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Central American Regional Program Results Review and Resources Request FY 2000

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Central American Regional Program

Results Review and Resources Request

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ACRONYMS

AIDS	Acquired Immuno Deficiency Syndrome
ALIDES	Central American Alliance for Sustainable Development
BIPRA	Bilateral Intellectual Property Rights Protection Agreements
BIT	Bilateral investment treaties
CA	Central America
CABEI	Central American Bank of Economic Integration
CACM	Central American Common Markets
CAPAS	Central American Protected Areas System
CCAD	Comision Centraomericana de Ambiente y Desarrollo
CFR	Code of Federal Regulations
CIDA	Canadian International Development Agency
C.I.F.	Cost Insurance & Freight
CONCAUSA	Conjunto Centroamericano USA
COSTAS	Coastal Zone Management
CSM	Condom Social Marketing
CSW	Commercial Sex Workers
CY	Calendar Year
DCA	Development Credit Authority
ECLAC	Economic Commission for Latin America
F.O.B	Free on Board
FOCADES	Central American Sustainable Development Fund
FTAA	Free Trade Area of the Americas
FY	Fiscal Year
G/ENV/EET	Global Center Environment and Energy Office
GCC	Global Climate Change
GDP	Gross Domestic Product
GEF	Global Environment Fund
GSP	Generalized System of Preferences
HDI	Human Development Index
HG	Housing Guarantee
HIV	Human Immunodeficiency Virus
IDB	InterAmerican Development Bank
IEE	Initial Environmental Examination
IMF	International Monetary Fund
INCAE	Instituto Centroamericano de Administración de Empresas
IPPF	International Planned Parenthood Federation
IPR	Intellectural Property Rights
IR	Intermediate Result
JI	Joint Implementation
KAP	Knowledge, Attitude and Practices
LAC	Latin America and the Caribbean
LEPPI	Local Environmental Policy and Program Initiative

LOGROS	Local Government Regional Outreach Strategy
MARENA	Ministerio del Ambiente y de los Recursos Naturales (Nicaragua)
MFSS	Management and Financial Sustainability Scale
MIF	Multilateral Investment Fund
MIS	Management Information System
MIKUPIA	Miskito Kupia - Organización Ambiental Indigena
MOU	Memorandum of Understanding
MSWM	Men Who Have Sex With Men
NAFTA	North American Free Trade Agreement
NGO	Nongovernmental Organization
OAS	Organization of American States
OECD	Organization for Economic Co-operation and Development
PASCA	Proyecto de Acción SIDA Centro América
PASMO	Pan American Social Marketing Organization
PES	Policy Environment Score
PRA	Participatory Rural Appraisals
PROALCA	Program in Support of Central American Participation in the Free Trade Area of the Americas
PROARCA	Central American Regional Environmental Program
PROMUNI	Municipal Infrastructure Finance Program
PVO	Private Voluntary Organization
R4	Results Review and Resources Request
RSD	Office of Regional Sustainable Development
SAS	Systematic Approach Scale
SIDA	Sindrome de Inmunodeficiencia Adquirida
SIECA	General Secretariat for Central American Integration
SO	Strategic Objective
SpO	Special Objective
SPM	Office of Strategy and Portfolio Management
STD	Sexual Transmitted Diseases
TACS	Technical Advisors in AIDS, Child Survival and Population
TBD	To Be Determined
TIFA	Regional Trade and Investment Framework Agreement
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USEPA	United States Environmental Protection Agency
USG	United States Government
USPSC	United States Personal Services Contract
USPTO	United States Patent and Trademark Office
USTR	United States Trade Representative
WID	Women in Development
WTO	World Trade Organization

CENTRAL AMERICAN REGIONAL PROGRAM
MAJOR ACCOMPLISHMENTS 1997

SO1: Increased Central American Participation in Global Markets
(*Agency Goal 1: Broad-based economic growth achieved)*

♦ Two-way trade with the U.S. doubled over the past five years; intraregional exports surged 14% in 1997 alone reflecting lower internal barriers and better overall trade policies; expanded trade helped push overall economic growth rates to 4% range with first marks of impact on poor in the region.
♦ Region's labor ministers fully engaged in trade and labor issues associated with hemispheric integration; national labor programs reoriented toward greater protection of core labor standards and improved labor/management relations.
♦ Central America moved forward as a region in trade negotiations and preparation for FTAA; assumed leadership roles in four of nine FTAA negotiating groups.

SO2: Effective Regional Stewardship of the Environment and Key Natural Resources
(Agency Goal 4: Environment managed for long-term sustainability)

♦ Twelve Central American-wide policies improved including a unified Central American position on Global Climate Change, a regional policy on obsolete pesticides, and ratification of the Basel Convention on transboundary shipment of toxic wastes. 19 national environmental laws and implementing regulations approved.
♦ Total of four additional protected areas under improved management in Costa Rica, Guatemala, and Panama.
♦ Communities in nine sites achieved effective level of local control over environment and natural resources and are more apt to conserve their resource base with collateral impact on poverty.

SpO: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis
(Agency Goal 3: World's population stabilized and human health protected)

♦ Local NGO capacity for systematic approach to HIV/AIDs prevention strengthened through USAID sponsored training, technical assistance, and small grants.
♦ Policy research agendas adopted in four countries that will lead to improved policy environments; community planning model pilot tested and in implementation; interagency coordination with UNAIDS strengthened.
♦"VIVE" condom successfully launched in Guatemala, El Salvador, and Costa Rica; first month's sales in Costa Rica reached 200,000 condoms. Social marketing efforts directed to highest risk groups is underway across the region (except Honduras).

Central American Regional Program

I. Overview and Factors Affecting Program Performance

USAID/G-CAP's five-year Regional Strategy approved in March 1997 directly supports the Central American Alliance for Sustainable Development (ALIDES) plan of action, which focuses *inter alia* on increased trade and more sustainable management of the region's rich biodiversity. The USG committed its support for the ALIDES action plan by signing the joint Conjunta Centroamerica-U.S.A. (CONCAUSA) accord at the Miami Summit of the Americas in December 1994. USAID's Central American Program is the mechanism by which this support is delivered in concrete terms.

No significant changes in the developmental challenges have taken place since the strategy was approved. However, the relevance and visibility of the program to USG regional interests was reaffirmed at the May 8, 1997 San Jose Summit Declaration signed by President Clinton and the Presidents of Central America, Panama and the Dominican Republic. The Presidents' Declaration reiterated a shared commitment to the principles and goals of the Summit of the Americas and ALIDES. Renewing support for promotion of prosperity in Central America through economic integration, free trade, and investment, the Declaration called for the commencement of negotiations at the Santiago Summit of the Americas that will lead to the establishment of the Free Trade Area of the Americas (FTAA) by the year 2005. In support of this goal, USAID's Strategic Objective to Increase Central American Participation in Global Markets directly supports C. A. government efforts to conclude bilateral investment treaties and intellectual property rights agreements, and to encourage private investment in energy and telecommunications.

The San Jose Declaration reiterated support for more equitable C. A. societies, specifically encouraging efforts by employers and workers organizations to promote respect for workers rights and better working conditions. USAID is well positioned to support these efforts. At the November 1997 San Jose follow-up meeting between the U.S. Secretary of Labor and the labor ministers from Central America (C. A.), Belize, Panama and the Dominican Republic, the U.S. pledged additional assistance through the Central American Program to help labor ministries protect core labor standards, improve management/labor relations, and enhance workplace health and safety. USAID's regional labor program has served as the basis for InterAmerican Development Bank (IDB) approval of a $6 million IDB/USAID activity to modernize Central American labor markets.

Reflecting improved trade policies, Central America's total trade increased 14 percent in 1997, contributing to regional economic growth rate exceeding 4 percent and a rise in overall employment by an estimated 423,000 jobs. Improved labor relations and stronger protection of core labor standards are increasing labor productivity and enabling workers in Central America to obtain greater benefits from the region's expanding trade. This is a formula for continuing investment, job creation, and poverty reduction in the Central American region. Where recent data are available (El Salvador) poverty rates, while still high, have declined.

In San Jose, the Presidents further renewed their commitment to the environmental principles and objectives of the Alliance for Sustainable Development which inspired the 1994 signing of CONCAUSA. Recognizing the advances being made in the Central American countries in environmental protection and the preservation of biodiversity, the Presidents agreed to additional efforts to protect endangered species and promote sustainable uses of Central America's natural resources. They also urged new efforts to incorporate the private sector in clean development mechanisms that limit and reduce greenhouse gas emissions and promote investments in environmental projects such as ecotourism, renewable energy sources, recycling and transfer of clean technologies. USAID's regional environmental program (PROARCA) was cited as an example of a successful U.S.-Central American partnership at the February 18, 1998 follow-up meeting in Washington between the Secretary of State and the foreign ministers from Central America, Belize, Panama and the Dominican Republic.

USAID also contributes directly to the U.S. foreign policy objective of a more "sustainable environment" in Central America by strengthening legal frameworks for reducing wastewater pollution and pesticide contamination throughout the region and by taking an active, leadership role in the multiple efforts focused on the re-establishment of a "biological corridor" along the isthmus.

The sustainable use of natural resources (land, water, forests) and the mitigation of adverse environmental conditions in Central America also have a significant impact on the poor in the region. For example, PROARCA is working to reduce pollution from solid waste, urban wastewater, and pesticides; establish stronger, enforceable pesticide regulations; and develop sustainable management of fisheries, forestry, and nature based tourism. These efforts directly impact on the poor by reducing the health hazards of widespread contamination and preserving the agricultural base of the region, as well as through the creation of new jobs in the tourism industry.

Protecting human health and reducing the spread of infectious diseases is a USG strategic goal. While governmental responses to the growing spread of the HIV/AIDS virus in Central America generally remain low in profile and commitment, significant progress has been made in strengthening the capacity of local Central American organizations to deliver services and information on HIV/AIDS prevention. Two new additional HIV/AIDS NGO information networks were formed in 1997 which have begun to feed into policy dialogue research agendas in four C. A. countries.

Global Climate Change. In October 1997 USAID/Washington designated Central America as a Global Climate Change (GCC) priority region, recognizing C. A. leadership and the role of USAID's Regional Environmental Program in moving forward on GCC issues (e.g., habitat protection and conservation, pollution prevention, and clean development mechanisms). Central America, with support from PROARCA, has also pioneered several promising models for greenhouse gas reduction that underscore a market approach to carbon offsets and turning solid waste-generated methane into productive energy. USAID is currently the lead donor supporting GCC initiatives in the region and has instruments in place to strengthen technical

analysis and programmatic planning to clearly document the value and effectiveness of carbon sequestration projects. A USPSC will be added to the Regional Environmental SO team in 1998 to further strengthen GCC analytical, monitoring, and reporting capacity. Regional environmental program staff have requested LAC and Global/Environment Center assistance in reviewing the current results reporting mechanisms under the regional environmental SO to determine how these can best be tailored to GCC reporting.

II. Progress Toward Objectives

SO1, Global Markets, met both SO-level and two IR-level targets, exceeded one IR-level target, and fell short on one IR-level target (see performance indicator tables) for an overall rating of met expectations.

SO2, Environment, exceeded two SO-level and one IR-level targets, and met three IR-level targets for an overall rating of exceeded expectations.

SpO, HIV/AIDS, only reported on two IR-level indicators, meeting targets on one and falling short on the other, for an overall rating of fell short of expectations.

Summary Table

Objective Name	**Rating**
SO 1: Increased Central American Participation in Global Markets	Met
SO 2: Effective Regional Stewardship of the Environment and Key Natural Resources	Exceeded
SpO: Enhanced Central American Capacity to Respond to the HIV Crisis	Fell Short
Percent funding through NGOs and PVOs FY98: 21%; FY99: 20%; FY00: 34%	
Evaluation Findings: In SO2, the performance based contractor of the Central American Protected Areas System (CAPAS) component was determined to have achieved 92% of their objectives. The formal review panel consisted of representatives from the Regional Environment and Natural Resources Office, the Regional Contracting Office, and technical representatives from the bilateral missions. Under the SpO, a midterm assessment of the Policy and NGO components is scheduled for the third quarter of CY 1998.	

A. Increased Central American Participation in Global Markets

SO 1: Increased Central American Participation in the Global Markets	
RESULTS	IR 1: Improved Trade and Investment Policies
	IR 2: More Equitable and Better Functioning Labor Markets*
	IR 3: Greater Private Investment in Energy and Telecommunications

* Revised IR wording.

SO RATING: Met expectations

1. Performance Analysis

SO level: Over the past year, Central America continued to improve its readiness to compete in hemispheric and global markets. On May 8, 1997 the Presidents of Central America and the Dominican Republic met with President Clinton in Costa Rica and signed the San José Declaration. Inspired by the principles and goals of the Miami Summit of the Americas and by the Central American Alliance for Sustainable Development, the Presidents reiterated their resolve to take all necessary actions to make the "spirit of Miami" a reality, calling for the commencement of negotiations at the Santiago Summit of the Americas that will lead to the establishment of the Free Trade Area of the Americas (FTAA) by 2005. In support of this goal, the Presidents pledged to conclude bilateral investment treaties (BITs) and intellectual property rights agreements (BIRPAs), both top U.S. foreign policy objectives. In addition, under the aegis of the World Trade Organization (WTO), Central American governments will seek to liberalize telecommunications, information technology and financial services sectors.

In March 1998 a large Central American delegation attended the Business Forum of the Americas and the Trade Ministerial Summit in San Jose, Costa Rica and actively supported negotiations needed to advance the FTAA. C. A. countries chair two of the nine FTAA negotiating groups: Costa Rica--investment and Nicaragua--services, and vice-chair of two others: Honduras--Government Procurement and El Salvador--agirucultre.

In general, the SO and intermediate-level result indicators met expectations. Both 1997 planned targets for SO indicators were surpassed. Reflecting greater trade openness, Central American trade as a percentage of GDP (SO1.1) reached 49.4% (exceeding program target). Similarly, the region's Composite Score on Trade Readiness (SO1.2) rose to 3.27 (exceeding program target). Overall Central American trade performance also reached new levels. Total trade surged 14% to $22 billion. The region's total exports rose to $8.2 billion supporting 1.4

million C. A. jobs. In 1996, two-way trade with the U.S. rose 10% to $15 billion, representing a doubling over the last 5 years; two-way trade with the U.S. is estimated to have reached $16.8 billion in 1997. Central America's purchases of $8.9 million of U.S. exports support 178,000 U.S. jobs.

One notable achievement has been the transformation of C. A.'s regional economic integration secretariat, SIECA, into a technically stronger and more proactive institution capable of playing a leadership role in advancing the regional trade agenda. With USAID encouragement and support, SIECA has taken the lead in pursuing open markets, implementing WTO commitments, supporting Central American Common Market (CACM) countries in FTAA negotiations, and breaking down intraregional trade barriers. Reflecting both the stronger technical position and political influence of SIECA, and the increased maturity of relations between the C. A. countries themselves, SIECA took the lead in resolving a recent, potentially serious trade dispute between two members. As a result of SIECA's intervention, Guatemala and Costa Rica both removed hastily placed countervailing duties on their trading partner's milk and vegetable oil imports, respectively.

Intermediate Result 1: Improved Trade and Investment Policies

Throughout 1997, several Central American governments continued their negotiations with the U.S. government on bilateral investment treaties (BITs) and bilateral intellectual property rights (IPR) protection agreements (BIPRAs) (IR1.1.1). To date, two countries have signed BITs (Honduras and Nicaragua) and one of them has also signed a BIPRA (Nicaragua). It was expected that Honduras, where negotiations were fairly advanced, would also sign a BIPRA in 1997. However, Honduran failure to prosecute blatant IPR pirates caused BIPRA talks to be suspended indefinitely. Moreover, Honduras recently lost some trade preferences under the Generalized System of Preferences (GSP) because measures were not taken against the violators. Given the urgency of this situation, the provision of USAID/G-CAP technical assistance is being accelerated and expanded to cover IPR enforcement issues in Honduras and elsewhere.

With USAID support, C. A. improved its policy framework in several key ways: 1) all countries significantly reduced external tariffs and moved closer toward the goal of a common external tariff range of 0 - 15% by 2000; 2) every country has advanced significantly in implementing World Trade Organization commitments; and 3) C. A.'s own sub-regional integration process, now based on trade openness and export competitiveness rather than import substitution and high rates of tariff protection, accelerated with further elimination of internal trade barriers. The product categories not eligible for intraregional free trade (IR1.1.3) have been lowered from 11 two years ago to 7 now (exceeding targets), and agreement has been reached to lower the number to five next year. El Salvador and Guatemala initiated preparations to establish a customs union by 1999, and Honduras and Nicaragua have initiated talks on creating a customs union between those two countries.

Reflecting lower internal barriers and better overall trade policies, intraregional trade

increased 15% in 1997, surging to its highest level ever (nearly $2 billion). As a percentage of GDP, intraregional trade (IR1.1.2) reached 7.88% (exceeding program target). Expanded trade has helped elevate overall economic growth rates to the 4 percent range and increased employment and incomes for workers.

With USAID/G-CAP support, SIECA drafted regional agreements on rules of origin, unfair trade practices and safeguards that have been approved and implemented by the governments. In 1998 the agreements on sanitary and phytosanitary standards, dispute settlement procedures, investment, and services should be completed, approved and implemented. SIECA is providing highly specialized and intensive training for trade ministry staff, as well as representatives from the private sector, academia, and civil society. Moreover, SIECA is taking the technical lead on design of the customs union between El Salvador and Guatemala, and is providing key technical support to the trade negotiations between three C. A.'s countries (El Salvador, Guatemala and Honduras) and Mexico.

In an area of key U.S. foreign policy interest, C. A. has taken major strides toward improving the protection of (IPR). From C. A.'s perspective, stronger IPR protection is critical, both to ensure continued access to important outside markets (e.g., meeting GSP and WTO requirements), and to enhance the region's trade competitiveness through improving the investment climate and protecting the rights of Central American intellectual property owners in key areas such as biotechnology, where the region has considerable comparative advantage potential. With USAID support, SIECA has mounted an ambitious public education campaign to increase awareness of and support for IPR protection, is strengthening the capabilities of the region's industrial registries, and is training public prosecutors and judges on IPR enforcement. A SIECA study on the region's IPR prosecution systems has enabled such enforcement training to focus on Central American specific issues. SIECA, utilizing its special arrangement with the U.S. Patent and Trademark Office (USPTO) was able to quickly access IPR experts to assist in the drafting of two C. A. conventions on trademark and patent rights, the completed drafts of which are now being considered by the region's governments. Approval is expected later in 1998 and will result in substantial improvements over current national laws. SIECA's technical experts also directly assisted Guatemala and Nicaragua in drafting stronger copyright legislation. SIECA's technical support facilitated the achievement of a Bilateral IPR Agreement between the USG and Nicaragua, and will be crucial in supporting Nicaragua's efforts to implement the agreement over the next years.

Intermediate Result 2: More Equitable and Better Functioning Labor Markets

Persistent weakness in the ministries' statistical information systems have obstructed the development of a composite "labor readiness" indicator for the beginning of 1998. USAID expects that by late 1998 the ministries will improve the methodology sufficiently to allow for the collection of baseline data.

While objective and meaningful quantitative measures on the status of workers rights

protection and labor relations are scarce, protection of core labor standards in C. A. has greatly improved. All countries remain eligible for trade benefits under the GSP (IR1.2.1 target met). Moreover, none of the region's countries are currently on the GSP labor rights watch list, a preliminary step to trade sanctions, since Guatemala was removed from the list last year. In addition, a review of the workers' rights sections of the Department of State's annual human rights reports for the last three years, reveals a definite trend of major improvements in the overall status of workers' rights in the region.

USAID supports C. A. efforts to fully involve the labor sector in the hemispheric integration process as pledged at the Miami Summit of the Americas. This commitment was reaffirmed by the leaders of C. A., Belize, the Dominican Republic and the United States at the Presidential Summit in May 1997 in San Jose, Costa Rica.

The region's labor ministers have increased their awareness of trade and labor issues associated with hemispheric integration through a series of USAID-sponsored seminars and workshops. As a result they have been able to reorient their own national programs toward greater protection of core labor standards and improved labor management relations. This is being reenforced through an innovative USAID-funded "horizontal cooperation" program where expertise is shared among the various regional ministries to improve labor inspections, update information systems, and enhance ministerial capacity to promote better labor management relations. In turn, better, more equitable treatment of labor coupled with increased trade (IR1.1) should provide the engine for increased employment, thereby helping to reduce poverty within the region.

With a better perception of what is required for hemispheric integration, the labor ministers have embarked on a modernization program to upgrade their ministries' capacities to respond to the labor relations needs of the FTAA. Combining their own efforts and resources with USAID-financed technical assistance and training, the ministers have made significant gains. Labor codes and/or labor ministry organic laws have been reformed in Panama, Honduras, Nicaragua, and El Salvador. Also the labor ministers of Guatemala, El Salvador, Honduras, Costa Rica, and Panama have developed strategic administrative organization programs that are in the process of implementation. The ministers of Panama and El Salvador were able to substantially increase their own national budget allocations.

The most impressive accomplishment relates to the ministers' ability to convince the InterAmerican Development Bank (IDB) that they were prepared to tackle the tough issues associated with modernizing the region's labor markets. In response, the IDB, through a proposed $4 million grant from the Multilateral Investment Fund (MIF), has agreed to join with USAID and the regional ministries in the development of the first-of-its-kind joint USAID/IDB Program to modernize labor markets. The $6 million program (including a $1 million USAID contribution and a $1 million counterpart) will develop a social dialogue on trade and labor issues among labor organizations, the private sector, and civil society groups. The program will include pilot activities aimed at identifying alternative methods of labor conflict resolution, improving workplace safety and hygiene, updating labor statistics, and

strengthening worker training.

Reflecting the expansion into the better functioning of labor markets, intermediate result 1.2 has been renamed from "Better Enforcement of Labor Codes" to "More Just and Better Functioning Labor Markets."

Intermediate Result 3: Greater Private Investment in Energy and Telecommunications

As indicated in the last R4 and the Regional Strategic Plan for the period 1997-2001, activities initiated under the CONCAUSA regional energy program and increased private investment in energy were consolidated under this SO. During the reporting period, C. A. countries continued to establish and implement credible, transparent regulatory frameworks for both energy and telecommunications, and advanced in different privatization efforts.

Private investment in energy and telecommunications (IR1.3.1) reached $630 million, nearly double the program target. This reflected accelerated privatization of several public power plants and distribution facilities, and better overall perception on the part of investors on the investment potential in the region resulting in price offers higher than originally estimated. USAID-funded technical assistance helped draft implementing regulations for the Guatemalan and Salvadoran electricity laws and helped define the restructuring process of the utilities.

With core funding from G/ENV/EET, and under the USAID/G-CAP's leadership, technical assistance was provided by the Center for Sustainable Development for the establishment of the Guatemalan Office for Joint Implementation (JI). Similar offices in El Salvador, Panama, Honduras, and Nicaragua are being proposed. USAID provided initial start-up financing for the proposal and, based on this, the World Bank has committed itself to fund the approximately $500,000 required to complete the JI activity. The G Bureau is assisting with regional policy dialogue in the electrical power sector.

Regarding telecommunications, USAID-funded experts drafted legislation liberalizing the Costa Rican telecommunications sector. The draft is complete and will serve as the basis for discussions on potentially far reaching telecommunications reform once the new Costa Rican administration takes office in May 1998. Technical assistance was provided to Nicaragua in defining options regarding the privatization of its national telephone company. Also, USAID organized activities to disseminate best practices resulting from the Guatemalan experience in liberalization of its telecommunications sector to officials in Costa Rica, Honduras and Nicaragua.

2. Expected Progress Through FY 2000 and Management Actions

Central America is now better positioned to take advantage of increased trade and investment opportunities made available through the FTAA and globalization, and it is expected that both overall and intraregional trade targets for 1998-2000 will be met. Notwithstanding persistent

internal protectionist pressures, the region's governments have shown steadfast adherence to the tariff reduction schedule, and further reductions are expected until a 0-15 percent target range is reached by 2000.

Reflecting C. A.'s greater degree of trade readiness, the region's trade ministers played a very constructive and proactive role in the March 1998 hemispheric trade ministerial in San Jose, Costa Rica. (The U.S. Trade Representative took time to officially compliment Central America's positive contributions.) At the ministerial, the trade ministers agreed on a framework to conduct negotiations leading to the establishment of the FTAA by 2005. In recognition of the region's increased abilities to manage trade matters, all five CACM countries have been assigned leadership roles in the FTAA negotiation process. The Central Americans, who chaired three of the 12 FTAA working groups during the preparatory phase, will chair two of the nine FTAA negotiating groups (Nicaragua - services and Costa Rica - investment). Honduras is the vice chair of Government Procurement, and El Salvador is vice chair for the Agriculture negotiating group. Guatemala will be the vice chair of the Smaller Economies consultative group.

On March 19, 1998, the U. S. Trade Representative and the Central American trade ministers signed the U.S./C. A. Regional Trade and Investment Framework Agreement (TIFA) which will encourage further progress between the two regions on trade and investment issues. Key objectives of the TIFA include conclusion of BITs and BIRPAs (indicator IR1.1.1).

While progress is expected to continue, many challenges and difficulties remain. In particular, linking discussion on trade and labor issues remains highly controversial. Lack of modern tax administration systems limits the region's ability to switch reliance from foreign trade to domestic taxes, an important requirement for further trade liberalization. Also, in reforming the regulatory framework, making public utility services more accessible to remote populations, especially the rural poor, will be essential to ensure the political and economic sustainability of the reforms. The proposed Central American Trade and Investment Initiative will focus on increased access by the poor to these services.

Continued improvement of labor relations will enable C. A. countries to avoid losing access to GSP and Caribbean Basin Initiative trade preferences. In addition, it should facilitate the region's accession to NAFTA and/or the proposed FTAA. Better functioning labor markets will help maximize the positive impact of expanded trade on employment and workers' incomes. Stronger protection of core labor standards and improved labor relations will increase labor productivity and enhance C. A.'s competitiveness.

USAID/G-CAP will continue to work closely with bilateral USAIDs and the U.S. embassies in the region to advance activities supporting key elements of country team mission programs and collaboration with other donors. In particular, USAID/G-CAP is working closely with the Harvard/INCAE C. A. Project on Competitiveness, which has succeeded in getting the region's Presidents, senior government officials, and prominent private sector leaders involved in focused discussions on how to improve Central America's competitiveness in global

markets.

STRATEGIC OBJECTIVE 1: INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS

APPROVED: 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP

SO 1.1 INDICATOR: Total Central American Trade as a Percentage of GDP

UNIT OF MEASURE: Percentage.

SOURCE: General Secretariat for Central American Economic Integration, SIECA: Statistical Bulletin 6.1. January 1998. Executive Secretariat, Central American Monetary Council: Statistical Bulletins, 1995, 1996. Regional Central Banks.

INDICATOR DESCRIPTION: Sum of total Exports f.o.b. and imports c.i.f. for each country (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua), divided by the sum of GDP for each country.

COMMENTS: (R) Revised using updated trade and GDP data from SIECA. Variance from previously reported figures is minor.

*As recommended during the 1997 R4 review, planned targets for 1997 through 2000 were adjusted upward to reflect Central America's accelerated trade performance. The targets for each year were increased by one percentage point of GDP.

Preliminary data for 1997 showed better than expected performance, resulting in the actual figure for 1997 exceeding targets for 1998 and 1999. Targets for 1998 - 2000 will be reviewed further and adjusted as appropriate.

YEAR	PLANNED	ACTUAL
1994 (B)		45.4 (R)
1995		48.4 (R)
1996	46.5	48.1 (R)
1997	48.0	49.4
1998	48.5*	
1999	49.0*	
2000 (T)	50.0*	

STRATEGIC OBJECTIVE 1: INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS

APPROVED: 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP

SO1.2 INDICATOR: Composite score on trade readiness

UNIT OF MEASURE: Average of Central American Countries' score.

SOURCE: Region's Central Banks; Executive Secretariat, Central American Monetary Council; OAS, Social and Economic Progress in Latin America, 1995, 1996, 1997. Regional Central Banks; UNDP, HDI of 1993-1997; Freedom House, Annual Survey of Political Rights and Civil Liberties, 1992-1996; IMF, International Financial statistics, 1990-1998; ECLAC, Preliminary Balance of LAC Economy; and USAID/G-CAP staff estimates.

INDICATOR DESCRIPTION: Countries are scored on a scale of 0 to 5, with five being the most ready for participation in a free trade agreement.

COMMENTS: The readiness indicator is based on the Methodology developed by the Institute for International Economics. It is a composite score of seven factors: price stability, budget discipline, external debt, currency stability, market-oriented policies, reliance on trade taxes, and policy sustainability (Freedom House and UNDP's HDI, Human Development Index).

(E) Estimated results a pending final review that will be based on data available mid March 1998.

As recommended during the 1997 R4 review, planned targets for 1997 through 2000 were adjusted upward to reflect CA accelerated trade and sound economic policies performance.

YEAR	PLANNED	ACTUAL
1994 (B)		2.96
1995	2.96	3.07
1996	3.00	3.21 (E)
1997	3.20	3.27 (E)
1998	3.30	
1999	3.40	
2000 (T)	3.50	

STRATEGIC OBJECTIVE 1:	INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS
APPROVED: 3/13/97	**COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP
INTERMEDIATE RESULT 1:	Improved Trade and Investment Policies
INDICATOR IR1.1:	Bilateral Accords between U.S.A. and C.A. on Investment and Intellectual Property Rights (IPR) *

UNIT OF MEASURE: Number of countries that have signed Bilateral Investment Treaties (BITs) and Bilateral Intellectual Property Rights Agreements (BIPRAs).

SOURCE: U.S. Embassies in Central America.

INDICATOR DESCRIPTION: Number of country treaties or agreements.

COMMENTS: Nicaragua signed both a Bilateral Investment Treaty (BIT) and an International Property Rights Agreement (BIPRA) and Honduras signed a BIT. The goal for the year 2000 is for all Central American Countries to have signed and implemented a bilateral investment treaty and a bilateral intellectual property rights agreement, or its equivalent with the U.S.

Approval of the BITs will demonstrate Central America's willingness to improve their investment climates and, in particular, meet international standards for protecting foreign investment. Adoption of the BIRPAs will demonstrate Central America's willingness to provide adequate protection for national and foreign patents, trademarks, and copyrights.

*Same measurements, but indicator statement has changed from last year's R4.

YEAR	PLANNED	ACTUAL
1996 (B)	BIT: 1	BIT: 2
	BIPRA: 1	BIPRA: 0
1997	BIT: 2	BIT: 2
	BIPRA: 2	BIPRA: 1
1998	BIT: 3	
	BIPRA: 3	
1999	BIT: 4	
	BIPRA: 4	
2000 (T)	BIT: 6	
	BIPRA: 6	

STRATEGIC OBJECTIVE 1: INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS

APPROVED: 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP

INDICATOR IR1.2: Intra-Regional Trade as a Percentage of GDP

UNIT OF MEASURE: Percentage.

SOURCE: General Secretariat for Central American Integration, SIECA: Statistical Bulletin 6.1. January 1998. Region's Central Banks.

INDICATOR DESCRIPTION: Sum of total Merchandise Exports f.o.b. and imports c.i.f. to and from Central America (5 CACM countries), divided by the sum of GDP for each country.

COMMENTS: (R) Revised using updated trade and GDP data from SIECA.

As recommended during 1997 R4 review, planned targets for 1997 through 2000 were adjusted upward to reflect CA accelerated trade performance. The targets for 1997 - 1999 were increased by one decimal percentage point of GDP.

*Preliminary data for 1997 showed better than expected performance, resulting in the actual figure for 1997 exceeding target for 1998 and 1999. Targets for 1998 - 2000 will be reviewed further and adjusted as appropriate.

YEAR	PLANNED	ACTUAL
1994 (B)		7.20 (R)
1995		7.57 (R)
1996	7.65	7.57 (R)
1997	7.80	7.88*
1998	7.85	
1999	7.95	
2000 (T)	8.00	

STRATEGIC OBJECTIVE 1:	INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS
APPROVED: 3/13/97	**COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP
INTERMEDIATE RESULT 1:	Improved Trade and Investment Policies
INDICATOR IR1.3:	Product Categories not eligible for intra regional free trade reduced*

UNIT OF MEASURE: Number of product categories.

SOURCE: General Secretariat for Central American Economic Integration: SIECA.

INDICATOR DESCRIPTION: Product categories excluded from duty-free treatment for intra regional trade.

COMMENTS: The product categories excluded from duty-free treatment for intra regional trade (either within the entire region or between pairs of countries) are the following: processed coffee, unprocessed coffee, sugar, petroleum products, wheat flour, ethyl alcohol, and alcoholic beverages.

As recommended during the 1997 R4 review, planned targets for 1997 through 2000 were adjusted to reflect CA accelerated trade and openness performance. The targets were reduced by two product categories for 1998 and by three product categories by 1999 and 2000.

*** Note this is a declining indicator, target drops from base of 11 to final target of 5 by 2000. Therefore 7 for 1997 exceeds the target.**

YEAR	PLANNED	ACTUAL
1994 (B)	11	11
1995	10	9
1996	10	7
1997	9	7*
1998	7	
1999	5	
2000 (T)	5	

STRATEGIC OBJECTIVE 1:	INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS
APPROVED: 3/13/97	**COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP
INTERMEDIATE RESULT 2:	More Just and Better Functioning Labor Markets *
INDICATOR IR2.1:	Continued eligibility of eight participating countries (Central American countries including Belize, Panama and the Dominican Republic) for GSP benefits.

UNIT OF MEASURE: Yes-No.

SOURCE: USTR, U.S. Embassies in Central America.

INDICATOR DESCRIPTION: Each country is evaluated by USTR.

COMMENTS: *The name of this indicator was changed slightly to express the status of each country's labor rights, labor markets, and labor relations.

YEAR	PLANNED	ACTUAL
1997 (B)	Yes	Yes
1998	Yes	
1999	Yes	
2000	Yes	
2001 (T)	Yes	

STRATEGIC OBJECTIVE 1:	INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS
APPROVED: 3/13/97	**COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP
INTERMEDIATE RESULT 3:	Greater Private Investment in Energy and Telecommunications
INDICATOR IR3.1:	Private investment in energy and telecommunications

UNIT OF MEASURE: $ millions invested (Cumulative).

SOURCE: Grantees and contractors working in the region.

INDICATOR DESCRIPTION: All private investment will be counted, including revenues from privatization of state-owned facilities as well as new private investments in both sectors.

COMMENTS: The approved Regional Program Strategy for 1997-2001 included the energy and telecommunications sectors as Intermediate Result No. 3.

YEAR	PLANNED	ACTUAL
1997 (B)	350	630
1998	1100	
1999	1500	
2000	2000	
2001 (T)	2400	

B. Effective Regional Stewardship of the Environment and Key Natural Resources

SO 2: Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Targeted Areas*		
RESULTS	IR1:	Improved Consolidation of the Central American Protected Areas System**
	IR2:	Increased Local Empowerment for Stewardship of the Environment and Natural Resources in Target Areas
	IR3:	Central American Environmental Policy Frameworks Harmonized and Strengthened***

* Proposed New SO wording.
** Proposed new IR2 wording.
*** Restatement of IR3.

SO Rating: Exceeded Expectations

Introduction

The CONCAUSA accord continues to be a highly effective regional framework for collaboration between USAID/G-CAP and the Central American Governments to address environmental concerns and specific problems. The Central American Commission for Environment and Development (CCAD) has proven to be an effective partner for broad-based regional and national initiatives, ensuring Central American leadership and ownership, while maintaining consistency with USG environmental objectives.

Overall performance since the Strategic Objective's initiation in 1995 has been excellent. Most current targets have been met or exceeded. Support for consolidation of the Meso-American Biological Corridor and reduction of environmental threats continues to define the core shared objectives of the U.S.-Central American partnership under CONCAUSA.

Presidential decrees (San Jose, Costa Rica) and ministerial level joint-action by all seven Central American countries are stronger than ever. The political will to address environmental issues directly effecting the health of citizens, and economic well being of the region is strongly evident in the array of new policy and regulatory decisions, as well as actions to address the issue of sustainable financing for environmental initiatives and the CCAD itself. It is significant that for the first time, in 1998 all national budgets are to include funding allocations for CCAD core costs.

The USAID/G-CAP maintains excellent relationships with all counterparts, including bilateral USAID Mission programs throughout the region and other donors. Donor coordination facilitated by CCAD has been superb. The Swiss, Germans and Danes, among others,

continue to provide support for the Meso-American Biological Corridor and related activities which complement USAID's lead role.

1. Performance Analysis

Twelve new/improved policy changes and inter-institutional coordination objectives were achieved in 1997, greatly exceeding the target of three (SO2.1). Significant among these was creation of a regional policy to conduct inventories for obsolete pesticides, and a unified CA position on Global Climate Change. Although USAID does not expect this magnitude of change each year, USAID proposes to raise targets set for 1998-2000. Some of the key policy level and institutional developments across the C. A. region are noted below.

The Regional Environmental Program (PROARCA) was a key player in the latest Reef Congress held in Belize, in November 1997. The Congress was highly strategic and broadly participatory, including 50 representatives from all leading government agencies, UNDP, World Bank, IDB, international NGOs, as well as Central American and U.S. universities. Building on the "Tulum" Presidential Agreement signed in June 1997, the Congress developed an Action Plan to fulfill commitments made by the governments of Belize, Guatemala, Honduras, and Mexico. This Action Plan complements, and is strongly supported by the coastal zone initiatives under USAID's Regional Environmental Program. Initiatives include: the first ever regional workshop on sea turtle management, which led to implementation of best management practices in Playa Gandoca (Costa Rica) and Playa Bluff (Panama); identification and correction of gaps in coastal-marine and national protected areas policies; and implementation of a joint work plan for fisheries management and manatee conservation by the Tri-national Alliance of NGOs for the Gulf of Honduras.

The Regional Environmental Program supported the creation and establishment of the Central American Sustainable Development Fund (FOCADES) in 1997. Through FOCADES, the IDB has made $25 million available for a municipal development program, and the GEF/World Bank (with USG support) is providing an additional $15 million for sustainable environmental development (e.g., conservation of biodiversity, GCC, and international waters). On the basis of the formation of the Tri-national alliance, next year FOCADES will provide $100,000 for fisheries and manatee conservation in the Gulf of Honduras. An additional $1.6 million in USPVO matching funds have been raised for eco-regional planning in the Meso-American reef.

Under the Regional Environmental Program, USAID has been very active in developing and applying a monitoring and evaluation framework to help Central American reserve directors and managers focus on the of attainment of future goals. The framework provides a clear and easy-to-use management information system. The success of this effort is its actual implementation in the field. G-CAP is aware of dozens of monitoring initiatives, but few have been accepted so eagerly by the target clients. Currently, the monitoring framework is being applied by Costa Rica in 10 parks and reserves as well as Cerro San Gil in Guatemala, Rio Platano in Honduras, and three areas in Belize.

Under the USAID-funded CA Protected Areas System (CAPAS) a regional gap analysis of vegetation coverage was completed. This analysis provides the basis for decision making to ensure inclusion and conservation of critical habitat (terrestrial and coastal ecosystem coverage) within the Central American system of protected areas.

The environmental legislation activity continues to play a leadership role in seeking and obtaining country ratification of international agreements for the protection of the environment (SO2.2). An example of an important international agreement ratified is the Convention on Transboundary Shipment of Toxic Waste (the Basal Convention). USAID also contributed to the environmental section of the draft Central American Integration System Legal Agreement, which when approved will serve as the legal basis for economic, social, and environmental integration in Central America.

USAID provided catalytic technical assistance to create governmental capacity to plan for and mitigate environmental disasters (such as a pipeline oil spill) in Guatemala (SO2.3). Through participatory analysis conducted with private stakeholders and government authorities, USAID fostered strategic action by Guatemala's port authorities to eliminate a critical threat to the environment created by lack of preparedness and gaps in legal enforcement capacity.

Significant progress has been made in consolidation of goals and application of evaluation criteria. USAID's methodology for monitoring progress at specific coastal sites under a results-oriented agreement has been greatly improved based on work done previously by the Parks in Peril (PiP) program managed by LAC/RSD. Though not a result in the sense of on-the-ground change, colleagues in Central America and USAID/W agree that enhancement of the PiP Monitoring & Evaluation (M&E) score-card model has been an important contribution to development of site management indices in other programs throughout the LAC region.

Intermediate Result 1: Improved Consolidation of the Central American Protected Areas System

1997 was an important year for protected areas management in Central America. With assistance from USAID, critical natural resource areas, seriously neglected in the past, have begun coordinated action planning for sustainable use. USAID is supporting three major protected areas (Rio Platano, Honduras; Gandoca-Manzanillo, Costa Rica; and Cerro San Gil, Guatemala) in designing their financial strategy. USAID has brought stakeholders to the discussion table, has provided analysis and management tools, and more importantly, has supported civil society and government agencies in developing strategies/approaches to strengthen communications.

With USAID assistance, several key protected areas came under improved management in 1997, meeting the target (IR1.1). Examples of these are as follows:

- Community leaders and government officials in North Eastern Nicaragua are taking action

to protect shared resources. MIKUPIA (a local umbrella organization representing the interests of groups of Miskito Indians) in collaboration with MARENA (Nicaragua's Ministry of Environment and Natural Resources) began monthly biophysical data collection. Community leaders used the data to establish new closed seasons, minimum sizes, and equipment regulations for shrimp harvesting in the Karata and Wonta Lagoons. Leaders in nearby Sandy Bay learned from the shrimp management experience and began to negotiate a closed season for lobster in the Miskito Cayes.

♦ In the Gulf of Fonseca, USAID's partners provided technical assistance and leadership for the completion of technical studies needed for the system of 10 proposed protected areas including the Bahia de Chismuyo, a unique resource area providing critical habitat for migratory birds and breeding ground for shrimp.

♦ In North Eastern Panama, management plans for a national park (Marino Isla Bastimentos) and San Pond Sak Wetland, Bocas del Toro are being developed based on new information gathered through a USAID-funded marine ecological assessment and Participatory Rural Appraisals (PRA). The management plans will set goals and guide sustainable use of these unique resource areas through community action.

Intermediate Result 2: Increased local empowerment for stewardship of the environment and natural resources.

Nine sites in Central America achieved more effective level of local governance in 1997, with support from PROARCA. These included: Usulutan (El Salvador), the Ixcan (Guatemala) and Punta Gorda (Belize) among others. USAID continues to design activities tailored to the practical (income) and strategic (recognition) needs of women, and empowerment of their roles in decision making. Successful models and experiences are being disseminated through cross-site visits between collaborators in neighboring countries. Through empowerment, communities are more apt to protect and conserve their resource base, thus helping to reduce poverty. USAID partners awarded 19 grants to local NGOs to promote public participation and on-the-ground resource management. These grants provide the critical resources for local communities to achieve the results in sustainable resource management mentioned in this report.

The management committee of Karata Lagoon in Nicaragua signed an inter-community agreement of principles and actions to improve management of natural resources in the coastal lagoons of the Northern Atlantic Autonomous Region of Nicaragua. The regional government supported this initiative by issuing ordinances for management measures to protect the lagoons. With this legal backing, the communities are now implementing new management rules governing fishing practices, for example elimination of gill-nets, closed seasons for shrimp, and protection of mangrove habitat.

There is a major program thrust to prepare municipalities and community leaders to assume responsibility for decentralization of planning authority and provision of services (IR 2.1).

The ability to analyze problems at the community (site) level, make decisions, and implement action plans to resolve environmental contamination problems (e.g., solid waste, and waste water management) has been greatly enhanced. Early success of this activity has resulted in the decision to increase funding for creation and dissemination of additional pilot demonstrations in FY 1998-1999.

In Southern Belize, ORVIS professional fly fishermen's association trained 50 local, gill-net (a highly destructive and non-sustainable harvesting practice) fishermen in Punta Gorda to become catch-and-release fly fishermen guides. Several of these trainees have already significantly increased their annual income within the space of a few months. There seems to be tremendous potential for expanding on this successful alternative income model.

Intermediate Result 3: Central American Environmental Policy Frameworks Harmonized and Strengthened

Nineteen national environmental laws were approved in 1997, far exceeding the target of 12. As a result of these laws, we can expect reduced pollution (compliance) and enforcement action throughout the region as appropriate. Progress includes new transit laws and implementing regulations in El Salvador and Guatemala; waste water implementing regulations in Costa Rica; toxic waste transboundary traffic laws approved in all seven countries; and a new pesticide law in Nicaragua. These laws represent the "upward harmonization of environmental legislation" called for in CONCAUSA in anticipation of regional trade integration.

The new laws are not carbon copies of one another, rather they overhaul and upgrade previous national legislation. The new laws work within a guiding regulatory "framework", and are adapted to local/national preferences and conditions. The overall region-wide trend is toward greater simplicity, clarity, and enforceability of environmental regulations.

2. Expected Progress Through FY 2000 and Management Actions

USAID/G-CAP expects to fully accomplish the SO within the original time frame. All indications are that the strong performance of the Regional Environmental Program will continue through December 2000, the estimated SO completion date. An assessment is planned in 1998 to independently verify progress to date and recommend future direction.

USAID/G-CAP will continue to achieve results through strengthening of the CCAD's capacity for effective regional communications and the creation and coordination of technical networks that facilitate the provision of training and technical assistance. Areas of increased focus under the Regional Environmental Program will include global climate change (GCC) and PROARCA represents the Agency's primary vehicle to address GCC issues and opportunities in Central America. To that end, the Program is taking steps to strengthen GCC advocacy and analytical capacity including hiring a USPSC to backstop this function.

Consistent with USAID's regional strategy and in response to the AA/LAC's request to clarify the linkage with trade related environmental policy, PROARCA will deal directly with environmental issues affecting *integration and global market access*. In response to an extensive customer survey conducted during 1997, the Regional Environmental Program will develop initiatives to expand market access for Central American agriculture, forestry, and ecotourism products/services that meet high environmental standards.

It is anticipated that the United Nations Global Environmental Fund, in partnership with the World Bank, will become more active throughout the region during 1998 in direct support of the Meso-American Biological Corridor. This assistance complements USAID's leadership role.

If bilateral USAID Missions in C. A. reduce or eliminate their environmental SOs in response to budget pressures, the Regional Environmental Program will make special efforts in those countries to continue to support the declaration, management and development mechanism for the sustainability of protected areas, the institutional strengthening of national environmental secretariats, the development of baseline data, and monitoring systems for the protection of the environment.

Proposed Change of the Results Framework:

In collaboration with LAC/RSD and LAC/SPM advisors, USAID/G-CAP proposes to modify the wording of the Strategic Objective statement; the wording of Intermediate Result 3; create a new SO level indicator; and, move the current SO level indicators 1 and 2 under the newly reworded IR3. These proposed changes are consistent with the results framework and do not represent any departure from the strategy, baselines, current or planned activities, or lower level results. We also propose to increase some targets to reflect unexpected over achievement in 1997.

Proposed SO Level Change: New SO to read: *"Increased effectiveness in regional stewardship of the environment and key natural resources in target areas"*. A new SO level indicator will be added, "Number of sustainable mechanisms implemented to protect regional biodiversity." Bi- and Tri-national alliances addressing management issues will be reported. Both former SO level indicators 1 and 2, will be moved down to IR3, as newly restated. The composition of the tables and benchmarks will remain the same.

Intermediate Result Level Change: Consistent with feedback received from LAC/SPM, IR1 has been restated to read, "Improved consolidation of the Central American Protected Areas System." IR3 has been restated to read: "Policy Frameworks harmonized and strengthened." The indicator and lower level results remain the same. Given the significant legislative advance during 1997, new targets are proposed.

STRATEGIC OBJECTIVE 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES **APPROVED:** 3/13//97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INDICATOR SO2.1: **"Frameworks"** Regional frameworks developed in collaboration with CCAD*****			
UNIT OF MEASURE: The cumulative number of new/improved policies, strategies or methods developed in collaboration with CCAD.	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: CCAD/Prolegis bi-annual report, PROARCA/Costas' bi-annual report and PROARCA/CAPAS quarterly report.	1996 (B)	0	0
INDICATOR DESCRIPTION: Partners under various agreements are using the concept "framework" to describe their efforts in putting together models that have a unifying use or influence on groups working together in the area of natural resource management. PROARCA partners are developing techniques that are used as a reference point for further analysis of environmental policy, cross-border conflict, and comparison of management practices.	1997	3	12
	1998	16******	
	1999	19	
COMMENTS: Many activities in PROARCA are not defined with respect to field sites, but by regional frameworks. This indicator measures regional policy change, improved policy implementation, and effective inter-institutional coordination. CCAD/Prolegis plays a convoking role for the development and implementation of these frameworks. In many cases, it also provides technical backstopping. *****Mission is proposing moving this indicator to Intermediate Result 3 as indicator IR3.1 **Planned figures have been modified to account for unexpected over achievement in 1997.	2000 (T)	21	

STRATEGIC OBJECTIVE 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INDICATOR SO2.2: **"Environmental Agreements"** - International/National environmental agreements ratified*			
UNIT OF MEASURE: The cumulative number of agreements ratified by all seven Central American countries.			
SOURCE: CCAD Publication: "Estado de Ratificacion de Convenios Centroamericanos Normativos de Gestion/Proteccion Ambiental."	**YEAR**	**PLANNED**	**ACTUAL**
INDICATOR DESCRIPTION: Agreements have to be ratified by four countries to be enforced in the region. When the agreement is ratified by all 7 C.A. countries, each country is committed to enforce that agreement.	1996 (B)	4	4
	1997	6	10
	1998	11	
	1999	12	
	2000 (T)	12	
COMMENTS: Some of the international and national agreements supported by the Central American biodiversity agenda are: Rio Biodiversity (7); C.A. Biodiversity (7); Rio Climate Change (7); C.A. Climate Change(7); C.A. Forest Protection (5); C.A. Sustainable Development (6) ; and the Regional Biodiversity Strategy. ***Note: the Mission is proposing to move this to Intermediate Result 3 as IR3.2.			

STRATEGIC OBJECTIVE 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INDICATOR SO2.3: **"Threats Reduced"** - Number of USAID/Guatemala-CAP assisted transboundary sites where local threats to key natural resources and the environment have been reduced*			
UNIT OF MEASURE: The cumulative number of sites where threats have been reduced.	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PROARCA/Costas' policy implementation table.	1996 (B)	3	3
INDICATOR DESCRIPTION: This indicator measures local or transboundary threats that have been reduced primarily within the four PROARCA's focus areas: Gulf of Honduras, Gulf of Fonseca, Miskito Coast and Bocas del Toro.	1997	6	6
	1998	7	
	1999	10	
	2000 (T)	10	
COMMENTS: "Reducing local threats" means replacing harmful resource uses with sustainable uses. Examples of activities measured under this indicator include: the illegal killing of manatees in Gulf of Honduras, and the contamination of the Gulf of Fonseca by shrimp farms and banana plantations. ***Note: Mission is proposing this indicator becomes SO2.2			

STRATEGIC OBJECTIVE 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 1: Improved Consolidation of the Central American Protected Areas System*			
INDICATOR IR1.1: **"Management"** - Number of protected and special management areas under improve management with PROARCA assistance*			
UNIT: The cumulative number of sites (and hectares) under improved management.	**YEAR**	**PLANNED**	**ACTUAL***
SOURCE: PROARCA Index of site management.	1996 (B)	3 (39,400)	3 (39,400)
INDICATOR DESCRIPTION: "Improve management" is measured by an index that collapses information from benchmarks that a particular site has achieved. The index includes benchmarks such as: official site declaration, participatory development of a management plan, and financial plans. The minimum score established is 1.5 on a scale of 1-3. The cumulative number of sites that have achieved some important benchmarks are reported.	1997	4 (87,200)	4 (87,200)
	1998	6 (128,200)	
	1999	8 (236,700)	
	2000 (T)	12 (339,560)	
COMMENTS: Last year an adding error was made on the planned number of hectares, the figures have been corrected in the table. ***Intermediate Result 1 has been re-worded but the indicators remain unchanged. Given that G-CAP is currently negotiating the second phase of the CAPAS component, the targets set for 1998 - 2000 may be revised.			

STRATEGIC OBJECTIVE 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 2: Increased Local Empowerment for Stewardship of the Environment and Natural Resources in Target Areas			
INDICATOR IR2.2: **"Governance"** - Number of PROARCA assisted sites which have achieved an effective level of governance for stewardship of the environment and natural resources			
UNIT OF MEASURE: The cumulative number of sites where a governance process is being developed and implemented.	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: NGO and PVO reports.	1995 (B)	0	0
	1996	2	2
INDICATOR DESCRIPTION: This indicator is measured by an index of local participatory decision-making (governance), which supports stewardship of the environment and natural resources. Effectiveness will be validated by application of a governance index (minimum score established: 1.5 on a scale of 1-3). This index collapses information about the important benchmarks that community institutions have achieved around environmental management issues for a particular site. This includes stakeholder group involvement, transparency of decision making, conflict management, and basic conservation information needs.	1997	8	9
	1998	15*	
	1999	18	
	2000 (T)	20	
COMMENTS: Governance is defined as the decision-making processes for managing and conserving key natural resources and the environment. *Planned figures have been modified downward because government agreements/actions are more difficult and time consuming than initially anticipated.			

STRATEGIC OBJECTIVE 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 3: Policy Frameworks harmonized and strengthened			
INDICATOR IR3.1: **"Legislation"** - National environmental laws and by-laws that have been introduced to/approved by C.A. national legislatures/executive branches, with technical assistance from CCAD Environmental Legislation Program*			
UNIT OF MEASURE: The cumulative number of national environmental laws and by-laws introduced/approved.	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PROARCA, CCAD, USEPA.	1996 (B)	0	6
INDICATOR DESCRIPTION: A law is introduced when it is presented to the Congress or the executive branch for approval. It is passed when the proper branch approves it and publishes it for enforcement.	1997	12**	19
	1998	26	
	1999	32	
	2000 (T)	34	
COMMENTS: The CCAD Environmental Legislation Program, with support from the United States Environmental Protection Agency, is providing technical assistance that focuses mainly on pollution prevention, including waste water, solid waste, air contamination and pesticides to several Central American countries. * The indicator has been re-worded, but the data is unchanged. ** Given significant legislative progress during 1997, new planned targets are proposed.			

PROPOSED STRATEGIC OBJECTIVE TABLE 1998

STRATEGIC OBJECTIVE 2: INCREASED EFFECTIVENESS IN REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES IN TARGETED AREAS **APPROVED:** Pending **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INDICATOR SO2.1: **"Sustainability"** Number of Sustainable Mechanisms Implemented to Protect the Regional Environment			
UNIT OF MEASURE: Cumulative number of mechanisms implemented.	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PROARCA/Costas' Regional Institutional Strengthening Index, Local Institutional Strengthening index, and LEPPI's quarterly reports.	1996 (B)	0	5
INDICATOR DESCRIPTION: Sustainability will be measured by institutional strengthening indices (minimum score established 2.5 on a scale of 1-5). The indices collapse information about the important benchmarks that a particular mechanism has achieved, i.e. clear mission statement, annual strategic planning, financial self-sufficiency, and capacity to build strategic alliances.	1997	0	10
	1998	16	
	1999	19	
COMMENTS: Examples of sustainable mechanisms include: Tri-national alliances of NGOs and government organizations addressing management issues. Given that G-CAP is currently negotiating the second phase of the CAPAS component, the targets set for 1998-2000 may be revised.	2000 (T)	21	

C. Enhanced Central American Capacity to Respond to the HIV Crisis

SpO: Enhanced Central American Capacity to Respond to the HIV Crisis		
RESULTS	IR1:	Improved regional policy environment to support HIV/AIDS policies and programs in Central America
	IR2:	Improved NGO capacity to deliver HIV/AIDS prevention projects
	IR3:	Effective condom social marketing program
	IR4:	Improved safe sex practices*

*Proposed new IR4 statement.

SpO Rating: Fell short of expectations

Introduction

This Special Objective contributes to the U.S. national interest and strategic goal of protecting human health and reducing the spread of infectious diseases. The SpO also supports poverty alleviation efforts in Central America by mitigating the socioeconomic impact of the epidemic.

1. Performance Analysis

USAID/G-CAP is not reporting on any SpO-level indicators this year. We met the IR1 target of two policy changes (described below). Due to delays in the start-up of the condom social marketing (CSM) program, we did not meet the ambitious IR3 target of 2,600,000 condoms sold. However, early sales (200,000 in the first month in just one country) indicate that the CSM activity will be highly successful.

The overall environment surrounding HIV/AIDS prevention programs is improving and sets the stage for continued success of the USAID program. For example, 1997 Gallup Opinion polls in Central America show that approximately 90% of Central Americans agree that "condoms should be easily available for those who want to use them, including adolescents." There is equally high agreement on the need for more AIDS information and education, both through mass media and school-based programs. National AIDS Control Programs in Ministries of Health and NGOs throughout the region are disseminating the results, contributing to the growing awareness of HIV as a significant regional issue. The new President of Honduras named HIV/AIDS one of his administration's top two health issues. The Guatemalan President assumed a visible role in World AIDS Day activities. High level representatives from the Ministries of Health in Costa Rica, El Salvador, and Guatemala participated in the highly visible launches of the project condom.

In 1997, countries demonstrated an enhanced capacity to bring together representatives from government and civil society to define national policy research agendas. For example, in Guatemala, Nicaragua, El Salvador, and Panama representatives from the Ministries of Health, NGOs, universities, and other sectors jointly identified the information gaps in their countries and established the research priorities. The data generated from these upcoming studies will contribute to informed decision-making and policy development in the future.

Throughout Central America, NGOs are often better positioned than the government to deliver HIV prevention services. When this SpO began just over two years ago, the NGO sector was extremely weak and uncoordinated. USAID is addressing this situation by helping NGOs to develop a systematic approach to the design and delivery of prevention programs. Scores of NGOs are benefitting from this program component. All five emphasis countries (Guatemala, Nicaragua, El Salvador, Honduras, and Panama) have now initiated strategic planning processes with input from government, civil society, and donors, creating new windows of opportunity for participation in policy development. USAID assisted in the formation and continued functioning of new national HIV NGO networks in Panama and El Salvador.

USAID pilot-tested an innovative community planning model (*Acción SIDA*), in which public and private sector representatives jointly set in motion a process to identify priorities and design an intervention strategy, including the development of a small grants program. This transparent and participatory process is empowering Central Americans to better respond to the epidemic by bringing different sectors together to define common goals, and to design and deliver educational and other prevention programs in their communities.

The "VIVE" condom, which sports a modern, vibrant logo and an appealing four-color design, has been successfully launched in Guatemala, El Salvador, and Costa Rica. The product is also being sold through the commercial sector in Nicaragua. Early efforts to ensure the sustainability of the CSM component include the founding of the Pan American Social Marketing Organization (PASMO) which will be registered in each country.

USAID's partner, Proyecto Acción SIDA de Centroamérica (PASCA) and UNAIDS in Geneva have drafted a Memorandum of Understanding (MOU) to strengthen interagency coordination in policy dialogue and HIV prevention activities in the region.

<u>SpO Indicator 1</u> **AIDS Policy Environment Score (PES)**: Increased regional commitment to improve the policy environment leads USAID/G-CAP to believe that targets will be met. Notable achievements include increased host country and donor allocation of resources to attack the problem and improved media coverage of HIV/AIDS (both qualitatively and quantitatively) to increase public awareness.

<u>SpO Indicator 2</u> **Percentage of NGOs that score two or higher on the Systematic Approach Scale (SAS)**: Enthusiastic participation by dozens of NGOs in regional and national workshops on strategic planning and systematic project design --emphasizing the importance of behavior change-- has already led to increased technical competence and

greater program focus on behavior change.

SpO Indicator 3 **Target population reporting condom use in last sex act with non-regular partner**: Initial consumer acceptance of the recently launched condom bodes well for the achievement of this result. Gender is an essential program component because HIV in Central America is transmitted primarily through sexual contact including heterosexual, homosexual, and bisexual relationships.

Throughout 1997, USAID-supported staff worked with a number of international, regional, and national organizations to formulate a regional strategy to target women to the greatest extent possible. The results of a series of face-to-face interviews will be used to develop the strategy, ensuring that gender is appropriately addressed in all policy and NGO activities. More women than men have been identified to deliver technical assistance to partner organizations and to participate in capacity-building endeavors.

USAID financed the printing of 5000 copies of the 60 page booklet, *El Peligro Oculto, La mujer y el SIDA en Mexico, Centro America y el Caribe de habla hispana*. This important work explores the increasing vulnerability of women to HIV/AIDS and is being used in consciousness-raising seminars.

Intermediate Result 1: Improved Regional Policy Environment to Support HIV/AIDS Policies and Programs in Central America

USAID/G-CAP met its target of two positive policy changes in 1997: new blood blank legislation and the approval of a sanitary code with a number of positive provisions related to HIV, both in Guatemala.

The Policy Component has received and evaluated proposals for policy research from the countries in the region and recently provided finalists a two-week intensive training course to develop their full proposals. Research will begin this year. USAID/G-CAP continues to support the collection, analysis, and dissemination of current seroprevalence data for use in epidemiological projections of epidemic impact, broader policy dialogue, and leveraging private sector involvement.

The UNAIDS' country theme groups, with the exception of Guatemala, have largely been treading water until now. Recent changes in Geneva and some of the Central American countries create a new opportunity to engage these groups as partners in effective policy dialogue. The MOU between UNAIDS/Geneva and PASCA clarifies the Program's relationships to UNAIDS' country theme groups. UNAIDS will have a permanent full time advisor for Central America by April 1998 which will further facilitate coordination.

Intermediate Result 2: Improved NGO Capacity to Deliver HIV/AIDS Prevention Projects

With assistance from the regional HIV/AIDS Prevention Program, NGOs prepared over 20 proposals to submit to other donors for financing and they continue to be strengthened, both technically and administratively, through program TA, training, and small grants. The Canadian International Development Agency (CIDA) has now financed a grant to a Guatemalan NGO as a result of this program support.

Expected results include funding for many of the proposals as well as strengthened NGO capacity in fund raising. Next steps will be to replicate the activity in Nicaragua and Panama and to work on leveraging resources from the private sector.

Intermediate Result 3: Effective Condom Social Marketing Program

Cumbersome commercial product registration processes in several countries (critical assumption No. 7 in last year's R4) seriously hampered efforts to launch "VIVE." Despite progress toward Central American economic integration, each country still has unique registration requirements. As a result, distribution and sales did not begin until December 1997. Formal launches were delayed until early 1998, and to date have only occurred in Costa Rica, El Salvador and Guatemala. However, the future looks promising: 200,000 "VIVE" condoms were sold in Costa Rica within one month of product launch. Due to outstanding promotional campaigns and a network of local partners, the annual targets from last year's R4 have been revised to take into account the delay in start up while committing to the same total condom sales (97 million) by the end of the SpO (May 2003).

The CSM Component is also creating a Central American network of condom import/distribution organizations. By the end of 1997 the CSM Component was operating efficiently and sending unified messages to the large network of regional partners involved in product distribution. Three product launches have been completed, and three additional launches will be completed by June 1998 (Belize, Panama, and Nicaragua). Private sector and NGO partners have embraced the product and promotional campaign and we expect an equally positive response by the consumer.

Recent data show an alarming increase in HIV seroprevalence among prostitutes in Tegucigalpa (with some sources reporting a 15% prevalence rate). To date, Honduras lacks an effective CSM program for both family planning and HIV. The USAID/G-CAP regional program could assist USAID/Honduras and its partners to address the growing epidemic by introducing an HIV condom, targeted specifically at high risk groups. We believe that one of the best ways to contain cross-border transmission in Central America is to aggressively promote condom use in all countries. While aware of the regional program's capacity and interest in developing a CSM program in Honduras, we have been advised by USAID/Honduras that it may assist the IPPF affiliate to scale up its relatively small family planning social marketing effort. This alternative approach would serve primarily as a

revenue-generating strategy to cross-subsidize clinical services. USAID/Honduras will advise USAID/G-CAP in June 1998 of its decision. The lack of an effective, consumer-oriented CSM program in Honduras not only leaves Honduran high risk populations vulnerable, it also limits the ability of their Central American neighbors to contain the epidemic. Without Honduras, USAID/G-CAP will have to revise the overall coverage and sustainability targets downward.

The CSM Component is working closely with bilateral missions and family planning NGOs across the region to develop effective strategies within the sensitive environment surrounding reproductive health programs in the region. To date, there have been no negative reactions to condom promotion for HIV prevention.

Our partners, PASCA and PASMO have matured to the point where they can assist bilateral Missions achieve their goals in specific program areas. In response to feedback from Missions, USAID/G-CAP has developed a simple mechanism to allow bilateral missions to finance local implementation activities under the two existing cooperative agreements with PASCA and PASMO in support of limited local implementation activities. All of these activities must be compatible with the agreements and will be added to the program description. For example, the bilateral Mission in Guatemala is requesting that PASCA assist in strengthening and expanding two existing activities: a reproductive health policy dialogue initiative with the Guatemalan Ob/Gyn Association to incorporate an HIV/AIDS component; and, the *Acción SIDA* small grants activity expansion to include new risk groups.

2. Expected progress through FY 2000 and Management Actions

The momentum gathered in 1997 continues to build in 1998. On the NGO side, the small grants program continues with two rounds of grants about to be awarded for five national documentation-information dissemination centers and subgrants to better integrate HIV prevention into mainstream NGOs activities. The *Acción SIDA* model developed in Guatemala is ready to be adapted to other countries, starting with El Salvador. Recently hired NGO Country Liaisons in El Salvador, Nicaragua, and Honduras are accelerating follow-up to technical assistance, training, and information dissemination. Soon to be hired Policy Country Liaisons will provide similar follow-up in advocacy, policy dialogue, and research and information dissemination at the country level.

USAID and the Global Bureau's Measure 2 Project are designing the methodology to perform a mid-term review of the Policy and NGO Components that will include feedback from stakeholders, partners and customer representatives during the third quarter of CY 1998. This will bring USAID closer to our partners and the results will be used to determine any future program modifications.

Proposed Changes to the Results Framework:

USAID/G-CAP proposes the following changes to the Regional HIV Prevention Program Results Framework:

> **"I am Silvia, one of the four ex-sex workers that decided to found Flor de Piedra*. Before, my life was walking on the streets, but because of my daughter and the classes that I received from the project, I decided to leave prostitution. I have always liked numbers and they are easy for me. Maybe that is why I was placed in charge of the administration of Flor de Piedra where I have been for six years. Since last year we have been working on our strategic plan with direct support from PASCA and have attended the workshops that PASCA has been providing to strengthen NGOs. This assistance has helped us to have a better view of what we want to do in the future and to where we want to direct Flor de Piedra".**
>
> ***Flor de Piedra is an NGO that was initiated by the Salvadoran Lutheran University to serve female commercial sex workers by offering health and psychological services with emphasis on STDs and HIV/AIDS, education and literacy.**

(1) The SpO indicator, **"Target Population reporting condom use in last sex act with a non-regular partner"**, will be modified and moved to IR4. Due to its focus on a few high risk groups, the indicator was not an appropriate measure of an enhanced Central American capacity to respond to the epidemic at the SpO level. The new IR4 indicator is**, "Modified safer sex composite"**(see table for indicator description). The IR4 result statement has been revised to, **"Improved safe sex practices"**.

IR3.1 indicator, **"Annual sales of project-branded condoms"** will be moved up to the SpO level. This indicator touches on both effectiveness (coverage) and sustainability (high volume sales to broad populations). At the IR3 level two new indicators are proposed : IR3.2, **"Number of outlets restocking project-branded condoms**"; and IR3.3, **"Number of countries where the consumer price is less than 1% of the per capita GDP".**

2) In collaboration with the Measure 2 Project, the Program completed a validation study of the baseline data for the SpO.2 indicator, (NGO Systematic Approach Scale) and the IR 2.1 indicator (Management and Financial Sustainability Scale). 1996 baseline scores were derived from a self-applied needs assessment questionnaire. Direct observational visits of a sub-sample of these NGOs in 1997 produced discrepancies with the self-reported information. After an internal review of the methodological problems, USAID has decided to use the direct observational methodology in the new round of data being collected this year as it provides a more valid measurement. The new direct observational methodology will be applied to the NGOs to collect new baseline data for year 3, and set new targets for both indicators for year 5. The new methodology will generate unbiased measurements of program impact.

SPECIAL OBJECTIVE 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
SPO.1 INDICATOR: AIDS Policy Environment Score (PES)			
UNIT OF MEASURE: Average of Central American countries' score.	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PASCA AIDS PES.	1996 (B)		43.8
INDICATOR DESCRIPTION: The AIDS PES is an instrument intended to measure the degree to which the policy environment in a particular country supports efforts to prevent the transmission of HIV/AIDS and ensures the rights of people with HIV/AIDS. The aspects of the HIV/AIDS policy and program measured by the AIDS PES are: 1. Political Support; 2. Policy Formulation; 3. Organizational Structure; 4. Program Resources; 5. Evaluation and Research; 6. Legal and regulatory policies; and 7.Program components (program is defined as a group of interventions; i.e. government sponsorship, support, administration, facilities, private efforts, etc.)	1997		*
	1998	45.5**	
	1999		
COMMENTS: *Data will be collected in 1998 and 2000. **In consultation with the LAC bureau, targets were revised.	2000 (T)	48.8**	

SPECIAL OBJECTIVE 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
SPO.2 INDICATOR: Percentage of NGOs that use a systematic approach to HIV/AIDS			
UNIT OF MEASURE: Percentage of NGOs that score two or higher on the Systematic Approach Scale (SAS).	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PASCA NGO Needs Assessment Survey.	1996 (B)		71.4% (65* of the 91) NGOs surveyed scored two or higher on the SAS
INDICATOR DESCRIPTION: This indicator measures if an NGO follows a systematic approach to project design and monitoring. Each organization with a score of 2 or more is considered to use a systematic approach to interventions. The Systematic Approach Scale examines the following aspects, each one of the categories receives one point: I. Project Design: determines if the project design is based on at least one of the following: behavior investigations; or epidemiologic investigations II. Audience Needs Assessment: determines if project design utilizes a needs assessment of the target audience; and III. Monitoring/Evaluation: determines if the project has done at least two of the following: (a) service statistics are utilized for project decision-making; (b) the results of evaluation or research have been used to modify the project in the last year; or (c) the project used information pertaining to client demands (client satisfaction/needs studies) to modify the program in the last year.	1997		
	1998	**	
	1999		
COMMENTS: * The data for the indicator in last year's R-4 were restated at the request of the LAC Bureau. **A new baseline will be collected this year and reported in next year's R-4 using direct observational methodology rather than a self-reported assessment. There will be another round of data collection in year 2000.	2000 (T)		

INTERMEDIATE RESULT 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 1: Improved regional policy environment to support HIV/AIDS policies and programs in Central America			
INDICATOR IR1.1: Positive policy changes enacted			
UNIT OF MEASURE: Net number of policy changes (cumulative).	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PASCA Legal/Regulatory policy matrix	1996 (B)		NA changes
INDICATOR DESCRIPTION: "Policy" refers to a "course of action" evidenced in laws (including related regulations and enforcement mechanisms), formally documented directives and guidelines (such as decrees that exist at a regional, national or local level within the private or public sectors), and actual practices and measures with respect to HIV/AIDS. A "positive change enacted" refers to constitutional provisions, legislation, implementing rules and regulations, judicial decisions, executive orders, ministerial level decrees and other measures of a regulatory nature; formal standards and guidelines for public sector services; standards of practice in professional fields; official goals and plan programs; statements and other expressions of government position which effectively determine direction and course of action, and widespread practices of service providers that effectively govern service delivery and access, and which favor a positive environment for HIV/AIDS prevention. The changes could be the addition of a favorable policy or a deletion or modification of an unfavorable one.	1997	Two positive changes	two
	1998	Four positive changes [1]	
	1999	Seven positive changes [2]	
COMMENTS: The project is preparing an initial tally of existing policies in each non-closeout country and will score any subsequent changes. PASCA maintains an HIV/AIDS Policy Change Monitoring Matrix that will let them track changes by country and type of policy.	2000 (T)	Ten positive changes [3]	

[1] With at least 2 countries represented.

[2] With at least 3 countries represented.

[3] With at least 4 countries represented.

SPECIAL OBJECTIVE 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV Crisis **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 2: Improved NGO capacity to deliver HIV/AIDS prevention project			
INDICATOR IR2.1: NGOs that can independently deliver HIV/AIDS prevention projects			
UNIT OF MEASURE: Percentage of NGOs that score five or higher on the Management and Financial Sustainability Scale (MFSS).	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PASCA NGO Needs Assessment Survey.	1996 (B)		66% (60 of 91 NGOs scored five or higher on the MFSS)
INDICATOR DESCRIPTION: This indicator measures if an NGO has management and financial/sustainability capacity to deliver and support interventions. The indicator will be rated according to a Management and Financial Sustainability Scale. The organization will receive a score on a seven point scale based on the reported structures and skills in each area. Each organization with a score of 5 or higher will be considered capable of independently delivering and supporting interventions. The Management/Financial Sustainability Scale examines the following seven areas: 1) institutional mission; 2) internal structure; 3) human resources; 4) strategic planning; 5) information systems; 6) monitoring and evaluation, and 7) financial and accounting systems. **COMMENTS:** The indicator in last year's R-4 were restated at the request of the LAC Bureau. *****A new baseline will be collected this year using a direct observational methodology rather than a self-reported assessment and reported in next year's R-4. There will be another round of data collection in year 2000.	1997		
	1998	*	
	1999		
	2000 (T)		

SPECIAL OBJECTIVE 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 3: Effective condom social marketing program			
IR3.1 INDICATOR: Annual sales of project branded condoms			
UNIT OF MEASURE: Number of project branded condoms sold (invoiced).	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: PASMO MIS.	1997 (B)	2.6 m	0.2m[4]
INDICATOR DESCRIPTION: This indicator is defined as the number of condoms sold in the region that are marketed under the project's condom brand. A condom is considered "sold" when it has been invoiced as such by the principal importing distributor. The Project region includes Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, and Belize.	1998	9.0 m	
	1999	13.0 m	
	2000	17.0 m	
COMMENTS: Due to startup delays, there was only 1 month of sales in 1 country (Costa Rica). Targets may be revised if Honduras does not enter the program. Targets for 1998-2003 have been adjusted upwards to make up for the short fall in 1997. The cumulative planned total remains the same 97.0 million.	2001	20.0 m	
	2002	25.0 m	
Note the Mission is proposing this indicator becomes SPO.3	2003 [5] (T)	12.8 m	

[4] 1 month sales

[5] 5 months sales

SPECIAL OBJECTIVE 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS

APPROVED: 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP

INTERMEDIATE RESULT 3: Effective condom social marketing program

INDICATOR IR3.2: Number of outlets carrying project-branded condoms (restock)*

UNIT OF MEASURE: Number of outlets.

SOURCE: PASMO Project records,

INDICATOR DESCRIPTION: This indicator is defined as the cumulative number of outlets that stock the project's brand. "To stock" is defined as at least a second purchase of condoms (this implies the sale of the first batch to consumers and the need to restock supply). For internal purposes, this indicator will be tracked by type of outlet, country, and department. Collection of condom sales data will be ongoing throughout the life of the project and will be measured and reported to USAID quarterly.

COMMENTS: This indicator is new to this year's R-4 .

YEAR	PLANNED	ACTUAL
1997 (B)		0
1998	5,000	
1999	8,000	
2000	10,000	
2001	12,000	
2002	13,500	
2003 (T)	15,000	

INDICATOR IR 3.3: Number of countries where the consumer price for 100 condoms is less than 1% per capita GDP*

UNIT OF MEASURE: Number of countries.

SOURCE: PASMO Project records.

INDICATOR DESCRIPTION: This indicator is defined as the cumulative number of countries where the total cost of 100 condoms (approximately one year's supply) divided by the per capita gross domestic product (GDP) is less than 1% of the per capita GDP.

COMMENTS: These numbers may have to be revised if Honduras decides not to enter the program.

*This indicator is new to this year's R-4 .

YEAR	PLANNED	ACTUAL
1997 (B)		1
1998	6	
1999	6	
2000	7	
2001	7	
2002	7	
2003 (T)	7	

SPECIAL OBJECTIVE 1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS **APPROVED:** 3/13/97 **COUNTRY/ORGANIZATION:** USAID/Guatemala-CAP			
INTERMEDIATE RESULT 4: Improved safer sex practices**			
INDICATOR 4.1: Modified safer sex composite			
UNIT OF MEASURE:	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: CSM KAP study.	1997 (B)		*
INDICATOR DESCRIPTION: This indicator is defined as the proportion of a target population that reports abstinence from all penetrative sex (oral, anal and vaginal) over the previous 12 months or a single sex partner for the previous 12 months or condom use in the last sexual act with non-regular partners. Target populations are defined as men who have sex with men (MSWM) and female commercial sex workers (CSWs), the later to include CSWs working in brothels and those working from the street. For internal purposes this indicator will be tracked by site and reported safer-sex practices.	1998		
	1999		
	2000		
	2001		
COMMENTS: * Baseline data has been collected and is in the analysis phase. The baseline for 1997 and targets for outlying years will be ready by June 1998. ** The IR4 statement has changed.	2002		
	2003 (T)		

This composite indicator is a more comprehensive version of the SpO level indicator (Target Population Reporting Condom Use in Last Sex Act with non-regular partners) reported in last year's R4.

III. Status of the Management Contract

The current Management Contract flows from the July 1997 cable (STATE 124985) approving last year's Central American Program R4. AID/W agreed with an expanded regional trade effort and the continuation of the regional environmental and HIV/AIDS initiatives as described within the approved five-year Central American Program Strategic Plan (1997 - 2001).

Consistent with the guidance, this R4 includes a table linking USAID's regional strategic objectives with the Summit of the Americas' Action Plan and USG national interests in the region. Also, this year's R4 notes the impact of the Regional Program on poverty in Central America which has been more fully presented in the Strategic Plan.

This year's R4 includes a discussion of the role of other donor efforts to promote regional trade, institutional reform, and regional integration as requested in the Management Contract. A number of regional trade strategic objective target indicators have been revised since projected targets were achieved sooner than expected. The Results Framework for the regional environmental SO has been adjusted to better reflect activities being undertaken and projected results. And, USAID continues to pursue the attractive linkages between trade and environment.

IV. Resources Request

A. Financial Plan

Summary of Program Funding Request

Strategic Objective		FY 1998	FY 1999	FY 2000
SO 1:	Increase Central American Participation in Global Markets	3,050	2,900	3,200
SO 2:	Effective Regional Stewardship of the Environment and Key Natural Resources	6,575	5,500	6,000
SpO:	Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis	3,900	3,345	1,870
	TOTAL	13,525	11,745	11,070
DCA/GCC Credit (Non-add)		1,000	2,000	2,000

The request levels provided above match the base levels recommended by the LAC Bureau. It should be noted that in relation to last year's request under the Trade SO1, this amounts to an increase of $900,000 in FY 1998 and a $500,000 decrease in FY 1999 for a net increase in

resources of $400,000 over the two-year period. This increase is required as a result of quicker implementation of an approved expansion of regional trade activities.

Under the Environmental SO2, this year's request reflects a $300,000 decrease in FY 1998 and a $700,000 decrease in FY 1999 over last year's request. It had been hoped that more funds would be available for the regional environmental program during the initial years of implementation. The implementation pace of the SO2 will be adjusted to conform to a lower funding scenario, though further cuts in annual funding levels would result in the elimination of certain current and future activities.

However, a current issue for the regional program is the possible utilization of scarce Development Assistance (DA) funds to support the Development Credit Authority (DCA) initiative. Regional program DA funds are already stretched in maintaining two strategic objectives (Trade and Environment) and one Special Objective (HIV/AIDS). Unless additional DA is provided to the regional program, USAID will be hard pressed to meet its current and future commitments to C. A. partners under the strategy. An unfunded DCA initiative, coupled with unexpected reductions in FY 1998 regional environmental funding, is inconsistent with the objective of expanding GCC activities in the region. Provided the funds are additive, USAID/G-CAP requests $1.0 million in FY 1998 funds set aside by the Bureau to fund GCC/DCA activities in the region.

Under the HIV/AIDS SpO, USAID is requesting $500,000 less in both FY 1998 and FY 1999 in comparison with last year's request. This is partially due to a slow start up of the regional condoms sales program in FY 1997 as well as a significant build-up in pipeline due to front loading of Life of Project obligations in previous years.

B. Prioritization of Objectives

During this year's R4 development and internal review process, the strong positive and complementary relationship between trade and environment was continually brought to the forefront. If resource constraints require curtailing any activities, the first objective to be curtailed would be the HIV/AIDS Special Objective since HIV/AIDS is not as prominent and an integral part of the Central American agenda as are trade and environment. USAID/G-CAP would attempt to fully fund the trade SO in any scenario since preparation for entrance into the FTAA is the highest priority for the region and a key U.S. foreign policy objective.

C. Summary Field Support

USAID/G-CAP utilizes Global and LAC field support for all three of its regional objectives. Under the Trade SO, USAID is working closely with G/ENV/EET with each unit matching the other's funding level up to $400,000 per year for a common buy-in contract to finance activities under the electric power sector in Central America. As noted above, LAC Bureau assistance is requested in funding a proposed Global Climate Change Development Credit Authority (GCC/DCA) regional credit activity. The HIV/AIDS Special Objective is programming a total of $975,000 for transfer to Global over the FY 1998 to FY 2000 time period, including funding for the TACS advisor. This advisor is critical to the design,

management, and monitoring of HIV/AIDS activities in the region.

USAID/G-CAP has made use of other Global Core programs without cost to the Mission. For example, Global supported the establishment of Joint Implementation offices in Guatemala and other Central American countries, and the G/WID fellow resident in Guatemala has provided critical input into the revising of a number of regional environmental activities to enhance the participation of women and increase results.

While the Central American Program continues to tap into Global and LAC Bureau support services, a key element in our strategy is to work through competent Central American organizations as much as possible with a view towards achieving 100% regional ownership and leadership in the sectors now supported by USAID/G-CAP programs.

ANNEXES

A. Global Field Support Table	u:\pdmpub\docs\r499\fs-cap.wk4
B. Program Funding Tables	u:\pdmpub\docs\r499\pf-cap.wk4
C. Environmental Compliance (22 CFR 216)	(Following page)
D. Common Objectives Matrix	(Following page)
E. Other Regional Activities	(Following page)

ANNEX A

GLOBAL FIELD SUPPORT

Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding ($000)					
				FY 1998 Obligated by:		FY 1999 Obligated by:		FY 2000 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SpO: Enhanced Central America Capacity to Respond to the HIV/AIDS	936-3083 Measures II	High	5 years (1997- 01)		75		75		0
SpO: Enhanced Central America Capacity to Respond to the HIV/AIDS	936-5970 TAACS/CEPDA	High	5 years (1997- 01)		250		250		290
SO1: Increased Central America Participation in Global Markets	G/ENV/EET IQC (TBD)	Medium	3 years (1997- 01)	400		400		200	
GRAND TOTAL.....				**400**	**325**	**400**	**325**	**200**	**290**

* For Priorities use high, medium-high, medium, medium-low, low

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

03-Sep-98
01:24 PM

Country/Program: G-CAP
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	FY 2000 Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 00	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.	
SO 1: Increased CA Participation in the Global Markets																			
	DA	Bilateral	3,804	3,200			3,200								3,800	15,000	3,500	2,000	3,204
		Field Spt	0	0															0
	Total		3,804	3,200	0	0	3,200	0	0	0	0	0	0	0	3,800	15,000	3,500		3,204
SO 2: Effective Regional Stewardship of Environment and Natural Resources																			0
	DA	Bilateral	3,695	6,000									6,000		4,400	25,000	4,000	2,003	5,295
		Field Spt	0	0															0
	Total		3,695	6,000	0	0	0	0	0	0	0	0	6,000	0	4,400	25,000	4,000		5,295
SpO 1: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis																			0
	DA	Bilateral	2,971	2,675							2,675				4,000	22,600	2,500	2,000	1,646
		Field Spt	50	325							325				425	1,625	0		(50)
	Total		3,021	3,000	0	0	0	0	0	0	3,000	0	0	0	4,425	24,225	2,500		1,596
		Bilateral		0									0				0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0													0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0													0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0															
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0															
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
Total Bilateral			10,470	11,875	0		3,200	0	0		2,675	0	6,000	0					
Total Field Support			50	325	0		0	0	0		325	0	0	0					
TOTAL PROGRAM			10,520	12,200	0		3,200	0	0		3,000	0	6,000	0	12,625	64,225	10,000		

FY 2000 Request Sector Totals -- DA	
Econ Growth	3,200
[Of which Microenterpris	[]
HCD	0
PHN	3,000
Environment	6,000
[Of which Biodiversity]	[1650]
Democracy	0
Humanitarian	0

FY 2000 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise	[]
HCD	
PHN	0
Environment	0
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	12,500
FY 2002 Target Program Level	12,500
FY 2003 Target Program Level	12,500

USAID FY 1999 Budget Request by Program/Country

03-Sep-98
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Country/Program: G-CAP
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	FY 1999 Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 99	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.	
SO 1: Increased CA Participation in the Global Markets																			
	DA	Bilateral	4,704	2,900			2,900								3,800	15,000	3,500	2,000	3,804
		Field Spt	0	0															0
	Total		4,704	2,900	0	0	2,900	0	0	0	0	0	0	0	3,800	15,000	3,500		3,804
SO 2: Effective Regional Stewardship of Environment and Natural Resources																			0
	DA	Bilateral	6,195	5,500									5,500		8,000	25,000	4,000	2,003	3,695
		Field Spt	0	0															0
	Total		6,195	5,500	0	0	0	0	0	0	0	0	5,500	0	8,000	25,000	4,000		3,695
SpO 1: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis																			0
	DA	Bilateral	4,296	2,675							2,675				4,000	22,600	2,500	2,000	2,971
		Field Spt	125	325							325				400	1,625	0		50
	Total		4,421	3,000	0	0	0	0	0	0	3,000	0	0	0	4,400	24,225	2,500		3,021
		Bilateral		0									0				0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0													0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0													0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0															
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0															
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
Total Bilateral			15,195	11,075	0		2,900	0	0		2,675	0	5,500	0					
Total Field Support			125	325	0		0	0	0		325	0	0	0					
TOTAL PROGRAM			15,320	11,400	0		2,900	0	0		3,000	0	5,500	0	16,200	64,225	**10,000**		

FY 1999 Request Sector Totals -- DA	
Econ Growth	2,900
[Of which Microenterpris	[]
HCD	0
PHN	3,000
Environment	5,500
[Of which Biodiversity]	[1540]
Democracy	0
Humanitarian	0

FY 1999 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise	[]
HCD	
PHN	0
Environment	0
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	12,500
FY 2002 Target Program Level	12,500
FY 2003 Target Program Level	12,500

USAID FY 1998 Budget Request by Program/Country

03-Sep-98
01:24 PM

Country/Program: G-CAP
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	FY 1998 Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.	Pipeline
SO 1: Increased CA Participation in the Global Markets																			
	DA	Bilateral	4,279	3,050			3,050								2,625	15,000	3,500	2,000	4,704
		Field Spt		0															0
	Total		4,279	3,050	0	0	3,050	0	0	0	0	0	0	0	2,625	15,000	3,500		4,704
SO 2: Effective Regional Stewardship of Environment and Natural Resources																			0
	DA	Bilateral	6,620	6,575									6,575		7,000	25,000	4,000	2,003	6,195
		Field Spt		0															0
	Total		6,620	6,575	0	0	0	0	0	0	0	0	6,575	0	7,000	25,000	4,000		6,195
SpO 1: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis																			0
	DA	Bilateral	6,849	3,575							3,575				6,128	22,600	2,500	2,000	4,296
		Field Spt	150	325							325				350	1,625	0		125
	Total		6,999	3,900	0	0	0	0	0	0	3,900	0	0	0	6,478	24,225	2,500		4,421
		Bilateral		0									0				0		
		Field Spt		0															
	Total		0	0	0		0	0	0	0	0	0	0	0	0	0	0		
		Bilateral		0													0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0													0		
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0															
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
		Bilateral		0															
		Field Spt		0															
	Total		0	0	0		0	0	0		0	0	0	0			0		
Total Bilateral			17,748	13,200	0		3,050	0	0		3,575	0	6,575	0					
Total Field Support			150	325	0		0	0	0		325	0	0	0					
TOTAL PROGRAM			17,898	13,525	0		3,050	0	0		3,900	0	6,575	0	16,103	64,225	10,000		

FY 1998 Request Sector Totals -- DA	
Econ Growth	3,050
[Of which Microenterpris	[]
HCD	0
PHN	3,900
Environment	6,575
[Of which Biodiversity]	[1840]
Democracy	0
Humanitarian	0

FY 1998 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise	[]
HCD	
PHN	0
Environment	0
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	12,500
FY 2002 Target Program Level	12,500
FY 2003 Target Program Level	12,500

Annex C
Environmental Compliance (22 CFR 216)

USAID/G-CAP has begun a system of tracking environmental documents and pending environmental actions by filing all documents in one location and summarizing the status of each activity in an environmental review chart. The actions foreseen as requirements under 22 CFR 216 for FY 1998 are summarized briefly below.

Central American Regional Program: PROALCA (Project in Support of Central American participation in the Free Trade Area of the Americas, 596-0178) will require an IEE this fiscal year.

Annex D

COMMON OBJECTIVES

Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), United States Agency for International Development in Guatemala and Central America (USAID/Guatemala-CAP), and Regional Agreements

DAC GOALS	USG NATIONAL INTERESTS	SUMMIT OF THE AMERICAS	REGIONAL AGREEMENTS	USAID/G-CAP REGIONAL TARGETS
- A reduction by one-half in the proportion of people living in extreme poverty by 2015.	II. ECONOMIC PROSPERITY 3. Open foreign markets to free the flow of goods, services and capital 4. Expand US exports to $1.2 5. Increase global economic growth 6. Promote broad-based economic growth in developing and transitional economies	II. PROMOTING PROSPERITY THROUGH ECONOMIC INTEGRATION AND FREE TRADE 9. Free trade in the Americas 12. Energy cooperation 13. Telecommunication and information infrastructure	ECONOMIC OBJECTIVES (ALIDES GOALS) 1. To promote a strategy for sustainable development and domestic integration based on an expanded domestic market and the promotion of national and foreign investments	SO#1: INCREASED PARTICIPATION IN GLOBAL MARKETS • Increase total Central American trade as % of GDP from 45.2% (1994) to 50% by the year 2000 • Increase composite score on readiness from (scale: 0-5)
- The current implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.	VII. GLOBAL ISSUES 14. Secure a sustainable global environment in order to protect the US and its citizens from the effects of international environmental degradation.	VI. GUARANTEEING SUSTAINABLE DEVELOPMENT AND CONSERVING OUR NATURAL ENVIRONMENT FOR FUTURE GENERATIONS 21. Partnership for sustainable energy use 22. Partnership for biodiversity 23. Partnership for pollution prevention.	ENVIRONMENT OBJECTIVES (ALIDES/CONCAUSA GOALS) -Harmonization of environmental parameters, legislation and the strengthening of environmental institutions. -Reduce the levels of contamination in air, water and soil which affect the quality of life. -Understand and protect regional biodiversity through the development of biological corridors, protected areas, biodiversity centers and botanical gardens.	SO #2 EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES •Increase development of Regional frameworks in collaboration with CCAD from 0 (1996) to 21 by the year 2000 •Increase # of International/national environmental agreements ratified from 4 (1996) to 12 by the year 2000 •Increase # of USAID/G-CAP assisted transboundary sites where local threats to key natural resources and the environment have been reduced from 3 (1996) to 10 by the year 2000
- Access through the primary health care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than year 2015.	VII. GLOBAL ISSUES 16. Protect human health and reduce the spread of infectious diseases	III. ERADICATING POVERTY AND DISCRIMINATION 17. Equitable access to basic health services	HIV OBJECTIVES	SpO#1: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS • Increase AIDS Policy Environment Score (PES) from 43.8 (1996) to 48.8 by the year 2000 • Increase percentage of NGO's that score two or higher on the systematic approach scale (SAS) (Baseline and targets TBD) • Increase target population reporting condom use in last sex act w/non-regular partner

Annex E
Other Regional Activities

PROMUNI Municipal Infrastructure Lending Program

During the mid 1990s, USAID/G-CAP's regional portfolio included an additional democracy strategic objective, "Strengthening Municipal Governments", which was implemented through the LOGROS project (Local Government Regional Outreach Strategy). As a result of reduced funding levels for regional programs, and as bilateral missions in Central America developed their own local governance programs, this strategic objective was dropped from the regional portfolio. FY 1996 was the last year of funding for this program, which essentially closed out by the end of FY 1997.

The LOGROS program provided a $20.0 million Housing Guarantee (HG) credit program (PROMUNI) plus $6.0 million in counterpart funds to finance municipal infrastructure in the region, as a complement to the broadly increased municipal autonomy. The first municipal loans were made in FY 1995. Last year's regional R4 tracked the first 70 loans through the end of calendar year 1996 under the regional environment SO, but projections for FY 1998 and beyond were not included since the HG lending program was scheduled to be completed by the end of FY 1997. However, the PROMUNI municipal lending program, implemented by the Central American Bank of Economic Integration (CABEI), continues to provide credit to municipalities and communities in both Guatemala and Costa Rica, and is expected to continue to do so for the foreseeable future with funding provided by other international lenders such as Taiwan and Germany among others.

In Guatemala, as of March 31, 1998, a total of 142 PROMUNI loans worth $10.2 million have been disbursed by CABEI to private sector banks for onward lending to communities. The majority of these loans (134) were for electrification line extensions in rural communities with the remaining loans for street paving and small potable water systems in municipalities. In Costa Rica, 17 loans have been made for a total of $6.4 million for municipal infrastructure such as street paving, urban markets, garbage collection, sanitary landfills, potable water and rural electrification. CABEI has signed up a total of $26.0 million in PROMUNI loans with participating private sector banks and is awaiting disbursement requests from these banks to disburse the remaining $9.3 million available under this line of credit. As a result of the PROMUNI credit program, private sector banks are beginning to use their own financial assets to lend to municipalities as they come to realize that these municipalities, with their new authorities and abilities to collect taxes, are becoming better credit risks as potential future borrowers. As such, CABEI plans to expand this PROMUNI line of credit into El Salvador in mid 1998 through its leveraging of an additional $50.0 million from other international lenders to continue this successful, USAID-initiated program.