

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 2006 Obligation:	\$5,376,000 DA
Prior Year Unobligated:	\$7,500,000 ESF
Proposed FY 2007 Obligation:	\$5,500,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: The Central America and Mexico Regional Program (E-CAM), administered by USAID in El Salvador, will contribute to open, diversified, and expanding economies throughout the region. Two critical results are being targeted: adoption of laws, policies, and regulations that promote trade and investment; and improved management of critical watersheds and natural resources. Countries are receiving assistance to implement the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR). USAID is assisting countries to develop more consistent rules of origin procedures, customs provisions, and sanitary and phytosanitary standards (SPS) requirements. USAID is providing technical assistance to governmental trade capacity building (TCB) committees, improve trade and market information available to small and medium enterprises and farmers, enforce environmental laws, and strengthen the capacity of labor justice institutions. Improved management of critical watersheds is being achieved by securing the financial sustainability of protected areas contained in critical watersheds and through increased use of private voluntary mechanisms.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,421,000 DA). USAID is establishing reliable funding mechanisms to implement environmental management plans for priority watersheds. At least two governments in the region are expected to dedicate funding for the administration and enforcement of environmental laws and regulations, including funding for protected areas. Through public/private alliances, leveraged government funds and other financial mechanisms, program partners are able to generate 20% of the revenues necessary to manage key transnational protected areas and implement management plans. Policy changes necessary for financial sustainability of critical watersheds and protected areas, including payment for environmental services and other user fees, and local retention of fees and environmental fines for management, should be in place in three countries. Principal contractors and grantees: General Secretariat of the Central American Integration System (SG-SICA), Central American Commission on Environment and Development (CCAD), U.S. Environmental Protection Agency (EPA) and the National Aeronautics and Space Administration (NASA).

Increase Trade and Investment (\$3,955,000 DA; \$7,500,000 ESF Prior Year Unobligated). CAFTA-DR is the driving force for growth in the region. USAID's program is addressing policy and procedural bottlenecks by partnering with regional organizations to assist in the development of customs reforms, environmental legislation, labor laws, and improved SPS standards. USAID is working closely with private and public partners, including U.S. agencies such as the U.S. Department of Agriculture (USDA) and EPA. USAID is continuing to strengthen the government's trade policy implementation, assist with CAFTA-DR implementation, and help countries meet obligations acquired as members of the World Trade Organization and CAFTA-DR. USAID concludes its support for quality coffee marketing and the development of private industry standards to help small farmers access the regional supermarket trade in fruits and vegetables.

Labor activities are improving workplace conditions in the region and contribute to improved compliance with local labor laws. USAID is also seeking international markets for products made from certified timber by communities and increase the amount of certified coffee and bananas exported from the region. Mexico and Panama are also benefiting from greater regional trade integration. Principal contractors and grantees: SG-SICA, CCAD, EPA, USDA, Central American Secretariat for Economic Integration (SIECA), Rainforest Alliance, and other contractors and grantees to be determined through competition.

FY 2007 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$845,000 DA). USAID will improve financial analysis and implement business plans for key protected areas and will increase the long term funding available for these sites. USAID will provide technical assistance to improve data quality for forestry, agriculture and other activities in watersheds and protected areas, to monitor land cover, and to establish an alert system for natural disasters including fire. Same partners as above.

Increase Trade and Investment (\$4,655,000 DA). USAID will continue to strengthen trade policy and work to promote a harmonized legal and institutional framework for secure commercial transitions. USAID will work to develop a regional agreement to recognize contracts that have been notarized in one country as valid in all countries and establish a regional database on loan guarantee programs. Regulations and administrative procedures will be developed so that the countries have the means to enforce the law and address waste water effluents from priority industry sectors, solid waste disposal and air quality. The program will continue to support voluntary compliance mechanisms that encourage the private sector to manage their waste and thus reduce costs. USAID will help develop standards and requirements that facilitate trade in goods. Promotion of regional markets for fair trade and environmentally sustainable certified products will continue. The program will promote business to business partnerships to improve labor conditions and competitiveness. Same partners as above.

Performance and Results: By program completion, the region will have increased intraregional and total trade, and will have improved environmental management. Increased trade will have been achieved through expansion of value-added sectors of the economy, a strengthened capacity for implementing the CAFTA-DR, an enhanced ability of exporters to meet SPS requirements, and increased access to the market for smaller firms and farmers complying with quality standards and certifications. To facilitate the increased trade, the program will have also assisted governments to achieve harmonized commercial laws and regulations with transparent rules for business formalization, operation, and dissolution; a legal and institutional framework for secure commercial transactions; and a strengthened capacity for labor justice compliance. USAID will work to improve environmental management in three priority watersheds, improve administration and enforcement of environmental laws and regulations, and increase the use of clean production technologies.

US Financing in Thousands of Dollars

Central America Regional Program

	DA	ESF
596-022 Economic Freedom		
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2005		
Obligations	11,228	0
Expenditures	62	0
Through September 30, 2005		
Obligations	11,228	0
Expenditures	62	0
Unliquidated	11,166	0
Prior Year Unobligated Funds		
Obligations	0	7,500
Planned Fiscal Year 2006 NOA		
Obligations	5,376	0
Total Planned Fiscal Year 2006		
Obligations	5,376	7,500
Proposed Fiscal Year 2007 NOA		
Obligations	12,500	0
Future Obligations	29,388	0
Est. Total Cost	58,492	7,500