

## Nicaragua

**The Development Challenge:** Nicaragua's per capita Gross Domestic Product (GDP) is the second lowest in the Western Hemisphere at approximately \$500, and real economic growth has declined from 7.4% in 1999 to 1% in 2002. About half the population lives in poverty, unemployment and underemployment are close to 50%, and income distribution is one of the most unequal in the world. At the end of 2002, combined foreign and internal debt was more than three times Nicaragua's GDP, choking public finances and hindering possibilities for economic growth. In addition, Nicaragua is prone to natural disasters including floods, droughts, earthquakes, volcanic eruptions and hurricanes. Impoverished Nicaragua has a limited capacity to respond to and recover from these disasters.

Despite poor economic performance, Nicaragua achieved remarkable progress in key social sectors with the help of USAID. The 2001 Demographic and Health Survey showed major reductions in Nicaragua's infant and child mortality rates, total fertility rates and chronic malnutrition. USAID contributed to these achievements by providing a large part of the modern contraceptives used in Nicaragua, equipping an expanded immunization program and funding nongovernmental organization (NGO) efforts to prevent childhood malnutrition in high-risk areas. USAID's basic education program has spurred the Government of Nicaragua's reforms of primary education and generated a plan to replicate USAID's model schools nationwide with funding from the World Bank's Education-for-all Fast Track Initiative. These accomplishments are significant but fragile, and Nicaragua still faces tremendous challenges in the health and education sectors. While more than 90% of children aged seven to 12 now attend primary school, less than 50% of those aged 13 to 18 attend secondary school, a condition which must improve significantly to achieve economic growth. Even though fertility has declined, population growth rates remain among the highest in Latin America, due to continually high adolescent pregnancy rates and the population's very young age distribution (45% of Nicaraguans are under 25). Nicaragua's challenge is to make these important yet vulnerable gains sustainable, and to improve both quality and access to education and health services.

Although Nicaragua has made progress in fostering democracy, including holding technically fair elections and a relatively free press, more progress needs to be made to fully consolidate democracy. Institutional weaknesses are evident throughout the government, particularly in the highly inefficient justice system, which is only now improving with the enactment of a new Criminal Procedures Code, adopted with USAID support. Corruption remains widespread, though with the indictment of former President Aleman, corrupt officials are on notice that no one is above the law.

With Nicaragua's approaching entry into the Central American Free Trade Agreement (CAFTA) and eventual entry into the Free Trade Area of the Americas (FTAA), the United States has a strategic interest in helping Nicaragua become a viable trading partner, one that effectively opposes international terrorism and narcotrafficking. 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. The challenges of reducing poverty, increasing economic growth, strengthening democracy, and improving human capital investments will require a major commitment from Nicaragua and the international donor community. Strategic partnerships with U.S. private sector entities and international financial institutions formed under the Opportunity Alliance will also provide a major impulse to renewed Nicaraguan growth through trade.

**The USAID Program:** FY 2003 is a transition year for USAID in Nicaragua as it implements its current strategic plan and designs its new strategy for FY 2004 through FY 2008. Accordingly, USAID is submitting two sets of data sheets. One set reflects remaining obligations to complete the current strategic plan in FY 2003 and the other set reflects obligations to be made once the new strategic plan is launched in FY 2004. The data sheets for FY 2003 include the following objectives: 1) Strengthening Democracy; 2) Sustainable Economic Growth; and 3) Improved Health and Education. The data sheets for the new strategy include: 1) Justice Reform and Institutional Strengthening; 2) Trade and Agricultural Diversification; and 3) Human Investment.

In its new strategy, USAID will capitalize on the President's Opportunity Alliance initiative to support Nicaraguan efforts to reduce poverty while preparing the country to participate in CAFTA and eventually the FTAA. The new strategy will focus on promoting free trade and economic growth, improving social services, and strengthening democracy and good governance.

USAID will help to increase Nicaragua's capacity to participate in free trade in the Americas, and help small agricultural producers become more competitive by encouraging diversification, increasing productivity, linking producers to domestic and international markets and using natural resources sustainably. Economic development projects will help stem the flow of economic migrants from rural areas and reduce the country's vulnerability to narcotics abuse and trafficking.

Establishing a credible, equitable, and efficient judicial system based on rule of law is a key component of encouraging productive investment in Nicaragua. Accordingly, USAID will continue its efforts in legal code reform, including assistance in drafting, enacting, and implementing modern codes, and in strengthening judicial sector institutions. USAID will also help create and strengthen new mechanisms for improving governance, including monitoring government accountability and transparency.

Laying the foundation for a healthy, well-educated workforce is also necessary to increase productivity. USAID continues to support programs promoting healthy children, family planning, and primary education. Family planning is essential to keeping population growth from impeding economic growth, and keeping HIV/AIDS from becoming an epidemic is vital to preserving a healthy workforce. USAID will focus on improving governance in these sectors, as well.

**Other Program Elements:** In addition to programs managed in Nicaragua, USAID implements activities managed regionally by the Latin American and Caribbean Bureau including civil society and local government strengthening, human rights and rule of law, anti-trafficking, municipal development, trade capacity and market development, park conservation, cleaner production, and education reform. The Bureau for Economic Growth, Agriculture and Trade supports activities to strengthen the dairy industry and, through a matching grant, micro enterprise activities. USAID's Global Health Bureau manages child survival programs and provides loans for private sector family health clinics. USAID's Central American Regional Program based in Guatemala manages activities in trade capacity building, HIV/AIDS prevention, and natural resources management in Nicaragua. The Central American Mitigation Initiative, managed by USAID's Office of Foreign Disaster Assistance, funds activities that reduce the impact of natural disasters. USAID in Nicaragua will work with other USAID implementing offices to focus activities during the implementation of the new country strategy.

**Other Donors:** Total donor support in grants and loans for Nicaragua was estimated at \$494 million in 2001, about 19% of GDP. Nicaragua's largest donor is Japan, providing 14% of all assistance, primarily for infrastructure projects. The United States is the second largest donor providing 12% of total assistance. Other major bilateral donors include Sweden, Denmark, Germany, Spain, and Taiwan. The Danish and German governments support environmental conservation and the Swedes and other Nordic donors support decentralized delivery of primary health care. Other donors active in Nicaragua include the Inter-American Development Bank, the World Bank, the European Union, the World Food Programme, and the United Nations Development Program. USAID works collaboratively with these donors to support transparency in government procurement; effective financial management; stronger municipal governments; new agricultural technologies; trade capacity; reforms in health, education and justice sectors; and relief in emergency situations.

**Nicaragua  
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	7,006	8,470	7,606	6,855
Development Assistance	16,390	16,602	19,730	24,152
Development Credit Authority	0	158	0	0
Economic Support Fund	1,499	2,800	0	0
PL 480 Title II	7,807	15,136	10,363	10,565
<b>Total Program Funds</b>	<b>32,702</b>	<b>43,166</b>	<b>37,699</b>	<b>41,572</b>

**STRATEGIC OBJECTIVE SUMMARY**

524-001 Strengthening Democracy				
DA	3,350	4,022	4,510	0
ESF	1,499	2,300	0	0
524-002 Sustainable Economic Growth				
DA	9,049	9,930	12,520	0
DCA	0	158	0	0
ESF	0	500	0	0
PL 480	2,925	5,450	5,788	0
524-003 Improved Health and Education				
CSH	7,006	8,470	7,606	0
DA	3,991	2,650	2,700	0
PL 480	2,700	9,686	4,575	0
524-XXX Justice Reform and Institutional Strengthening				
DA	0	0	0	6,750
524-YYY Trade and Agricultural Diversification				
DA	0	0	0	14,102
PL 480	0	0	0	5,830
524-ZZZ Human Investments				
CSH	0	0	0	6,855
DA	0	0	0	3,300
PL 480	0	0	0	4,735
598-021 Special Development Initiatives				
DA	0	0	(5,490)	0

## Data Sheet

<b>USAID Mission:</b>	Nicaragua
<b>Program Title:</b>	Strengthening Democracy
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	524-001
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$4,510,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	FY 1998
<b>Estimated Completion Date:</b>	FY 2003

**Summary:** USAID's democracy program in Nicaragua provides technical assistance and training for civil society organizations to: develop the legal framework for the rule of law; strengthen the institutional framework needed for transparency and accountable governance; and increase civil society participation in government decision making, human rights advocacy and government performance monitoring.

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Consolidate the rule of law (\$500,000 DA). Justice sector reform is one of the Bolaños administration's highest priorities. USAID will provide technical assistance to reform Nicaragua's criminal justice sector, including implementation of the new Criminal Procedures Code, which went into effect in December 2002, and negotiation and passage of a new Penal Code. USAID also will fund training on the new Codes for judges, public defenders, and other judicial system actors. Technical assistance to the Government of Nicaragua will help develop and pass key legislation aimed at increasing the country's accountability and transparency. An additional \$1 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal contractor is Florida International University.

Strengthen mechanisms for transparency and accountability (\$2,000,000 DA). USAID will continue to provide technical assistance and training to strengthen the institutional framework needed as a basis to fight corruption. This includes strengthening of the Public Ministry and Attorney General's Office, and reinforces related governance activities, such as expanding and improving Nicaragua's public defender system. USAID will also help the Government of Nicaragua's nascent Office of Public Ethics to develop and implement a strategy for defining and implementing ethical norms for the government, training employees in public ethics, and monitoring government compliance with internal control systems. The principal contractor is Checchi and Company and another contractor to be determined.

Strengthen civil society (\$1,010,000 DA). USAID will promote civil society initiatives to defend human rights, advocate for legal reform, increase citizen participation in government decision making, and increase transparency. USAID will support the private sector in its efforts to monitor government agencies and mobilize citizen support to create awareness about the costs of corruption. An additional \$1.49 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The principal grantees are U.S. registered non-governmental organizations (NGOs) in Nicaragua and/or Nicaraguan NGOs.

Conflict prevention, mitigation, and resolution/reconciliation (\$1,000,000 DA). USAID will provide technical assistance to civil society and human rights organizations to help victims of domestic violence and other human rights abuses through alternative dispute resolution mechanisms and peace commissions. It is anticipated that USAID will enter into a grant agreement with the Organization for American States, a public international organization with a proven track record in conflict and justice, two priority areas for the democracy program.

**FY 2004 Program:**

In FY 2004, new democracy activities will be developed under SO 524-XXX.

**Performance and Results:** USAID's technical assistance has been critical not only in passing the Criminal Procedures Code, but also in implementing the Code on schedule despite political and logistical obstacles. Negotiations for passage of the new Penal Code are also on track. With important USAID input, a new Public Ministry has been established and is expanding to meet the needs of the new Criminal Procedures Codes.

USAID expects that activities to promote this objective will result in successful implementation of the new Criminal Procedures Code, with the establishment of oral, accusatorial trials to replace the antiquated, inquisitorial trial system. Prosecutors from both the Public Ministry and the Attorney General's Office will effectively carry out their roles under the new system, as will judges and other key personnel. Implementation of the new Criminal Code, along with the new Penal Code, will provide mechanisms for prosecuting crimes such as narcotrafficking and corruption that were not adequately covered under the previous legislation. Expansion of the new public defenders' system will increase Nicaraguans' access to justice and help introduce due process into the legal system. Passage of new legislation such as the Access to Information Law and the Civil Service Career Law will enhance government accountability and transparency, along with the monitoring mechanisms created by the new Office of Public Ethics.

## US Financing in Thousands of Dollars

Nicaragua

	DA	ESF
524-001 Strengthening Democracy		
<b>Through September 30, 2001</b>		
Obligations	21,320	11,693
Expenditures	16,907	9,323
Unliquidated	4,413	2,370
<b>Fiscal Year 2002</b>		
Obligations	4,022	2,300
Expenditures	4,342	2,870
<b>Through September 30, 2002</b>		
Obligations	25,342	13,993
Expenditures	21,249	12,193
Unliquidated	4,093	1,800
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2003 NOA</b>		
Obligations	4,510	0
<b>Total Planned Fiscal Year 2003</b>		
Obligations	4,510	0
<b>Proposed Fiscal Year 2004 NOA</b>		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	29,852	13,993

## Data Sheet

<b>USAID Mission:</b>	Nicaragua
<b>Program Title:</b>	Sustainable Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	524-002
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$12,520,000 DA; \$5,788,000 PL 480
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	FY 1998
<b>Estimated Completion Date:</b>	FY 2003

**Summary:** USAID's economic growth objective intends to increase incomes and employment opportunities for small producers by providing technical assistance and training. The program focuses on helping small farmers diversify production and increase output in a sustainable manner, increasing small- and micro-businesses in rural and urban areas, improving the use of natural resources, and improving Nicaragua's international trade competitiveness.

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Global market access for the poor (\$5,500,000 DA). USAID will fund technical assistance to small Nicaraguan farmers and entrepreneurs to develop market linkages for nontraditional agricultural products. Assistance will address policy and regulatory constraints on investments, increased trade opportunities, competitiveness, and market access for the poor. Nicaragua's P.L. 480 Title II program is an integral component of USAID's economic growth strategy. Activities will help food-insecure families diversify agricultural production, link farmers to markets, and conserve soil and water resources. USAID also will implement an activity to provide food for unemployed coffee sector workers in exchange for labor on coffee farms affected by the global decline in coffee prices. Implementing partners include the United States Department of Agriculture and USAID's Central American regional program's Supermarket Trade Alliance for Rural Mexico and Central America. An additional \$1.5 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. The P.L. 480 program is administered through grants to Catholic Relief Services, Project Concern International, Adventist Development Relief Agency, and Save the Children.

Improving trade capacity, investments, and economic and regulatory reform (\$7,020,000 DA). USAID will conduct activities to prepare the Government of Nicaragua (GON) to implement the Central American Free Trade Agreement (CAFTA) with the United States. USAID will help the GON through assistance in developing and implementing policies and mechanisms for tax collection, financial market development, trade and investment promotion, and infrastructure planning and prioritization. Activities will identify key constraints in economic, fiscal, trade, and investment promotion policies. In addition, USAID will implement sustainable trade and diversification activities in selected environmentally protected areas to increase incomes of poor populations in those areas and preserve biodiversity.

#### FY 2004 Program:

This strategic objective will end in FY 2003, and be followed by SO 524-YYY.

**Performance and Results:** With support from USAID during the current strategy period, farmers have increased farm production and improved the quality of their products. Small and medium size farmers assisted by the program increased production by 37% and gross income by 41%. In addition, these farmers have adopted improved sustainable agricultural practices, exceeding targets in terms of total land area under sustainable management by 11%.

USAID's microfinance program reached 108,295 rural and urban micro entrepreneurs, of which 85% are women. Membership in Nicaraguan credit unions increased by 624% from June 1997 to September 2002. Savings deposits also grew by an incredible 6,000% increase from previous levels. USAID also helped to form specialty coffee alliances to help small-scale coffee producers market their products in the U.S. and Europe.

In the environment sector, USAID successfully supported the creation of co-management agreements between the Ministry of Environment and local NGOs for six protected areas, encompassing 37,182 hectares. USAID also successfully supported a new national park monitoring system that will cover 10 priority protected areas.

In FY 2003, USAID's small farmer beneficiaries will continue increasing product sales and diversifying their markets. USAID will monitor the number of partnerships and funds leveraged from multinational banks, private sector companies and other donors to determine results. USAID's trade and investment activities are designed to increase investments in Nicaragua and link small farmers directly to existing and new profitable markets. In addition, USAID expects to see larger portions of protected areas under improved and sustainable management. Finally, USAID expects reduced vulnerability to natural disasters through its natural resource conservation activities.



## US Financing in Thousands of Dollars

Nicaragua

524-002 Sustainable Economic Growth	DA	DCA	ESF
<b>Through September 30, 2001</b>			
Obligations	39,150	0	10,262
Expenditures	26,087	0	10,244
Unliquidated	13,063	0	18
<b>Fiscal Year 2002</b>			
Obligations	10,582	158	500
Expenditures	9,015	0	88
<b>Through September 30, 2002</b>			
Obligations	49,732	158	10,762
Expenditures	35,102	0	10,332
Unliquidated	14,630	158	430
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2003 NOA</b>			
Obligations	12,520	0	0
<b>Total Planned Fiscal Year 2003</b>			
Obligations	12,520	0	0
<b>Proposed Fiscal Year 2004 NOA</b>			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	62,252	158	10,762

## Data Sheet

<b>USAID Mission:</b>	Nicaragua
<b>Program Title:</b>	Improved Health and Education
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	524-003
<b>Status:</b>	Continuing
<b>Proposed FY 2003 Obligation:</b>	\$7,606,000 CSH; \$2,700,000 DA; \$4,575,000 PL 480
<b>Prior Year Unobligated:</b>	\$900,000 DA
<b>Proposed FY 2004 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	FY 1998
<b>Estimated Completion Date:</b>	FY 2004

**Summary:** USAID's program to support better educated, healthier, and smaller families provides technical assistance and training to improve: access to quality primary education; public health services in selected municipalities; family planning services through private, non-profit family health clinics; and household child survival, reproductive health, hygiene and nutrition practices.

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Access to quality primary education (\$2,700,000 DA). USAID will continue to improve basic education in Nicaragua by supporting teacher training and development of student-centered materials and teacher training modules. USAID will promote policy reform, improve libraries and resource centers, and strengthen community participation in schools. With the World Bank Education-for-All Fast Track Initiative (EFA-FTI) beginning in Nicaragua in 2003, USAID will provide technical leadership to the Ministry of Education to expand the model school program, a successful quality primary education reform that USAID has supported since 1994. USAID will finance an education specialist position to promote donor coordination in the implementation of EFA-FTI. USAID will assist the Government of Nicaragua in developing a plan for the EFA-FTI, focused on defining quality standards and assessment measures for a national school improvement program. USAID will initiate an education Global Development Alliance, matching USAID funds with contributions from private donors. Under this Global Development Alliance, 136 schools supported by U.S. companies working in Nicaragua will integrate their activities into USAID's model school program. The principal contractor is Academy for Educational Development with a sub-contract to Juarez and Associates. The Global Development Alliance consortium includes Nicaraguan-American Chamber of Commerce Education Committee, the American-Nicaraguan Foundation and the Academy for Educational Development.

Child health services and practices (\$2,600,000 CSH). USAID will continue to fund technical assistance to upgrade public sector health facility services, leading to improved child survival and reduced maternal mortality. Technical assistance to the Ministry of Health will address critical issues in security of pharmaceutical and contraceptive supplies and improve the Ministry's capacity to plan and manage resources and increase public health investments. Subgrants to nongovernmental organizations will improve breastfeeding, hygiene and other household health behaviors in the Pacific and central highlands. The principal contractor is Management Sciences for Health with a subcontract to Johns Hopkins University.

Family and reproductive health services (\$4,006,000 CSH). USAID will continue to use Child Survival and Health funds to improve provision of family planning services through a network of integrated family health clinics. In FY 2003, USAID will purchase 75% of available contraceptives and help distribute these contraceptives through public and private outlets. USAID also will work with the Ministry of Health and other donors to develop a contraceptive security plan for the next five years. USAID will expand

marketing campaigns to increase consumer awareness of care and services provided by family health clinics and to reduce sexually transmitted diseases and HIV. The principal grantee is Profamilia.

Food security and nutrition of rural women and children (\$1,000,000 CSH). USAID will provide technical assistance and training to community health volunteers on the Integrated Child Care approach to prevent chronic childhood malnutrition among at-risk and under-served populations and to increase food security. The model focuses on children under two years of age and combines growth monitoring with counseling for mothers on how to change the household behaviors and feeding practices that cause growth to falter. USAID funds the Ministry of Health's micronutrient supplementation of Vitamin A and iron folate. USAID will initiate a Global Development Alliance health initiative with Proctor and Gamble to develop and market nutritionally-fortified food products at affordable prices. The principal grantee is Networks for Health. The Global Development Alliance consortium consists of Proctor and Gamble and the International Science and Technology Institute-Micronutrient Operational Strategies and Technology Project.

P.L. 480 Title II: Four Title II cooperating sponsors will continue to implement complementary feeding, maternal health and child survival activities to assist over 45,000 families in selected high-risk communities. All four Title II private voluntary organizations adopted USAID's Integrated Child Care model for preventing chronic childhood malnutrition and agreed to a single standard set of indicators for monitoring program achievement and effectiveness. The cooperating sponsors are Catholic Relief Services, Adventist Development and Relief Agency, Save the Children, and Project Concern International.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

**FY 2004 Program:**

This strategic objective will end in FY 2003 and be followed by SO 524-ZZZ.

**Performance and Results:** One of USAID's greatest development successes in the past years occurred in health and family planning. Results of the 2001 Demographic and Health Survey showed major reductions in infant and child mortality rates, total fertility rates and chronic malnutrition. Infant mortality rates dropped nearly 20% in three years. While Nicaragua formerly had some of the highest infant mortality and chronic malnutrition rates in Central America, it now has some of the lowest. Chronic malnutrition fell to 20% in 2001, although rates still reach 50% in highly vulnerable municipalities. Due to the significant use of family planning methods, fertility rates declined in Nicaragua from 4.6 children per woman in FY 1993 to 3.2 in FY 2002. With 67.8% of women using modern methods, Nicaragua has one of the highest contraceptive prevalence rates in Central America and the Caribbean. Indeed, USAID's worldwide contractor for the Demographic and Health Survey now describes Nicaragua's family planning program as one of the world's success stories. Nevertheless, these gains are not financially sustainable, and the country remains dependent on USAID support for purchasing contraceptives.

The recent mid-term evaluation of USAID's basic education program concluded that the project has had an extremely positive effect on both regular and multi-grade model schools and found some model schools could serve as international models of quality primary schools. These accomplishments are especially remarkable given the country's continuing abject poverty. These results, while impressive, are fragile and vulnerable to roll-backs. Much of the support for these results came from the sharp increase in U.S. and other donor assistance under the Hurricane Mitch reconstruction program, which concluded at the end of the first quarter of FY 2002. The Government of Nicaragua's resources for health and education have been a relatively high, although declining, percentage of Government expenditures. International donor resources continue to cover over 50% of non-recurrent costs for the Ministry of Health in FY 2001 and FY 2002.

## US Financing in Thousands of Dollars

Nicaragua

524-003 Improved Health and Education	CSH	DA	ESF
<b>Through September 30, 2001</b>			
Obligations	31,992	14,830	82
Expenditures	25,078	12,560	68
Unliquidated	6,914	2,270	14
<b>Fiscal Year 2002</b>			
Obligations	7,270	2,551	0
Expenditures	9,244	2,765	0
<b>Through September 30, 2002</b>			
Obligations	39,262	17,381	82
Expenditures	34,322	15,325	68
Unliquidated	4,940	2,056	14
<b>Prior Year Unobligated Funds</b>			
Obligations	0	900	0
<b>Planned Fiscal Year 2003 NOA</b>			
Obligations	7,606	2,700	0
<b>Total Planned Fiscal Year 2003</b>			
Obligations	7,606	3,600	0
<b>Proposed Fiscal Year 2004 NOA</b>			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	46,868	20,981	82

## Data Sheet

<b>USAID Mission:</b>	Nicaragua
<b>Program Title:</b>	Justice Reform and Institutional Strengthening
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	524-XXX
<b>Status:</b>	New
<b>Proposed FY 2003 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$6,750,000 DA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Estimated Completion Date:</b>	FY 2008

**Summary:** The USAID democracy strengthening program in Nicaragua includes technical assistance and training for a more transparent, independent and effective justice system that is fully accessible to Nicaraguan citizens. The program will support the consolidation of democracy through the development of transparent, accountable and professional government institutions, and greater citizen participation in decision making.

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

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

This program will begin in FY 2004.

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

Consolidating the rule of law (\$3,000,000, DA). USAID will use FY 2004 funds for its new strategy to advance reform in the justice system, building on successes in transforming the system to date. USAID will advocate new legal reforms while consolidating past gains in the creation of a modern criminal and civil justice system. Technical assistance and training will support the implementation of the critically important, USAID-assisted Criminal Procedures Code, which went into effect on December 24, 2002, and the Penal Code, which is expected to pass in FY 2003. USAID will select a principal contractor and/or grantee through a competitive process.

Improving governance (\$2,750,000, DA). USAID will continue its assistance to entities that are taking leading roles in anti-corruption cases. Such activities will likely include assistance to the Attorney General's Office and the Public Ministry to provide judicial training on the new legislation as well as technical assistance in expanding the public defender's system. USAID will also help create and strengthen new mechanisms for monitoring government accountability. USAID will continue to focus on core activities such as, increasing civil society's participation in government decision making, advocacy for citizen rights, and promoting more effective "watchdog" functions. USAID will build nongovernmental organization (NGO) capacity to take a stronger role in public dialogues, in advocating for reform, monitoring government activities, educating the public on topics related to the legal reform process, and protecting and promoting human rights. USAID's support for civil society strengthening will continue to focus on consolidating the rule of law, improving governance and promoting free and fair elections. The principal contractor and/or grantee are yet to be selected through a competitive process.

Free and fair municipal elections (\$1,000,000 DA). With municipal elections scheduled for November 2004, 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. The principal contractor and/or grantee will be determined through a competitive process.

**Performance and Results:** USAID expects that activities in support of this objective will result in full implementation of the reformed Criminal Procedures Code and other codes in FY 2004. The public defender system will be expanded, guaranteeing due process to Nicaraguan citizens regardless of their

ability to pay. Passage of key legislation will enhance government accountability, transparency, efficiency and effectiveness. Civil society organizations will increase their effectiveness and capability to act autonomously in planning and executing collaborative efforts such as observation of municipal elections.

## US Financing in Thousands of Dollars

Nicaragua

524-XXX Justice Reform and Institutional Strengthening	DA
<b>Through September 30, 2001</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2002</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2002</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2003 NOA</b>	
Obligations	0
<b>Total Planned Fiscal Year 2003</b>	
Obligations	0
<b>Proposed Fiscal Year 2004 NOA</b>	
Obligations	6,750
Future Obligations	0
Est. Total Cost	6,750

## Data Sheet

<b>USAID Mission:</b>	Nicaragua
<b>Program Title:</b>	Trade and Agricultural Diversification
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	524-YYY
<b>Status:</b>	
<b>Proposed FY 2003 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$14,102,000 DA; \$5,830,000 PL 480
<b>Year of Initial Obligation:</b>	FY 2004
<b>Estimated Completion Date:</b>	FY 2008

**Summary:** USAID's market and trade-led agriculture and economic diversification program will build on earlier program achievements. USAID will work to increase the incomes and market shares of small-scale agricultural producers in Nicaragua. The program will foster free trade and job creation by assisting the Government of Nicaragua in trade capacity building and economic and policy reform related to implementation of the Central American Free Trade Agreement (CAFTA). To facilitate trade, USAID will address policy and regulatory constraints to investments, trade, competitiveness, and market access for the poor. The program will also improve food security of the rural poor.

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

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

This program will begin in FY 2004.

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

Global market access for the poor (\$5,524,000 DA). USAID will assist Nicaragua to become more competitive in international agricultural as well as non-agricultural markets by building upon lessons learned from the Hurricane Mitch Reconstruction and Recovery Program. Activities will focus on productivity, market access, improved competitiveness, increased investments, and safety-net programs for the poor. Sustainable environmental and natural resource management will be incorporated into this activity. USAID will choose an implementer through a competitive process.

Improving trade capacity and investments (\$8,578,000 DA). USAID will continue to conduct activities to help prepare the Government of Nicaragua to sign and implement CAFTA and develop and implement other policies and mechanisms for tax collection, financial market development, trade and investment promotion, competitiveness, and infrastructure planning and prioritization. Activities will identify key constraints in economic, fiscal, trade and investment promotion policies and promote economic integration within Central America. In addition, USAID will implement sustainable trade and diversification activities in selected protected areas to increase incomes of poor populations in these areas and conserve biodiversity. USAID will select an implementer through a competitive bidding process.

P.L. 480 funded activities to improve food security and diversify agricultural production will continue through the food-for-work program. Activities will help food insecure families to diversify agricultural production, link farmers to markets, and conserve soil and water resources. The P.L. 480 program is administered through grants to Catholic Relief Services, Project Concern International, Adventist Development Relief Agency, and Save the Children.

**Performance and Results:** USAID expects that diversified agriculture, increased trade, and increased foreign direct investment will expand the rural economy, reduce poverty in rural areas, and strengthen the ability of rural communities to withstand the effects of economic shocks and natural disasters. USAID assistance intends to help Nicaragua to improve its business and investment climate, attract more foreign



direct investment, and participate in CAFTA, competently implementing the terms of the free trade agreement.

## US Financing in Thousands of Dollars

Nicaragua

524-YYY Trade and Agricultural Diversification	DA
<b>Through September 30, 2001</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2002</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2002</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2003 NOA</b>	
Obligations	0
<b>Total Planned Fiscal Year 2003</b>	
Obligations	0
<b>Proposed Fiscal Year 2004 NOA</b>	
Obligations	14,102
Future Obligations	0
Est. Total Cost	14,102

## Data Sheet

<b>USAID Mission:</b>	Nicaragua
<b>Program Title:</b>	Human Investments
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	524-ZZZ
<b>Status:</b>	New
<b>Proposed FY 2003 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2004 Obligation:</b>	\$6,855,000 CSH; \$3,300,000 DA; \$4,735,000 PL 480
<b>Year of Initial Obligation:</b>	FY 2004
<b>Estimated Completion Date:</b>	FY 2008

**Summary:** The USAID human investments program in Nicaragua is focused on sustaining significant but fragile gains accrued in basic education, primary health care, child nutrition, family planning, and HIV prevention. USAID will support efforts to expand the model school program and improve the efficiency and quality of public and private health services. USAID will mobilize public-private partnerships in the areas of health and education as well as work to improve household health and nutrition practices. Throughout FY 2004, USAID will strengthen programs targeted toward young adults and adolescents, including support efforts to curb adolescent pregnancy and prevent HIV/AIDS.

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

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

This program will begin in FY 2004.

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

Access to quality primary education (\$3,300,000 DA). USAID will work with the Government of Nicaragua and donor partners to implement the government's education plan for the Education-for-All Fast Track Initiative, particularly in replicating and expanding USAID's successful model school program on a national level. USAID technical assistance will focus on ensuring that key elements of the model school approach, such as high quality teaching, curricula standards and parent-community participation are strengthened. As training is critical for this effort to succeed, USAID will provide technical leadership to the Ministry of Education and continue to train the trainers (master teachers, school principals, municipal education technical advisors and supervisors) who will implement the nationwide program. USAID will strengthen model schools as teacher training sites and as sites for school exchanges among teachers, parents and students. In addition, more schools supported by the private sector under the Global Development Alliance will be integrated into the model school program. USAID will design a communication strategy to explain the government program to key education stakeholders and the public. The principal implementer will be determined through competition.

Health sector governance and public health sector reform (\$5,572,000 CSH). USAID support will assist the Ministry of Health in: identifying, replicating and institutionalizing successful models for providing high quality health services in rural municipalities; developing management capacity to provide oversight, quality control and regulation of services; supporting improved commodity distribution and logistics; improving and simplifying legal and regulatory frameworks for the new General Health Sector Law; and exploring fee-for-service, contracting-out and group health plans. USAID will work with the Nicaraguan Social Security Institute (INSS), private sector providers and the Summa Foundation, a USAID-supported nonprofit investment fund created to finance private sector health programs in developing countries. Assistance will focus on: improving the accreditation, quality control, certification and financing of Nicaragua's growing market of private sector providers; improving access to and quality of primary health care, family planning and reproductive health services for INSS beneficiaries; expanding coverage of health services to Nicaraguans at affordable prices; and reducing Ministry of Health cost burdens by

ensuring that clients who can pay for services do not receive free services at Ministry of Health facilities. USAID will also develop initiatives under a development credit authority, which will leverage private sector bank loans to support commercial health development projects and consolidate health services in under-served, low-income urban areas, including Managua. The implementer will be determined through a competitive process.

Food security and household health and nutrition practices (\$1,283,000 CSH). USAID will work with a federation of health related private voluntary organizations (PVOs), local nongovernmental organizations (NGOs) and cooperating sponsors to oversee awards of competitive PVO/NGO subgrants. Subgrantees will work to improve household health behaviors and practices, such as hygiene and hand washing. This program will target high-risk food-insecure communities to improve child feeding practices with growth monitoring and nutritional counseling for mothers at home. USAID also will partner with the federation of PVOs to prevent transmission of HIV/AIDS through interventions targeted towards groups engaging in high-risk behaviors. The implementer will be selected through a competitive process. With P.L. 480 Title II funds, USAID will work through existing cooperating sponsors to extend access to Ministry of Health clinics by linking health staff with volunteer health workers and families in rural communities. USAID also will help expand integrated management of childhood illnesses and the comprehensive child care program to reduce chronic childhood malnutrition in food-insecure rural communities. The cooperating sponsors are Catholic Relief Services, Adventist Development and Relief Agency, Save the Children, and Project Concern International.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

**Performance and Results:** USAID will work in full partnership with the World Bank Education for All-Fast Track Initiative to expand the model school approach nationwide. By the end of FY 2004, the number of model schools and the number of students completing high quality primary education is expected to increase. USAID's efforts should further reduce Nicaragua's infant mortality rate and chronic malnutrition rate of children under two. Adolescent and young adults will increase their use of modern contraceptives and teenage pregnancy will decline. Existing inequities in health will decline through the expansion of Ministry of Health services for the poor and extremely poor. More Nicaraguans under the social security system will have access to private, high quality health services.

## US Financing in Thousands of Dollars

Nicaragua

	CSH	DA
524-ZZZ Human Investments		
<b>Through September 30, 2001</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2002</b>		
Obligations	0	0
Expenditures	0	0
<b>Through September 30, 2002</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2003 NOA</b>		
Obligations	0	0
<b>Total Planned Fiscal Year 2003</b>		
Obligations	0	0
<b>Proposed Fiscal Year 2004 NOA</b>		
Obligations	6,855	3,300
Future Obligations	0	0
Est. Total Cost	6,855	3,300