

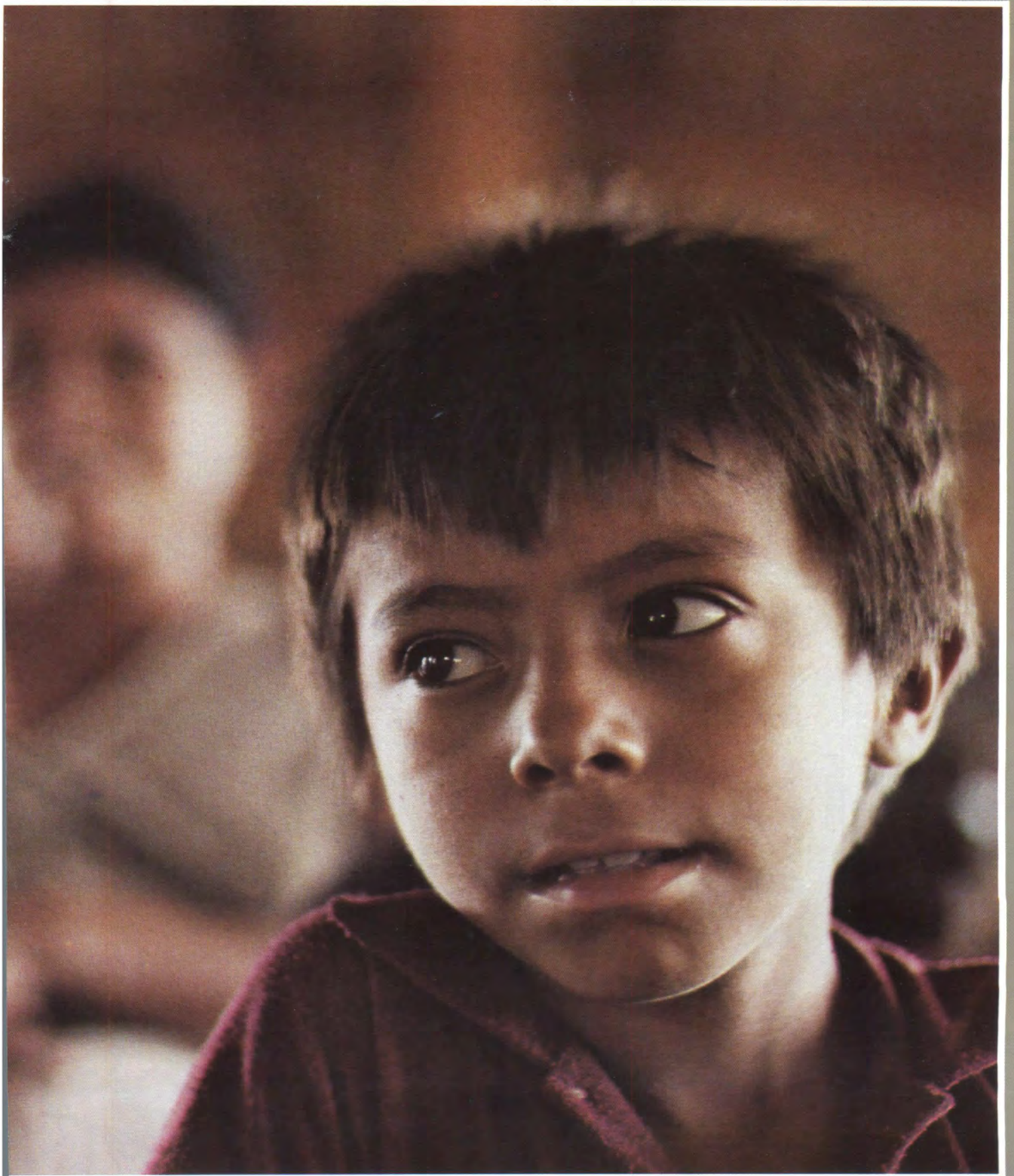
Displaced persons are people caught in the middle. Innocent bystanders who happened to reside in areas contested by leftist guerrillas, they were forced to leave their homes and farms when guerrilla fighting and sabotage made it impossible for them to stay.

With no money and little hope of employment in their war-torn countryside, they have gravitated toward the cities by the thousands, placing an enormous strain on the meager welfare resources of these municipalities. As a result, displaced persons settlements, some organized and recognized officially, others not, began to spring up, each requiring assistance in the form of shelter, food, medicine and employment.



A makeshift veranda (above) has been added by tenants onto a unit in the Moncagua displaced persons camp in El Salvador. Young and old residents (right) are among several generations of Salvadorans who have taken refuge in the Moncagua displaced persons camp.







The United States has sought to relieve some of the suffering of these refugees and to provide hope for the future. AID, along with several U.S.-supported private voluntary organizations, administers many of the special medical, health, food and employment programs so desperately needed by the people in these settlements.

The U.S. thus far has spent \$72.5 million on its displaced persons program in El Salvador and the U.S. Congress has authorized a three-year, \$60 million extension of the program.

Project Hope, a U.S. private voluntary organization, runs the dispensary in the Moncagua displaced persons settlement pictured here. Under the aegis of employment projects funded by AID, residents built their own housing as well as drainage ditches and the washstands by the river. The workers receive the minimum wage and meals. Around the country, these employment projects employ from 11,000 to 16,000 displaced persons a day. The projects also receive U.S. food aid, which is donated outright or used in "food for work" programs.

The feeding center at the camp is run by CESAD, the Salvadoran Evangelical Committee, which took over the project from AID. □

Families at Moncagua either wash their clothes in the river or in the washbasins built with AID funds as an employment generation project.

Peace Corps

The Peace Corps has been active in Central America and the Caribbean since 1961. Volunteers are currently serving in Costa Rica, Guatemala, Honduras, Belize, the Dominican Republic, Haiti, the Turks and Caicos, Jamaica and 10 island countries in the Eastern Caribbean: Barbados, Grenada/Carriacou, St. Lucia, Dominica, Antigua, St. Christopher and Nevis, Montserrat, Anguilla, and St. Vincent and the Grenadines.

Agriculture, health/nutrition, irrigation/sanitation, cooperatives and small business development, vocational training, and forestry/conservation have been key areas in the Corps' programs in the region for the past 23 years. More recently, the Peace Corps has responded to the energy crisis that arose in the late '70s. Many volunteers have worked in so-called "appropriate technology" at the village level—especially renewable energy projects that rely on wind, water and solar power. Governments have also become increasingly concerned over the rapid destruction of the natural resource base—forests lands and water, and requests for volunteers with skills in environmental education are expected to grow in the coming decade. Finally, with the President's Caribbean Basin Initiative has come the demand for Peace Corps volunteers in small business development.



Peace Corps volunteer Jim Benedict teaches young canillitas in San Pedro Sula, Honduras, how to make shirts in the program that emphasizes pride and self-sufficiency while it teaches a trade.

HONDURAS—

The children living on the back streets of the city of San Pedro Sula used to spend most of their time selling newspapers and chewing gum to passing cars to earn money for themselves and their families. These canillitas (literally "newsboys") faced a grim future without a chance for education or vocational training.

The Peace Corps, through its Partnership program with U.S. companies and the Honduran Social Welfare Agency, started a project to provide the canillitas with small-business

training and rudimentary trade and craft skills. The canillitas project teaches these children how to make products they can sell readily such as shirts, stuffed animals, potholders and pin-cushions. While teaching them how to function in the taller, or workshop, the program also endeavors to instill in them a sense of pride and self-sufficiency. The Peace Corps (with support from Texaco) donated the sewing machines and provided a volunteer to supervise the project. The canillitas also receive meals through CARE.

In August 1984 the U.S. Congress passed a supplemental appropriation which provided the Peace Corps with the funds to expand its program in Central America as recommended by the National Bipartisan Commission on Central America. As a result, programs in literacy, rural health, self-help housing and small enterprise development will be expanded gradually over the next four years.

Some examples of Peace Corps volunteers working in partnership with people of the region include:

— In Jamaica, a Peace Corps volunteer has helped a small group of farmers establish a market for zucchini with 12 of the island's most important tourist hotels and restaurants.

— In Guatemala, a Peace Corps volunteer has been working with a cooperative of small farmers (none with more than one acre of land), helping them grow snow peas and export them to the U.S. This effort has dramatically increased each farm family's income from an average of \$125 per year to more than \$1,000.

— In the Dominican Republic, volunteers have helped rebuild the nation's swine population, an important food staple, after an epidemic wiped it out.

— In Costa Rica, volunteers are assisting 300 low-income, rural families build their own homes (see pages 26-27).



Peace Corps volunteer Linda Weller (center) counsels mothers in the Dominican Republic about nutrition and child health care. (Bob McNeely, The Peace Corps)

George Fee grew up on a farm in Ohio, in the American Midwest, with the intention of pursuing a career in farming like his parents.

He joined farm-oriented youth organizations like the Future Farmers of America and later attended college where he concentrated his studies on agriculture and animal husbandry. Today, Fee is a Peace Corps volunteer in the wooded foothills of northern Honduras near San Pedro Sula, where he is helping the women of a Honduran village supplement their income through construction of a hog-raising cooperative. The cooperative is called *La Esperanza*—"Hope"—a name that signifies the faith that the women of the village have in their ability to help their community develop.

The Overseas Education Fund (OEF), the private voluntary organization with which Fee is working, is sponsored by the U.S. League of Women Voters. With the assistance of AID and Peace Corps personnel, the OEF trains Honduran women to start up their own businesses. To establish *La Esperanza*, the village women took out a loan; OEF helped them plan and organize the facility; and the Peace Corps provided Fee to supervise construction. The men and women of the village take an equal part in the construction of the hog-raising facility and, when it is finished, what began as an initiative of the village women will be run as a cooperative for the benefit of the entire community. □



With the assistance of Peace Corps personnel like Rebecca Bunnell (lower right corner) and George Fee (left), the U.S. League of Women Voters' Overseas Education Fund (OEF) trains Honduran women to start up their own businesses.







Peace Corps volunteer Sam Harle (left) trains Jamaican women in lithography at Operation Friendship in Western Kingston.

“A first class craftsman could still be a poor person unless he can live a meaningful life in the community,” according to Reverend Webster Edwards, executive director of the Jamaican private voluntary agency, Operation Friendship.

Since 1961 Operation Friendship has worked to improve conditions in Greater Western Kingston, where 150,000 people live in a 6.5-square kilometer area. Operation Friendship’s goal in Western Kingston is “to build a bridge of goodwill” by providing education, primary health care, family planning and job training. Founded by church groups, service clubs and social service agencies, it initially offered training in automobile mechanics, woodworking, general machinery and industrial sewing.

Operation Friendship is unique among vocational schools in accepting students with very low levels of academic training. Although basic literacy is necessary, those who fail the entrance test are not turned away, but are channeled into a pre-vocational course offering basic math and reading instruction. The students also receive training in health, nutrition, communication, job seeking, money management and family planning.

The United States assists Operation Friendship in its work through two agencies: the Agency for International Development (AID) and the Peace Corps.

A three-year, \$500,000 grant from AID enabled Operation Friendship to improve its training facilities and to expand into new areas where market surveys indicated employment potential is greatest: air conditioning/refrigerator repair, electrical installation and small appliance repair, and lithography. Some of the improvements included construction of a new training center, purchases of upgraded equipment and supplies, hiring and training of instructors, and expansion of job placement efforts.

AID’s goal is to enable Operation Friendship to train 150 students annually. From 1982-84, 200 students had graduated from Operation Friendship’s trade training center. Of these, 83 percent were placed in private sector jobs upon graduation. The remaining 17 percent found jobs in their trades within three months following graduation.

The Peace Corps assists Operation Friendship through Sam Harle, a 60-year-old volunteer with 35 years of commercial printing experience, who teaches lithography in a workshop with printing equipment and supplies funded by AID. Called “Uncle Sam” by his class, Harle notes that all of the students chosen for his class are female because there are so few skilled trades open to women in Jamaica. Harle maintains an attitude typical of Peace Corps volunteers: “It’s a satisfying experience for me personally—and I know it is helping Jamaica as well.” □

TDP/IAF/OPIC/Eximbank

The United States Trade and Development Program (TDP) was established in July 1980 as a mechanism to facilitate development and, at the same time, increase U.S. exports. Many developing countries, particularly the "middle and upper income" countries, need plentiful energy supplies, efficient transportation and communications systems and an adequate industrial base to diversify their traditional economies and sustain economic growth.

TDP finances the planning by U.S. firms for these major capital-intensive projects, and assists with the design, engineering and construction by providing U.S. engineers, planners and technicians whose skills are frequently lacking in these countries.

The Inter-American Foundation (IAF), established by Congress in 1969 as an autonomous government corporation, makes grants to local private groups in the Caribbean and Latin America, particularly to grass-roots organizations such as agricultural cooperatives, community associations and small urban enterprises traditionally outside the mainstream of U.S. development assistance. The Foundation's funds come from the U.S. and from the Inter-American Development Bank. During the past 13 years, IAF has made more than 1,800 grants for \$190 million in 27 nations throughout Latin America and the Caribbean.

Since 1971 the Overseas Private Investment Corporation (OPIC) has served as a key United States government agency for encouraging American businesses to invest in developing countries around the world. OPIC provides investors with investment insurance against loss from certain political risks, loan guarantees, direct loans to small businesses and cooperatives, and feasibility studies.

In January 1984, for example, OPIC co-sponsored an investment mission to Grenada which assisted U.S. business executives in identifying 12 specific investment projects. The enthusiasm of the American participants and the keen interest shown

by Grenada's businessmen for U.S. direct investment led to a follow-up meeting in March 1984.

Throughout the region, OPIC works to create an attractive business climate and to implement business investment which will create jobs, generate capital, teach new skills and accelerate economic growth and social development. These investments also earn foreign exchange and tax revenues for the host government, open up new business opportunities for entrepreneurs throughout the region and reduce dependence on costly imports from outside sources.

With the advent of the Caribbean Basin Initiative, OPIC has focused on promoting basic information about the region to the largest possible audience, followed by briefings for hundreds of selected executives. Then, serving in a "matchmaker" role, OPIC has introduced smaller groups of U.S. companies to their Caribbean counterparts.

Another U.S. government financial institution, the Export-Import Bank of the United States (Eximbank), sponsors the Central American Trade Credit Insurance Program (TCIP). Through this program, Central American countries are eligible for trade credits toward the purchase of U.S. exports, specifically non-military goods and services for use in the Central American private sector.

Under the TCIP, U.S. banks extend lines of credit to banks in Central America which have their governments' guarantees. Participating Central American banks draw from the lines of credit to extend financing to local importers of U.S. goods and services. Eximbank's export credit insurance provides repayment protection for the U.S. lending bank. In this manner, U.S. exporters get new markets and Central American importers are able to obtain products they might not otherwise afford. As a result of Jackson Plan recommendations, TCIP was authorized to spend \$300 million in 1984-85 to underwrite credit guarantees for private firms in El Salvador, Costa Rica, Guatemala and Honduras. □

Caribbean Basin



Economic Assistance includes Development Assistance (DA), Economic Support Fund (ESF), P.L. 480 Food Aid and Peace Corps.

Military Assistance includes the Military Assistance Program (MAP), Foreign Military Sales (FMS) loan guarantees and grants, and International Military Education and Training (IMET) funds.

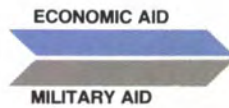
ROCAP is the Regional Office for Central America Programs.

FY 1985 Estimate includes FY 1984 Supplemental funds. The U.S. fiscal year (FY) begins on October 1 of the preceding calendar year and ends on the following September 30. For example, FY 1983 began on October 1, 1982 and ended on September 30, 1983.

Source: U.S. Agency for International Development.

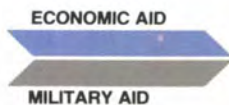
FY 1983-86 Economic and Military Assistance to Central America and the Caribbean by Country

(\$ MILLIONS)



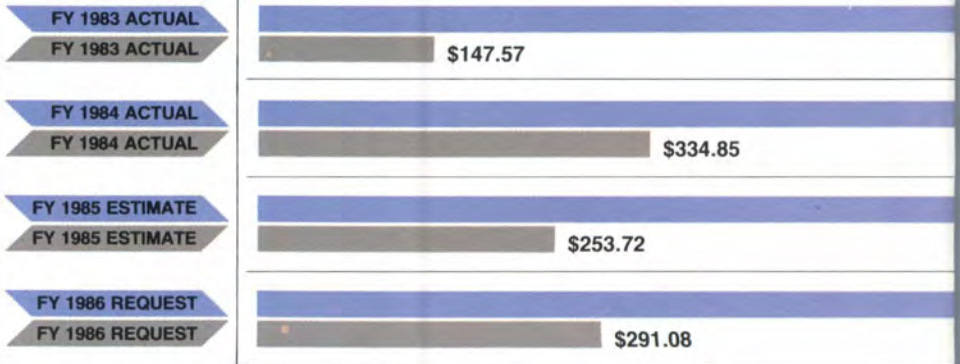
FY 1983-86 Total Economic and Military Assistance to Central America and the Caribbean

(\$ MILLIONS)



Country

	Belize	Costa Rica	Dominican Republic	El Salvador	Guatemala	Grenada
FY 1983 ACTUAL	17.80	213.40	62.00	241.90	28.50	--
FY 1983 ACTUAL	0.07	4.50	6.00	81.00	--	--
FY 1984 ACTUAL	5.37	169.73	95.47	230.88	18.60	46.97
FY 1984 ACTUAL	0.55	9.11	6.34	196.55	--	--
FY 1985 ESTIMATE	23.77	211.06	161.82	428.99	93.10	8.03
FY 1985 ESTIMATE	0.58	9.20	5.73	128.25	0.30	--
FY 1986 REQUEST	13.30	398.16	113.90	350.74	80.57	--
FY 1986 REQUEST	1.10	2.73	10.80	132.60	10.30	--



U.S. Goals for Economic Assistance to Central America, 1985-1989

AID's development strategy for Central America emphasizes improving the policy framework for growth and productivity, particularly by expanding employment opportunities and increasing access to such basic social services as health care and education. It is a growth-with-equity strategy designed to bring about broad-based national development. These goals include:

- An end to the downward spiral in production by 1985;
- Achievement of an economic growth rate of at least six percent per year in the region within six years, producing more than 250,000 jobs annually through export-led growth;
- Agricultural production increasing by four percent per year by 1989, generating 80,000 jobs per year and increasing both food availability and agroindustrial exports;
- Substantially greater participation of all sectors of the Central American population in the benefits of economic growth, including:
 - an increase in primary school enrollments to 95 percent of the school-aged population by 1989 from the current 84 percent;
 - a reduction in the rate of primary-level grade repeaters by 50 percent in all countries, and an increase in the primary school completion rates from 40 percent to 80 percent in Guatemala, Honduras and El Salvador, and from 80 percent to 95 percent in Costa Rica, Panama and Belize by 1990;
 - a reduction in infant mortality from the current rate of 65 per thousand to 55 per thousand by 1989;
 - provision of modern family planning services to almost 600,000 couples, increasing contraceptive usage by 50 percent by 1989 and reducing the number of births by 1 percent each year;
 - an increase of 25 percent in the rate of construction of low-income housing; and
 - a 25 percent increase in the coverage of water and sewerage services by 1989;
- A strengthening of democratic institutions in countries where they already exist, and achieving substantial progress toward participatory democracy and legal systems that respect individual human rights in the others.

Haiti	Honduras	Jamaica	Panama	Caribbean Regional	ROCAP	Panama Canal Military School	U.S. Army School of the Americas
45.70 0.31	104.40 47.50	103.40 2.00	7.20 5.00	35.00 2.27	19.40 --	-- --	-- --
45.85 1.03	94.10 77.44	109.85 4.20	16.73 8.50	58.58 7.32	15.46 --	-- 5.29	-- --
54.09 0.45	219.84 62.40	132.63 5.25	74.00 10.60	50.63 5.37	153.91 --	-- 2.00	-- 3.50
56.76 0.98	148.77 88.25	126.20 8.28	64.00 19.05	68.76 10.40	148.50 --	-- 2.50	-- 4.00

\$901.90

\$907.58

\$1,611.86

\$1,569.64

Multilateral Banks

Multilateral institutions, including the World Bank Group and the regional development banks, are particularly effective in providing assistance for large-scale projects which require very large amounts of financing. The United States played an important role in the establishment of most of the multilateral development banks, and has traditionally viewed U.S. participation in them as complementing its bilateral assistance programs.

The average U.S. share of multilateral development bank resources is about 25 percent, ranging widely from 41 percent in the Inter-American Development Bank's (IDB) "soft window" (lower, noncommercial lending rates) to 5.79 percent of the African Development Bank's "hard window" (funds loaned at prevailing commercial rates).

The World Bank Group consists of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). In addition to financing loans, the IBRD and IDA also provide technical assistance—especially in agriculture and rural development. Their activities also serve to encourage the adoption of effective economic policies by borrowing countries and increased reliance on market forces.

The Inter-American Development Bank (IDB), the largest and oldest of the regional banks, provides funds for lending at both near-market and lower concessional terms. During 1984-85, the IDB committed a total of \$3.32 thousand million in loans. As of 1984, cumulative lending from IDB (since it began lending in 1961) amounted to \$25.9 thousand million. IDB's Fund for Special Operations, which provides development loans on concessional terms to the poorest countries in the region, has lent \$9 thousand million since 1961.

During 1984 the Administration received congressional authorization to participate in the Inter-American Investment Corporation (IIC), which the IDB is helping establish. The IIC will eventually provide equity investments and loans for the private sector in Latin America and the Caribbean.

The International Monetary Fund

As the central monetary institution for the world economy, the International Monetary Fund (IMF) serves two key functions:

- 1) general guidance of the monetary system, including surveillance over exchange arrangements, the balance-of-payments adjustment process and the evolution of the international reserve system; and
- 2) provision of temporary financing in support of members' efforts to deal with their balance-of-payments difficulties.

The IMF is not an aid institution. Rather, it is a revolving fund of currencies, provided by every member in the form of a quota subscription and available to every member for temporary balance-of-payments assistance. The IMF emphasizes the need for measures to promote savings, investment and efficient resource use, and thereby to improve productivity and competitiveness as a means of attaining sustainable balance-of-payments positions.

In late 1983, Congress approved a U.S. contribution of \$8.4 thousand million to a roughly \$29 thousand million increase in total IMF quotas. Because of the quota increase, IMF resources rose almost 50 percent; quotas totaled approximately \$61 thousand million in September 1983 and rose to approximately \$89 thousand million as of September 1984.

United Nations

The United Nations system, comprising more than 30 specialized agencies and other entities, continues to play a highly significant role in development assistance activities throughout the world. U.N. development programs complement bilateral aid programs of the United States and other major Western donors and, through their technical assistance for institution-building and pre-investment feasibility efforts, improve prospects in developing countries for significant public and private sector participation in the development process.

In 1982 the United States contributed over \$576 million to the development assistance activities of the U.N. system (excluding the World Bank Group). This amount included \$243 million for the World Food Program (mostly in the form of commodities) and a \$49 million share of development activities funded from the regular budgets of the U.N. agencies. (These figures, however, do not account for \$207 million in U.S. contributions to refugee and disaster relief programs.)

Listed below are organizations and programs created primarily to serve development objectives or provide technical assistance:

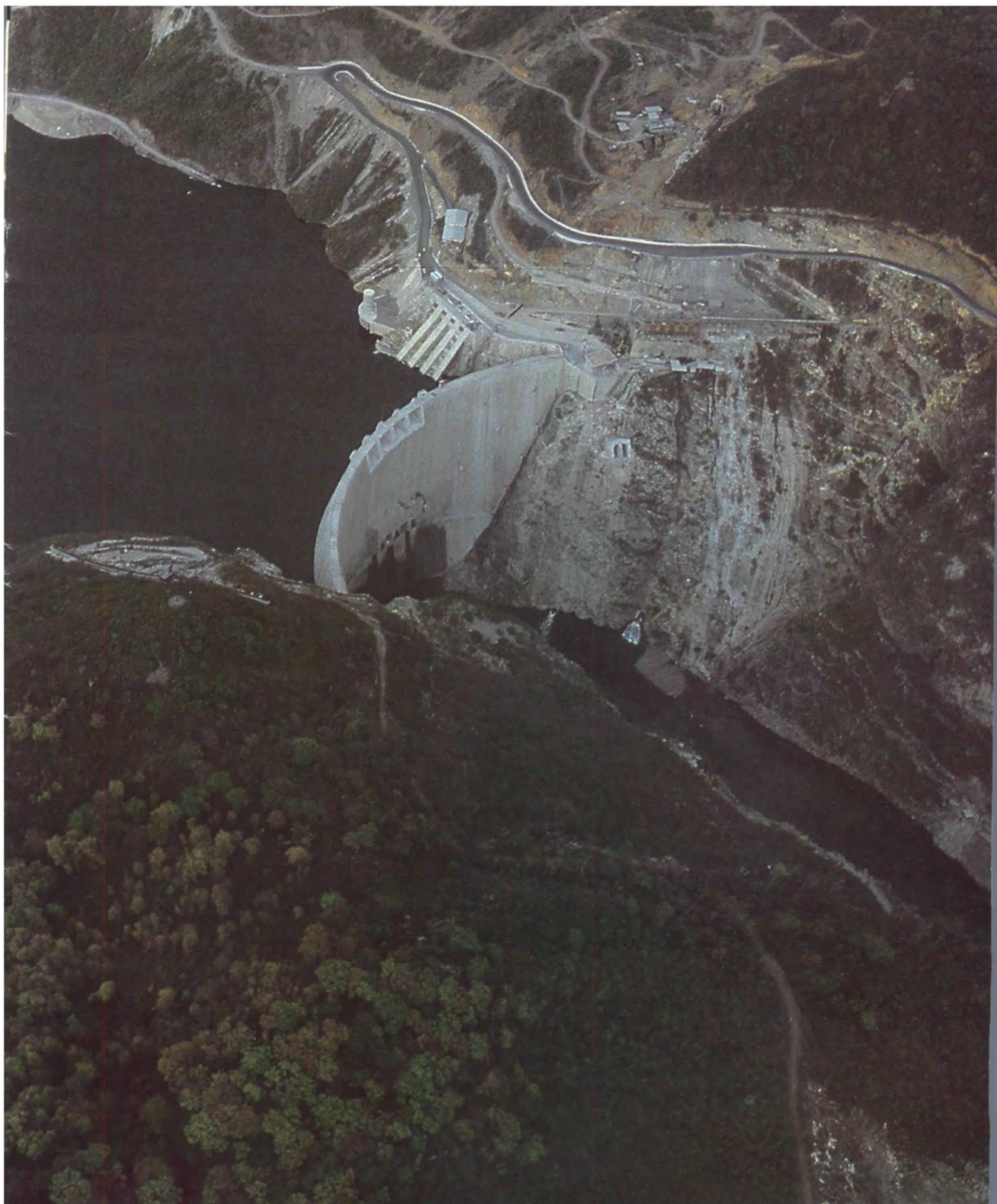
- United Nations Development Programme (UNDP)*
- U.N. Fund for Population Activities (UNFPA)*
- United Nations International Children's Emergency Fund (UNICEF)*
- World Health Organization (WHO)*
- World Food Council (WFC)*
- Food and Agricultural Organization (FAO)*
- World Food Program (WFP)*
- International Labor Organization (ILO)*
- U.N. Industrial Development Organization (UNIDO)*
- United Nations Capital Development Fund (UNCDF)*
- Voluntary Fund for the U.N. Decade for Women*
- International Fund for Agricultural Development (IFAD).*

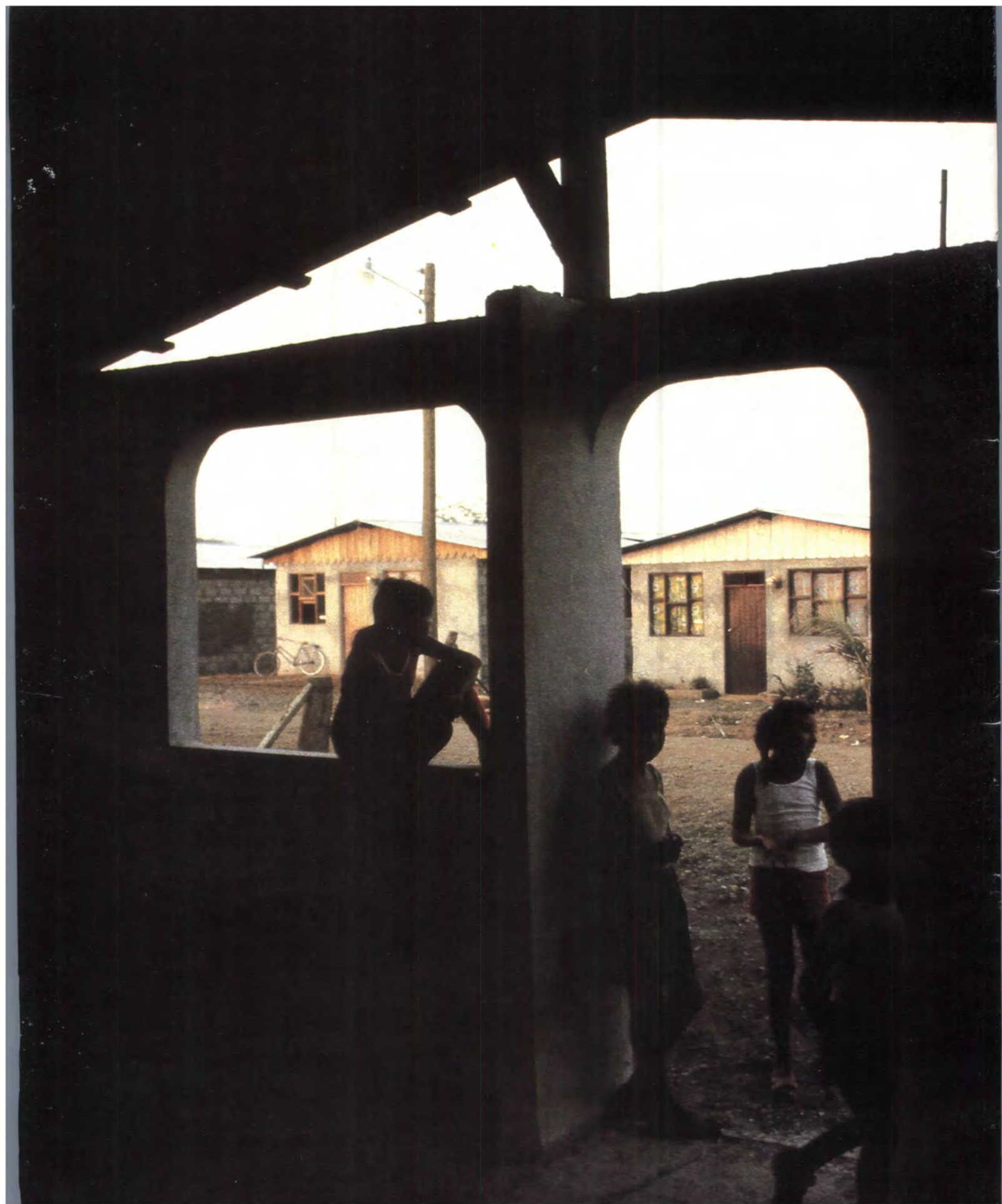
Organization of American States

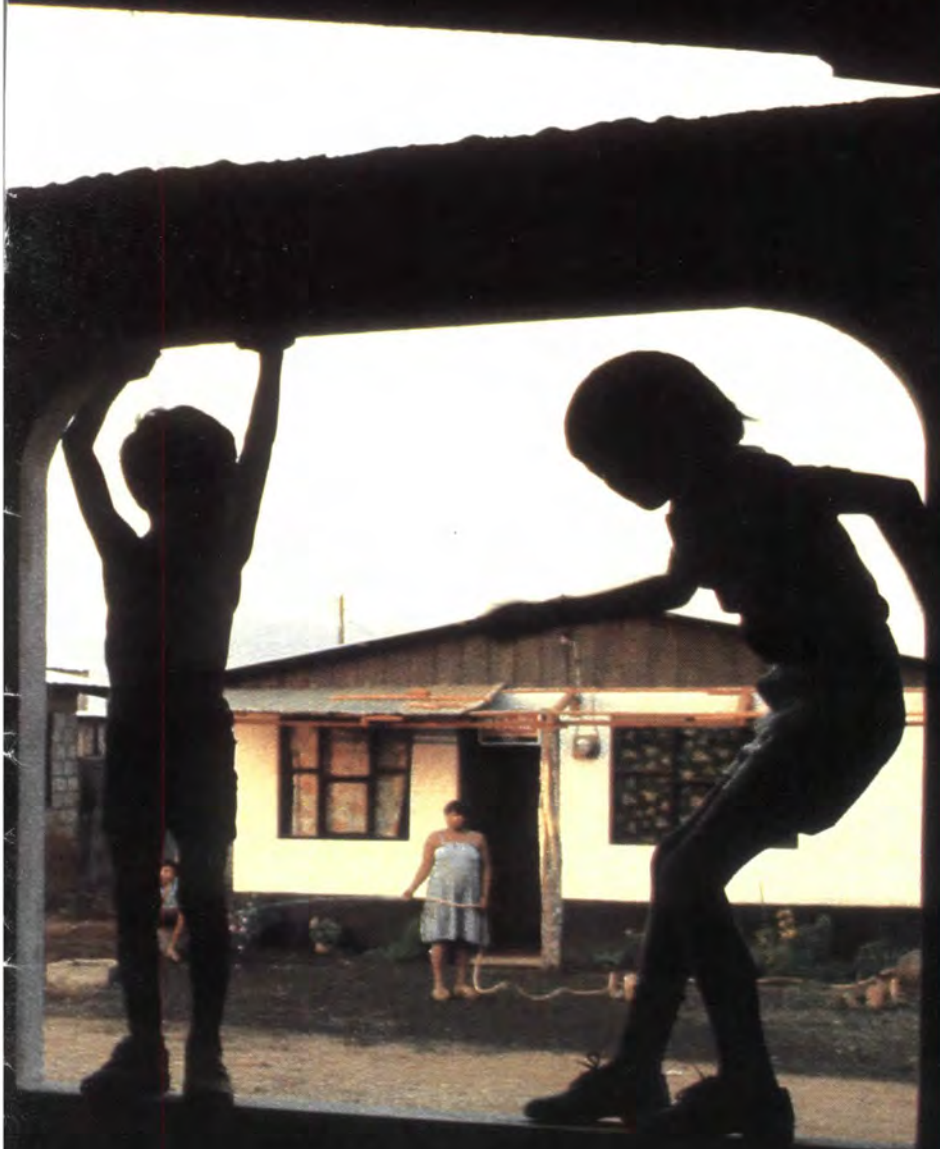
Until the early 1960s the Organization of American States (OAS) functioned almost exclusively as a forum to promote hemispheric security. The OAS then began an effort to support regional development through cooperation between member countries and sub-regions. OAS technical assistance programs have since become an important source of multilateral aid to OAS member countries. These programs are specially attuned to the region's needs and consequently are highly effective.

OAS expenditures for development purposes in 1983 amounted to \$65 million, toward which the United States paid \$40.6 million in voluntary and assessed contributions. Approximately 58 percent of expenditures go to technical assistance and support activities, with the remainder allocated to training, research and dissemination. □

The tallest dam in the Western Hemisphere, Honduras' 226-meter, 300-megawatt El Cajon dam is scheduled to be inaugurated in late 1985. The project was financed by an alphabet soup of international agencies: IBRD, IDA, IDB, CABEL, CDC and many other multilateral banks and organizations.







Children playing inside a house in Santa Cruz, Costa Rica which is being built by local residents with materials provided by AID and help from Peace Corps volunteers.

Whatever the level and nature of outside assistance—whether in the form of development grants, loans, technical advice or trade expansion—it is the people of the Caribbean and Central America themselves who ultimately wield the tools that will build societies of economic growth and opportunity.

In its programs of development cooperation, however, the United States and the nations of the region share a set of goals beyond those of economic expansion alone. As Secretary of State George Shultz observed in a recent speech on the prospects for the global economy:

The benefits that economic growth can bring to all the world's people transcend the purely material—though for the world's poor and hungry, this alone would be a monumental blessing. A strong and growing global economy will help advance... a world of cooperation, peace, stability and progress, a world where human rights are respected and freedom flourishes.

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