assistance	15,801	11,236	5,876	6,000	-62.0%
Global HIV/AIDS Initiative	1,000	500	0	0	N/A
Total	21,751	17,637	11,915	11,700	-46.2%

Program Budget by Sector and Account	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Agriculture and Environment DA	8,491	6,205	3,755	3,595	-57.7%
Economic Growth DA	7,310	5,031	2,121	2,405	-67.1%
HIV / AIDS CSH	4,950	5,406	5,346	5,000	1.0%
GHA1	1,000	500	0	0	N/A
Other Infectious Diseases CSH	0	495	693	700	N/A
Total	21,751	17,637	11,915	11,700	-46.2%

Workforce	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	7	12	13	13	85.7%
US Non Direct Hires	5	5	4	3	-40.0%
Foreign Nationals	20	29	34	25	25.0%
Total	32	46	51	41	28.1%

Operating Expense	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	0	0	0	0	N/A
Travel	0	3	0	0	N/A
Transportation of things	0	0	0	0	N/A
Rent	0	0	0	0	N/A
Security	0	0	0	0	N/A
Equipment	0	0	0	0	N/A
ICASS - Operating Expense only	0	0	0	0	N/A
Other Operating Expense	0	0	0	0	N/A
Total OE Budget	0	3	0	0	N/A
US direct hire salary and benefits	0	0	1,084	1,736	N/A
Program Funded Administrative Expenses				2,886	
Country Total Administrative Budget				4,622	
Percent of Bureau OE Total				0.0%	

Mission Summary	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	3,107	1,470	917	900
Program per All US (\$000)	1,813	1,037	701	731
Program per Position (\$000)	680	383	234	285
Operating Expense as % of Program Funding				0.0%
Program Funded Admin Expense as % of Total Admin				62.4%
Total Admin Expense as % of Program Funding				39.5%

Other Major Donors:

Bilateral: Norway; Sweden; Canada; Spain; Britain; Germany; Switzerland; and HVOs, a Dutch NGO. International organizations such as the International Labor Organization (ILO) and other USG agencies such as the U.S. Department of Labor are taking a regional approach to harmonizing and coordination issues of the countries.

Multilateral: The Inter-American Development Bank (IDB); the Central American Bank for Economic Integration (CABEI); the European Union; the Global Fund, which receives 33% of its funds from the U.S. Government (USG) through the President's Emergency Plan for AIDS Relief (PEPFAR); UNAIDS; UNICEF; KiW (the German Bank for Reconstruction and Development); and the World Bank.

**Central America Regional Program
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Child Survival and Health Programs Fund	4,950	5,901	6,039	5,700
Development Assistance	15,801	11,236	5,876	6,000
Global HIV/AIDS Initiative	1,000	500	0	0
Total Program Funds	21,751	17,637	11,915	11,700

STRATEGIC OBJECTIVE SUMMARY

596-005 Regional Trade and Investment				
DA	7,310	0	0	0
596-006 Central America Regional Environment Program				
DA	6,771	0	0	0
596-009 Increased Diversification of the Rural Economy				
DA	1,720	0	0	0
596-022 Economic Freedom				
DA	0	11,236	5,376	5,500
596-023 Investing in People				
CSH	4,950	5,901	6,039	5,700
GHAI	1,000	500	0	0
596-024 Meso-American Food Early Warning System				
DA	0	0	500	500

Mission Director,
Mark Silverman

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-022
Status:	New in FY 2005
Planned FY 2006 Obligation:	\$5,376,000 DA
Prior Year Unobligated:	\$7,500,000 ESF
Proposed FY 2007 Obligation:	\$5,500,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: The Central America and Mexico Regional Program (E-CAM), administered by USAID in El Salvador, will contribute to open, diversified, and expanding economies throughout the region. Two critical results are being targeted: adoption of laws, policies, and regulations that promote trade and investment; and improved management of critical watersheds and natural resources. Countries are receiving assistance to implement the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR). USAID is assisting countries to develop more consistent rules of origin procedures, customs provisions, and sanitary and phytosanitary standards (SPS) requirements. USAID is providing technical assistance to governmental trade capacity building (TCB) committees, improve trade and market information available to small and medium enterprises and farmers, enforce environmental laws, and strengthen the capacity of labor justice institutions. Improved management of critical watersheds is being achieved by securing the financial sustainability of protected areas contained in critical watersheds and through increased use of private voluntary mechanisms.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,421,000 DA). USAID is establishing reliable funding mechanisms to implement environmental management plans for priority watersheds. At least two governments in the region are expected to dedicate funding for the administration and enforcement of environmental laws and regulations, including funding for protected areas. Through public/private alliances, leveraged government funds and other financial mechanisms, program partners are able to generate 20% of the revenues necessary to manage key transnational protected areas and implement management plans. Policy changes necessary for financial sustainability of critical watersheds and protected areas, including payment for environmental services and other user fees, and local retention of fees and environmental fines for management, should be in place in three countries. Principal contractors and grantees: General Secretariat of the Central American Integration System (SG-SICA), Central American Commission on Environment and Development (CCAD), U.S. Environmental Protection Agency (EPA) and the National Aeronautics and Space Administration (NASA).

Increase Trade and Investment (\$3,955,000 DA; \$7,500,000 ESF Prior Year Unobligated). CAFTA-DR is the driving force for growth in the region. USAID's program is addressing policy and procedural bottlenecks by partnering with regional organizations to assist in the development of customs reforms, environmental legislation, labor laws, and improved SPS standards. USAID is working closely with private and public partners, including U.S. agencies such as the U.S. Department of Agriculture (USDA) and EPA. USAID is continuing to strengthen the government's trade policy implementation, assist with CAFTA-DR implementation, and help countries meet obligations acquired as members of the World Trade Organization and CAFTA-DR. USAID concludes its support for quality coffee marketing and the development of private industry standards to help small farmers access the regional supermarket trade in fruits and vegetables.

Labor activities are improving workplace conditions in the region and contribute to improved compliance with local labor laws. USAID is also seeking international markets for products made from certified timber by communities and increase the amount of certified coffee and bananas exported from the region. Mexico and Panama are also benefiting from greater regional trade integration. Principal contractors and grantees: SG-SICA, CCAD, EPA, USDA, Central American Secretariat for Economic Integration (SIECA), Rainforest Alliance, and other contractors and grantees to be determined through competition.

FY 2007 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$845,000 DA). USAID will improve financial analysis and implement business plans for key protected areas and will increase the long term funding available for these sites. USAID will provide technical assistance to improve data quality for forestry, agriculture and other activities in watersheds and protected areas, to monitor land cover, and to establish an alert system for natural disasters including fire. Same partners as above.

Increase Trade and Investment (\$4,655,000 DA). USAID will continue to strengthen trade policy and work to promote a harmonized legal and institutional framework for secure commercial transitions. USAID will work to develop a regional agreement to recognize contracts that have been notarized in one country as valid in all countries and establish a regional database on loan guarantee programs. Regulations and administrative procedures will be developed so that the countries have the means to enforce the law and address waste water effluents from priority industry sectors, solid waste disposal and air quality. The program will continue to support voluntary compliance mechanisms that encourage the private sector to manage their waste and thus reduce costs. USAID will help develop standards and requirements that facilitate trade in goods. Promotion of regional markets for fair trade and environmentally sustainable certified products will continue. The program will promote business to business partnerships to improve labor conditions and competitiveness. Same partners as above.

Performance and Results: By program completion, the region will have increased intraregional and total trade, and will have improved environmental management. Increased trade will have been achieved through expansion of value-added sectors of the economy, a strengthened capacity for implementing the CAFTA-DR, an enhanced ability of exporters to meet SPS requirements, and increased access to the market for smaller firms and farmers complying with quality standards and certifications. To facilitate the increased trade, the program will have also assisted governments to achieve harmonized commercial laws and regulations with transparent rules for business formalization, operation, and dissolution; a legal and institutional framework for secure commercial transactions; and a strengthened capacity for labor justice compliance. USAID will work to improve environmental management in three priority watersheds, improve administration and enforcement of environmental laws and regulations, and increase the use of clean production technologies.

US Financing in Thousands of Dollars

Central America Regional Program

	DA	ESF
596-022 Economic Freedom		
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2005		
Obligations	11,228	0
Expenditures	62	0
Through September 30, 2005		
Obligations	11,228	0
Expenditures	62	0
Unliquidated	11,166	0
Prior Year Unobligated Funds		
Obligations	0	7,500
Planned Fiscal Year 2006 NOA		
Obligations	5,376	0
Total Planned Fiscal Year 2006		
Obligations	5,376	7,500
Proposed Fiscal Year 2007 NOA		
Obligations	12,500	0
Future Obligations	29,388	0
Est. Total Cost	58,492	7,500

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	596-023
Status:	Continuing
Planned FY 2006 Obligation:	\$6,039,000 CSH
Prior Year Unobligated:	\$1,399,000 CSH
Proposed FY 2007 Obligation:	\$5,700,000 CSH
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2008

Summary: The regional HIV/AIDS program helps contain HIV/AIDS through targeted behavior change programs for high-risk groups and an improved HIV/AIDS policy environment. The program features a multisectoral approach with public, private, traditional, nontraditional partners, faith-based, and secular partners under the framework of participatory national strategic planning processes. The program emphasizes the participation and strengthening of local organizations to respond to this threat to future sustainable development of Central America, particularly in the strategic use of information for advocacy, policy-making, and monitoring and evaluation of program efforts. USAID's support seeks to reduce the stigma and discrimination around HIV that impedes the delivery and use of effective prevention practices. This program supports the President's Emergency Plan for AIDS Relief and the Agency's goal of protecting human health.

Inputs, Outputs, Activities:

FY 2006 Program:

Prevent and Control Infectious Diseases of Major Importance (\$693,000 CSH). USAID is promoting the integration and improvement of the TB and HIV/AIDS surveillance systems, including reviewing and revising the case reporting and referral systems, the information flows for consistency and accuracy of reporting, improved laboratory diagnostics, special studies of co-infection, and multi-drug resistance. The program is also building the capacity of clinics on the co-infection of HIV and TB at all levels of the health care system, including improved pre-service and in-service training, updating of training modules, and dissemination of state of the art treatment technology. The program is paying special attention to supporting Global Fund to Fight AIDS, Tuberculosis and Malaria projects in the region. Partners are the Global Health Tuberculosis Control Assistance Program and Centers for Disease Control/Global AIDS Control Program (CDC/GAP).

Reduce Transmission and Impact of HIV/AIDS (\$1,399,000 Prior CSH Year funds, \$5,346,000 CSH). USAID's prevention program is focusing heavily on targeted interpersonal behavior change for "most at-risk populations" in concentrated epidemics. These populations include often "hidden" high-risk populations including prostitutes, men who have sex with men, and people living with HIV/AIDS. The program emphasizes smaller groups with more intensive and face-to-face interpersonal contacts. An additional 330,000 contacts are being targeted for 2006. The new behavior change program promotes more coordinated and improved access to services for voluntary counseling and testing and sexually transmitted infections services. These behavior change activities are being complemented by a distribution program that makes condoms available in outlets where high-risk behaviors take place. This component is also integrating USAID supported policy reform, human rights, and stigma reduction activities, thereby reducing the conditions of vulnerability that affect the ability of the target population to make decisions freely with regard to safer sexual practices. Partners to be determined through a competitive process.

USAID will pursue positive policy changes through the provision of technical and financial support for the development and implementation of the National AIDS Strategic Plans (NPSs). Emphasis is on the development and implementation of monitoring and evaluation strategies. The regional HIV/AIDS program is assisting Global Fund projects in scaling up and monitoring their efforts within the context of the NSPs. The program addresses the rights of people living with HIV/AIDS through technical assistance to improve their networking capabilities within the multisector strategic alliances. Additionally, the program is supporting campaigns to increase the general public's tolerance towards people living with HIV/AIDS. Faith-based and human rights groups, as well as other related sectors, are involved in advocating for the improvement and implementation of AIDS related policies. The specific policy actions that are being achieved in 2006 include: the official release and dissemination of the National AIDS Policy in Guatemala; a declaration on HIV/AIDS by the Central American Presidents at the Central American AIDS Congress; further modifications to the labor code and a National HIV/AIDS Policy in El Salvador; the completion of the National AIDS Strategic Plans and associated Monitoring and Evaluation Plan in Nicaragua; and completion of the National HIV/AIDS Monitoring and Evaluation Plan in Panama. Principal grantees are: Academy for Educational Development and Futures Group.

The program is assisting National AIDS Programs in Central America to disseminate National HIV/AIDS Surveillance Plans among key stakeholders, decision makers and policy makers to ensure support and leveraging of resources and to establish reporting frameworks for communication and dissemination of key HIV/AIDS surveillance data. The program also promotes inter-agency and cross-country collaboration to develop country monitoring and evaluation plans under a regional strategic framework. Among others, the program is providing technical assistance to relevant Ministries of Health, Global Fund-El Salvador, the University del Valle/Guatemala (in the development and implementation of a surveillance survey of male prisoners), the World Bank Regional HIV/AIDS Grant Project (for the establishment of the regional HIV/AIDS reference laboratory at the Gorgas Institute of Panama), and the Walter Reed Army Institute of Research (in the development and implementation of national Behavioral Science Surveys in Panama for high-risk groups), and Kunas as a follow-up to the Multi-Site Study. Principal partner: CDC/GAP.

FY 2007 Program:

Reduce Transmission and Impact of HIV/AIDS (\$5,700,000 CSH). The program will target behavior-change interventions with high prevalence groups complemented by a distribution program for making condoms available in outlets where high risk behaviors take place. The annual target for number of contacts with high risk populations is estimated in the 300,000 range, to be refined once the implementers are in place. The policy component will be transitioning into a new implementing mechanism. Specific policy initiatives to be undertaken will be defined. Partners for the behavior change, condom distribution and policy change activities in FY 2007 are to be determined.

Program activities will include a heavy focus on information from the previous behavior science surveys, which will follow up on the 2001-2002 multisite surveys. Results will be presented and used for monitoring and evaluating impact within the context of the National AIDS Strategic Plans, leveraging policy support and resources, and for guiding future strategies. Further training for HIV/AIDS epidemiologists may also be pursued in 2007. The program plans to continue strengthening human resources at all levels to efficiently and effectively manage the scaling up of care and treatment programs and to strengthen the continuum between care and prevention through a Global Health Bureau field support mechanism. However, a final decision will be made after the Program Review with the Extended Team scheduled for FY 2006. Principal grantee/contractor is the CDC/GAP.

Performance and Results: Important achievements in 2005 include an improved HIV/AIDS policy environment with 14 new positive policy changes in 4 countries. The program maintained high coverage of behavior change communication activities with various hard-to-reach, high-risk groups (18,070 activities with 378,301 individual contacts in FY 2005 as opposed to 14,853 and

396,864 respectively in FY 2004). In future years, the program will intensify behavior change communication activities throughout the region to allow higher quality interventions and significant coverage of high risk groups. The program will mount an effective campaign for the reduction of stigma and discrimination. In the policy area, the program will achieve more positive policy instruments and increased scores in specific components of the AIDS Program Effort Index (Political Support, Legal-Regulatory Framework, Policy Formulation, Monitoring and Evaluation, and Human Rights). Trained professionals will increasingly use accurate and relevant surveillance information for decision making and monitoring and evaluation of national programs. Successful completion of the program will result in reduced incidence of HIV among high risk groups.

US Financing in Thousands of Dollars

Central America Regional Program

596-023 Investing in People	CSH	GHAI
Through September 30, 2004		
Obligations	5,714	1,000
Expenditures	61	0
Unliquidated	5,653	1,000
Fiscal Year 2005		
Obligations	4,498	500
Expenditures	4,465	421
Through September 30, 2005		
Obligations	10,212	1,500
Expenditures	4,526	421
Unliquidated	5,686	1,079
Prior Year Unobligated Funds		
Obligations	1,399	0
Planned Fiscal Year 2006 NOA		
Obligations	6,039	0
Total Planned Fiscal Year 2006		
Obligations	7,438	0
Proposed Fiscal Year 2007 NOA		
Obligations	5,700	0
Future Obligations	16,150	0
Est. Total Cost	39,500	1,500

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Meso-American Food Early Warning System
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	596-024
Status:	New in FY 2005
Planned FY 2006 Obligation:	\$500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$500,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: USAID's regional assistance program is supporting activities to monitor and assess Central America's food availability and vulnerability to food insecurity as a result of natural disasters, droughts, and other hazards such as lower incomes resulting from a collapse in coffee prices. In support of this objective, USAID continues to finance the Meso-American Famine Early Warning System (MFEWS) to build local and regional capacity for early warning, food security assessment, and food and non-food emergency responses, and to provide early information to decision makers and the general public regarding potentially significant crop loss, other food shortfalls and negative socioeconomic conditions.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Emergency Preparedness and Disaster Mitigation (\$500,000 DA). A follow-on MFEWS contract was awarded in September 2005 for early warning systems worldwide. The MFEWS regional office in El Salvador is monitoring food security and livelihood crises in Guatemala, Honduras and Nicaragua. It is building local and regional institution capacity to establish mapping zones and profiles, based on household livelihood and food security, in order to project the impact of weather events and negative socioeconomic conditions. Field personnel are monitoring natural disasters, food policies and price increases, conflicts, and border or port closures, to determine threats to food security. When hazards occur, MFEWS' partner institutions are assessing impacts on household food availability and market systems and dissemination of early warnings. Principal contractor: Chemonics International, Inc.

FY 2007 Program:

Improve Emergency Preparedness and Disaster Mitigation (\$500,000 DA). USAID will continue its disaster and livelihood monitoring activities to reduce or prevent food insecurity. MFEWS will also develop and implement monitoring and assessment activities to ensure progress towards local and regional institutional management of early warning systems. MFEWS will also train these partners to monitor and assess the performance of food markets aimed at ensuring consumer access to food in normal or crisis period. Same partner as above.

Performance and Results: Under the recently completed contract, MFEWS developed the first livelihood profiles that were used to interpret early warning information, build a rapid emergency response and formulate forward looking development strategies in specific countries. Over the course of this activity, USAID support will focus more on building and sustaining the ability of local and regional institutions to monitor, assess, and respond to food insecurity crises.

US Financing in Thousands of Dollars

Central America Regional Program

596-024 Meso-American Food Early Warning System	DA
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2006 NOA	
Obligations	500
Total Planned Fiscal Year 2006	
Obligations	500
Proposed Fiscal Year 2007 NOA	
Obligations	500
Future Obligations	2,000
Est. Total Cost	3,000