

Data Sheet

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

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

Inputs, Outputs, Activities:

FY 2004 Program:

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

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

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

FY 2005 Program:

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

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

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

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

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

US Financing in Thousands of Dollars

Nicaragua

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