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## LAC Trade Matters



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### *Profiles on USAID Support for TCB in the LAC Region*

#### ***Introduction***

This issue of “LAC Trade Matters” provides an overview of the trade capacity building (TCB) assistance that the U.S. Agency for International Development (USAID) is providing to countries in the Latin America and Caribbean (LAC) region. The overview is presented as short descriptions drawn from the activity descriptions for the FY 06-funded TCB assistance that LAC USAID Missions reported to the annual USG TCB Survey. These descriptions are organized alphabetically by sub-region (Andean, Caribbean, Central American, and Southern Cone) and, within sub-region, alphabetically by country.

All TCB assistance summarized here is completely or partially funded and/or implemented by USAID. Additional TCB assistance funded and/or implemented by other USG agencies can be found in the searchable USG Trade Capacity Building (TCB) database located at <http://quesdb.cdie.org/tcb/index.html>. Readers interested in USAID funding levels for TCB for a specific country or grouping of countries, or accessing descriptions of activities funded by USAID in prior years (e.g. FY 05), which activities may still may be underway, are invited to visit the database.

Please note that these activity descriptions are “snapshots” at a point in time. In some instances, the descriptions provide information on achievements to date for an activity that was initiated in a prior year (but which activity continues to receive funding in FY 06), while other descriptions provide information on an activity that has yet to begin or is still in the early phase of starting up—in these cases, descriptions focus on the objectives of the assistance (i.e., what the assistance aims to accomplish).

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**LAC Trade Matters** is not a vehicle for articulating or vetting USG trade policy as these functions have their existing and appropriate channels within the USG inter-agency Trade Policy Staff Committee process. On trade policy issues, USG officials receiving this newsletter should review cleared information provided through official channels (e.g., cables). The newsletter is produced quarterly and entirely within and under the editorial control of the Office of Regional Sustainable Development in USAID’s Bureau for Latin America and the Caribbean, and is not subject to intra-agency or inter-agency review. This issue was prepared by Jaime Holland, an American University Graduate Student, during her internship with the LAC Bureau. Readers interested in sharing information about trade-related issues and events may send written submissions directly to the newsletter’s editor-in-chief Kerry Byrnes ([kbyrnes@usaid.gov](mailto:kbyrnes@usaid.gov)).

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**Andean Region** – Throughout the Andean Region, USAID Missions have been engaged in a TCB program that aims to increase the participation of these countries in the global trading system. USAID/Peru manages the Andean Regional Trade Capacity Building Program.

- **Andean Regional Trade Capacity Building Program:** This program provides a highly leveraged form of development assistance that increases the participation of Andean countries in the global trading system. The program is designed to increase the ability of these countries to take part in trade negotiations, implement the rules and seize the opportunities offered by international trade. The Andean TCB program is focusing on the implementation of the TPA agreements signed by the U.S. with Peru and Colombia. Some support also is being provided to Ecuador and Bolivia.

**Bolivia** – USAID/Bolivia has several projects supporting trade including a center for sustainable forest enterprise, assistance with community forest management, competitiveness, branding, and poverty alleviation in the *altiplano* through strengthening of micro-enterprises.

- **Amazonian Center for Sustainable Forest Enterprise (CADEFOR):** USAID, the U.S. Forest Service, the World Wildlife Fund and the Bolivian Chamber of Forest Industries have created the Amazonian Center for Sustainable Forest Enterprise (CADEFOR). This activity supports community and private sector players with production processes, product development, and market promotion. It does this by linking buyers and sellers of certified wood and by providing business development assistance to private companies. Certified forestry remains a bright spot in the Bolivian economy with great value-added export potential. Thanks to CADEFOR assistance, commercial alliances have been built between indigenous-social groups and private companies. Also, few indigenous groups are exporting directly with contracts signed with international companies reaching a value of \$1 million per year.
- **Bolivian Trade and Business Competitiveness 2 (BTBC 2):** The Bolivian Trade and Business Competitiveness Activity 2 works to increase the competitive production of goods and services, facilitate trade, expand market access and attract foreign investment. Training and direct technical assistance to small and medium-sized businesses in the value-added, labor-intensive export sector improves their ability to take advantage of trade opportunities. Regional business promotion centers (El Alto, Cochabamba, Santa Cruz) connect producers to markets. The program supports civil society outreach, feedback on trade, and private sector advocacy efforts to communicate the opportunities and challenges of trade and markets. From October 2005 to March 2006, the program generated \$4.5 million in new exports (a large share of the total increase in non-traditional exports), 512 new direct jobs, and incorporated an additional 85 small businesses into exporting networks.
- **Improving the Processing, Branding and U.S. Demand for Bolivian Quinoa:** USAID and its partners propose the implementation of an innovative project designed to improve the quality, quantity and exports of one of the most promising agricultural products of Bolivia, quinoa. The project, From Field to Fork - Improving the Processing, Branding and U.S. Demand for Bolivian Quinoa, is an integrated effort that will improve the incomes of rural producers by improving quinoa processing and reducing inefficiencies along the value-chain, increasing market transparency and incomes of small holder quinoa farmers.
- **Market Access and Poverty Alleviation 2 (MAPA 2):** The MAPA 2 agricultural program reduces rural poverty in the high valleys and *altiplano* regions by enhancing incomes and employment opportunities through a market-driven strategy: promoting formation/strengthening of small rural enterprises, reducing production/transaction costs, and improving key agricultural

chains from inputs to final markets. From October 2005-March 2006, while the program incorporated nearly 6,000 additional families and raised incomes significantly, small farmers exported organic sweet onions, oregano, raspberries, peanuts and chili peppers through the project. During MAPA 1 (2000-2005), the program reached over 22,000 rural households, cumulatively raising their income by almost \$25 million and generating \$78 million in additional economic activity by the multiplier effect (e.g., assistance to oregano and chili pepper farmers increased family income an average of 283 and 244, respectively).

- **Rural Competitiveness Activity:** This activity is strengthening businesses in the Yungas of La Paz and Cochabamba Tropics. Through business support services and technical assistance, the project has helped banana exporters from the Cochabamba Tropics access the European market with their product. Similar efforts to expand exports in the regional market with bananas, pineapples, and tropical flowers (among other products) are also underway. The project is actively engaging the finance sector to help identify new and more appropriate financial services that will help make businesses more competitive in regional and international markets. Access to international markets is also being facilitated by efforts making the customs clearance process more efficient.
- **Short Term Advisory Programs** The Short Term Advisory Program covers assistance on aspects of the World Trade Organization (WTO) agreement including customs post importation, audit, valuation, infrastructure, and customs commercial operations and procedures.
- **Sustainable Forestry Management Project (BOLFOR) II:** This project aims to improve community-based forest management, to access better markets and promote commercial alliances between communities and the private sector, improve forest management and business practices in the private sector, and facilitate forest exports. BOLFOR works directly with over 40 communities and private companies and will reach another 60 through indirect activities. In FY2006, BOLFOR sponsored the 2nd Business Roundtable of the Forestry Sector in Bolivia, which has over 120 participants from Bolivia, USA and 20 other countries, including timber and non-timber products manufacturers, community forestry organizations and indigenous community organizations, service providers, international institutions, and commercial forestry products companies. There were more than 1,500 business meeting requests, far surpassing expectations and generating a total of \$15 million of intended business deals.

**Colombia** – USAID/Colombia has a number of projects aimed at fostering trade, including quite a few projects working to help small agricultural producers convert from illicit crops to licit ones, these are “MIDAS”, aid to artisans, ADAM, and support to the specialty coffee sector. Other projects focus on infrastructure, training and development to SMEs, and short-term advisors for WTO agreements.

- **Agribusiness Program (MIDAS):** The Agribusiness Program within the *Más Inversión para el Desarrollo Alternativo Sostenible* (MIDAS) program aims to help Colombian agricultural producers and others involved in illicit products to shift into legal activities. The project is designed to provide larger and new Colombian agribusinesses with an effective combination of financial, training and technical support services to help them develop new or significantly expanded businesses that will increase and sustain income opportunities in or near areas where illicit crops are produced. The project is providing: (1) pre-implementation technical assistance and training needed to produce commercially viable business plans, (2) linkages with other sources of development and implementation support, (3) reimbursement of technical assistance and training to support project implementation, and (4) up-front financial assistance to facilitate project design, loan approvals and implementation.

- **Aid to Artisans:** This program's goal is to create licit employment, enterprises, and income opportunities for Colombian artisans. Specific objectives are to: (1) strengthen the local capacity of artisans to produce marketable goods that generate increased orders; (2) strengthen business skills and organizations to enhance the ability of Colombian artisans and artisan-based enterprises to improve production capacity and quality, negotiate global markets, and establish and maintain strong business relationships with clients; (3) develop domestic and international markets and promote Colombia as a source of innovative, high-quality handmade products among buyers; (4) increase income for 2,000 artisan households; and (5) generate \$1.75 million in sales during the project and an additional \$3.8 million in the four years following the end of the project in 2007. To date, the program has benefited over 1,650 families by improving product quality and increasing sales.
- **Alternative Development (ADAM):** The Alternative Development component of the Areas for Municipal-level Alternative Development (ADAM) program develops viable, sustainable on-farm and off-farm income alternatives to illicit drug cultivation by linking producer groups at the local and regional levels to national and international markets, and strengthening, along the way, the links in the production chain that tie growers to buyers. Headquarters and five regional offices (Nariño, Cauca, Huila, Norte de Antioquia, and Bolivar) are open and operating. There have been regional roll-out presentations to governors, major stakeholders, and key community leaders.
- **Colombian Agribusiness Partnership Program (CAPP):** This program assists agribusinesses primarily by identifying qualified private sector partners, the careful evaluation of proposed projects, and the application of mechanisms for assistance tailored specifically to the requirements of a project. Each activity must have a technical assistance package managed by the CAPP enterprise at the producer level and every other level to ensure products are handled properly. While all CAPP activities must be market driven, technical assistance must be provided to ensure that the most efficient, and therefore profitable, business operations are established. A total of 34 agribusiness projects totaling \$204 million have been approved for implementation, with a total USAID contribution of only \$24 million. The number of hectares of licit crops supported is 24,000, and the number of rural families impacted is 8,620.
- **Colombian Enterprise Development (CED) Program:** This program rapidly and effectively provides integrated assistance to small- and medium-sized enterprises (SMEs) in secondary cities. It organizes SMEs through market-enhancing interventions based on international best practices, identifies markets, creates integrated business development services, and is establishing a financial services clearinghouse. CED has established a national network of operators who have evaluated over 1,100 projects and is currently assisting 993 SMEs at a cost of roughly \$3 million. Investments to date will generate 7,000 new jobs in secondary cities. CED has closely coordinated with commercial banks to promote its program and to encourage bank customers to actively participate in SME expansion. CED has trained local consulting firms to increase their capacity to perform business expansion plans. The SMEs provide 50 percent of the cost of preparing the business expansion plans.
- **Commercial Forestry (MIDAS):** This activity aims for significant job creation and increased licit incomes, including through the development of sustainable forest products businesses. The overall strategy is to improve the legal, regulatory, and institutional environment. The activity will stimulate proposals from potentially viable customer groups in high potential sub-sectors and geographic areas, developing the best into business plans and providing technical and financial support necessary to make the businesses successful and sustainable. Strategic pillars of this approach are: (1) strengthen local capacity to offer long-term loans to private forestry companies; (2) encourage social responsibility principles and environmentally responsible practices in

production; and (3) concentrate efforts on business creation leading to value-added products, including product branding.

- **Forestry Development Program:** The program will expand the production of marketable and profitable forest products and increase incomes throughout the forestry sector in Colombia, providing alternative sources of income to the rural communities where forestry activities are centered, as well as improving or creating more integrated production chains. One of the program's main goals is to assist the private commercial forestry sector to improve efficiency through better technology, utilization of raw materials, and knowledge of markets for a community's forestry products. The program includes four main thematic areas: (1) forest policy improvement; (2) support of the forestry initiative in Plan Colombia; (3) improved production and income generation in the forestry sector; and (4) creation of a forestry development fund to assist in work plans, marketing and feasibility studies. In 2006, this activity contributed to having a new Colombian Forestry law approved.
- **Improving Sanitary and Phytosanitary Standards:** With the technical assistance of the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA), this activity is organizing, equipping, and staffing a phytosanitary center of excellence (CEF) in Bogotá to carry out: (1) pest risk analyses (PRA) and operate a global positioning system (GPS) for pest control and monitoring of a broad number of Colombian exotic and common fruits; and (2) quarantine research and treatments to complement PRA and complete phytosanitary protocols for pest mitigation (CEMIP). To date, the CEF is fully operational, with highly specialized staff and equipment. Pest risk analyses for Uchuva, Pitahaya, Aradano and Agraz conducted by CEF have been reviewed and approved by USDA/APHIS. Pest risk analyses for another seventeen fruits and vegetables are currently being conducted by CEF.
- **Policy Environment for Trade: Transparency and Accountability:** The program has two principal objectives: (1) improve the transparency and efficiency in the use of public resources; and (2) increase the level and quality of citizen participation and their capacity to oversee public entity use of public resources. To date, this program has strengthened public administrations of 22 departmental and municipal levels and 80 national entities, provided training and funded 400 local projects for citizen oversight, and advanced in improving budgeting practices at the national level and in the cities of Pasto and Medellín. A total of 1,145 public officials from 35 government regional and local entities and 277 public officials from the 80 national entities were trained in internal control, public ethics, public communications, quality control, management tracking systems, and technology skills. In addition, more than 1,000 people have been trained in citizen oversight.
- **SME Development (MIDAS):** This component of the *Más Inversión para el Desarrollo Alternativo Sostenible* (MIDAS) activity provides consultancy, training and business coaching to existing small- and medium-sized enterprises (SMEs) that will invest in viable expansion projects with potential to increase sales and create more jobs. This coaching support transfers knowledge on management, technology, research, training, promotion and all other technical assistance activities that enhance SME business development, market access productivity, cost efficiency, financial management, innovation, and all other aspects of their business. The program emphasis is on promoting competitiveness along value chains through managerial development of SMEs that are linked to large industries as providers and/or distributors (anchor companies), with an aim at sustainable long-term growth of the SME itself.
- **Short Term Advisory Programs:** The Short Term Advisory Program covers assistance on aspects of the World Trade Organization (WTO) agreement including customs post importation, audit, valuation, infrastructure, and customs commercial operations and procedures.

- **SME Risk Capital Fund:** The financial and technical support provided under this activity is establishing a small- and medium-sized enterprise (SME) risk capital fund in Colombia and facilitating the utilization of the fund to channel medium and long-term financial capital and management and technology transfer expertise to high-potential SMEs. The fund is expected play a critical role in providing an ample source of equity and subordinated debt investments in high-potential SMEs that would otherwise lack access to sustainable market-based financing. The activity successfully established the first SME Risk Capital Fund in Colombia, which was capitalized at approx. \$17 million with majority funding from private Colombian pension and insurance companies. In addition, the activity supported critical regulatory reforms required to facilitate private pension / insurance fund investment in private equity funds.
- **Social Infrastructure for Internally Displaced Persons (ADAM):** This activity assists displaced populations by providing stand-alone social infrastructure such as the building or improvement of water and sanitation systems, roads, schools, and health centers. Only a portion of these activities is related to trade capacity building, and only that portion is included in the funding reported here. Accomplishments: (1) approval of first annual work plan; (2) headquarters and five regional offices (Nariño, Cauca, Huila, Norte de Antioquia, and Bolivar) are open and operating; (3) regional roll-out presentations to governors, majors and key community leaders; and (4) currently in the process of rolling-out 12 ADAM quick-start projects.
- **Support for Mocoa-Puerto Asis Road:** The benefits of building the road from Mocoa to Puerto Asis in Colombia include savings in operational costs of vehicles which translates into lower transportation costs for goods produced in the region, facilitating access to local and international markets. Additionally, there will be social and economic benefits for local producers derived from the strengthening of regional productive activities.
- **Support for Specialty Coffee Exports:** The Specialty Coffee Program works with small coffee producers to reduce coca and poppy cultivation by increasing the production of exportable specialty coffees and, as a result, increasing their incomes. Through technical assistance, training, improved processing at the farm level, and marketing, the program helps small coffee growers produce specialty coffees that generate premium revenues. This partnership project has leveraged more than US\$8 million in private investment for coffee activities. Over 6,600 families have benefited, over 12,500 hectares of licit crops have been supported, and over 700 hectares of illicit crops (coca and poppy) have been manually eradicated. Also, over 17,000 full-time jobs and over \$28 million in sales have been generated.
- **Trade / Investment Policy and Institutional Reform (MIDAS):** The role of the MIDAS Policy Component (MPC) is to promote critical economic policy/institutional reforms that enhance the sustainability and expansion of progress made under Plan Colombia by helping place the Colombian economy on a strong medium-term income and employment growth trajectory. This, in turn, entails enhancing the competitive position of the Colombian economy and working to improve the policy environment across all sectors in Colombia in conjunction with the other main components of MIDAS. Areas of focus are: (1) sanitary and phytosanitary (SPS) standards; (2) technical norms (TBT); (3) customs reform; (4) labor market intermediation reform; (5) fiscal reform; (6) financial and securities market reform; (7) agriculture and forestry policy; (8) land market access reform; and (9) competitiveness regulatory reform.

*Ecuador* – USAID/Ecuador provides trade capacity building assistance in several different ways, including helping banks and insurance entities, competitiveness enhancement of the leather industry, capacity building to protect and improved managed indigenous lands, effective tax collection, increased access to financial services for SMEs, and tourism sector development.

- **Assistance to Superintendency of Banks and Insurance:** This activity provides technical assistance to the superintendency of banks and insurance. Trade requires a healthy financial system that responds to market opportunities and mobilizes liquidity with efficiency between savers, investors and borrowers. An efficient and reliable financial system is a key component for trade, economic growth and development. This activity will help to make the intermediation process transparent with effective prudential norms in place. This process will greatly streamline supervision operations, bringing a safer and balanced context for all trade related activities.
- **Competitiveness Pilot Project:** For a demonstration effect, this pilot activity supports linkages among industries to enhance competitiveness in the production and service sectors, such as the leather industry in two major secondary cities in Ecuador. A U.S. broker was brought in to evaluate the feasibility of expanding leather exports to the United States. As a result of this assistance, the broker contacted a buyer in the U.S. who will purchase 10,000 hand bags and 5,000 hats on a monthly basis from these Ecuadorian firms. This represents approximately \$9 million dollars in exports in year one, increasing to about \$35 million annually in five years, which adds micro and small businesses to this particular value chain. Currently there are 39 businesses in the value chain. The pilot activity has also supported 26 agribusiness producers with technical assistance to form a trading company to share a distribution warehouse in the U.S.
- **Conservation of Managed Indigenous Lands Program:** The Conservation of Managed Indigenous Lands Program (CAIMAN) contributes to building business services and administrative capacity as well as developing small enterprises (artisan production) that promotes non-traditional forest products for the national and international specialty markets. The program also helps to promote foreign direct investment in private lands conservation, ecotourism and sustainable natural resource management.
- **Free Trade Negotiations Support:** The first stage of the program has focused mainly on free trade agreement (FTA) negotiations. For 2006, providing information to the population as well as to Ecuadorian Congress will be emphasized. Also activities to promote labor reform, reforming of laws and regulations that regulate sanitary and phytosanitary standards will be emphasized, among other areas. The activity will also focus on creating awareness and developing consensus on the need for trade labor reform, as well as work on sanitary and phytosanitary standards.
- **Galapagos Marine Reserve and Tourism Support:** This program promotes the conservation of the Galapagos Marine Reserve by improving participation of communities in management, reducing over-fishing and illegal fishing, promoting sustainable tourism, implementing marine zoning, and facilitating public communication and outreach, as well as institutional strengthening of key Galapagos Institutions.
- **Increasing Small Enterprise Access to Finance for Trade Expansion:** Through this program component USAID will ensure that at least 30 percent of the micro-enterprises in Ecuador have access to financial services in urban and rural areas at competitive rates. Emphasis will be given to the development of rural finance to ensure that micro-, small-, and medium-sized enterprises (MSMEs) benefit from commercial backward and forward linkages with business that are tapping new regional and international markets. MSMEs have limited access to financial resources to enhance their competitiveness and to finance new products for export. Assistance will support the

development of financial products for MSMEs so they may have access to financial services and resources that will permit them to compete in local, regional, and international markets.

- **Internal Revenue Service:** Transparent procedures and clear tax collection policies are key requirements to meet trade agreement requirements in the short and long term. Limited support has been provided to train *Servicio de Rentas Internas* (SRI) officials.
- **Ministry of Economy and Finance:** This activity promotes a streamlined budgeting process to improve control and transparency, helping ensure a healthy investment climate for public and private sector actors. Nationally and internationally, accurate economic data, effective institutions, and a clear and fair legal framework are basic conditions to promote trade. During the current phase, this activity has concentrated on strengthening implementation of the process of reform of the Ministry of Economy and Finance. Also, an extensive awareness program has been developed to engage the population in support for reform.
- **Short Term Advisory Programs:** The Short Term Advisory Program covers assistance on aspects of the World Trade Organization (WTO) agreement including customs post importation, audit, valuation, infrastructure, and customs commercial operations and procedures.

*Peru* – USAID/Peru has several projects supporting trade. “CRECER” lays the foundation for sustained trade-led economic growth and increased market access for MSMEs. Additionally, support to projects including improved market access for small producers of coffee and cacao, poverty alleviation through job creation, and development of the border region with Ecuador are all promoting trade in the country.

- **Andean Community, WTO Valuation Training:** A study tour to the United States was conducted in November 2005 for participants from Bolivia, Colombia, Ecuador and Peru. Topics studied included the origin determination process, detailed tariff shift rules, regional value content, advance rulings, record keeping and verification. The Customs Trade Partnership Against Terrorism (C-TPAT) government/trade partnership program was also presented to participants. A Baltimore port, seaport, airport and warehouse tour were included.
- **Creating Conditions for Economic Revitalization (CRECER):** This assistance mechanism is laying the foundation for sustained trade-led economic growth and increased market access for micro, small and medium enterprises (MSMEs). Support will be provided within the context of the Peru Trade Promotion Agreement (PTPA). CRECER will continue to support Government of Peru efforts to improve the competitiveness of Peru and the productivity of its enterprises, will facilitate the adoption of administrative reforms, and will assist the Government of Peru in improving the efficiency of the financial and business development services markets.
- **Improve Production Market Access for Small/Micro Cacao/Coffee Producers:** Technical assistance is provided to improve production and market access for small and micro cacao and coffee producers. New organic varieties that command higher prices and are environmentally friendly will be introduced. New marketing mechanisms which provide producers with higher prices and increased sales in targeted international markets will be established and/or strengthened. The activity will increase productivity and sales of from 3,451 hectares of coffee farmed by 3,125 families. New cacao plantations totaling 7,570 hectares and improvement and maintenance on 10,102 hectares of existing plantations will be established to expanded international market access for the small producers.
- **Peru-Ecuador Border Region Development:** The Peru-Ecuador Border program achieves economic integration of the border region through increased international trade and investment.



Economic activity in the border region is generated mostly through informal micro and small enterprises. The lack of infrastructure and the absence of financial and non-financial services for small businesses hinder economic opportunities for the border populations, which are among the poorest in the country. The Peru-Ecuador Border Program efforts are directed at improving the business environment, increasing access to key economic infrastructure and financial services, and enhancing the competitiveness of small enterprises.

- **Poverty Reduction and Alleviation (PRA):** This activity supports Economic Service Centers (ESCs) that help businesses in the economic corridors of Peru to develop and grow. Expanded access to national and international markets is facilitated through technical assistance, organization of local supply chains, adoption of new technology, and improved marketing. In fiscal year 2005 the ESCs created an equivalent of 12,890 jobs and generated nearly \$34 million in new sales. Technical assistance stimulated private sector investment of \$8.8 million during the reporting period. Expansions of agricultural-processing businesses (e.g., artichoke, corn, trout, coffee and flowers) for national and international markets (37% of sales from these businesses are exports) are successfully including 770 small producers in value chains.
- **Short Term Advisory Programs:** The Short Term Advisory Program covers assistance on aspects of the World Trade Organization (WTO) agreement including customs post importation audit, valuation, infrastructure, and customs commercial operations and procedures.
- **Strengthened Environmental Management to Address Priority Problems:** The objective of the activity is to strengthen the capacity of the Government of Peru to improve and implement the environmental legal framework in Peru while striking a balance and maximizing synergies between conservation, trade and the promotion of licit livelihoods. It supports forest concession-certification (including partnerships between indigenous community-owned concessions and private firms), combats illegal logging, strengthens management of protected areas, and supports the FTA Environmental Chapter and Cooperation Agreement coordination and implementation. It also supports the environmental management decentralization process, environmental certification at the Municipal level, the reform of the Forest Sector in Peru and the Forest Sector Environmental Certification process.

## *Caribbean*

***Caribbean Regional Program*** – USAID/Barbados is managing a number of regional trade capacity building projects as outlined below.

- **Caribbean Community (CARICOM) Legislative Drafting Facility:** Prior to this fiscal year, the Regional Legislative Drafting Facility (RLDF) was established to draft laws related to trade, and USAID provided technical assistance to the RLDF in support of this effort. Under the current program, additional technical assistance is being given with the primary focus being to draft laws which will enable the establishment of a Caribbean Single Market and Economy. Laws which relate to the movement of goods, services, labor, capital and the rights of establishment are critical to support increased business opportunities and ultimately trade throughout the region, and are therefore being addressed. To date, the RLDF has drafted legislation for customs, banking, and free movement of skills within the region.
- **Caribbean Open Trade Support Program (COTS):** COTS facilitates the transition of Eastern Caribbean countries from traditional, preferences-based trading regimes to open trade, and to enable them to compete more successfully and sustainably in the global economy. The program also supports efforts to adopt and participate in the CARICOM Single Market and Economy

- **Technical Assistance to the Caribbean Regional Negotiating Machinery:** Technical assistance is being given to the Caribbean Regional Negotiating Machinery (CRNM) to improve its effectiveness and success in negotiating trade agreements on behalf of the Caribbean Community (CARICOM). Assistance is provided in trade in services, regional coordination for the Free Trade Agreement of the Americas (FTAA) and bilateral trade programs, enhancement of the private sector role in international trade agreements, and strengthening of the CRNM financial management system. Other specific activities in the services area are being carried out with support from other donors of the CRNM services program. In the area of private sector involvement, several seminars have been conducted to date in the region to improve awareness on issues which are germane to trade agreements being negotiated. Private sector contributions to the negotiations are therefore expected to increase as a result of the program.
- **Trade of Non-Competitive Specialty Produce Expansion:** The purpose of this proposed project is to provide relevant, comprehensive, efficient and effective technical assistance to selected Eastern Caribbean island states (Phase I - Dominica, St. Vincent, Phase II - St. Lucia, Grenada, Antigua and St. Kitts) in order to increase the variety and volume of agricultural specialty crops targeted for export to the more lucrative North American markets, with significant positive externalities to include the trading of these products to inter-regional, UK and European markets.

*Guyana* – USAID/Guyana supports a project to reinforce the growth of value-added and non-traditional exports.

- **Strengthening Environment for Sustained Growth of Exports:** The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions, and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has: (1) completed a National Investment Guide which the government is using to attract foreign direct investment (FDI); (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the International Wood Products Association Fair; and (4) mounted a national Caribbean Community and Common Market (CARICOM) Community Awareness Program.

*Haiti* – USAID/Haiti supports the Center for International Private Enterprise to work on mobilizing the private sector, through formal associations, to foster economic growth.

- **Center for International Private Enterprise:** This program is designed to mobilize the private sector through its formal associations to create economic growth. It will aim to achieve the following objectives: (1) build the institutional capacity of private sector associations to promote economic growth and job creation; (2) improve the capacity of the associations to provide

services and advocacy functions; and (3) increase the role of these associations in public policy reform.

**Jamaica** – USAID/Jamaica is promoting several trade-related projects including improvement of the business environment for SMEs, development of competitive clusters, management of pests affecting hot pepper crops, and technical assistance and support of negotiation techniques.

- **Business Environment Improved:** A principal aim of this activity is to create opportunities for small- and medium-sized firms in the tourism, agribusiness and entertainment and culture clusters, with further emphases on underserved sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions that are driven by the needs of the clusters and the community, so as to develop skill sets that are immediately marketable. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops that will help small, medium and micro enterprises access financing.
- **Competitiveness Clusters Developed:** Recognizing that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal framework for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements.
- **Integrated Pest Management Collaborative Research Support Program:** This project supports integrated pest management (IPM) of viruses affecting hot pepper, and molecular tools for distinguishing gall midge species. Hot peppers can be grown sustainably and profitably for the export market as fresh produce. Major constraints include viruses, broad mites, and the gall midge complex. Management plans to avoid losses due to infection of plants have been devised. Since the gall midge complex has been declared a quarantine pest by the U.S., hot peppers have been removed from the pre-clearance list and fumigation is required. Conditions conducive to gall midge have been identified through surveys and geographic information system (GIS) analysis, areas of low-pest risk are more predictable, and a traceability system is in place. Emphasis is now being placed on these pests. Negotiations are under way to define conditions whereby hot pepper may again be shipped to the U.S. without fumigation.
- **Rural Enterprise Agriculture and Community Tourism (REACT):** This activity provides technical assistance and/or grants to: (1) private sector organizations that represent and facilitate exporters in the agriculture and tourism sectors to improve business networks and business skills; (2) Jamaican horticultural and poultry farmers, as well as input suppliers, to improve their output quantity and quality, and level of compliance to Good Agricultural Practices (GAP); (3) tourism improvement agencies to raise the quality of their services, including the documentation of standards for environment, health, and general safety, with a view to disseminating that information and encouraging, or if necessary, enforcing compliance; and (4) tourism accommodation and attraction operators and small craft producers to improve the quality of their products and services and increasing their competitiveness, while preserving the environment.

**Dominican Republic** – USAID/Dominican Republic supports trade projects including improvement of rural electrification, advancement of environmental policy to increase competitiveness, and some initiatives to help the Dominican Republic (DR) in trade negotiations. Further, public/private partnerships are being used to strengthen the agriculture and tourism industries to promote economic growth. While geographically in the Caribbean, the Dominican Republic is a member of DR-CAFTA and also receives trade capacity building assistance through the Central American Regional Program (see below).

- **Energy Sector Assistance - Rural Electrification:** This activity addresses the serious problems affecting the electricity sector and helps to improve reliability and commercial sustainability of electric service in productive rural areas by improving both the quality of delivery systems and the management of rural electric service providers. It will analyze the sustainability of the rural electricity sector, work with a government energy team to implement recommended actions, demonstrate commercially viable alternatives, increase energy efficiency in the public sector, and build local design, construction, and management capacity. This activity leverages a technical assistance loan from the World Bank, funds from other donors, additional funding from the U.S. Department of Agriculture, and funds from the Government of the Dominican Republic.
- **Environmental Policy Compliance:** This activity will help the DR to: (1) advance environmental law enforcement, increase competitiveness, and foster community economic growth and sustainable use of natural resources in poor communities; (2) build the knowledge-base and confidence of the Dominican people to demonstrate that a transparent functional environmental regulatory regime can be achieved; (3) strengthen the capacity of local government, community based organizations (CBOs) and NGOs to build and implement partnerships to participate in effective management of protected areas; (4) support development and expansion of environmentally-friendly products and ecotourism; (5) strengthen the capacity of the Dominican Republic to comply with environmental requirements under DR-CAFTA; (6) harmonize and enforce environmental law and regulations; (7) increase market access for environmentally-friendly products and services; and (8) increase use of clean production technologies.
- **Key Trade and Investment Policies Reformed:** This activity assists the DR in improving the business climate, developing policies supportive of free trade and a competitive environment, aiding the DR in trade negotiations, the administration of trade agreements and a smooth transition to free and open trade. Activities have included: (1) protection of unprotected tourism areas; (2) drafting laws for international arbitration, competition policy, bankruptcy, WTO-compatible free trade zones, and fair trade practices for perishable products; (3) providing macroeconomic policy support, mainly in trade policy; (4) reducing the time it takes to register a business; (5) analyzing the impact of DR-CAFTA on the manufacturing sector; (6) developing regulations to control fruit flies in mango producing areas; and (7) modifying laws and regulations to comply with DR-CAFTA commitments. Expected results include expanded foreign direct investment, trade, and job creation.
- **Public/Private Partnerships - Agriculture:** This activity assists the DR in improving the competitiveness of selected clusters in agriculture: La Vega horticultural crops, mango, and coffee in Jarabacoa. Activities focus on: (1) improving the capacity of producers and exporters to comply with phytosanitary and food safety requirements through technology transfers; (2) identifying new buyers and markets; and (3) strengthening institutional capacity of enterprises and farmers by improving post-harvest handling practices to increase yields and decrease costs. Expected results are increased sales, incomes and employment in rural areas safer post-harvest handling and packaging of products identification of new niche markets and increased exports of coffee, mangoes and oriental vegetables.

- **Public/Private Partnerships - Tourism:** This activity assists the DR in improving the competitiveness of selected clusters in tourism: La Vega ecotourism, Barahona ecotourism, Romana-Bayahibe tourism, Puerto Plata tourism, Punta Cana tourism, and Samana tourism. Activities are accomplished by: (1) creating linkages between the communities and tourism businesses; (2) supporting key environmental measures to protect beaches and marine life; (3) supporting development of small- and medium-sized enterprises (SMEs); and (4) incorporating local culture in tourism development to enhance the destination. Expected results are enhanced destinations, new SMEs, sound and environmentally sustainable management of coastlines, improved quality of tourism services, increased incomes and employment, and an empowered and involved community.
- **Strengthened Capacity to Meet Trade Obligations:** This activity aids the DR in trade negotiations, the administration of trade agreements, and the transition to free trade. It builds capacity in international arbitration, trade database management, technical trade barriers, rules of origin, market access, government procurement, investment and services, tourism sector, intellectual property rights, dispute settlement, tariff-rate quotes, agricultural safeguards, U.S. food import laws, and civil society outreach. It provides trade sector studies of textiles, apparel, footwear, electronic/electrical equipment, medical equipment, and other products. It also supports the development of a communications strategy for DR-CAFTA.

### *Mexico & Central America*

*Mexico* – USAID/Mexico is providing assistance in several areas including capital markets strengthening, sustainable product certification, labor union support, small-scale producer education, export promotion, and capacity building of institutions of higher education.

- **Capital Markets Strengthening - State and Municipal Access:** This project develops and implements innovative finance structures that increase state and municipal access to the Mexican domestic capital market, including a structure designed for long-term debt planning and management to maintain optimal flexibility while meeting investor requirements. The master trust structure introduced in the State of Michoacán is now the market standard (\$13 billion market volume).
- **Certified Sustainable Products Alliance:** This program is working in Mexican communities that produce certified timber to improve their forest management, process timber more efficiently, and develop secondary processing options in addition to the sale of raw logs and boards. Training is provided in technical areas like road maintenance and harvest planning. New methods to more efficiently process and grade timber have helped to lower production costs and to increase sales prices for the raw timber and boards for 10 community operations in Durango and Oaxaca, achieving increased profit with the same level of harvesting. The program is also working to identify products and markets for products that the communities can produce that will increase profits and employment in rural communities where these timber operations are located. Secondary processing options being explored include making furniture or furniture pieces, moldings and doors.
- **Global Labor Union and Non-Governmental Organization Strengthening:** The publications and educational activities of the Institute for Labor Studies will produce trade union research and a publication (The State of Working in Mexico) that will provide a policy agenda on competitiveness in the global economy.

- **Rural Prosperity and Conservation:** The purpose of this activity is to increase the business and administrative skills of producer associations and small-scale producers in areas of high biodiversity. It supports trade-related agricultural development by introducing and promoting new production techniques. A series of market studies were conducted to identify opportunities and constraints to production and sale of new items. The activity supports environment sector trade and standards by focusing on sustainable products and their markets, such as shade coffee, cacao production, and a variety of forest products. Additionally, tourism sector development is supported through market studies, community training, design and promotion of tourism clusters, and the creation of linkages between the larger scale tourism industry and community groups in areas of high biodiversity.
- **AFIRMA Project – Increasing Exports Component:** The Access to Rural Finance for the Microenterprise (AFIRMA) Project aims to improve and deepen the overall Mexican financial sector, contributing very much to trade capacity building by strengthening the financial sector policy framework so that small and medium exporters can increase sales. An improved financial infrastructure, including effective and enabling supervisory capacity and credit information bureaus, is an essential precondition for enterprises of all sizes—particularly small and medium enterprises that have had limited access to effective, affordable financial services in the past—to increase exports. The activity has supported: (1) a program of training for and technical assistance to CNBV (bank supervisory authority) staff to help them adopt a risk-based supervision framework; (2) new, more appropriate products launched by Mexican credit bureaus; and (3) progress towards reform of credit information laws.
- **Training, Internships, Exchanges and Scholarships (TIES):** This program advances the objective of the Partnership for Prosperity, an initiative of President Bush and President Fox. TIES facilitates pursuit of a common development agenda between the United States and Mexico by enhancing the capacity of higher education institutions of both nations to examine mutual development problems, work in strategic alliances to develop solutions, and create the basis for Mexico to benefit more fully from the North American Free Trade Agreement (NAFTA) and a planned Free Trade Area of the Americas (FTAA). The overall TIES Program addresses training topics beyond trade-related issues. Only the share of funding for TIES related to TCB is reported in this activity report.

**Central American Regional Program** – USAID/El Salvador manages several regional projects to support trade capacity building in countries that are signatories to DR-CAFTA.

- **Biodiversity Conservation:** This activity utilizes the technical expertise of the U.S. Department of State and the U.S. Agency for International Development. This activity improves protection and management of wildlife in trans-boundary areas and where it has been impacted by trade.
- **DR-CAFTA - Sanitary and Phytosanitary Technical Assistance:** This activity supports sanitary and phytosanitary trade capacity building and addressed the technical needs of the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) partners to enhance trade within the region and to better ensure that free trade agreement commitments are met.
- **Eliminate Gender and Other Discrimination:** The operations of this activity utilize the technical expertise of both the U.S. Department of State and the USAID Central American Regional Mission. This activity promotes adherence to labor standards at the enterprise level.
- **Enhance Ability of Exporters to Meet SPS Requirements:** This project assists the competent authorities of the Central American Free Trade Agreement (CAFTA) countries to understand and

meet international obligations related to sanitary and phytosanitary (SPS) regulatory procedures and practices. This is a government-to-government activity to provide technical training to: (1) address each mission, policies and procedures related to agricultural trade of each agency, including animal and plant health and food safety; (2) assessing the regulatory status of each participating country; and (3) develop an action plan for additional training as needed. Accomplishments have been countries are able to meet the requirements of the treaty, detention levels at the borders are reduced, pre-shipment pest inspections are improved, and pepper exports to the United States have increased.

- **Environmental Enforcement:** Environmental compliance inspections training is being provided to Costa Rica and Panama.
- **Harmonization of Environmental Standards:** The activity helped the Central American region harmonize environmental standards by (1) completing a Regional Wastewater Model Regulation and implementing the plan with the help of country partners; and (2) developing a draft Regional Solid Waste Strategy.
- **Improve Private Sector Environmental Performance:** This activity, utilizing the technical expertise of the U.S. Department of State and USAID, promotes cleaner industrial production and mobilizes financing for cleaner production through the Central American Renewable Energy and Cleaner Production Facility (CAREC). Funded by Department of State and implemented by USAID/LAC.
- **Modernize Labor Justice:** This activity trains judiciary officials on labor reforms.
- **Pollution Prevention:** This activity assists with (1) the completion of demonstration wastewater treatment plants in La Union, El Salvador and Livingston, Guatemala; (2) development of a Cleaner Production Manual for the tannery sector in the region; (3) a Landfill Methane Utilization Project; and (4) technical assistance to El Salvador on removal and disposal of stockpiled hazardous materials.
- **Promoting Market-based Conservation:** This activity, utilizing the technical expertise of the U.S. Department of State and USAID, promotes sustainable tourism management of agriculture and forest products.
- **Rainforest Alliance with Global Development Alliance (GDA):** This program is working to use a set of complementary and cross-promoted supply-side and demand-side activities to strengthen the competitiveness and sustainability of agriculture and timber operations that supply private sector Alliance partners, comply with labor and environmental standards, and improve their access to international markets. As a result: (1) Sales of certified products from October 2005 to March 2006 were \$52 million in bananas, \$18 million in coffee, and \$2 million in timber. (2) New areas equal to over 72,000 hectares certified during reporting period and more than 1.5 million hectares cumulatively certified since the activity started. (3) Multinational food companies sharply increased purchases of RA-certified coffee and initiated substantial market promotion campaigns in Europe. (4) Support has been initiated for sustainable pineapple/forestry operations in Panama and forestry operations in Nicaragua.
- **Strengthening Institutions to Implement and Enforce Environmental Laws:** Utilizing the expertise of U.S. Department of State and USAID, this activity is improving environmental regulations, policies and procedures, and is strengthening public participation and transparency.

- **Strengthening Labor Justice Ministries of Labor in CAFTA-DR Countries:** USAID is promoting specific changes in judiciary institutions in the region that are critical constraints to effective implementation of labor justice. In order to raise the professionalism of the judiciary, USAID will support personnel system reforms that establish minimum standards for different job categories and support training and evaluation efforts to create incentives for capacity building in labor law and procedures. USAID will strengthen training institutions and support procedural streamlining to sustain this effort. USAID will also provide the Information Communications Technology (ICT) and in-house expertise as the backbone upon which the Ministries of Labor can reorganize operational workflows enabling them to manage key priorities such as case tracking, statistics, planning, budgeting and financial management.
- **Successful Implementation of DR-CAFTA-DR Treaty Requirements by Governments:** The USAID Regional Mission will provide technical assistance and training to countries in the region to meet obligations from the DR-CAFTA Chapter Four - Rules of Origin (ROO), Chapter Five - Customs reform, and Chapter 19 - Trade Capacity Building. Specifically, this means that DR-CAFTA countries are successfully implementing the requirements specified in Chapters 4 and 5 by the deadlines established in the treaty and that DR-CAFTA countries are provided regionally-oriented technical assistance coordinated through the Trade Capacity Building Committee process.
- **Support Implementation of Chapter 17 of DR-CAFTA Requirements:** The project will focus on providing DR-CAFTA countries with the technical assistance required to respond to needs related to Chapter 17 (Environment) implementation. These needs have been identified in the National Action Plans for each country, in the Environmental Cooperation Agreement (ECA), and in the Cooperative Work Program. The program will work in the following major areas: (1) strengthening the Environmental Management System of each Party; (2) supporting public participation and consultations under the DR-CAFTA and ECA; and (3) implementing and improving compliance with environmental laws and Multilateral Environmental Agreements. The USAID Regional Mission will work with the Environmental Ministers to identify additional regional environmental priorities that complement the national priorities. The implementers may be asked to provide additional tools, best practices, and technical support to respond to these additional priorities.
- **Support for DR-CAFTA Specific Obligations in the Environmental Sector:** Utilizing the technical expertise of the U.S. Department of State and USAID, this activity supports the public submissions process to the Secretariat of the DR-CAFTA-DR, performance benchmarking and evaluation, and other priorities of the Environmental Cooperation Commission.
- **Technical Assistance to Central America:** The Federal Trade Commission and Department of Justice conducted a single seminar in El Salvador to promote convergence in competition policy in the Central American region. The seminar focused on skills used to address cartels, abuse of dominance, and potentially anticompetitive mergers in an environment when similar conduct affects multiple jurisdictions.

*El Salvador* – USAID/El Salvador is involved in numerous trade-related projects including financial sector development, reducing trade barriers, and assisting on rules of origin, customs procedures, small scale infrastructure improvements, and tax collection. Additionally, there are programs to build the capacity of small scale agriculture producers and artisans.

- **Agriculture Diversification Program:** Formerly known as AGRITECH21, this program will help enterprises increase domestic sales and exports of non-traditional, high-value agriculture



products. It will also help improve value added processing, increase market access, build long-term business relationships and introduce new technologies. It will stimulate job creation and increase sales of horticulture products including short-term cycle fruits, vegetables, ornamental plants, tropical flowers, and specialty coffee as well as tackle SPS issues. Building on the Rural and Agricultural Diversification project, this second phase will focus primarily on addressing key production constraints, business development, marketing, and sales of agriculture products. The activity will pursue leveraging private sector and donor resources.

- **Artisan Development Program:** This intervention is helping to increase employment and income for artisan entrepreneurs by enhancing their capacity to produce and market crafts, and increasing their access to markets.
- **Export Promotion Program - Phase II:** Formerly known as ExproTech, this program continues working with Small and Medium Enterprises (SMEs), the private sector, business associations and the Government of El Salvador to strengthen business capacity and competitiveness, promote access to markets, increase sales and jobs, and expand access to appropriate technologies.
- **Financial Sector Development:** USAID will help micro, small and medium enterprises (MSMEs) increase access to financial services by improving the way that financial institutions understand needs, by assisting banks and other financial institutions to introduce new products and more appropriate management technologies, and by looking for ways to reduce lending risks. USAID will focus on those MSMEs with the greatest potential at creating jobs and increasing trade opportunities. It will also introduce a loan guarantee mechanism to share with the financial institutions to act as an incentive for these institutions to increase lending to MSMEs.
- **Removing Trade Barriers:** USAID will help the government of El Salvador (GOES) carry out policy analysis and promote public/private policy dialogue to identify and address key barriers to trade, investment and exports. It will provide support to GOES and the private sector with technical assistance, training, and policy analysis and implementation.
- **Rules of Origin and Customs Procedures:** USAID is providing assistance on rules of origin (ROO), customs valuation, and risk management. This assistance will focus on: (1) improved ROO administration; (2) developing and implementing a risk management system; (3) implementing classification and valuation procedures; (4) generating more reliable, useful public information; (5) adopting streamlined procedures to expedite “speed to market” and other time sensitive shipments; and (6) selectively improving the legal and regulatory framework.
- **Small Scale Economic Infrastructure:** USAID will implement this activity at the community level specifically to help provide better access to the production areas and job marketing. It is estimated that USAID will implement at least 12 small infrastructure projects during fiscal year 2006.
- **Tax Administration Policy:** USAID has supported the Government of El Salvador to increase tax collections since the early nineties and is following up and building upon that assistance. Objectives include: (1) increasing tax collections, improving detection of tax evasion, and increasing voluntary tax compliance through an efficient and effective administration of tax collections and tax laws and regulations; (2) avoiding macroeconomic instability and uncertainty; and (3) contributing to poverty reduction through the provision of resources needed to widen coverage of basic health and education.

**Guatemala** – USAID/Guatemala has focused on providing assistance to agriculture and agri-business development, forestry development and certification, pest management, tourism development, and general support for SMEs in country.

- **Agriculture and Agribusiness Development:** In response to the strategy of the Government of Guatemala, *Vamos Guatemala*, this activity will work with small-scale commercial producers, producer associations, farmers, and non-farm rural enterprises transitioning to market-oriented commercial production. It will provide technical assistance and training to: (1) improve the quantity, quality, and product safety of selected non-traditional agricultural products, including specialty coffee; (2) facilitate formation and consolidation of market-oriented farmer organizations; (3) encourage and support adoption of good agricultural practices, food safety, and norms and standards (both private and public); and (4) implement sustainable management practices in agricultural land and forests management, such as implementing payments for environmental services such as payments by downstream beneficiaries of watersheds to upstream communities that maintain the watershed.
- **Forestry Development and Certification:** In response to Guate-Verde and Guate-Crece, the environmental and economic development components of the strategy of the Government of Guatemala, this activity will work in the Multiple Use and Buffer Zones of the Mayan Biosphere Reserve and forest areas managed in the Guatemalan highlands. The project will focus on forestry activities that incorporate sustainable natural and cultural resource use and management concepts in cluster development. The activity provides technical assistance and training to improve and increase: (1) business organization and administration; (2) forest management and road planning; (3) forest certification; (4) access to higher-value markets for certified timber, especially lesser-known species; and (5) collaboration with commercial partners and strategic alliances.
- **Guatemalan Community Tourism Alliance:** In response to the *Vamos Guatemala* strategy of the Government of Guatemala, this activity supports niche tourism based on natural and cultural diversity of rural communities. It builds upon established alliances and creates a greater number of community-based, and small and medium tourism enterprises (SMEs) in rural destinations. Target beneficiaries include community-managed tourism enterprises, small-scale tourism service providers, tour operators, small-scale producers and sellers of local handicrafts, and community and municipal tourism associations and organizations. The approach also integrates cross-cutting themes of gender, ethnicity, conflict resolution, management of biodiversity and cultural resources in the design of components. Also, the activity supports credit access and financial services through local partnerships, leveraged multi-media marketing, and certification and business development services.
- **Integrated Pest Management Collaborative Research Support Project (IPM CRSP):** This project is designing a technical manual of pre-inspection in peas, integrated crop management in tomatoes, vegetables grafting in intensive agriculture, and bio-fumigation as an organic technology for soil disinfection. The project objectives are: (1) promote the development of agricultural technologies using IPM principles and increase access to and use of the IPM techniques; (2) transfer results of the IPM CRSP research to farmers; (3) stimulate farmers to increase the use of IPM technologies; and (4) document and illustrate the impact of IPM CRSP research findings on Guatemalan non-traditional agricultural exports (NTAE). The cropping system manuals will be distributed among individual farmers and farmers associated to export companies in collaboration with project partners supporting integrated protection of agriculture and the environment.
- **Strengthen Competitiveness of Guatemala Business and Products:** This activity's objective is to promote the creation of supply chain alliances that link Guatemalan producers in the

agribusiness, forestry, tourism and handicraft sectors directly or indirectly with national and international buyers. As result, new Guatemalan producers can be incorporated into the market economy and export process. The activity contributes to the objectives of the development strategy of the Government of Guatemala, *Vamos Guatemala*. Among other components, this activity has linked producers located in indigenous rural areas to potential clients and buyers both domestic and international accompanied producer groups during the negotiation stages with the buyers until final agreements are reached and signed designed investment plans to create alliances and define the financing scheme and, provided follow-on support to existing alliances.

- **Support for Small and Medium Enterprises:** To reduce the emphasis on collateral guarantee in accessing credit, and to help small- and medium-scale enterprises (SMEs) in priority target sectors (agro-industry, forestry and tourism), USAID will introduce a loan guarantee program, using the Development Credit Authority (DCA) mechanism through a partnership with two local banks to share the risk of lending to this segment of the market. The mechanism will be structured in the form of a portfolio guarantee in a partnership with two commercial banks in an estimated amount of around \$20 million to lend to SMEs for investment capital. The activity will demonstrate the bankability of this sector and promote long-term lending to SMEs.
- **Trade and Investment Expert Services Assistance:** This activity supports the Government of Guatemala strategy for Social and Economic Development (*Vamos Guatemala*) by promoting laws, policies, and regulations that are pro-trade and investment. Demand-driven assistance is focused on policies (including free trade agreement related policies), rural competitiveness, and key industry clusters (forestry, agro-industrial, and tourism/handicrafts). Expert services are provided in the areas of product norms and standards, technical barriers to trade, the Environmental Cooperation Agreement (ECA) of the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA), the enabling framework for a business sector, commercial law, customs administration, simplification of import processing procedures, sanitary and phytosanitary procedures, rural development, land tenure, land conflict, and industry cluster competitiveness.

**Honduras** – USAID/Honduras’s trade-related projects include helping Honduras meet its CAFTA environmental requirements by improved watershed resource management, technical support to tax officials, and competitiveness assistance.

- **Integrated Watershed Resource Management Support:** The program’s main objective is to improve the capacity of Honduras to meet its Central American Free Trade Agreement (CAFTA) environmental requirements as well as comply with commitments under the Environmental Cooperation Agreement. Another program objective is to strengthen integrated watershed resource management in support of Honduran agricultural and rural diversification objectives aimed at enhancing the ability of the country to take full advantage of increased trading opportunities available through CAFTA, the Free Trade of the Americas Agreement (FTAA), the Doha Development Round of the WTO, and other FTAs.
- **Internal Revenue Service Advisor:** The Internal Revenue Service (IRS) provides short-term advisors in specific technical areas to assist in improving the Honduran tax administration system.
- **Trade, Investment, and Competitiveness (TIC) Policy Support:** The program’s technical approach includes three components: (1) the creation of a Policy Analyses and Recommendations (PAR) Unit that will focus its research and analysis in trade, investment, and competitiveness issues to formulate policies for the Government; (2) full-time advisors supported by the PAR unit to the Economic Cabinet; and (3) training and technical assistance to other government

institutions, the private sector, and civil society to enhance their capacity to take full advantage of the opportunities offered by FTAs, and to comply with regulations stipulated under CAFTA. The program helps train customs officials in compliance related to CAFTA and the area of sanitary and phytosanitary (SPS) standards. Among the main accomplishments to date are five study reports on key issues. Two of these have been used by the new government in shaping energy generation policies and in new statutes for hiring health service and educational professionals.

**Nicaragua** – USAID/Nicaragua has worked to support sanitary trade, promote sustainable agriculture and timber products, protect national forested areas, and spearhead legal and institutional reform. FUNIDES reaches out to existing businesses and civil society associations and organizations to get them involved in *Compromiso Nicaragua*.

- **Certified Sustainable Products Alliance (CSPA):** This project focuses on strengthening the competitiveness and sustainability of agriculture and timber operation in the region. It fosters new investment and trade, while supporting practices that benefit the environment as well as protect the rights and resources of workers and local communities.
- **Compromiso Nicaragua – FUNIDES:** This project will assist in the development of the *Fundación Nicaragüense para el Desarrollo Economico y Social* (FUNIDES), a non-profit organization that will provide an independent forum to push forward the execution of policy recommendations. FUNIDES will be responsible for reaching out to existing business and civil society associations and organizations and integrating them as active collaborators into the *Compromiso Nicaragua* within a well-defined program of activities. It will foster private/public partnerships to implement CAFTA.
- **Fostering Economic Growth from National Protected and Forested Areas:** This activity works in the agricultural and natural resources sectors to help foster economic growth and sustain natural resources in Nicaragua. It also fosters tourism and other income-generating activities in national protected and forested areas.
- **Legal and Institutional Reform in Support of Nicaraguan Competitiveness:** This activity will provide technical assistance to improve the institutional capacity of the Government of Nicaragua to draft legislation and regulations harmonizing its trade and investment regime with the agreement or international best practices that were not covered specifically under the treaty (i.e., commercial law on business registration, secured transactions, and bankruptcy). The activity will improve the government's ability to formulate and execute policies to empower the Nicaraguan private sector to respond to its new opportunities and challenges under DR-CAFTA, as well as other existing and potential new free trade agreements (FTAs), such as with Chile, the EU, and Colombia.
- **Sanitary and Phytosanitary / Trade Capacity Building:** This activity supports sanitary and phytosanitary capacity building needs as well as addressing other technical needs to enhance trade within the region, and to ensure that Nicaragua meets its free trade agreement commitments.

## **Panama**

- **Trade Capacity Building in Panama:** This project implements and operates an assistance window (with support from the Government of Panama) to help enhance export capacity and competitiveness of small- and medium-sized enterprises (SMEs). Results to date include: (1) shrimp, dairy and teak market reports; (2) an e-tourism guide; (3) reports on food safety for export, and on competitiveness; (4) technical assistance window for SMEs, a manual for the

operation of the window, and three launching events to promote it; and (5) established process for selecting proposals to receive technical assistance, and selection of SMEs to be assisted.

## *Southern Cone*

### *Brazil*

- **Economic Opportunities for Small Enterprises, Trade and Poverty Reduction:** The small business trade development component is successfully demonstrating the enormous opportunities associated with trade-led small business growth and employment, by working with selected small producer clusters. Trade promotion activities have already resulted in over \$5 million in two-way trade between Brazil and the United States. The program has also created approximately 1,000 new jobs. The Program was also able to secure institutional buy-in and cost-sharing from local partners including the Brazilian Export Promotion Agency and the Brazilian Small Business Agency. Policy research facilitated the preparation of draft legislation to encourage the development of small business trade consortia, reversing earlier laws that increased small business costs and reduced their export competitiveness. Additional policy-related studies are being funded, such as an Ease of Export Survey and Doing Business in Brazil.

### *Paraguay*

- **Paraguay Poverty Reduction Program (*Paraguay Vende*):** This program consists of technical assistance to individual firms to increase sales and generate employment. The approach is demand-driven and transactional. Funds are used to foster legitimate commerce and export-oriented business on the border with Brazil. In the Ciudad Del Este region, informal and illegal activities feed corruption and discourage investments.

***LAC Regional Program*** – The Broad Based Economic Growth Team (in the Office of Regional Sustainable Development of the Bureau for Latin America and the Caribbean) coordinates with USAID missions in the LAC region, the Office of the U.S. Trade Representative, other USG agencies, and other trade capacity building stakeholders to support the commitment of the U.S. Government to assist developing countries to build their capacity to trade. In support of this objective, the LAC Regional Program is currently developing the “Equitable Growth Best Practices” project as described below.

- **Equitable Growth Best Practices:** This activity is designed to provide demand-driven assistance to help Latin American and Caribbean (LAC) countries participating in bilateral and regional free trade agreements to prepare for trade negotiations, implement provisions of trade agreements, and transition to free trade, emphasizing rural diversification, small business development, and competitiveness. This activity also will provide support for identifying and disseminating information on best practices for trade capacity building, including doing business, and improving access of the poor to trade-related productive assets essential for economic growth and poverty reduction.