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Midterm Assessment of the Program to Support Environmental Compliance under CAFTA-DR

September 2008

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Midterm Assessment of the Program to Support Environmental Compliance under CAFTA-DR

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Acronyms

AECI	Spanish Agency for International Cooperation
ALIDES	Alliance for Sustainable Development in Central America
ATCB	Andean Trade Capacity Building Project
CADIN	Nicaraguan Chamber of Industry
CAFTA-DR	Central America-Dominican Republic-United States Free Trade Agreement
CATHALAC	Water Center for the Humid Tropics of Latin America and the Caribbean
CAREC	Caribbean Epidemiology Centre
CBO	Community-based organization
CCAD	Central American Commission for the Environment and Development
CEC	Commission for Environmental Cooperation
CITES	Convention on International Trade in Endangered Species
COHDEFOR	Honduran Corporation for Development in Forestry
CONAP	National Council for Protected Areas (Guatemala)
CORFO	Chilean Economic Development Agency
CORFOGA	Ranchers' Corporation (Costa Rica)
COSUDE	Swiss Agency for Development and Cooperation
CPI	Counterpart International
DANIDA	Danish International Development Agency
DCA	Development Credit Authority
DOI	Department of Interior
DR	Dominican Republic
ECA	Environmental Cooperation Agreement
E-CAM	USAID El Salvador, Central America, Mexico Regional Mission
EGAT	Bureau for Economic Growth, Agriculture and Trade

EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency (USA)
FAO	Food and Agriculture Organization
FONOMARENA	National Environment Fund (DR)
FUSADES	Salvadoran Foundation for Economic and Social Development
G-CAP	Central American Programs Office in Guatemala (USAID)
GDA	Global Development Alliance
GoDR	Government of the Dominican Republic
GoG	Government of Guatemala
GTZ	German Agency for Technical Cooperation
HED	Higher Education for Development
HSI	Humane Society International
IDB	Inter-American Development Bank
IITF	International Institute of Tropical Forestry, USDA Forest Service
ILEA	International Law Enforcement Academy
INAB	National Institute of Forestry (Guatemala)
INAFOR	National Forestry Institute (Nicaragua)
IPEP	Institute of Professional Environmental Practice
IQC	Indefinite Quantity Contract
IRG	International Resources Group
IRENA	Nicaraguan Institute of Natural Resources and the Environment
IUCN	International Union of the Conservation of Nature
LAC	USAID's Bureau for Latin America and Caribbean
LANDSAT	Land Remote Sensing Satellite
MAGA	Ministry of Agriculture (Guatemala)
MAGFOR	Ministry of Agriculture and Forestry (Nicaragua)
MARN	Ministry of the Environment and Natural Resources (Guatemala)
MARN	Ministry of the Environment and Natural Resources (El Salvador)
MARENA	Ministry of Environment and Natural Resources (Nicaragua)
MEA	Multilateral Environmental Agreement
MICIT	Ministry of Science and Technology (Costa Rica)
MIFIC	Ministry of Public Works, Industry and Commerce (Nicaragua)

MINAE	Ministry of the Environment and Energy (Costa Rica)
MINAET	Ministry of the Environment, Energy and Telecommunications (Costa Rica)
MINECO	Ministry of Economy (Guatemala)
MIRA	Honduras Integrated National Resource Management (USAID)
MSMEs	Micro, Small and Medium Enterprises
NASA	National Aeronautics and Space Administration
NEPA	National Environmental Policy Act
NOAA	National Oceanic and Atmospheric Administration
NGO	Non-Governmental Organization
OSPESCA	Organization of the Fisheries and Aquaculture Sector in Central America
PAPA	Participating Agency Program Agreement
PASA	Participating Agency Service Agreement
PRTR	Pollutant Release and Transfer Registry
RENAEPA	National Network for Environmental Protection (DR)
RFA	Request for Application
SAA	Secretariat for Environmental Matters
SAICM	Strategic Approach to International Chemicals Management
SEMARENA	Secretariat of Environment and Natural Resources (DR)
SERNA	Honduran Ministry of Environment
SERVIR	Mesoamerican Regional Visualization and Monitoring System
SETENA	Technical Secretariat of the National Environment (Costa Rica)
SIAM	Regional Environmental Information Networks
SICA	Central American Integration System
SIECA	Secretariat for Economic Integration of Central America
SINAMA	National System of Environmental Management (El Salvador)
State/WHA	Bureau for Western Hemisphere Affairs, Department of State
State/OES	Bureau for Oceans, Environment and International Science, Department of State
TA	Technical Assistance
TEU	Trade and Environment Unit in DR
TRAFFIC	Wildlife Trade Monitoring Network

UNCTAD	UN Conference on Trade and Development
UGAM	Municipal Environmental Management Units (DR)
USAID	US Agency for International Development
USDA	US Department of Agriculture
USFS	US Forest Service
USG	US Government
USTR	US Trade Representative
WWF	World Wildlife Fund

Executive Summary

On August 5, 2005, the United States, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua signed the Central America Free Trade Agreement–Dominican Republic, known as CAFTA-DR. The USAID CAFTA–DR Environmental Cooperation Program is the largest component of an overarching Environmental Cooperation Program, which is led by the U.S. State Department and overseen by the U.S. Trade Representative. The purpose of the USAID program is to build the capacity of CAFTA–DR signatories to comply with environmental provisions of the agreement and strengthen environmental protection as it relates to trade.

This midterm assessment of the program provides constructive guidance and specific recommendations for improving the design and implementation of USAID’s ongoing and planned activities under the program, as well as information essential for the programming of FY 08 and FY 09 resources. The assessment outlines priority needs for building institutional capacity to comply with environmental provisions under the agreement, identifies opportunities to complement the work of other donors, and recommends ways to improve program performance. The assessment team began its work on June 14, 2008, visiting all six CAFTA-DR countries and interviewing representatives from the U.S. Government, local government agencies, nongovernmental organizations (NGOs), contractors and other program stakeholders.

From the outset, implementing the Environmental Cooperation Program has posed significant challenges. First, most of the six countries have recently suffered political turmoil and are in different stages of economic development. This has made implementing technical assistance programs to harmonize environmental management across the countries a difficult and even daunting task. Second, even though assistance by the U.S. Government and international donor agencies to help the countries take advantage of CAFTA–DR long predates the signing of the agreement, country-level “buy-in” to the overarching Environmental Cooperation Program—as well as activities managed by USAID—was not evident at the time of the assessment.

Third, the demands and challenges of achieving cooperation among various agencies—principally the U.S. State Department, the USTR, and USAID—in implementing the Environmental Cooperation Program seem to have taken a toll on USAID’s program. Managing by committee has often put agencies at odds, largely because of the institutional perspective of each agency. With a diplomatic mandate, the U.S. State Department is interested in obtaining maximum “buy-in” from signatory countries, especially from their government agencies. Having worked in development for many decades, USAID has a natural bias toward and focus on development objectives. Having, like the State Department, to report progress to the U.S.

Congress, the USTR is interested mainly in the “adherence” aspects of CAFTA–DR. Consequently, agencies may also differ in their view of program objectives and implementation.

To promote innovative approaches to project implementation and to better leverage resources, two principles have been guiding the Environmental Cooperation Program: (1) use an informal process to solicit proposals from government agencies, a select group of NGOs, and public-private partnerships to address and implement activities, and (2) use U.S. Government agencies to implement projects directly. Having U.S. Government agencies run projects directly was intended to strengthen bonds between those agencies and their Central American counterparts. Strong bonds are viewed as critical to environmental stewardship in CAFTA–DR countries and to sustaining the results of the cooperation program.

The objectives arising from these two implementation principles are understandable and technically appropriate; however, the specific implementation approach and management of the process has led to significant deficiencies in many USAID-managed activities. This assessment reviews the underpinnings of and circumstances leading to these deficiencies and offers recommendations to remedy them and strengthen the program. The assessment team understands and appreciates the difficult implementation context of the program, as well as the excellent technical assistance so far provided to many counterparts throughout the region. The assessment team offers recommendations for improving implementation at the country and regional level (details in Chapter 5) as well as at the overarching level. These broad recommendations are summarized here:

- Improve program focus and effectiveness by making the implementation approach field-driven rather than driven by committee or “Washington.” This will require that USAID have the authority to program or reprogram funds assigned to it by the Technical Evaluation Committee (TEC) and apply funds in the four areas of environmental cooperation on the basis of its own technical assessments, especially field-based assessments. It will also require that USAID have authority and flexibility to use whatever vehicles it deems effective and appropriate for implementing programs.
- As an urgent matter, USAID must evaluate the status of the Bureau for Economic Growth, Agriculture and Trade’s (EGAT) regional programs and the willingness of implementing agencies to accelerate the pace of activities to reach stated goals. Pursuant to this process, USAID should consider reprogramming resources to other cooperation mechanisms that could implement programs expediently.
- Programs should assist ministries of the environment in reassessing institutional priorities and agendas, as CAFTA–DR will necessitate, for example, paying less attention to “green” or conservation issues and more to the “brown” ones directly affecting compliance. From a legal perspective, more weight should be given to brown issues than green because brown issues have a direct bearing on trade and failures could easily cause noncompliance troubles for CAFTA–DR countries.
- The Central American Commission for the Environment and Development (CCAD) should place more relative emphasis on planning, developing, and pushing political strategies that help leverage resources and foster political will at the regional level to

strengthen CAFTA–DR implementation. At present, CCAD seems consumed with the myriad of management responsibilities typical of an implementing agency.

- The new regional IQC holder should provide CCAD (and possibly other regional mechanisms) with technical expertise and support in strategic planning, communications, project management and monitoring and evaluation.
- Overall program engagement with the private sector should be greatly strengthened. Strategies and campaigns should be crafted to secure “buy in” at the highest levels of the corporate sector in CAFTA-DR countries. Currently, program presence is limited to a few industrial sectors (principally in clean production). The business “elite,” who wield influence in the countries’ public policies and economic conduct and development, are either not aware of or do not fully appreciate the program.
- CCAD should promote private sector participation in a strategic manner to advance environmental management goals. Support the establishment of public-private environmental alliances, research and working groups, workshops, etc. to help clarify national priorities, and establish action plans. This concerted action will help lead the way to promote larger and more appropriate budgets for environmental management including those of national environmental institutions.
- The Secretariat for Environmental Matters (SAA) should promote greater information sharing on the nature, scope, and details of Secretariat procedures among CAFTA-DR nations. Also, disseminate experiences from other countries which have used similar mechanisms; for instance Mexico’s under NAFTA with the Commission for Environmental Cooperation (CEC).

1. Background and Introduction

This section provides an overview of the CAFTA-DR Agreement, the Environmental Cooperation Agreement (ECA), and the USAID CAFTA-DR Environmental Cooperation Program, which is the subject of the assessment. It also provides a description of the assessment's purpose, team of analysts, methodology, and work plan.

CAFTA-DR AGREEMENT AND ENVIRONMENTAL COOPERATION AGREEMENT

In July 2005, the U.S. Congress approved a free trade agreement between the United States and Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. On August 2, 2005, the U.S. President signed implementing legislation and on August 5 the Central America Free Trade Agreement-Dominican Republic, known as CAFTA-DR, was signed by all parties. The purpose of the agreement is to eliminate tariffs and trade barriers and expand regional opportunities for the workers, manufacturers, consumers, farmers, ranchers, and service providers of signatory countries. Chapter 17 of the agreement—the Environmental Chapter—establishes provisions for safeguarding the environment and calls for the parties to establish an independent secretariat to receive, review and, where warranted, develop factual records on submissions filed by parties asserting that another party is failing to enforce its environmental laws.

The Bush Administration agreed to commit roughly \$40 million annually from FY06 to FY09 to help CAFTA-DR countries implement the agreement's labor and environmental provisions. So far, \$38.8 million has been allocated to strengthen countries' capacity to comply with environmental provisions and respond to other environmental capacity-building needs linked directly to trade. Another \$40 million is expected to be allocated to environmental cooperation over the next two fiscal years (FY08 and FY09) for a total of roughly \$80 million. USAID is administering approximately two-thirds of the environmental cooperation funds allocated so far. This assessment focuses on USAID-managed CAFTA-DR environmental cooperation activities.

In FY06, \$18.5 million was allocated to environmental cooperation in five broad areas:

1. Institutional strengthening for effective implementation and enforcement of environmental laws.
2. Biodiversity conservation.
3. Market-based conservation.
4. Improved private sector environmental performance.
5. CAFTA-DR specific obligations.

Of that amount, each USAID bilateral mission received approximately \$1.8 million (a total of \$9.225 million) and the USAID/El Salvador Regional Environmental Program for Central America (E-CAM) received \$6.85 million which included funding for CCAD, the U.S. Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), the U.S. Forest Service (USFS), the Department of Interior (DOI), and the National Oceanic and Atmospheric Administration (NOAA).

In addition, USAID/Nicaragua, El Salvador, and Guatemala transferred about \$3 million to E-CAM to buy into its regional mechanism with CCAD, bringing FY06 funds managed by E-CAM to more than \$9 million. State/OES also received \$2.425 million in FY06 funds for environmental projects run by NGOs, ECA performance monitoring, and support for other ECA priorities. In all, the \$18.5 million in FY06 funds included 85 activities and 27 mechanisms.

In 2007, \$19.3 million was programmed to build on the existing framework for cooperation while taking an approach focusing less on projects and more on an environmental program. Thus, fewer FY07 funds were allocated to USAID bilateral missions (\$3.225 million) and more to E-CAM (\$10.45 million). State/OES received \$5.625 million for NGO projects, DOI activities focused on the Convention on International Trade of Endangered Species (CITES), the Secretariat for Environmental Matters (SAA), ECA performance monitoring, and support for the Environmental Affairs Council and Environmental Cooperation Commission.

USAID CAFTA-DR ENVIRONMENTAL COOPERATION PROGRAM

The purpose of the USAID CAFTA-DR Environmental Cooperation Program is to build the capacity of the six CAFTA-DR countries (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua) to comply with the environmental provisions of the ECA and to promote cooperation in environmental matters. USAID is carrying out activities in four areas: institutional strengthening for implementation and enforcement of environmental laws, biodiversity conservation, market-based conservation, and private sector environmental performance.

Institutional Strengthening

USAID bilateral missions and the USAID/E-CAM Regional Environment Program—in partnership with the CCAD, EPA, and NASA—are working to strengthen environmental management systems in the region and improve access to information. This aspect of the program has two purposes:

1. Improve environmental laws, policies, regulations, and procedures related to environmental protection, wastewater, solid waste, chemical safety and air quality management, and clean production.
2. Strengthen capacity to meet environmental obligations under CAFTA-DR.

USAID is developing partnerships with U.S. universities to strengthen environmental law curricula and clinical programs; training government officials and private sector and NGO representatives from environment, agriculture, health, academic, and industrial sectors on applying and complying with environmental legislation; and providing technical assistance to

improve environmental inspection and criminal enforcement techniques, the preparation and evaluation of environmental impact assessments (EIAs), the creation of a regional system of environmental compliance indicators and a system to register and certify environmental service providers, and the adoption and use of cleaner production and voluntary agreements.

Through the Secretariat for Economic Integration of Central America (SIECA), USAID has supported the Secretariat for Environmental Matters (SAA), which accepts submissions concerning failures to enforce environmental laws, as required in Chapter 17 of CAFTA-DR. USAID is also helping countries improve complaints processes and broaden access to environmental information. Working with CCAD, USAID has so far established four environmental documentation and information centers in El Salvador, Honduras, Guatemala, and Nicaragua; two more centers are to be established for a total of six centers. In collaboration with CCAD and NASA, USAID is strengthening the national and regional environmental information network (SIAM) and its integration with the Mesoamerican Regional Visualization and Monitoring System (SERVIR).

Biodiversity Conservation

The purpose of USAID's natural resources and biodiversity program is to strengthen capacity to meet conservation obligations under CAFTA-DR and improve compliance with multilateral agreements, including CITES, the Montreal Protocol, and the Ramsar convention on wetlands.

The USFS, USAID/Honduras, and USAID/Nicaragua are collaborating to strengthen forestry management and curb illegal logging of mahogany and other species. At the regional level, bilateral missions, USFS, and CCAD are building the capacity of government officials, customs officials, police, and prosecutors to enforce natural resource management and conservation laws, including CITES.

Through CCAD, the USAID E-CAM program has supported the design and publication of operational handbooks to improve CITES enforcement, especially the permitting system for wildlife trade. USAID E-CAM and partners are training government officials to use climate monitoring tools and to understand how climate change affects biodiversity. Other technical assistance and support—provided to CITES authorities, law enforcement officials, rescue centers, and other stakeholders—is provided by the U.S. Department of Interior, Wildlife Trade Monitoring Network (TRAFFIC), and the Humane Society International (HSI), with State/OES managing CAFTA-DR funds.

Through a mechanism with USAID, NOAA is collaborating with the Organization of the Fisheries and Aquaculture Sector in Central America (OSPESCA), part of the Central American Integration System (SICA), to improve fisheries regulation and management, and related enforcement. NOAA is also working to protect endangered marine sea turtles through improved use of turtle excluder devices and reduced turtle by-catch in CAFTA-DR countries.

USAID/EGAT has just launched a Global Development Alliance (GDA) to work with private sector buyers and the World Wildlife Fund (WWF) to stem illegal fishing and undersized fishing of spiny lobster in Honduras and Nicaragua. The GDA will use market forces to promote shared

responsibility for management between the private sector and government and increase economic benefits and incentives for fisheries compliance.

Market-based Conservation

USAID bilateral missions and E-CAM are promoting biological conservation, better natural resource management, and habitat conservation by helping project beneficiaries and counterparts adopt sustainable tourism practices and payment systems for environmental services.

USAID and its partners assist managers of protected areas and private nature reserves in gaining access to tourism markets and assist governments in removing barriers that keep funds from reaching protected areas. USAID is promoting appropriate economic valuing of conservation and natural resource management; providing community-level training on natural and cultural resource tourism; and training hotel staff and transportation providers in best environmental practices. To increase income from trade in sustainable agriculture and forestry products while conserving biodiversity, USAID provides market intelligence, specialized assistance in meeting market demands, and vocational training.

At the regional level, E-CAM is working in two trans-boundary watersheds critical to biodiversity: (1) Cahuita-La Amistad-Rio Canas-Bocas del Toro on the Costa Rica-Panama border, and (2) the Gulf of Honduras in Honduras, Guatemala, Belize, and Mexico. E-CAM is promoting the adoption of plans for sustainable management of approximately 425,000 hectares and providing small grants to civil society organizations to promote gender equity and community participation in solving environmental problems in the watersheds.

Improved Private Sector Environmental Performance

To improve the private sector's environmental performance and competitiveness, USAID bilateral missions and E-CAM, together with CCAD and EPA, are providing businesses with flexible incentives and technical assistance in adopting cleaner production technologies and best practices.

USAID is providing technical assistance to governments and the private sector in promoting compliance with environmental laws, implementing policies that encourage voluntary environmental auditing, and adopting environmental management systems that focus on performance and compliance. CCAD is working with the Central American cleaner production centers to promote best practices in production, to promote the adoption of policies and incentives for cleaner production and energy, and to increase access to clean production financing. Having recently completed a regional policy on energy efficiency, CCAD is now working to establish in each CAFTA-DR country a legal framework that will allow governments to enter into public-private partnerships to facilitate the transfer and adoption of cleaner production technologies and promote environmental stewardship.

MIDTERM ASSESSMENT

Purpose

This report assesses the design and implementation of ongoing and planned activities managed by USAID to build the capacity of institutions in signatory countries of the CAFTA-DR to comply with environmental provisions of the agreement and strengthen environmental protection as it relates to trade. The purpose of the assessment is to provide constructive guidance on implementing existing activities and provide information to inform the programming of FY 08 and FY 09 resources. The assessment presents what CAFTA-DR countries need to build their institutional capacity in order to comply with environmental provisions; identifies opportunities to complement the work of other donors; and recommends ways to improve the program.

Assessment Team

To select a firm with the requisite technical skills and experience to conduct a midterm assessment, USAID used the Raise-Plus Small Business Set Aside Indefinite Quantity Contract (IQC). Nathan Associates was awarded the Task Order to conduct the assessment. Over the past 25 years, Nathan has undertaken numerous country-specific and region-wide projects in Latin America, providing advisory services to governments and building institutional capacity to promote and implement policy reform. The firm excels at providing swift and targeted assistance to assist developing countries on a broad range of programmatic objectives. For this assessment, Nathan provided a team highly qualified in environmental management and trade, law, regulation, and economic development. Led by Mr. Rodrigo Carvajal, the team includes Legal Expert Ms. Maria Amparo Alban and Resource Economist Dr. Rafael Ledesma.

Rodrigo Carvajal. Mr. Carvajal has more than 22 years of experience in program design, implementation, and evaluation, particularly with respect to trade capacity building. He has managed economic development projects for major donor agencies, including USAID and the Inter-American Development Bank, and has directed overseas trade service operations for major international companies. As a Principal Associate at Nathan and a native Spanish speaker, Mr. Carvajal is involved in USAID's Andean Regional Trade Capacity Building (ATCB) Program. The objective of the ATCB Program is to enhance the technical capacity of Andean countries in implementing an FTA with the United States and with other with partners. Before joining Nathan, Mr. Carvajal was senior manager for Latin America and the Caribbean at CARANA Corporation and senior adviser and project manager at the Louis Berger Group.

Under the USAID-funded US-Asia Environmental Partnership Program, Mr. Carvajal worked on environmental protection, clean production, and the financing of "green" projects. He was also a key member of a USAID task force under the Greenhouse Gas Emissions Project, which developed a national clean production strategy for India. In Egypt, he led the establishment of a national laboratory accreditation program that has boosted exports and enabled the government to better monitor compliance with environmental standards. Mr. Carvajal has an M.A. in economics from the Wharton School of the University of Pennsylvania and a B.A. in international affairs and economics from American University's School of International Service.

Maria Amparo Alban. Executive Director of ACD Consulting, a regional consultancy firm addressing trade, and environment and development matters in Latin America, Ms. Alban has more than 10 years of experience in international trade and environmental policy and legislation. Her expertise in environmental law ranges from the negotiation of international trade agreements—she was Ecuador’s lead negotiator on environmental issues in FTA discussions with the United States—to the drafting of legislation for Ecuador’s biodiversity law and to the development of an institutional framework and operations manual for implementing legislation on biosafety for genetically modified organisms. Recently, Ms. Alban was Under Secretary of SMEs for Ecuador’s Ministry of Trade, Industrialization, Fisheries and Competitiveness. She has also interpreted and analyzed environmental and social policy concerns in the context of economic development and trade negotiations for agencies such as USAID, UN Conference on Trade and Development (UNCTAD), Organization of American States (OAS), UN Environmental Programme (UNEP), and Environment Canada. Ms. Alban has a J.D. from Pontificia Universidad Católica del Ecuador and an M.A. in economic law from the Universidad Andina Simon Bolivar.

Rafael Ledesma. Dr. Ledesma has more than 25 years of experience in agricultural trade and environment, training, and program development in Latin America and the Caribbean. He has worked in senior positions with numerous donor-funded environmental projects, including initiatives with USAID, where he served as Chief of Party in Belize and Deputy Chief of Party in El Salvador. Currently a consultant for the Center for Agricultural and Forestry Development in the Dominican Republic, he supervised the launch of the Center for Agricultural Competitiveness and Rural Diversification, which focuses on the sustainable use of natural resources to promote conservation and rural health. Highly experienced in the implementation of regional trade agreements, Dr. Ledesma designed a training program to address deficiencies at the Secretary of Agriculture of the Dominican Republic so that the agricultural sector could benefit from CAFTA-DR. Dr. Ledesma has a Ph.D. in interdisciplinary agricultural development from Texas A&M University.

Assessment Method and Work Plan

The assessment team conducted its work in three phases, as follows:

1. Literature Review and Information Gathering. The team reviewed literature on environmental regulations in Central America and the Dominican Republic, and reports and other documents on the USAID CAFTA-DR environmental program, including environmental cooperation work plans and the priorities of host governments for 2010. The team also contacted U.S. Government officials and other program partners to prepare for field visits to the region. This phase began June 14, 2008 and ended on June 18, 2008.

2. Field Work. From June 19-July 12, the team traveled to the region and interviewed U.S. Government officials, host country counterparts, implementing partners, and other stakeholders in each of the six CAFTA-DR countries (see list of interviewees in Appendix A). To structure interviews and facilitate analysis, a questionnaire was developed and tailored for the team’s main interviewees: USAID and implementing partners; public sector stakeholders; and private sector stakeholders (see the questionnaire in Appendix B).

3. *Presentation of Key Deliverables.* In this final phase, the team will present deliverables in accordance with the requirements of the Scope of Work. Deliverables include

- A midterm update (delivered to the CTO on July 15, as scheduled).
- Draft final report (August 8).
- Definitive final report incorporating the comments of USAID and other key program partners (September 12, 2008).

A schedule of specific implementation timeframes is provided as Appendix C.

Chapter 2 describes the context in which USAID's environmental cooperation programs are implemented. Chapter 3 summarizes the capacity building needs in environmental policy, law, and regulations of each CAFTA-DR country. Chapter 4 describes actual project implementation and Chapter 5 summarizes recommendations for programming.

2. Implementation Context

This section describes the context for the USAID-managed environmental cooperation program in terms of “on the ground” realities and the approach of the U.S. Government to the overarching Environmental Cooperation Program. The inception, implementation, and effectiveness of the USAID program are intimately linked to the conceptualization and management of the overarching program. It is not our intent to evaluate the effectiveness of that program, but it is difficult, if not impossible, to assess the USAID program without considering the implementation principles and management of the larger program.

BACKGROUND

From the outset, implementing the Environmental Cooperation Program has posed significant challenges. First, most of the six countries have recently suffered political turmoil and are in different stages of economic development. This has made implementing technical assistance programs to harmonize environmental management across the countries a difficult and even daunting task. Second, even though assistance by the U.S. Government and international donor agencies to help the countries take advantage of CAFTA–DR long predates the signing of the agreement, country-level “buy-in” to the overarching Environmental Cooperation Program—as well as activities managed by USAID—was not evident at the time of the assessment.

Third, the demands and challenges of achieving cooperation among various agencies—principally the U.S. State Department, the US Trade Representative (USTR), and USAID—in implementing the Environmental Cooperation Program seem to have taken a toll on USAID’s program. Managing by committee has often put agencies at odds, largely because of the institutional perspective of each agency. With a diplomatic mandate, the U.S. State Department is interested in obtaining maximum “buy-in” from signatory countries, especially from their government agencies. Having worked in development for many decades, USAID has a natural bias toward and focus on development objectives. Having, like the State Department, to report progress to the U.S. Congress, the USTR is interested mainly in the “adherence” aspects of CAFTA–DR. Consequently, agencies may also differ in their view of program objectives and implementation.

In 2005, shortly after the Administration announced its decision to support programs to promote compliance with the environment and labor provisions of CAFTA-DR, a committee was established to oversee implementation of the Environment Cooperation Program. The Inter-Agency CAFTA-DR Environment Committee comprised representatives from the U.S. Department of State’s Bureau of Western Hemisphere Affairs (State/WHA), USTR, USAID’s

Bureau for Latin America and the Caribbean (LAC/USAID), State/OES, DOI, EPA, USFS, and NOAA. State/WHA—which is responsible for coordination under the agreement¹—led establishment and implementation of the committee. Later, when it was decided that agencies would help implement the cooperation program, a smaller committee was established to oversee implementation and avoid the appearance of conflicts of interest with future government implementers. This (ad hoc) committee was established with senior officials from State/OES, USAID, and USTR and named the Technical Evaluation Committee (TEC).

The program was then divided in two: a State/OES and a USAID-managed program. The USAID program works in the four areas of environmental cooperation (i.e., institutional strengthening for implementation and enforcement of environmental laws, biodiversity conservation, market-based conservation, and private sector environmental performance). State/OES conducts some activities in these areas by virtue of its role as coordinator for environmental cooperation, but is responsible for exclusively undertaking the CAFTA-DR specific obligations under the program, which among other things involves ECA performance benchmarking, monitoring, and evaluation.

IMPLEMENTATION STRATEGY

To promote innovative approaches to project implementation and to better leverage resources, two principles have been guiding the Environmental Cooperation Program since 2006: (1) use an informal process to solicit proposals from government agencies, a select group of NGOs, and public-private partnerships to address and implement activities, and (2) use U.S. Government agencies to implement projects directly. Having U.S. Government agencies run projects directly was intended to strengthen bonds between those agencies and their Central American counterparts. Strong bonds are viewed as critical to environmental stewardship in CAFTA-DR countries and to sustaining the results of the cooperation program.

The objectives arising from these two implementation principles are understandable and technically appropriate; however, the specific implementation approach and management of the process has led to significant deficiencies in many USAID-managed activities. Moreover, other strategic considerations not considered or acted on before the USAID-managed program began have also limited the program's effectiveness. These aspects are discussed below.

PLANNING AND MANAGEMENT

Planning Aspects

Baseline Analyses and Needs Assessment. Efforts to assist countries in complying with CAFTA-DR began well before the agreement went into effect. In fact, most signatory countries developed national action plans for trade capacity building (including environmental management) as early

¹ The authority by which State/WHA can undertake this function is established in Executive Order 13277 –Delegation of Certain Authorities and Assignment of Certain Functions under the Trade Act of 2002. This same order establishes USTR's reporting responsibilities on the progress of environmental compliance under CAFTA-DR. The Executive Order is provided in Appendix D of this report.

as 2002 during preliminary discussions of the agreement. USTR assisted with development of these plans, many of which were financed by international donor agencies.

Nevertheless, a baseline analysis of countries' environmental performance and management capabilities was never conducted. Consequently, program planning to determine where resources might yield their highest impact have been hindered. In addition, though numerous fact-finding exercises and analyses have been conducted to establish priority needs in environmental management, the process seems to be in disarray.

We believe that the planning process did not facilitate the assigning of resources on the basis of countries' needs, attributes and capabilities, and expected impact. This, in turn, may have contributed to the lack of focus in the USAID-managed program.

Management

Funds Assignment. On into 2006, implementation was driven mainly by the goal of providing full coverage for more than 20 technical areas contained in the five environmental cooperation components across the six CAFTA-DR countries and of adhering to the principles described earlier. But, from the outset, the assignment of funds was delayed.

On February 17, 2006, a cable requesting proposals was sent to U.S. Embassies in CAFTA-DR countries and to select U.S. Government agencies (see Appendix E). Expectations were that interagency competition would lead to the implementation of the most innovative projects. The assessment team understands that funds were assigned and programs implemented on the basis of (1) coverage requirements of the five environmental cooperation components, and (2) the TEC's subjective evaluation of proposals and their implementers. The decision to use USAID's existing mechanisms to implement most projects was delayed for several months—pushing project initiation into late 2006.

In 2007, the TEC did not issue a cable and used a limited solicitation process, requesting agency follow-on proposals in specific areas and applying technical and cost effectiveness criteria to proposals. USAID Mission proposals were evaluated separately and were not ranked. For these proposals, the TEC examined Mission funding pipelines and selected the activities that it deemed appropriate. It also took activities from bilateral programs and assigned them to E-CAM, which contributed to the large increase in its funding in 2007.

Implementation Ramifications. As conceived and implemented, the process for assigning funds adversely affected the Environmental Cooperation Program and the USAID-managed program in particular. The process appears to have lacked technical coherence and did not establish a foundation for effective and sustainable programs. Instead of resulting in a strategic plan that would have made it possible to focus on results, a seemingly erratic process diluted efforts and effectiveness. This problem was compounded by delays arising from deliberations within State over implementation arrangements for the Environmental Cooperation Program.

The TEC also directed USAID on which mechanisms to use in implementing the FY06 and FY07 programs. These directives have limited USAID's flexibility and caused an inordinate amount of

time to be spent accommodating the TEC's instructions about types of vehicles to be employed and specific activities to be implemented at specified resource levels. Moreover, the entire process has led to more than 85 activities and necessitated the use of 27 project vehicles. This scattering effect, in turn, has at times rendered the USAID program unmanageable and ineffective. The concept of using agencies to deliver highly specialized technical assistance is laudable, but having agencies implement projects directly has been misguided.

Our interviews revealed that agencies' "cutting-edge" skills for project implementation are well received in every CAFTA-DR nation, but also that agencies lack the country in-depth knowledge and networks that other implementers, such as NGOs and contractors, enjoy. Consequently, some agency-managed programs are making no progress (see Chapter 4).

The implementation process was founded on the laudable objective of achieving program innovation and leverage, while strengthening bonds between countries' agencies and thereby achieving sustainability. Unfortunately, driven extensively by Washington, the process has limited flexibility and led to a dearth of field "know-how" and experience necessary for success. We hope that the recommendations provided herein will help USAID address some of the issues just described and improve the effectiveness of its program.

3. Environmental, Legal, and Regulatory Structure, Policies, Laws, Regulations, and Priority Environmental Needs

OVERVIEW

In 1989, five Central American countries created the CCAD to value and protect natural patrimony, coordinate environmental actions, obtain international financing for regional projects, strengthen national environmental management, promote compatible environmental policies and guidelines, determine action plans for environmental issues, and promote democratic and decentralized environmental management.² In 1994, the countries signed the Alliance for Sustainable Development (ALIDES) and began to develop an environmental regulatory framework.³ Momentum for the signing arose from international influences that had prevailed since the UN Earth Summit of 1992 when most UN members agreed on a common set of environmental principles.

These new commitments are a response to the region's improved environmental management, though progress on the commitments has not been satisfactory. Several regional and international studies indicate that deforestation, land degradation, water scarcity, water and soil pollution, and loss of biodiversity are threatening the region's environment.⁴ According to the CCAD, the region is losing 380-461 hectares per year because of illegal logging, expansion of the agricultural frontier, and intensive land use for domestic purposes. There are no incentives for conservation and jobs are needed in the rural areas near forests.

Land degradation, another serious concern, adversely affects ecosystems. Water is increasingly scarce, and wastewater and solid waste are still disposed in natural water sources and watersheds.

² Convenio Constitutivo de la Comisión Centroamericana de Ambiente y Desarrollo, article 2.

³ The U.S. Government was the first extraregional partner of ALIDES through the Central America–United States Agreement (CONCAUSA), which initiated the PROALCA and PROARCA programs within the framework of a USAID-CCAD work plan.

⁴ CCAD (1998) and Lefabre (2003), cited by Murillo 2006.

Nearly 15 million Central Americans still lack potable water and systems of environmental sanitation, a problem that could worsen.⁵ Urban and industrial development are polluting soil and air and making clear the need for appropriate treatment and storage of solid waste. In recent years, the use of dangerous chemicals and their effect on human and animal health—as well as their pollution of water—has made the need for management of industrial solid waste urgent.

Finally, the loss of biodiversity is frequently described as “severe” in international fora, especially with regard to land degradation and deforestation in Central America, whose varied climates and geography make it important to biodiversity. The region’s unique ecosystems, fauna and flora, and indigenous cultures must be preserved. The preservation of the region’s biodiversity is of international as well as regional importance.

Legal Environmental and Institutional Capacities

Central America faces numerous challenges in improving its legal and institutional capacity for environmental management. The region has made significant progress in this regard since 1990, passing important legislation and creating ministries or secretaries to oversee environmental management, but problems noted five or six years ago are still observable today.⁶ The assessment team noted the problems listed below while visiting the institutions of CAFTA-DR countries:

- Short-term objectives and reactive attitudes
- Lack of integration among sector-level management
- End of pipe approaches
- Overlapping and duplicated institutional competencies
- Overly centralized power
- Command and control approach
- Lack of or incomplete standards for environmental quality
- Little use of economic tools to encourage environmentally sound behavior by citizens and corporations
- Focus on proceedings rather than measurable objectives and results
- Bureaucratic, complicated, and costly processes
- Lack of transparency and information sharing, and excessive latitude for discretionary action in processes
- Lack of consistent method for evaluating and analyzing management indicators
- Little involvement of civil society in decisions (e.g., consultation, information sharing, participation)
- Political concerns taking prevalence in decisions regarding technical matters
- Small budgets in relation to functions and duties
- Growing need to build human resources capacity

⁵ Morillo (2006), citing Prensa Gráfica 2003.

⁶ SICA y CCAD (2001). Estate of Environmental Quality Management of Central America. Synthesis Report. Cited by Orozco J. Hernández (2003).

Most of these problems relate to the relative invisibility of environmental problems in national politics. Environmental management is still seen by many as a marginal issue not affecting development issues such as poverty, employment, and productivity. Environmental law and management will improve when they figure into long-term objectives for which there is accountability. This requires changing the political culture and raising the profile of environmental matters in broad decision-making strategies. The CAFTA-DR cooperation programs offers opportunities for achieving these things—otherwise the region may continue working exclusively on issues of minor impact and concentrating on formalities so that political expediency takes precedence over technical matters.

To ensure that time and resources spent on building capacity and strengthening institutions are effective, institutions must have some level of institutional maturity. Criteria of maturity include date of creation; functioning operational rules (e.g., bylaws); autonomous administration, sufficient funding, and human resources to fulfill tasks; long-term stability and political support; and leadership. The environmental ministries of CAFTA-DR countries are all fairly new:

- Costa Rica, Ministry of the Environment and Energy (MINAE), 1995
- Nicaragua, Ministry of Environment (MARENA), January 1994
- Honduras, Secretariat of Natural Resources and Environment (SERNA), December 1996
- El Salvador, Ministry of Environment and Natural Resources (MARN), May 1997
- Dominican Republic, Secretariat for the Environmental and Natural Resources (SEMARENA), August 2000
- Guatemala, Ministry of Environment (MARN), December 2000.

International cooperation has made funding available to address environmental issues. In consonance with the 1992 international consensus, however, most funds have been devoted to biodiversity, conservation, and sustainable development.⁷ Much less has been available to strengthen capacity to implement command and control measures at the national level, as these have been viewed as matters of domestic policy. In addition, international funding has required national matching funds and corollary fiscal commitments from the countries. With already small budgets, ministries have not been able to devote funds to other important matters. This partly explains why almost five to ten years after their creation, they still lack the capacity to enact legislation and implement regulations, especially for brown issues.

The lack of public-private partnership in environmental management can be attributed to the absence of incentives for compliance and the lack of vision among private firms for which command and control measures are mainly punitive and insufficient. Foreign investment has led to some changes in corporate behavior but this has not been the norm.

CCAD as Key Player

Since its formation, CCAD has been promoting environmental protection in the Central American region. The organization's scope of work—derived from the Constitutive Agreement among

⁷ The Convention on Biodiversity was one of the most appealing platforms for cooperative efforts internationally since 1992.

member countries—established it as a forum for developing political consensus on environmental priorities, identifying common goals, and standardizing environmental policies. The CCAD has used international funding and contributions of member countries to pursue these objectives.⁸

We note that the institutional capacities of CCAD may be affected by the potentially conflicting nature of its two roles. First, it is a regional platform for integrating environmental policies within the SICA structure for which an action plan has emerged for such integration. Second, it has become—through an agreement with USAID—an agency for implementing regional and bilateral projects and has related financial and administrative responsibilities. Promoting regional policies and managing projects are two distinct and sometimes politically incompatible tasks. On the one hand, CCAD must respond to ministries and secretariats involved in negotiations; and on the other hand, it must respond to international donors and follow up for donors with ministries and secretariats.

Analytical Methodology

The assessment team examined countries' performance and needs with regard to legal and regulatory structure, policies, laws, and regulations as they relate to implementing Chapter 17 in the following seven categories:

- ***Institutional Development.*** The development and satisfactory implementation of environmental regulations in the different areas of the ECA.
- ***Institutional Capacity.*** The relevance of the institutional framework to environmental management and how legal responsibilities are executed in different areas of the ECA.
- ***Inter-institutional Cooperation.*** Coordination among public institutions involved directly or indirectly in implementing national environmental policies and regulations, especially with regard to the different areas of the ECA.
- ***Public-private Interaction.*** How public entities in charge of environmental management interact and coordinate with the private sector in the different areas of the ECA (e.g., discuss proposed legal frameworks, elicit feedback, implement and enforce laws and regulations).⁹
- ***Cooperation with ECA.*** Current status of collaboration with the USAID managed program to advance the implementation of the different areas of the ECA.

⁸ CCAD has developed the following regional instruments and initiatives: Reglamento Interno de la Comisión Centroamericana de Ambiente y Desarrollo (CCAD) ; Alianza Centroamericana para el Desarrollo Sostenible (ALIDES) ; Convenio Centroamericano de Biodiversidad ; Convenio Regional para el Manejo y Conservación de los Ecosistemas Naturales Forestales y el Desarrollo de Plantaciones Forestales(ecosistemas plantaciones) ;Convenio Regional sobre Cambios Climaticos ; Acuerdo Regional sobre Movimiento Transfronterizo de Desechos Peligrosos ; Protocolo al Convenio Constitutivo de la Comisión Centroamericana de Ambiente y Desarrollo (CCAD)

⁹ This is usually called public-private “partnership” but partnership supposes some earlier form of interaction and cooperation.

- **Priority for CAFTA-DR Implementation.** Evaluation of program and recommendations for how cooperation could be strengthened to get better results in Chapter 17 implementation.

The matrix in Appendix F presents a rapid overview of performance rated as high, medium, or low in each category.

INDIVIDUAL COUNTRY ANALYSIS

In the following subsection, we assess countries' legal and regulatory structure, policies, laws, and regulations and needs for cooperation as they relate to implementing Chapter 17.

Costa Rica

Institutional Development

Among Latin American countries Costa Rica has very strong environmental institutions.¹⁰ The country's political stability and a high level of education and economic development have helped it manage the environment effectively.¹¹ Costa Rica has been a pioneer in forestry protection and reforestation, in conservation of biodiversity, and in strategies for environmental services.

Environmental laws, regulations, policies, and procedures. Costa Rica has developed important legislation though much remains to be done, particularly for air, soil, and water standards at the sector level. The allocation of resources for green and brown issues needs to be changed. MINAE (MINAET with the later reform - which now includes telecommunications under the responsibility of this agency) is very efficient in securing funding from bilateral and multilateral sources to enhance environmental management.¹² Most funding is devoted to conservation, ecotourism, and other green issues with very few exceptions. The National Technical Secretariat for the Environment (SETENA), which regulates and approves licenses and permits, appears overwhelmed by an uncontrolled flow of requests. A Constitutional Court ruling has made it mandatory for all economic activities to be licensed and undergo an environmental impact assessment (EIA). Rules and regulations need to be enhanced, responsibilities clarified, and capacity created to address demand arising from regulations.

Environmental law enforcement, governance, and capacity building. Costa Rica is the most effective in enforcement and governance in the region. With a "unique" environmental administrative court (with five environmental prosecutors), Costa Rica's system—though far from perfect—promotes environmental justice through judicial mechanisms. Some partnerships with universities have benefited from the process because of the niche created for environmental

¹⁰ Costa Rica has had an environmental ministry since 1990 and a General Law on the Environment since 1995, with a centralized structure. Other environmental laws include Ley de manejo del Uso de suelo y su conservación, Ley general de salud, Ley fitosanitaria, Ley de salud animal, y ley forestal

¹¹ In 2002, Costa Rica banned petroleum exploration and began to devote political and institutional effort to developing sustainable energy. The Ministry of the Environment and the Ministry of Energy were combined in 1988.

¹² Around US\$100 million a year for 2007 (Source: International Cooperation Office).

lawyers. Some initiatives in fisheries, including some related policies and one particular international corridor (Coco-Galapagos), have recently begun to take hold; however, it is not clear how these initiatives will create broader commitments as the country proceeds to promote foreign investment in the sector.

Public participation and transparency. Some constitutional provisions and public administration regulations grant the public access to information. But there is no formal law or regulation on access. Participatory mechanisms and civil society involvement in CAFTA-DR are not evident. A recent approbatory referendum polarized public opinion and a majority of NGOs have not yet decided to become involved in CAFTA-DR implementation using the mechanism of Chapter 17 or others.

Multilateral Environmental Agreements (MEAs) biodiversity and conservation. Costa Rica has been very active with regard not only to the Convention on Biological Diversity but also CITES. It has conducted capacity building for customs officers in coordination with officers of neighboring Panama and Nicaragua, where illegal wildlife trafficking is acute; and its regulation of protected areas has been helpful. Budget restrictions, however, always constrain control and monitoring. Illegal logging and reforestation is a continuous area of work for MINAE.

Market-based conservation. Many national and international initiatives for market-based conservation have helped Costa Rica develop a consistent policy for conservation of protected areas. Successive governments have targeted ecotourism as promising for national development and have invested significantly more in ecotourism than in other areas, such as agriculture where a more industrial vision prevails.

Private sector environmental performance. Costa Rica has not yet done as well in improving private sector performance but its commitment to and experience working with the private sector holds promise. Much needs to be done in developing clean production agreements.

As in other countries, little has been done to improve the *Secretariat for Environmental Matters*, where capacity building has been gradual. The International Cooperation office at MINAE has a system for monitoring CAFTA-DR activities for internal purposes, but no significant CAFTA-DR activities have yet begun.

Institutional Capacity

Costa Rica's stability and judiciary system have led to the development of appropriate institutional capacity for environmental management. Nevertheless, MINAE has acquired many new responsibilities in energy, telecommunications, and water management, in addition to the traditional duties of environmental management. Thus, further human resource development, capacity building, and funding are needed. MINAE's capacities are also diminished by environmental over-regulation and a lack of clarity regarding its role in environmental matters. This lack of clarity is evident in overlapping responsibilities among several institutions.¹³

¹³ Besides MINAE there is CONAP (Protected Areas), INAB (Sustainable Forestry), MSPAS (Health Ministry), MAGA (Agriculture Ministry) and OCRET (State Reserve Areas).

MINAE has not been as successful in fishing as it has been in agriculture, forestry, and tourism. MINAE needs to collaborate more with other ministries.

Inter-institutional Cooperation

MINAE does not have a formal mechanism for working with other public entities and cooperation seems to occur only in response to a specific initiative. Nevertheless, MINAE has accumulated political capital and is respected by other government institutions at the executive level. MINAE is also in charge of energy and now telecommunications, both sectors that command a high political profile.

Public-private Interaction

Costa Rica's advances in environmental public-private partnerships have not been as significant as developments in other areas. Tensions between the public and private sectors are high and the private sector often feels constrained by regulatory processes. Nevertheless, advances in clean production agreements have demonstrated that some sectors can work closely with SETENA and develop a broad consensus. Some sectors are demanding more information and capacity building with regard to CAFTA-DR Chapter 17.

ECA Cooperation

Not yet a full member of CAFTA-DR and without a USAID presence, Costa Rica has not received much assistance under the ECA program. All assistance has come from regional programs, principally through CCAD and EPA. Assistance has involved clean production agreements, training customs officers on CITES, and other minor activities performed among CCAD member countries. Some resources are being channeled to set up a trade and environment office.

Other Donor Support and Potential Collaboration

Costa Rica is a magnet for donors' environmental financial and technical cooperation in Central America and the Caribbean. The country received about US\$90 million during 2005-2008 from 15 governments, including those of France, Denmark, Germany, Mexico, Norway, Japan, and China; and from international organizations such as the World Bank, Inter-American Development Bank (IDB), Food and Agriculture Organization (FAO), UN Development Programme (UNDP), and others. With this assistance it has implemented about 30 initiatives, mainly in biodiversity and conservation, as well as market-based conservation. There are opportunities for coordinating with other donors in environmental law enforcement and clean production.

CAFTA-DR Priority for Implementation

Costa Rica has a good record in conservation and biodiversity. In fact, emphasis on these green issues has stalled progress on brown issues. Assistance should be provided to reinforce the capacities of SETENA and the administrative environmental law court, and to make progress on clean production agreements and market-based incentives. Continued work on CITES and biodiversity issues is important, but funding for these is available from other donors. CAFTA-DR

assistance should concentrate on brown issues and on improving the enforcement of environmental laws that govern these areas.

As shown in the matrix in Appendix F, institutional development in regulatory matters for brown issues is ranked low. In contrast, capacity in green areas is ranked medium (e.g., biodiversity and conservation, CITES implementation, sustainable tourism, illegal logging, ecosystem protection). These matters have received a great deal of support in recent years because the country has made them a priority, largely due to their effect on tourism, and because donor resources have been available for them. We therefore recommend that work focus more on environmental law, regulations, policies, and procedures as they pertain to EIAs, wastewater, solid waste, substances, clean air, administrative procedures, and clean production. Progress on the framework for such matters is especially important in achieving compliance with CAFTA-DR Chapter 17 in order to boost industrial exports.

Dominican Republic

Institutional Development

The Dominican Republic enacted the General Environmental Law in 2000, so its institutional framework for protection is fairly new. The law consolidated institutions into the Secretariat for the Environmental and Natural Resources (SEMARENA, which now operates with the National Council for Environment and Natural Resources and the National Environmental Fund (FONAMARENA).

Environmental laws, regulations, policies, and procedures. New regulations and instruments have been developed since 2000, but urgently needed standards for environmental quality have yet to be developed. Capacity to develop standards and procedures to implement the General Environmental Law, particularly as it relates to EIAs, is nascent. The regulatory capacities of municipalities, however, are improving through 16 Environmental Management Units (UGAMs). These units allow municipalities to coordinate with different regions where SEMARENA would have difficulty doing so (e.g., solid waste and water management ordinances). The Law for Natural Protected Areas is not widely observed since many projects, particularly hydroelectric ones, are in these areas. Finally, SEMARENA's budget problems and disjointed administrative processes are impeding progress.

Environmental law enforcement, governance, and capacity building. The capacity of the country's judicial system to process environmental actions is developing very slowly. Disputes are handled sporadically through administrative sanctions by SEMARENA; and while the criminal code has some options, criminal proceedings must be reformed if the code is to be effective. There are no partnerships with universities and SEMARENA has not pursued partnerships. SEMARENA has not done much work on coastal and marine resources with regard to CAFTA-DR.

Public participation and transparency. Only a few civil society organizations are working on environmental protection, but mainly in conservation, sustainable tourism, and other areas associated with local government work. In 2004, the country enacted a law on access to

information, but it has not yet triggered civil society's participation nor become relevant to CAFTA-DR implementation.

MEA's Biodiversity and Conservation. The country views MEA's Biodiversity and Conservation as important, not only because of complaints regarding management of protected species such as sea turtles (CITES), but because tourism is the main source of income. Tourism has a significant impact on the environment, but the government has not increased the budget for biodiversity protection and conservation of protected areas accordingly. This suggests that government priorities should be subject to more strategic analysis.

Market-based conservation and private sector performance. Work in these areas is in its early stages. The dairy, energy, and coffee products sectors have been selected for development of voluntary agreements for clean production. Some big corporations have shown interest in protecting the environment directly (e.g., CEMEX and the Río Tahino, Ambev, and others), and indirectly through foundations (e.g., Punta Cana). Such tasks are corporate social responsibility tasks.

Secretariat for Environmental Matters (SAA). A recent event related to exploitation of a CITES-protected species, the marine sea turtle, exposed DR to the workings of the SAA. SEMARENA is working on control and regulatory measures, but this problem has uncovered the underlying problem of poverty in areas where tourism is concentrated.

Institutional Capacity

The capacity of SEMARENA is limited. The budget, legal-technical capacities, and staffing and human resources are insufficient. Regulatory frameworks are needed for soil, water, and air pollution standards (minimum/ maximum). Having offices scattered in various buildings throughout the city impedes internal coordination.

Inter-institutional Cooperation

CAFTA-DR has attracted attention to SEMARENA. It is hard to identify stronger leadership in environmental protection, but it is unclear how SEMARENA's leadership is influencing other institutions. For example, tourism-related infrastructure projects do not seem subject to analysis of their social and environmental impact. But there is technical coordination for specific actions and needs. Recently, SEMARENA has been working with UGAMs on EIA and water pollution issues and there is potential for long-term positive results.

Public-private Interaction

Isolated in programs and activities, public-private interaction is not guided by an overarching view of collaboration in environmental management. SEMARENA is seen as a young institution that will require greater leadership and/or political will to get the private sector involved in large, long-term initiatives.

ECA Cooperation

ECA cooperation has been mainly in support of residual water treatment technology where local hotel owners have been trained in environmental management (95 percent of hotels in Punta Cana have adopted treatment technology). Some resources have been awarded to strengthen UGAMs and to develop regulations for SEMARENA. Other activities involve building the capacity to conduct EIAs.

Other Donor Support and Potential Collaboration

SEMARENA established a donors' environmental group of more than 15 governments and cooperation agencies (Germany, Spain, Mexico, Japan, Colombia, Canada, Holland, England, France, Taiwan, the European Union, World Bank, IDB, FAO, UNDP, and the Nature Conservancy). USAID participates in this group. Work by the USAID-managed program focuses on institutional strengthening, enforcement of environmental laws, and private sector performance. Much remains to be done in strengthening institutions and enforcing laws and the country –though SEMARENA- should explore possibilities of soliciting further assistance in these areas from the referenced donor group. Much more needs to be done on clean production as DR does not yet have a center for clean production. The assessment team learned unofficially that the Government of Mexico is interested in setting up a center. USAID could expedite this process by offering to cover some start up costs and/or conduct some start up work (e.g., developing a strategic institutional plan, identifying strategic partners, promoting the center).

CAFTA-DR Priority for Implementation

CAFTA-DR assistance should focus on legal enforcement, regulatory development, and access to environmental justice. The DR needs to develop a method for conducting EIAs, and to develop water, soil, and air pollution standards. Such work should also be integrated at the level of municipalities, and this will require strong commitment and a substantial budget. Along with work on CITES¹⁴ and sustainable tourism, DR should concentrate on filling gaps in environmental enforcement as too many low-budget activities will dilute impact.

SEMARENA's capacity for environmental management and oversight is limited, though it has a somewhat stronger ability in sustainable tourism and conservation. The capacity to enforce norms and regulations, particularly those related to contamination (e.g., wastewater, solid waste, clean air) and EIAs, should be strengthened. Building enforcement capacity is critical because of the relationship between industrial production and exports, the main focus of CAFTA-DR.

¹⁴ The DR's need for CITES-related assistance was revealed when an NGO challenged the country under the Environmental Matters Secretariat for not enforcing regulations for protecting marine turtles.

El Salvador

Institutional Development

El Salvador created its Ministry of Environment and Natural Resources (MARN) in 1997 and has maintained a regulatory framework since 1998.¹⁵ It appears to be in an early stage of consolidation even though political stability has allowed institutional strengthening to be continuous.

Environmental laws, regulations, policies, and procedures. El Salvador seems to have significant political will and commitment though institutional development persistently lags. A regulatory framework is in place but EIA procedures need work and standards for wastewater, solid waste, and clean air need to be developed. Administrative procedures are lengthy and costly. Endogenous technical capacity needs to be developed and infrastructure needs to be acquired. Guidelines and standards for toxic and hazardous waste, until recently under-regulated, have been produced.

Environmental law enforcement, governance, and capacity building. We observed progress in creating capacity and raising awareness of environmental protection through justice, especially by the *Fiscalia de la Nacion*. However the budget is insufficient, technical specialization is lacking, and judges are too few. More needs to be done to regulate standards, captures, and methods for sustainable fisheries. That OSPESCA is based in the country could generate discussion and consensus in the near future. Partnerships with universities are very narrow or ad hoc (such as the International Law Enforcement Academy; ILEA).

Public participation and transparency. Even though this is a key area for Chapter 17 implementation, it has had little attention. A legal framework on civil society participation and access to public information does not yet exist, though the Constitution, the Environment Law, and the municipality regime have provisions allowing access to information. Civil society organizations are not yet organized to use the Chapter 17 mechanism to foster environmental legal compliance. The Salvadoran Foundation for Economic and Social Development (FUSADES), a local NGO, recently presented a project on a transparency and information access law.

MEA's Biodiversity and Conservation. Biodiversity and conservation activities need to be decentralized and coordinated with municipalities and other institutions. Implementation of guidelines and instruments needs to be supported.

Market-based conservation. Some isolated activities, such as financial incentives (such as GDA), environmental prizes, public campaigns for recycling, burned oil recollection, and unleaded

¹⁵ Legal bodies include constitutional provisions on environmental protection; the Environment Law (Ley de Medio Ambiente) and its bylaws; regulations on ozone-depleting substances; wastewater provisions; provisions on environmental quality standards, on hazardous waste, on solid waste and others; the Forestry Law and bylaws; the Protected Areas Law, wildlife conservation provisions; and provisions for environmental criminal justice.

gasoline have been pursued. These activities indicate a change in mindset but not a strategic line of work for the private sector.

Private sector environmental performance. Work has just begun on guidelines and diagnostics for some sectors (dairy and poultry). More coordinated action in other sectors is important given the size of country and the value of having the private sector take advantage of market opportunities.

Capacity building for the *Secretariat for Environmental Matters* has been slow. No CAFTA-DR monitoring system or internal evaluation is evident. Coordinating work between the Ministry and other agencies can sometimes be overwhelming given its present capacity.

Institutional Capacity

In addition to the Ministry of Environment and Natural Resources, the National Environment System (SINAMA)—which includes other institutions, such as the Ministry of Agriculture—is charged with key aspects of environmental protection. It is not clear who is responsible for water issues and some other issues. To meet its objectives, the Ministry requires much strengthening and role clarification, as well as a broad political support. On environmental laws and regulations as well as wildlife, flora and fauna, its scope is clearer. However, it has little capacity to regulate forestry, fisheries, water, public participation, tourism, and agriculture. Government leadership for clean production is not yet in place and has been taken up by private organizations, such as Clean Production Centers.

Inter-institutional Cooperation

To cooperate effectively with other public institutions in environmental management MARN requires leadership and political presence. As a small ministry with a small budget its capacity to influence other institutions is slight. Some areas are particularly difficult, such as forestry, agriculture, water management and clean production, all of which require very broad collaboration. As for CAFTA-DR implementation, the Ministry of Trade seems to have a greater capacity for convocation and coordination; and with regard to access to justice, coordination levels with the *Fiscalía de la Nación* are acceptable, although this activity is quite nascent.

Public-private Interaction

This is probably one of the most sensitive areas in relation to CAFTA-DR implementation. Public-private initiatives for achieving compliance with Chapter 17 are not yet in the scope of work of the Environmental Cooperation Program. Activity for clean production agreements does not seem to create a means for collaboration and mutual trust among organizations. Since Chapter 17 of CAFTA-DR requires that environmental legislation be implemented in the context of trade relations, more attention should be paid to developing public-private partnerships that promote compliance and to exploring incentives and other types of command and control measures.

ECA Cooperation

Brown issues have been supported but technical capacities for EIAs should be improved. Although work on law enforcement and access to justice has started, it is not sufficient to be

considered a strong starting point. Some work has been done on CITES but work on forestry, tourism, and sustainable agriculture requires better coordination with other institutions. Cleaner production activities are just beginning in two sectors, and these activities can be expanded significantly without much investment. Finally, work on civil society participation and on promoting a mechanism for citizens' submissions are scarce. Collaboration in environmental management should be further promoted through dissemination, dialogue, and NGO empowerment.

Other Donor Support and Potential Collaboration

El Salvador's international cooperation office in MARN coordinates the government's and international agencies' projects. About 10 governments and agencies (Germany, Switzerland, Mexico, Japan, Central America Energy and Environment Alliance, World Bank, IDB, FAO, and UNDP) provide MARN with technical and financial support for biodiversity and conservation, solid waste, municipal development, clean production, reforestation, sustainable tourism, and watershed management. The USAID-managed program is one of the very few involved in institutional strengthening, enforcement, and private sector performance. USAID could collaborate with others on biodiversity, conservation, and market-based conservation, and thereby free some of its resources to deepen progress on brown issues.

CAFTA-DR Priority for Implementation

All ECA activities stress the need to forge a path for environmental development, but progress on brown issues is lagging throughout the region. Environmental laws for industrial activities, especially export activities, should be enforced rigorously, and program funding should be concentrated there. Brown issues are also fundamental to Chapter 17 compliance because enforcement reflects institutional maturity and strength. Enforcing regulations and building internal capacities and regulatory structure strengthens institutions over time. Working on green issues is also part of the ECA scope of work, particularly with regard to CITES. Conservation and biodiversity, including flora and fauna protection, attract more attention and funding each year and are politically sensitive.

Guatemala

Institutional Development

Guatemala has had a legal environmental framework since 1996 (Ley de Protección y Mejoramiento del Ambiente), and created the Ministry of Environment (MARN) in 2000. MARN has 22 departments and 170 municipal offices. It coordinates with the Ministry of Agriculture (MAGA), the National Institute of Forestry (INAB), the National Council for Protected Areas (CONAP), and many other institutions.

Environmental laws, regulations, policies, and procedures. Lack of progress in legislative development throughout the region is notorious. Lately, work has focused on making previously agreed standards stricter. Lack of consensus on standards in general and on wastewater in particular is impeding progress. A dispute with the private sector over parameters for wastewater and the amount of time granted to adjust to standards continues. EIAs are mandatory and

industries, especially those working with natural resources, must obtain a license for operations. But MARN's lack of capacity and budget make it hard to follow up in the monitoring and implementation phases. Finally, sustainable tourism and illegal logging are serious concerns, especially as Guatemala hosts the Mayan Biosphere, a unique national park containing important ecosystems and archeological ruins.

Environmental law enforcement, governance, and capacity building. Guatemala has a prosecutor's office on the environment but only three prosecutors to cover all national parks. Enforcement is also a problem. MARN recently managed to increase its budget, but technical and infrastructure deficiencies—including a lack of personnel to follow up on EIAs and other matters—need to be addressed.

Public participation and transparency. Few organizations have supported MARN's development. MARN does not have an open institutional culture and MARN and civil society hesitate to collaborate, particularly after recent criticism of MARN's decisions. Even though the constitution provides for access to information, there is no access to information law.

MEA's Biodiversity and Conservation. MARN has been active at the regional level but further legal development in biodiversity and conservation is not evident.

Market-based Conservation. MARN and CONAP are taking the lead in sustainable tourism. Ongoing initiatives in forest products face the challenge of curbing illegal logging in poor municipalities; stopping illegal logging in these areas will require significant investment. Economic, fiscal, and other types of incentives must be developed if market-based conservation is to succeed.

Private Sector Environmental Performance. Work on clean production voluntary agreements is just beginning, and the private sector continues to dispute the legal parameters of water regulation. This longstanding dispute has undermined trust between the public and private sectors and diminished the possibility of venturing into new and better partnerships. Even though clean production centers are physically based in private sector associations, they are completely different institutions with different organizational goals. The private sector does not seem engaged in the process so far.

The *Secretariat for Environmental Matters (SAA)* has just begun to disseminate its mandate among member countries; cooperation with other institutions should be deepened and proximity to the SAA should be taken advantage of.

Institutional Capacity

Even though Guatemala has regulated its environment longer than other countries in the region, MARN's capacity and leadership are inadequate for its role. This may be because environmental matters have little presence at the executive level and because the budget for overseeing a vast territory is simply too small. What countries are going to do after CAFTA-DR assistance ends and demand for environmental monitoring and compliance grows is being discussed at the highest levels of government.

Inter-institutional Cooperation

Cooperation with other institutions on environmental management is not significant. MARN cooperates with CONAP on some issues affecting protected areas, but there is no formal system for discussing and working on environmental matters outside of MARN.

Public-private Interaction

Private-public interaction is confrontational and the private sector has not grasped the value of having a strong environmental regulator enforce sound regulations. Decisions are influenced by political maneuvering at the highest levels of government. Debate over the new water regime and standards have polarized the parties, keeping much-needed consensus out of reach. MARN's systemic weakness has made reaching consensus with the private sector on an extensive set of environmental issues nearly impossible.

ECA Cooperation

A USAID contractor has provided two baseline studies, workshops, a training manual for judges, arbitration training, and export product identification. Ministries of environment and tourism have received assistance in the areas of biodiversity and market-based conservation. A manual on sustainable tourism practices and related training have been provided for use by rural communities and micro, small, and medium sized enterprises (MSMEs). Other activities have covered conservation through sustainable forest management, community-based tourism, market and income incentives, and marketing strategies for forest products and tourism services

Other Donor Support and Potential Collaboration

The governments of the United States, Denmark, Netherlands, Japan, Mexico, Switzerland and cooperation agencies such as Central America Energy and Environmental Alliance, USAID, Swiss Agency for Development and Cooperation (COSUDE), FAO, German Agency for Technical Cooperation (GTZ), World Bank, IDB and UNDP have provided Guatemala support for local government decentralization, water and watershed management, solid waste, clean production, institutional strengthening, sustainable development, and Maya biosphere management. Given this breadth of international assistance, which spans all ECA technical areas, USAID could seek collaboration in numerous areas, but a more detailed analysis is advisable.

CAFTA-DR Priority for Implementation

To comply with Chapter 17 of CAFTA-DR, Guatemala needs to develop environmental standards, build capacity, and achieve compliance, particularly on brown issues. There has been progress in legal drafting and institutional capacity building, but training needs to be comprehensive and lead to targets and actions plans. Activities and funding should be concentrated to ensure progress in the context of a broad program of targets, implementation phases, and monitoring. The country has started activities for implementing EIAs and improving wastewater management, but little has been done to develop a regulatory framework for these activities. Capacity for guiding and managing work in these areas is lacking, and assistance is needed for institutional strengthening and enforcement of environmental laws.

Biodiversity protection, conservation of protected areas, and public participation are still important, but limited funds should be devoted to building capacity in the weakest areas. Once a strong regulatory and monitoring capacity is in place, the public and private sectors can collaborate on various matters (e.g., agriculture, forestry, tourism) through a stable system resistant to political changes.

Honduras

Institutional Development

Honduras issued a General Law for the Environment in 1993. It also created the Secretariat of Natural Resources and Environment (SERNA), which coordinates with the Honduran Corporation for Development in Forestry (COHDEFOR).

Environmental laws, regulations, policies and procedures. Honduras has developed legislation for EIAs (characterizing them by level of impact) and regulations on water, forestry and others. There are still some gaps in standards and most need to be adjusted. Many bylaws for brown issues were recently drafted.

Environmental law enforcement, governance, and capacity building. As soon as acceptable regulations are in place, Honduras should implement them. This will require strong institutions with appropriate technical capacity, infrastructure, and political will to ensure credibility and confidence for future actions.

Public participation and transparency. Public participation is often confused with NGO work in relation to a specific project with SERNA or the cooperation program. Civil society has little capacity to promote public participation and not much experience in getting access to information. Some constitutional provisions and other regulations grant rights to information, but many provisions are not enforceable all the time. In general, civil society and government have not formed a partnership on the environment and their relations are very confrontational.

MEA's Biodiversity and Conservation. Experiences with cooperation programs have been positive. SERNA's budget is too small for it to implement the controls and regulations necessary to protect biodiversity, control wildlife trafficking, or promote conservation in protected areas. Many projects have assisted SERNA. USAID's Integrated Natural Resource Management (MIRA) project exemplifies the value of cooperation and coordination.

Market-based Conservation. Some work has been done on sustainable agriculture, tourism, and agro-forestry certification. Much more needs to be done and success will require involving COHDEFOR and other institutions.

Private sector environmental performance. The International Resources Group (IRG) has worked on best practices in eight subsectors (tilapia, textiles, tourism, bio-diesel, swine, poultry, sugar cane, and primary forests) in cooperation with the environmental secretariat. This area presents the best opportunity for making the private sector a strategic ally. The Clean Production Center is coordinating with SERNA and the private sector.

Like the other Central American countries, work on the *Secretariat for Environmental Matters* is only beginning. SERNA and other institutions are interested in the mechanism and its procedures. This area needs reinforcement.

Institutional Capacity

SERNA's capacity for environmental enforcement and leadership is weak. Though not new, the institution and its mission are not viewed as important enough to claim resources needed to improve. As in other countries, political urgencies come first. In addition, Honduras has been recovering from a devastating hurricane for years, and recovery has diverted resources. However, the private sector seems engaged with CAFTA-DR objectives, and could very well be part of the solution in the long run. Meanwhile, more of the budget should be devoted to building capacity in the judicial system and improving administrative procedures.

Inter-institutional Cooperation

SERNA's capacity to raise environmental concerns and to cooperate with public institutions has improved with CAFTA-DR implementation. SERNA has coordinated with agriculture, industry, and trade ministries on specific actions but no high-level political platform for discussing environmental matters and economic development exists. For the sake of competitiveness, some private sector organizations are coordinating with Ministry of Industry and Trade to change the broad vision.

Public-private Interaction

The private sector of Honduras is united on export goals. Because CAFTA-DR presents a real chance for export development and growth, the need to improve regulatory enforcement and increase clean production agreements also presents a chance for developing public-private partnerships, especially in sustainable tourism, agro forestry, and agriculture.

ECA Cooperation

In general, cooperation has been extensive, efficient, and of high quality. USAID's contractor has been identifying priorities, especially those for brown issues. Emphasis has been adequate, except for the Ramsar's Convention as it pertains to wetlands (as a conservation priority). Much remains to be done in water regulations, not only on compliance but also in promoting market incentives. Civil society participation has not been promoted.

Other Donor Support and Potential Collaboration

A few donors (including the governments of the United States, Canada, Mexico and Venezuela, and agencies such as the Central America Energy and Environmental Alliance, FAO, OAS, World Bank, IDB and UNDP) provide Honduras financial and technical support on protected areas and biodiversity, the Mesoamerican corridor, clean production, environmental management, energy efficiency, and sustainable tourism. USAID could seek collaboration in numerous areas, but a detailed analysis in this regard is advised. USAID could, for example, more closely coordinate its work on green issues with other agencies so they "buy in" to these programs and free resources for work on brown issues.

CAFTA-DR Priority for Implementation

As with other countries, CAFTA-DR cooperation should focus on trade-related environmental matters—environmental laws and procedures, compliance with air, soil, and water standards, and waste management. Focusing on these matters will strengthen institutional capacity. Secretariats and ministries of environment have worked more on policies and regulatory frameworks than on implementation. They need to understand that not all regulations must be in place before some are implemented. Certainly, some standards and parameters need to be in place, but institutions have not been exercising authority effectively either because they lack capacity or are political clout. In large part ineffectiveness can be attributed to postponement. Much has been done on the framework for brown issues, but approvals are pending as is development and implementation of regulatory norms. Institutional capacity to enforce the framework will have to be increased, as will operational capacity for monitoring and control. Program assistance should also focus on this later stage.

Nicaragua

Institutional Development

Nicaragua has had an environmental legal framework since 1996, when it created the Ministry of Environment and Natural Resources (MARENA), replacing the Institute on Natural Resources (IRENA) (1979). MARENA coordinates with the Environmental Management Unit under the Ministry of Industries and Trade (MIFIC) in all aspects related to industries. MARENA's needs are extensive. It has a very small budget and relies on the USAID-managed program to finance its operations. MARENA's reliance on short-term consultants raises questions about skill transfer and human resource development generally.

Environmental laws, regulations, policies, and procedures. Since 1996, Nicaragua has issued numerous environmental laws, including the General Law on the Environment, the forestry law, the Sanitary Code, some laws on the protection of wildlife, a law that regulates hunting, and regulations on pesticides and trafficking in toxic substances. Standards on water, air, and soil pollution have not been developed and some legal reforms are needed. Not all industries require an EIA; instead industries are categorized by their level of possible impact and assessed taxes and fees accordingly. It is not clear how this will apply to an autonomous region in the Caribbean.

Environmental law enforcement, governance, and capacity building. Nicaragua has had environmental legislation in place for more than a decade but environmental protection has not improved much. Enforcement has been minimal and public officials are usually replaced when a government's term ends, causing regular loss of institutional knowledge and technical capacity. Access to environmental justice is scarce and administrative procedures are arbitrary.

Public participation and transparency. Civil society participation is vague and the terminology exploited for political purposes. Nicaragua does not have an access to information law, and NGOs execute cooperation agendas, nationally and locally. The national authority rarely consults civil society members or the private sector.

MEA's Biodiversity and Conservation. Nicaragua has many protected areas and ecosystems, so cooperation agencies have assisted with biodiversity and conservation. The country does not have a budget for national protected areas, and the National Forestry Institute (INAFOR) and the Ministry of Agriculture continue to dispute responsibilities with MARENA. Implementing CITES and combating illegal logging remain major tasks, and CCAD and the USFS are providing some training in these areas.

Market-based Conservation. Sustainable tourism has advanced, but impact remains minimal. Ecotourism has great potential but large-scale tourism is more appealing. This is another area to continue working on.

Private sector environmental performance. Private sector chambers and associations have not attached much importance to environmental commitments under CAFTA-DR. The Clean Production Center, which is based in a university, does technical work on behalf of international donors and is strengthening its relationship with the private sector. The private sector is very young, consisting of small and medium size enterprises, and new political views and economic constraints make it difficult to invest in environmental protection as required.

Finally, the ***Secretariat for Environmental Matters*** has just begun disseminating its mandate and recently coordinated with the CAFTA-DR focal point to create capacity to use this mechanism.

Institutional Capacity

The private sector and civil society in general often complain about MARENA's lack of capacity. It is one of the region's oldest environmental institutions but probably the most under-funded and unstable. Enforcement of its legal responsibilities has been problematic. Economic and political instability have posed major problems. Most important environmental tasks and challenges are resolved outside of MARENA. And the recent change in government discontinued CAFTA-DR implementation.

Inter-institutional Cooperation

With regard to EIAs and cleaner production, MARENA has coordinated with the Ministry of Science and Technology (MICIT) and its Environmental Management Unit. For sustainable forestry it has been coordinating with INAFOR and MAGFOR. But it has not been coordinating as well as with its other regional counterparts on CAFTA-DR implementation.

Public-private Interaction

The private sector in Nicaragua consists mainly of small and medium enterprises. Firms have little capacity for public-private partnerships and private sector associations do seem to seek partnerships. Likewise, MARENA does not seem to exert leadership and its capacity to attract private sector interest is diminished when its officials are replaced at the end of every presidential term. Recently, for example, the newly formed CAFTA-DR Advisory Committee—which included private and civil society organizations—was not ratified by the incoming government.

ECA Cooperation

Nicaragua has benefited from cooperation in almost all areas—environmental law and regulation, capacity building and law enforcement, sustainable tourism and forestry, and cleaner production. Cooperation has consisted of small projects in different areas. MARENA’s needs are vast, but ECA cooperation has allowed it to strengthen regulatory frameworks before working on compliance.

Other Donor Support and Potential Collaboration

A host of countries and cooperation agencies (including the governments of the United States, Austria, Germany, Spain, Luxemburg, and Venezuela and agencies such as Central America Energy and Environmental Alliance, USAID, GTZ, World Bank, UNDP) provide Nicaragua financial and technical support for environmental management, biodiversity and conservation, sustainable tourism, watershed management, reforestation, and municipal decentralization. There is a good potential to advance clean production initiatives with SMEs. The Centro de Producción Mas Limpia (CPML) has already started working with SMEs on competitiveness and sustainable development. Austria and possibly Germany are interested in CPML deepening work in clean production; this presents an opportunity for collaboration opportunity.

CAFTA-DR Priority for Implementation

As can be seen in the matrix in Appendix F, Nicaragua’s institutional capacity for environmental management is weak. Nicaragua needs to work on environmental development and compliance on EIAs, solid waste, water, dangerous substances, clean air, and access to justice, particularly with respect to strengthening the Environmental Defense Office. The regulatory framework for these matters is related to industrial performance, trade operations, and adherence to the CAFTA-DR provisions, especially those in Chapter 17. Other sensitive areas include CITES, sustainable tourism, and clean production agreements. Needs are extensive; concentrating assistance will ensure that impact is not diluted in small projects that attempt to cover all areas of cooperation.

4. Project Implementation

To support CAFTA-DR environmental compliance, the USAID-managed program implements projects and activities across all six member countries in four areas: institutional strengthening for implementation and enforcement of environmental laws; biodiversity conservation; market-based conservation; and private sector environmental performance. To promote the harmonization of environmental laws, standards, regulations, and procedures and to roll out technical approaches for achieving compliance, USAID works through its regional projects, which are implemented by ECAM directly or in cooperation with EGAT. USAID builds on its country-specific experience by implementing programs through bilateral missions, and calls on the expertise of U.S. Government agencies, local and international NGOs, private sector participants (through GDAs), and contractors (see Table G-2 in Appendix G)

In this chapter, we summarize the status of various programs and offer recommendations for regional, bilateral, and overall program implementation. A detailed description of program status, implementation issues, and “next steps” is provided in Appendix H.

USAID/EL SALVADOR REGIONAL ENVIRONMENTAL PROGRAM

Central American Commission for Environment and Development

Based within SICA, CCAD is considered the regional “political referent” on environmental matters. On July 27, 2006, USAID awarded CCAD a grant of \$5,577,000.00 to support regional integration in environmental matters and to promote the harmonization of environmental legislation, norms, indicators, standards, and enforcement procedures. The amount of the grant has increased as a result of greater funding from the Office of Central American Programs in Guatemala (G-CAP), and the obligated amount has now risen to \$6,650,245. CCAD is coordinating technical activities in the USAID CAFTA-DR Environmental Cooperation Program. As such, it provides a bridge between the program and each country’s ministers of the environment. CCAD has conducted the following activities, among others:

- ***Environmental laws, regulations, policies, and procedures***
 - Developed regional policies on chemical safety and solid waste handling, with cooperation from EPA, the Danish International Development Agency (DANIDA), and the Spanish Agency for International Cooperation (AECI).
 - Harmonized wastewater regulation in Honduras and Costa Rica, and developed and approved guidelines for Guatemala.

- Drafted and presented to CAFTA-DR countries a regional policy on air quality management.
- Developed a regional system to register and certify environmental service providers, now being implemented in Guatemala, El Salvador, and Nicaragua.
- Provided training in environmental legislation, inspection techniques, indicator development, and principles of enforcement and compliance, with the participation of 245 attorneys, prosecutors, solicitors, agriculture and health authorities, and NGOs, all with the support of EPA.
- ***Environmental law enforcement, governance, and capacity building***
 - Conducted workshops on free trade agreements and environmental cooperation for 100 representatives from the private sector, SMEs, NGOs, and environment and trade authorities.
 - Helped establish documentation centers in El Salvador, Guatemala, and Honduras.
 - Completed diagnostics for centers for confiscated fauna in the region (CITES); provided training and workshop for 50 customs officers and policemen on bi-national borders on implementation procedures using a published operational handbook.
 - Had clean production policy and strategy approved by CAFTA-DR governments; developed regional guide for voluntary agreements, regional mechanism to promote participation and certify cleaner production companies; provided training in cleaner production and voluntary agreements for 100 professionals from the private and public sectors, NGOs, and consultants.

As discussed earlier, the work under the grant required that CCAD take on a new role and assume technical performance responsibilities that appear to have been a challenge for an organization more adroit at leading political processes. An initial challenge for CCAD was to attend to an agenda for political integration (which involved working with Panama and Belize, which are not DR-CAFTA signatories) while meeting USAID's requirements under the grant. The immediate result was "growing pains" and slow implementation. So far, CCAD has expended only 44.4 percent of the funds obligated to it under the cooperative agreement (refer to Table I-2 in Appendix H). To address its "growing pains," CCAD established an independent unit physically outside the confines of SICA and progress since then has been appreciable. CCAD, however, has to do much more in the management and technical spheres if it is to achieve its goals under the environmental program.

Future planning must improve and CCAD must assist countries better articulate their priorities for complying with Chapter 17 of CAFTA-DR. Future work should be better coordinated with country stakeholders and bilateral projects. CCAD must also further involve country's public and private sector institutions in the CAFTA-DR environmental agenda. Such improvements will help counter the weaknesses of countries' environmental ministries: low budgets, lack of qualified personnel, low salaries, and rapid staff turnover caused by political changes.

CCAD has few technical specialists in the countries and most CCAD focal points, while helpful in administrative matters, lack the technical expertise to explain program objectives and requirements to ministry executives. This suggests that CCAD should develop an information management system to improve communication within countries and among agencies and its own staff. Finally, CCAD needs to improve its monitoring of country-level activities. Here, assistance through an IQC—being established by USAID—could be helpful. The contractor could assist CCAD with strategic planning, communications, project management and monitoring and evaluation; and devise strategies for coordinating USAID’s regional programs and bilateral programs. The contractor could assist CCAD in defining technical assistance requirements and by developing terms of reference and identifying, contracting with, and supervising experts for assignments.

U. S. Environment Protection Agency

The EPA provides assistance for enforcement of laws pertaining to air quality, solid waste, and chemical management, among others. Administrative procedures, including scheduling conflicts with EPA specialists, have delayed work. The agency’s disbursements are miniscule in relation to its obligated funds and a very high pipeline (see Table G-3). EPA should improve planning, coordination, and administration with CCAD, Missions, and local governments. Counterparts in some countries have recommended that CCAD/EPA conduct pilot activities (e.g., involving environmental policies) in one country then extend them to others.

Costa Rica

Costa Rica received funds through CCAD to strengthen local operations of the program and coordinate and conduct regional activities. It expended all FY06 and FY07 funds in improving infrastructure and facilities for the country focal point and other CAFTA-DR representatives (e.g., procuring equipment for the environment and trade office). It also implemented voluntary agreements in clean production in dairy cattle, swine, and dairy manufacturing; and it coordinated regional training with CCAD. The country focal point has expressed a need for timely and complete information from CCAD on program funds, as well as better communication to coordinate activities.

Chemonics

The firm manages the Regional Watershed Program. Activities have been few because the task order was approved late and coordination in the countries has been difficult. The financial data in Table G-3 reflect this: expenditures amounted to only 20 percent of obligated funds. The program, however, has trained 40 people in sustainable natural resource management and sustainable tourism.

NASA

NASA’s work was delayed by late approval of the Participating Agency Service Agreement (PASA), which is reflected in low disbursements and a high pipeline (Table G-3). NASA did provide the Dominican Republic with the SERVIR satellite product and LANSAT data used in

disaster response and weather modeling during hurricanes Olga and Noel, last year. The project will need to improve planning and coordination with CCAD and local governments.

SIECA Environmental Unit (The Secretariat for Environmental Matters)

The Secretariat for Environmental Matters (SAA) embodies a system new to public governance structures in Central America. The system affords stakeholders, such as civil society organizations, a means to submit “Factual Records” on alleged breaches of environmental law in a CAFTA-DR country. According to Chapter 17, the SAA reports directly to the Environmental Affairs Council, which consists of ministers of the environment from CAFTA-DR countries and representatives of the U.S. State Department and USTR. Factual Records are submitted to SAA and reviewed by the Council. One affirmative vote by a Council member can result in an official Factual Record being opened. Those who have allegedly breached an environmental law are expected to respond to the Factual Record.

SAA not only reports to the Environmental Affairs Council, but also must work with country focal points to widely publicize its roles and functions and to share information with stakeholders on how to prepare and respond to Factual Records. SAA, however, is experiencing some delays in its pace of operations; program expenditures of \$168,200 are only 56 percent of obligated funds. Delays are due in part to the novelty of the system, but also the peculiar arrangement of having SAA housed within the Secretariat for Economic Integration of Central America (SIECA), an entity with which it does not share an operational link.

Further, it is not clear what support governments can expect from SAA in implementing CAFTA-DR, which is viewed as a product of political compromise rather than an accord driven by technical- judicial principles and objectives. While the SAA is communicating to stakeholders the processes for submitting Factual Records, the pace of communication could be accelerated to great effect. That Factual Records can be opened on the basis of only one affirmative vote by a member of the Council is a very sensitive issue. Achieving consensus on and cultivating confidence in procedures will require sharing more information on their nature, scope, and details. Also, the dissemination of experiences from other countries which have used similar mechanisms can also be supportive of this objective; for instance that of Mexico’s under NAFTA with the CEC.

If SAA is to be effective, governments will have to better understand and approve of it and coordination between it and the Council and the country focal points will have to be improved. The public institutions of most CAFTA-DR countries, however, do not have a tradition of transparency and instilling transparency will pose a challenge. In sum, the SAA needs to be seen as useful to all parties concerned and not a burden imposed by CAFTA-DR.

Recommendations

- IQC Contractor
 - Support CCAD and USAID/ECAM regional projects with strategic planning, communications, project management and monitoring and evaluation; devise strategies for engaging USAID's regional programs with its bilateral programs.
 - Help define technical assistance requirements and identify, contract with, and supervise technical experts.
- CCAD
 - Improve administrative and technical unit and information and communication strategy with CAFTA-DR countries and other partners.
 - Improve planning, coordination, and identification of priorities with countries, U.S. agencies, and contactors.
 - Work more closely with ministries to improve internal management and avoid problems associated with changes in government personnel.
 - Promote private sector participation in a strategic manner to advance environmental management goals. Support the establishment of public-private environmental alliances, research and working groups, workshops, etc. to help clarify national priorities, and establish action plans. This concerted action will help lead the way to promote larger and more appropriate budgets for environmental management including those of national environmental institutions.
 - Improve monitoring and evaluating and have independent parties conduct audits so mistakes are corrected and best practices assimilated.
 - Rely more on verifiable indicators when evaluating performance and compliance; assess the program's impact not just its processes.
- EPA
 - Improve planning and coordination with own specialists, CCAD, countries, other U.S. agencies, and consulting companies.
 - Introduce pilot programs in one country to showcase interventions and then extend them to other countries.
 - Build local capacity.
- The Secretariat for Environmental Matters (SAA)
 - Promote greater information sharing on the nature, scope, and details of SAA procedures among CAFTA-DR nations. Also, disseminate experiences from other countries which have used similar mechanisms; for instance Mexico's under NAFTA with the CEC.

USAID EGAT/ECAM REGIONAL PROGRAM

EGAT provides technical assistance to CAFTA-DR countries so the countries build capacity to comply with the agreement's environmental requirements. EGAT's contracting mechanism channels the "know-how" of U.S. Government agencies specializing in environmental management to the countries. As explained earlier, this mechanism has suffered some serious setbacks in implementation. As the financial data in Table 4-1 show the pace of implementation has been dismal; as of FY07 only 2.19 percent of the total obligated amount had been expended.

Table 4-1

Obligations, Disbursements, and Pipeline for USAID/EGAT Regional Environmental Programs, as of FY07 (US\$ thousands)

Agency/Department/ Company	Obligated	Disbursed	Pipeline
EGAT- Department of Interior	300.0	N. A.	120.0
EGAT- PAPA National Oceanic and Atmospheric Administration	1,249.5	N. A.	1,249.5
EGAT- USFS	1,045.7	84.4	961.3
EGAT- Higher Education and Development Environmental Law Partnerships	569.4	N.A.	569.4
EGAT- Sustainable Fisheries – Lobster GDA	284.7	N. A.	284.7
EGAT- Coca Cola Water GDA	284.7	N. A.	284.7
Program Support	0.0	N.A.	0.0
Total	3,734.0	84.4	3,469.6

N. A. = Not available.

The **Department of Interior (DOI)** has been assisting CAFTA-DR countries in complying with CITES; in activities to curb illegal logging; and with sustainable management of natural resources, including market-based initiatives. Data on expenditures are not available, and program information is very limited.

Among other activities, the **National Oceanic and Atmospheric Administration (NOAA)** will strengthen OSPESCA's ability to enforce regulations for fisheries and by-catch, establish an enforcement and fishing gear service coordinator to serve CAFTA-DR countries, and use turtle extruder devices. Nearly a year after program initiation, the work plan for this particular component is pending as a local counterpart is not yet identified. Data on expenditures are not available.

The program for **Higher Education and Development Environmental Law Partnerships (HED)** will begin in 2008. Three U.S. universities will establish partnerships in Nicaragua, Guatemala, and the Dominican Republic to strengthen environmental law curricula, train professors, and promote collaborative research and the adoption of clinical education and externships (three-year programs).

The *Sustainable Fisheries–Lobster Global Development Alliance (GDA)* is to assist CAFTA-DR countries in promoting compliance, improving fisheries management, conserving marine biodiversity, and providing ecosystem services. The *Coca Cola Water GDA* is to cover water and watershed resources management, use of water in production, water supply and sanitation access, and hygienic behavior. Work will take place in two countries and eventually be extended to others. Data on expenditures are not available for either GDA.

The *USFS* has provided training and other services related to combating illegal logging and sustainable forestry, natural resource management, agriculture, and forest products. As with other EGAT programs, implementation has been modest: only 8 percent of obligated funds have been expended.

Recommendation

Given the status of these programs, one must determine the willingness of agencies to accelerate implementation to reach stated goals. The nearly \$3.5 million still available through these programs is desperately needed in other areas. USAID should consider reprogramming resources to other cooperation mechanisms to expedite activity. USAID could maintain the focus of the programs and the participation of the agencies but use a more efficient implementing mechanism.

USAID BILATERAL PROGRAMS

USAID also allocates funds to bilateral Missions so they can help countries comply with Chapter 17 of CAFTA-DR. By way of its Missions, USAID has worked extensively in environmental management throughout the developing world.

Under the Environmental Cooperation Program, Missions use two implementation models. One relies almost exclusively on the technical direction and expertise of a contractor working through an IQC (e.g., IRG in the Dominican Republic and Honduras). The other involves U.S. Government agencies, local and international NGOs. Our assessment is that while the latter approach tends to be more attuned to the needs of local agencies, its effectiveness is extremely limited. The former offers advantages in field management, program coherence, and reporting to stakeholders, including USAID. The IQC might be more expensive but Missions, such as the one in the Dominican Republic, are spinning off the contractor's technical capabilities to a more economical, local NGO to reduce costs and build sustainability.

Table 4-2 provides financial data on assistance provided by the bilateral missions under the Environmental Cooperation Program. As of FY07, only 53.8 percent of obligated amounts had been expended, reflecting very little implementation in relation to what is needed to comply with program objectives.

Table 4-2
Obligations, Disbursements, and Pipeline for USAID Bilateral Programs, as of FY07 (US\$ thousands)

Country/Projects	Obligated	Disbursed	Pipeline
Dominican Republic	2,960.0		
International Resources Group (IRG)	2,310.0	1,810.0	500.0
New NGO agreement	650.0	0.0	650.0
Guatemala	2,060.0		
CCAD Buy-In through E-CAM	1,185.0	482.3	702.7
ABT Associates (IRG)	250.0	110.0	140.0
Counterpart International, Inc.	325.0	175.0	150.0
Rainforest Alliance	300.0	200.0	100.0
Honduras	2,745.0		
IRG (MIRA Honduras)	2,545.0	1,545.0	1,000.0
USFS, EGAT Washington PAPA (Honduras)	200.0	75.0	125.0
Nicaragua	2,450.0		
CCAD Buy-In through E-CAM	1,155.0	219.5	826.8
USF, International Institute of Tropical Forestry (IITF)	645.0	547.0	498.0
USFS, EGAT Washington (PAPA)	250.0	88.5	161.5
PA Consulting (Energy II IQC USAID/Washington)	400.0	193.3	206.7
El Salvador	2,235.0		
CCAD Buy-In through E-CAM (\$935)	878.9	495.6	383.3
Development Alternatives-Watershed Program	564.0	564.0	0.0
World Environment Center GDA w/PA Consulting	188.0	188.0	0.0
NGO grant to be awarded for Montecristo	500.0	0.0	500.0
Program Support	104.1		
Total	12,450.0	6,693.2	5,944.0

Dominican Republic

The Mission's IQC mechanism has been effective in program implementation as reflected in its 78 percent rate of expenditure and remaining pipeline of \$500,000 (20 percent). Activities cover improving and harmonizing environmental laws, regulations, enforcement, implementation; compliance with multilateral agreements; sustainable tourism and agriculture and forest products, income incentives for sustainable management; and clean production to promote industrial competitiveness. Work with the private sector and civil society, however, is very weak.

More capacity building is needed, especially to improve project planning, monitoring, and evaluation by the public sector. SEMARENA needs assistance to identify priorities and to coordinate with other institutions. The NGO to be established with approved funds (\$650,000) will alleviate some shortfalls.

The Dominican Republic's private sector is forming coalitions to improve solid waste disposal and water treatment technology in the renowned tourist area of Punta Cana. Approximately 95 percent of the hotels (close to 50) have residual water treatment technology; 60 percent of garbage from hotels and the airport is being recycled into organic fertilizer, using Californian worms; and a project is being formed to produce 230 kilowatts of energy from solid waste.

The country's hotel sector formed the National Network for Environmental Protection (RENAEPA) to safeguard the environment in support of a booming tourism industry; and the private sector led an initiative that resulted in an environmental police force directed by Valerio Garcia, a respected former military general. Private groups in different industrial areas are implementing corporate responsibility programs to better manage the environment. Similar efforts should be encouraged in other CAFTA-DR countries.

Recommendations

- Enhance program efforts with the private sector (clean production, tourism, free zone and agro industry)
- Intensify capacity building efforts at the public institutional and private sector levels, including NGOs and the academic community.
- Assist in better articulating the priorities of the public and private sectors with regard to environmental management.
- Improve planning and coordination efforts with SEMARENA in order to jointly accomplish work plan objectives.
- Further develop and enhance monitoring and evaluation processes by program management, establish indicators to measure impact, not just process (activities)

Guatemala

Only half the activities planned for the FY 06-FY07 period were started. This lagging pace was attributable to the new government's evaluation of the program in relation to its priorities, turnover in government personnel, and CCAD's inadequate planning and coordination and lack of clarity in use of funds. Only 47 percent of obligated funds were spent. Activities that were implemented covered development of wastewater regulations, environmental regulations for commerce, and strategies for establishing alliances with producer organizations, private laboratories, universities, and other private sector groups. CCAD should intensify work with the government, private sector, and civil society, and do more to involve the industrial sector in clean production and environmental management. Activities by MARN and assisted by CCAD do not seem to be well planned, monitored, or evaluated.

Recommendations

- Improve planning and coordination with the government to overcome disruption caused by changes in personnel and to engage government in the program.
- Work closely with CCAD to clarify its financial management processes and to improve reporting to the Mission as well as other U.S. agencies and program implementers.

- Get the industrial sector and prominent segments of the private sector more involved in clean production and environmental management.
- Devise a strategy for the planning, monitoring, and evaluating activities implemented by MARN and assisted by CCAD and other partners.

Honduras

The Mission selected the IRG to provide technical assistance in implementing its environmental portfolio. IRG has been very successful, with expenditure levels of obligated funds reaching 60 percent or \$1,545,000. Activities have involved developing clean production polices; conducting economic evaluations studies of water use; creating a compendium of current environmental laws; devising a law enforcement strategy; creating environmental regulations and best practice guides; devising fiscal incentives for forest management and a harvesting certificate; and conducting a national wetland inventory.

Lack of progress in some areas and activities has been due mainly to SERNA's changing priorities, poor coordination with counterparts, and frequent changes in personnel. SERNA's small budgets, low salaries, and deficient planning and coordination are impeding the development of a strong environmental program. Top priorities include building the capacity of environmental specialists, environmental police, and forest inspectors in environmental management. A strategy for responding to frequent changes in personnel, priorities, and plans is also needed.

Recommendations

- Assist SERNA and other institutions, the private sector, and NGOs in articulating environmental priorities.
- Advise government authorities on the importance of retaining specialized personnel to comply with program obligations.
- Intensify capacity building for public institutions and the private sector, including NGOs and academia.
- Devise a strategy for the planning, monitoring, and evaluating activities implemented by SERNA with the assistance of CCAD and other partners.

Nicaragua

Only 35 percent of the 40 activities planned have been started. As of FY07, only 42.7 percent of obligated funds had been expended. Activities have involved a sustainable tourism project for Datanli–El Diablo nature reserve; field work for the Nicaraguan Orchid Manual; on-the-job training in wood species identification for inspectors; an energy sector baseline study and financial assistance plan; and public-private partnerships to facilitate the transfer and adoption of cleaner production technologies.

MARENA's small budget and lack of capacity to implement the environmental program is a principal challenge. Problems include changes in personnel and priorities, lack of capable

personnel, and lack of planning and coordination with government and U.S. agencies that have oversight and technical assistance responsibilities. There is no system for CCAD, U.S. agencies, and other program implementers to communicate and share information. CCAD should work with the private sector, public institutions, and civil society to improve planning, monitoring, and evaluation of activities.

Recommendations

- Work closely with CCAD and key stakeholders in government, the private sector, and civil society to raise awareness of MARENA's need for a higher operating budget
- Advise government authorities on the importance of keeping specialized personnel to comply with program obligations and improve effectiveness.
- Intensify capacity building for public institutions and in the private sector, including NGOs and academia.
- Devise a strategy for the planning, monitoring, and evaluating activities implemented by MARENA and assisted by CCAD, and other partners.

El Salvador

Our analysis reveals a medium level of completion of planned activities and a weak pace of fund use. As of FY07, only 55.8 percent of obligated funds had been expended, with a pipeline of \$883,000. Activities have involved solid waste management (EPA); training in environmental criminal enforcement and compliance; and development of an EIA manual on first response to the release of dangerous chemicals, an operational manual to help customs officers enforce CITES, a plan to strengthen wildlife rescue centers, a national forestry strategy, a clean production policy and strategy, and voluntary agreements for dairy, poultry, and pig farms.

The slow pace of expenditure and middling level of implementation are due to MARN's declining budget and lack of capacity to implement the environmental program; lack of planning, coordination, and integration with other government and U.S. agencies that have environmental oversight; and CCAD'S weak administration.

CCAD should work with MARN to integrate private sector and civil society initiatives; strengthen its management unit; and motivate the public sector to raise MARN's budget. It should also strengthen capacity by training MARN personnel, as well as officials and personnel from the judicial system, environmental police, private sector, and NGOs.

Activities sponsored by CCAD and implemented by MARN do not seem well planned, coordinated, monitored, or evaluated; coordination with the many regional and bilateral groups involved in the environmental cooperation program is especially weak.

Recommendations

- Work closely with CCAD and key stakeholders in government, the private sector, and civil society to raise awareness of MARN's need for a higher operating budget.

- Build capacity in government agencies to increase program implementation and compliance.
- Improve planning and coordination with CCAD, U.S. agencies, and other program implementers.
- Establish an effective planning, monitoring, and evaluation process to improve MARN's program implementation and interaction with CCAD and others, including NGOs, government institutions, U.S. agencies, the private sector, and civil society.

PERFORMANCE INDICATORS

A baseline study of initial conditions was never conducted so determining the impact of the program on environmental management (cleaner water and air, adequately managed solid waste, etc.) poses a challenge. A baseline study would have resulted in some performance indicators and base year values to guide implementation, monitoring, and evaluation. Establishing indicators now, however, can still be useful. Some organizations have in fact been developing or reviewing indicators directly relevant to the program.

Last year, for example, CCAD published a study on environmental performance indicators for Central America and the Dominican Republic.¹⁶ The study proposed general indicators that could be refined for each country's context and to reflect the needs of public organizations overseeing environmental programs, such as ministries of the environment and legal authorities.

Performance indicators should relate activities to the final results desired for the program. Intermediate or process indicators that gauge progress toward a result are not ends in themselves. For instance, the number of inspectors trained in water quality might help project managers gauge progress toward the final desired result—a measurable increase in the amount of potable water. The program appears to be using all three types of indicators (i.e., process, intermediate, and final or impact) appropriately (see Table 4-3), though information on indicators was not always available for our review. For example, intermediate indicators are being used to measure progress in institutional strengthening.

Program managers should now fully articulate how intermediate results relate to the final results desired. Otherwise activities could begin to operate in vacuums and become ends in themselves, unrelated to any larger objective. (Avoiding this is the purpose of ECAM's recent attention to the indicators describe above.) Managers should also ensure that final impact indicators can be compared with benchmarks (e.g., the percent of solid waste being treated in CAFTA-DR countries versus the percent being treated in the countries of South America). Final indicators should also be defined in such a way as to permit cost/benefit analyses for new activities; for example, units of treated solid waste/project funds invested (\$). This will make it possible to compare results with the results of similar activities by USAID and other donors. Such relative comparisons will be especially important given the absence of a baseline study that would have provided a basis for measuring absolute performance and impact.

¹⁶ Indicadores de Desempeño Ambiental Para Centroamérica y Republica Dominicana.

Table 4-3
Performance Indicators for the Environmental Cooperation Program

	Process	Intermediate	Results/Impact
USAID Regional Environmental Program (E-CAM)			
Environmental Protection Agency		✓	✓
CCAD-EPA	✓	✓	
CCAD-Other Regional & Costa Rica	✓	✓	
Chemonics			✓
NASA	✓	✓	
SIECA	✓	✓	
USAID/EGAT MECHANISMS (E-CAM)			
EGAT – Department of Interior		✓	✓
EGAT - PAPA National Oceanic and Atmospheric Administration			✓
EGAT – U.S. Forest Service		✓	✓
EGAT- Higher Education and Development Environmental Law Partnerships	✓	✓	
EGAT – Sustainable Fisheries – Lobster GDA		✓	✓
EGAT – Coca Cola Water GDA		✓	✓
USAID Bilateral Missions			
Dominican Republic			
International Resources Group (IRG)			
Improve and harmonize environmental regulation	✓		
Technical assistance to environmental ministries and enforcement agencies		✓	
MEAs including CITES		✓	
Sustainable tourism			✓
Sustainable agriculture and forest management			✓
Clean production		✓	✓
CCAD/Institutional strengthening & private sector environmental performance	✓	✓	
Guatemala			
CCAD / Institutional strengthening & private sector environmental performance	✓	✓	
Abt Associates	✓	✓	✓
Counterpart International, Inc.		✓	✓
Rainforest Alliance		✓	✓
Honduras			
CCAD / Institutional strengthening & private sector environmental performance	✓	✓	
International Resources Group (IRG)			
Institutional Strengthening	✓		

	Process	Intermediate	Results/Impact
Biodiversity and Conservation			✓
Market Based Conservation			✓
Clean Production		✓	✓
Nicaragua			
CCAD / Institutional strengthening & private sector environmental performance	✓	✓	
USFS-ITFI			✓
USF-PAPA			✓
PA Consulting			✓
El Salvador			
CCAD	✓	✓	
Development Alternatives		✓	✓
World Environment Center (GDA)	✓	✓	
Grant for Montecristo			✓

Note

Process indicators include permits, inspections, sanctions, confiscation of property, imposition and collection of fines, services and products. Intermediate indicators include changes in knowledge, abilities, attitudes, and motivation; application of best practices (training, TA); and increased compliance. Final indicators include changes and impact on environment, emissions reduction, improvement in water quality, improvement in wildlife habitats.

5. Summary of Recommendations

This section summarizes recommendations presented throughout this assessment. Overarching recommendations are cross-cutting in nature and have a bearing on program implementation in general.

OVERARCHING RECOMMENDATIONS

- Improve program focus and effectiveness by making the implementation approach field-driven rather than driven by committee or “Washington.” This will require that USAID have the authority to program or reprogram funds assigned to it by the TEC and apply funds in the four areas of environmental cooperation on the basis of its own technical assessments, especially field-based assessments. It will also require that USAID have authority and flexibility to use vehicles it deems effective and appropriate for implementing programs.
- As an urgent matter, USAID must evaluate the status of EGAT/ Regional programs and the willingness of implementing agencies to accelerate the pace of activities to reach stated goals. Pursuant to this process, USAID should consider reprogramming resources to other cooperation mechanisms that could implement programs expediently.
- Programs should assist ministries of the environment in reassessing institutional priorities and agendas, as CAFTA–DR will necessitate, for example, paying less attention to “green” or conservation issues and more to the “brown” ones directly affecting compliance. From a legal perspective, more weight should be given to brown issues than green because brown issues have a direct bearing on trade and failures could easily cause noncompliance troubles for CAFTA–DR countries.
- CCAD should place more relative emphasis on planning, developing, and pushing political strategies that help leverage resources and foster political will at the regional level to strengthen CAFTA–DR implementation. At present, CCAD seems consumed with the myriad of management responsibilities typical of an implementing agency.
- Overall program engagement with the private sector should be greatly strengthened. Strategies and campaigns should be crafted to secure “buy in” at the highest levels of the corporate sector in CAFTA-DR countries. Currently, program presence is limited to a few industrial sectors (principally in clean production). The business “elite,” who wield

influence in the countries' public policies and economic conduct and development, are either not aware of or do not fully appreciate the program.

- CCAD should promote private sector participation in a strategic manner to advance environmental management goals. Support the establishment of public-private environmental alliances, research and working groups, workshops, etc. to help clarify national priorities, and establish action plans. This concerted action will help lead the way to promote larger and more appropriate budgets for environmental management including those of national environmental institutions.
- Efforts to advance access to credit programs for clean production have to be rethought. While the promotion of DCA resources is an excellent vehicle for advancing access and should continue, regional banks (1) are not promoting DCA lines of credit effectively, and (2) often don't have personnel who understand the bank's risk associated with these lines. More aggressive marketing of the DCA lines of credit and providing training for bank personnel are both worth pursuing. But other alternatives should also be examined, such as the highly successful Chilean CORFO model, which takes a public-private sector approach in obtaining matching funds to promote clean production.
- The Secretariat for Environmental Matters should promote greater information sharing on the nature, scope, and details of Secretariat procedures among CAFTA-DR nations. Also, disseminate experiences from other countries which have used similar mechanisms; for instance Mexico's under NAFTA with the CEC.

RECOMMENDATIONS FOR REGIONAL PROGRAMS

Specific recommendations that pertain to program implementation for the Regional Programs are as follows:

USAID/EI Salvador Regional Environmental Program

IQC Contractor

- Support CCAD and USAID/ECAM regional projects with strategic planning, communications, project management and monitoring and evaluation; devise strategies for engaging USAID's regional programs with its bilateral programs.
- Help define technical assistance requirements and identify, contract with, and supervise technical experts.

CCAD

- Improve administrative and technical unit and information and communication strategy with CAFTA-DR countries and other partners.
- Improve planning, coordination, and identification of priorities with countries, U.S. agencies, and contactors.
- Work more closely with ministries to improve internal management and avoid problems associated with changes in government personnel.

- Promote private sector participation in a strategic manner to advance environmental management goals. Support the establishment of public-private environmental alliances, research and working groups, workshops, etc. to help clarify national priorities, and establish action plans. This concerted action will help lead the way to promote larger and more appropriate budgets for environmental management including those of national environmental institutions.
- Improve monitoring and evaluating and have independent parties conduct audits so mistakes are corrected and best practices assimilated.
- Rely more on verifiable indicators when evaluating performance and compliance; assess the program's impact not just its processes.

EPA

- Improve planning and coordination with own specialists, CCAD, countries, other U.S. agencies, and consulting companies.
- Introduce pilot programs in one country to showcase interventions and then extend them to other countries.

SAA

- Promote greater information sharing on the nature, scope, and details of Secretariat procedures among CAFTA-DR nations. Also, disseminate experiences from other countries which have used similar mechanisms; for instance Mexico's under NAFTA with the CEC.

USAID EGAT/ECAM Regional Program

Given the status of these programs, one must determine the willingness of agencies to accelerate implementation to reach stated goals. The nearly \$3.5 million still available through these programs is desperately needed in other areas. USAID should consider reprogramming resources to other cooperation mechanisms to expedite activity. USAID could maintain the focus of the programs and the participation of the agencies but use a more efficient implementing mechanism, such as the new IQC (or work in conjunction with a proven NGO), so agencies could provide specialized technical assistance as needed.

COUNTRY RECOMMENDATIONS

Specific recommendations for implementation in the six CAFTA- DR countries are as follows:

Costa Rica

- CCAD must provide timely and more complete information on program funds to better coordinate program activities.

Dominican Republic

- Enhance program efforts with the private sector (clean production, tourism, free zone and agro industry)
- Intensify capacity building efforts at the public institutional and private sector levels, including NGOs and the academic community.
- Assist in better articulating the priorities of the public and private sectors with regard to environmental management.
- Improve planning and coordination efforts with SEMARENA in order to jointly accomplish work plan objectives.
- Further develop and enhance monitoring and evaluation processes by program management, establish indicators to measure impact, not just process (activities)

El Salvador

- Work closely with CCAD and key stakeholders in government, the private sector, and civil society to raise awareness of MARN's need for a higher operating budget
- Build capacity in government agencies to increase program implementation and compliance.
- Improve planning and coordination with CCAD, U.S. agencies, and other program implementers.
- Establish an effective planning, monitoring, and evaluation process to improve MARN's program implementation and interaction with CCAD and others, including NGOs, government institutions, U.S. agencies, the private sector, and civil society.

Guatemala

- Improve planning and coordination with the government to overcome disruption caused by changes in personnel and to engage government in the program.
- Work closely with CCAD to clarify its financial management processes and to improve reporting to the Mission as well as other U.S. agencies and program implementers.
- Get the industrial sector and prominent segments of the private sector more involved in clean production and environmental management.
- Devise a strategy for the planning, monitoring, and evaluating activities implemented by MARN and assisted by CCAD and other partners.

Honduras

- Assist SERNA and other institutions, the private sector, and NGOs in articulating environmental priorities.
- Advise government authorities on the importance of retaining specialized personnel to comply with program obligations.

- Intensify capacity building for public institutions and the private sector, including NGOs and academia.
- Devise a strategy for the planning, monitoring, and evaluating activities implemented by SERNA with the assistance of CCAD and other partners.

Nicaragua

- Work closely with CCAD and key stakeholders in government, the private sector, and civil society to raise awareness of MARENA's need for a higher operating budget.
- Advise government authorities on the importance of keeping specialized personnel to comply with program obligations and improve effectiveness.
- Intensify capacity building for public institutions and in the private sector, including NGOs and academia.
- Devise a strategy for the planning, monitoring, and evaluating activities implemented by MARENA and assisted by CCAD, and other partners.

Appendix A. Interviews Conducted

Appendix B. Questionnaire Used in Interviews

Appendix C. Assessment Implementation Schedule

Appendix D. Executive Order 13277

Appendix E. Cable Requesting Proposals

Appendix F. Assessment of Environmental Legal and Regulatory Structure

Appendix G. Environmental Cooperation Program

Appendix H. Program Status, Implementation Issues, and Next Steps

Appendix A. Interviews Conducted

Party	Position	Organization
WASHINGTON, DC		
Mr. Rob Wing	Chief, Environment and Trade Division	Office of Environmental Policy, OES
Ms. Mara Burr	Deputy Assistant USTR for Environment and Natural Resources	USTR
Mr. Jerry Bisson	Team Leader, Environment	USAID/LAC
John L. Garrison, Esq.	CAFTA-DR Environment Coordinator	USAID El Salvador Regional Environmental Program
Ms. Claudia de Windt, Mr. Oscar Ceville	Department of Sustainable Development	OAS
EL SALVADOR		
Mr. H. Brady, CPA	Mission Director	USAID/ECAM
Mr. Jeffrey Lehrer	Deputy Mission Director	USAID/ECAM
Mr. Lawrence Rubey, Ph.D	Director, Economic Growth Office	USAID/ECAM
Mr. Carlos R. Hasbun, Ph.D	Regional Biodiversity Specialist (CTO)	USAID/ECAM
Mr. Orlando Altamirano, Msc	Regional Environmental Specialist	USAID/ECAM
Martin H. Schulz	Financial Analyst	USAID/ECAM
Lic. Bruno Urbina	Departamento Medio Ambiente	Fiscalia General de la Republica
Mr. Ricardo Aguilar	Chief of Party, Cooperative Agreement USAID-CCAD	CCAD
Mr. Salvador Nieto	Legal Specialist	CCAD
Mr. Bruno Busto Brol	Specialist, CITES	CCAD
Mr. Jorge Guzmán Valdez	Director, Oficina CAFTA – Trade Focal Point	Ministerio de Economía
Mr. José Rodolfo Villamariona	Asesor, Oficina CAFTA	Ministerio de Economía
Lic. Violeta Larde de Rodríguez	Directora General de Cooperación y Asuntos Internacionales Ambientales (Country Focal Point)	Ministerio de Medio Ambiente y Recursos Naturales
Ms. Jasmin Coreas de Lainez	Technical/Administrative Assistant, CCAD	Ministerio de Medio Ambiente y Recursos Naturales
Mr. Mario González Recinos	Director Regional, Unidad Regional de Pesca y Acuicultura	OSPESCA
Ms. Lizette Azucar	Asistente, Unidad Regional de Pesca y Acuicultura	OSPESCA

Party	Position	Organization
Mr. Guillermo Galvan	Miembro	CONAMA
Lic. Brian Coughlin	Sub Director	Centro Nacional de Producción Mas Limpia
Mr. Phil Rourk	Chief of Party, Nathan Associates, Inc.	Expro Project – USAID
GUATEMALA		
Msc. Licd. Marcia Alejandra Sobones García	Vice Ministra de Recurso Naturales	Ministerio de Ambiente y Recursos Naturales
Mr. Carlos Noriega	Focal Point	Ministerio de Ambiente y Recursos Naturales
Licda. Lilian J. Monterroso Way	Technical/Administrative Assistant - CCAD	Ministerio de Ambiente y Recursos Naturales
Mr. Rick Garland	Director, Office of Economic Growth and the Environment	USAID/Guatemala
Teresa Robles	Asesora en Políticas de Tierras y Recursos Naturales	USAID/Guatemala
Mr. Khalil de Leon	Gerente de Gestión Ambiental	Cámara de Industria
Ing. Mario Aragon	Chief of Party, Abt Associates, Inc.	Programa de Comercio y Competitividad
Mr. Luis Munoz	Coordinador Técnico	Centro Guatemalteco de Producción Mas Limpia
Mr. Miguel Eduardo Araujo	Coordinador General	Secretaria de Asuntos Ambientales
Mr. Mario Mancilla	Asesor Técnico	Secretaria de Asuntos Ambientales
Ms. Ileana Palma	Asesora, Dirección Administración del Comercio Exterior (Trade Focal Point)	Ministerio de Economía
COSTA RICA		
Mr. Ruben Munoz	Focal Point CAFTA-DR Environment	Ministerio del Ambiente y Energía
Maria Guzmán Ortiz	Directora, Dirección de Gestión de Calidad Ambiental	Ministerio del Ambiente y Energía
Sr. José Joaquín Calvo Domingo	Coordinador, Autoridad Administrativa CITES	Ministerio del Ambiente y Energía
Sra. Ángela Sánchez	Representante	Ministerio de Comercio exterior Costa Rica
MSc. Sonia Espinoza	Secretaria General	Secretaria Tecnica Nacional Ambiental
Ing. Víctor Manuel Villalobos	Especialista en Asuntos Ambientales y de Recursos Naturales	Secretaria Tecnica Nacional Ambiental
Ing. Natalia Guerrero Romero	Asistente de Dirección Ejecutiva	Corporación Ganadera
Marcela Yager	Consultora de CCAD (Costa Rica) - Producción Mas Limpia	
Mr. Josefino Chávez López	Presidente	Tribunal Ambiental Administrativo
Ms. Mata Dobles Yamilet	Juez Suplente	Tribunal Ambiental Administrativo
Ing. Ana Maria Conejo	Director Ejecutiva	Cámara Costarricense de Porcicultores
Ing. Erick Montero	Director Ejecutiva	Cámara Nacional de Productores de Leche
NICARAGUA		
Mr. Jerry Bauer	Acting Director, International Cooperation	USDA Forest Service

Party	Position	Organization
Mr. Mark Willuhn		Mesoamerican Ecotourism Alliance
Mr. Steven Fondriest	Chief, Trade and Agribusiness Office	USAID/Nicaragua
Ms. Antonieta Rivas Leclair	Consultant	USFS
Ms. Maria Amanda DelCarmen	Coordinadora de la Unidad de Gestión Ambiental	Ministerio de Fomento, Industria y Comercio
Meriluz Mendoza	Responsable de Unidad de Gestion Ambiental	Ministerio de Fomento, Industria y Comercio
Mr. Rene Castellon	Focal Point, CAFTA-DR	Ministerio del Ambiente y Recursos Naturales
Ms. Maria Barrios	Technical/Administrative Assistant – CCAD	Ministerio del Ambiente y Recursos Naturales
Mr. Cesar Barahona	Director	Centro de Producción Mas Limpia
Lic. Ana Vega	Directora Ejecutiva	Camara de Industria de Nicaragua
Ms. Marina Stadthagen	Asesora	Consejo Superior de la Empresa Privada
HONDURAS		
Mr. Eduardo Chirinos	Trade, Environment Office	USAID/Honduras
Sarah A. Duffy	Office of Economic Affairs	U.S. Embassy, Tegucigalpa
Rebecca S. Morgan	Office of Economic Affairs	CAFTA-DR/Commercial Section, U.S. Embassy in Honduras
Ms. Karen Sierra	Focal Point – Directora de la Unidad de Comercio y Ambiente	Secretaria de Reecursos Naturales y Ambiente
Mr. Rolando Zúñiga	Focal Point – Trade	Ministerio de Comercio
Mr. Jose Herrero	Director Costa Norte	Proyecto USAID/MIRA (IRG)
Mr. Juan Carlos Mandez	Senior Manager Representative in C. America	Proyecto USAID/MIRA (IRG)
Mr. Orlando Sierra	Coordinador Tecnico General para CAFTA	Proyecto USAID/MIRA (IRG)
Mr. Atilio Garcia	Director de Relaciones Institucionales y Educación Ambiental	
DOMINICAN REPUBLIC		
Mr. Duty Green	Economic Policy Advisor	USAID/DR
Mr. Odalis Perez	Energy and Environmental Officer	USAID/DR
Dr. John P. Warren	Director	Proyecto IPEP (IRG)
Ms. Maria Antonia Taveras	Legal Analyst	Proyecto IPEP (IRG)
Ms. Rosa Otero	CAFTA-DR Focal Point	Secretaria de Estado de Medio Ambiente y Recursos Naturales
Prof. Jose Altamente	Director, Oficina Sectorial de Planificación y Programación	Secretaria de Estado de Medio Ambiente y Recursos Naturales

Appendix B. Questionnaire Used in Interviews

LINEAMIENTOS PARA PREGUNTAS A SER UTILIZADAS EN ENTREVISTAS

USAID y Socios del Programa (en relación al manejo de proyectos individuales y portafolios)

1. Comentar sobre el diseño del proyecto (s) en relación al: a) objetivo estratégico (SO) de la Misión, b) relevancia a objetivos bilaterales y prioridades nacionales, c) relevancia a los objetivos regionales y los del CAFTA-DR que apoya, d) aspectos relacionados a la sostenibilidad, entre otros aspectos.
2. Discutir niveles de asignación de recursos al proyecto (s) y la eficiencia de desembolsos (“burn rate”).
3. Discutir sistema de planificación estratégica utilizado y comentar sobre el proceso de establecer y monitorear las metas de los programas, en relación a: a) metas nacionales, b) regionales y los del CAFTA-DR.
4. Discutir desafíos en el proceso de diseñar e implementar proyectos o actividades: a) formulación de términos de referencia, b) aspectos de coordinación, c) aspectos relacionados con proceso administrativos.
5. Comentar sobre la capacidad técnica en los sectores público y privado para implementar el Programa.
6. Como se puede mejorar la formulación, implementación e efectividad de los proyectos o actividades.

Sector Público

1. Comentar sobre las metas que la institución ha establecido en relación al cumplimiento del CAFTA-DR. a) Se han establecido indicadores de desempeño específico? b) cuales son?, c) tienen un sistema de M &E en marcha para asegurar su cumplimiento?
2. Comentar sobre su capacidad institucional en relación al cumplimiento de las metas establecidas bajo el CAFTA-DR. a) Desafíos, b) oportunidades de mejora, u otras.

3. Comentar sobre los recursos que su institución ha asignado, y espera asignar en el corto plazo (próximo tres años), para cumplir las metas CAFTA-DR: a) en términos de presupuesto, b) en términos de personal.
4. Nivel de cooperación y acercamiento en la formulación de planteamientos conjuntos con las entidades privadas para mejorar los niveles de cumplimiento.
5. Apreciación de los programas de la Cooperación, incluyendo los de la USAID en esta materia dentro del marco CAFTA-DR. a) Ha participado en algunos de estos programas? b) si afirmativo, favor de comentar sobre el valor de los mismos: i) muy valiosos, ii) valiosos, iii) algo útil, iv) de mínimo valor.
6. Cuales son sus objetivos prioritarios en este ámbito en el plazo inmediato; extendiéndose durante los 3 próximos años? b) que tipos de programas pudiera ofrecer USAID u otras agencias cooperantes en apoyo a los mismos?

Sector Privado

1. Dónde identifican los obstáculos mayores en el cumplimiento de la normativa propuesta.
2. Nivel de cooperación y acercamiento en la formulación de planteamientos conjuntos con las entidades públicas para mejorar los niveles de cumplimiento.
3. Niveles de inversión privada en los últimos años (serie 5 años) por industria para mejorar estándares ambientales (si existe).
4. Industrias identificadas como las que mayores problemas de cumplimiento presentan.
5. Respuesta institucional privada a nivel gremial para mejorar los estándares ambientales y mejorar los niveles de cumplimiento.
6. Apreciaciones de parte de los diferentes sectores industriales sobre la facilidad/dificultad del trámite de aprobación de los EIA y la consecución de permisos o licencias ambientales.
7. Conocimiento de las iniciativas de la Cooperación, incluyendo los de la USAID en esta materia dentro del marco CAFTA-DR: a) Ha participado en algunos de los programas? b) si afirmativo, favor comentar sobre el valor de estos: i) muy valiosos, ii) valiosos, iii) algo útil, iv) de mínimo valor.
8. Cuales son objetivos prioritarios del sector en este ámbito en el corto y mediano plazo; extendiéndose durante los tres próximos años? b) que tipos de programas pudiera ofrecer USAID u otras agencias cooperantes en apoyo a los mismos?
9. Considera que el mejoramiento de los parámetros ambientales de su empresa serán económicamente beneficiosos para su empresa? Comente sobre la factibilidad de financiar estos ajustes (iniciativas de producción limpia, etc.)?
10. Comente sobre la articulación con el sector privado en los países de Centroamérica y el Caribe.

Appendix C. Assessment Implementation Schedule

Appendix D. Executive Order 13277

Delegation of Certain Authorities and Assignment of Certain Functions Under the Trade Act of 2002

November 19th, 2002

By the authority vested in me as President by the Constitution and the laws of the United States, including the Trade Act of 2002 (the "Act") (Public Law 107–210) and section 301 of title 3, United States Code, it is hereby ordered as follows:

Section 1. Trade Promotion. (a) Except as provided in subsections (b) and (c) of this section, the authorities granted to and functions specifically assigned to the President under Division B of the Act are delegated and assigned, respectively, to the United States Trade Representative (U.S. Trade Representative).

(b)

The exercise of the following authorities of, and functions specifically assigned to the President, under Division B of the Act are reserved to the President: (1) Section 2102(c)(1), (c)(6), (c)(10) and

(e)

of the Act;

(2)

Section 2103(a)(1), (a)(4), (a)(6), b(1), (c)(1)(B)(i), and (c)(2) of the Act;

(3)

Section 2105(a)(1) of the Act; and

(4)

Section 2108(b) of the Act.

(c)

(i) The Secretary of State, in consultation with the Secretary of Labor and the U.S. Trade Representative, shall carry out the functions of section 2102(c)(2) of the Act [SEC. 2102. TRADE NEGOTIATING OBJECTIVES.] with respect to establishing consultative mechanisms. The U.S. Trade Representative, in consultation with the Secretary of State

and the Secretary of Labor, shall carry out the reporting function under section 2102(c)(2).

(ii)

The Secretary of State, in consultation with the U.S. Trade Representative, shall carry out the functions under section 2102(c)(3) of the Act with respect to establishing consultative mechanisms, with the advice and assistance of the Secretary of the Interior, the Secretary of Health and Human Services, the Administrator of the Environmental Protection Agency, the Secretary of

Commerce and, as the Secretary of State determines appropriate, the heads of such other departments and agencies. The U.S. Trade Representative, in consultation with the Secretary of State, shall carry out the reporting function under section 2103(c)(3).

(iii) The U.S. Trade Representative shall carry out the functions under section 2102(c)(5) of the Act. The U.S. Trade Representative shall, in consultation with the Secretary of Labor, carry out the reporting function and the function of making a report available under section 2102(c)(5).

(iv)

The Secretary of Labor shall carry out section 2102(c)(7) of the Act, in consultation with the Secretary of State.

(v)

The Secretary of Labor, in consultation with the Secretary of State and the U.S. Trade Representative, shall carry out the functions under section 2102(c)(8) and (c)(9).

(vi)

The Secretary of the Treasury shall carry out section 2102(c)(12) of the Act, including any appropriate consultations with the Congress relating thereto. Sec. 2. Andean Trade. (a) Except as provided in subsection (b) of this section, the authorities granted and the functions specifically assigned to the President under Division C of the Act are delegated and assigned respectively, to the U.S. Trade Representative, in consultation with the Secretaries of State, Commerce, the Treasury, and Labor.

(b)

The exercise of the following authorities of, and functions specifically assigned to, the President under Division C of the Act are reserved to the President:

(i)

The authority to proclaim under sections 204(b)(1) and 204(b)(3)(B)(ii), and the authority to designate beneficiary countries under section 204(b)(6)(B), of the Andean Trade Preference Act as amended by section 3103(a)(2) of the Act; and

(ii)

The authority to make determinations under section 203(e)(1)(B) of the Andean Trade Preference Act as amended by section 3103(b) of the Act.

(c)

The head of the executive department of which the United States Customs Service is a part shall take such actions to carry out determinations and actions pursuant to the Andean Trade Preference Act, as amended, as directed pursuant to the authority delegated to the U.S. Trade Representative under this order.

Sec. 3. Guidance for Exercising Authority and Performing Duties. (a) Nothing in this order shall be construed to impair or otherwise affect the functions of the Director of the Office of Management and Budget relating to budget, administrative, or legislative proposals.

(b)

In exercising authority delegated by, or performing functions assigned in, this order, and in performing duties related to the trade agreements program as defined in Executive Order 11846, officers of the United States:

(i)

Shall ensure that all actions taken by them are consistent with the President's constitutional authority to (A) conduct the foreign affairs of the United States, including the commencement, conduct, and termination of negotiations with foreign countries and international organizations, (B) withhold information the disclosure of which could impair the foreign relations, the national security, the deliberative processes of the Executive, or the performance of the Executive's constitutional duties, (C) recommend for congressional consideration such measures as the President may judge necessary or expedient, and (D) supervise the unitary executive branch;

(ii)

May redelegate authority delegated by this order and may further assign functions assigned by this order to officers of any other department or agency within the executive branch to the extent permitted by law and such redelegation or further assignment shall be published in the Federal Register; and

(iii) Shall consult the Attorney General as appropriate in implementing this subsection.

Sec. 4. Amendment to Executive Order 11846. Section 1 of Executive Order 11846 of March 27, 1975, as amended, is further amended by inserting ", Divisions B and C of the Trade Act of 2002," after "Trade Expansion Act of 1962, as amended".

Sec. 5. Judicial Review. This order is intended only to improve the internal management of the Federal Government and is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the United States, its departments, agencies, instrumentalities or entities, its officers or employees, or any other person.

George
The White House, November 19, 2002.

W.

Bush

[Filed with the Office of the Federal Register, 8:50 a.m., November 20, 2002]

NOTE: This Executive order was released by the Office of the Press Secretary on November 20, and it was published in the Federal Register on November 21.

[SEC. 2102. TRADE NEGOTIATING OBJECTIVES.]

(c) PROMOTION OF CERTAIN PRIORITIES.—In order to address and maintain United States competitiveness in the global economy, the President shall—

(1) seek greater cooperation between the WTO and the ILO;

(2) seek to establish consultative mechanisms among parties to trade agreements to strengthen the capacity of United States trading partners to promote respect for core labor standards (as defined in section 2113(6)) and to promote compliance with ILO Convention No. 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, and report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the content and operation of such mechanisms;

(3) seek to establish consultative mechanisms among parties to trade agreements to strengthen the capacity of United States trading partners to develop and implement standards for the protection of the environment and human health based on sound science, and report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the content and operation of such mechanisms;

(4) conduct environmental reviews of future trade and investment agreements, consistent with Executive Order 13141 of November 16, 1999, and its relevant guidelines, and report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on such reviews; (5) review the impact of future trade agreements on United States employment, including labor markets, modeled after Executive Order 13141 to the extent appropriate in establishing procedures and criteria, report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on such review, and make that report available to the public;

(6) take into account other legitimate United States domestic objectives including, but not limited to, the protection of legitimate health or safety, essential security, and consumer interests and the law and regulations related thereto;

(7) direct the Secretary of Labor to consult with any country seeking a trade agreement with the United States concerning that country's labor laws and provide technical assistance to that country if needed;

Reports.

VerDate 11-MAY-2000 05:37 Aug 17, 2002 Jkt 099139 PO 00210 Frm 00070 Fmt 6580 Sfmt 6581 E:\PUBLAW\PUBL210.107 apps12 PsN: PUBL210 116 STAT. 1003 PUBLIC LAW 107-210—AUG. 6, 2002

(8) in connection with any trade negotiations entered into under this Act, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a meaningful labor rights report of the country, or countries, with respect to which the President is negotiating, on a time frame determined in accordance with section 2107(b)(2)(E);

(9) with respect to any trade agreement which the President seeks to implement under trade authorities procedures, submit to the Congress a report describing the extent to which the country or countries that are parties to the agreement have in effect laws governing exploitative child labor;

(10) continue to promote consideration of multilateral environmental agreements and consult with parties to such agreements regarding the consistency of any such agreement that includes trade measures with existing environmental exceptions under Article XX of the GATT 1994;

(11) report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, not later than 12 months after the imposition of a penalty or remedy by the United States permitted by a trade agreement to which this title applies, on the effectiveness of the penalty or remedy applied under United States law in enforcing United States rights under the trade agreement; and

(12) seek to establish consultative mechanisms among parties to trade agreements to examine the trade consequences of significant and unanticipated currency movements and to scrutinize whether a foreign government engaged in a pattern of manipulating its currency to promote a competitive advantage in international trade. The report under paragraph (11) shall address whether the penalty or remedy was effective in changing the behavior of the targeted party and whether the penalty or remedy had any adverse impact on parties or interests not party to the dispute.

(d) CONSULTATIONS.—

(1) CONSULTATIONS WITH CONGRESSIONAL ADVISERS.—In the course of negotiations conducted under this title, the United States Trade Representative shall consult closely and on a timely basis with, and keep fully apprised of the negotiations, the Congressional Oversight Group convened under section 2107 and all committees of the House of Representatives and the Senate with jurisdiction over laws that would be affected by a trade agreement resulting from the negotiations.

(2) CONSULTATION BEFORE AGREEMENT INITIALED.—In the course of negotiations conducted under this title, the United States Trade Representative shall—

(A) consult closely and on a timely basis (including immediately before initialing an agreement) with, and keep fully apprised of the negotiations, the congressional advisers for trade policy and negotiations appointed under section 161 of the Trade Act of 1974 (19 U.S.C. 2211), the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Congressional Oversight Group convened under section 2107; and

Reports.

VerDate 11-MAY-2000 05:37 Aug 17, 2002 Jkt 099139 PO 00210 Frm 00071 Fmt 6580 Sfmt 6581 E:\PUBLAW\PUBL210.107 apps12 PsN: PUBL210 116 STAT. 1004 PUBLIC LAW 107-210—AUG. 6, 2002

(B) with regard to any negotiations and agreement relating to agricultural trade, also consult closely and on a timely basis (including immediately before initialing an agreement) with, and

keep fully apprised of the negotiations, the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY ROUND AGREEMENTS.—In determining whether to enter into negotiations with a particular country, the President shall take into account the extent to which that country has implemented, or has accelerated the implementation of, its obligations under the Uruguay Round Agreements.

Appendix E. Cable Requesting Proposals

UNCLASSIFIED

JessicaMWebster 02/17/200608:05:00 AM From DBInbox: Jessica M Webster

Cable Text:

UNCLAS

CXSANSAL:

ACTION: AID

INFO: DCM

SECSTATE 26123

ECON AMB

DISSEMINATION: AID

CHARGE: AID

VZCZCSN0619

PP RUEHSN

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P 162226Z FEB 06

FM SECSTATE WASHDC

TO RUEHGT/AMEMBASSY GUATEMALA PRIORITY 5489

RUEHMU/AMEMBASSY MANAGUA PRIORITY 2182

RUEHSJ/AMEMBASSY SAN JOSE PRIORITY 3731

RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 3796

RUEHDG/AMEMBASSY SANTO DOMINGO PRIORITY 9900

RUEHTG/AMEMBASSY TEGUCIGALPA PRIORITY 8376

BT

UNCLAS STATE 026123

E.O. 12958: N/A

TAGS: EAID, ETRD, LAB, SENV

SUBJECT: LABOR AND ENVIRONMENT PROJECTS IN CAFTA-DR

COUNTRIES

1. This is an action message. Please see paragraphs 3 and 4.

2. Congress appropriated \$40 million (\$20 million in ESF and \$20 million in DA) in FY2006 for trade capacity building (TCB) in CAFTA-DR countries to be used in the areas of labor and the environment. To begin the process of identifying the

projects that these funds will support, an inter-agency group was formed on Feb. 14 (chaired by WHA/DAS Patrick Duddy), as well as two sub-groups. A labor sub-group, chaired by Deputy Undersecretary of Labor Martha Newton will develop labor projects. An environment sub-group, chaired by OES/DAS Claudia McMurray will develop environmental projects. USAID/LAC/RSD will be the vice-chair for each sub-group: Barry MacDonald for labor and John Garrison for the environment. These sub-groups will develop a list of projects in priority order. This structure is similar to the inter-agency process used for the FY 2005 funds for CAFTA-DR labor and environment projects.

3. Action request: We greatly value the input of Ambassadors and the country team in this process. We welcome your ideas for projects that meet the labor and environment TCB priorities for your country. We request that you forward those project ideas, coordinated with AID Missions, by COB Friday, March 3. ~

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4. For each proposed project, please provide a) brief description and justification, b) how the project advances particular US policy objectives; c) whether project is new or related to previous work, d) estimated cost, e) the degree of local "buy-in" (i.e. how the proposal has been vetted by host-country partners and who specifically endorses the proposal); and f) comment on possible public diplomacy strategies.

5. Background: In developing their project lists, the sub-groups will take into account the elements outlined in paragraph 4, as well as the following factors: the White Paper prepared by the CAFTA-DR Labor and Trade Ministers in April 2005, the Work Plan for implementing the Economic Cooperation Agreement associated with CAFTA-DR, the Administration's commitment to provide \$3 million to support ILO monitoring of labor enforcement, the Nethercut amendment prohibiting use of ESF for governments that do not have Art. 98 agreements (i.e. Costa Rica), and other language expressing Congressional intent. There is no language on specific areas for labor and environment funding in the FY2006 legislation or report. However, the report for FY2005 states: Begin quote: Managers expect such activities should include labor cooperation, capacity building priorititi'E: on. fundamental labor rights and the elimination of child, labor and improvements in labor administration. Also environment programs, specifically technical assistance on the development and enforcement of environmental laws and regulations, environmental management systems, partnerships to enhance environmental efforts, and market-related and economically sustainable conservation programs. End quote.

7. Timeline: The two sub-groups will present their recommendations to the full inter-agency committee in mid-March. We anticipate holding consultations with Congress in late March, and to present final recommendations to Deputy Secretary Zoellick in early to mid April. Allocation of funds between labor and environment projects will occur at that time.

8. Distribution: For labor projects, please include Dept. of Labor (Jane Richards), USAID/LAC/RSD (Barry MacDonald), WHA/PPC (Mike puccetti) and DRL/IL (Pat Del Vecchio) in your cable's desired distribution line. For environment projects, please include OES/ENV (Carole Jackson), OES/PCI (Larry Sperling), USAID/LAC/RSD (John Garrison) and WHA/EPSC (Faith Corneille) in the distribution line.

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End Cable Text

Jessica MWebster 02/17/2006 08:05:00AM From DB/Inbox:Jessica MWebster

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Appendix F. Assessment of Environmental Legal and Regulatory Structure

El Salvador

	Institutional Development			Institutional Capacity			Inter-Institutional cooperation			Public-Private Interaction			Cooperation from ECA			CAFTA-DR Priority for Implementation		
	High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low
A. INSTITUTIONAL STRENGTHENING FOR EFFECTIVE IMPLEMENTATION AND ENFORCEMENT OF ENVIRONMENTAL LAWS																		
1. Environmental laws, regulations, policies and procedures																		
Environmental impact assessments			Low	Low	Low	Low			Low			High		Low		High		
Wastewater			Low						Low			High		Low		High		
Solid waste			Low						Low			High		Low		High		
Chemical and hazardous substances (incl. PRTR)		Medium	Low						Low			High		Low		High		
Administrative procedures			Low						Low			High		Low		High		
Clean air			Low						Low			High		Low		High		
2. Environmental law enforcement, governance and capacity building																		
Capacity building for environmental law enforcement, criminal enforcement and judicial training, and inspections			Low			Low			Low			High		Low		High		
Sustainable fisheries			Low			Low			Low			High		Low		High		
University Env. Law Partnerships			Low			Low			Low			High		Low		High		
3. Public participation and transparency to support informed decision-making																		
		Medium	Low			Low			Low			High		Low		High		
B. MEAS, BIODIVERSITY AND CONSERVATION																		
4. CITES, wildlife protection and conservation (incl. laws, regulations, enforcement and public information)			Low			Low			Low			High		Low		High		
5. Sustainable forestry and combating illegal logging (incl. laws, regulations, enforcement and public information)			Low			Low			Low			High		Low		High		
C. Market-based Conservation																		
6. Sustainable tourism and alternative livelihoods within and outside protected areas			Low			Low			Low		High	High			Low		High	
7. Sustainable ag. and forest products for improved natural resources management			Low			Low			Low		High	High			Low		High	
D. IMPROVED PRIVATE SECTOR ENVIRONMENTAL PERFORMANCE																		
9. Cleaner Production, improved compliance, and private sector partnerships			Low			Low			Low			High		Low		High		
E. CAFTA-DR-SPECIFIC OBLIGATIONS																		
10. Secretariat for Environmental Matters to accept public submissions on environmental enforcement issues			Low			Low			Low			High		Low		High		
11. ECA performance benchmarking – monitoring, and evaluation			Low			Low			Low			High		Low		High		
12. Environmental Affairs Council and Environmental Cooperation Commission Administration			Low			Low			Low			High		Low		High		

Appendix G. Environmental Cooperation Program

FUNDING, PROJECT COUNTERPARTS AND COOPERATION AREAS

Table G-1 CAFTA-DR Environmental Cooperation Funding, FY2006, FY2007 (US\$ thousands)

Program	FY 2006	FY 2007
USAID Missions	\$18,500	\$19,300
Dominican Republic	\$1,810	\$1,150
Guatemala	\$1,810	\$250
Honduras	\$1,820	\$925
Nicaragua	\$2,050	\$400
El Salvador	\$1,735	\$500
Total	\$9,225	\$3,225
USAID/El Salvador Regional Environmental Program (E-CAM)		
New Regional Watershed Mechanism	\$450	\$200
CCAD	\$950	\$5,600
EPA	\$3,075	\$1,875
NASA	\$500	\$500
SIECA - CAFTA-DR Claims Unit	\$300	\$0
DOI (EGAT PAPA)	\$300	\$0
NOAA (EGAT PAPA)	\$775	\$500
Forest Service (EGAT PAPA)	\$500	\$575
EGAT/ED HED University Environmental Law Partnerships	\$0	\$600
EGAT GDA with Coke	\$0	\$300
EGAT Sustainable Fisheries GDA	\$0	\$300
Total	\$6,850	\$10,450
USAID Total:	\$16,075	\$13,675
State/OES		
State Costa Rica Hub Regional Small Grants	\$150	\$400
STATE/OESI & Haereticus Environmental Labs - Coral Reef Enforcement	\$75	\$0
DOI CITES, WWF, HIS and NGO grants and Guatemala mining EIA review procedures*	\$0	\$2,025
NGOs - HS	\$400	
NGOs - WCS	\$500	
NGO - WWF/TRAFFIC	\$200	
E+ Co (CAREC Clean Energy)	\$200	
Grants for Regional NGO Sustainable Agriculture Projects	\$0	\$1,200
Grants for Regional Networks and Partnerships between CAFTA-DR and U.S. Businesses to Promote Environmental Compliance (New)		\$600
SIECA - CAFTA-DR Claims Unit*	\$0	\$300
ECA Performance Benchmarking - Monitoring and Evaluation	\$300	\$150
Environmental Affairs Council and Environmental Cooperation Commission Administration	\$600	\$950
OES Total:	\$2,425	\$5,625

*Administered by USAID in FY 2006

Table G-2

Coverage of USAID CAFTA-DR Environmental Program by Project Counterparts

Cooperation Areas	Project Counterparts
A. Institutional Strengthening for Implementation and Enforcement of Environmental Law	EPA, NASA, CATHALAC, Abt, IRG, CCAD (all areas)
1. Environmental laws, regulations, policies, and procedures <ul style="list-style-type: none"> • Environmental impact assessment • Wastewater management • Solid waste management • Chemical and hazardous substances management • Air quality management • Administrative procedures for filing environmental complaints • Peer review 	EPA EPA EPA EPA EPA EPA, SEM-SIECA EPA
2. Environmental law enforcement, governance and capacity building <ul style="list-style-type: none"> • Enforcement training, tracking, and resolution of cases • Strengthening environmental legal education • Fisheries enforcement 	EPA, DOI HED-Environmental Law Partnership, EPA EGAT- Sustainable Fisheries – Lobster GDA
3. Public Participation and Transparency <ul style="list-style-type: none"> • Accessibility and quality of environmental information • Public involvement in environmental decision-making 	NASA, CATHALAC, EPA, GDA NASA, CATHALAC
B. Biodiversity and Conservation	DOI/CITES, EPA, Rainforest Alliance, Counterpart International, IITF, USFS, IRG, and CCAD (all areas)
1. Convention on International Trade in Endangered Species (CITES) 2. Forest, protected area, and sensitive ecosystem management	DOI/CITES, USFS, IITF EPA, Rainforest Alliance, Counterpart International, USFS
C. Market- Based Conservation	All counterparts listed below
1. Ecotourism 2. Sustainable agriculture and forest products 3. Lobster fisheries	WWF, IRG, DA, CCAD, USFS USFS, IITF, UFS, DOI, IRG NOAA, EGAT- Coca Cola Water GDA
D. Private Sector Environmental Performance	EPA, IRG, PA Consulting, and CCAD (all areas)
1. Environmental policies and incentives 2. Environmental performance capacity and information 3. Public-private partnerships and voluntary agreements (clean production)	DOI DOI EPA

Table G-3

Obligations, Accrued Expenditures, and Pipeline for USAID/El Salvador Regional Environmental Program (E-CAM), as of FY07 (US\$ thousands)

Agency/Department/Company	Obligated	Accrued Expenditures	Pipeline
U. S. Environmental Protection Agency	3,344.2	358.5	4,085.7
CCAD- EPA Support (DA)	946.3	136.7	809.7
Program support ^a	184.5	0.0	184.5
CCAD ^a (other regional and Costa Rica \$250.0)	3,440.0	250.0*	2,458.5
Chemonics, Regional Watershed Program	623.8	130.0	441.0
NASA	470.0	244.3	730.2
SIECA Environment Unit (\$250 FY05 carry over)	300.0	168.2	345.9
Program Support	0.0	0.0	0.0
New IPIQ II IQC task order	0.0	0.0	3,944.1
Total	9,308.80	1,287.70	12,999.60

*Expenditure information only available for Costa Rica.

Appendix H. Program Status, Implementation Issues, and Next Steps

I. USAID/ECAM REGIONAL PROGRAM

II. USAID-EGAT/ECAM REGIONAL PROGRAM

III. USAID BILATERAL PROGRAMS

I. USAID/ECAM REGIONAL PROGRAMS

Table I-1

USAID/ECAM Regional Programs Summary (\$ thousand), Pipeline Analysis

FY04 Pipeline	FY05 Pipeline	FY06 Pipeline	FY07 Pipeline	Total Obligated
440.0	550.0	5,275.0	8,175.0	13,450.0

Central American Commission on Environment and Development (CCAD)

Table I-2

CCAD Financial Status (\$ thousand)

Authorized Amount		Obligated Amount		Accrued Expenditure		Pipeline		Mortgage	
FY06	FY07	FY06	FY07	FY06	FY07	FY06	FY07	FY06	FY07
7,578.345	7,578,345	6,650,245	6,650,245	1,870,906	2,956,888	4,779,339	3,693,357	928,100	928,000

Status

The USAID/CCAD project officially started in August 2006. The management is complex, with different budget appropriations and program areas in each CAFTA-DR country.

Changes in the implementation process, new technical and administrative procedures, and new obligations and functions resulted in delayed implementation of the program.

The table shows the operational challenges that CCAD has encountered: expenditures of \$1,870,906 (24.6%) in FY06 and \$2,956,888 (44.4%) for FY07, with a FY07 pipeline of \$3,693,357 (55.5%). CCAD will need to increase the monthly burn rate to nearly \$400,000 in FY08 to expend the pipeline and ensure adequate implementation of the program.

Implementation Issues

As shown in the financial analysis, CCAD was slow to meet the work plan during FY06 and FY07, mainly because of a lack of a management unit capable of spending the obligated funds. This resulted in very weak coordination between the Central American countries and U.S. agencies in establishing reachable goals for implementing the activities. Also the new addition of funds requires more technical and administrative staff and procedures as new obligations and functions were added. All of this resulted in delayed implementation of the program.

There is an urgent need for better planning and clearer outlining of the main priorities in all countries to comply with Chapter XVII CAFTA DR.

The work plans developed with the Central American countries need to reflect better coordination and integration with bilateral projects.

The work undertaken by CCAD should improve the integration of those public and private institutions that have environment responsibilities in each country.

The weakness of the environmental ministries—low budgets, lack of adequate and rapid changes of personnel for political reasons, and low salaries—explains the need for better planning, coordination, and identification of priorities.

The points of contact in most of the countries do not have the technical expertise necessary to articulate the program with high-level executives in the ministries.

The increasing resources that CCAD is receiving require improved administrative and staffing procedures to increase their work in the countries. Due to the lack of technical specialists in the countries, they need to develop an effective system of management, information and communication to increase the scope and effectiveness of activities in the countries.

Next Steps

CCAD should intensify its work in the region by focusing cooperation in the following areas:

- Adopting strategies that allow for a more effective use of resources (burn-rate) for increasing the implementation of activities.
- Strengthening the area of capacity building by providing training to personnel in the relevant ministries (environment, justice, police, commerce, agriculture, etc.)
- Establish an effective planning, monitoring and evaluation system that allows public and private participation and also adds value to bilateral projects. Special attention should be taken to promote effective cooperation by the private sector and civil society in program implementation.

EPA

Table I-3
EPA PASA Pipeline Analysis and Financial Status (\$ thousand)

Pipeline	FY04	FY05	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
U. S. Environmental Protection Agency		300.0	1,944.2	1,100.0	3,344.2	358.5	2,985.7	4,085.7
CCAD- EPA support			946.3		946.3	136.7	809.7	809.7
Program support			184.5		184.5			
EPA/CCAD Subtotal	-	300.0	3,075.0	1,100.0	4,290.5	495.2	3,795.4	4,895.4

Status

This participating agency service agreement (PASA) was signed in August 2007, but work was delayed as indicated by the small amount disbursed of \$495,200 in relation total obligated funds of \$ 4,290,500 (11.5%), and a large pipeline of \$4, 895,400.

Implementation Issues

Assistance was provided late in the fiscal year because of a lack of planning and coordination with CCAD. Training was done on law enforcement, air quality, solid waste, and chemical management.

Administrative procedures and scheduling conflicts by EPA specialist and lack of translated documents postponed 20% of training for FY08.

Next Steps

- Improve planning, coordination, and administrative procedures with CCAD and local governments.
- Adjust work plan to reflect CCAD's new administrative procedures and added technical personnel for better implementation and monitoring of activities.
- As recommended by some countries, select one country to pilot implementation of environmental policies before extending them to the other countries.

CCAD-Costa Rica

Table I-4

CCAD-Costa Rica Pipeline Analysis and Financial Status (\$ thousand)

FY04	FY05	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
	0	250.0		250.0	250.0	0.0	0.0

Status

An analysis of the E-CAM budget pipeline reflects that funds from FY06 and FY07 in the amount of \$250,000 were obligated through CCAD to Costa Rica. They expended all obligated funds.

Implementation Issues

Presently Costa Rica is not receiving the necessary CAFTA-DR Environmental Programs funds because Costa Rica's Congress has not ratified it.

Nevertheless, available funds were expended in the following activities: provided equipment for improving infrastructure, including equipment for the environment and trade office; support for the implementation of voluntary agreements in Clean Production, in the areas of dairy cattle, swine and dairy manufacturing.

Costa Rica requests that CCAD should provide adequate information about funds that have been approved for the program. CCAD system is slow in delivering and providing information. The country needs support for training judges in law enforcement.

They need funds to move forward because they have some projects that were planned to be initiated this year.

Next Steps

Improve planning, coordination and administrative procedures with CCAD.

More transparency from CCAD in relation to funds available for more effective planning and implementation.

Intensify capacity building in the institutions that have responsibilities for managing the environment in the country.

Greater support in the area of solid waste and voluntary agreements for clean production.

Chemonics Regional Watershed Program

Table I-5

Chemonics Regional Watershed Program Pipeline Analysis and Financial Status (\$ thousand)

FY04	FY05	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
	0	450.0	188.0	623.8	130.0	253.7	441.0

Status

The financial analysis shows from the total amount of obligated funds \$623,800, expenditures to date of \$130,000 (20.8%) and Pipeline of \$441,000 (70.7 %). This data illustrates the slow nature of the implementation.

Implementation Issues

Work was delayed by late approval of the task order and coordination problems in the countries.

Training is needed in sustainable natural resources management and sustainable tourism programs within and outside of protected areas in key watersheds.

Next Steps

- Improve planning, coordination and administrative procedures with CCAD and local governments.
- Intensify capacity building in the institutions that have responsibilities for environmental management in selected regions.

NASA

Table I-6

NASA PASA Pipeline Analysis and Financial Status (\$ thousand)

FY04	FY05	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
		500.0	474.50	470.0	244.30	255.70	730.20

Status

Program has \$470,000 of obligated funds, \$244,300 in disbursements and a very substantial pipeline of \$730,200. This data illustrates the slow nature of the implementation process.

Implementation Issues

The work was delayed by late approval of the PASA.

The products provided to Dominican Republic (SERVIR satellite product and Landsat data) are being used by the Meteorology Service for disaster response flood forecast and weather models.

Next Steps

- Improve planning, coordination and administrative procedures with CCAD and local governments.
- Intensify capacity building in the institutions that have responsibilities for environmental management in all the countries.

SIECA Environment Unit

Table I-6

SIECA Environment Unit Pipeline Analysis and Financial Status (\$ thousand)

FY04	FY05 Carry over	Pipeline FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
	250.0	300.0		300.0	168.2	381.8	345.9

Status

The Secretariat for Environmental Matters (SAA) have expended 30.6% of a combined \$ 550,000 received for implementation: \$250,000 as a FY 05 carry over and \$ 300,000 that was obligated in FY 06. SAA has a pipeline of \$381,800. The burn rate for FY07 was \$140,000.

Implementation Issues

The SAA is politically sensitive because it reports directly to the Environmental Affairs Council.

The implementation of activities under this agreement by the SAA has been slow.

The planning and coordination of activities with CCAD and member countries need to move faster.

On May 9, 2007, the SAA received the first communication related to lack of effective application of legislation in Dominican Republic to protect marine turtles. It was presented by Humane Society International (HSI).

Next Steps

- Improve planning, coordination and administrative procedures with CCAD and member countries.
- Carry out planning to ensure an effective management transition period after a new funding mechanism is adopted in FY09.
- Consolidate the SAA to facilitate civil society participation and accept submissions about failure to enforce environmental laws in CAFTA-DR countries.

II. USAID EGAT/ECAM REGIONAL PROGRAM

Table II-1

USAID EGAT/ECAM Regional Program Summary Pipeline Analysis and Financial Status (\$ thousand)

Partner Agency	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
Department of Interior	300.0		300.0		120.0	120.0
PAPA National Oceanic and Atmospheric Administration	775.0	475.0	1,249.5		775.0	1,249.5
U.S. Forest Service	500.0	545.7	1,045.7	84.4	415.6	961.3
Higher Education and Development Environmental Law Partnerships		569.4	569.4			569.4
Sustainable Fisheries, Lobster GDA		284.7	284.7			284.7
Coca Cola Water GDA		284.7	284.7			284.7
Program Support		116.0	.0			
Total	1,575.00	2,275.50	3,734.00	84.40	1,310.60	3,469.60

1. Department of Interior—There is information/reporting available; only some training activities mentioned in events conducted by CCAD.
2. PAPA National Oceanic and Atmospheric Administration—Program initiated over one year ago, but work plan is still pending because necessary local counterpart has still not been identified.
3. U.S. Forest Service—No information/reporting available.
4. Higher Education and Development Environmental Law Partnerships—No information/reporting available.

5. Sustainable Fisheries, Lobster GA—Just being initiated.
6. Coca Cola Water GDA: No information/ reporting available.

III. USAID BILATERAL ENVIRONMENTAL PROGRAMS

Dominican Republic

Table III-1

Dominican Republic Program Pipeline Analysis and Financial Status (\$ thousand)

	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
International Resources Group (IRG)	1,810.0	500.0	2,310.0	1,810.0	0.0	500.0
New NGO Agreement		650.0	650.0	0.0		650.0
Total	1,810.0	1,150.0	2,960.0	1,810.0	0.0	1,150.0

International Resources Group (IRG)

Table III-2

International Resources Group (IRG) Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
1810.0	500.0	2,310.0	1810.0	0.0	500.0

Status

This type of bilateral mechanism (IRG) selected by USAID Missions for implementing CAFTA–DR Environmental Cooperation Agreement in Dominican Republic has been successful in relation to expenditure of obligated funds during FY06 and FY07 (78.4%), and a Pipeline of \$500,000 (21.7%). This is having a positive effect on the number of activities implemented, even if 5-10% of them have not been completed due to changes of priorities by SEMARENA, and problems in coordination, focalization and prioritizing the many activities.

Implementation Issues

Lack of enforcement of environmental laws and weakness of the judiciary system do not allow for strong penalties. In the past four years, there were 8,000 submissions for violations and only two cases resulted in penalties.

The private sector is establishing, with little support from the program, sector coalitions to improve the effectiveness of wastewater disposal.

Also in the tourist area of Punta Cana, local hotel owners are being trained on solid waste and wastewater management.

Approximately 95% of hotels have wastewater treatment technology and 60 % of the garbage produced in the hotels and airport is recycled into organic fertilizer using Californian worms.

The small annual budget of SEMARENA is a problem to improve implementation, monitoring and evaluation of activities and projects.

There seems to be a lack of effective planning, monitoring and evaluation of the activities and projects implemented by IRG, as many activities were cancelled, due to change in priorities by SEMARENA.

The new USAID/DR cooperative agreement with a local NGO could improve some of these shortfalls.

Next Steps

Intensify work with the private sector to

- Increase the participation of civil society and private industries in managing the environment.
- Strengthen capacity by providing hands-on training to personnel in SEMARENA, the environmental police, forest inspectors, and EIA.

New NGO Agreement

USAID/DR is to issue an RFA to identify an NGO to continue with the work that IRG has been undertaking after IRG's contract ends. This approach is being taken to ensure the sustainability of IRG's program results.

Guatemala

Table III-3

Guatemala Program Pipeline Analysis and Financial Status (\$ thousand)

Agency	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
CCAD Buy-in through E-CAM	1,185.0		1,185.0	482.3	702.7	702.7
ABT Associates (IRG Sub.)	250.0		250.0	110.0	140.0	140.0
Counterpart International, Inc.	175.0	150.0	325.0	175.0	0.0	150.0
Rainforest Alliance	200.0	100.0	300.0	200.0	0.0	100.0
Total	1,810.00	250.00	2,060.00	967.30	842.70	1,092.70

CCAD Buy-in through E-CAM

Table III-4

CCAD Buy-In through E-CAM Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	FY07 Total Amount Obligated	Total Amount Disbursed	FY06 Pipeline	Pipeline
1,185.0		1,185.0	482.3	702.7	702.7

Status

The financial analysis of funds transferred to CCAD through USAID-ECAM (\$1,185,000) illustrates that only 40.7% of total obligated funds for FY06 have been spend with a pipeline of \$702,700 (59.3%). This explains why only 50% of planned activities (250) from Jan 07 – Feb 08, were initiated.

Implementation Issues

The government's new administration has been evaluating the environmental program and has declared it to be very disorganized.

MARN's small budget and changes of personnel due to new administration prevent MARN from making more effective use of the program. Improvement will be contingent on personnel being trained and the government establishing priorities.

There is a lack of clarity in relation to how funds are distributed to CCAD and U. S. agencies due to MARN' weakness in articulating their priorities.

The complexity of working with regional and bilateral technical assistance in the same projects highlights the need for greater efforts in capacity building at all levels.

There is a lack of planning, coordination, and integration with other governmental and U. S. agencies which have environmental enforcement, oversight and technical assistance responsibilities.

There is a lack of communication and information from CCAD and U.S. agencies about the activities to be implemented.

There seems to be a lack of effective planning, monitoring and evaluation of those activities implemented by MARN and assisted by CCAD.

Slow pace of program implementation and lack of strategies to work with the private sector and the civil society, and lack of participation of the industrial sector.

Next Steps

- Intensify work with government institutions, private sector, civil society and implementing partners.

- Increase the participation of private sector and civil society in environmental management and promoting clean production.
- Strengthen capacity by providing training to personnel from MARN, the judicial system, environmental police, forest inspectors, and NGOs

Abt Associates (IRG Subcontractor)

Table III-5

Abt Associates (IRG Sub) Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
250.0		250.0	110.0	140.0	140.0

Status

According to the pipeline analysis of Guatemala's bilateral environmental program funds, \$250,000 was obligated in an agreement with ABT Associates (IRG Sub.). It further illustrates the slow pace in the implementation of the program expenditures of only 44.0% of obligated funds and a Pipeline of 56.0% (\$140,000).

Implementation Issues

The ABT contract calls for assistance to the ministries of environment and economy to design a strategy to reinforce the Waste Water and Sludge Management Regulations for the industrial sectors, and to assist the Ministry of Economy in export promotion for the bio-commerce sector in accordance with the environmental standards provided by the DR-CAFTA.

Two baseline studies, workshops, a training manual for judges, arbitration training and export products identification were carried out.

Next Steps

- Complete the manual and training for fruit and vegetable producers.
- Continue training in capacity building for judges on environmental issues.
- Increase the participation and coordination with environmental institutions and NGOs in the regions as well as the academic community.
- Strengthen capacity by providing hands-on training to personnel from MARN and the ministries of agriculture and commerce.

Counterpart International

Table III-6

Counterpart International Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
175.0	150.0	325.0	175.0	0.0	150.0

Status

The financial analysis shows that total obligated funds were \$325,000, expenditures \$175,000 (53.8%) with a Pipeline of \$150,000 (46.2%). This reflects a slow pace in the implementation of the program.

The activities initiated so far include the following: biological conservation through sustainable forest management, community based tourism, market and income incentives and marketing strategies for forest products and tourism services.

Implementation Issues

Training is needed for families in the protected areas in ecotourism and sustainable agriculture.

Certification is needed for cooperatives for organic products.

Next Steps

- Plan, coordinate, and identify priorities better with MARN and tourism sector.
- Strengthen and expand tourism value chains at both the national and destination levels.
- Continue to promote the implementation of sustainability and management best practices by tourism SMEs and destinations.

Rainforest Alliance

Table III-7

Rainforest Alliance Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
200.0	100.0	300.0	200.0	0.0	100.0

Status

The financial analysis of Guatemala bilateral environmental program total obligated (\$300,000) to Rainforest Alliance, shows expenditures for \$200,000 (66.7%) with a Pipeline of \$100,000 (33.3%).

Implementation Issues

The Rainforest agreement signed in 2006 calls for assistance to the ministries of environment and tourism in biodiversity and market-based conservation.

Through the Community Tourism Alliance project (Conservation International -USAID/Guatemala) Rainforest Alliance's "Better Practices for Sustainable Tourism" manual and training modules were adapted for use by rural communities and micro and small businesses.

Representatives from 30 community-based tourism destinations trained in sustainable tourism marketing, integration of community-based tourism products & services into tourism value-chains, cost structure for sustainable tourism packages, financial plans and quality control (joint effort - USFS, Peace Corps and Counterpart International (CPI) - USAID)

Geotourism Initiative - a Geotourism Charter was signed by the National Geographic Society, the GOG and the private sector (ANACAFE). Forums will take place on how to make tourism more geographically diversified and sustainable throughout Guatemala and map-guide promotional tools will be designed.

A primary hindrance to improved tourism marketing and management in Guatemala is the lack of adequate tourism statistics. CPI-USAID joint efforts with the principal entities managing protected areas (GoG, NGOs, and universities) are developing a unified visitor record system based on recent community tourism experience.

Next Steps

- Follow on the work in the Geotourism initiative (tourism that sustains and enhances the environment and the diversity of the cultural, historic and scenic assets of Guatemala).
- Continue to provide training and technical assistance to local communities and SMEs specializing in tourism; in natural and cultural resource management, marketing and sustainability.
- Strengthen and expand tourism value chains at the national and the destination levels.
- Continue to promote the implementation of sustainability and management best practices by tourism SMEs and destinations.

Honduras

Table III-8 USAID

Bilateral Mission Environmental Program: Honduras Pipeline Analysis and Financial Status (\$ thousand)

Agency	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
International resources group (IRG-MIRA)	1,820.0	725.0	2,545.0	1,545.0	275.0	1,000.0
USF-EGAT Washington PAPA		200.0	200.0	75.0	0.0	125.0
Total	1,820.0	925.0	2,745.0	1,620.0	275.0	1,125.0

International Resources Group (IRG-MIRA)

Table III-9

International Resources Group (IRG-MIRA) Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
1,820.0	725.0	2,545.0	1,545.0	275.0	1,000.0

Status

USAID Mission selected IRG to provide technical assistance for implementing the USAID-DR Environmental Program in Honduras.

This type of mechanism (IRG) has been successful in implementing planned activities as shown in the above information, where expenditure of obligated funds has been in the order of \$1,545,000 (56.3%) with a pipeline of \$1,200,000 (43.7%). This has a positive effect in the number of activities implemented, even if approximately 5–10% has not been implemented as planned.

Implementation Issues

Lack of progress in some areas and activities are due mainly to changes of priorities by SERNA, coordination with counterparts, rapid changes of priorities, and frequent changes of personnel.

The small budget for SERNA, low salaries for the personnel, planning and coordination of activities with other public and private institutions are limiting the establishment of a strong environmental program in the country.

There are many activities implemented in each of the five areas of the Cooperation Program but still capacity building efforts in SERNA, the judicial system and in the private sector is weak, due to lack of prioritization of activities.

Planning and coordination with regional projects are areas which need significant improvement.

Next Steps

- Intensify efforts to work with the public and private sectors and improve information gathering for meeting environmental obligations stated in CAFTA-DR Chapter XVII.
- Increase and improve the planning and coordination with regional projects.

Strengthen the area of capacity building by providing hands-on training to personnel in SERNA, the environmental police, forest inspectors, and EIA.

There seems to be a lack of effective strategic planning for managing the government's penchant for abrupt changes in personnel, priorities, planned activities, as well as lack of sufficient funds for SERNA's operations.

USFS-EGAT Washington PAPA (Honduras)

Table III-10

USFS-EGAT Washington PAPA (Honduras) Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
	200.0	200.0	75.0	0.0	125.0

Implementation Issues

Activities being implemented support SERNA's efforts to address illegal logging in selected hot spots, reforestation efforts as an incentive to minimize illegal harvesting, and support a wood tracking system

Also, a taxonomical identification manual is being developed and training will be implemented for custom officers.

The analysis of illegally cut and exported mahogany is completed and is being used as a basis for regulatory reform.

Fiscal and other incentives for forest management and harvesting certification developed and presented to SERNA for consideration.

Several community forestry enterprises developed and are now operating.

Next Steps

Improve planning and coordination with the institutions responsible of managing the environment to increase the rate of implementation and enforcement of environmental laws.

Economic resources for the judiciary system, police, forestry and environmental institutions are lacking to manage and protect the forest resources; an effective enforcement mechanisms need to be implemented.

Nicaragua

Table III-11

Nicaragua Summary Status: Pipeline Analysis and Financial Status (\$ thousand)

	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipe-line
CCAD Buy-in through E-CAM	1,155.0		1,155.0	219.5	826.8	826.8
USFS-International Institute of Tropical Forestry PASA	245.0	400.0	645.0	547.0	98.0	498.0
USFS-EGAT Washington PAPA	250.0		250.0	88.5	161.5	161.5
PA Consulting (Energy II IQC) USAID/Washington	400.0		400.0	193.3	206.7	206.7
Total	2,050.00	400.00	2,450.00	1,048.30	1,293.00	1,693.00

CCAD Buy-in through E-CAM

Status

The financial analysis of bilateral environmental program funds transferred to CCAD (\$1,155,000) shows that from the total obligated amounts, the expenditures have been in the order of \$219.5 (\$29%) with a pipeline of \$826,800 (71%). This offers an explanation why only 35% of the planned (40) activities were initiated.

Implementation Issues

MARENA's small budget and lack of institutional capacity to implement the environmental program.

Changes in personnel, priorities, and capable human resources.

Lack of planning, coordination, and integration with other government and U.S. agencies which have environmental enforcement, oversight and technical assistance responsibilities.

Lack of continuous communication and information from CCAD about implementing the activities.

There seems to be a lack of effective planning, monitoring and evaluation of the activities implemented by MARENA and assisted by CCAD.

Next Steps

- Intensify its work with the government institutions, private sector, civil society and implementing partners.
- Increase the participation of private sector and civil society in managing the environment.
- Strengthen capacity in law enforcement, providing training to personnel from MARENA, the environmental police, forest inspectors, and NGOs.

USFS-IITF (PASA)

Table III-12

USFS-IITF (PASA) Summary: Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
245.0	400.0	645.0	547.0	98.0	498.0

Status

The financial analysis of funds transferred to UFFS-IITF shows that from the total obligated amounts \$645,000, the expenditures have been in the order of \$547, 000 (\$84.8%), with a pipeline of \$98,000 (15.2 %). This reflects a high efficiency in using the obligated funds and implementation of the work plan.

Implementation Issues

Great difficulties found in administrative procedures and funds assigned for contracting expert to conduct a crocodile population evaluation and strategy for captive management and reproduction.

Waiting approval for new funds to continue with sustainable tourism activity for Datanli – El Diablo nature reserve, and the field work of Nicaraguan Orchid Manual.

Next Steps

- Resolve the administrative difficulties for hiring crocodile population expert and begin the evaluation.
- Strengthen capacity by providing hands-on training to personnel from MARENA, the ministries of agriculture and tourism.
- Coordinate work with others agencies that have environmental projects in the country, as well as communities within the country.

USF/EGAT (PAPA)

Table III-13

USF/EGAT (PAPA) Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
250.0		250.0	88.5	161.5	161.5

Status

The financial analysis of funds transferred to USF/EGAT Washington PAPA shows that from the total obligated amounts \$250, 000, the expenditures have been in the order of \$88,500 (\$35.4%) with a pipeline of \$161,500 (64.6%). This reflects a very low completion rate of planned activities.

Work plan has been coordinated with local environmental authorities and completion date set for December 2008.

Workshop on CITES wood species identification (June 2008).

Field work for Miraflor activity began (June 2008).

Implementation Issues

Two activities planned in the Area of Biodiversity and Conservation to support enforcement and management for illegal logging and market-based conservation for promoting sustainable agriculture and forest products for improved natural resources management. Only wood species identification and learning by doing for counterparts were initiated, due to lack of coordination with local authorities.

Next Steps

- Improve communication with the private sector in these initiatives.
- Coordinate with other projects and agencies which work on the same topics in the country.
- Provide capacity building to government agencies involved in environmental management, counterparts, private sector and civil society.

Nicaragua–PA Consulting

Table III-14

Nicaragua – PA Consulting Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
400.0		400.0	193.3	206.7	206.7

Status

The financial analysis of the funds transferred to PA Consulting shows that from the total obligated amounts \$400,000, the expenditures have been in the order of \$193,300 (48.3%) with a pipeline of \$206,700 (51.7%). This reflects a low completion rate of planned activities.

Implementation Issues

The draft energy sector base line study and the financial assistance plan were completed in January 2008. Others activities in the work plan already underway include: improved private sector

environmental performance and development of public-private partnerships to facilitate the transfer and adoption of cleaner production technologies.

The delay in implementation of planned activities was due to late signing of the Task Order on June 2007.

Next Steps

- Funds are available and work plan should be completed around December 2008.
- Improve communication with the private sectors with promotion and training, as well as with other projects and agencies and institutions that work in the same area in the country.
- Coordinate with other projects and agencies which work on similar topics throughout the country
- Provide capacity building to government agencies involved in environmental management, counterparts, private sector and civil society

El Salvador

Table III-15

El Salvador Summary: Pipeline Analysis and Financial Status (\$ thousand)

Agency	FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
CCAD Buy-In through E-CAM	878.9		878.9	495.6	383.3	383.3
Development Alternatives-Watershed Program	564.0		564.0	564.0	0.0	0.0
World Environmental Center GDA w PA Consulting	188.0		188.0	188.0	0.0	0.0
NGO Grant to be Awarded for Montecristo	0.0	500.0	500.0	0.0		500.0
Program Support	104.1		104.1			
Total	1,735.00	500.00	2,235.00	1,247.60	383.30	883.30

ECAM: CCAD Buy-in through ECAM

Table III-16

CCAD Buy-in through E-CAM: Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
878.9		878.9	495.6	383.3	383.3

Status

The financial analysis of funds transferred to CCAD shows that from the total obligated amounts \$878,900, the expenditures have been in the order of \$495,600 (\$56.4%), with a pipeline of \$383,300 (43.6%). This shows a low completion rate of planned activities.

Implementation Issues

MARN’s small budget and lack of institutional capacity to implement the environmental program.

Too many activities for MARN staff who already have other responsibilities.

Lack of planning, coordination, and integration with other governmental and U.S. agencies which have environmental enforcement, oversight and technical assistance responsibilities.

CCAD was lacking an administrative structure able to effectively coordinate with MARN and other institutions and agencies that have responsibilities in implementing the environmental program.

Slow pace of program implementation and lack of strategies to work with the private sector and the civil society.

There seems to be a lack of effective planning, monitoring, evaluation and integration of efforts in the activities implemented by MARN and assisted by CCAD, as it relates to the many actors involved (regional and bilateral), including NGOs, government institutions, U.S. agencies, private sector, and civil society.

Next Steps

- Strengthen operations in administrative procedures, planning, monitoring, implementation, and evaluation of the quality and relevance of activities.
- Increase the participation of private sector and civil society in managing the environment.
- Strengthening the area of capacity building and priorities identification by providing training to personnel from MARN, the judicial system, environmental police, private sector and NGOs.

Development Alternatives Inc. Watershed Program

Table III-17

Development Alternatives Inc. Watershed Program: Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
564.0		564.0	564.0	0.0	0.0

Analysis of funds transferred to Development Alternatives shows that the total obligated amounts of \$564,000 were totally expended. This supports a high level of accomplishment with regard to the work plan, delivering to MARN several products in the areas of sustainable agriculture and forest products for improved natural resource management; and natural resource management and production.

World Environment Center GDA w PA Consulting

Table III-18

World Environment Center GDA w/ PA Consulting Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
188.0		188.0	188.0	0.0	0.0

The financial analysis of funds transferred to World Environmental Center GDA w /PA Consulting, shows that the obligated funds US\$188,000 were totally expended. This illustrates an extreme high accomplishment of the work plan in the implementation of an integrated program to improve competitiveness and reduce environmental impact in Salvadoran industries (policies were developed; industrial audits established; training; round tables and two large industries completed the environmental requirements from their many suppliers).

NGO Grant to Be Awarded for Montecristo

Table III-19

NGO Grant to Be Awarded for Montecristo: Pipeline Analysis and Financial Status (\$ thousand)

FY06	FY07	Total Obligated	Amount Disbursed	FY06 Pipeline	Pipeline
	500.0	500.0			500.0

The work to improve the infrastructure and management of the Montecristo National Park will start in FY08.