

## Brazil

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

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

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

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

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

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

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

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

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

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

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

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

## Data Sheet

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

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

### Inputs, Outputs, Activities:

#### FY 2004 Program:

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

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

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

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

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

**FY 2005 Program:**

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

Strengthen NGO capacity and performance in providing services to high-risk populations and youth (\$4,000,000 CSH). Targeting high-risk groups, USAID-funded NGOs will continue activities including peer education and training of staff members and volunteers that emphasize the promotion of safer sex practices; partner reduction; peer information; education and communication outreach; voluntary counseling and testing services; STI treatment and services; HIV/AIDS/TB co-infection treatment; and referrals to public social services and primary care providers. Appropriate prevention messages will be provided to targeted young adults. Implementer will be the same as in FY 2004.

Improve epidemiological surveillance and research (\$300,000 CSH). USAID will emphasize program and indicator reporting by supporting the implementation of HIV sentinel surveillance sites to be selected in consultation with the Ministry of Health. Operations research may include the development of protocols to answer questions critical for successful program implementation, such as different prevention interventions and their cost-effectiveness, and the appropriateness of prevention and care strategies. Implementer will be the same as in FY 2004.

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

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

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

## Data Sheet

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

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

### Inputs, Outputs, Activities:

#### FY 2004 Program:

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

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

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

#### FY 2005 Program:

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

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

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

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

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

## Data Sheet

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

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

### Inputs, Outputs, Activities:

#### FY 2004 Program:

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

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

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

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

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

**FY 2005 Program:**

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

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

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

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

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



## Data Sheet

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

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

### Inputs, Outputs, Activities:

#### FY 2004 Program:

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

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

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

#### FY 2005 Program:

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

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

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

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

## Data Sheet

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

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

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

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

### **Inputs, Outputs, Activities:**

#### **FY 2004 Program:**

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

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

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

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

**FY 2005 Program:**

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

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

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

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

## Brazil PROGRAM SUMMARY

(in thousands of dollars)

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

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

Mission Director,  
Richard Goughnor