



USAID

FROM THE AMERICAN PEOPLE

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ENDORSEMENT MEMO FOR DIRECTOR OF U.S. FOREIGN ASSISTANCE HENRIETTA FORE

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SUBJECT: Performance Report on Fiscal Year 2007 for the Central America-Mexico Regional Program

We are pleased to submit Phase I of the FY08 Operational Plan for the Central America-Mexico (CAM) Program, which describes the key impacts of USAID assistance during FY07. The USAID program continues to be an important component of USG interagency efforts, notably in supporting the implementation and expanding the benefits of CAFTA-DR and in mounting regional approaches to stop the spread of HIV/AIDS and Tuberculosis (TB).

As we near the time for development of the FY2010 Mission Strategic Plan, we want to again encourage designation of a senior official within the State Department who our Missions would work with in defining future directions for regional, interagency foreign assistance programs for Central America-Mexico. We need to work with State to establish a process similar to the MSP that would be used to define regional program priorities for FY 2010 and beyond – a document which would serve to ensure a common, well-coordinated strategy with clear lines of responsibility for implementation among all USG agencies supporting regional initiatives.

Economic Growth: With FY05-06 funds, USAID/CAM is assisting Central American governments, regional organizations and other actors with dedicated CAFTA-DR implementation roles. USAID funding helps strengthen, modernize and harmonize essential systems and institutions so that they can support expanded trade while meeting internationally accepted labor and environment standards. FY07 funds designated to support CAFTA-DR were received in late September 2007, and will be obligated before the end of the calendar year. We are hopeful that the ongoing initiative of USAID, State and other agencies to streamline the inter-agency budget allocation process will result in more timely allocation of the FY 08 and 09 funds in support of a more strategic, results-based program approach.

A good part of the CAM Economic Growth program success thus far relates to its early work in fostering partnerships with private partners. Alliance partners active in FY 07 included Rainforest Alliance, CATHALAC, Gap, Timberland, Limited, Wal-Mart and some regional banks. These synergistic partnerships created new markets, and very importantly, collaborated to ensure that production meets environmental and labor standards.

The key accomplishments of these Economic Growth activities over the past year include:

- Selected agricultural products exported from the region as a result of sanitary/phytosanitary training and plant/laboratory inspections totaled \$27 million, against a target of \$17.4 million; these results were partially due to increased capacity building (956 trainees versus a target of 470), and improved production standards that led to lower product rejection rates;
- New, harmonized regional customs procedures were implemented for international transit and express shipments; our activities supported a new Unique Manual of Customs Procedures, the design of a regional Declaration of Goods, manuals for harmonized directives for CITES and rules of origin, and an electronic certification prototype;
- Labor assessments were completed for procedural improvements, judicial professionalism, electronic case management and jurisprudence systems; pilots were launched on case management and judicial training; and labor ministry communication strategies were developed and will guide e-government reforms;
- Stakeholder alliances of employers, workers, government and NGOs improved workplace health and safety, freedom of expression, and communications. Additionally, Wal-Mart's entry in the alliance invigorated the voluntary labor standards partnership;
- The SERVIR satellite monitoring and analysis system was extended from Central America and Mexico to the Dominican Republic for purposes of weather and ocean monitoring;
- 997 persons were trained and 12 laws, policies and regulations were strengthened, to better regulate environmental protection, waste disposal, chemical safety and air quality in the region;
- The Secretariat for Environmental Affairs began accepting submissions related to failures to effectively enforce environmental laws, as required under CAFTA-DR.

Investing in People. USAID expanded HIV/AIDS prevention activities significantly and increased the number of activities and behavior change contacts from last year. The number of targeted condom service outlets well exceeded projections, substantially increasing access to condoms for high-risk groups. USAID also focused efforts on

improving the quality of and reducing the barriers to HIV counseling and testing. As of FY08, all TB-related activities will be discontinued, since TB funds will no longer be allocated to the program.

Significant progress was made to strengthen national responses to HIV/AIDS and TB. With USAID technical assistance:

- HIV/AIDS National Strategic Plans are in place in all Central American countries; Monitoring and Evaluation Plans are finalized or nearing completion; National AIDS Accounts, which report HIV/AIDS spending within a country, are being developed throughout the region;
- Ministries of Health completed the development of HIV/AIDS Surveillance Plans;
- Global Fund (GF) grants are better managed and implemented, and a new GF TB proposal was developed and approved in FY07;
- There were nine positive changes to improve the policy environment to address HIV/AIDS in five countries, including approval of national strategies that will strengthen education, communication, prevention, and care activities;
- In the area of comprehensive care, HIV-related information was updated and disseminated to faculty members of selected universities and nursing schools in the region, including for HIV treatment and TB co-infection; and
- The private sector was successfully engaged to reduce stigma and discrimination within the workplace; several studies were supported to better understand stigma and discrimination issues among public and private providers.

ACRONYM LIST

Operating Unit: USAID Central America Regional

ACRONYM	FULL TITLE
AIDS	ACQUIRE IMMUNEDEFICIENCY SYNDROME
CA	CENTRAL AMERICA
CAFTA-DR	CENTRAL AMERICAN-DOMINICAN REPUBLIC-UNITED STATES FREE TRADE AGREEMENT
CATHALAC	WATER CENTER FOR THE HUMID TROPICS OF LATIN AMERICA AND THE CARIBBEAN
CCAD	CENTRAL AMERICAN COMMISSION FOR ENVIRONMENT AND DEVELOPMENT
CITES	CONVENTION ON INTERNATIONAL TRADE OF ENDANGERED SPECIES
COMIECO	COUNCIL OF MINISTERS OF ECONOMY
DCA	DEVELOPMENT CREDIT AUTHORITY
DR	DOMINICAN REPUBLIC
EPA	ENVIRONMENTAL PROTECTION AGENCY
GF	GLOBAL FUND
GOES	GEOSTATIONARY SATELLITE SERVER/NOAA
HIV	HUMAN IMMUNODEFICIENCY VIRUS
M&E	MONITORING AND EVALUATION
MOH	MINISTRIES OF HEALTH
MSM	MEN WHO HAVE SEX WITH MEN
NAFTA	NORTH AMERICA FREE TRADE AGREEMENT
NASA	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
NGO	NON-GOVERNMENTAL ORGANIZATION
PLWHA	PEOPLE LIVING WITH TUBERCULOSIS AND HIV/AIDS
ROO	RULES OF ORIGIN
SERVIR	REGIONAL VISUALIZATION AND MONITORING SYSTEM
SIECA	SECRETARIAT FOR ECONOMIC INTEGRATION OF CENTRAL AMERICA
SPS	SANITARY AND PHYTOSANITARY STANDARDS
TA	TECHNICAL ASSISTANCE
TB	TUBERCULOSIS
USDA	U.S. DEPARTMENT OF AGRICULTURE
USG	UNITED STATES GOVERNMENT

Central America Regional 2007 Performance Report

Operating Unit Performance Summary

USAID is central to USG interagency efforts in Central America-Mexico, supporting the implementation and expanding the benefits of CAFTA-DR, and mounting regional approaches to stop the spread of HIV/AIDS and Tuberculosis (TB).

Economic Growth: The program assists regional actors with their CAFTA-DR implementation roles, by strengthening and harmonizing systems and institutions to support expanded trade and meet labor and environment standards. USAID alliance partners include Rainforest Alliance, CATHALAC, Gap, Timberland, Limited, Wal-Mart and regional banks. Key achievements:

- Agricultural products exported through sanitary/phytosanitary training and facility inspections totaled \$27 million versus a target of \$17.4 million;
- Harmonized customs procedures were implemented for international transit and express shipments; manuals for customs procedures, CITES directives and rules of origin, a prototype declaration of goods, and an electronic certification form were developed;
- Labor assessments were done for procedures, judicial professionalism, electronic case management and jurisprudence; case management and judicial training pilots were launched; and new labor ministry communication strategies guide e-government reforms;
- Workplace alliances improved health, safety, freedom of expression, and communications;
- Satellite coverage and analysis was extended to the Dominican Republic for weather and ocean monitoring;
- 997 persons were trained, and 12 laws, policies and regulations were strengthened, to regulate environmental protection;
- The Secretariat for Environmental Affairs began accepting complaints related to environmental laws.

Investing in People: HIV/AIDS prevention activities increased in number of activities and behavior change contacts. Significant progress was made:

- Condom outlet targets exceeded projections, increasing access for high-risk groups;
- HIV counseling and testing services were improved;
- HIV/AIDS Strategic Plans are in place in all countries; National AIDS Accounts are being developed;
- Ministries of Health completed Surveillance Plans;
- Global Fund (GF) grants are better managed; a new GF TB proposal was approved;
- Changes to the policy environment addressed HIV/AIDS in five countries, including approval of national strategies;
- HIV-related comprehensive care information was updated to improve access and care in the region; and
- Workplace activities reduced stigma and discrimination.

Program Area Performance \ 3 Investing in People \ 3.1 Health

The US seeks to help the public and private sectors in Central America to contain HIV/AIDS and Tuberculosis by promoting behaviors to decrease infection and improve awareness/advocacy as well as detection and treatment. In the short term, we work with partners to direct prevention practices and services to those most at risk, promote a more favorable HIV/AIDS policy environment, and improve the delivery of

care and treatment for people living with TB and HIV/AIDS (PLWHA). During FY07, the program realized significant achievements in these areas.

USAID's partners made important strides in expanding HIV prevention activities in existing areas and also expanded to new geographic sites that resulted in a 60% increase in the number of prevention contacts from the previous FY. The number of targeted condom service outlets served was 59% above the target and reflects the commitment to provide access to condoms for high-risk groups. Research undertaken this year on high risk groups, gender norms, and access to prevention commodities will create innovative approaches, targeted media campaigns, and incorporate new priority groups.

Significant progress has been made to strengthen the national response to address HIV/AIDS and TB. With USAID technical assistance, HIV/AIDS National Strategic Plans are in place in all Central American countries; Monitoring and Evaluation Plans are finalized or nearing completion; and National AIDS Accounts, which report HIV/AIDS spending within a country, are being developed throughout the region. Also, USAID, through the Centers for Disease Control, has worked with Ministries of Health to complete the development of HIV/AIDS Surveillance Plans. Thanks to USAID technical assistance, Global Fund (GF) grants are better managed and implemented and a new GF TB proposal was developed and approved in FY07.

Over the past FY, a number of activities to improve comprehensive care took place, including the development of nutritional guidelines for PLWHA, small grants to PLWHA organizations to increase income generation activities, and a regional training session for managing HIV/TB co-infection. Another important activity which began in FY 07 and will continue in FY08 is improving the quality of services provided to PLWHA in selected hospitals under the Social Security or Ministry of Health. With USAID's assistance, performance standards have been introduced to at least three hospitals in each Central American country.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

Among the most important program achievements of FY07, USAID's regional HIV/AIDS program expanded prevention activities within 30 existing areas and into 37 new geographic sites in Central America, significantly increasing the number of prevention activities and contacts from last year. The number of targeted condom service outlets was 29% above target and reflects the commitment to provide access to condoms for high-risk groups. Research undertaken this year on high risk groups, gender norms, and access to prevention commodities will create innovative approaches, targeted media campaigns, and incorporate new priority groups such as women with HIV, subgroups of men who have sex with men, and clients of sex workers.

Significant progress has been made in strengthening national responses to address HIV/AIDS in Central America. With USAID technical assistance, all six USAID-supported countries have National Strategic Plans in place, while extensive support to monitoring and evaluation processes resulted in three M&E plans in place, three more nearing completion, and six national M&E committees strengthened; also surveillance plans were completed with USAID support in three countries. National AIDS Accounts, which report HIV/AIDS spending within a country, were published in two countries and are being developed in another two. There were nine documented positive HIV policy changes in five countries. Global Fund projects received substantial technical assistance over the past FY, resulting in strengthened Country Coordinating Mechanisms and better implemented projects. Four Global Fund HIV grants successfully reached phase II

of implementation, thanks in part to USAID technical assistance.

A number of activities to improve comprehensive care in Central America took place over the past FY, such as an initiative to work with National Social Security Health Services Programs on a performance improvement and supportive supervision activity to improve HIV/AIDS services within their hospital systems. Moreover, regional guidance for clinical management of HIV/TB co-infection was developed as well as country plans on management of collaborative activities to address HIV/TB co-infection. USAID has also provided and updated HIV-related information for faculty members of selected universities and nursing schools in the region: including HIV treatment, TB co-infection, stigma and discrimination, and gender issues.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

USAID supports Tuberculosis activities with the objective of decreasing morbidity and mortality by increasing case detection and treatment success of pulmonary TB patients as well as improving the management of TB/HIV co-infection in USAID-priority countries in the region. Some key achievements in FY07 include:

- a) Tuberculosis/AIDS Clinical Guidance: This new guidance permits better case management of people living with HIV and TB, particularly to avoid multi-drug resistance TB, a problem that has increased in the region causing premature deaths and high investment in medicines and care.
- b) A regional course/program on Tuberculosis/AIDS collaborative management: This intensive course strengthens the capabilities and knowledge of key personnel to address critical administrative and technical issues to improve the management of National TB and AIDS programs.
- c) Support for the implementation of activities related to Global Fund (GF) projects to control TB and HIV/AIDS in the four selected GF countries, including the development and approval of a new GF proposal in Guatemala; and
- d) Strengthening skills and methodologies to improve monitoring and evaluation related to TB and HIV.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

In FY07, USAID substantially ramped up region-wide support to national customs authorities and the regional economic integration organization (SIECA) in order to build capacity to meet CAFTA-DR obligations on rules of origin and customs harmonization. This offers the opportunity to reduce administrative barriers to trade while simultaneously collecting customs revenues transparently and efficiently. Harmonized procedures, trained customs authorities, and awareness of compliance requirements by the private sector will contribute to accelerating trade across borders. The assessments, consultations and technical assistance on drafting and implementing harmonized procedures in FY07 will assist the countries achieve full compliance with CAFTA-DR requirements by the end of FY08, with capacity building to implement these procedures effectively extending into FY09.

Once capacity is in place to effectively implement regional free trade agreements, the region will be poised to take advantage of trade opportunities with the U.S. and beyond as an engine for sustained growth.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

USAID initiated assistance to help the region comply with CAFTA-DR requirements, reduce customs clearance times and facilitate trade. Harmonized customs procedures implemented include: international transit, express shipment by couriers, procedures included in the Unique Manual of Customs Procedures, and the format for the Central America Declaration of Goods. USAID also supported development of a Manual of Harmonized Directives for rules of origin, and helped develop an information system prototype for electronic certification of origin to roll out in FY08. Design began on a Unique Manual of Regional Customs Procedures to harmonize risk management approaches. Technical assistance and training was launched to help national customs authorities implement these practices. While more commitment to harmonize procedures is required by some countries, exceptional success on training indicators overall reflects high host country commitment generally and solid implementer performance across the region. Trade activities are gender-neutral, with above-expected participation of women in trainings.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

During FY07, USAID assistance helped Central American nations and the Dominican Republic reform four critical customs procedures to meet commitments under the U.S.-CAFTA-DR agreement. The target of 10 procedures was not met. However, this shortfall is largely a definitional issue as multiple procedural changes in a particular area were reported as one procedural change. USAID has asked the key regional organization responsible for collecting this data for a revised figure. The FY09 target is zero because all customs procedures targeted for harmonization should be implemented by the end of FY08.

Towards improving the trade and investment environment, USAID trained a far higher-than-expected number of officials due to unexpectedly increased demand from both government and the private sector.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

Agriculture was among the most contentious issues in CAFTA-DR negotiations. Many countries feared that their agricultural sectors would be adversely affected and other groups suggested that the new market opportunities promised by CAFTA-DR would only be captured by established firms. To ensure that the benefits of free trade are spread as broadly as possible, USAID is working to help agricultural and related food manufacturing enterprises meet U.S. sanitary and phytosanitary standards (SPS). Many countries lack a reliable sanitary regulatory infrastructure that ensures agricultural products are free of pests, diseases and residues. This lack of regulatory infrastructure often becomes an obstacle for U.S. food exports to Central America.

USAID has been providing technical assistance and training, through its interagency agreement with USDA, to Central American nations and the Dominican Republic. USAID has directly attacked export bottlenecks, spurring significant growth in agricultural trade over the past year. The value of selected agricultural products (meat, cheese, peppers, tomatoes, and other dairy products) exported that can be directly attributed to USAID-supported training for SPS compliance totaled \$29 million, well above the target of \$17.4 million. Fresh beef grew \$26 million over FY06 of which \$18.5 million is attributed to USAID support. Pepper and tomato exports from CAFTA-DR countries totaled \$18.2 million, an increase of almost 100 percent compared to the previous fiscal year. An unprecedented surge in cheese exports can also be largely

attributed to USAID support. Cheese exports grew by 26 percent from \$5.2 million to \$6.7 million. Lastly, USAID technical assistance has been successful in sharply reducing rejection rates.

The number of people who received short-term training totaled 956 versus the target of 470. The inclusion of representatives from the private sector contributed to exceeding the target. Nine organizations/institutions underwent capacity/competency assessments as a result of USG assistance. Four poultry plants in Nicaragua were assessed as well as three meat plants in Guatemala, and the national laboratories in Honduras and Nicaragua.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

USAID is helping Central American and Dominican Republic governments improve sanitary and phytosanitary regulatory (SPS) systems. Strengthening of regulatory systems is a key element for ensuring that CAFTA-DR countries take advantage of new trade opportunities. While efforts are primarily directed at government institutions, several private companies have also been assisted with training and technical assistance.

USAID efforts have helped spur significant growth in agricultural trade over the past year. Total agricultural exports from CAFTA-DR countries to the U.S. grew by 9 percent during FY07, totaling \$3.3 billion. The value of selected agricultural products (meat, cheese, peppers, tomatoes and dairy products) exported that can be directly attributed to USAID-supported training for SPS compliance totaled \$29 million, well above the target of \$17.4 million. Fresh beef grew \$26 million over FY06 of which \$18.5 million is attributed to USAID support. Pepper and tomato exports from CAFTA-DR countries totaled \$18.2 million, an increase of almost 100 percent compared to the previous fiscal year. An unprecedented surge in cheese exports can also be largely attributed to USAID support. Lastly, USAID technical assistance has been successful in reducing rejection rates. For example, rejections at the U.S. border of Nicaraguan dairy exports decreased from 45 to 2 during the year.

The number of people who received short-term training totaled 956 versus the target of 470. The inclusion of representatives from the private sector contributed to exceeding the target. Nine organizations/institutions underwent capacity/competency assessments as a result of USG assistance. Four poultry plants in Nicaragua were assessed as well as three meat plants in Guatemala, and the national laboratories in Honduras and Nicaragua.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

During FY07 the number of institutions undergoing capacity/competency assessments greatly exceeded the target because nine private companies had assessments done, in addition to the national laboratories of Honduras and Nicaragua. The number of individuals who received short-term agricultural enabling environment training exceeded the target since the employees of these private companies also participated in training events. Originally only governmental offices and their technicians were to participate in training sessions. The number of institutions making significant improvements re-adjusted from 24 to 11 due to a change in how to interpret the indicator definition.

For FY08, the target for institutions undergoing capacity/competency assessments has been increased from 2

to 5 to include the assessments to be performed on private food companies, while the target for institutions making improvements has been decreased from 24 to 5. The number of policy reforms presented has been increased from 2 to 3 because it is expected that Guatemala will present a new law that was not contemplated last year.

For FY09, no targets have been set since the program is set to end in September 2008.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

As prospects for a free trade agreement approached, there was concern that Central American countries would relax their labor regulations and enforcement in a bid to attract investors in a “race to the bottom”, destructive for workers and ultimately the entire region’s competitiveness. To address this, CAFTA-DR includes provisions requiring compliance with national labor laws and improvements in labor conditions, and the U.S. Government committed trade capacity building funds to help the region achieve this. FY07 marked the launch of USAID labor activities using these funds. The assessments, strategy development, and pilot projects completed in FY07 pave the way for significant improvements in the coming years.

Once capacity is in place to effectively implement regional free trade agreements, the region will be poised to take advantage of trade opportunities with the U.S. and beyond as an engine for sustained growth.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

USAID support to the judiciary, labor ministries, and civil society helps countries meet CAFTA-DR requirements to comply with national labor laws and improve working conditions. Region-wide labor justice assessments were carried out on procedural streamlining (e.g. oral procedures and alternative dispute resolution), raising professionalism in the judiciary, and electronic case management and jurisprudence systems. Pilots were launched in El Salvador on case management and judicial training that will guide regional efforts. Labor Ministry Information Communication Strategies developed in FY07 will guide improvements in e-government services (e.g. online registration of labor claims), back-office operations (e.g. IT infrastructure and staff), and communications and training in FY08. Government transition and mixed signals about commitment to CAFTA-DR slowed implementation of judicial and labor ministry work in Nicaragua.

Multi-stakeholder alliance (management, workers, government, and NGOs) efforts demonstrated improvements in occupation health and safety, exercise of freedom of association, and worker-manager communications in selected companies. Wal-Mart’s commitment to join the alliance and train its suppliers is promising for FY08, despite shortfalls against targets in FY07.

Labor rights work specifically targets gender discrimination and equal access to justice.

Program Area Performance \ 4 Economic Growth \ 4.8 Environment

CAFTA-DR offers the nations of Central America and the Dominican Republic (DR) tremendous opportunities for sustainable, growth-enhancing trade. Yet the treaty also binds signatories to critical commitments on environmental standards. USAID is helping these countries meet Chapter 17 commitments under CAFTA-DR.

During FY07, USAID helped strengthen the ability of Central America and the DR governments to enforce key environmental laws by improving and harmonizing 13 laws, policies, agreements or regulations promoting sustainable natural resource management and acceptable practices for wastewater, solid waste, chemical safety, air quality and clean production.

The program also strengthened capacities of the countries to meet environmental obligations of CAFTA-DR by providing capacity building to 1,193 government officials, private sector and NGO representatives from environment, agriculture, health, academic, industrial, customs, police and law sectors. The capacity building was provided through several trainings and workshops on the application and compliance of environmental legislation, criminal enforcement, environmental inspection techniques, cleaner production and voluntary agreements, biodiversity, climate change, use of climate monitoring tools, and adequate customs enforcement of wildlife trade permit systems according to the CITES convention.

An assessment on biodiversity vulnerability to climate change was conducted in Mexico, Central America and the DR, identifying species and ecosystems at risk and providing regional decision makers with robust scientific data. The SERVIR project originally covering Central America and Mexico, was extended to the DR on two satellite products, and was strengthened to provide decision makers with short term climate forecasts across the region.

An important biodiversity conservation effort began at the end of FY07 in two trans-boundary watersheds of critical biodiversity importance: Cahuita-La Amistad-Rio Canas-Bocas del Toro on the Costa Rica-Panama border, and Gulf of Honduras in Honduras, Guatemala, Belize and Mexico. This effort will implement sustainable management plans in 425,000 hectares of biological significance, in coordination with host and local governments, while providing small grants to civil society organizations to promote gender equity and community participation in solving environmental problems in these watersheds.

Program Element Performance \ 4 Economic Growth \ 4.8 Environment \ 4.8.1 Natural Resources and Biodiversity

For many countries, biodiversity conservation is critical to sustained economic development. The tremendous expansion of tourism in the region provides opportunities for sustained economic growth if natural resources are managed wisely.

USAID, working through CCAD, designed and published harmonized operational handbooks for enforcement of CITES in customs administration in CAFTA-DR countries, with a particular emphasis on wildlife trade permit systems. The program provided regional workshops and training to 74 customs officers, policemen, and key officials on CITES procedures. A diagnostic on the operation of rescue centers for confiscated wild fauna was also developed, as key elements for CITES compliance.

An assessment on biodiversity vulnerability to climate change was conducted across the region, identifying species and ecosystems at risk and providing regional-decision makers with robust scientific data. The program also provided regional workshops for 122 biodiversity and climate change governmental officers on biodiversity vulnerability to climate change, and the use of climate monitoring tools. The SERVIR system originally covering Central America countries and Mexico was extended to the Dominican Republic (DR) on two satellite products, GOES weather and sea surface temperature. Landsat data was collected for and provided to the DR to determine land cover and land use. SERVIR was also strengthened to provide

decision makers with short-term forecasts on rainfall, lightning and thunderstorm formation across Mesoamerica and the DR.

A contract for the regional watershed activity “Conservation of Central American Watersheds” was signed in June 2007. This activity will improve management of two trans-boundary watersheds of critical biodiversity importance: Cahuita-La Amistad-Rio Canas-Bocas del Toro on the Costa Rica-Panama border, and Gulf of Honduras in Honduras, Guatemala, Belize and Mexico. During the last quarter of FY07, the work plan was developed and approved, field offices were established in Guatemala and Panama, and small grant activities began implementation based on biodiversity management plans previously prepared under the USAID program. This small grant support offers an opportunity to increase gender equity through targeted awards for inclusion of women’s groups, and community participation in solving environmental problems. Sufficient opportunities have been identified to achieve substantial progress during FY08.

Program Element Performance \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

During FY07, USAID worked with CCAD and EPA in strengthening environmental management systems in the region. The program improved 12 laws, policies and regulations related to environmental protection, wastewater, solid waste, chemical safety and air quality management, as well as clean production practices. This included the development of a regional guide for voluntary agreements that led to signature of the first voluntary agreement for clean production in the porcine sector of El Salvador, as the initial result of a planned intensive effort for implementing a series of voluntary agreements in 2 or 3 productive sectors across the region.

The program also strengthened capacities of the countries to meet environmental obligations of CAFTA-DR by providing training and workshops to 997 government officials, private sector and NGO representatives from environment, agriculture, health, academic and industrial sectors regarding the application and compliance of environmental legislation, environmental inspection techniques, lessons learned from NAFTA, and cleaner production and voluntary agreements. Criminal enforcement training was also delivered to environmental prosecutors, attorneys and legal advisors from CAFTA-DR countries.

The DCA clean production mechanism provided loans totaling \$250,000 in FY07, for a cumulative total of \$2.3 million since 2003. Only 23% of the \$10 million DCA mechanism has been used to date due to the lack of clean production policies in the region. In addition, banks and the productive sector do not see sufficient incentives to use this mechanism. CCAD is designing a new strategy to effectively promote it, which will require an extension of the end date.

USAID, through SIECA, supported during FY07 the operation of the Secretariat for Environmental Matters, which was created to accept submissions concerning failures to effectively enforce environmental laws, as required in Chapter 17 of CAFTA-DR. Furthermore, USAID through CCAD and EPA assisted the countries in the creation of a regional system of environmental compliance indicators, a regional system to register and certify environmental service providers, and three of six environment documentation and information centers (El Salvador, Guatemala and Nicaragua).

Element Indicator Narrative \ 4 Economic Growth \ 4.8 Environment \ 4.8.1 Natural Resources and Biodiversity

FY07 accomplishments are below targets or zero because the contract for implementation of the regional watershed activity “Conservation of Central American Watersheds” was signed late in FY07. The main accomplishments during this year correspond to activities carried out through CCAD, CATHALAC, and NASA.

The targets for FY08 were adjusted based on actual areas to be encompassed by the final contract as signed and approved work plans. The major targets adjustments correspond to the regional watershed activity – the targets were developed prior to procurement, based on the size of the entire watershed areas – roughly 7 million hectares. The revised targets for this activity were adjusted based on biologically significant areas that will be under improved management.

Element Indicator Narrative \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

FY07 accomplishments are above the target for all indicators. FY08 targets are being adjusted for two indicators (“Number of people receiving USG supported training in environmental law, enforcement, public participation, cleaner production policies, strategies, skills, and techniques” and “Number of improved laws/policies/regulations/ agreements related to pollution and urban environment drafted with USG assistance”) to reflect activities funded with FY06 and FY07 funds, which are implemented through CCAD and EPA in support of the CAFTA-DR agreement.

Key Issue Performance \ Trade Capacity Building

USAID assists the region to comply with CAFTA-DR requirements on Rules of Origin (Chapter 4) and Customs Administration and Trade Facilitation (Chapter 5). Once implemented, harmonized procedures will reduce the administrative burden of customs clearance (e.g. physical inspections of goods and documents) and accelerate customs clearance, while increasing effectiveness against fraud.

USAID also supports Chapter 16 to comply with national labor laws and improve working conditions. USAID funds are dedicated to priority areas identified by the region’s Ministries of Trade and Labor: strengthening labor ministry capabilities, improving the administration of labor justice, and combating gender and other forms of discrimination.

Mexico and CA have made enormous progress over the past decade in economic reform and market liberalization. Member states have eliminated most intra-regional trade barriers and over 94% of all tariff levels, and 90% of the customs duties levied on products originating in the region have been harmonized across the region.

CAFTA-DR provides huge incentives for member states to accelerate the pace of reform and harmonize laws, policies and regulations. Increasingly, the governments of the region see their future in common terms. The relatively small size of individual countries has led to the realization by individual states that their ability to take advantage of CAFTA-DR and globalization is dependent on a common, unified regional market.

Key Issue Performance \ Civil Society

USAID has been working for over twelve years on strengthening civil society participation in national

HIV/AIDS fora. Building strategic alliances and establishing or strengthening civil society networks are key components of USAID's response to the epidemic, particularly for people living with HIV/AIDS (PLWHA), human rights organizations and NGOs. A prime example of success in FY07 is the training provided to key civil society leaders to enable them to utilize tools to facilitate formal reporting of human rights violations due to HIV status.

USAID assisted organizations working on HIV prevention are trained on a regular basis in key programmatic areas, particularly in the administration of cutting-edge behavior change communication modalities and quality assurance of service delivery. Furthermore, these organizations receive training in human rights issues, as well as anti-stigma and discrimination.

Key Issue Performance \ Increasing gender equity

The regional program continues the integration of gender interventions with the purpose of increasing the equitable participation of men and women to benefit from EG and HIV/AIDS activities. Under the HIV/AIDS program a research undertaken on gender norms will help design innovative approaches, media campaigns, and incorporate new priority groups (women with HIV, subgroups of MSM, and clients of sex workers) to the program.

The Natural Resources and Biodiversity program creates opportunities to increase gender equity through targeted small grant awards for inclusion of women's groups, as well as community participation in solving environmental problems.

In order to help the region comply with CAFTA-DR requirements regarding national labor laws and to improve working conditions, USAID under the Trade and Investment Enabling Environment program is carrying out activities to expand labor rights, specifically to target gender discrimination and equal access to justice, as well as carrying out trade activities which are gender-neutral.

In addition, the regional program promotes gender inclusion by actively including men and women in a variety of trainings, e.g., environmental law, enforcement, agricultural enabling environment, natural resources management, biodiversity conservation, and trade and investment capacity building, with above-expected participation of women in trainings.

Key Issue Performance \ Development Research

Several countries in the region are developing protocols to strengthen epidemiological surveillance for TB/HIV. USAID/CDC carried out a number of analytical studies of the epidemiological surveillance systems in individual Central American countries which incorporated baseline information regarding the surveillance capabilities for TB/HIV co-infection. This past fiscal year, Costa Rica's surveillance system was evaluated. In Guatemala, the TB/HIV surveillance system is being strengthened through sentinel surveillance in five hospitals; initial data is expected to be finalized in late calendar 2007. In El Salvador, the study "Use of TMP/SMZ and Anti-retroviral Therapy (ART) in TB/HIV patients" is in the final editing stage.

Key Issue Performance \ Biodiversity

USAID has helped build the capacity of Central America to address immediate conservation challenges. An
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assessment of biodiversity vulnerability to climate change was conducted in the region, identifying species and ecosystems at risk and providing regional-decision makers with robust scientific data. Regional workshops were provided for 122 biodiversity and climate change governmental officers on biodiversity vulnerability to climate change, and the use of climate monitoring tools. To reduce trade in endangered species, harmonized procedures were designed for the adequate enforcement of wildlife trade permits as required by the Convention on International Trade of Endangered Species (CITES).

An important biodiversity conservation effort also began in two trans-boundary watersheds of critical biodiversity importance, which will promote community mobilization in solving environmental problems.

Key Issue Performance \ Local Organization Capacity Development

USAID provided TA to National AIDS and TB Programs in CA, particularly in the areas of M&E, administration, and management. Six national HIV/AIDS M&E committees have been strengthened. In FY07, USAID also worked closely with Global Fund (GF) projects. This process required that civil society, MOH, and other organizations come together, share information and work together. As a result of USAID's assistance, Central American countries have been better able to provide a coordinated and more effective response and have succeeded in moving to the next implementation phase of their GF grants.

The vital goal of SIECA TA and training is to build and strengthen trade capacity among CAFTA-DR countries. SIECA is working with the countries to help them comply with CAFTA-DR requirements and help maximize benefits from the treaty. Basically, TA encompasses advice to the Council of Ministers of Economy (COMIECO) and its different technical working groups to draft law reforms, regulations and manuals aimed at harmonizing customs procedures and modernizing customs administrations as a means to stimulate higher levels of investment and trade.

Training is oriented to help CAFTA-DR government officials, importers, exporters and producers better understand, and implement Chapter 4 of the treaty which is related to ROO and Chapter 5 related to customs procedures and trade facilitation; once trained, beneficiaries of trainings will be enabled to better benefit from CAFTA-DR.

4 Economic Growth - Central America Regional

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of customs harmonization procedures implemented in accordance with internationally

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	4	10	10

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of participants in trade and investment environment trainings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	160	1,583	360	720	-	50	740	120	240	-	110	843	240	480

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of USG supported training events held that related to improving the trade and investment

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	13	27	14	14

809

chars

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

During FY07, USAID assistance helped Central American nations and the Dominican Republic reform four critical customs procedures to meet commitments under the U.S.-CAFTA-DR agreement. The target of 10 procedures was not met. However, this shortfall is largely a definitional issue as multiple procedural changes in a particular area were reported as one procedural change. USAID has asked the key regional organization responsible for collecting this data for a revised figure. The FY09 target is zero because all customs procedures targeted for harmonization should be implemented by the end of FY08.

Towards improving the trade and investment environment, USAID trained a far higher-than-expected number of officials due to unexpectedly increased demand from both government and the private sector.

4.5 Agriculture 4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported short-term agricultural enabling environment training

Number of women	Number of men
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2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
571	470	956	500	500	79	70	201	90	90	492	400	755	410	410

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions/organizations making significant improvements based on

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
26	24	11	24	5

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions/organizations undergoing capacity/competency assessments as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	2	9	2	5

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms analyzed with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
13	3	3	2	2

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms presented for legislation/decrees as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	2	3	1	3

1209
chars

4.5.1 Agricultural Enabling Environment narrative (no more than 1500 characters)

During FY07 the number of institutions undergoing capacity/competency assessments greatly exceeded the target because nine private companies had assessments done, in addition to the national laboratories of Honduras and Nicaragua. The number of individuals who received short-term agricultural enabling environment training exceeded the target since the employees of these private companies also participated in training events. Originally only governmental offices and their technicians were to participate in training sessions. The number of institutions making significant improvements re-adjusted from 24 to 11 due to a change in how to interpret the indicator definition.

For FY08, the target for institutions undergoing capacity/competency assessments has been increased from 2 to 5 to include the assessments to be performed on private food companies, while the target for institutions making improvements has been decreased from 24 to 5. The number of policy reforms presented has been increased from 2 to 3 because it is expected that Guatemala will present a new law that was not contemplated last year.

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of hectares in areas of biological significance under improved management as a result of USG assistance

					terrestrial					marine				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3,500,000	-	3,500,000	115,000	-	2,500,000	-	2,500,000	95,000	-	1,000,000	-	1,000,000	20,000

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of people receiving USG supported training in natural resources management and/or biodiversity conservation

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	600	196	1,100	430	-	300	55	550	205	-	300	141	550	225

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of policies, laws, agreements or regulations promoting sustainable natural resource

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	6	1	12	6

783

chars

4.8.1 Natural Resources and Biodiversity narrative (no more than 1500 characters)

FY07 accomplishments are below targets or zero because the contract for implementation of the regional watershed activity "Conservation of Central American Watersheds" was signed late in FY07. The main accomplishments during this year correspond to activities carried out through CCAD, CATHALAC, and NASA.

The targets for FY08 were adjusted based on actual areas to be encompassed by the final contract as signed and approved work plans. The major targets adjustments correspond to the regional watershed activity – the targets were developed prior to procurement, based on the size of the entire watershed areas – roughly 7 million hectares. The revised targets for this activity were adjusted based on biologically significant areas that will be under improved management.

4.8 Environment\4.8.2 Clean Productive Environment

Number of improved laws/policies/regulation/agreements related to

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	12	2	10

4.8 Environment\4.8.2 Clean Productive Environment

Number of people receiving USG supported training in environmental law, enforcement, public participation, and cleaner production policies, strategies, skills, and techniques

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	100	997	100	1,500	-	-	452	-	700	-	-	545	-	800

559

4.8.2 Clean Productive Environment narrative (no more than 1500 characters)

chars

FY07 accomplishments are above the target for all indicators. FY08 targets are being adjusted for two indicators (“Number of people receiving USG supported training in environmental law, enforcement, public participation, cleaner production policies, strategies, skills, and techniques” and “Number of improved laws/policies/regulations/ agreements related to pollution and urban environment drafted with USG assistance”) to reflect activities funded with FY06 and FY07 funds, which are implemented through CCAD and EPA in support of the CAFTA-DR agreement.

