



REGIONAL PROFILE



Photo by Rainforest Alliance

A worker inspects bananas at a Rainforest Alliance Certified banana farm in Honduras. The technical assistance USAID provides to the Central American region improves trade and market information available to small and medium enterprises and farmers.

OVERVIEW

The development challenge for Central America to promote more open, diversified and expanding economies has come into sharp focus recently. Most of the region now understands that faster economic growth is achieved by competing in global markets, and that countries must meet international standards for product quality and compete as a diverse regional market. The Central American economy is becoming increasingly more relevant than the economies of the individual countries, which is exemplified in the Central America-Dominican Republic (CAFTA-DR) Free Trade Agreement (CAFTA-DR). The United States—the region's biggest trading partner—ratified the document and Central American governments are pursuing similar free trade agreements with Canada and the European Union.



HIV/AIDS remains a serious threat to sustainable development in Central America. A priority for the region is to strengthen the policies and local capacities of governments in order to increase awareness and commitment of policies that combat HIV/AIDS. It is necessary to increase the extension, coverage and effectiveness of proven behavior-change interventions with high-prevalence groups. This will assist in collecting and disseminating surveillance and other information for improved policies and decision-making. The establishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria provides both an opportunity and a challenge due to the country's limited ability to effectively allocate the funds.

Recent experiences in Central America with tropical storms, drought, the coffee crisis and diminishing forests have also highlighted the fragility of the region to economic and natural shocks. Other disasters, including fires and hurricanes, demonstrate the vulnerability of much of the regional population to these crises.

PROGRAMS

Economic Growth

The Central America and Mexico Regional Program—administered by USAID/El Salvador—contributes to the opening, diversification and expansion of economies throughout the region. The program targets the adoption of laws, policies and regulations that promote trade and investment in

CENTRAL AMERICA SNAPSHOT

Five Countries: El Salvador, Guatemala, Honduras, Nicaragua and Panama
Population: 34.7 million (2004)
Income per capita: \$2,118 (yr)
Source: World Bank

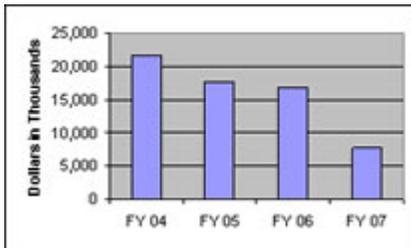


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addition to improved management of critical watersheds and natural resources. USAID is helping countries to facilitate trade by developing more consistent customs provisions, rules of origin procedures, and sanitation standards requirements. Assistance is also provided to enforce environmental laws and strengthen the capacity of labor justice institutions.

Investing In People

The regional HIV/AIDS program helps contain the disease through targeted behavior-change programs for high-risk groups and an improved HIV/AIDS policy environment. The program features a multi-sectoral approach with partners in the public, private, traditional, nontraditional, faith-based and secular fields. The program emphasizes the participation and strengthening of local organizations to respond to the HIV/AIDS threat to future sustainable development of Central America. The strategic use of information for advocacy, policy-making and monitoring and evaluation of program efforts will be a key tenet of this activity. It will also integrate USAID-supported policy reform, human rights and stigma reduction activities which reduce the conditions of vulnerability on the target population to make decisions freely with regard to safer sexual practices. This program supports the President's Emergency Plan for AIDS Relief and the Agency's goal of protecting human health.

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