

Data Sheet

USAID Mission:	Central America Regional Program
Program Title:	Economic Freedom
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	596-022
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$11,430,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$7,008,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: Under the new regional program for Central America and Mexico (CAM), USAID assistance will focus on achieving open, diversified and expanding economies throughout the region. The principal results expected by the end of the program period are: increased trade; greater contribution of higher value-added sectors to the economy; new jobs and economic opportunities leading to increased incomes for Central American and Mexican citizens; and improved management of critical watersheds and natural resources. These results will be achieved by helping countries to implement free trade agreements, improve the business environment and enterprise competitiveness, broaden access to financial markets and services, and improve management and conservation of priority watersheds. USAID will support the establishment of a regional customs union; harmonization of commercial, environmental, sanitary and phytosanitary standards and other laws, policies, regulations, and standards essential to the implementation of international trade agreements. It will also support measures to facilitate increased intra-regional trade, while improving labor conditions in Central American workplaces while harmonizing and enforcing fiscal and financial sector supervision policies at the national nationally.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Participation in Global Trade and Investment (\$5,239,000 DA). USAID will strengthen government-to-business dialogue on effective trade policy implementation, assist the Central America Free Trade Agreement (CAFTA) implementation and rules of origin requirements, and help countries meet obligations acquired as members of the World Trade Organization (WTO), CAFTA, and the Free Trade Area of the Americas (FTAA). USAID will fund technical assistance to address policy and procedural bottlenecks and support activities of the CAFTA Trade Capacity Building (TCB) Committee and the Environmental Cooperation Agreement's (ECA) Environmental Cooperation Commission. Program activities will include customs union consolidation, trade facilitation measures, timely resolution of intra-regional trade disputes, and the harmonization of product norms, standards, measurements, and commercial codes. USAID assistance will also support the development of a quality coffee marketing mechanism in Central America and Mexico, based on Specialty Coffee Association of America (SCAA) cupping standards and the electronic auction. USAID will help develop private industry standards to increase small farmers gain access the regional supermarket trade in fruits and vegetables. It will also support increased access to certification services and fee-for-service technical support entities that promote energy efficiency and the use of cleaner production technologies and practices. Principal contractors, grantees and agencies include: Central American Secretariat for Economic Integration (SIECA), Central American Commission on Environment and Development (CCAD), U.S. Environmental Protection Agency (EPA), U.S. Department of Agriculture (USDA), Michigan State University/Partnerships for Food Industry Development--Fruits and Vegetables, Coffee Quality Institute, and other contractors and grantees to be determined.

Improve Economic Policy and Governance (\$2,210,000 DA) USAID will fund technical assistance to revise, current commercial laws, codes, and regulations or draft new ones that will support the implementation and effective enforcement of key international environmental agreements and standards. The latter will include specific emphasis on treaty requirements, including environmental audits, the Convention on International Trade of Endangered Species (CITES) and Persistent Organic Pollutants (POPs). Principal contractors, grantees and agencies include SIECA, CCAD, and EPA.

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$3,981,000 DA). USAID will develop and provide economic incentives for biodiversity conservation and sustainable natural resource management in key transnational watersheds. Incentives will include building capacity to effectively manage and monitor transnational-border cultural, biological, and natural resources; and establishing sustainable finance mechanisms to generate the revenues needed to implement management plans in the Mesoamerican Biological Corridor (MBC) and barrier reef. In addition, USAID will help CAM governments to develop and institutionalize climate change policies regarding adaptation and mitigation. These will potentially lessen the impact of forest fires and other environmental threats. USAID will also provide the tools and technical assistance needed to help conserve critical watersheds. Principal contractors, grantees and agencies include CCAD, the Nature Conservancy, the Rainforest Alliance, EPA, and National Aeronautics and Space Administration (NASA).

FY 2006 Program: Increase Participation in Global Trade and Investment (\$4,311,000 DA). USAID will continue to strengthen government-to-business dialogue on effective trade policy implementation, assisting with CAFTA implementation and rules of origin requirements and helping countries meet obligations acquired as members of the WTO and CAFTA. USAID technical assistance will continue to address policy and procedural bottlenecks and support activities of the CAFTA Trade Capacity Building (TCB) Committee and the ECA's Environmental Cooperation Commission. USAID would continue support to the regional quality coffee marketing mechanism (the electronic auction) as well as the development of private industry standards to help small farmers access the regional supermarket trade in fruits and vegetable. In addition, USAID will help expand access of small farmers to certification services and fee-for-service technical support entities that promote energy efficiency and the use of cleaner production technologies and practices. USAID plans to assist in the improvement of labor conditions in the Central American apparel and textile sectors. Contractors will remain the same.

Improve Economic Policy and Governance (\$600,000 DA). USAID plans to continue providing technical assistance to revise, harmonize and disseminate commercial laws, codes, and regulations identified in a joint Central America-USAID diagnostic assessment. USAID will also help develop new legislation, regulations, policies and capacity for the implementation and effective enforcement of key international environmental agreements and standards (with specific emphasis on treaty requirements, including CITES and POPs, in coordination with bilateral justice sector reform support).

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$2,097,000 DA). USAID plans to support the development of economic incentives for biodiversity conservation and sustainable natural resource management in key transnational watersheds. Activities would include building capacity to effectively manage and monitor cultural, biological, and natural resources that cross national borders. USAID's programs will establish sustainable finance mechanisms to generate the revenues needed to implement management plans in MBC and barrier reef. USAID will also continue helping Central American and Mexican governments to develop and institutionalize policies regarding climate change adaptation and mitigation, and, at the same time, provide the tools and technical assistance needed to help conserve critical watersheds.

Performance and Results: By program completion, Central America will increase both intraregional and total trade; increase the contribution of higher value-added sectors to the

economy; increase the availability of and access to financial services by small- and medium-sized enterprises and exporters; and improve critical watershed management.

US Financing in Thousands of Dollars

Central America Regional Program

596-022 Economic Freedom	DA
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2004	
Obligations	0
Expenditures	0
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	11,430
Total Planned Fiscal Year 2005	
Obligations	11,430
Proposed Fiscal Year 2006 NOA	
Obligations	7,008
Future Obligations	47,562
Est. Total Cost	66,000