

***U.S. Agency for International Development  
Guatemala-Central American Programs Mission  
(USAID/G-CAP)***

**Regional Central American Program  
Results Review and Resource Request  
FY 2001**

The attached Results Information is from the FY 2001 Results Review and Resource Request (R4) for Central America and was assembled and analyzed by USAID/G-CAP.

The R4 is a "Pre-Decisional" USAID document and does not reflect results stemming from formal USAID reviews. Additional information on the attached can be obtained from Robert Kahn, USAID/G-CAP PDM.

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**March 19, 1999**

## **Please Note:**

The attached FY 2001 Results Review and Resource Request ("R4") was assembled and analyzed by the country or USAID operating unit identified on this cover page.

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March 19, 1999

George Carner, USAID/G-CAP Mission Director

USAID/Central American Program FY 2001 R4 Submission

Mark L. Schneider, AA/LAC

The attached document presents USAID/Central American Program Results Review and Resource Request (R4) for FY 2001 for your review and approval. As with past USAID/G-CAP R4 submissions, the program results and results request materials addressed in this document are for the Central American Program (CAP) alone. The combined operating expense and work force allocation tables for both the bilateral Guatemala and regional Central American programs are included in USAID/Guatemala's FY 2001 R4 submission.

Next CAP Regional Strategy Submission. USAID/CAP proposes no major changes at the Strategic Objective (SO) level in this R4 submission. We will prepare a new five-year strategic plan covering the FY 2002-2006 period for submission in March 2000 along with next year's R4. In preparing the strategic plan, each SO team will carry out a review of its intermediate results and assess prospects for USAID's regional program to address unresolved regional problems in trade, environment, and HIV/AIDS.

Future CAP Role: As an initial step in formulating a new Central American Program strategic plan, CAP has begun to assess the role and "value added" of each of the regional programs in terms of (i) helping bilateral USAIDs in the region carry out activities with broader regional implications and impact, and (ii) supporting U.S. foreign policy objectives in countries where no bilateral program exists or that lack adequate staff to follow up on these objectives. CAP will seek programmatic opportunities to advance Central America's economic integration and global competitiveness; build an effective system of parks along the Mesoamerican Biological Corridor and contribute to clean development mechanisms; and support Mitch recovery according to our comparative advantages. For example, the regional trade, labor and privatization SO has provided key support in negotiating bilateral trade agreements with the U.S. and intellectual property rights (IPR) agreements. We now see a need to help with their implementation. In labor, CAP offers a unique comparative advantage in strengthening protection of core labor standards and supporting a child labor initiative announced at the April 1998 Summit of the Americas. The regional environmental SO, with assistance from the U.S. Environmental Protection Agency, helps bilateral missions by promoting environmental legislation on solid and waste water management. Our coastal management activities have been particularly successful in focusing on transnational environmental problems. Activities supporting terrestrial areas protected systems now need to better focus on transborder areas that form part of the Mesoamerican Biological Corridor. We also need to address concerns expressed by some bilateral USAIDs regarding the dissemination of lessons learned and the availability of funds within CAP to help local communities address environmental challenges. CAP's HIV/AIDS SO has benefited from the active participation of bilateral missions in the review of policy and condom social marketing issues, resulting in more targeted support to NGOs.

We propose the following for LAC consideration as we begin work on our strategic plan as follows: expanding CAP's regional technical leadership and coordination on cross-cutting regional issues in areas such as health, energy, and urban waste management; establishing mechanisms to improve communication with CAP and bilateral missions on certain sub-regional LAC activities (i.e., HEFTE, FEMICA, Vision 2020); assigning CAP a coordinating role for Mitch reconstruction in regional level vulnerability assessments, cross border watershed management, and possibly disease control; and incorporating RUDO initiatives in municipal finance, local governance, and urban environment into regional programs with adequate funding from bilateral USAIDs and the regional program to support these efforts.

Performance Monitoring Plan Revisions. USAID/CAP proposes only modest changes in the performance measurement indicators at the Intermediate Result (IR) level and none at the SO level. Notably, a new IR3 under the Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis Special Objective (SpO) focuses previous efforts to address safer sex practices by promoting consistent and correct condom use and by supporting strategies to make condoms more affordable and widely available particularly for high-risk groups. A new composite safe sex practices index will better capture progress in this area.

Management Issues. A new functional USAID/G-CAP management structure, implemented in September 1998, has clarified reporting procedures and lines of communications among SO Teams, Office Directors, and the Front Office; and between the bilateral Guatemalan program and the regional Central American Program. USAID/G-CAP has made room within this new functional structure for the relocation of the Regional Urban Development Office (RUDO) LAC headquarters to Guatemala subject to Bureau approval and State Department confirmation of staff increases under an NSDD-38 directive.

Resource Issues. USAID/CAP requests \$1.0 million additional DA in FY 1999 under our Program in Support of Central American Participation in the Free Trade Area of the American (PROALCA) to support the AA/LAC's regional child labor initiative. We request an increase in DA funding of \$800,000 in FY 2000 to begin a regional Global Climate Change initiative; and plan to secure follow-up GCC funding for FY 2001 under the second phase of the regional environment project (PROARCA) in keeping with President Clinton's announcement at the Antigua Summit in March 1999 of a five year \$25 million project extension. CAP also requests \$1.1 million additional DA/CS funding for the HIV/AIDS Prevention SO in FY 1999 and \$800,000 in FY 2001 to support the isthmus-wide (Mexico-Panama) expansion of the program. A \$5 million ESF regional Mitch Special Objective for disaster mitigation under the Supplemental is currently under consideration for FY 1999.

Summary of Requested Actions for USAID/W Follow-up.

- (1) Bureau guidance on CAP's Role in the future;
- (2) Input on the Development of a new USAID/CAP strategic plan for FY 2002-2006 and approval to Submit the strategic plan along with the FY 2002 R4 in March 2000; and
- (3) Approval to Increase DA funding child labor in FY 1999, GCC in FY 2000, and HIV/AIDS in FY 1999 and FY 2001.

**Regional Central America Program**  
**Results Review and Resource Request**  
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## **I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE**

Summary of Progress in Implementing the Currently Approved Strategic Plan USAID/Central American Program (CAP) is midway through its current five-year FY 1997-2001 Strategic Plan which focuses on key U.S. government priorities and Summit of the Americas' action plan goals for the region. The program continues to support the Central American Alliance for Sustainable Development (ALIDES) action plan through the joint Conjunta Central America-U.S.A. Agreement (CONCAUSA) signed at the Miami Summit of the Americas. The USAID/Central American program supports poverty reduction through greater economic integration and expanded trade and labor opportunities, increased awareness of transnational environmental issues, and slowing the spread of HIV/AIDS and other contagious diseases.

Central American's trade performance continues to improve. Vastly improved communications among the region's Ministers of Trade and Labor, facilitated in part with USAID assistance, and targeted training opportunities for national leaders has led to better harmonization of tariff policies and copyright laws, standardization and modernization of the regulatory frameworks in the areas of energy and telecommunication, and progress in the advancement of workers rights. Central America is demonstrating proactive participation in the Free Trade Area of the Americas (FTAA) process. Following the Second Summit of the Americas in April 1998, Central America now chairs three of the FTAA negotiating groups. USAID's unique support to the Ministers of Labor on protection of core labor standards and improved labor-management relations continues to be a showcase for the entire LAC region and resulted in their approval to participate in a proposed USAID-funded Child Labor initiative. USAID's key support to the Central American Commission for Environment and Development (CCAD) has been largely responsible for the CCAD's continuing leadership on regional environmental issues including Global Climate Change, the preparation of a C.A. Presidents' report on the losses from the May 1998 tropical forest fires, and an increasing regional role in developing a disaster vulnerability strategy. The regional HIV/AIDS activity has been instrumental in strengthening Central American NGO networks and supporting a revitalized United Nations regional AIDS program.

U.S. National Interest and Goals USAID/CAP continually coordinates with the bilateral USAID missions in the region (Guatemala, Honduras, El Salvador, Nicaragua, Panama) and Embassy personnel in non-presence countries (Belize and Costa Rica) to ensure complementarity of programs and mutual support for the regional strategic objectives. USAID's regional Trade/Labor SO contributes directly to the USG's economic prosperity goals, in particular those supporting open foreign markets to free the flow of goods, services, and capital; to expand U.S. exports; and to promote broad-based economic growth in the region which is consistent with the Summit of the Americas' action plan goals. USAID's Environment SO contributes directly to the USG national interest in securing a sustainable global environment in order to protect the U.S. and its citizens from the effects of international environmental degradation. This also tracks the Summit of the Americas interest in guaranteeing sustainable development and conserving natural resources for future generations through partnership in sustainable energy use, biodiversity, and pollution prevention. USAID's HIV/AIDS Prevention SO supports USG national interest in protecting human health and reducing the spread of infectious diseases, and the Summit of the Americas call for equitable access to basic health services.

Hurricane Mitch The entire Central American isthmus was dramatically affected by the devastation brought on by Hurricane Mitch in late 1998. Total regional damage is estimated by the United Nations Economic Commission for Latin America and the Caribbean at \$5.63 billion, but it may cost as much as \$10 billion to restore to acceptable standards the lost infrastructure, housing, social service facilities, utilities, and agriculture according to the U.S. Army Corps of Engineers. Reconstruction represents both a challenge and an opportunity for the countries to reinforce their shared regional commitments to economic integration, sound environmental management, sustainable development, and now better disaster preparedness and reduced vulnerability to extreme climatic change events. As some countries, particularly Honduras and Nicaragua, turn to high priority infrastructure and sectoral reconstruction and rehabilitation activities, some regional environmental activity targets could be affected. New challenges including the potential increase in the spread of HIV/AIDS in refugee shelters must be addressed. While Hurricane Mitch reconstruction efforts will be primarily country-focused, USAID's Central American Program can provide critical support to insure that national efforts mesh, where appropriate, with regional integration and cross-border activities, especially in the areas of trade and environment. Under a new Hurricane Mitch regional programs Special Objective funded by a proposed Supplemental, USAID's Central American Program would strengthen land use and coastal management through improved regional/bilateral coordination on collection, analysis, dissemination, and utilization of information on areas at risk for environmental disasters and guide environmental management and restoration (e.g., soil conservation and reforestation) of selected transnational watersheds. The program would also support through the Secretariat for Central American Economic Integration (SIECA), regional coordination on transportation infrastructure standards and guide planning for reconstruction of roads forming part of the regional transportation grid.

#### Most Significant Program Achievements

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

\* Two-way trade with the U.S. has nearly doubled to almost \$10 billion supporting 200,000 U.S. jobs; intraregional trade surged almost 20% in 1998 reflecting lower internal trade barriers and better overall trade policies.

\* USAID and the IDB initiated a \$6.3 million program to modernize labor markets consistent with the region's social, economic, and integration objectives.

##### SO2: Regional Stewardship of the Environment (Agency Goal 5: Environment managed for long term sustainability)

\* The Tri-National Alliance of Nongovernmental Organizations for the Gulf of Honduras linking NGOs in Guatemala, Honduras, and Belize emerged as a key cross-border resource management mechanism.

\* Two protected areas in Honduras and one in Belize were brought under improved management, bringing the total to ten for the region; communities in nine additional sites achieved effective control over their environment and natural resources.

\* Central American countries took action to protect the environment, levying fines for destruction of coral reefs and illegal cutting of forests and mangroves.

SpO: HIV/AIDS Prevention (Agency Goal 3: World's population stabilized and human health protected)

\* USAID signed a memorandum of understanding with the United Nations Joint Program on AIDS (UNAIDS) to focus regional attention on HIV/AIDS prevention activities.

\* Central American governments initiated seven major policy changes promoting HIV legislation and information dissemination on HIV in the region.

Regional Factors That Have Most Influenced Progress Peace and political stability continue in Central America, and Central American governments continue to support regional trade, labor, and environmental initiatives despite new administrations taking office in Costa Rica and Honduras in 1998. USAID's counterpart institutions working under SIECA's overall framework continue to provide useful support to achieve regional economic integration objectives. Key examples include a regional trade and investment framework agreement with the United States, a regional trade agreement with the Dominican Republic, and continued progress on negotiating sub-regional and bilateral agreements with Mexico, Chile, and Panama. Marked commitment by El Salvador and Guatemala in implementing more competitive regulatory frameworks governing the telecommunications and energy sectors led to increased investments in these sectors and generated increased interest in the other countries for similar competitive privatizations. Similar commitment to reducing trade barriers and phased tariff reductions led to a 13% increase in intraregional trade from 1997 to 1998. CCAD was formally transferred to El Salvador in October 1998 following the Central American Presidents' decision to rationalize and consolidate regional institutions. This process will continue although the transfer of the SIECA will lag until a new law governing the integration system is drafted and approved, a process which could well be delayed by the focus on Hurricane Mitch reconstruction.

An area of potential concern for the region relates to the soundness of countries financial sectors. Failures of financial institutions plagued several countries in 1998 reflecting reduced capital inflows in the wake of the East Asian financial crisis, declining international prices for coffee, the impact of Hurricane Mitch, and poor business decisions. While these failures are still relatively minor in scope and should be contained to a limited number of institutions, financial sector performance will be monitored across the region, as further deterioration could dampen prospects for successful achievement of program objectives. During the Antigua Summit, President Clinton underscored the importance of strengthening the region's financial sectors in order to preserve recent gains, encourage private investment, and lay the basis for a sustained recovery of the region.

Overall Prospects for Progress Through 2001 Prospects for continued progress on achieving the regional program targets through 2001 are good although recovery from Hurricane Mitch presents a significant challenge. Central America continues to make progress consolidating democracy as two more countries (Guatemala and El Salvador) hold national elections in 1999. Maintaining economic progress is dependent on the evolution of the U.S. and international economies, prices of key export commodities, and how rapidly Honduras and Nicaragua, in particular, recover from Hurricane Mitch. The Central Banks of the region estimate that the regional economy will grow only between 0.5 and 1% annually (negative growth in terms of income per capita) from 2000

to 2001, assuming expected official and private capital in flows for Hurricane Mitch. More disconcerting is the social and economic conditions of the Central American poor. The UNDP's Human Development Index for the region shows a slight increase from 0.614 in 1994 to 0.646 in 1998. This rate, more than likely, will drop in the near-term, because Mitch affected the poorest countries and families. Much depends on the region's ability to effectively and transparently apply donor and other resources for reconstruction and reactivation to reach the small farmers, microentrepreneurs and displaced traditional agricultural export crop workers. The Central American governments need to deepen macroeconomic reforms, modernize State programs, and strengthen democratic institutions. They also must maintain commitments to the economic integration process and their insertion into the global economy through trade agreements and opening markets.

It is anticipated that by FY 2001 total Central American trade as a percent of gross domestic product (GDP) will increase from 45% (1994) to 53%, and readiness to enter FTAs (composite index with maximum of 5) will also increase from 2.7 (1992) to 3.6 in FY 2001. Prospects for continued progress are good as the region further reduces internal and external trade barriers. Increased public support for IPR protection and workers rights should facilitate further progress in those areas. However, the devastating economic impact of Hurricane Mitch could encourage increased protectionist pressure. Also, delays on previous U.S. pledges to pass fast track and NAFTA parity legislation could impede progress in some trade policy areas, such as movement on the FTAA, negotiation of bilateral investment treaties and IPR agreements. Central America will watch with great interest the outcome of the Administration's recently submitted bill which proposes enhanced trade benefits for Caribbean Basin Initiative countries.

The damages inflicted by Mitch and forest fires in 1998 highlighted the region's overall vulnerability to extreme climatic events and underscored the need to better assess environmental risks and implement actions to better manage watersheds and coastal areas. While the response to many of these events are inherently national in nature, regional coordination is critical in managing transnational watersheds and coastal areas, coordinating and sharing information on land and coastal characteristics, and developing an early warning systems. Regional institutions such as SIECA and the CCAD are taking the lead in developing regional proposals related to Hurricane Mitch reconstruction.

Prospects for Closeout or Graduation. The regional Central American Program is not considered a candidate for graduation from U.S. assistance in the near term.

## II. RESULTS REVIEW BY SO

### SO1: Increased Central American Participation in Global Markets

**Summary:** In the 1990s, Central America adopted a more outward-oriented regional integration model. As a result of this, at the 1998 Summit of the Americas held in Santiago, Chile, Central American leaders expressed their full support for establishing the Free Trade Area of the Americas (FTAA) by 2005. FTAA establishment provides greater opportunities for Central America to expand exports to new markets and thereby increase output, productive employment, and real incomes to levels high enough to effectively combat poverty. However, Central America's ability to participate in the FTAA is severely limited by its shortage of technical expertise to implement existing trade agreements and commitments, eliminate trade barriers, and enhance the region's trade competitiveness. This strategic objective (SO) helps increase the region's ability to join and honor commitments made under free trade agreements, such as the FTAA and the North America Free Trade Association (NAFTA), and to accelerate regional integration into hemispheric and global markets. In 1998, total Central American trade as a percentage of GDP was 53.2% and intra-regional trade as a percentage of GDP was 9.39%, both exceeding planned targets. Central America's trade performance continues to improve. The region scored 3.46 on the composite trade readiness index, also ahead of target.

**Key Intermediate Results:** (1) Improved trade and investment policies by providing technical assistance and training to Central American countries in concluding, ratifying and implementing a series of regional agreements, as well as facilitating the establishment of policy frameworks and enforcement mechanisms required for accession to free trade agreements; (2) More just and better functioning labor markets by helping the Ministries of Labor modernize operational procedures particularly in the area of labor inspection and labor relations; and, (3) Increased private investment in energy and telecommunications by helping countries draft new legislation and regulations essential to create a climate conducive to private sector investment in needed infrastructure.

**Performance and Prospects:** Performance over the past year has exceeded 1998 planned targets. USAID's Program in Support of Central American Participation in the Free Trade Area of the Americas (PROALCA) has contributed to the adoption of a more outward-oriented regional integration model characterized by lower tariffs, faster implementation of World Trade Organization (WTO) commitments, and fewer non-tariff trade barriers. Notwithstanding persistent protectionist pressures, the region's governments have nearly completed their three-year phased reduction by January 2000 of their common external tariff from a range of 5%-20% (five percent minimum tariff on capital goods and raw materials, and 20% maximum tariff on final goods) to a range of 0-15%. Over the last five years imports from the United States have nearly doubled to almost \$10 billion supporting 200,000 U.S. jobs. Central America has increased its participation in the FTAA process, chairing three of the 11 working groups during the FTAA preparatory phase, and now assuming leadership positions in four of the nine FTAA negotiating groups (investment, services, government procurement, and agriculture).

PROALCA training and technical assistance covered a variety of trade areas related to the region's WTO commitments and FTAA negotiating groups, and strengthened the region's ability to conduct trade negotiations with third countries. A free trade agreement was reached between Central America and the Dominican Republic, and negotiations between Guatemala, El Salvador, Honduras and Mexico moved ahead. Trade talks began between Panama and Chile, and a Trade and Investment Framework Agreement was signed in 1998 with the United States. Also in 1998, regional trade regulations consistent with WTO standards, aimed at the expected requirements under the FTAA, were developed in the areas of sanitary and phyto-sanitary standards, dispute resolution, technical norms, trade in services, and investment. Approval is expected by mid 1999.

USAID is assisting in the area of intellectual property rights protection. Technical assistance was provided in drafting new copyright laws in Guatemala and Nicaragua and training was given to legislators in Nicaragua in order to facilitate approval of the new law. IPR training for regional prosecutors over the last two years has started to produce concrete results. During 1998, important confiscations of pirate materials took place in El Salvador, Nicaragua and Panama. The confiscation of \$5 million in compact disks in Panama was the most important in the region. A strong public education campaign throughout the region has increased public awareness and support for stronger IPR protection. Nicaragua signed a bilateral IPR agreement with the U.S. in January 1998, which PROALCA provided critical support toward its implementation. Honduras entered the IPR negotiations.

The region's overall performance in protecting workers rights has significantly improved over the last two years, based on information obtained from the July 1998 General Accounting Office report on labor rights in Central America, and the workers rights segments of the annual human rights reports from the U.S. embassies in the region. All countries in the region have been removed from the General System of Preference (GSP) workers rights watch list, and are eligible for GSP trade benefits. Substantial additional resources were leveraged when USAID and the Inter-American Development Bank initiated a \$6.3 million joint program to modernize labor markets consistent with the region's social, economic, and integration objectives. USAID signed a \$1.4 million cooperative agreement in 1998 with a regional NGO to strengthen labor ministries' abilities to conduct workplace inspections and promote better labor-management relations. The program is contributing to better labor-management relations and stronger protection of core labor standards by improving labor legislation and increasing enforcement. USAID-financed regional workshops and national seminars stress the link between increased trade and better wages, models of labor-management cooperation that contribute to increased productivity and higher wages, the need for greater productivity and improved competitiveness to succeed in global markets, and workers rights and their relationship to trade preferences. These are initial steps in promoting positive, less adversarial labor-management relations and reorienting labor ministries' historical punitive roles to a more effective partnership with labor and management in resolving disputes, health and safety problems, and protecting labor rights.

USAID support to modernize the regulatory framework for the electricity and telecommunications sectors in El Salvador and Guatemala has contributed to over \$2.6 billion in private investment in the now privatized segments of those industries over the last two years, exceeding the \$1.1

billion target. USAID, encouraging private sector participation, has helped regional governments develop more open and competitive telecommunications and energy regimes. For example, the program was able to respond quickly and effectively to a request from the Costa Rican President to assist in demonopolizing the telecommunications sector. The President publicly expressed his appreciation for the USAID assistance at a signing ceremony with USG representatives in Costa Rica in September 1998. In Guatemala, USAID assistance addressed issues of adequate rural coverage; this contributed to the establishment of a \$260 million fund (50% of the revenues were obtained from the sale of the state-owned electricity company) for rural electrification. PROALCA will continue to monitor and assist on rural electrification issues and support further strengthening of regulatory commissions as their operational responsibilities increase.

**Possible Adjustments to Plans:** A new strategic plan will be prepared in 2000 to enhance USAID's ability to help Central America reach its trade competitiveness goals enabling effective participation in the FTAA by 2005 and to support U.S. objectives in the region. In response to new challenges presented by Hurricane Mitch, PROALCA will increase its focus on issues related to improved regional coordination on planning, standards, and regulations for roads, energy, and telecommunications systems required for increased trade and investment, and accelerated economic integration. Also, in response to the Presidential Summit Initiative on Child Labor, USAID and the region's labor ministers are designing a new activity to combat the more abusive forms of child labor. Funding for this initiative was promised by the Bureau for FY 1999.

**Other Donor Programs:** USAID maintains close contact with IDB and the UN's Economic Commission for Latin America (ECLA)-Central American Office, which provides research and technical analysis on Central American economic integration issues.

**Principal Contractors, Grantees or Agencies:** USAID coordinates with the Office of the U.S. Trade Representative, the U.S. Patent and Trademark Office (USPTO), the U.S. Department of Labor, and the Economic/Commercial Sections of U.S. Embassies in the region. The Central American Economic Integration Secretariat (SIECA) is a grantee, as are several regional governments. Contracts and grants have been awarded to U.S. and local firms. Through USAID support and encouragement, SIECA negotiated a Memorandum of Understanding with the USPTO to strengthen intellectual property rights protection.

<b>STRATEGIC OBJECTIVE 1: INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS</b>			
<b>APPROVED:</b>		<b>COUNTRY/ORGANIZATION: USAID/Guatemala-CAP</b>	
<b>SO 1.1 INDICATOR: Total Central American Merchandise Trade as a Percentage of GDP</b>			
<b>UNIT OF MEASURE:</b> Percentage.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Secretariat for Central American Economic Integration, SIECA, Statistical Bulletin 7.1, January 1999.			
<b>INDICATOR DESCRIPTION:</b> 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.	1994 (B)		45.4
<p><b>COMMENTS:</b> (r) Actual figures for 1995-97 were adjusted to compensate for higher than normal international coffee prices for those years. This adjustment was made to more accurately reflect the region's status of trade openness by removing this transitory phenomenon. This resulted in downward adjustments of 2 and 1.4 percentage points, respectively, for 1995 and 1996. Although lower than the previously reported unadjusted numbers, the revised figures still exceeded planned targets for those years. For 1997, the 49.8% figure represents two adjustments: (1) coffee prices and (2) updated trade and GDP data.</p> <p>(m) While the preliminary actual figure for 1998 exceeds the revised planned target, it should be interpreted with caution. Due to Hurricane Mitch, 1998 GDP figures for most countries have been preliminarily reported substantially below mid-year estimates, while trade estimates were only minimally affected. As a result, the 1998 data appears higher. USAID/G-CAP estimates for a scenario discounting the impact of Hurricane Mitch that the 1998 figure would have been 51 percent.</p> <p>(n) As requested in FY 1997 R4 review, planned targets for 1998-2000 have been adjusted upward as indicated. Further adjustments in planned 1999 and 2000 targets are being withheld until the full impact of Hurricane Mitch on GDP and trade data can be adequately assessed. Preliminary projections for 1999 and 2000 suggest major drops in merchandise exports, outpacing downward adjustments in imports and GDP growth, which could result in a sizable, and hopefully temporary, downward shift the overall indicator.</p> <p>(p) Preliminary.</p>	1995		46.4 (r)
	1996	46.5	46.7 (r)
	1997	48.0	49.8 (r)
	1998	50.0 (n)	53.2(m)(p)
	1999	51.0 (n)	
	2000 (T)	52.0 (n)	

<b>STRATEGIC OBJECTIVE 1:</b> INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS				
<b>APPROVED:</b>		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP		
<b>SO1.2 INDICATOR:</b> Composite score on trade readiness				
<b>UNIT OF MEASURE:</b> Average of Central American countries' scores.		<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<p><b>SOURCE:</b> Regional Central Banks; SIECA; Executive Secretariat, Central American Monetary Council; IDB, Social and Economic Progress in Latin America, 1995-1998. ; UNDP, HDI of 1993-1998; Freedom House, Annual Survey of Political Rights and Civil Liberties, 1992-1997; IMF, International Financial statistics, 1990-1998; ECLA, Preliminary Balance of LAC Economy; and USAID/G-CAP staff estimates.</p> <p><b>INDICATOR DESCRIPTION:</b> Countries are scored on a scale of 0 to 5, with five being the most ready for participation in free trade agreements.</p> <p><b>COMMENTS:</b> The readiness indicator is based on the methodology developed by the Institute for International Economics. It is a composite score of eight factors: price stability, budget discipline, external debt, currency stability, private savings, market-oriented policies, reliance on trade taxes, and policy sustainability (Freedom House and UNDP's HDI, Human Development Index).</p> <p>Individual scores for 1998: El Salvador -- 4.36, Costa Rica -- 3.90, Guatemala -- 3.59, Honduras -- 3.00, Nicaragua -- 2.47. For comparative purposes, the following are 1996 scores for other hemispheric regions and countries: Chile -- 4.38, Mexico - - 2.97, MERCOSUR -- 3.6, Andean Group -- 3.15, U.S.A. -- 4.5, D.R. -- 3.33, Jamaica -- 2.86, Haiti -- 1.75.</p> <p>(p) Preliminary. (e) Estimates.</p>		1994 (B)		2.96
		1995	2.96	3.07
		1996	3.00	3.13
		1997	3.20	3.34 (p)
		1998	3.30	3.46(e)
		1999	3.40	
		2000 (T)	3.50	

<b>STRATEGIC OBJECTIVE 1:</b> INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS			
<b>APPROVED:</b>		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>INDICATOR IR1.2:</b> Intra-Regional Merchandise Trade as a Percentage of GDP			
<b>UNIT OF MEASURE:</b> Percentage.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Secretariat for Central American Integration, SIECA: Statistical Bulletin 7.1, January 1999, TEA staff estimates.	1994 (B)		7.47 (r)
<b>INDICATOR DESCRIPTION:</b> 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.	1995		7.93 (r)
	1996	7.65	7.96 (r)
	1997	7.80	8.78(r)(p)
	1998	9.00 (n)	9.39 (e)
	1999	9.50 (n)	
	2000 (T)	10.00 (n)	
	<b>COMMENTS:</b> (r) Revised using updated trade and GDP data from SIECA.  (n) Based on better than expected actual performance for 1997 resulting from updated (but still preliminary) trade data, planned targets for 1998 through 2000 have been adjusted upwards as indicated.  (p) preliminary (e) estimates (r) revised		

<b>STRATEGIC OBJECTIVE 1:</b> INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS			
<b>APPROVED:</b>		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>INTERMEDIATE RESULT 3:</b> Greater Private Investment in Energy and Telecommunications			
<b>INDICATOR IR3.1:</b> Private investment in energy and telecommunications			
<b>UNIT OF MEASURE:</b> \$ millions invested (cumulative).	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Grantees and contractors working in the region.	1997 (B)	350	630
<b>INDICATOR DESCRIPTION:</b> All private investment will be counted, including revenues from privatization of state-owned facilities as well as new private investments in both sectors.	1998	1100	2600 (a)
	1999	3000 (n)	
	2000	4000 (n)	
	2001 (T)	5000 (n)	
	<b>COMMENTS:</b> (a) The actual figure for private investment for 1998 was substantially greater than anticipated due to higher than expected settlements in the privatization of state-owned telecommunications and energy companies in El Salvador and Guatemala. In part, this reflects strong international investor confidence in the region, as well as, quicker than expected sales of some enterprises.  (n) Based on higher than expected actual figure for 1998, planned targets for 1999 through 2001 have been adjusted upwards as indicated.		

## **SO2: Increased Effectiveness in Regional Stewardship of the Environment and Natural Resources in Targeted Areas**

**Summary:** The economies of the Central American region still depend heavily on agricultural production which is threatened by a deteriorating natural resource base. The sustainability of this productive base requires concerted action at all levels recognizing the vital connection between productive soils, forest resources, ample water quantity and quality; and the rich genetic pool for pharmaceuticals and other scientific uses. This SO will develop and consolidate a Central American Protected Areas System (CAPAS) by providing appropriate management models for terrestrial and coastal protected areas, and will promote a strengthened regional regulatory and enforcement framework for environmental management. The consolidation of CAPAS also will promote conservation of forested areas, thus reducing net greenhouse gas emissions, a critical aspect of Global Climate Change. The assistance provided under this SO supports the Central American Commission on Environment and Development (CCAD) as the program counterpart and key coordinator of donor activities in the region.

**Key Intermediate Results:** (1) Consolidate the Central American Protected Areas System by increasing the number of protected and special management areas under improved management; (2) Increase local stewardship of the environment in target areas by helping local communities manage coastal and forest resources and reduce contamination by solid waste and waste water; and (3) Harmonize and strengthen Central American environmental policy frameworks by supporting the drafting and introduction of national environmental laws and regulations to Central American national legislatures and executive branches.

**Performance and Prospects:** SO performance over the past year has exceeded expectations. In 1998 the SO was on target with the implementation of six sustainable mechanisms to protect the environment. The most important of these mechanisms is the Tri-national Alliance of NGOs for the Gulf of Honduras (shared by Guatemala, Belize, and Honduras) which is now addressing regional environmental concerns and reducing transboundary threats to key natural resources. Significantly, representatives from public sector natural resource institutions from the three countries are now participating in the Alliance's planning and discussion sessions. The Tri-national Alliance's strategic plan includes a fisheries assessment and the development of a tri-national fisheries management plan.

The Central American Regional Environmental Program (PROARCA) initiatives support the establishment of the Mesoamerican Biological Corridor - a priority of the Alliance for Sustainable Development (ALIDES) - in partnership with the CCAD (IR1). Other international donor collaboration, particularly involving the Global Environmental Facility (GEF) and the German International Technical Assistance Agency (GTZ), is critical in the establishment of this corridor. During 1998 three additional protected areas (Port Honduras, Paynes Creek/Belize and Bahia de Chismuyo/Honduras) were brought under improved management, bringing the total to date to seven areas (141,060 hectares), surpassing the goal established for 1998 of six areas. The monitoring strategy for protected areas introduced in 1997 by PROARCA has been successfully tested and implemented in 10 sites in four countries and formally adopted by the Costa Rican

National Protected Areas System. Park directors in Panama received training in the use of the strategy prior to its proposed adoption in 1999. A manual for long-term protected areas financial planning was designed and tested in El Imposible National Park (El Salvador) and Rio Plátano Biosphere Reserve (Honduras). El Salvador will begin implementing the financial planning model in El Imposible in 1999.

Six additional sites in Guatemala, Belize, Honduras, Costa Rica, Nicaragua, and Panama have achieved an effective level of local governance in addressing environmental management issues. Guatemala's Amatique Bay, located in the Gulf of Honduras, is home to the country's two most important industrial ports. Although industrial toxic materials and petroleum products enter these ports daily, Guatemala has no national entity to ensure and monitor the safe transportation of the hazardous materials nor does it have the capacity to respond to environmental disasters. FUNDAECO, a USAID-funded local NGO, and municipal authorities in the port area spearheaded the effort to address this problem with support from the

Guatemalan National Environmental Commission. They conducted a risk/policy analysis of the transport of toxic materials in the Gulf of Honduras. Subsequently, the Environmental Crisis Committee led by Shell Oil Company developed a port contingency plan which included an oil spill simulation conducted by Shell, Texaco, Basic, the Naval Base and the private port company. Replication of this model is being considered for port areas in Belize and Honduras. In El Salvador, the Environmental Steering Committee from Usulután, with the assistance of USAID's Local Environmental Policy and Program Initiative, developed an Environmental Action Plan. The plan includes a project on solid waste integrated management, based on the Materials Recovery Facility concept, being implemented with the support of six municipalities as a pilot project for the region. Based on initial success, four municipalities in upper Usulután are requesting assistance to form a solid waste disposal district. USAID/El Salvador also supports this plan.

As a result of USAID and CCAD training in environmental enforcement and compliance, Central American countries have begun to levy fines for illegal activities: Belize (on maritime companies for destruction of coral reefs); El Salvador (for illegal cutting of forests and mangroves); Guatemala (for illegal cutting of forests); and Honduras (for the improper granting of environmental permits). Additionally, the USAID-funded CCAD legislation program's technical assistance has helped Central American governments draft environmental laws and regulations, including: pollution control regulations in Costa Rica, El Salvador, Guatemala and Nicaragua; waste water regulations in El Salvador and Panama; and a biodiversity law in Nicaragua.

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#### Empowering Local Communities

Toledo Institute for Development and Environment (TIDE) a USAID-supported NGO is helping Belizan communities living around Paynes Creek National Park develop a natural resource management plan. By involving the communities in park management, local people gain a vested interest in the park. In 1998, the Forestry Department named TIDE and the communities as co-managers. Community commitment was tested when a private foundation pledging \$1 million offered to manage the park. The community pressed the Forestry Department for open and frank discussions on the Foundation's proposal. After considering many factors especially the Foundation chairman of the board's poor record of managing natural resources, the community concluded that it would manage the park.

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National Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES) representatives have established regional norms and positions on the illegal trafficking of endangered species. As a result of these efforts, Nicaragua has been elevated from category C compliance to category A compliance in the enforcement of CITES. The efforts of the C.A. network on Environmental Impact Assessments (EIA) led to the adoption of harmonized EIA procedures by the Central American Bank for Economic Integration (CABEI) and the nations of the region. These are significant examples of the value added by the regional environmental program in achieving cost-effective results on shared environmental issues.

The CCAD Executive Secretariat moved its headquarters from Guatemala to El Salvador in December 1998 in order to centralize SICA's operation. This move caused considerable uncertainty and concern among both CCAD staff and other donors regarding its potential adverse impact on regional environmental activities. USAID was asked by the key donors, including Sweden, GTZ and the UNDP to articulate these concerns to the head of the Central American Integration System (SICA) and the CCAD Ministers of Environment. USAID and SICA have established mutual responsibilities during the transition but long-term effects on the program have yet to be determined.

**Possible Adjustment to Plans:** The damage caused by Hurricane Mitch has affected implementation of community-level activities and pilot projects for waste management. Project communities will be requesting both a postponement of activities and a revision of priorities to address post-hurricane needs. A Regional Mitch Special Objective is being developed to strengthen regional and bilateral land use management, strengthen disaster preparedness, and improve collection, analysis, and dissemination of information on areas at risk from environmental disasters. This special objective will begin immediate implementation pending approval of supplemental funding.

USAID will sponsor an independent evaluation of PROARCA in 1999 and plans to develop a new phase of the project, in consultation with partners, based on the evaluation findings and lessons learned. Global Climate Change (GCC) activities, including the assistance of a resident GCC advisor beginning in 1998, have been funded exclusively under PROARCA. A Central American regional GCC strategy now being designed will have implications on the overall regional environment program, as targets and activities are developed through 2001. President Clinton announced in Antigua \$25 million to extend and expand PROARCA.

**Other Donor Programs:** Other key donors active in support of the Mesoamerican Biological Corridor include GEF (\$10.6 million) and GTZ/World Wildlife Fund (\$2.8 million). The Danish Agency for International Development (\$3 million) supports the Gulf of Fonseca coastal resources management program. Sweden and USAID provide core support to the CCAD.

**Principal Contractors, Grantees or Agencies:** Key implementing organizations include: CCAD, the Nature Conservancy, World Wildlife Fund, University of Rhode Island, International Resources Group, Cooperative Housing Foundation, and EPA.

<b>STRATEGIC OBJECTIVE 2:</b> Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Target Areas			
<b>APPROVED:</b> 04/98		<b>COUNTRY/ORGANIZATION:</b> USAID/G-CAP	
<b>SO2.1 INDICATOR:</b> Number of Sustainable Mechanisms Implemented to Protect the Regional Environment			
<b>UNIT OF MEASURE:</b> The cumulative number of mechanisms implemented.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PROARCA/Costas' Regional Institutional Strengthening Index and Local Institutional Strengthening index, and LEPPi's quarterly reports.	1996 (B)		
<b>INDICATOR DESCRIPTION:</b> Sustainability will be validated by application of 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, capacity to build strategic alliances.	1997	0	10
	1998	16	16
	1999	19	
<b>COMMENTS:</b> Examples of sustainable mechanisms include: Tri-national alliances of NGOs, and government organizations addressing management issues. Given that the table was proposed for 1998, it provides actual figures for 1996-97 and planned figures from 1998 and beyond. G-CAP is currently working out details with CAPAS on the contributions of the component's second phase to the R4 tables. Targets set for 1999-2000 are likely to be revised as more information becomes available based on these negotiations.	2000 (T)	21	

<b>STRATEGIC OBJECTIVE 2:</b> Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Target Areas			
<b>APPROVED:</b> 04/98		<b>COUNTRY/ORGANIZATION:</b> USAID/G-CAP	
<b>SO2.2 INDICATOR:</b> Number of USAID/G-CAP assisted transboundary sites where local threats to key natural resources and the environment have been reduced			
<b>UNIT OF MEASURE:</b> The cumulative number of sites where threats have been reduced.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PROARCA/Costas' policy implementation table.	1996 (B)	3	3
<b>INDICATOR DESCRIPTION:</b> 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	7
	1999	10	
	2000 (T)	10	
<b>COMMENTS:</b> Reducing local threats means replacing harmful resource uses with sustainable uses of the environment and key natural resources. Examples of activities measured under this indicator include: Tri-national alliances of stakeholders (NGOs, government organizations and local communities) in Gulf of Honduras and Gulf of Fonseca address transboundary issues, such as the illegal killing of manatees in Gulf of Honduras, and the contamination of the Gulf of Fonseca by shrimp farms and banana plantations.			

<b>STRATEGIC OBJECTIVE 2:</b> Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Target Areas			
<b>APPROVED:</b> 04/98		<b>COUNTRY/ORGANIZATION:</b> USAID/G-CAP	
<b>INTERMEDIATE RESULT 1:</b> Improved Consolidation of the Central American Protected Areas System			
<b>IR1.1 INDICATOR:</b> Number of protected and special management areas under improved management with PROARCA assistance.			
<b>UNIT:</b> The cumulative number of sites (and hectares) under improved management.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL*</b>
<b>SOURCE:</b> PROARCA Index of site management.	1996 (B)	3 (39,400)	3 (39,400)
<b>INDICATOR DESCRIPTION:</b> The indicator is measured by an index that collapses information about the important benchmarks that a particular site has achieved. The index includes such elements as: official site declaration, participatory development of a management plan, and financial plans. The minimum score required is 2.5 on a scale of 1-5.  The cumulative number of sites that have achieved some important benchmarks are reported.	1997	4 (87,200)	4 (87,200)
	1998	6 (128,200)	7(141,060)
	1999	8 (236,700)	
	2000 (T)	12 (339,560)	
<b>COMMENTS:</b> G-CAP is currently working with CAPAS on the contributions of the component's second phase to the R4 tables. Targets set for 1999-2000 are likely to be revised as more information becomes available based on these negotiations.			

<b>STRATEGIC OBJECTIVE 2:</b> Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Target Areas <b>APPROVED:</b> 06/96, <b>COUNTRY/ORGANIZATION:</b> USAID/G-CAP.			
<b>INTERMEDIATE RESULT 2:</b> Increased Local Empowerment for Stewardship of the Environment and Natural Resources in Target Areas			
<b>INDICATOR: IR2.1: "Governance"</b> - Number of PROARCA assisted sites which have achieved an effective level of governance for stewardship of the environment and natural resources.			
<b>UNIT OF MEASURE:</b> The cumulative number of sites where a governance process is being developed and implemented.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> NGO and PVO reports	1995 (B)		
	1996	2	2
<b>INDICATOR DESCRIPTION:</b> 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 achieved: 2.5 on a scale of 1-5). 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	15
	1999	18	
	2000 (T)	20	
<b>COMMENTS:</b> <b>Governance is</b> defined as the decision-making processes for managing and conserving key natural resources and the environment. PROARCA is building a base of experience and capacity which permit governments and resource users to complete a long-term iterative learning process of planning and implementation.			

<b>STRATEGIC OBJECTIVE 2:</b> Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Target Areas			
<b>APPROVED:</b> 06/96, <b>COUNTRY/ORGANIZATION:</b> USAID/G-CAP.			
<b>INTERMEDIATE RESULT 3 :</b> Central American Environmental Policy Frameworks harmonized and strengthened			
<b>INDICATOR:IR3.3</b> "Legislation" - National environmental laws and regulations that have been introduced/approved by C.A. national legislatures/executive branches, with technical assistance from CCAD Environmental Legislation Program*			
<b>UNIT OF MEASURE:</b> The cumulative number of national environmental laws and by-laws introduced/approved.	Year	Planned	Actual
<b>SOURCE:</b> PROARCA, CCAD, USEPA	1996 (B)		6
<b>INDICATOR DESCRIPTION:</b> A law is introduced when it is presented to the Congress or the executive branch for approval. The law is approved when the congress or the executive branch approves and publishes it to be enforced.	1997	12	19
	1998	26	27
	1999	32	
	2000 (T)	34	
<b>COMMENTS:</b> The CCAD Environmental Legislation Program, with support from the United States Environmental Protection Agency, is providing technical assistance to various branches of C.A. governments in environmental legislation and by-laws that focus mainly on pollution prevention, including waste water, solid waste, air contamination and pesticides.			

## **SpO: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis**

**Summary:** HIV/AIDS continues to be a growing problem in Central America. The overall incidence of AIDS cases for the region in 1996 was 84 per million inhabitants. There is considerable variation across countries. For example, Honduras had double the regional rate with 168 cases per million inhabitants. Until 1986 the epidemic was predominant among homosexual and bisexual men. However, by mid 1998 over 56% of all reported cases were related specifically to heterosexual transmission. The HIV/AIDS epidemic continues to grow due to lack of adequate preventive sexual practices and the substantial reservoir of sexually transmitted diseases (STDs). There continues to be an environment within Central America of denial, ignorance, and discrimination against people with HIV/AIDS. The HIV/AIDS special objective (SpO) is helping to strengthen Central American organizations' capacities to deliver HIV/AIDS services and information and to assist in the development of regional strategies and national programs to reduce the spread of HIV/STDs (and its impact) in Central America. Primary beneficiaries are Central Americans at risk of infection by HIV/STDs.

**Key Intermediate Results:** (1) Improved regional policy environment by strengthening policy formulation through sound research and information dissemination, developing a cadre of public and private leaders who actively support effective policies and programs, and designing public sector reforms responsive to the HIV/AIDS challenges; (2) Improved NGO capacity by developing their programmatic and management skills and structures, establishing effective linkages among NGOs providing HIV/AIDS prevention services, and promoting the implementation of supportive HIV/AIDS policies; and (3) Effective Condom Social Marketing by assisting in efforts to increase consistent and correct condoms use, especially among high-risk groups, and by supporting strategies to make condoms more affordable and widely available.

**Performance and Prospects:** Two of the three activity components met or exceeded targets and overall SpO performance is on track. At nearly 52% (1998), the SpO exceeded the policy environment score (PES) target for 2000. A new target of 54.3% for 2000 has been set. Under the Policy Component (IR1), ten positive policy changes were achieved by 1998, six more than planned. These changes include: a national AIDS policy in Honduras, a new health code in Guatemala that improves access to health care for people with AIDS, and new blood bank legislation and regulations in several countries. A new target of 20 policy changes has been set for 2000.

The major focus of policy dialogue (IR1) in 1998 continued to be the development of national multisectoral strategic HIV/AIDS plans. USAID/CAP, in close collaboration with USAID/El Salvador and the G-Bureau's Impact Project, assisted El Salvador and UNAIDS complete a national HIV/AIDS strategic plan; four other national strategic plans are in progress. As a result of USAID's work in this sector, the Central American Parliament (PARLACEN) has drafted a memorandum of understanding to work with a USAID grantee, the Academy for Educational Development, on HIV prevention, legislation, and information dissemination at a regional level. Two PARLACEN commissions have already included the AIDS problem in their work agendas. This collaboration will provide further impetus to policy activities in the region.

Under the NGO Component (IR2), USAID has provided technical assistance to 56 organizations in the region in strategic planning, sustainability, counseling, advocacy, networking, proposal development, monitoring and evaluation, and data management. As a result, the percentage of NGOs that are providing improved HIV/AIDS services increased from 13% in 1997 to 61% in 1998, as established in the validation study of the systematic approach scale (SAS). Another significant achievement under the NGO component is the increase from 48% (1997) to 61% (1998) in the management/financial sustainability scale (MFSS), as shown in a comparative study of 23 NGOs receiving USAID assistance. NGO management and financial sustainability is key to enhancing a permanent regional capacity to deal with HIV/AIDS challenges. Some of the NGOs assisted are now receiving grants from other donors. Other important NGO activity achievements include the establishment of counseling networks in four countries (Guatemala, El Salvador, Nicaragua and Honduras) and the successful adoption by several NGOs of the behavior-change model to increase safer sex behavior.

USAID did not meet its Condom Social Marketing (CSM) component (IR3) 1998 sales targets because of delays in the licensing process and the establishment of marketing agreements in several countries. A joint USAID and partner review of sales projections, initial program assumptions, and a review of recent World Bank findings on targeting interventions to high-risk groups led us to conclude that widespread condom sales might not be the most effective way to stem the spread of HIV/AIDS to the general population. Nevertheless, important achievements under the CSM component include nine nontraditional distribution agreements in three countries, importer/distribution agreements in seven of the eight countries, and a growing relationship with a regional network of NGOs.

USAID has developed and begun to implement the "En Contacto" (in contact) program of direct interpersonal communication for behavior change through local NGOs and other partners. A key feature of this program is the emphasis on the role of peer educators to reach the high-risk populations. USAID/CAP is in the process of realigning the CSM component to integrate lessons learned, both in the Central America region and elsewhere, to respond more effectively to the regional characteristics of the epidemic. It is anticipated that safer sex and condom education activities will be initiated in Panama, Honduras, and Mexico by mid-1999. Intensive efforts will be made to work with mobile groups such as truck drivers, uniformed service personnel and the merchant marine, and their partners.

**Possible Adjustments to Plans:** A mid-project review of the Policy and NGO components in 1998, coordinated by the G-Bureau Measures 2 Project, recommended a narrowing of the scope of the NGO component in order to ensure quality and sustainability. The activity, in close collaboration with the bilateral programs, selected 15 NGOs for intensive strengthening and has collected new baseline data and set year 2000 targets for those NGOs. The rest of the NGO community will continue to be involved through networking in information dissemination activities. The expanded SpO team's review of these findings also concluded that follow-on activities of the Policy and NGO components would be necessary to ensure their sustainability. The policy activity will focus more on research dissemination, targeted to political leaders, the media and the private sector in order to more fully engage them in the regional response to the

HIV/AIDS crisis. Additionally, based on lessons learned and a World Bank study on AIDS, and in accordance with recent guidance from the G and LAC Bureaus, the condom social marketing component will realign its strategy to target HIV prevention more directly through behavior change on priority high-risk groups and reduce the emphasis on general promotional campaigns and the development of cross-subsidy products for generating income. As a result of the realignment, intermediate results three and four from the previous results framework were consolidated into a single IR3: Effective Condom Social Marketing. The safer sex practices index is being proposed as the SpO.3 indicator, replacing the annual sales of condom indicator. The other two indicators at the IR level that measured progress under the CSM component are likely to be dropped and replaced by indicators that more accurately measure the proposed realignment. Since the AIDS Policy Environment Score is only reported on every other year, next year's R4 will report on the number of positive policy changes.

USAID/CAP, in coordination with USAID/Honduras is now developing a revised CSM approach that targets high-risk groups in Honduras. The introduction of the regional condom brand into Honduras is pending identification of coverage gaps of an affordable condom among high-risk groups.

Under guidance from the LAC and G Bureaus, and in consultation with the bilateral missions, USAID/CAP has prepared a revised plan for the extension of the policy and NGO components, taking into account the recommendations of the mid-project review and the impact of Hurricane Mitch on program implementation. The plan will also incorporate an isthmus-wide (Mexico to Panamá) approach for focusing on high-risk groups, including those that cross borders and their partners. The revised plan provides criteria for a rational USAID exit strategy and resource needs. USAID/CAP, with bilateral missions and AID/W participation, will further develop this plan in 1999 and incorporate it into the new Central American Program Strategic Plan to be submitted next year.

**Other Donor Programs:** The demise of the World Health Organization (WHO) Global Program on AIDS in 1996 left a funding and coordination gap in the region. UNAIDS has taken up much of the slack in the area of technical coordination. The Dutch, the only other truly regional donor, channel most of their support (\$1.5 million a year) through a Costa Rican NGO. The Nordic Countries are providing approximately \$3.6 million over three years to programs in Guatemala, Nicaragua, El Salvador, and Honduras. The German Technical Cooperation (GTZ) and Doctors without Borders have also been active in some countries. USAID is the leading contributor in this sector. USAID and our partners are assisting UNAIDS in planning a regional meeting of UNAIDS theme group presidents and donor agencies in May 1999 to establish improved mechanisms for coordination and develop a regional perspective and approach to HIV prevention.

**Principal Contractors, Grantees, or Agencies:** Grantees are the Academy for Educational Development (Policy Dialogue and NGO Strengthening Activities) and Population Services International (Condom Social Marketing).

<b>SPECIAL OBJECTIVE 1:</b> ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS			
<b>APPROVED:</b> 3/13/97		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>SPO.1 INDICATOR:</b> AIDS Policy Environment Score (PES)			
<b>UNIT OF MEASURE:</b> Average percent of Central American countries' score.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PASCA AIDS PES.	1996 (B)		43.8
<b>INDICATOR DESCRIPTION:</b> 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.)	1998	45.5	51.8
<b>COMMENTS:</b> * Since the target for 2000 has been exceeded, a new target 54.3 has been set. In consultation with the LAC bureau, targets were revised in 1997.	2000 (T)	54.3*	

<b>SPECIAL OBJECTIVE 1:</b> ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS			
<b>APPROVED:</b> 3/13/97		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>SPO.2 INDICATOR:</b> Percent of NGOs that use a systematic approach to HIV/AIDS interventions			
<b>UNIT OF MEASURE:</b> Percent of NGOs that score three or higher on the Systematic Approach Scale (SAS).	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PASCA NGO Needs Assessment Survey			
<p><b>INDICATOR DESCRIPTION:</b> 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.</p> <p>The Systematic Approach Scale examines the following aspects, each one of the categories receives one point:</p> <p>I. Project Design: determines if the project design is based on at least one of the following: behavior investigations; or epidemiologic investigations</p> <p>II. Audience Needs Assessment: determines if project design utilizes a needs assessment of the target audience; and</p> <p>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.</p>	1997(B)		13%*
<p><b>COMMENTS:</b></p> <p>*A 1998 baseline for 23 NGOs was collected using direct observation methodology.</p> <p>**A new baseline for the 15 NGOs selected for intensive strengthening was collected in early 1999 and a new 2000 year target has been set for those NGOs.</p>	1998		61%* 40%**
	2000 (T)	93%	

<b>SPECIAL OBJECTIVE 1:</b> ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS			
<b>APPROVED:</b> 3/13/97		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>SpO.3 INDICATOR:</b> Annual sales of project branded condoms			
<b>UNIT OF MEASURE:</b> Number of project branded condoms sold (invoiced).	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PASMO MIS.	1997 (B)	2.6 m	0.2m <sup>1</sup>
<p><b>INDICATOR DESCRIPTION:</b> 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.</p> <p><b>COMMENTS:</b> The original target was based on an expected 12 month sales in 8 countries for 1998. PASMO launched in El Salvador and Guatemala in March, Nicaragua in May and Belize in June. No launches have been made in Panama, Honduras, and Mexico. After PASMO'S reorganization, the Costa Rican importer/distributor terminated support to the product. The USAID/G-CAP Mission in consultation with the LAC Bureau is preparing a realignment of the CSM strategy based on lessons learned to make it more targeted on HIV prevention among high-risk groups. As a result, less emphasis will be placed on general promotional campaigns and the development of cross-subsidy products for generating income. This indicator will therefore be dropped as an SpO measure of progress.</p> <p><sup>1</sup> 1 month sales <sup>2</sup> 5 month sales</p>	1998	9.0 m	0.6
	1999	13.0 m	
	2000	17.0 m	
	2001	20.0 m	
	2002	25.0 m	
	2003 <sup>2</sup> (T)	12.8 m	

<b>SPECIAL OBJECTIVE 1:</b> ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV Crisis			
<b>APPROVED:</b> 3/13/97		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>INTERMEDIATE RESULT 2:</b> Improved NGO capacity to deliver HIV/AIDS prevention project			
<b>INDICATOR IR2.1:</b> NGOs that can independently deliver HIV/AIDS prevention projects			
<b>UNIT OF MEASURE:</b> Percentage of NGOs that score five or higher on the Management and Financial Sustainability Scale (MFSS).	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> PASCA NGO Needs Assessment Survey			
<b>INDICATOR DESCRIPTION:</b> 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.	1997 (B)*		48%
	1998		60%**
<b>COMMENTS:</b> The indicator in the 1997 R-4 was restated at the request of the LAC Bureau.  *A new baseline was collected in 1998 using a direct observational methodology rather than a self-reported assessment.  **A new baseline for the 15 NGOs selected for intensive strengthening was also collected in 1998 and a new 2000 year target has been set for those NGOs.	2000 (T)	86%	

<b>SPECIAL OBJECTIVE 1:</b> ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV CRISIS			
<b>APPROVED:</b> 3/13/97		<b>COUNTRY/ORGANIZATION:</b> USAID/Guatemala-CAP	
<b>INTERMEDIATE RESULT 4:</b> Improved safer sex practices*			
<b>INDICATOR 4.1:</b> Modified safer sex composite			
<b>UNIT OF MEASURE:</b> % of target population reporting safer sex practices	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CSM's knowledge, attitudes and practices (KAP) study.	1997 (B)		CSW -24.8% MWM -44.9%
<b>INDICATOR DESCRIPTION:</b> 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.	2001	CSW - 45% MWM - 50%	
	2003 (T)	CSW - 60% MWM - 70%	
<b>COMMENTS:</b> * The IR4 statement has changed.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 the 1997 R4. A baseline and targets have been established and the Mission is proposing that this indicator be elevated to the SpO level for future R4 reporting.			

### III. RESOURCE REQUEST

#### A. Program Budget

SOs/SpO	Account	FY 1999	FY 2000	FY 2001
SO1: Increase Central American Participation in Global Markets	DA	3,749(1)	3,200	3,200
SO2: Effective Regional Stewardship of the Environment and Key Natural Resources	DA	5,500	6,800(2)	6,000
SpO: Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis	DA/CS	3,800(3)	2,900	3,700(3)
Hurricane Mitch Supplemental	ESF	5,000		
<i>SUB-TOTAL</i>	<i>DA</i>	<i>13,049</i>	<i>12,900</i>	<i>12,900</i>
<i>SUB-TOTAL</i>	<i>ESF</i>	<i>5,000</i>		
<i>TOTAL (4)</i>		<i>18,049</i>	<i>12,900</i>	<i>12,900</i>

(1) Includes \$1.0 million for the proposed regional Child Labor Initiative.

(2) Includes GCC initiative start-up funding of \$800,000 in FY 2000.

(3) Includes \$1.9 million isthmus-wide extension (\$1,100,000 in FY 1999 and \$800,000 in FY 2001).

(4) Total includes Global Field Support

USAID/CAP's requested program budget for the Trade/Labor SO matches the LAC Bureau's recommended control levels for FY 2000 and FY 2001. USAID/CAP requests an additional \$1.0 million in FY 1999 to support the AA/LAC-inspired regional child labor program, one of four new initiatives announced by President Clinton at the Antigua Summit in March 1999. Subsequent funding in FY 2000 and FY 2001 designed to eliminate child labor and help move children from work to school, over and above the Trade/Labor SO control/request level requirements, is to be determined.

USAID/CAP also requests \$800,000 in additional DA funding in FY 2000 to begin implementation of a Global Climate Change initiative. Future year support will flow from President Clinton's \$25 million announced support for Central America Regional Environmental Initiatives, specifically in the area of Global Climate Change.

Under the HIV/AIDS SpO, USAID/CAP requests an additional \$1,100,000 in DA/CS funding in FY 1999, and an additional \$800,000 DA in FY 2001 in order to finance the extension of the policy and NGO components needed to implement an isthmus wide (Mexico to Panama) approach that focuses on high risk-groups.

The proposed \$5 million regional CAP Mitch Special Objective in FY 1999 now under design will address regional issues of disaster vulnerability assessments, watershed management, and other cross border initiatives.

The overall CAP pipeline is within Agency forward funding guidelines. While the current Trade/Labor SO pipeline remains high, this primarily reflects forward funding of three new initiatives associated with the revised results framework adopted in 1998. All three initiatives have begun implementation and the pipeline is being reduced accordingly based on actual first quarter FY 1999 expenditure rates and estimated expenditure rates. The Environment SO and the HIV/AIDS Prevention SpO pipelines fall within the forward funding guidelines given current expenditure projections.

## **B. Summary Field Support**

USAID/G-CAP utilizes Global and LAC field support for two of its regional objectives. The Trade SO continues to work 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 support electric power sector activities in Central America. The HIV/AIDS Prevention SpO plans a total transfer of \$425,000 to Global in FY 1999 including funds for the TAACS advisor.

Although Global and LAC Bureau support services are very useful, the Central American Programs tries whenever possible to use the services of competent Central American organizations in order to support the strategy of regional ownership and leadership.

## FY 1999 Budget Request by Program/Country

Program/Country: USAID/GUATEMALA  
 Approp Acct: DA/CSD  
 Scenario

S.O. # , Title	FY 1999 Request														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 99	
	Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G			
<b>SO 1: INCREASED C.A. PARTICIPATION IN GLOBAL MARKETS</b>																	
Bilateral	2,749				2,749											3,800	4,337
Field Spt	0																
	2,749	0	0	0	2,749	0	0	0	0	0	0	0	0	0	0	3,800	4,337
<b>SO 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES</b>																	
Bilateral	5,500												5,500			7,150	6,572
Field Spt	0																
	5,500	0	0	0	0	0	0	0	0	0	0	0	5,500	0	0	7,150	6,572
<b>SpO: ENHANCE C.A. CAPACITY TO RESPOND TO HIV/AIDS CRISIS</b>																	
Bilateral	2,275										2,275					5,625	3,541
Field Spt	425										425					375	525
	2,700	0	0	0	0	0	0	0	0	0	2,700	0	0	0	6,000	4,066	
Bilateral	0																
Field Spt	0																
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																
Field Spt	0																
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																
Field Spt	0																
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																
Field Spt	0																
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Bilateral</b>	10,524	0	0	0	2,749	0	0	0	0	0	2,275	0	5,500	0	0	16,575	14,450
<b>Total Field Support</b>	425	0	0	0	0	0	0	0	0	0	425	0	0	0	0	375	525
<b>TOTAL PROGRAM</b>	10,949	0	0	0	2,749	0	0	0	0	0	2,700	0	5,500	0	0	16,950	14,975

FY 99 Request Agency Goal Totals	
Econ Growth	2,749
Democracy	0
HCD	0
PHN	2,700
Environment	5,500
Program ICASS	0
GCC (from all Goals)	0

FY 99 Account Distribution (DA only)	
Dev. Assist Program	10,949
Dev. Assist ICASS	
Dev. Assist Total:	10,949
CSD Program	0
CSD ICASS	
CSD Total:	0

## FY 2000 Budget Request by Program/Country

Program/Country: USAID/GUATEMALA  
 Approp Acct: DA/CSD  
 Scenario

S.O. # , Title	FY 2000 Request														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 00	
	Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G			
<b>SO 1: INCREASED C.A. PARTICIPATION IN GLOBAL MARKETS</b>																	
Bilateral	3,200				3,200											3,800	3,737
Field Spt	0																
	3,200	0	0	0	3,200	0	0	0	0	0	0	0	0	0	0	3,800	3,737
<b>SO 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES</b>																	
Bilateral	6,000												6,000			6,600	5,972
Field Spt	0																
	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000	0	0	6,600	5,972
<b>SpO: ENHANCE C.A. CAPACITY TO RESPOND TO HIV/AIDS CRISIS</b>																	
Bilateral	2,610										2,610					4,175	1,976
Field Spt	290										290					425	390
	2,900	0	0	0	0	0	0	0	0	0	2,900	0	0	0	4,600	2,366	
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Bilateral</b>	<b>11,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,610</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>14,575</b>	<b>11,685</b>
<b>Total Field Support</b>	<b>290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>425</b>	<b>390</b>
<b>TOTAL PROGRAM</b>	<b>12,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,900</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>12,075</b>

FY 00 Request Agency Goal Totals	
Econ Growth	3,200
Democracy	0
HCD	0
PHN	2,900
Environment	6,000
Program ICASS	0
GCC (from all Goals)	0

FY 00 Account Distribution (DA only)	
Dev. Assist Program	12,100
Dev. Assist ICASS	
Dev. Assist Total:	12,100
CSD Program	0
CSD ICASS	
CSD Total:	0

## FY 2001 Budget Request by Program/Country

Program/Country: USAID/GUATEMALA  
 Approp Acct: DA/CSD  
 Scenario

S.O. # , Title		FY 2001 Request													Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 01	Future Cost (POST-2001)	
		Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ				D/G
SO 1: INCREASED C.A. PARTICIPATION IN GLOBAL MARKETS													Year of Final Obligation:		2,001			
Bilateral	3,200				3,200											3,800	3,137	3,200
Field Spt	0																	
	3,200	0	0	0	3,200	0	0	0	0	0	0	0	0	0	0	3,800	3,137	3,200
SO 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES															2,001			
Bilateral	6,000												6,000			6,600	5,372	6,000
Field Spt	0																	
	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000	0	6,600	5,372	6,000	
SpO: ENHANCE C.A. CAPACITY TO RESPOND TO HIV/AIDS CRISIS															2,001			
Bilateral	2,510										2,510					4,210	276	3,250
Field Spt	390										390					390	390	390
	2,900	0	0	0	0	0	0	0	0	0	2,900	0	0	0	4,600	666	3,640	
Bilateral	0																0	
Field Spt	0																0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0	
Field Spt	0																0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																	
Field Spt	0																	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																	
Field Spt	0																	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Bilateral</b>	<b>11,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,510</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>14,610</b>	<b>8,785</b>		
<b>Total Field Support</b>	<b>390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>390</b>		
<b>TOTAL PROGRAM</b>	<b>12,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,900</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>15,000</b>	<b>9,175</b>	<b>12,840</b>	

FY 01 Request Agency Goal Totals	
Econ Growth	3,200
Democracy	0
HCD	0
PHN	2,900
Environment	6,000
Program ICASS	0

FY 01 Account Distribution (DA only)	
Dev. Assist Program	12,100
Dev. Assist ICASS	
Dev. Assist Total:	12,100
CSD Program	0
CSD ICASS	
CSD Total:	0

## FY 1999 Budget Request by Program/Country

Program/Country: USAID/GUATEMALA  
 Approp Acct: DA/CSD  
 Scenario

S.O. # , Title	FY 1999 Request														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 99
	Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G		
<b>SO 1: INCREASED C.A. PARTICIPATION IN GLOBAL MARKETS</b>																
Bilateral	2,749				2,749										3,800	4,337
Field Spt	0															
	2,749	0	0	0	2,749	0	0	0	0	0	0	0	0	0	3,800	4,337
<b>SO 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES</b>																
Bilateral	5,500												5,500		7,150	6,572
Field Spt	0															
	5,500	0	0	0	0	0	0	0	0	0	0	0	5,500	0	7,150	6,572
<b>SpO: ENHANCE C.A. CAPACITY TO RESPOND TO HIV/AIDS CRISIS</b>																
Bilateral	2,275									2,275					5,625	3,541
Field Spt	425									425					375	525
	2,700	0	0	0	0	0	0	0	0	2,700	0	0	0	6,000	4,066	
Bilateral	0															
Field Spt	0															
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0															
Field Spt	0															
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0															
Field Spt	0															
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0															
Field Spt	0															
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Bilateral</b>	<b>10,524</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,749</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,275</b>	<b>0</b>	<b>5,500</b>	<b>0</b>	<b>16,575</b>	<b>14,450</b>
<b>Total Field Support</b>	<b>425</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>425</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>375</b>	<b>525</b>
<b>TOTAL PROGRAM</b>	<b>10,949</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,749</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,700</b>	<b>0</b>	<b>5,500</b>	<b>0</b>	<b>16,950</b>	<b>14,975</b>

FY 99 Request Agency Goal Totals	
Econ Growth	2,749
Democracy	0
HCD	0
PHN	2,700
Environment	5,500
Program ICASS	0
GCC (from all Goals)	0

FY 99 Account Distribution (DA only)	
Dev. Assist Program	10,949
Dev. Assist ICASS	
Dev. Assist Total:	10,949
CSD Program	0
CSD ICASS	
CSD Total:	0

## FY 2000 Budget Request by Program/Country

Program/Country: USAID/GUATEMALA  
 Approp Acct: DA/CSD  
 Scenario

S.O. # , Title	FY 2000 Request														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 00	
	Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G			
<b>SO 1: INCREASED C.A. PARTICIPATION IN GLOBAL MARKETS</b>																	
Bilateral	3,200				3,200											3,800	3,737
Field Spt	0																
	3,200	0	0	0	3,200	0	0	0	0	0	0	0	0	0	0	3,800	3,737
<b>SO 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES</b>																	
Bilateral	6,000												6,000			6,600	5,972
Field Spt	0																
	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000	0	6,600	5,972	
<b>SpO: ENHANCE C.A. CAPACITY TO RESPOND TO HIV/AIDS CRISIS</b>																	
Bilateral	2,610										2,610					4,175	1,976
Field Spt	290										290					425	390
	2,900	0	0	0	0	0	0	0	0	0	2,900	0	0	0	4,600	2,366	
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0
Field Spt	0																0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Bilateral</b>	<b>11,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,610</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>14,575</b>	<b>11,685</b>	
<b>Total Field Support</b>	<b>290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>425</b>	<b>390</b>	
<b>TOTAL PROGRAM</b>	<b>12,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,900</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>15,000</b>	<b>12,075</b>	

FY 00 Request Agency Goal Totals	
Econ Growth	3,200
Democracy	0
HCD	0
PHN	2,900
Environment	6,000
Program ICASS	0
GCC (from all Goals)	0

FY 00 Account Distribution (DA only)	
Dev. Assist Program	12,100
Dev. Assist ICASS	
Dev. Assist Total:	12,100
CSD Program	0
CSD ICASS	
CSD Total:	0

## FY 2001 Budget Request by Program/Country

Program/Country: USAID/GUATEMALA  
 Approp Acct: DA/CSD  
 Scenario

S.O. # , Title		FY 2001 Request													Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 01	Future Cost (POST-2001)	
		Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ				D/G
SO 1: INCREASED C.A. PARTICIPATION IN GLOBAL MARKETS													Year of Final Obligation:		2,001			
Bilateral	3,200				3,200											3,800	3,137	3,200
Field Spt	0																	
	3,200	0	0	0	3,200	0	0	0	0	0	0	0	0	0	0	3,800	3,137	3,200
SO 2: EFFECTIVE REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES															2,001			
Bilateral	6,000												6,000			6,600	5,372	6,000
Field Spt	0																	
	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000	0	0	6,600	5,372	6,000
SpO: ENHANCE C.A. CAPACITY TO RESPOND TO HIV/AIDS CRISIS															2,001			
Bilateral	2,510										2,510					4,210	276	3,250
Field Spt	390										390					390	390	390
	2,900	0	0	0	0	0	0	0	0	0	2,900	0	0	0	4,600	666	3,640	
Bilateral	0																0	
Field Spt	0																0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																0	
Field Spt	0																0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																	
Field Spt	0																	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bilateral	0																	
Field Spt	0																	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Bilateral</b>	<b>11,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,510</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>14,610</b>	<b>8,785</b>	
<b>Total Field Support</b>	<b>390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>390</b>	
<b>TOTAL PROGRAM</b>	<b>12,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,900</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>9,175</b>	<b>12,840</b>

FY 01 Request Agency Goal Totals	
Econ Growth	3,200
Democracy	0
HCD	0
PHN	2,900
Environment	6,000
Program ICASS	0

FY 01 Account Distribution (DA only)	
Dev. Assist Program	12,100
Dev. Assist ICASS	
Dev. Assist Total:	12,100
CSD Program	0
CSD ICASS	
CSD Total:	0

## Accessing Global Bureau Services Through Field Support and Buy-Ins

Objective Name	Field Support and Buy-Ins: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)			
				FY 2000		FY 2001	
				Obligated by:		Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau
SpO: Enhanced C.A. Capacity to Respond to HIV/AIDS Crisis	936-3083 Measures	High	5 Years (1997-01)				100
SpO: Enhanced C.A. Capacity to Respond to HIV/AIDS Crisis	936-5970 TAACS	High	5 Years (1997-01)		275		290
<b>GRAND TOTAL.....</b>					<b>275</b>		<b>390</b>

## **ANNEXES**

**ANNEX A  
USAID/G-CAP  
REGIONAL CENTRAL AMERICAN PROGRAM**

**RESULTS FRAMEWORK**

<b>SpO</b>	<b>SO1</b>	<b>SO2</b>
<i>ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV/AIDS CRISIS</i>	<i>INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS</i>	<i>INCREASED EFFECTIVENESS IN REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES IN TARGET AREAS</i>
<p><b>IR1:</b> Improved Regional Policy Environment to Support HIV/AIDS Policies and Programs in Central America</p> <p>Status: <b>exceeded expectations</b></p>	<p><b>IR1:</b> Improved Trade and Investment Policies</p> <p>Status: <b>exceeded expectations</b></p>	<p><b>IR1:</b> Improved Consolidation of the Central American Protected Areas (CAPAS) System</p> <p>Status: <b>exceeded expectations</b></p>
<p><b>IR2:</b> Improved NGO Capacity to Deliver HIV/AIDS Prevention Projects</p> <p>Status: <b>exceeded expectations</b></p>	<p><b>IR2:</b> More Equitable and Better Functioning Labor Markets</p> <p>Status: <b>met expectations</b></p>	<p><b>IR2:</b> Increased Local Stewardship of the Environment and Natural Resources in Target Areas</p> <p>Status: <b>exceeded expectations</b></p>
<p><b>IR3:</b> Effective Condom Social Marketing</p> <p>Status: <b>did not meet expectations</b></p>	<p><b>IR3:</b> Increased Private Investment in Energy and Telecommunications</p> <p>Status: <b>exceeded expectations</b></p>	<p><b>IR3:</b> Central American Environmental Policy Frameworks Harmonized and Strengthened</p> <p>Status: <b>exceeded expectations</b></p>

## **Annex C: Environmental Compliance (22 CFR 216)**

Environmental compliance actions required under 22 CFR 216 for FY 1999 are as follows:

### **SO1: Increased Central American Participation in Global Markets**

The instrument for achieving this strategic objective (SO) is the Program Supporting Central American Participation in the Free Trade Areas of the Americas (PROALCA). PROALCA's original Initial Environmental Examination (IEE) was amended in FY 1998 when program funding was raised from \$5,200,000 to 15,000,000. This augmented activity maintained three areas of emphasis: (1) improved trade and investment policies; (2) more equitable and better functioning labor markets; and (3) increased private investment in energy and telecommunications.

The amended IEE granted a *negative determination with conditions* for activities related to improved trade. The conditions require the Strategic Objective Team Leader to establish a PROALCA environmental review committee which meets bi-annually. This committee and the Regional Environmental Advisor (REA) will identify proposed policy reform activities that may lead to deleterious impact on the environment, and will refer these activities to the LAC Bureau Environmental Officer (LAC/BEO) for a determination on whether a further environmental review is needed. USAID/G-CAP is currently recruiting an REA. Once this individual is hired, PROALCA will operationalize the environmental review committee.

Activities promoting policy reform in energy and telecommunications were granted a *negative determination with the condition* that an environmental expert be involved in activity design. PROALCA will meet this condition by involving the REA in the design of policy reform activities.

PROALCA has initiated a preliminary dialogue with the Regional Environmental Program to collaborate in a comprehensive analysis of the environmental effects of trade liberalization and policy reform activities supported by PROALCA and SIECA.

### **SO2: Increased Effectiveness in Regional Stewardship of the Environment and Key Natural Resources in Target Areas**

The instrument for the achievement of this SO is the Regional Environmental Program for Central America (PROARCA). A *categorical exclusion* was granted for training activities, workshops, public education, seminars and technical assistance that will not have a direct impact on the environment. Other undefined small-scale activities were granted a *negative determination with conditions*.

These small scale activities are taking place under a small grants program implemented by PROARCA/COSTAS and PROARCA/CAPAS. Environmental guidelines developed for prospective grant recipients must be approved by the LAC/BEO. The REA, based on the

approved environmental guidelines, screens proposed activities to determine environmental impact. If the REA identifies activities as having a potential negative environmental impact, an amended IEE is submitted to the LAC/BEO.

Environmental guidelines for small grant activities under PROARCA/COSTAS were approved by the LAC/BEO in FY 1998. However, environmental guidelines for small grant activities implemented by PROARCA/CAPAS are awaiting LAC/BEO approval. The grant proposal review process is nearly completed. Currently, no proposals under consideration contain actions deemed hazardous to the environment. The Mission does not foresee the need for an amended IEE.

**SpO:           Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis**

The instrument for the achievement of this special objective (SpO) is the Central American HIV/AIDS program. This program places emphasis on the following: (1) improved regional policy to support HIV/AIDS policies and programs in Central America; (2) improved NGO capacity to deliver HIV/AIDS prevention projects; and (3) effective condom social marketing. Since it was determined that these activities will not have a direct detrimental impact on the environment, the HIV/AIDS SpO was granted a *categorical exclusion*. No new activities are contemplated that will need an environmental review.

## **Annex D: Global Climate Change**

**Summary:** USAID, in response to the United States' commitment to reduce the threat of climate change, has developed a Global Climate Change Initiative (GCC). This initiative focuses on four areas : (1) increased participation in the United Nations Framework Convention for Climate Change (UNFCCC); (2) reduced net greenhouse gas emissions from the land-use and forest management sectors; (3) reduced emissions from the energy sector, industry and urban areas; and (4) reduced vulnerability to threats posed by climate change. USAID/CAP has provided support primarily to increase the participation of Central American countries in the UNFCCC and to reduce greenhouse emissions from the forest sector. USAID/CAP has played a minor role in reducing greenhouse emissions from urban areas. Vulnerability issues have not been addressed with the exception of watershed conservation activities. The potential for the creation of a participatory and effective GCC program in Central America is high provided that sufficient resources are available. USAID/G-CAP is requesting \$800,000 in FY 2000 to strengthen the Regional Global Climate Change program. This does not include funds requested for disaster mitigation and Hurricane Mitch reconstruction activities.

**Increased Participation in the UNFCCC:** USAID/CAP, in partnership with USAID/W and CCAD, facilitated the development of a unified Central American position on climate change, which was used as a negotiating platform at the 1998 UNFCCC Conference of Parties (COP4) held in Buenos Aires. USAID/CAP support was key in assisting El Salvador and Guatemala establish institutional and procedural frameworks for national certification of jointly implemented activities. USAID, through the Central America Protected Areas System (CAPAS) activity, financed a carbon content assessment of the region's forests in order to establish baseline data on carbon stored in terrestrial vegetation. This study is being refined at the level of the Mesoamerican Biological Corridor. It will facilitate the formulation of carbon sink jointly implemented activities.

**Reduced net greenhouse gas emissions from the land and land-use/forest management sector:** USAID/PROARCA has initiated interventions to maintain or reduce the rate of carbon loss from a total of 1.3 million hectares of forested areas in Central America. These interventions include the following: community level activities such as capacity building in forest conservation and integrated coastal zone management; strengthening protected area management which includes the development of financial management plans and monitoring methodology; and regional policy and legal reform such as the ratification of Central American Forest Protection Convention and the Tulum Declaration on Coastal Reefs.

**FY 1999 Activities:** USAID is developing several catalytic activities for implementation in FY 1999. These activities centered on enhancing Central America's climate change negotiating ability and strengthening the position of Central America for participation in the proposed Clean Development Mechanism (CDM). USAID/CAP is working with the Guatemalan Office for Joint Implementation (OGIC) to organize a business round table that will bring together suppliers of environmental services (i.e., carbon offsets) and U.S. investors. Preparation for this meeting will entail the production of a Central American carbon offset investors handbook. Other likely

activities include supporting the development of jointly implemented energy activities that can be certified by the U.S. Initiative for Joint Implementation (USIJI) office. This will be undertaken in Costa Rica, El Salvador, and Guatemala, countries that have the institutional and regulatory framework for joint implemented activities. USAID will also develop a methane-capture project centered on Guatemala City's solid waste facility for certification by the USIJI office. This activity will build the Central American capacity for project development and certification for the clean development mechanism.

**Windows of Opportunity:** Central American countries are interested in climate-change related initiatives, particularly as it relates to the following areas: (1) participation in the Clean Development Mechanism (CDM), particularly with respect to carbon sink conservation; (2) adaptation to extreme climatic events; and (3) enhancement of Central American nations' ability to formulate negotiating positions with respect to future voluntary carbon gas commitments. USAID has an opportunity to help strengthen Central American's climate change commitment.

The following three interventions are ways in which USAID can provide assistance Central America. First, it is important to establish "joint implementation" offices in every Central American country. El Salvador, Guatemala, and Costa Rica have established joint implementation offices and, Panama is well along the road to establishing an environmental services office that will handle the national certification of jointly implemented activities. Honduras has also initiated the process to establish a national entity to certify jointly implemented activities. However, all Central American countries, with the exception of Costa Rica lack the experience needed to develop joint implementation activities. This lack of institutional capacity hinders project development and adds to project costs. USAID should seek to strengthen the capacity of countries to develop jointly implemented activities.

Second, in the wake of Hurricane Mitch and the 1998 fires, a myriad of actors have offered to develop solutions to decrease Central America's vulnerability to natural disasters. Most of these efforts, albeit well intentioned, are not appropriate for the region. USAID should assist Central America develop and carry out a participatory natural disasters action plan. Extensive consultations have been made in the region and with selected U.S. agencies to this effect, and CCAD has formally welcomed this activity. However, current resource limitations precludes USAID from playing a more active role in this area.

Finally, although Central American nations generally are in agreement with the U.S. climate change position, they are reluctant to assume voluntary green house gas (GHG) emissions commitments. Central American countries do not have the institutional capacity or financial resources to develop data bases and construct model projections that link economic development with emissions commitments. USAID can assist Central American countries develop the analytical tools needed to make informed decisions.

**Resource Needs:** Although the Agency considers Central America to be a key climate change region, this has not translated into additional resources for climate change activities. The current funding mechanism for climate change activities has been the PROARCA program. The

Regional Climate Change Advisor was hired in August 1998. USAID is effectively networking with key climate-change actors in the region, and an embryonic GCC program is developing. For more significant gains to be made in this arena, USAID/CAP must seek additional resources to capitalize on the tangible opportunities for significant progress that now exists.

**IR1: INCREASED PARTICIPATION IN THE FRAMEWORK CONVENTION ON CLIMATE CHANGE**

Indicator 1: Policy development supporting the framework convention on climate change

Country: Central America Region (USAID/G-CAP)  <b>Policy Measure</b>	<b>Check Steps that Have Been Achieved</b>			<b>List Activity(ies) Contributing to Each Policy Category</b>
	<b>Step 1: Policy Preparation and Presentation</b>	<b>Step 2: Policy Adoption</b>	<b>Step 3: Implementation and Enforcement</b>	
Integration of climate change into national strategic, energy, and sustainable development strategies		1		Pre-Buenos Aires unified position approved by CCAD
Emissions inventory				
Mitigation Analysis				
Vulnerability and adaptation analysis				
National Climate Change Action Plan				
Procedures for receiving, evaluating, and approving joint implementation (JI) proposals			2	“JI” offices receive technical assistance and support for operationalization
Procedures for monitoring and verifying greenhouse gas emissions				
Growth baselines for pegging greenhouse gas emissions to economic growth				
Legally binding emission reduction targets and timetable				
<b>Sub-total: Number of policy steps achieved</b>		1	2	
<b>Total policy steps achieved</b>			3	

**IR1: INCREASED PARTICIPATION IN THE FRAMEWORK CONVENTION ON CLIMATE CHANGE**

Indicator 2: Increased capacity to meet requirements of the UNFCCC

Country: Central America Region  <b>Categories</b>	<b>Types of Support Provided</b>		<b>List Activity(ies) Contributing to Each Policy Category</b>
	<b>Training</b>	<b>Technical Assistance</b>	
Monitoring and verifying GHG emissions			
Growth baselines for pegging GHG emissions to economic growth			
Development of emissions reduction targets and timetables			
Support for activities implemented jointly		1	Quantification of above ground carbon stored in vegetation in Central American region
Other			
<b>Total number of points for Training/technical assistance</b>		1	

**IR2: REDUCED NET GREENHOUSE GAS EMISSIONS FROM THE LAND-USE/FOREST MANAGEMENT SECTOR**

Indicator 1: Area where USAID has initiated interventions to maintain or increase carbon stocks

Indicator 2: Area where USAID has achieved on-the-ground impacts to preserve, increase, or reduce the rate of loss of carbon stocks

USAID activity name	Location			The Site and USAID's Involvement						Additional info you have (choose from the info codes below)
	Country	Region, Province/ State	Site	Principle activity(ies) (list 1per line using the activity codes below)	Area where USAID has initiated activities (hectares) <b>(Indicator 1)</b>	Area where USAID has conserved carbon (hectares) <b>(Indicator 2)</b>				
						Predomi- nant vegetation type (1 per line; use vegetation codes below)	Natural ecosystems <b>(2a)</b>	Predominant managed land type (1 per line; use managed land types below)	Managed lands <b>(2b)</b>	
PROARCA/ CAPAS	El Sal.		El Imposible	1	6500	h				
PROARCA/ CAPAS	Hond.		Rio Platano	1	815,000	i				
PROARCA/ CAPAS	Bel /Guat		El Pilar	1	1600	i				1
PROARCA/ CAPAS	Guate		Sierra de las Minas	1	236,000	j				
PROARCA/ CAPAS	Panama		Gualaca	1	89,500	j				1
PROARCA/ CAPAS/ COSTAS	Guate.		Cerro San Gil	1	47,800	a				

PROARCA/ COSTAS	Costa Rica	Limon	Gandoca- Manza- nillo	1	9,499	a				1
PROARCA/ COSTAS	Belize	Golfo de Honduras	Payne's Creek/	1	12,860	a				1
PROARCA/ COSTAS	Belize	Golfo de Honduras	Port Honduras Marine Reserve	1	45,000	m				1
PROARCA/ COSTAS	Panam		Isla Bastimen- tos	1	13,226	m				1
PROARCA/ COSTAS	Hondu	Golfo de Fonseca	Bahia de Chismuyo	1	38,835	m				1
PROARCA/ COSTAS	Nicar.	La Mosquitia	Cayos Misquitos	1	3,000	a	15,000			1

**IR2: REDUCED GREENHOUSE GAS EMISSIONS FROM THE LAND USE/FOREST MANAGEMENT SECTOR**

Indicator 3: National/sub-national/regional polic advances in the land use/forestry sector that contribute to the preservation or increase of carbon stocks and sinks, and to the avoidance of GHG emissions

Country: Central America Region  Policy Measure	Scope (N, S or R)	Check Steps that Have Been Achieved			List Activity(ies) Contributing to Each Policy Category
		Step 1: Policy Preparation and Presentation	Step 2: Policy Adoption	Step 3: Implementation and Enforcement	
Facilitates improved land use planning	R	1			Preparation of regional agenda on land-use policies that favor biodiversity conservation
Facilitates sustainable forest management	R		1		Central American Forest Protection Convention ratified by 6 countries
Facilitates establishment and conservation of protected areas	R	1			Promotion of legal framewrok for protected in areas in Central America
	N			1	Implementation of management information system by Costa Rica protected area system
	S		1		Adoption of management information systems in pilot sites in Belize, Guatemala, Honduras.

	N	1			NGOs and Shrimp producers develop and present proposal for network of 10 coastal zone protected areas in Honduras
Improves integrated coastal management	R		1		Tulum Declaration on Coral Reefs (Central America and Caribbean)
	N		1		Mangrove management regulations developed and adopted in Guatemala
Decreases agricultural subsidies or other perverse fiscal incentives that hinder sustainable forest management					
Corrects protective trade policies that devalue forest resources					
Clarifies and improves land and resource tenure	R	1			
Other					
<b>Number of points achieved per policy step</b>		4	4	1	
<b>Total policy steps</b>			9		

**IR2: REDUCED GREENHOUSE GAS EMISSIONS FROM THE LAND USE/FOREST MANAGEMENT SECTOR**

Indicator 5: Institutional capacity strengthened

Country: Central America Region		<b>Name of Associations, NGOs, or other Institutions Strengthened</b>
<b>Number of USAID-assisted associations, NGOs or other public and private institutions strengthened to address GCC issues</b>		
Number of NGOs	2	ASOREMA (Costa Rica), ANCOM (Panama)
Number of Private Institutions	2	FUNDESA (Guatemala), CAFENIC (Nicaragua)
Number of Research/Educational Institutions		
Number of Public Institutions	7	National focal points
<b>Total Number of Institutions Strengthened:</b>	11	

**IR2: REDUCED GREENHOUSE GAS EMISSIONS FROM THE LAND USE/FOREST MANAGEMENT SECTOR**

Indicator 5b: Strengthening technical capacity through workshops, research, and/or training activity

Country: <u>Central America Region</u> <b>Category</b>	Types of Support Provided		List Activity(ies) that Contribute to Each Capacity Building Category
	Training	Technical Assistance	
Advancing improved land use planning			
Advancing sustainable forest management	3		Workshop: Forestry Certification (Honduras, Guatemala, Nicaragua)
Advancing establishment and conservation of protected areas	1		Workshop: Protected Area Monitoring
	2		Intensive courses: Public Participation in Protected Area Management (Nicaragua, C. Rica)
	1		Intensive course: Strategic Planning for Protected Areas (Costa Rica)
	1		Intensive course: Protected Management Planning (El Salvador)
Advancing integrated coastal management			
Advancing decreases in agricultural subsidies or other perverse fiscal incentives that hinder sustainable forest management			
Advancing the correction of protective trade policies that devalue forest resources			
Advancing the clarification and improvement of land and resource tenure			
<b>Number of categories where training and technical assistance has been provided:</b>	8		