

## Data Sheet

|                                     |  |
|-------------------------------------|--|
| <b>USAID Mission:</b>               | Central America Regional Program       |
| <b>Program Title:</b>               | Performance Fund                       |
| <b>Pillar:</b>                      | Economic Growth, Agriculture and Trade |
| <b>Strategic Objective:</b>         | 596-025                                |
| <b>Proposed FY 2004 Obligation:</b> | \$0                                    |
| <b>Prior Year Unobligated:</b>      | \$0                                    |
| <b>Proposed FY 2005 Obligation:</b> | \$1,758,000 CSH; \$6,787,000 DA        |
| <b>Year of Initial Obligation:</b>  | FY 2005                                |
| <b>Year of Final Obligation:</b>    | FY 2008                                |

**Summary:** The Bureau for Latin America and the Caribbean (LAC) is implementing a number of new approaches designed to improve the effectiveness and strategic focus of its programs. Foremost among these reforms are: strategic budgeting and a greater focus on regional priorities; a closer alignment with the Administration's proposed Millennium Challenge Account (MCA); and the establishment of an incentive-based Performance Fund that rewards good country performance.

The LAC Bureau Performance Fund supports the principles underlying the Administration's proposed Millennium Challenge Account, which conditions development assistance on performance and accountability. The three performance categories of the LAC Performance Fund parallel the performance categories of the MCA: Ruling Justly, Investing in People, and Encouraging Economic Freedom. For each LAC sub-region, the Performance Fund will be divided into three major categories corresponding to the three principal MCA categories, and awards will be made to the best performer under each category.

As part of Investing in People, the Fund will reward education performance in support of the Presidential Initiative on Central American Centers of Excellence for Teacher Training (CETT), which will help strengthen Spanish language teacher training methodologies and materials as well as complement USAID objectives regarding teacher professional development and improving basic education.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

None.

#### FY 2005 Program:

Performance Fund (\$6,787,000 DA, \$1,758,000 CSH). The Performance Fund will serve as an incentive to both USAID missions and host countries to work collaboratively to realign their approach to development, improving their focus on performance, and the achievement of measurable results. Funds will be disbursed to USAID missions, not the countries, for programming. However, USAID missions will work closely and collaboratively with the host country in applying to the LAC Bureau for funds in order to assure host country commitment to Performance Fund objectives. The Performance Fund is also supportive of the intent of USAID's new strategic budgeting process, which seeks to make the programming of USAID assistance more performance-driven.

The fund will not be available to countries that qualify for the MCA, but rather will focus on working to move countries towards MCA qualification. For many countries in the region, a Performance Fund award could be an important step leading towards MCA eligibility as it could provide the financing needed to make reforms required to meet MCA criteria. However, once a country qualifies for receiving MCA funding, it will no longer be included for consideration under the Performance Fund.

Funds will be divided roughly by the three strategic MCA categories identified above. The LAC Performance Fund will not, however, use MCA criteria to measure performance. Instead, it will use

criteria that will be specifically developed for each LAC subregion. The Performance Fund will operate on a competitive basis, with the best performer(s) in the subregion awarded funds. The LAC Bureau will analyze countries' performance annually, review proposals on how the missions would each use the additional funds, and select the best performing country and program under each strategic category. Once funding allocation decisions have been made, recipient missions will submit Congressional Notifications that describe how the additional funds will be used.

**Performance and Results:** High-level host country awareness of and commitment to the Performance Fund's objectives will rely on close host country involvement in developing indicators, benchmarks, and applications for funding; in-country ceremonies with high-level participation for funding awards; and press events. Expected principal outcomes are: 1) a greater focus on regional priorities by governments within the LAC region; 2) a closer alignment of USAID activities with the Administration's proposed MCA; and 3) positive policy reforms.

## US Financing in Thousands of Dollars

### Central America Regional Program

|                                       | CSH   | DA    |
|---------------------------------------|-------|-------|
| 596-025 Performance Fund              |       |       |
| <b>Through September 30, 2002</b>     |       |       |
| Obligations                           | 0     | 0     |
| Expenditures                          | 0     | 0     |
| Unliquidated                          | 0     | 0     |
| <b>Fiscal Year 2003</b>               |       |       |
| Obligations                           | 0     | 0     |
| Expenditures                          | 0     | 0     |
| <b>Through September 30, 2003</b>     |       |       |
| Obligations                           | 0     | 0     |
| Expenditures                          | 0     | 0     |
| Unliquidated                          | 0     | 0     |
| <b>Prior Year Unobligated Funds</b>   |       |       |
| Obligations                           | 0     | 0     |
| <b>Planned Fiscal Year 2004 NOA</b>   |       |       |
| Obligations                           | 0     | 0     |
| <b>Total Planned Fiscal Year 2004</b> |       |       |
| Obligations                           | 0     | 0     |
| <b>Proposed Fiscal Year 2005 NOA</b>  |       |       |
| Obligations                           | 1,758 | 6,787 |
| Future Obligations                    | 0     | 0     |
| Est. Total Cost                       | 1,758 | 6,787 |