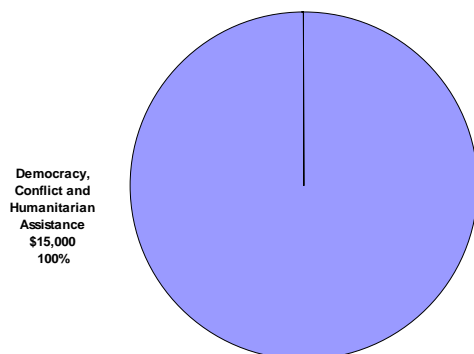
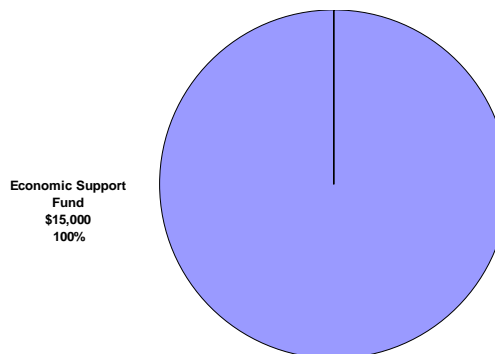


Cuba

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Civil Society Developed	516-001	12,319	8,928	15,000
Total (in thousands of dollars)		12,319	8,928	15,000

*Excludes \$9,050,000 ESF transfer in FY 2004

Mission Director: David Mutchler

Cuba

The Development Challenge: Human rights conditions remained poor in 2004, in the wake of the Government of Cuba's (GOC) jailing of 75 human rights activists and independent journalists in 2003. Even though 14 of the 75 prisoners were released for health reasons, the poor treatment and humiliating conditions of the imprisoned journalists, and the harassment of their families, has been clearly documented.

Cuba continues to be received among the lowest ratings for both political rights and civil liberties. The country was once again rated among "The Worst of the Worst, The World's Most Repressive Societies 2004", in a special report from Freedom House. Cuba was also ranked by Freedom House as one of the five worst countries in terms of restrictions and obstacles to the free flow of information. There has also been no change in its poor status of respect for religious freedom during this period.

The report and recommendations from the President's Commission for Assistance to a Free Cuba were released in May 2004. The United States acted on the Commission's recommendations by tightening the embargo with Cuba in an attempt to further undermine the survival strategies of the Castro regime and to hasten the end of the dictatorship. The measures included capping remittances sent to the island by Cubans in the United States, as well as further restricting travel to the island. In response to these measures, the Cuban central bank announced that dollars would no longer be accepted in shops and businesses, and that tourists and Cubans exchanging dollars will have to pay a 10% commission.

Cuba's economy is expected to grow by about 3% this year, up from 2.3% last year and less than 2% the year before. Cuba's 2003-2004 sugar harvest was 2.5 million metric tons, down from the 2002-2003 harvest of 3.6 million metric tons. The 2004-2005 harvest is expected to be even worse, due to continuing drought conditions. A decade ago, it was common to harvest 6 to 7 million metric tons annually. As Cuba's sugar industry continues to undergo major restructuring, it has been replaced by tourism as the island's chief source of foreign income. Most recently, China has committed to partnerships that will ease travel to Cuba, with planned direct flights as well as investments in new hotels and resorts.

Foreign investments in Cuba dropped 15% in 2004, as a result of the GOC allowing fewer new ventures with foreign companies. This is in contrast to the early 1990's when the Cuban government was more open in order to offset the nearly \$5 billion annual loss in aid as a result of the collapse of the Soviet Union. A recent example of greater state control over the economy is limiting the number of licenses for self-employed contractors. Another example is the GOC's decision to no longer accept official transactions in U.S. dollars, so they can no longer be spent on goods and services. In addition, U.S. dollars must first be exchanged for pesos which have no value outside Cuba.

Considerable economic growth is expected in some areas, due to renewed relationships with some European countries and new investments from others. China recently made commitments of \$500 million for a new nickel plant, new investments in education, health, and even new agreements for Cuban production of televisions, coffee, and fruit to export to China. Partnerships have also been formed with Spanish and Canadian oil companies to drill off the coast of Cuba. A Canadian firm has expressed interest in significantly increasing nickel and cobalt projects on the island.

In 2004 there were a number of lengthy power outages due to Cuba's antiquated and problem-plagued electrical grid. Factories were temporarily closed, work and school days were cut short, and street lights were dimmed or turned off to conserve electricity. Castro could only pledge to significantly boost the island's electrical output.

The USAID Program: In support of a peaceful transition to democracy in Cuba, the USAID

program will focus on developing civil society through information dissemination. In FY 1996, USAID awarded its first grant aimed at promoting a democratic transition in Cuba. The Cuban Democracy Act of 1992 authorizes the U.S. Government to provide assistance "...through appropriate nongovernmental organizations (NGOs), for the support of individuals and organizations to promote nonviolent democratic change in Cuba." The Cuban Liberty and Solidarity (LIBERTAD) Act of 1996 is aimed at individuals and independent NGOs and further elaborates the types of assistance and support the President Bush is authorized to provide. This would include: published and informational matter (e.g. books, videos, and cassettes) on democracy, human rights and market economies; humanitarian assistance to victims of political repression and their families; support for democratic and human rights groups in Cuba; and support for visits by and permanent deployment of independent international human rights monitors in Cuba. The Act also authorizes the planning of assistance to a future transition government in Cuba.

USAID requests FY 2006 funds under the objective, "Civil Society Developed through Information Dissemination." The program provides grant support to accredited public and private U.S. colleges and universities and NGOs to achieve this objective. The program has been successful in encouraging grantees to undertake humanitarian, information-sharing, and civil society-building activities in Cuba with private funds, subject to applicable U.S. Treasury and Commerce Department regulations. Over the past nine years, USAID has provided approximately \$34 million to about 28 U.S. universities and NGOs for this purpose.

FY 2006 funds will support seventeen current grants, in addition to new grants awarded through a competitive procurement process. These grants will help develop an independent civil society in Cuba through information dissemination.

Other Program Elements: The USAID/Cuba program participated on all five working groups of the President's Commission for Assistance to a Free Cuba, and contributed to the final report released in May 2004. The report outlines additional measures to help bring an end to Cuba's dictatorship and lays out a plan for effective and decisive U.S. assistance. The recommendations focus on actions available to the U.S. Government and allow it to establish a strong foundation on which to build international support.

Other Donors: During the last three years, Spain and Canada have been the two leading bilateral donors in Cuba, although other donors are building up their programs (e.g. Germany, Italy, Japan and France). Canada's programs focus on modernization of the state, civil society and participatory development, social sector development, and forestry management. Spain's assistance focuses on water and sanitation, humanitarian assistance, education, and agricultural production. A number of United Nations (UN) development organizations have active programs in Cuba. The UN Development Program concentrates aid in the social and environmental sectors, as well as assisting Cuba to implement economic reforms. The World Food Program has a development food aid program for the eastern provinces of Cuba. UNICEF has been expanding access to safe drinking water and basic sanitation in rural communities. Other UN organizations operating in Cuba include the Pan American Health Organization and the Food and Agriculture Organization.

Cuba
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Economic Support Fund	6,000	21,369	8,928	15,000
Total Program Funds	6,000	21,369	8,928	15,000

STRATEGIC OBJECTIVE SUMMARY

516-001 Civil Society Developed				
ESF	5,668	12,319	8,928	15,000
TRANSFER				
ESF	332	9,050	0	0

Senior Advisor on Cuba,
David Mutchler

Data Sheet

USAID Mission:	Cuba
Program Title:	Civil Society Developed
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	516-001
Status:	Continuing
Planned FY 2005 Obligation:	\$8,928,000 ESF
Prior Year Unobligated:	\$4,453,000 ESF
Proposed FY 2006 Obligation:	\$15,000,000 ESF
Year of Initial Obligation:	1996
Estimated Year of Final Obligation:	2008

Summary: Beginning in FY 1996 with a grant to Freedom House, the USAID Cuba Program has provided funding to 28 U.S. colleges and universities and nongovernmental organizations (NGOs) to increase the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. In spite of Cuban government opposition and interference, the program is achieving its objective and contributing to the development of an independent Cuban civil society.

USAID grantees are strengthening civil society by building solidarity with Cuba's human rights activists, giving voice to Cuba's independent journalists, providing direct outreach to the Cuban people, and distributing humanitarian assistance to the families of political prisoners and other victims of repression. They have protected human rights and equal access to justice by helping to develop independent Cuban NGOs and defending the rights of Cuban workers.

Inputs, Outputs, Activities:

FY 2005 Program: Strengthen Civil Society (\$7,000,000 ESF). FY 2005 program funds will build solidarity with Cuba's human rights activists by continuing to provide support to give voice to Cuba's independent journalists by supporting Cubanet's web page with reports from these journalists, to reach out to the Cuban people by directly transmitting accurate information on democracy, human rights and free enterprise via newsletters, faxes and e-mails to Cuban citizens. The program will also provide transition planning by working with U.S. universities, U.S. and U.S.-based Cuban NGOs, and independent Cuban individuals, to develop specific plans for a future transition to a new government, and to train prospective Cuban leaders in the functioning of free market economies.

Protect Human Rights and Equal Access to Justice (\$2,000,000 ESF) FY2005 program funds will foster independent Cuban NGOs by facilitating exchange visits between Cuba, the United States and other nations. The program will also defend the rights of Cuban workers by establishing contacts with Cuban rank and file workers bringing pressure to bear on the Cuban government to respect workers' rights.

FY 2006 Program: Strengthen Civil Society (\$11,500,000 ESF). FY 2006 program funds will continue building solidarity with Cuba's human rights activists by continuing to support distribution of reports by Cuba's independent journalists and transmitting accurate information on democracy, human rights and free enterprise. The program will also continue working with U.S. universities, U.S. and Cuban NGOs, and independent Cuban individuals, and to further develop transition plans. In addition, the program will continue to train prospective Cuban leaders in the functioning of free market economies.

Protect Human Rights and Equal Access to Justice (\$3,500,000 ESF). FY 2006 program funds will continue to support exchange visits of Cuban NGOs between Cuba, the United States and third countries. The program will further defend the rights of Cuban by supporting workers who bring pressure to bear on the Cuban government to respect workers' rights.

Performance and Results: In FY 2004, USAID provided tens of thousands of pounds of food and medicine to political prisoners, their families, and other victims of repression; information sharing and other assistance to Cuba's human rights activists; and support for visits to Cuba by international human

rights monitors. Cuba On-Line sent nearly 600,000 copies of its newsletter, and reports by independent journalists, directly to the Cuban people. The USAID program also supported the training of Cuban NGO leaders in the management and delivery of social services. Hundreds of thousands of books, pamphlets and magazines on democracy, human rights, and free enterprise were procured and shipped to support Cuba's growing independent library network. The program also continued to denounce violations of workers' rights by the Cuban Government, and funded activities to strengthen independent labor organizations on the island. To support the plan for transition, the University of Miami continued to expand on-line databases, published transition studies, and sponsored seminars.

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

US Financing in Thousands of Dollars

Cuba

516-001 Civil Society Developed	ESF
Through September 30, 2003	
Obligations	25,623
Expenditures	19,712
Unliquidated	5,911
Fiscal Year 2004	
Obligations	8,219
Expenditures	1,772
Through September 30, 2004	
Obligations	33,842
Expenditures	21,484
Unliquidated	12,358
Prior Year Unobligated Funds	
Obligations	4,453
Planned Fiscal Year 2005 NOA	
Obligations	8,928
Total Planned Fiscal Year 2005	
Obligations	13,381
Proposed Fiscal Year 2006 NOA	
Obligations	15,000
Future Obligations	17,777
Est. Total Cost	80,000