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USAID PROMOTING DEMOCRACY AND THE RULE OF LAW IN LATIN AMERICA AND THE CARIBBEAN

Steven E. Hendrix*

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The United States government's primary agency for implementing foreign assistance programs, the United States Agency for International Development ("USAID"), focuses on democracy and the rule of law in regards to U.S. foreign policy. This article will provide a brief introduction to USAID, define its objectives, discuss the current focus of U.S. foreign assistance in Latin America and the Caribbean, and specifically address corruption and the rule of law. This article then provides an overview of countries and activities where USAID is engaged in promoting democracy and the rule of law.

I. INTRODUCTION TO USAID AND ITS OBJECTIVES¹

Historically, U.S. foreign assistance had a twofold purpose of furthering America's foreign policy interests in expanding democracy and free markets, while improving the lives of the citizens of the developing world. Spending less than 0.5% of the federal budget, USAID works around the world to achieve these goals.

USAID's history traces back to the Marshall Plan reconstruction of Europe after World War II and the Truman Administration's Point Four Program. In 1961, President John F. Kennedy signed the Foreign Assistance Act into law and created USAID by executive order. Subsequently, USAID has been the lead U.S. agency to extend assistance to countries recovering from disaster, fleeing poverty, and engaging in democratic reforms.

USAID is an independent federal government agency that receives foreign policy guidance from the Secretary of State. The agency works to advance United States foreign policy objectives by supporting (1) economic growth, agricultural and trade; (2) global health; and (3) democracy, conflict prevention, and humanitarian assistance. Moreover, USAID provides assistance to countries in four regions of the world. Namely, Latin America and the Caribbean, Sub-Saharan Africa, Asia and the Near East, and Europe and Eurasia.

With headquarters in Washington, D.C., USAID's strength is its

1. The information presented in this article is accessible at www.usaid.gov.

field offices around the world. USAID works in close partnership with private voluntary organizations, indigenous organizations, universities, American businesses, international agencies, foreign governments, and other U.S. government agencies. Furthermore, it has working relationships with more than 3,500 American companies and over 300 U.S.-based private voluntary organizations. Although the figures vary from year-to-year, USAID typically administers between eight and nine billion dollars in foreign aid, which predominately consists of food and humanitarian assistance. USAID spends over \$135 million per year promoting democracy and the rule of law in Latin America. It also spends a significant amount of money in trade capacity building in the region, developing the legal and institutional infrastructure for trade.

II. CURRENT FOCUS OF U.S. FOREIGN ASSISTANCE IN LATIN AMERICA AND THE CARIBBEAN

In the Latin America and Caribbean Regions, USAID has made economic development and free trade integration a cornerstone of its foreign policy objectives. The United States has a strong interest in seeing economic growth and rising living standards in the nations of the region. It is important to underscore the existence of a clear link between trade, economic growth, and poverty reduction. From 1960 to 1995, the high performance East Asian economies, also known as the "Asian tigers," experienced an eightfold increase in per capita income, while Latin Americas and Caribbean economic performance has been mixed. There are significant examples in the region, such as Mexico, where 2.5 million jobs were created in the seven years since the North American Free Trade Agreement ("NAFTA") was established. Chile's trade-led growth strategy reduced poverty from 33% to 20% in the 1990s. A recent World Bank study on globalization's impact on poverty also emphasizes the connection:

Over half of the population of the developing world lives in [the] globalizing economies [i.e., the developing countries that are participating more in globalization]. The post-1980 globalizers have seen large increases in trade, and significant declines in tariffs over the past 20 years. Their growth rates have accelerated from the 1970s to the 1980s, even as growth in the rich countries and the rest of the developing world has declined. The post-1980 globalizers are catching up to the rich countries while the rest of the developing world is falling further behind. . . . The evidence. . . supports the view that globalization leads to faster growth and poverty reduction in

poor countries.²

Most governments are now nominally democratically elected and development is being collectively pursued through the Summit of the Americas process. Governments are committed to establishing the Free Trade Area of the Americas ("FTAA") by 2005, and agriculture remains central to World Trade Organization ("WTO") negotiations. The proposed FTAA represents a \$12 trillion market, comprising thirty-four countries with a population of more than 800 million potential customers for the goods and services produced throughout the region.

USAID's assistance, in terms of building the legal infrastructure and capacity for trade in various countries in the Western Hemisphere, has produced tangible results in terms of economic growth and trade, including the following:

- USAID's assistance in Intellectual Property Rights ("IPR") contributed significantly to the enactment of modern IPR laws in Guatemala and Honduras, the reduction of processing time to register patents and trademarks in Nicaragua, and wider public support for IPR in the region.
- Under Hurricane Mitch Reconstruction support, USAID's technical assistance for agricultural diversification and business development services helped Honduras producers achieve average increases of about 19% in local sales, 31% in export sales, and an increased employment of about 45%. In Guatemala, tens of thousands of indigenous Guatemalans have escaped poverty with the help of USAID assistance for agricultural diversification.
- In the Caribbean, beginning in 1996, USAID programs have assisted the Caribbean Community countries in advancing WTO-consistent reforms, especially with respect to the WTO Customs Valuation Agreement and the WTO Sanitary and Phytosanitary Measures Agreement.
- In South America last year, USAID began working with the Andean Community countries to establish a regional program focused on United States and Andean priority issues concerning food safety and plant and animal health; government procurement; and other areas such as competition policy.

Moving toward the FTAA, animal and plant health will efficiently

2. David Dollar and Aart Kraay, *Trade, Growth, and Poverty*, available at <http://www.worldbank.org/research/growth/Trade5.htm> (March 2001).

serve to ensure the health and safety of consumers and the enterprise of our agricultural producers by helping exporters from the region comply with food safety standards. The threat of foot and mouth disease provides a clear and recent example. USAID missions in Latin America and the Caribbean assist countries to reach their sanitary (food safety and animal health) and phytosanitary (plant health) trading requirements. American universities and research institutions are vital partners in these types of technical endeavors.³

USAID also provides support in Latin America and the Caribbean regarding the environment in order to advance communication and build additional legal infrastructure to address key issues in the context of the FTAA. Specifically, USAID supports non-government groups, working with governments and civil society to exert leadership in (1) identifying potential positive and negative environmental impacts that are national priorities in the FTAA negotiating process, and (2) fostering stakeholder dialogue on how environmental goals compliment trade liberalization and long-term economic growth.

III. CORRUPTION AND THE RULE OF LAW

The efforts to build trade capacity would fail but for the basic legal infrastructure to allow for the rule of law to prevail and discourage corruption. Across Latin America and the Caribbean, USAID supports a variety of anti-corruption initiatives that strengthen government accountability and transparency. These initiatives help to reduce opportunities for corruption both directly and indirectly by supporting efforts to improve the rule of law and justice systems, increasing citizen participation, or strengthening public sector capacity.

In the 1990s, the first Summit of the Americas presented corruption as an acceptable subject for international concern. The First Global Forum on Fighting Corruption ratified this effort and USAID played an important role in translating this effort into programs on the international donor agenda.

USAID initiated a program to raise financial management standards by promoting more rigorous accounting rules and greater

3. For example, in the area of food safety, animal and plant health, several universities, such as Tuskegee University, University of Texas A&M, Michigan State University, and University of Florida have conducted short courses, provided in-country technical training, and collaborated on applied research.

reliance on computerized record keeping. This integrated financial management system effort, now utilized in nearly all the countries in the region, has increased transparency in bookkeeping and reduced the chance for fraud.

Today, USAID's approach, as part of the larger U.S. government response, is framed by the Inter-American Convention Against Corruption, which is supported by the Summit of the Americas process and complemented by various national plans and initiatives that combat corruption and improve public transparency and accountability. Both the World Bank and Inter-American Development Bank have also begun new efforts in this area.

In Latin America and the Caribbean, USAID programs contribute significantly to broader country team efforts that fight corruption and advance the rule of law. Many U.S. government agencies carry out anti-corruption and law enforcement activities in this hemisphere, including the Department of Justice, working through its International Criminal Investigative Training Assistance Program ("ICITAP"), as well as the Departments of State and Treasury, the Drug Enforcement Agency, the U.S. military, and the Coast Guard. Each of these agencies contributes to the advancements of the rule of law, whether it is by police investigative training, helping governments design new anti-money laundering legislation, or providing logistics support for interdiction operations and training. All training provided by the U.S. government is purposely designed to promote principles of human and civil rights, as well as to counter corruption.

USAID's most important contribution in fighting corruption deals with institutional reform and change; broad programs include the executive, legislative, and judicial branches of governments in the region, as well as universities and representatives of civil society. USAID also enjoys a reputation for providing high-quality and highly credible technical assistance teams on short notice. The efforts are sensitive to local political, legal, and cultural demands while responsive to overall U.S. Government objectives.

In terms of tangible achievements over the past ten to fifteen years, USAID, other donors and host governments in most countries have been able to:

- Increase salaries for judges, prosecutors, and public defenders;
- Improve the transparency of the judicial process;
- Reduce delay in judicial process and, in particular, procedural

- due process violations of human rights;
- Expand coverage of the courts, public prosecutors, and public defenders to broader sections of the population and geographic areas;
- Advance enhanced court administration and public management of justice sector employees in terms of productivity and quality;
- Increase availability of information to the public, both on individual cases where citizens have an interest and on the reform agenda in general;
- Establish new organizations such as public defenders, human rights ombudsmen, and Constitutional Courts;
- Create alternative legal services, such as mediation and arbitration, and small claims courts, all of which benefit the poor and entrepreneurs alike;
- Increase the media attention of the justice system to civil society;
- Involve courts in the enforcement of Constitutional Rights and promote judicial review of executive branch decrees and activities.

IV. USAID BILATERAL PROGRAMS ADVANCING DEMOCRACY AND THE RULE OF LAW IN LATIN AMERICAN AND CARIBBEAN COUNTRIES

While USAID has programs that address development issues on a global basis, such as HIV/AIDS and greenhouse gas emissions, it also has programs on a regional basis, such as the trade program described above for Latin America and the Caribbean, and on a bilateral basis. The following is an overview of USAID bilateral programs advancing the rule of law and democracy in Latin America and the Caribbean.

A. *Bolivia*

Bolivia has enjoyed macroeconomic stability for over fifteen years and free democratic elections over the last nineteen years. Located in the heart of the Andes, landlocked and rugged, Bolivia remains one of the most impoverished nations in the hemisphere with a large income gap that is increasing between rich and poor. The wealthiest 20% of Bolivians possess 57.5% of the country's total income while the poorest 20% have only 3.1%. Constraints, such as weak institutions, limited financial services, inadequate infrastructure, low productivity in rural areas, inadequate technological development, lack of

competitiveness, and a shortage of human capital continue to impede economic growth and efforts to reduce poverty.

United States foreign policy priorities in Bolivia emphasize supporting Bolivian democracy and counter-narcotics efforts. A stable democracy is a necessary condition for continued success in combating narcotics production and trafficking. Bolivia is also a committed United States ally in the war against terrorism.

USAID continues support for implementation of the Criminal Procedure Code in four key areas: (1) legal reform, (2) institutional strengthening, (3) capacity building, and (4) public education and awareness. USAID is currently working to strengthen involvement of civil society in the public awareness and acceptance of the new justice system. Decentralization activities replicate successful municipal participation and governance methods, strengthening the municipal association structure and expanding the municipal financial base. A key tool for this purpose is an Internet-based service platform for municipalities that USAID launched in 2001. Municipal associations are assuming greater control over the platform and will sustain control through business agreements and dues. Congressional representation activities are expanding to include training for new congressional representatives, assistance to thirty single-member district representatives, town hall meetings, public hearings, assistance to regional caucuses, and assistance to women and minority representatives.

The most recent nationwide USAID Democratic Values Survey revealed an overall improvement in citizen support for the democratic system. Much of this improved support can be attributed to the highly inclusive National Dialogue process, which the Government of Bolivia carried out to obtain broad citizen participation in the development of a poverty reduction strategy, and to the continued success of USAID programs. Methodologies developed under USAID's Democratic Development and Citizen Participation program have become public policy for the implementation of Bolivia's Popular Participation Law. National survey data demonstrates an increased level of participation at the municipal level, suggesting not only the impact of the program, but also the benefit of stronger municipal governance in creating a democratic culture. Strong government leadership in the implementation of the Criminal Procedure Code assured its passage into full effect in 2001 and the efficient implementation of the first oral trials. Municipal governments working under a new Municipalities Law demonstrated

improved performance, while maintaining high public confidence in municipalities. Increasingly mature municipal associations in all nine national departments and a growing number of sub-regional municipal associations have greatly facilitated the replication of USAID's municipal strengthening program to more than 150 of Bolivia's 314 municipalities.

B. *Colombia*

Democracy is currently under attack in Colombia. The democratically elected government fails to control large portions of its own territory, which is challenged by leftist guerilla groups and right-wing paramilitary forces that compete for territory and control of the drug trade. The United States seeks to strengthen Colombia's fragile democracy, reduce the production and distribution of illicit drugs from Colombia, and assist with mending the social dislocations caused by internal conflict. The country is pivotal to stability of the Andean region, but is severely constrained by a deteriorating economy and serious internal security problems.

A longstanding culture of impunity from prosecution has not only created doubt in the rule of law, but it has also highlighted Colombia's poor human rights record, which is marred by politically motivated murders, disappearances, and other egregious human rights violations. Government presence is nonexistent in many rural areas and is often limited to uniformed security services elsewhere. Access to justice-sector services, although increasing, is limited. Local governments, both municipal and departmental, have minimal capacity to manage the national revenue that is lawfully shared. Corruption and lack of accountability are serious obstacles to a more effective local government.

The USAID Administration of Justice Program in Colombia seeks to improve due process of law, access to courts, and support procedural and legal changes primarily in the area of criminal justice. The USAID program makes the Colombian justice system more democratic and accountable, comprising of five major components.

First, USAID is working with the Colombian government to modernize criminal law and procedure by adopting an oral, accusatorial system. The current system relies heavily on written records, which Colombian jurists have complained as cumbersome, slow, and inefficient. USAID is also working on reforming criminal justice law, developing intensive training seminars on the accusatorial system, building oral trial courtrooms, and providing infrastructure,

materials, and other resources to modernize court administration and case management systems.

Second, USAID is improving availability of public defender services to indigent defendants. Currently, less than 10% of those entitled by law to the services of a public defender actually receive those services; the vast majority of indigent defendants are not represented. USAID supports law reform efforts to ensure an effective public defender program by making certain that the public defenders office is developed, equipped, and supported by a full staffed. USAID is also determined strengthen the national Public Defender Office by providing supporting extensive training programs, strategic planning, and communications strategy.

Third, USAID has built twenty-three Justice Houses with the Ministry of Justice, and will build eighteen more by September 2005 throughout Colombia. The Houses, most often located in cities of 100,000 or more, consolidate diverse segments of the justice system in a "one-stop shop" to meet the needs of low-income individuals. The Houses offer conciliation services, community police, public defenders, family law services, domestic violence response, neighborhood dispute resolution, human rights ombudsman services, and other necessary legal system services.

Fourth, USAID has also developed, with the Ministry of Justice, a strong network of community mediators throughout the country, that provides training, training manuals, and sponsored conferences. USAID is funding and supporting, through a closely monitored targeted grants program, five complete mediation centers in five regions of the country. USAID also works on law reform to improve the chances for effective, far-reaching community mediation.

Finally, USAID is improving the education of new lawyers. USAID trains law professors to teach the accusatorial system, develop educational materials, change law school curriculum, and sponsor moot court exercises and competitions throughout the country.

In the area of human rights, USAID established the central office of the Early Warning System ("EWS")⁴ in the National Ombudsman's Office and coordination began with all state actors involved. In addition, six regional offices are also being supported. Since June 2001, 90 alerts were issued through the EWS in 122 municipalities; the

4. The Early Warning System was created as a means of preventing forced displacement and massacres.

military, the police, or the Social Security Network responded to 47 of these alerts. USAID provided grants to ten local human rights non-government organizations ("NGOs"). Approximately 375 municipal human rights officials in eleven departments have been trained in basic concepts of human rights and international humanitarian law. From March to January 28, 2002, 1,518 human rights workers, union leaders, and journalists have received protection. Eight state offices, including the National Ombudsman's Office, were provided with bulletproof protection, seventeen vehicles given to threatened union leaders and government officials, and 500 cellular telephones and 180 closed circuit communications devices were distributed to program beneficiaries.

In local governance, six social infrastructure and productive projects have been completed and fifty-six additional projects are underway in southern Colombia. Thirty-nine citizen oversight committees linked to these projects have been established and trained with USAID support. Land use plans have been completed in thirteen municipalities in Putumayo. Three "transparency pacts"⁵ were signed with mayors in Putumayo. Twenty municipal representatives have been trained to instruct community social auditors. A total of 326 citizens from Putumayo have been trained to utilize constitutional mechanisms to oversee public administration practices.

With USAID support, President Pastrana signed a decree creating a "National System of Internal Control" affecting all ministries and other national entities. The Accountant General, in turn, issued an executive resolution requiring 3,000 Colombian government units to follow standardized internal control procedures recommended by USAID. Moreover, government and non-government oversight organizations received assistance to develop and promote effective measures to prevent and combat corruption. Over 600 Colombian trainers have been trained to promote transparency and accountability utilizing constitutional mechanisms such as citizen oversight committees and public hearings. As of December 2001, a public awareness campaign, which provided key information to Colombians on the mechanisms available to combat corruption, reached nearly 33 million Colombians through television spots.

5. Transparency Pacts are public agreements between elected officials and their constituents that implement programs utilizing transparency and public participation as instruments to combat corruption and to promote efficiency.

In support of the peace process, USAID has disbursed approximately \$1.4 million to sixteen Colombian private sector organizations active in carrying out peace related activities that include democratic values, education for youth, community conflict resolution training, institutional strengthening for NGOs, and support for victims of violence.

C. Cuba

The Cuban government continues to violate the most fundamental human rights including freedom of assembly, freedom of speech, freedom of religion, freedom to form political parties and trade unions, and free elections. The Cuban government directly controls mass media, the communist party, trade unions, universities, and all formal economic activity. It strives to censor all independent sources of information that may reach the Cuban people by jamming foreign radio broadcasts and controlling Internet access, as well as censoring or banning foreign books, newspapers and magazines, and forbidding importation of videocassettes and videocassette recorders.

During 2001, the Cuban government intensified its repression of human rights groups, independent journalists, and other peaceful democratic activists. It recently passed legislation imposing a 10-20 year prison sentence for any Cuban receiving or disseminating prohibited information or printed material, or engaging in any activity deemed as aiding United States policy in Cuba. More than 300 Cubans are currently in prison for peaceful political dissent. In the economic arena, the government's punitive taxation and harassment of self-employed individuals have reduced small businesses to an estimated 150,000 in 2001 (down from 210,000 in 1997).

United States national interest in Cuba is to promote a peaceful transition to democracy. To that end, U.S. policy is proceeding on a multi-faceted track that pressures the regime for change through economic sanctions, outreach to the Cuban people, promotion and protection of human rights, multilateral efforts to press for democracy, and migration accords to promote safe, orderly and legal migration.

USAID's program to develop civil society includes (1) the dissemination of information concerning democracy, human rights, and free market economics; (2) non-financial support for democratic and human rights groups on the island; (3) funding visits to Cuba by international human rights monitors; (4) assistance with plans for a future transition government in Cuba; and (5) transmission of such

plans to the Cuban people.

In 2001, the USAID Cuba Program, working through its grantees, made significant progress towards its special objective of increasing the flow of accurate information on democracy, human rights, and free enterprise exchange within Cuba. The Program also provided necessary support to democratic and human rights groups in Cuba, and humanitarian assistance to victims of political repression and their families. These continuing efforts should substantially revitalize Cuban civil society, help reconcile conflicts, and pave the way for peaceful democratic change.

By the end of 2001 fiscal year, grantees had reported achievements in the following six areas:

1. *Human Rights Activists*: Program grantees⁶ provided 35,669 books and other informational materials to more than 250 human rights activists in Cuba and 16,414 pounds of food and medicine to families of political prisoners and other victims of government repression in Cuba.
2. *Cuba's Independent Journalists*: Program grantees disseminated 2,600 articles by Cuba's independent journalists internationally and within the island.
3. *Independent Cuban NGOs*: Program grantees facilitated twelve exchange programs that strengthened independent Cuban NGOs.
4. *Cuban Workers*: Program grantees established contacts with Cuban rank and file workers, and helped exert pressure on the Cuban government regarding workers' rights.
5. *Outreach to the Cuban People*: Program grantees directly transmitted information on democracy, human rights, and free enterprise to 275,000 Cuban citizens.
6. *Transition Planning*: Program grantees worked with United States universities and NGOs, and with independent Cuban individuals and NGOs to develop specific plans for assistance to a future transition government in Cuba. These plans were disseminated to the Cuban people via radio, fax, e-mail, and paper.

6. Primary grantees include the University of Miami, Center for a Free Cuba, Pan-American Development Foundation, Florida International University, Freedom House, Grupo de Apoyo a la Disidencia, Cuba On-Line, CubaNet, National Policy Association, and Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA). Additionally, another principal grantee, International Republican Institute, has a sub-grantee, Directorio Revolucionario.

D. Dominican Republic

The United States has many reasons for ensuring that the Dominican Republic remains a stable, democratic, prosperous, and healthy nation. The country's proximity to the United States, a two-hour flight to Miami or 70 miles from Puerto Rico, suggests that the Caribbean Sea does not isolate it from socio-economic pressures. The growth of an already large Dominican population in the United States corresponds to an increase in travel between the two countries, whether from American tourism, business travel, or Dominicans visiting family members.

Increased democratic freedom and economic growth have not yet resulted in improved economic conditions for the majority of Dominicans, causing many to question whether democracy can produce sustainable economic development and tangible improvements in the lives of ordinary citizens. Major problems remain in areas that are important to sustained economic growth, such as the areas of competition, education, environment, and energy.

The Dominican Republic has made steady advances toward democracy; however, democratic consolidation continues to be a challenge. This is evidenced by extreme clientelism, which still prevails within political parties, weak electoral, and rule of law institutions, and corruption that limits public confidence in government and leads to an inequitable distribution of the benefits resulting from economic growth. To strengthen electoral procedures for the 2002 Congressional and municipal elections, the Dominican Republic must address several issues in the Electoral Law, such as how to institute electoral districts, how to reach consensus on term length for members of Congress and municipal officials, and how to improve voting procedures at poll sites.

Principal USAID activities in democracy and governance include strengthening the rule of law and respect for human rights, developing a liberated and active civil society, fighting corruption, and creating civil society support for more genuine and competitive electoral processes. New opportunities exist to assist the Dominican government to strengthen its anti-corruption program, including its Anti-Corruption Unit under the Attorney General. As in the 2000 presidential election, support to civil society will improve electoral transparency, help create issue-oriented platforms, and provide a forum for public debate. The USAID program is also helping the Dominican Elections Board address Electoral Law implementation issues.

In terms of results, USAID technical assistance and grants to civil, democratic advocacy partners have been an important landmark to a recent wave of anti-democratic, counter-reform measures. In 2001, counter-reformists in Congress attempted to pass a constitutional amendment to extend the term of current legislators and municipal authorities beyond the constitutional mandate. Other counter-reform machinations included attempts to forestall implementation of an open-slate election system, as well as implementation of new electoral districts in the 2002 congressional/municipal elections. USAID's primary social partner created public policy for implementation of these key electoral reforms. In July 2001, the Dominican Central Electoral Board issued a resolution ordering electoral districts to be implemented in the 2002 election. These redistricting reforms will increase the Dominican Congress' representation.

Building on earlier USAID assistance, the Dominican Judiciary extended modern administrative models and procedures to jurisdictions outside the Santo Domingo pilot program area. The Judicial school, founded with USAID assistance, is considered one of the leading institutions of its type in Latin America. Access to the courts for the poor increased as the state-funded Public Defense system grew from three offices and fourteen public defenders in 1999 to thirteen offices in ten municipalities and more than forty public defenders assigned nationwide. The Attorney General's Department for Prevention of Corruption has begun implementing a rigorous anti-corruption strategy developed with USAID technical assistance. USAID has also provided training assistance for Controller General auditors in conducting corruption and fraud audits. The Department for Prevention of Corruption and the Controller General auditors are now increasingly active and successful in prosecuting major anti-corruption cases of both the former and current administrations.

E. Ecuador

Ecuador's economic instability, coupled with pervasive corruption and an increasing crime rate, continues to erode Ecuadorian confidence in a fragile democratic system of government. Preliminary results from a USAID-funded national democratic values survey indicate that, in the face of rising corruption and crime, the great majority of Ecuadorians are beginning to favor non-democratic forms of government, a deeply disturbing trend. Powerful special interest groups continue to dominate decision-making, accelerating resource degradation (*e.g.*, uncontrolled clearing of primary tropical forests),

and a growing sense of exclusion for many social and economic groups. The tense security situation in the northern border provinces is increasing with escalating violence and increasing reports of cross-border incursions by narco-terrorist groups. Projected reductions in subsidies (*e.g.*, for cooking gas, gasoline) also threaten political stability. Fortunately, Ecuador's armed forces continue to maintain a low profile in light of the January 2000 coup that overthrew President Mahuad.

Situated in the heart of Latin America's most conflictive region, Ecuador's importance to United States interests belies its size. A successful democracy in Ecuador can play a key role in stabilizing the northern Andes and curbing the spread of narco-terrorism and violence. Current action, particular through the Andean Regional Initiative, will help prevent far greater problems in the future, both for Ecuador and the United States.

USAID is working for a more independent and effective legal sector through the reform efforts of a broad civil society coalition and a better understanding of the legal sector actors' roles and responsibilities, *vis-à-vis* the effective implementation of the new Criminal Procedures Code. This will lead to more transparent and effective criminal trials, guarantees of due process, and more effective local governance as characterized by greater citizen participation in local democratic processes. In turn, this will encourage greater accountability of local representatives and, ultimately, greater confidence in decentralized government. A continuing concern with projected results is Ecuador's historically weak political will, leadership, and consensus for legal reform, decentralization, and fighting corruption.

F. *El Salvador*

Ten years ago, El Salvador embarked on a hard-won process of peace and democratization. Today, rural poverty, the impact of natural disasters, high levels of crime and violence, and a legal system in need of repair challenge a democratic and free-market-oriented El Salvador. The massive earthquakes of January 13 and February 13 of 2001 caused the loss of 1,159 Salvadoran lives, injured another 8,100 people, produced damage in excess of \$2 billion, affected more than 1.6 million people, and destroyed or severely damaged 277,000 houses.

Despite these problems, the process of national healing, in the wake of the Peace Accords that brought to an end the country's civil

war, is well on its way. Elections have been effectively institutionalized and most recently, local authorities and legislators were deemed free and fair by international observers. Economic liberalization and market reforms are at the core of the government's growth strategy, and the El Salvadorian government is committed to the promotion of free trade.

The United States has multiple national interests in El Salvador. After the civil war, USAID invested heavily in securing peace within the country, and the political and economic liberalization that USAID encouraged and El Salvador adopted is envisioned as a model for other developing countries. More than 1.5 million Salvadorans, mostly illegal immigrants, reside in the United States. By promoting growth in El Salvador with USAID's new Partnership for Prosperity initiative for Central America and Mexico, the United States can curtail the flow of economic migrants and reduce the country's vulnerability to narcotics abuse and trafficking.

USAID is focusing on the justice sector, which is implementing new criminal codes. Training will be provided to judges, prosecutors, and public defenders to help them improve the effectiveness of the justice system in applying these new codes. Outside of the formal justice system, USAID will support alternative dispute resolution through the establishment of community-based mediation centers. Technical assistance will be provided to develop an evidence code to assure fair and equitable treatment of evidence in the processing of criminal cases. USAID will help strengthen local governments through capacity building, working with at least twenty-eight target municipalities to increase their management abilities and to improve the provision of basic services to clients. Support will also be provided for policy discussions between national and local authorities on fiscal and public service decentralization and modernizing the municipal code. Civil society organizations will be strengthened through a mix of technical assistance and training. Small grants will be provided for specific advocacy activities to qualifying organizations. USAID will help the legislature increase the use of public hearings and other outreach activities in order to process greater citizen participation. With USAID financing, an additional constituent outreach office will be opened by the Legislative Assembly, increasing the total number to four.

As part of the Peace Accord's mandate to develop a new civilian police force, USAID will continue to support the U.S. Department of Justice efforts to improve the effectiveness of community policing

practices to decrease crime rates and violence. The Justice Department initiative seeks to improve police communication with the local community they serve by purchasing basic equipment, such as radios and bicycles, to help police address crime at the local level. Technical assistance and equipment also will be provided for joint training between police and prosecutors on case management, handling of evidence, and improved coordination to assure the proper management of criminal cases.

Today, USAID is supporting the implementation of an evidence code and training justice sector operators. USAID also works with selected law schools to train staff in modern legal teaching techniques and to promote curriculum reforms. USAID works with selected municipalities to implement new municipal services, such as water systems and rural road maintenance, with a focus on increased transparency, while efforts to develop society advocacy organizations continue.

Public support for democracy has increased since the 1992 Peace Accords and almost half of the country's population now has some confidence in the judicial system. Evidence of this confidence is the 11.4% increase in court cases filed in USAID-assisted municipalities in 2001. Nationwide, the number of detainees held without sentencing also has been drastically reduced from 6,400 in April 1998, when the new criminal code became effective, to only fifty-two by December 2001. A community-based mediation center was recently successfully established in Suchitoto, El Salvador, as a pilot program for alternate dispute resolution. Also, the expansion and improved effectiveness of the community policing initiative has contributed to the reduction of crime and violence. Nationally, crime has declined by 10% during the first nine months of 2001; specifically, the community policing initiative has reduced crime 46% overall, including murders (down 57%), and increased arrests by 85%.

With USAID technical assistance, twelve pilot water decentralization programs were implemented, serving as models for larger national discussions on decentralization. These pilot programs test the principle that local governmental authorities have a better grasp of the needs of their constituents than national-level institutions. Joint municipal-community participatory planning exercises were carried out in eight municipalities to establish medium-term local development priorities and design multi-annual investment plans. Based on this plan, the El Salvadorian government required that local governments carry out participatory planning exercises in

2002 to secure access to central government funding.

G. *Guatemala*

Open armed conflict has ended in Guatemala but many issues of the 36-year civil conflict remain ignored. The 1996 Peace Accords offer a framework for addressing these issues and developing a just and prosperous society. Yet, despite efforts of two successive governments to meet social goals and transform institutions, the country continues to face deep structural problems of poverty, growing inequality, and disease. Guatemala's transition to sustainable peace and democracy thus remains fragile and uncertain.

The percentage of indigent people in Guatemala has declined in recent years, but the overall number of those living in extreme poverty has increased due to one of the highest population growth rates in the hemisphere (2.9%). The poverty where some 6.4 million people live reflects profound inequalities in Guatemalan society and a widening income gap between ladino-indigenous societies and rural-urban communities. As economic opportunities have receded, a corresponding increase in violent crime brings increasing numbers of Guatemalans to question the value of democracy versus authoritarian solutions. While rule of law and human rights improvements have taken place, corruption, lack of accountability in state institutions, and impunity continue unabated, compounding current governance problems. The potential for conflict remains, given the history of ethnic exclusion, limited economic opportunities, and the prevalence of organized crime and drug trafficking, all of which threaten prospects for "growing" out of poverty and pose increasing concerns for the stability of Central America's most populous nation. The upcoming national elections in 2003 are critical since Guatemala's need to democratically elect a new president who will address key national issues.

Subsequently, United States support to the peace process at this stage is crucial to help propel peace and structural reforms and further key U.S. interests in Guatemala, Central America and the entire region. Improved living conditions addressed social polarization and a strengthened democracy can curb illegal immigration to the United States, increase physical security, and strengthen Guatemala as a trading partner. In addition, continued U.S. support will help enhance regional cooperation on terrorism, money laundering, and drug trafficking. Approximately 66% of cocaine detected departing South America to the U.S. in 2000 was shipped through the Meso-

American Corridor. Money laundering is rampant; Guatemala was declared non-cooperative on money laundering last year by the Organization for Economic Cooperation and Development. Cooperation to contain organized crime is important for United States homeland security and long-term U.S. interests in the region.

USAID's program to promote democracy includes training, technical assistance and operational support to (1) promote and implement judicial reform; (2) increase the effectiveness of civil society in promoting policy change and overseeing public institutions; (3) strengthen local governments and increase citizen involvement in local decision-making; (4) register voters and expand the number of polling places for the 2003 election; and (5) help NGOs in increasing awareness and respect for human rights.

In 2001, with the opening of three new justice centers, a total of eleven centers are now fully operational, bringing increased access to courts and improved coordination. Building on earlier reforms to establish an oral adversary system in Guatemala, the use of oral arguments for pretrial motions, coupled with other administrative reforms, has reduced the time involved in processing a case in the justice system from fourteen months to approximately nine months. A new case intake unit in the Public Ministry has reduced the time involved in presenting a criminal complaint from four to five hours to less than fifteen minutes. The Public Defense Institute assisted over 20,000 Guatemalans during 2001, ensuring their access to courts and protection of due process in criminal cases. Victim's Assistance Units, the first established in any country in Central America, were expanded nationwide and provided over 8,000 crime victims and their families this year with medical, psychological, and legal counseling.

An external evaluation established that USAID's civil society program was successful in promoting advocacy as a legitimate tool for social participation in the public policy arena. The increased ability of civil society organizations ("CSOs") to formulate policy proposals helped move civil society from a reactive to a more proactive stance. CSOs contributed to passage of a Social Development Law,⁷ development of a civil service reform proposal, and a comprehensive study of government oversight institutions that play a role in fighting corruption. 85% of the forty-two municipalities targeted for USAID assistance now hold regular "accountability sessions" among

7. The Social Development Law guarantees access to reproductive health services in Ministry of Health facilities.

townspeople to report the use of municipal funds and seek citizen input on future investments, and over half have established citizen forums to institutionalize a process of citizen input into the preparation of municipal development plans. Technical planning offices have been established in twenty-three municipalities and six have instituted an automated civil registry.

With successful completion of the program in the 2003 fiscal year, USAID anticipates increased citizen participation in strengthened local governments, an overall improved public policy environment through an improved legislature and a more responsive and effective criminal justice system.

H. Guyana

Since Guyana's first freely and fairly elected post-independence government took office in 1992, after 28 years of authoritarian rule, the country has made substantial progress in transitioning to a market-oriented democratic society. Between 1992 and 1997, significant steps were taken to reform macroeconomic policy and strengthen systems of democracy and governance. Per capita GDP income grew at an average annual rate of 7.3%, exports increased, and external debt declined. However, controversy surrounding the 1997 presidential election and inter-ethnic tensions raised by the three-year legal challenge to overturn the results has slowed the pace of economic growth and democratic reform.

New elections were held in 2001. It was widely desired that that the outcome would be a positive turning point in Guyana's troubled political history. However, deep-seated ethnic tensions have led to frequent violent conflict between the Afro-Guyanese and Indo-Guyanese populace before and after the election. In an effort to quell civic unrest, the newly elected President sought to find common ground upon which to engage the opposition in reform-minded dialogue. Inter-party task force committees were established to consider pressing national and international issues. The dialogue continues and some progress has been made; although the progress is encouraging, the process of arriving at mutually acceptable outcomes has been slow.

Responding in an environment where democratic institutions, private enterprise, and civil society organizations are nascent, USAID's modest resources have been targeted at the following three critical areas of U.S. national interest: (1) fostering economic growth in a transitional economy, (2) encouraging adherence to democratic

principles and human rights, and (3) arresting the HIV/AIDS epidemic.

The USAID Governance and Rule of Law program in Guyana provides training and technical assistance focuses on strengthening legislation, administration of justice, elections, civic advocacy, and local government. Support in the area of strengthening legislation has helped to foster a climate of increased transparency in the creation of public policy, and provides greater opportunities for citizens to work with policymakers in the areas of poverty reduction and national development. The adoption of a judicial code of conduct and improved case reporting and tracking procedures will eventually help to reduce and maintain the current case backlog in the courts. Elections support has improved Guyana's capabilities to conduct free and fair elections in a timely manner, while support for civil advocacy organizations has resulted in greater citizen inputs to poverty reduction and national development debates. Support to the local government task force and leadership training for women has laid the groundwork for establishing effective and truly representative local governance.

Continued progress will mitigate latent interracial and ethnic-based conflict and help to transform Guyana into a country where citizens have expanded opportunities to voice their concerns in policy making discussions and where access to the justice system is provided for all individuals.

I. *Haiti*

With a heavily eroded natural resource base, inadequate infrastructure, and ineffective public institutions, Haiti is the poorest country in the Western Hemisphere. Maternal and infant mortality rates are among the highest in the world and malnutrition rates are also extremely high. 48% of the population is not literate and 6% of urban dwellers are infected with HIV/AIDS. With unemployment hovering at around 50%, some poorer Haitians take their chances on the high seas, hoping to secure a better life elsewhere.

Haiti's living conditions have worsened considerably since May 2000 when flawed local and parliamentary elections left opposition parties outraged and the international community alienated. The Organization of American States ("OAS") and other international actors have expended tremendous efforts to mediate the conflict but an accord remains elusive. In the meantime, the executive branch has moved steadily to consolidate power at the expense of the judicial and

legislative branches of government. Especially worrisome has been a sharp deterioration in the human rights situation, particularly since the government adopted an official policy of "zero tolerance" for "criminals."

USAID programs continue to make a tangible difference in some areas, as attested by the fact that civil society groups continue to exercise their political rights and participate in the political process, despite systematic attempts to repress them.

The continued deterioration of Haiti's economic, security, and human rights situation can be tied directly to a failure of democratic governance in Haiti. Despite the emergence of a nominally free press and a vibrant civil society, failure to address the gross irregularities of the May 2000 local and parliamentary elections has resulted in severe political tension and a growing culture of impunity. Fundamentally, the issue of power sharing has not yet taken root in Haiti, despite the best efforts of USAID and other international actors.

Given the political situation, USAID has shifted away from its previous efforts to strengthen public institutions, such as the judiciary and the national elections commission, and launched a new program to strengthen civil society and develop political parties by (1) developing political leadership, (2) helping NGOs resist Haiti's growing trend toward authoritarian rule, (3) and strengthening the independent media.

USAID's impact on the civil society sector has been highly significant, and in many ways irreversible. The fact that nearly 1,000 civil society organizations have now been trained to understand and practice democracy cannot be changed. Nor can the fact that the USAID-supported NGOs fielded over 22,000 volunteers that monitored and subsequently publicized the gross irregularities of the May 2000 election. Likewise, training for journalists and support to human rights monitors have laid the foundation for a more open society once the current political impasse has been resolved.

In 2001, USAID and its partners trained nearly 11,000 people in almost 1,000 organizations with a total membership exceeding 200,000 people throughout the country. As a result of this training, civil society organizations made over 500 attempts to engage government and advocate their interests or defend their rights. Over one-third of these attempts were successful in leveraging assistance, resources, or services from the government.

The civil society program is having a broad, self-sustaining effect. To date, nearly 100 initiative committees, representing about a