

## The Challenge

A prosperous, democratic, and stable Latin America and Caribbean (LAC) is vitally important to U.S. national security. Though LAC has made important achievements, major challenges remain. Weak institutions, poor public services, widespread corruption and rising crime undermine public trust in democracy. Notwithstanding recent gross domestic product improvements, high unemployment, extreme income inequality and poverty persist, all contributing to popular discontent with governments. The average education in LAC is only six years which constrains investment and workforce productivity. Public education is of poor quality, inefficient and highly inequitable. HIV/AIDS is increasing, and the impressive health gains registered in many countries have yet to reach the poor, indigenous groups and rural populations. Further, the adverse trends in regional deforestation and increasing loss of biological diversity present a profound challenge to economic prosperity and democratic stability.

## Objectives, Sectors and Workforce

Assistant Administrator: Adolfo Franco

### Program Budget (Appropriations by Objective)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio	
598-005 Regional Democracy Initiatives	4,971	2,186	3,059	0	N/A	0.99	Met	0.16
598-017 Market Access	3,067	1,325	1,980	0	N/A	0.98	Met	0.35
598-018 U.S.-LAC Environmental Partnership	646	263	0	0	N/A	1.00	Met	0.74
598-020 Program Development and Learning	5,738	815	1,363	0	N/A			0.18
598-021 Special Development Opportunities	12,825	35,199	46,035	35,095	173.6%			0.00
598-022 Conservation of Biological Resources	9,682	16,000	13,831	10,935	12.9%	1.07	Met	0.04
598-023 Improve Equity and Quality of Education	16,985	14,727	19,146	0	N/A	1.15	Exceeded	0.04
598-024 Health Advancement	7,926	10,366	9,164	0	N/A	1.02	Met	0.07
598-www Democracy	0	0	0	2,326	N/A	N/A		N/A
598-xxx Improved Public Health	0	0	0	8,480	N/A	N/A		N/A
598-yyy Economic Prosperity	0	0	0	1,000	N/A	N/A		N/A
598-zzz Education	0	0	0	12,454	N/A	N/A		N/A
Transfer to Other US Government Agency	4,005	0	0	0	N/A	N/A		N/A
<b>Country Total</b>	<b>65,845</b>	<b>80,881</b>	<b>94,578</b>	<b>70,290</b>	<b>6.8%</b>			

### Program Budget (Appropriations by Account)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Child Survival and Health Programs Fund	12,687	11,478	9,735	8,480	-33.2%
Development Assistance	40,696	42,667	61,083	36,715	-9.8%
Economic Support Fund	12,462	26,736	23,760	25,095	101.4%
<b>Total</b>	<b>65,845</b>	<b>80,881</b>	<b>94,578</b>	<b>70,290</b>	<b>6.8%</b>

### Program Budget by Sector and Account

		FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Basic Education	DA	11,035	10,178	12,389	6,454	-41.5%
Agriculture and Environment	DA	14,003	22,057	22,816	14,935	6.7%
	ESF	50	0	0	0	N/A
Higher Education & Training	DA	6,000	5,727	6,757	6,000	0.0%
Economic Growth	DA	4,350	1,000	9,726	6,000	37.9%
	ESF	6,941	21,328	16,800	20,000	188.1%
Human Rights	DA	830	1,080	0	0	N/A
Democracy and Governance	DA	4,478	2,625	9,395	3,326	-25.7%
	ESF	5,471	5,408	6,960	5,095	-6.9%
Family Planning / Reproductive Health	CSH	1,965	3,079	1,733	1,367	-30.4%
HIV / AIDS	CSH	367	744	809	509	38.7%
Child Survival and Maternal Health	CSH	2,905	2,619	2,475	2,475	-14.8%
Vulnerable Children	CSH	0	170	0	0	N/A
Other Infectious Diseases	CSH	7,450	4,866	4,718	4,129	-44.6%
<b>Total</b>		<b>65,845</b>	<b>80,881</b>	<b>94,578</b>	<b>70,290</b>	<b>6.8%</b>

<b>Workforce</b>	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	11	11	14	15	36.4%
US Non Direct Hires	10	14	14	12	20.0%
Foreign Nationals	0	0	0	0	N/A
<b>Total</b>	<b>21</b>	<b>25</b>	<b>28</b>	<b>27</b>	<b>28.6%</b>

**Operating Unit Summary**

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	5,986	7,353	6,756	4,686
Program per All US (\$000)	3,135	3,235	3,378	2,603
Program per Position (\$000)	3,135	3,235	3,378	2,603

**Other Major Donors:**

Multilateral: World Bank, Inter-American Development Bank, Organization of American States, Pan American Health Organization, and other regional and international organizations including non-governmental organizations, foundations and the private sector.

## Latin America and Caribbean PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Andean Counterdrug Initiative	227,836	227,341	226,485	206,900
Child Survival and Health Programs Fund	150,385	144,620	140,861	128,033
Development Assistance	260,760	247,239	254,410	181,852
Economic Support Fund	148,908	151,327	120,780	152,095
ESF - Emergency Response Fund	0	11,700	0	0
Global HIV/AIDS Initiative	10,159	32,353	34,426	34,426
International Disaster and Famine Assistance	0	94,368	0	0
Millennium Challenge Account	0	0	37,070	0
PL 480 Title II	106,463	96,015	99,914	118,500
<b>Total Program Funds</b>	<b>904,511</b>	<b>1,004,963</b>	<b>913,946</b>	<b>821,806</b>

## Data Sheet

<b>USAID Mission:</b>	LAC Regional
<b>Program Title:</b>	Regional Democracy Initiatives
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	598-005
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$3,059,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	1996
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** The Latin America and Caribbean (LAC) regional democracy and governance program supports the deepening of democracy in LAC by strengthening regional institutions, networks and initiatives to enhance human rights protections and advance justice sector modernization and reform; reduce violent conflict and crime; improve public sector legitimacy through good governance and accountability; and increase civil society capacity to facilitate citizen participation and oversight of government.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Promote and Support Anti-Corruption Reforms (\$682,000 DA). Building on lessons learned, USAID is promoting innovative and practical approaches for improving transparency and accountability in the LAC region. The program is addressing the challenge of grand corruption, improve approaches to reduce administrative corruption, and work with USAID Missions and implementing partners to incorporate anti-corruption programming across all sectors. Principal contractor: Casals and Associates.

Promote and Support Credible Elections Processes (\$400,000 DA). Technical assistance is being provided to regional associations of electoral commissions and electoral organizations to enhance the independence and transparency of electoral systems as well as to promote political party reform. Principal grantee: Center for Electoral Promotions and Assistance.

Protect Human Rights (\$1,312,000 DA). USAID is providing technical assistance and training to regional and local networks to promote human rights, prevent trafficking in persons, assist victims of torture, encourage civil society advocacy, promote inclusion, and improve public security. USAID has begun a new activity to reduce youth gang violence. Principal grantees include the Inter-American Institute of Human Rights, the Organization of American States, and others to be determined.

Strengthen Civil Society (\$90,000 DA). To monitor public attitudes and democratic trends, USAID is conducting surveys throughout the region to provide compatible cross-national information on democratic values, behaviors, and perceptions. USAID is using state of the art survey methods that uphold international survey standards and are transparent. Survey results are being used to identify trends and facilitate public discussion on the country and region's state of democracy. Approximately \$1,910,000 is being transferred from other USAID programs for a total of \$2,000,000 to conduct these surveys. Principal grantee: Vanderbilt University.

Support Democratic Local Government and Decentralization (\$575,000 DA). Technical assistance is supporting the development of methodologies to advance local government capacity for participatory planning and service delivery. E-Government and distance-learning

strategies are being expanded to improve local government capacity in financial management, citizen participation, and knowledge management. Principal grantee: International City and County Management Association.

**FY 2007 Program:**

No funds will be obligated in FY 2007.

**Performance and Results:** The LAC Regional program advanced U.S. national security and foreign policy interests in helping LAC governments deepen their commitment to democratic governance and human rights. The regional program trained women, indigenous peoples and Afro-descendant populations in Peru, Colombia and Panama, respectively, to better equip them to influence the legislative agenda in their efforts to narrow the gap between legal (de jure) equality and real (de facto) equality. A human rights and citizen security roadmap was designed and incorporated into the Dominican Republic police force orientation and training. Ombudsman's offices region-wide were trained to improve oversight of public institutions and promote transparency. The anticorruption program replicated its survey on the costs of corruption in public service delivery in Bolivia. The survey, which will be repeated next year, established a base line to assess future progress in reducing corruption. The regional anticorruption activity successfully designed and presented a Mainstreaming Anti-Corruption Workshop for delivery to USAID programs worldwide. A local democracy network was created in the Dominican Republic to unite government officials and civil society for open dialogue and exchange on transparency issues and participatory budget practices. Assistance to the Organization of American States (OAS) allowed for civil society's incorporation into formal sessions in the General Assembly and Summit of the Americas which gave a venue to voice its agenda before high level officials. Additionally the civil society activity supported a regional forum for disabled persons to also promote their agenda before Summit officials. The local governance and decentralization program worked with the OAS to showcase eight local government cases in video format in four languages and is replicating these best practices. Through the regional anti-trafficking in persons' program information campaigns, inter-ministerial task forces, and/or legislation were created in Mexico, Bolivia, and Belize. USAID expanded the program for psychological and legal assistance for victims of torture to the country level in order to strengthen civil society's response to victims' needs and country's accountability on judged reparations. USAID provided assistance, recommendations, and training to electoral bodies, observers and political parties for greater transparency and democratic practices in ten countries.

By the end of FY 2006, the LAC Regional democracy program will have contributed to strengthened regional institutions, networks, and initiatives to deepen democracy in the LAC region.

## US Financing in Thousands of Dollars

LAC Regional

598-005 Regional Democracy Initiatives	DA	ESF
<b>Through September 30, 2004</b>		
Obligations	78,952	119,948
Expenditures	71,000	114,366
Unliquidated	7,952	5,582
<b>Fiscal Year 2005</b>		
Obligations	3,560	-2,869
Expenditures	6,579	1,492
<b>Through September 30, 2005</b>		
Obligations	82,512	117,079
Expenditures	77,579	115,858
Unliquidated	4,933	1,221
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	3,059	0
<b>Total Planned Fiscal Year 2006</b>		
Obligations	3,059	0
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	0	0
Future Obligations	7,229	36,790
Est. Total Cost	92,800	153,869



## Data Sheet

<b>USAID Mission:</b>	LAC Regional
<b>Program Title:</b>	Market Access
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	598-017
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$1,980,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2000
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID's Market Access program contributes to economic growth and poverty reduction by improving the enabling environment for increased trade and participation of the poor in property, finance, and product markets. This is ensuring that benefits from expanded trade lead to broad-based prosperity. USAID efforts support policy dialogue, best practices identification, and dissemination, and innovative approaches to reduce asset-related constraints to market participation. Trade capacity building assistance is helping Latin America and Caribbean countries to participate in and benefit from free trade agreements they have negotiated or are currently negotiating with the United States, including the Central America Free Trade Agreement-Dominican Republic (CAFTA-DR), the Andean Trade Promotion Agreement (ATPA), and the Free Trade Area of the Americas (FTAA). USAID-funded technical assistance and training is increasing Latin America and the Caribbean (LAC) countries' capacity to transition to free trade and become competitive participants in the global market place.

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

#### **FY 2006 Program:**

Increase Trade and Investment (\$1,980,000 DA). USAID is providing technical assistance and training to reduce asset and business related constraints to market participation. Free trade agreement related technical assistance and training is assisting LAC countries implement their national trade capacity building strategies under the CAFTA-DR, Andean, Panama and other free trade agreements in the region such as the FTAA. Activities are being undertaken that foster workforce development, improve capacity to meet quality standards, and reduce other constraints to meeting business and market demands. Technical assistance, assessments/analyses, and regional workshops are improving property rights systems across the LAC region, a key mandate under the Summit of the Americas. USAID is supporting analysis and pilot activities that foster innovation in financial products, particularly related to improving development impact of remittances and increasing access to financing for small and medium enterprises. Alliances with the private sector are being facilitated, and analysis and dialogue on policy needs are being undertaken. These activities are helping to ensure that maximum benefits from free trade agreements reach rural entrepreneurs working in agriculture and non-farm ventures. Principal contractors and grantees: Chemonics International, Carana Corporation, World Bank and Florida International University.

#### **FY 2007 Program:**

No funds will be obligated in FY 2007.

**Performance and Results:** USAID is playing a key role in the trade capacity building components of CAFTA-DR, the on-going U.S.-Andean negotiations, and other free trade agreements. USAID is doing so by participating in the U.S. government inter-agency process in response to countries' trade capacity building needs and priorities. USAID supported a Central American regional workshop that facilitated preparing strategies for helping rural producers

benefit from free trade. Support for the design and implementation of civil society outreach activities is strengthening mechanisms needed by the private sector and civil society to engage in the trade negotiation process. This, in turn, has helped to keep negotiations moving in a positive direction. USAID support also contributed to fostering increased responsiveness to country trade capacity building priorities and coordinating a focused response from resource partners.

To move the Special Summit of the Americas mandate on property rights into practice, USAID continued working through the Inter-American Alliance for Accountability on Property Rights. The Alliance developed and field tested the Blueprint for Strengthening Real Property Rights, held policy dialogue/outreach events throughout the region, and facilitated reporting on progress. USAID continued its on-going program of analysis and technical assistance to help countries strengthen their interventions on property rights and land market development. In Colombia, for example, USAID support led to a fresh and indepth understanding of needed legal and institutional reforms that would increase the use of land and other types of property as collateral for business financing. USAID also supported activities designed to contribute to the Special Summit Mandates on reducing the time and cost to establish a business and to reducing the cost of sending remittances.

Public-private alliances are linking trade and rural development to improve farmer incomes, increase rural employment, and enhance participation in global markets. USAID launched the Andean Regional Cocoa Alliance, linking existing cocoa activities in the participating countries to the technical expertise and market opportunities of the major U.S. chocolate manufacturers (as well as other World Cocoa Foundation member companies).

Continued progress in this objective will mean that by FY 2007, small agricultural producers and businesses in LAC will have greater access to markets, ultimately leading to increased incomes and greater opportunities for trade.

## US Financing in Thousands of Dollars

LAC Regional

	DA	DCA
598-017 Market Access		
<b>Through September 30, 2004</b>		
Obligations	20,191	31
Expenditures	15,264	13
Unliquidated	4,927	18
<b>Fiscal Year 2005</b>		
Obligations	3,786	0
Expenditures	3,842	0
<b>Through September 30, 2005</b>		
Obligations	23,977	31
Expenditures	19,106	13
Unliquidated	4,871	18
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	1,980	0
<b>Total Planned Fiscal Year 2006</b>		
Obligations	1,980	0
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	0	0
Future Obligations	2,759	0
Est. Total Cost	28,716	31

## Data Sheet

<b>USAID Mission:</b>	LAC Regional
<b>Program Title:</b>	Program Development and Learning
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	598-020
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$571,000 CSH; \$792,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Year of Final Obligation:</b>	

**Summary:** USAID's Program Development and Learning (PD&L) funded activities include technical advice and recommendations on sectorial issues; identification of trends that have regional implications; analysis of regional, sub-regional, and cross-border issues; development of new strategies or the refinement of existing strategies; improved quality of USAID country strategic plans; identification and integration of cross-cutting themes into Operating Units' programs to enhance complementarities among programs and overall program synergy; identification of more effective ways to implement programs; analysis of performance, problems, and lessons-learned; assessments to inform decisions regarding emergency responses; increased integration of U.S. Government assistance provided bilaterally and regionally; and compliance with Agency and U.S. Government regulations.

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

#### **FY 2006 Program:**

Program Support (\$792,000 DA; \$571,000 CSH). FY 2006 resources are being used to support PD&L activities that fund studies, analyses, assessments, and evaluations; facilitate new strategy designs and supporting analyses; undertake program design and development; and develop learning efforts. Resources are also being used to provide International Cooperative Administrative Support Services (ICASS) support in Washington and technical assistance for the maintenance of the Bureau's webpage, research and economic analyses. The grantees, contractors, and/or implementing agencies are determined after specific tasks are identified.

#### **FY 2007 Program:**

No funds will be obligated in FY 2007.

**Performance and Results:** In FY 2005, PD&L resources benefited countries region-wide to analyze constraints and develop new programs critical to the achievement of regional development objectives. For example, funds were used to complete a health needs assessment in Ecuador and to begin a health survey assessment in Paraguay to determine future program direction. In addition, PD&L resources were used to develop a strategy to promote the adoption of energy efficiency and cleaner industrial production technologies. PD&L was also used to support Agency efforts to ensure all USAID-funded activities comply with environmental regulations. Finally, PD&L resources were used to provide key services to the LAC Bureau, including economic research, analysis, modeling, and reporting; raise public awareness of USAID's accomplishments in the LAC region; and payment of Washington ICASS support costs.

## US Financing in Thousands of Dollars

LAC Regional

	<b>CSH</b>	<b>DA</b>
598-020 Program Development and Learning		
<b>Through September 30, 2004</b>		
Obligations	3,690	5,321
Expenditures	1,190	4,829
Unliquidated	2,500	492
<b>Fiscal Year 2005</b>		
Obligations	359	200
Expenditures	1,569	359
<b>Through September 30, 2005</b>		
Obligations	4,049	5,521
Expenditures	2,759	5,188
Unliquidated	1,290	333
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	571	792
<b>Total Planned Fiscal Year 2006</b>		
Obligations	571	792
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	4,620	6,313