

## Central America Regional Program

**The Development Challenge:** Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua are striving to position themselves for a potential Central America Free Trade Agreement (CAFTA) while still recuperating from decades of civil conflict and sluggish economic growth. Four out of the five countries experienced a series of military-controlled regimes and over a quarter of a million lives were lost in civil conflict during the 1980s. Peace gradually came after the end of the Cold War in 1989. Central America's \$60 billion economy and population of 35 million make it the seventh largest Latin American economy. The region remains overly dependent on traditional agricultural commodities. Although during the 1990s the average GDP growth rate was around 4%, this rate failed to significantly reduce unemployment. The economic situation is now worsening, due to the combined economic fall-out from the decline in coffee prices and slowdown in the U.S. economy. As a result, Central America has relied on the "escape valve" of migration to the United States. In the aftermath of 9/11, the region faces increased migration barriers due to heightened U.S. border security. The region is facing a social "pressure cooker" crisis caused by deteriorating economic conditions and the tightening of the migration escape valve. Symptoms of this social crisis include increases in chronic malnutrition, violence, and organized criminal activities such as narcotrafficking, alien smuggling and crime.

The incidence of poverty in Central America is high and growing, with one-third of its population (as high as 45% in Honduras) living on less than \$2 a day. With the severe droughts and contraction of the coffee industry, the prospects for the near term remain grim. In addition 29% of the population is illiterate. These bleak standards include an abysmal rate of infant mortality (the infant mortality rate is 28 per 1,000 live births) and persistent chronic malnutrition among children. Central America has the worst primary school repetition and completion rates in Latin America, which threatens the region's competitiveness. A quarter or more of the region's children enrolled in first grade fail to reach second grade.

Central America is threatened by the emerging HIV/AIDS epidemic. Conservative estimates indicate that there are currently more than 175,000 infected individuals, the majority of whom are unaware of their condition and unable to take measures to prevent future transmission. While the epidemic began among homosexual and bisexual men, there has been a steady increase among women. As HIV/AIDS becomes established in the heterosexual population, vertical transmission (from mother to unborn/newborn child) is clearly increasing. AIDS is already the leading cause of death of women of reproductive age in Honduras and is the leading single cause of death in adults 20-49 in Panama. In other countries it is one of the main causes of admittance to hospitals. The region's future economic development is threatened since the costs of AIDS-related morbidity and mortality tax both human and financial resources. The deleterious effects of HIV/AIDS on the economy include decreased worker productivity, increased medical care costs, an increased number of orphans, and a shrinking labor force.

Living standards within the region are being affected by environmental degradation. Forests are essential to the region, providing water for industry, towns, and surrounding ecosystems. These forests serve as refuges for endangered species, marginalized by the destruction of nearby ecosystems. Regional forests, coastal areas and wetlands are increasingly under pressure from human population growth, road building, and the conversion of land for grazing and agriculture. In many areas, hunting, fishing, tourism and the extraction of wood for timber, fuel and non-wood products have reached unsustainable levels, causing irreversible damage.

The rapidly growing U.S. Hispanic population (13% of the total population) has become the largest U.S. minority group, which increasingly influences U.S. foreign policy interests. Over 35 million Americans speak Spanish at home, and more than half of all documented and undocumented immigrants are Hispanic. Five percent of the documented U.S. Hispanic population is from Central America, and four out of the leading ten source countries for U.S. undocumented immigrants are from the region. This combined population of documented and undocumented residents in the United States sends \$4 billion of annual remittances that are essential for sustaining the region's economies.

U.S. national interests in Central America include trade, democracy, and the containment of illegal migration, organized crime and narco-trafficking. Trade is currently at the top of the region's political agenda. The United States expects to negotiate a Central American Free Trade Agreement with the region, which will serve as a vital step toward completion of the Free Trade Agreement of the Americas by 2005. Since 1990, trade between the five countries and the United States has nearly tripled. The United States is Central America's most important trading partner, accounting for 43% of Central American exports and providing 41% of its imports. The estimated U.S. private investment in the region is around \$1 billion, and is anticipated to substantially increase under CAFTA. The free trade agreement is expected to reinforce the region's integration process and help maintain stability while assisting the region to turn around its faltering economies. U.S. assistance will play a critical role in addressing the challenge of successfully implementing CAFTA by engaging the region's governments and civil society, and ultimately will support the creation of an integrated Central American economy.

A continuing challenge is the persistence of organized crime. The Mesoamerican corridor (i.e. Central America and Mexico) is a main conduit for illegal migrants and narcotics, and is recognized as the preferred transshipment route for alien smuggling and up to 70% of illicit South American narcotic shipments to the United States. Weak governments in the region could imperil U.S. efforts to contain illegal migration, HIV/AIDS, organized crime, and other potential threats to homeland security.

**The USAID Program:** USAID assistance will play a critical role in responding to the historic opportunity that CAFTA presents and to address the dramatic drop in coffee prices. Through a Presidential Initiative—the Opportunity Alliance—USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness, by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management. FY 2003 funds will be used to implement the ongoing programs described in the FY 2003 Congressional Budget Justification, and to carry out certain new activities in support of the Opportunity Alliance, including trade capacity building and public-private alliances that target small farmers and farm laborers affected by the coffee crisis. The Program Data Sheets provided below cover the four objectives for which USAID is requesting FY 2003 and FY 2004 funds. These objectives will strengthen regional economic integration by promoting open trade and investment policies, diversify rural economies, contain and control HIV/AIDS, and promote environmental management and disaster prevention. The programs to be funded by FY 2003 and FY 2004 appropriations are described in more detail in the following Program Data Sheets.

**Other Program Elements:** In addition to the resources requested in the Program Data Sheets, USAID's Office of Regional Sustainable Development within the Latin America and Caribbean Bureau (LAC/RSD) manages activities that provide technical assistance, training and membership in regional networks. Democracy and governance activities involve the Inter-American Democracy Network, the Inter-American Institute of Human Rights, the Justice Studies Center of the Americas, the Federation of Municipalities of Central America and the International City/County Management Association. LAC/RSD also manages environmental activities on Cleaner Production (PA Consulting) as well as Parks in Peril (The Nature Conservancy). The Bureau for Democracy, Conflict and Humanitarian Assistance runs the Matching Grant Program, which through U.S. private voluntary organizations leverages financial resources to improve primary health care, evaluate nonprofit housing organizations, and alleviate poverty through microenterprise development. The Bureau for Economic Growth, Agriculture, and Trade funds the Farmer-to-Farmer Program to provide short-term, U.S. volunteer technical assistance to increase agribusiness productivity. Finally, the Global Health Bureau's Child Survival Program funds activities that provide technical assistance to reduce infant, child and maternal mortality and morbidity.

**Other Donors:** USAID has been successful in encouraging other donors to support its regional efforts in trade capacity building and HIV/AIDS control. Overall development assistance to the region totals around \$1.8 billion per year, excluding debt relief. The United States and Canada are the region's first and second largest bilateral partners, followed by Japan, the Netherlands and Germany. Multilateral donor support is led by the Inter-American Development Bank, followed by the Central American Bank of Economic Integration, the World Bank, and the European Union.

**Central America Regional Program  
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	3,692	4,000	5,412	7,628
Development Assistance	9,030	15,792	19,142	17,231
<b>Total Program Funds</b>	<b>12,722</b>	<b>19,792</b>	<b>24,554</b>	<b>24,859</b>

**STRATEGIC OBJECTIVE SUMMARY**

596-001 Increased Access to Global Markets				
DA	2,400	0	0	0
596-003 Addressing HIV/AIDS Crisis				
CSH	1,120	0	0	0
596-005 Regional Trade and Investment				
DA	600	2,800	7,300	7,616
596-006 Central America Regional Environment Program				
DA	6,030	6,842	10,742	6,365
596-007 Municipal Finance **				
DA	0	0	800	0
596-008 Regional HIV-AIDS				
CSH	2,572	4,000	5,412	7,628
DA	0	150	0	0
596-009 Increased Diversification of the Rural Economy				
DA	0	6,000	300	3,250
598-021 Special Development Opportunities				
DA	0	0	(7,200)	0
598-023 Education and Training (CETT)				
DA	0	0	(1,000)	0

\*\* Non-starter. Funds will be reprogrammed and notified.

## Data Sheet

<b>USAID Mission:</b>	Central America Regional Program
<b>Program Title:</b>	Regional Trade and Investment
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	596-005
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$7,300,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$7,616,000 DA
<b>Year of Initial Obligation:</b>	FY 2001
<b>Estimated Completion Date:</b>	FY 2007

**Summary:** The USAID Regional Trade and Investment Program for Central America provides technical assistance to: 1) promote more open trade and investment policies, 2) accelerate Central America's process of regional integration, 3) promote more equitable and efficient labor markets, and 4) promote effective preparation of Central America for trade negotiations. This assistance helps Central America to fully participate in and take advantage of the opportunities presented by the Free Trade Area of the Americas (FTAA), the United States-Central America Free Trade Agreement (CAFTA), the World Trade Organization (WTO), and other fora.

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Promote more open trade and investment policies (\$1,700,000 DA). USAID will promote effective participation by the Central American countries in trade negotiations such as CAFTA, FTAA and WTO; increase public support for open trade and investment policies; support the ongoing process to meet WTO commitments by 2005; monitor and enforce Intellectual Property Rights (IPR) agreements; design and enforce competition policy, antitrust laws and related legislation. Principal grantees are: the Secretariat for Central American Economic Integration (SIECA) (prime), the U.S. Federal Trade Commission and the U.S. Department of Justice (sub).

Accelerate Central America's process of regional integration (\$2,500,000 DA). USAID will provide assistance to further reduce barriers to intraregional trade, develop a dispute resolution mechanism, and consolidate the regional customs union. The program will provide technical assistance to harmonize legislation in areas such as regional power sharing. To promote regional road integration, USAID will finance a road concessions study. Principal contractors, grantees, and agencies are: SIECA, PA Consulting, and Carana Corporation (prime).

Promote more equitable and efficient labor markets (\$600,000 DA). USAID will upgrade Ministries of Labor officials' ability to protect workers' rights, and will support the development of a labor skills certification program and a horizontal cooperation program. The program will contribute to increased preparedness of the region for entry into CAFTA and satisfy technical feasibility requirements, including consistency with WTO requirements. The principal grantee is: SIECA.

Promote effective preparation of Central America for trade negotiations (\$2,500,000 DA). USAID will promote civil society awareness and education on trade agreements and their benefits. Principal contractors, grantees, and agencies are: SIECA, Carana Corporation and an interagency agreement with the Federal Trade Commission.

#### FY 2004 Program:

Promote more open trade and investment policies (\$1,700,000 DA). USAID will support effective participation of Central America in trade negotiations, promotion of civil society awareness, education on trade agreements, and enforcement of intellectual property rights legislation.

Accelerate Central America's process of regional integration (\$2,900,000 DA). USAID will support the consolidation of the Central American customs union. The intraregional dispute resolution mechanism will be in place and institutional strengthening will be provided.

Promote more equitable and efficient labor markets (\$1,016,000 DA). USAID will support Central American efforts to harmonize labor laws and codes. The program will facilitate discussions on trade-labor issues within the involved sectors.

Promote effective preparations of Central America for trade negotiations (\$2,000,000 DA). USAID will support implementation of the results of CAFTA negotiations and will assist the private sector in resolving CAFTA issues and making use of Free Trade Agreements.

**Performance and Results:** The major achievement of the Regional Trade Program is that the Central American countries are now ready to negotiate a free trade agreement with the United States starting in January 2003. This is a result of sustained USAID assistance to the countries in meeting the requirements of other trade agreements such as those entered into under the WTO, the FTAA and the Central American Common Market. Two highlights of FY 2002 are that Costa Rica was upgraded from the IPR "Priority Watch List" to the "Watch List" in the United States Trade Representative (USTR) Special Report; and one more product, wheat flour, was freed from tariffs under the Central American Customs Union--an event that had not happened in five years.

President Bush announced his intention to negotiate a free trade agreement with Central America in January 2002. USAID was the first donor agency to respond to the needs of the Central American countries to prepare for CAFTA by adding a rapid-response activity to the ongoing program. Some activities in training, coordination of meetings and studies, and most importantly, in education of civil society groups on trade were already carried out under this activity.

Technical assistance was provided to the Central American countries on market access in activities such as evaluation of the impact of Central American intraregional trade, a comparative study on current Central American free trade agreements, and a study on trade relations between Central America and the United States. Central American countries are committed to having a Customs Union at the beginning of 2004. USAID supported the Central American Customs Committee in training on customs valuation and related procedures, and in harmonization of the Customs Code and its procedures. These initiatives are consistent with international standards and are part of the business facilitation measures recommended under FTAA. USAID also provided support to establish physically integrated customs facilities and an intraregional trade dispute settlement mechanism. USAID continued to provide assistance and training to enforce Central American IPR laws and increase civil society understanding of IPR issues.

Two manuals were developed on regional roads standards. Advances were also made toward a regional power interconnection by strengthening market-oriented national policies that support local and foreign private investment, encouraging regional development of a competitive energy market, and reducing vulnerability of power system facilities to natural disasters.

By the end of the strategy period, USAID expects active and effective participation of the Central American countries in trade agreements (CAFTA, FTAA and WTO); the completion of the Central American Customs Union; strengthened and implemented intellectual property and labor laws; and a regional energy market in place.

## US Financing in Thousands of Dollars

### Central America Regional Program

596-005 Regional Trade and Investment	DA
<b>Through September 30, 2001</b>	
Obligations	600
Expenditures	0
Unliquidated	600
<b>Fiscal Year 2002</b>	
Obligations	2,800
Expenditures	616
<b>Through September 30, 2002</b>	
Obligations	3,400
Expenditures	616
Unliquidated	2,784
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2003 NOA</b>	
Obligations	7,300
<b>Total Planned Fiscal Year 2003</b>	
Obligations	7,300
<b>Proposed Fiscal Year 2004 NOA</b>	
Obligations	7,616
Future Obligations	9,940
Est. Total Cost	28,256

## Data Sheet

<b>USAID Mission:</b>	Central America Regional Program
<b>Program Title:</b>	Central America Regional Environment Program
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	596-006
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$10,742,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$6,365,000 DA
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Completion Date:</b>	2007

**Summary:** The USAID Regional Environmental Program supports improved environmental management in the Mesoamerican Biological Corridor by providing training and technical assistance to: 1) improve protected area management; 2) increase access to financial resources and expanded markets for environmentally sound products and services; 3) harmonize environmental standards and regulations; and 4) increase the municipal and private sector use of less polluting technologies.

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Improve protected area management (\$1,815,000 DA). USAID will support the Central American Protected Areas System, and help develop regional policies. The program will support watershed management in the Usumacinta River watershed along the Mexican-Guatemala border. The principal grantees are: The Nature Conservancy (TNC) (prime), World Wildlife Fund (WWF) (sub) and the Rainforest Alliance (sub).

Increase market access for environmentally sound products and services (\$2,145,000 DA). USAID will support producers to meet certification requirements. USAID will help create an international advisory committee for tourism certification activities. Principal grantees are TNC (prime), WWF (sub) and the Rainforest Alliance (sub).

Harmonize regional environmental laws and implementation of international environmental agreements (\$1,120,000 DA). USAID will develop model environmental regulations and conduct training on environmental compliance inspection and reviews. Principal grantees are: the Central American Integration System, the Central American Commission on Environment and Development (prime), the U.S. Environmental Protection Agency and the U.S. Department of Agriculture (sub).

Increase use of less polluting technologies (\$3,220,000 DA). The program will help four municipalities access financing for wastewater and solid waste projects, and provide training to 20 municipalities. The program will develop a strategic plan to help private businesses adopt less polluting technologies. Principal contractors are Associates in Rural Development, Inc. (prime) and USEPA (sub)

Small grants program (\$442,000 DA). This activity will provide financing and build the capacity of Central American nonprofits, private businesses and municipalities to promote and implement environmentally sound activities and practices. Principal contractors and grantees are not yet determined.

Strengthening forest fire prevention systems (\$1,000,000 DA). This program will focus on prevention planning and alternatives for fire restoration. Principal contractors and grantees are not yet determined.

Strengthening early warning systems (\$1,000,000 DA). This program will reinforce early warning systems and data management, and consolidate vulnerability mapping and preparedness efforts. Principal contractors and grantees are not yet determined.

An additional \$1.5 million, included in S.O. 598-021 in the FY 2003 CBJ will be dedicated to these activities.

**FY 2004 Program:**

Improve protected area management (\$1,100,000 DA). USAID will support the consolidation and coordination of working groups, monitor the effectiveness of protected area management, and support the implementation of relevant policies.

Increase market access for environmentally sound products and services (\$1,600,000 DA). The program will disseminate information on the requirements and benefits of certification

Harmonize regional environmental laws and implementation of international environmental agreements (\$700,000 DA). USAID will continue supporting the harmonization of environmental laws and the implementation of international environmental agreements.

Increase use of less polluting technologies (\$1,800,000 DA). USAID will continue helping municipalities access financing for waste water and solid waste projects.

Small grants program (\$500,000 DA). This program will continue providing financing and building the capacity of Central American nonprofits, private business and municipalities.

Sustainable management of the mesoamerican reef (\$365,000 DA). USAID is developing a partnership with the United Nations Foundation to promote sustainable management of the Mesoamerican Barrier Reef.

Strengthening early warning systems (\$300,000 DA). The program will continue reinforcing early warning systems and data management, and consolidating vulnerability mapping and preparedness.

**Performance and Results:** This report covers the first year of implementation under the new strategy. Specific activity indicators, targets and baselines were developed and included in a Performance Monitoring Plan. During FY 2002, USAID benefited a total of 167 representatives from 128 nongovernmental organizations, governmental agencies and ongoing projects working in 55 different protected areas in transboundary sites in Central America. Three protocols were developed to support forestry certification in Central America. Support provided to a community in the Nicaraguan Mosquitia, helped it prepare for and pass the SmartWood certification audit of their forestry operations. Coffee producers received assistance and market information to help them respond to Starbucks new "Preferred Supplier Program" standards. Contact was made with 292 tour operators in Austria, Switzerland, Holland, Germany and England and 123 tour operators in Guatemala to promote sustainable tourism and ecotourism in the region. USAID helped Central American governments revise environmental protocols, and monitor ratification of key environmental agreements. USAID designed and secured approval for the construction of wastewater and solid waste management systems in four municipalities, and inventoried financial resources for private sector clean production initiatives.

By the end of the program, 16 protected areas (1,623,601 hectares) in the Mesoamerican Biological Corridor located in the four transboundary program sites (representing 71% of the entire surface of the protected areas in these sites) will be effectively managed. Four hundred and two forestry, agricultural and tourism operations covering 54,000 hectares will be certified or in process of being certified producing a total of 15,500 cubic meters of certified wood and 270,144 tons of certified agricultural products. Central American environmental standards and regulations will be harmonized, with greater regional capacity to apply them. A total of 60 municipalities and private sector firms will be implementing improved environmental management practices related to waste water management, solid waste management, and clean production practices.



## US Financing in Thousands of Dollars

### Central America Regional Program

596-006 Central America Regional Environment Program	DA
<b>Through September 30, 2001</b>	
Obligations	6,030
Expenditures	0
Unliquidated	6,030
<b>Fiscal Year 2002</b>	
Obligations	6,835
Expenditures	1,960
<b>Through September 30, 2002</b>	
Obligations	12,865
Expenditures	1,960
Unliquidated	10,905
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2003 NOA</b>	
Obligations	10,742
<b>Total Planned Fiscal Year 2003</b>	
Obligations	10,742
<b>Proposed Fiscal Year 2004 NOA</b>	
Obligations	6,365
Future Obligations	12,126
Est. Total Cost	42,098

## Data Sheet

<b>USAID Mission:</b>	Central America Regional Program
<b>Program Title:</b>	Regional HIV-AIDS
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	596-008
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$5,412,000 CSH
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$7,628,000 CSH
<b>Year of Initial Obligation:</b>	FY 2001
<b>Estimated Completion Date:</b>	FY 2007

**Summary:** The USAID/Central America Regional HIV-AIDS Program focuses on three components: 1) technical assistance for the implementation of appropriate HIV/AIDS policies and strategic plans at the regional and national levels; 2) technical and material support for the implementation of improved prevention, support systems for consistent condom use, and other services to reach high-prevalence populations; and 3) support for an effective regional condom social marketing effort. Primary beneficiaries are Central Americans at risk of infection by HIV and other sexually transmitted infections.

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

#### **FY 2003 Program:**

The Strategic Objective (SO) is currently undergoing a revision to reflect the Agency's operational plan "Stepping up the War Against HIV/AIDS." The revised SO "The HIV/AIDS Problem in Central America Contained and Controlled" represents an ambitious step up from the previous approach. The strategy for HIV/AIDS control in Central America will take into account the roles, contributions and responsibilities of the regional and bilateral programs. The revised strategic objective will be submitted to USAID/Washington for approval in March 2003.

Activities will focus on three components:

Reduced risky behaviors in high-prevalence groups (\$2,325,000 CSH). USAID will continue to support behavior change/condom social marketing interventions that will result in increased use of condoms and lubricants by high-prevalence groups and a reduction of other risky behaviors. USAID will help partners expand both the breadth and depth of interpersonal education services in order to reach higher-prevalence populations, while making affordable condoms available by increased nontraditional sales in high-risk zones. The program will also continue to support community-based planning in 11 municipalities with rapidly growing HIV/AIDS epidemics and where mobile populations converge. Further support for this activity will depend upon the results of a pending external evaluation of the activity. Principal grantees are: Population Services International (PSI) (prime), The Academy for Educational Development (AED) (prime) and the Futures Group International (TFGI) (sub).

HIV/AIDS policies and strategic plans supported (\$1,800,000 CSH). USAID will support the implementation of appropriate HIV/AIDS policies, strategic plans, and monitoring and evaluation strategies. The program will continue to assist the countries in fully costing out the National Strategic Plans. The program will coordinate with the United Nations Joint Programme on AIDS (UNAIDS) on an external evaluation of the results and benefits of the strategic planning processes to date. Similarly, USAID will support the implementation of advocacy agendas. USAID will seek an analysis and discussion of the impact of differential gender roles, power, and stigma and discrimination on the evolution of HIV/AIDS. These advocacy and policy dialogue activities will be supported by targeted proactive information dissemination and support for the third Central American AIDS Congress. Principal grantees are: AED (prime) and TFGI (sub).

Surveillance, voluntary counseling and testing and data for decision-making (\$812,000 CSH). A new surveillance activity is being designed in collaboration with the Pan-American Health Organization and UNAIDS and will begin implementation in late FY 2003. USAID will assist to improve data collection and accuracy on HIV/AIDS case data. USAID will also support the collection of seroprevalence data, conduct behavioral and special case investigation studies. Principal grantee/contractor will be the Centers for Disease Control (CDC) and the Global AIDS Program (GAP) as Field Support through the Inter-Agency Agreement with USAID/Washington.

The efficient and effective delivery of comprehensive care for people living with HIV/AIDS integrated with services to prevent secondary infections (\$475,000 CSH). A comprehensive care delivery system is being designed to start implementation in late FY 2003. This activity will be developed to introduce best practices and share lessons learned. A prevention component will be integrated into all of the activities. USAID will support the development of both pre- and in-service training curricula for health professionals including physicians, social workers, psychologists and nurses. The program will support the diffusion of information and lessons learned from the successful experiences in the region. The work at the clinical level will be integrated with community-based support networks. The principal grantee/contractor is to be determined.

**FY 2004 Program:**

Reduced Risky Behaviors in High-Prevalence Groups (\$3,325,000 CSH). This program will continue behavior change interventions with high-prevalence groups.

HIV/AIDS policies and strategic plans supported (\$2,500,000 CSH). This program will also continue and expand technical support and strategic alliances to develop and implement HIV/AIDS policies and strategic plans. USAID will continue strengthening the strategic alliances and also look to providing legal support to reduce and rectify human rights abuses to PLWHA and other stigmatized groups.

Surveillance, VCT and data for decision-making (\$1,100,000 CSH). New surveillance systems will be designed and tested and the program will perform further analysis of existing data and distribute the results for decision-making.

The efficient and effective delivery of comprehensive care for integrated with services to prevent secondary infections (\$703,000 CSH). The training program for new physicians will be validated, documented, approved and certified by ministries of health to be implemented by training institutions.

**Performance and Results:** In many ways, this year's performance was the pay-off after years of work on laying the foundation for partnerships to achieve results. The most gratifying aspect has been that USAID and its partners have become recognized as the leaders in HIV/AIDS prevention in the region. In some cases this was substantiated by external assessments (by Economics, Society and Environment Consultants). In other cases this was manifested by the increased utilization of regional mechanisms including the commitment of resources by bilateral USAID missions and other bilateral donors, such as the Dutch, the British, and the Germans. Furthermore, the information and resource materials the program has generated are used as references for program planning, implementation and resource allocation. National, regional, and international actors increasingly seek USAID's participation and advice in a variety of forums, events and activities.

Success at achieving this strategic objective will be measured by increased coverage of quality comprehensive care services for PLWHA.

## US Financing in Thousands of Dollars

### Central America Regional Program

	CSH	DA
596-008 Regional HIV-AIDS		
<b>Through September 30, 2001</b>		
Obligations	2,572	0
Expenditures	63	0
Unliquidated	2,509	0
<b>Fiscal Year 2002</b>		
Obligations	4,000	150
Expenditures	1,333	0
<b>Through September 30, 2002</b>		
Obligations	6,572	150
Expenditures	1,396	0
Unliquidated	5,176	150
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2003 NOA</b>		
Obligations	5,412	0
<b>Total Planned Fiscal Year 2003</b>		
Obligations	5,412	0
<b>Proposed Fiscal Year 2004 NOA</b>		
Obligations	7,628	0
Future Obligations	15,588	0
Est. Total Cost	35,200	150

## Data Sheet

<b>USAID Mission:</b>	Central America Regional Program
<b>Program Title:</b>	Increased Diversification of the Rural Economy
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	596-009
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$300,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$3,250,000 DA
<b>Year of Initial Obligation:</b>	FY 2002
<b>Estimated Completion Date:</b>	FY 2005

**Summary:** The Rural Diversification Strategic Objective falls under the presidential initiative, the "Opportunity Alliance for Central America and Mexico." The Opportunity Alliance responds to the challenge of addressing poverty issues in Mesoamerica, while reducing vulnerability to external shocks and disasters, through a trade-led, rural development initiative to forge stronger institutional ties within the region. The Opportunity Alliance will pioneer innovative ways to mobilize private sector partners, other donors, and private voluntary organizations and leverage resources to support a common agenda. The Rural Diversification Strategic Objective was developed in close collaboration with USAID bilateral missions in the region to help reduce dependence on traditional exports while addressing structural problems that inhibit rural economic diversification

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Improve coffee quality and marketing (\$100,000 DA). The Quality Coffee Program will help increase the competitiveness and sustainability of small and medium scale quality coffee producers by enhancing quality at the farm and the coffee mill levels, introducing better business practices, improving market differentiation and certification, increasing value-added, enhancing promotional strategies, improving market information and linkages with buyers and roasters, and encouraging market-oriented policies to enhance the competitiveness of quality coffee exports. An additional \$2 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. Principal grantees are Coffee Quality Institute (prime), and Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA) (sub).

Improved competitiveness of other rural nontraditional exports (\$150,000 DA). USAID will promote rural economic diversification by facilitating sustainable small and medium scale production and marketing of goods, services and nontraditional products. Rural nontraditional export activities will be designed during FY 2003. An additional \$3 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. Principal contractors are to be determined.

Electronic alliance (\$50,000 DA). USAID/G-CAP will establish a regional information system to facilitate the brokering of public-private alliances, information sharing, and results reporting. The system will include an innovative web-based toolkit, with links to related sites, to consolidate partnerships in the region through timely document circulation and virtual consultation, improve progress reporting and publicity, and increase access to information in order to enhance competitiveness and improve risk management. Activities in this area will be designed during FY 2003. An additional \$700,000, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal contractor is to be determined.

#### FY 2004 Program:

Improved competitiveness of other rural nontraditional exports (\$3,250,000 DA). USAID plans to continue to promote rural economic diversification by facilitating sustainable small- and medium-scale production and marketing of goods, services, and nontraditional products.

**Performance and Results:** This program began at the end of FY 2002 with the obligation of funds for the Quality Coffee Program. Implementation is expected to begin in the second quarter of FY 2003. Activities will concentrate on the regions within the Dominican Republic and the six countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) that are the main producers and exporters of high quality and premium coffee. The program will emphasize small- and medium-scale producers as the first line beneficiaries, within the context of a market-driven approach.

Over the life of the strategic objective, the Quality Coffee Program is expected to increase the sale of nontraditional goods, services and crops (including high quality coffees) by small and medium scale producers. Overall achievement of the program will be measured by the increase in the market share and value of quality coffee originating in Central America and the Dominican Republic. Specifically, the program will seek to increase the area producing quality coffee, income for farmers engaged in quality coffee production, the volume and value of quality coffee exports, the domestic consumption of quality coffee, and intraregional coffee trade. Overall achievement of the Rural Nontraditional Export Program will be measured by the volume of goods and services sold by small and medium scale producers, and the increased number of new products exported by Central America.

## US Financing in Thousands of Dollars

### Central America Regional Program

596-009 Increased Diversification of the Rural Economy	DA
<b>Through September 30, 2001</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2002</b>	
Obligations	6,000
Expenditures	0
<b>Through September 30, 2002</b>	
Obligations	6,000
Expenditures	0
Unliquidated	6,000
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2003 NOA</b>	
Obligations	300
<b>Total Planned Fiscal Year 2003</b>	
Obligations	300
<b>Proposed Fiscal Year 2004 NOA</b>	
Obligations	3,250
Future Obligations	5,750
Est. Total Cost	15,300