

Nicaragua

The Development Challenge: Nicaragua has hovered for decades in the ranks of the less developed countries of the world. Despite its rich natural and human resource potential, and substantial donor support, economic growth has failed to take off and the country remains among the poorest in the Western Hemisphere. The per capita gross domestic product (GDP) and income levels are lower than those of the 1960s, and real economic growth declined from 7.4% in 1999 to 1% in 2002. Nicaragua's external and internal debt of \$6.5 billion and \$1.5 billion respectively, is greater than its 2002 GDP, and serves as an economic straightjacket that inhibits future growth. Around three-quarters of the population live on less than \$2 a day; unemployment and underemployment are close to 50%; and income inequality is very pronounced. Access to capital decreased sharply with the collapse of the national banking sector in 2001, and foreign direct investment has been declining.

Juxtaposed on this economic landscape are a justice and institutional system in disarray. While the country has seen three technically satisfactory presidential elections since 1990, it suffers from extremely weak institutions that continue to be manipulated by political bosses for personal gain and power. Observance of the rule of law is fragmented, and the current administration's fight against corruption will only be sustained if ingrained in the national consciousness. The justice system, in general, is inefficient and politicized, and dramatic reforms are needed to establish the legal and institutional framework that promotes transparency, rule of law, and business and investor confidence.

Though significant improvements in health and education were made over the past decade, problems remain. On average, Nicaraguans complete fewer than five years of schooling, and nearly 500,000 children remain outside the formal education system. Population growth is estimated at 2.4%, one of the highest in the region. There are serious inequities in health care access for the poorest 40% of the population, and chronic malnutrition levels remain high for Nicaraguans in the lowest income groups. Compounding these development problems are the frequent natural disasters from which Nicaragua has weak capacity to recover.

Some signs of progress have appeared. In 2003, the economy is expected to make some gains, with GDP growth rate anticipated at 2.3%. The U.S.-Central American Free Trade Agreement (CAFTA), which was recently signed and is waiting for ratification, could bring the investments and jobs that the country urgently needs, and serve as an impetus for economic growth and improved social conditions. Nicaragua is poised to reach its Heavily Indebted Poor Country (HIPC) completion point by January 2004. As a result, Nicaragua will see a significant amount of its external debt forgiven, which will free up resources for critical economic growth and poverty reduction programs.

Nicaragua is slowly moving along the right path, consistent with the development precepts outlined in the Millennium Challenge Account (MCA) of just and democratic governance, economic freedom and investing in people. Despite political pressures, the current administration has imposed discipline and demonstrated that fiscal and monetary stability can be achieved. Inflation has been kept at bay, and the internal debt is being addressed. The current government's fight against corruption and advances in health and education, if sustained, can help pave the way for achieving long-term development goals.

Increased stability in Nicaragua's democratic institutions and growth in its impoverished economy are at the heart of U.S. interests to maintain Nicaragua among those nations aspiring to contribute to a more secure, democratic, and prosperous world. Promoting economic growth through integration into regional and global markets is a top U.S. foreign policy priority, since Nicaragua's poverty and high unemployment can threaten the long-term sustainability of democracy and rule of law. The USAID assistance program for Nicaragua is a vital element in achieving these U.S. foreign policy objectives and is central to the USAID-State Department Strategic Plan goals related to democracy, economic prosperity and security, and social and environmental issues.

The USAID Program: The accompanying Data Sheets cover the three new strategic objectives (SOs) of "Ruling Justly: More Responsive, Transparent Governance," "Economic Freedom: Open, Diversified,

Expanding Economies,” and “Investing in People: Healthier, Better Educated People,” for which USAID is requesting FY 2004 and FY 2005 funds. These three objectives are part of the recently approved Central America and Mexico Regional Strategy. Activities for the Ruling Justly SO include promoting justice sector reform and implementing an aggressive anti-corruption program, in coordination with other U.S. government agencies. Under the Economic Freedom SO, USAID will work with the Nicaraguan government and private sector to improve their capacity to implement CAFTA and other free trade agreements by enhancing competitiveness and creating linkages to regional and world markets to promote rural diversification and economic expansion. Activities under the Investing in People SO include: improving government capacities to plan and manage health and education investments; increasing access to quality education at the primary level; and working with the Ministry of Health, private health service suppliers, and non-governmental organizations to improve health status at the household and community levels, including HIV/AIDS prevention. USAID is also continuing activities under three strategic objectives that will be closed out at the end of FY 2004, although no new funding is requested for those activities.

Other Program Elements: In addition to its bilateral program, USAID funds activities in Nicaragua managed regionally by the Bureau for Latin America and the Caribbean, including programs to strengthen regional mechanisms that promote human rights, fortify government accountability, and promote decentralization and local governance. The Bureau for Global Health implements child survival programs and provides loans for private sector family health clinics. The Central America Regional Program carries out activities in Nicaragua in trade capacity-building, rural diversification, green markets, protected area management, specialty coffee development, energy sector reforms, natural resources management, and HIV/AIDS prevention. Nicaragua also benefits from President Bush’s Center of Excellence for Teacher Training (CETT) Initiative, which is designed to improve teacher training and address high rates of school underachievement and illiteracy in disadvantaged areas.

Other Donors: The Government of Nicaragua continues to strengthen donor coordination through the recently established sector coordination roundtables. USAID leads the economic growth roundtable. This new system promises to be an improved forum to prioritize development needs jointly and harmonize donor activities. The Nicaraguan Ministry of Foreign Relations reports that donor assistance in grants and loans totaled \$3 billion during 1997-2002. Based on the annual average assistance level during this period, the top six bilateral donors are: Japan (education and training including school construction, health, and agricultural production), United States, Republic of China (agriculture, small- and medium-sized enterprise lending, housing, and trade promotion); Sweden (transport and communications, governance, education, and health); Germany (water supply and wastewater management, governance, and decentralization); and Denmark (productive sector programs including infrastructure, decentralization and public administration, and environment). Of the multilaterals, the major donors are the Inter-American Development Bank (IDB) (competitiveness and economic growth, governance, and social sector adjustment including social safety nets), the World Bank (support for implementation of Nicaragua’s Poverty Reduction Strategy Paper, or PRSP, including institution building and modernization of the state, land tenure, agriculture, education, and health), the European Union (rural development, agricultural policy reform, governance and citizen security, and education), and the World Food Program (food security). An IDB report indicates that donors, in general, provide broad support for the pillars of the PRSP by focusing approximately 41% of their assistance in economic growth and reform programs; 38% for human capital formation and support for vulnerable groups; 7% for governance; and 14% for the cross-cutting themes of environment, social equity, and decentralization.

Nicaragua PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	8,470	9,830	7,805	6,913
Development Assistance	16,602	23,460	27,206	25,311
Development Credit Authority	158	0	0	0
Economic Support Fund	2,800	0	0	2,500
PL 480 Title II	15,136	16,200	5,662	11,013
Total Program Funds	43,166	49,490	40,673	45,737

STRATEGIC OBJECTIVE SUMMARY

524-001 Strengthening Democracy				
DA	4,022	500	0	0
ESF	2,300	0	0	0
524-002 Sustainable Economic Growth				
DA	9,930	3,900	0	0
DCA	158	0	0	0
ESF	500	0	0	0
PL 480	5,450	9,200	0	0
524-003 Improved Health and Education				
CSH	8,470	1,750	0	0
DA	2,650	2,583	0	0
PL 480	9,686	7,000	0	0
524-021 Ruling Justly				
DA	0	5,580	6,750	5,283
ESF	0	0	0	2,500
524-022 Economic Freedom				
DA	0	6,742	15,156	17,018
PL 480	0	0	5,662	6,260
524-023 Investing in People				
CSH	0	8,080	7,805	6,913
DA	0	3,617	5,300	3,010
PL 480	0	0	0	4,753
TRANSFER				
DA	0	538	0	0

Mission Director,
James Vermillion

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Ruling Justly
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	524-021
Proposed FY 2004 Obligation:	\$6,750,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$5,283,000 DA; \$2,500,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: This strategic objective helps build the foundations for more responsive, transparent governance by strengthening the rule of law and increasing government accountability. The overall program supports the consolidation of democracy by promoting transparent, accountable and professional government institutions and greater citizen participation. The democracy strengthening program features technical assistance and training for a more transparent, independent, and effective justice system that is fully accessible to Nicaraguan citizens. The inter-agency anti-corruption pilot program capitalizes on the political will of the current administration to assist Nicaraguans in deepening anti-corruption reforms, both to foster good governance and increase economic growth.

Inputs, Outputs, Activities:

FY 2004 Program:

Justice system reforms (\$3,712,000 DA). USAID-funded technical assistance and training will help consolidate past gains in the creation of a modern criminal and civil justice system and strengthen implementation of justice reforms. Assuming no negative downturn in political will for reform, USAID will fund technical assistance and training for judges, prosecutors, public defenders, and other officials, which will help Nicaragua successfully implement the critically important Criminal Procedures Code and the Criminal Code, which is expected to pass in FY 2004. (The Criminal Procedures Code was developed with technical assistance from USAID and went into effect in December 2002). If an acceptable judicial career law is enacted, USAID will fund training and technical assistance for the adoption and implementation of a merit-based system for selection, promotion, and discipline of judges and other judicial personnel. In addition, USAID-funded training for non-governmental organizations (NGOs) will increase the capacity of civil society to play stronger roles in public dialogue, advocacy for judicial reform, monitoring of government activities, protecting human rights, and educating the public on topics related to the legal reform process. Principal contractors through FY 2004 are Florida International University and Checchi and Co. For the remainder of the strategy period, principal contractors, grantees, or agencies will be selected through a competitive process.

Transparency and accountability (\$3,038,000 DA). USAID will advance legal reforms that are key to government accountability and transparency, as well as business confidence and investment. Assuming continued political will for the fight against corruption, USAID will continue its assistance to entities that are taking lead roles in anti-corruption cases. As part of the U.S. government inter-agency anti-corruption pilot activity, USAID will continue to focus on core activities including prosecutor training to improve prosecution of corruption cases and technical assistance to develop and strengthen social auditing mechanisms to improve government oversight. USAID also plans to fund technical assistance to advance drafting and passage of an alternative dispute resolution law aimed at providing an accessible, effective, and transparent mechanism that meets international standards for resolving commercial disputes. In addition, USAID-funded training and technical assistance for selected NGOs will increase civil society participation in government decision making, oversight, and analysis of political institutions, and enhance advocacy for citizen rights. Civil society will be mobilized to promote and implement justice and transparency reforms through mechanisms that facilitate access to information, and journalists will receive

training to improve investigative techniques for corruption cases. Through continued consensus and coalition building, this activity will build government and civil society capacity, forge alliances, facilitate institutional strengthening, and support citizen participation in the fight against corruption. Principal contractors through FY 2004 are Florida International University and Checchi and Co. For the remainder of the strategy period, principal contractors, grantees, or agencies will be selected through a competitive process.

FY 2005 Program:

Justice system reforms (\$3,212,000 DA). Assuming continued cooperation from leaders of the judicial system, USAID plans to provide assistance aimed at increasing the independence and efficiency of the judiciary. USAID will continue training and technical assistance activities that advance implementation of the Criminal Procedures Code and the Criminal Code. Technical assistance will be provided to consolidate the public prosecution and defense functions, and to strengthen civil society involvement and support for legal reforms. USAID plans to promote policy dialogue to advance key elements of the legal framework needed to extend and consolidate the rule of law. Implementers will be selected in FY 2004.

Transparency and accountability (\$2,071,000 DA). USAID plans to provide technical assistance and training to NGOs in areas related to transparency, monitoring of government activities, human rights protection, advocacy, and public awareness. USAID will work with public and private institutions on aspects of ethics, accountability, and transparent procurement. Ongoing technical assistance and training for judges, prosecutors, public defenders, and other officials will strengthen prosecution of corruption cases, provided that progress continues in promoting judicial independence. Implementers will be selected in FY 2004.

Free and fair national elections (\$2,500,000 ESF). With national elections scheduled for 2006, USAID plans to provide limited support for election-related activities by continuing successful efforts in organizing Nicaraguan NGOs to perform domestic electoral observation, voter education, and related activities, contingent on availability of ESF resources. Support for international election observers may also be considered. USAID also anticipates allocating resources for discussion of issues related to the 2006 elections. Principal contractors, grantees, or agencies will be selected through a competitive process.

Performance and Results: This is a new strategic objective that began in late FY 2003 under the Central America and Mexico Regional Strategy. Activities in support of this objective are expected to result in the full implementation of the Criminal Procedures Code and other legal reforms in FY 2004 and FY 2005, including the Criminal Code. Local-level courts will be technically prepared for the full implementation of the Criminal Procedures Code, with all pertinent personnel, including judges, prosecutors, and public defenders, effectively trained. The public defender system will be expanded to help guarantee due process to Nicaraguan citizens regardless of their ability to pay. Passage and implementation of key legislation will enhance government accountability, transparency, efficiency, and effectiveness.

By program completion, USAID expects that Nicaragua will have progressed in establishing the strong democratic institutions and practices that are essential to achieving a full, functioning democracy and attracting domestic and foreign investment. Access to justice will have expanded through more capable justice institutions, as well as through the availability of alternative dispute resolution mechanisms. Accountability of government and private institutions will have improved through better internal standards and increased citizen monitoring to prevent corrupt acts; and the government will have an enhanced capacity to identify and prosecute these acts when they occur.

US Financing in Thousands of Dollars

Nicaragua

	DA	ESF
524-021 Ruling Justly		
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	5,580	0
Expenditures	860	0
Through September 30, 2003		
Obligations	5,580	0
Expenditures	860	0
Unliquidated	4,720	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	6,750	0
Total Planned Fiscal Year 2004		
Obligations	6,750	0
Proposed Fiscal Year 2005 NOA		
Obligations	5,283	2,500
Future Obligations	20,420	0
Est. Total Cost	38,033	2,500

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	524-022
Proposed FY 2004 Obligation:	\$15,156,000 DA; \$5,662,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$17,018,000 DA; \$6,260,000 PL 480
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's trade-led economic growth and rural diversification program contributes to increasing trade in diversified Nicaraguan products in local, regional, and international markets. The program fosters free trade and job creation by assisting the Government of Nicaragua in trade capacity building and economic policy reform activities, especially within the context of the U.S.-Central American Free Trade Agreement (CAFTA) and other free trade agreements. To facilitate trade, USAID will address policy and regulatory constraints to investment, trade, competitiveness, and market access. The program will work with market-oriented enterprises, mostly small- and medium-scale, to improve their competitiveness and increase sales and incomes. The P.L. 480 activities are aimed at improving food security and diversifying agricultural production. Activities will help food-insecure families diversify agricultural production and conserve soil and water resources, as well as link farmers to markets.

Inputs, Outputs, Activities:

FY 2004 Program:

Laws, policies, and regulations that promote trade and investment (\$3,756,000 DA). Technical assistance activities that will help increase the Government of Nicaragua's capacity to negotiate and implement free trade agreements are the focus of this program. Working closely with public and private sector agencies to address structural, policy, and regulatory constraints to national competitiveness, USAID will fund assistance designed to identify and remove barriers to trade and investment. USAID will also ensure that trade and investment policies are supported by sound natural resource management laws, policies, and programs. USAID will fund technical assistance to help the Government of Nicaragua and the private sector meet CAFTA commitments, such as regulations pertaining to environmental protection and intellectual property rights. USAID will provide training and technical assistance to help exporters meet new regulatory requirements, such as bio-safety and sanitary/phytosanitary standards. Principal contractors, grantees, or agencies to implement these activities will be selected through a competitive process.

More competitive, market-oriented private enterprise (\$11,400,000 DA). USAID will provide technical assistance to improve the competitiveness of Nicaraguan businesses, with an emphasis on small- and medium-scale enterprises. USAID activities will improve access to credit through financial sector reforms and loan portfolio guarantees. Activities will help the agricultural sector be more market-oriented and more competitive in local, regional, and international markets to take advantage of CAFTA and other free trade agreements. Competitiveness of Nicaraguan enterprises will increase through technical assistance in accessing clean, reliable and affordable energy, reliable, and affordable communication systems, cleaner production technologies, and other improved technologies. Other activities will improve the competitiveness of Nicaraguan businesses in green markets, tourism, and other enterprises that conserve and sustainably use natural resources. These activities will help protect biodiversity and mitigate global climate change. Principal contractors, grantees, or agencies to implement these activities will be selected through a competitive process.

Food security. P.L. 480 activities will provide technical assistance and training to improve food security and help families diversify agricultural production, conserve soil and water resources, and link farmers to markets.

FY 2005 Program:

Laws, policies, and regulations that promote trade and investment (\$3,700,000 DA). Because activities begun in FY 2004 are envisioned to be multi-year activities, USAID will continue to pursue similar activities in FY 2005. USAID plans to develop private-public partnerships to address and remove key barriers to trade and investment, and define and pursue the competitive advantages that Nicaragua has in regional and international markets. USAID will also provide assistance to the Government of Nicaragua and the business community to implement and comply with provisions of free trade agreements. The same implementers as those chosen in FY 2004 are expected.

More competitive, market-oriented private enterprise (\$13,318,000 DA). Because activities begun in FY 2004 are envisioned to be multi-year activities, USAID will continue to pursue similar activities in FY 2005. USAID plans to focus more resources on helping to diversify not only the agricultural sector, but the economy as a whole. USAID proposes to implement activities that link light industry, tourism, sustainable forestry, and service enterprises to regional and international markets and provide technical assistance to help these firms and agri-businesses become more competitive. The same implementers as those chosen in FY 2004 are expected.

Food security. P.L. 480 activities will improve food security and help families diversify agricultural production, conserve soil and water resources, and link farmers to markets.

Performance and Results: This is a new strategic objective that began in late FY 2003 under the Central America and Mexico Regional Strategy. Activities in support of this objective are expected to increase sales of diversified, non-traditional, higher value/quality crops in local, regional, and international markets for small- and medium-scale farmers and businesses. USAID expects that the expansion of market-led diversified agriculture, job creation, and increases in foreign direct investment will help diversify the rural economy and reduce rural poverty. Through the identification, prioritization, and removal of key barriers to trade and investment, USAID expects the business climate to improve significantly in Nicaragua.

By program completion, USAID expects that the competitiveness ranking of Nicaragua will have improved relative to other countries. USAID anticipates an increase in the percentage of higher value-added sectors and sub-sectors (e.g., light manufacturing, tourism, services, non-traditional agricultural and green products), relative to the overall economy.

US Financing in Thousands of Dollars

Nicaragua

524-022 Economic Freedom	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	10,520
Expenditures	4,076
Through September 30, 2003	
Obligations	10,520
Expenditures	4,076
Unliquidated	6,444
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	15,156
Total Planned Fiscal Year 2004	
Obligations	15,156
Proposed Fiscal Year 2005 NOA	
Obligations	17,018
Future Obligations	59,011
Est. Total Cost	101,705

Data Sheet

USAID Mission:	Nicaragua
Program Title:	Investing in People
Pillar:	Global Health
Strategic Objective:	524-023
Proposed FY 2004 Obligation:	\$7,805,000 CSH; \$5,300,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$6,913,000 CSH; \$3,010,000 DA; \$4,753,000 PL 480
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: This strategic objective will help sustain and expand significant but fragile gains in basic education, primary health care, child nutrition, family planning, reproductive health care, and HIV/AIDS prevention and care. USAID will concentrate its development assistance on efforts to: improve government capacity to plan, budget and manage equitable health and education investments; increase access to quality basic education; and improve health status at the household and community levels. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Inputs, Outputs, Activities:

FY 2004 Program:

Social sector investment and transparency (\$3,855,000 CSH, \$1,300,000 DA). USAID will fund technical assistance and training to improve the Government of Nicaragua's capacity to plan and manage health and education investments and to decentralize these services for greater impact and participation. USAID will work with the Ministries of Health and Education to identify, replicate, and institutionalize successful models for providing high-quality health and education services in municipalities. Commodity procurement for the Ministry of Health will provide a social safety net for contraceptive services while the Government of Nicaragua develops a contraceptive security plan and allocates adequate resources. USAID will also fund technical assistance to strengthen the capacity of health and education institutions at the municipal and departmental levels. USAID will work with the Nicaraguan Social Security Institute to improve the accreditation, quality control, certification and financing of the growing market of private health sector providers. A loan guarantee initiative under a Development Credit Authority mechanism will leverage private sector banks to support commercial health development projects. Principal contractors, grantees, or agencies will be selected through a competitive process.

Access to quality education (\$4,000,000 DA). USAID will work with the Government of Nicaragua and other donors to implement the national education plan and the World Bank's Education for All-Fast Track Initiative, particularly in replicating and expanding USAID's successful model school program nationwide. USAID's technical assistance will ensure that high-quality teaching, curricula standards, active and participatory learning, and community involvement are adapted into the Government of Nicaragua's proposal for "Centers for Learning and Progress". The principal contractor in FY 2004 is the Academy for Educational Development. For the remainder of the strategy, principal contractors, grantees, or agencies to implement these activities will be selected through a competitive process.

Maternal and child health (\$3,950,000 CSH). Working in coordination with the Ministry of Health and a national NGO federation, USAID will fund technical assistance and training to help improve household health behaviors and practices, including timely care-seeking. A central focus will be on scaling up these initiatives nationally. USAID will help prevent transmission of HIV/AIDS, targeting high-risk behavior groups and strengthening the country coordinating mechanism of the Global Fund for AIDS, Tuberculosis and Malaria. USAID plans to utilize previously competed Bureau for Global Health field support mechanisms. Principal contractors, grantees, or agencies will be selected through a competitive process.

Food security. With P.L. 480 Title II resources, USAID will target high-risk, food-insecure communities to improve child feeding practices with growth monitoring and nutrition counseling. In addition, USAID will integrate activities funded with monetized resources to improve access and outreach of public sector health clinics by linking health staff with volunteer health workers and families in rural communities and by expanding integrated management of childhood illnesses and the comprehensive Integrated Child Care model to reduce chronic childhood malnutrition in food-insecure rural communities.

FY 2005 Program:

Social sector investment and transparency (\$3,550,000 CSH, \$300,000 DA). USAID plans to further facilitate the national program of decentralization of social sector service delivery; strengthen leadership and management capacity within the social sector ministries; support policy dialogue and advocacy for reforms; and build into the national budget process explicit equity and performance concerns for budgetary and resource planning decisions. USAID will provide continued commodity support, with technical assistance to improve commodity distribution. The same implementers as those selected in FY 2004 are expected.

Access to quality education (\$2,710,000 DA). USAID plans to continue its donor-coordinated support to implement the Government of Nicaragua's national education plan and the Education for All-Fast Track Initiative, as described above. The same implementers as those selected in FY 2004 are expected.

Maternal and child health (\$3,363,000 CSH). USAID plans to strengthen and consolidate the national scale-up of household and community health program interventions described above, in coordination with the Ministry of Health and a national NGO federation. These resources may help further focus and target public health services to the most under-served communities in rural Nicaragua. The same implementers as those selected in FY 2004 are expected.

Food security. With P.L. 480 Title II resources, USAID will target high-risk, food-insecure communities to improve child feeding practices with growth monitoring and nutrition counseling. In addition, USAID will integrate activities funded with monetized resources to improve access and outreach of public sector health clinics by linking health staff with volunteer health workers and families in rural communities and by expanding integrated management of childhood illnesses and the comprehensive Integrated Child Care model to reduce chronic childhood malnutrition in food-insecure rural communities.

Performance and Results: This new strategic objective began in late FY 2003 under the Central America and Mexico Regional Strategy. Activities in support of this objective will help further reduce Nicaragua's infant mortality rate and chronic malnutrition among young children. Adolescents and young adults will increase their health knowledge, awareness, and exercise of such practices as abstinence, postponed sexual debut, fidelity, or modern barrier methods and contraceptives, with concomitant declines in teenage pregnancy and sexually transmitted diseases. Existing inequities in health will be reduced by focusing the subsidized delivery of government services exclusively toward the poor and extremely poor. More Nicaraguans under the social security system will have access to high-quality, private health services. The quality of Nicaraguan primary schools will increase, as well as the number of students completing a high-quality primary and post-primary education.

By program completion, the Nicaraguan health and education systems, and social sector as a whole, will be more efficient, with more capable, standardized, accountable, decentralized administration. The Government of Nicaragua will have improved social sector policies, accountability, transparency, and governance.

US Financing in Thousands of Dollars

Nicaragua

524-023 Investing in People	CSH	DA
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	7,480	4,367
Expenditures	4,997	786
Through September 30, 2003		
Obligations	7,480	4,367
Expenditures	4,997	786
Unliquidated	2,483	3,581
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	7,805	5,300
Total Planned Fiscal Year 2004		
Obligations	7,805	5,300
Proposed Fiscal Year 2005 NOA		
Obligations	6,913	3,010
Future Obligations	22,165	10,033
Est. Total Cost	44,363	22,710