



USAID
FROM THE AMERICAN PEOPLE

LAC-IEE-05-16

ENVIRONMENTAL THRESHOLD DECISION

Country: El Salvador

Activity Title: Regional Strategic Objective Grant Agreement (SOAG) “Economic Freedom: Open, Diversified, Expanding Economies”

Activity Number: 596-0200

Life of Project: FY 2005 – FY 2009

Life of Project Funding: \$10 million

IEE Prepared by:

Date Prepared: June 14, 2005

Recommended Threshold Decision: Categorical Exclusion/Negative Determination with Conditions/Deferred Decision

Bureau Threshold Decision: Categorical Exclusion/Negative Determination with Conditions//Deferred Decision

Comments:

Pursuant to 22 CFR 216.2 (c)(2)(i), (iii), (xiii) and (xiv), it is recommended that a **Categorical Exclusion** be issued for activities involving environmental education, technical assistance, training, studies, technical assistance, institutional support, capacity

building, development planning and other actions which will not have an adverse impact on the natural or physical environment.

A **Negative Determination with Conditions** is recommended for activities involving small-scale construction (e.g., interpretative centers, park guard facilities, ecotourism lodges, and nature trails). Implementation of these activities will adhere to USAID LAC Environmental Guidelines.

A **Deferred Decision** is recommended for sustainable agriculture activities. Should any proposed activities include support for sustainable agriculture, or the procurement or use of pesticides, a supplemental IEE will be prepared (as per 22 CFR 216.3 (b) in the case of pesticides) and submitted to the BEO.

CTOs are responsible for making sure environmental conditions are met. It is the responsibility of the SO Team to ensure that activity related SOAGs, MAARDs and contracting documents contain specific instructions reflecting this Threshold Decision, including the provision of (and any necessary training in the use of) the indicated LAC Environmental Guidelines for activities that have a Negative Determination with Conditions.

Date _____
Victor H. Bullen
Bureau Environmental Officer
Bureau for Latin America & the Caribbean

Copy to: _____, Mission Director
USAID/Bolivia

Copy to: _____, MEO, USAID/Bolivia

Copy to: _____, Program office

Copy to; Mike Donald, Regional Environmental
Advisor, USAID/Guatemala

Copy to: _____, LAC/CA

Copy to: IEE File

Attachment: IEE

File: P:\LAC.RSD.PUB\RSDPUB\EES\Reg 216\IEE\IEE05\IEE05-15.ETD(BO - ENV).doc

USAID/EL SALVADOR

Memorandum

TO: Victor Bullen,
Bureau Environmental Officer (BEO) for Latin America and the
Caribbean

SUBJECT: Request for Deferral of IEE Regional Strategic Objective Grant
Agreement “Economic Freedom: Open, Diversified, Expanding
Economies”,
Activity 596-0200.

DATE: July 6, 2005

ACTION REQUESTED: This memorandum is to request your approval to defer review of environmental considerations and completion of an Initial Environmental Examination (“IEE”) so as to permit the obligation of up to \$10 million in FY 2005 under the Regional Strategic Objective Grant Agreement (SOAG) “Economic Freedom: Open, Diversified, Expanding Economies” with the General Secretariat of the Central American Integration System (SG-SICA) subject to the conditions on completion and approval of the IEE prior to disbursement of such funds set forth below.

BACKGROUND: The USAID Regional Program Plan (“RPP”) for the period FY 2005-2008 (FY 2008 as the last year of obligation and FY 2009 as the last year of implementation) was approved by AA/LAC and incorporated into the approved Central American and Mexico (CAM) Regional Strategy on July 19, 2004. The *Economic Freedom: Open, Diversified, Expanding Economies*, one of CAM Regional Strategy and RPP SOs, was approved at \$66 million for the total life of SO funding level for the RPP period.

DISCUSSION: In accordance with 22 Code of Federal Regulations (“CFR”), Environmental Procedures, Section 216.3(a)(1) and ADS 201.3.12.2.b, USAID/El Salvador requests a deferral of the requirement that an Initial Environmental Examination (“IEE”) be completed prior to obligation in order to permit obligation in FY 2005 of the amount of \$10 million in Development Assistance Funds (DA) under the SOAG before the Activity design is fully completed.

22 CFR Section 216.2, and ADS 201.3.12.2.b require that before the obligation of funds an IEE must be completed for new projects, programs and to substantive amendments or extension of ongoing projects. Nevertheless, 22 CFR Section 216.3(a)(1) and ADS 201.3.12.2.b permit deferral of such requirement. ADS 201.3.12.2.b states, in relevant part, that “If Operating Units do not allocate resources and define such details at the pre-

obligation planning stage, they must, at minimum, request and receive from their Bureau Environmental Officer a written approval of their request to defer review and incorporate appropriate conditions precedent to disbursement. This approval will ensure proper environmental review before disbursement. Operating Units must be prepared to modify and fund revisions to the SO and its activities, if necessary, in accordance with the USAID Environmental Procedure.”

22 CFR Section 216.3(a)(1) states, in part, that “Activities which cannot be identified in sufficient detail to permit the completion of an Initial Environmental Examination...shall be described by including...(i) an explanation indicating why the Initial Environmental Examination cannot be completed; (ii) an estimate of the amount of time required to complete the Initial Environmental Examination; and (iii) a recommendation that a Threshold Decision be deferred until the Initial Environmental Examination is completed.”

The requirements for a deferral set forth in the 22 CFR 216.3(a)(1) are presented below:

(i) Due to the transition process of the Regional Program from Guatemala to El Salvador, the funds will be obligated at the Strategic Objective Level and the detailed activities will not be planned until after the SOAG is signed. Therefore, currently there is not sufficient detail of the activities to prepare an IEE. This is the main reason that the IEE cannot be completed now.

(ii) It is expected that the IEE will be completed and submitted for your approval by December 2005. The Activity Approval Document (AAD) is planned to be completed and approved by December 2005. The AAD will meet remaining activity planning requirements (i.e. IEE); provide a more detailed description of each component and activity that will help achieve the planned results; identify implementing instruments; and make reasonable firm estimates of the costs, etc. Annex A shows the preliminary activities as described in the RPP.

(iii) Given that the IEE, as well as the Activity design, is not complete, the Mission requests your concurrence in recommending that a Threshold Decision for this activity be deferred until the IEE is completed.

AUTHORITY: As set forth in ADS 204.5.6, Bureau Environmental Officers have been delegated the authority to approve all 22 CFR 216 documents. Such authority includes approval of this request for a deferral of the IEE for this Activity. In addition, as set forth in ADS 201.3.12.2.b, the Bureau Environmental Officer is responsible for approving, in writing, such requests for deferral. As a result, you have the authority to approve this request for a deferral of the IEE.

RECOMMENDATION: That you approve this request to defer review of environmental considerations so as to permit the obligation of up to \$10 million in FY 2005 under a Regional Strategic Objective Grant Agreement with SG-SICA subject to the conditions on completion and approval of the IEE prior to disbursement of funds set forth above.

APPROVED:

DISAPPROVED:

DATE:

Annex:

A. Preliminary Illustrative Activities

Drafted:	RMMayorga, SDO	<u>RMMayorga</u>	Date	<u>July 6, 2005</u>
Cleared:	SBudzina, A/SDO	<u>SBudzina</u>	Date	<u>July 7, 2005</u>
	BBayle, A/REA	<u>B.Bayle</u>	Date	<u>July 7, 2005</u>

ANNEX A

ACTION MEMORANDUM TO THE BUREAU ENVIRONMENTAL OFFICER

PRELIMINARY ILLUSTRATIVE ACTIVITIES
REGIONAL STRATEGIC OBJECTIVE GRANT AGREEMENT:
ECONOMIC FREEDOM: OPEN, DIVERSIFIED, EXPANDING ECONOMIES

Illustrative activities described in the Regional Program Plan under the Strategic Objective “Economic Freedom: Open, Diversified, Expanding Economies.”

Result 1 - Laws, Policies and Regulations that Promote Trade and Investment.

The Central American countries want to work together for greater economic integration and find regional solutions in order to compete more effectively in international markets by reducing costs, and by expanding the Central American market for local producers of goods and services. This will require new, harmonized laws, policies and regulations among the Central American countries to promote increased trade and investment. The illustrative activities include:

- Improved Capacity to Negotiate and Implement Trade Agreements
 - Support to public-private dialogue on the Central American and Dominican Republic Free Trade Agreement (CAFTA) to implement it and other trade agreements, and to address bottlenecks or policy analysis needs
 - Technical Assistance and training for compliance with rules of origin requirements under CAFTA and other trade agreements
 - Support to assistance strategies for the CAFTA Trade Capacity Building Committee (TCB) and the Environmental Cooperation Commission for the Environmental Cooperation Agreement (ECA)
- Reduced Barriers to Trade, Investment and Market Integration
 - Technical assistance and training for analysis and implementation in support of the customs union and trade facilitation
 - Technical assistance and training to support harmonization of product norms, standards, measurements and commercial codes; and private certification of sustainable and environmentally friendly products
 - Technical assistance and training for capacity building for meeting sanitary, phyto-sanitary (SPS), and food safety standards
 - Support the expansion of standards and services in order to certify environmentally friendly and sustainable technologies, practices and production.
- Commercial Laws and Regulations more Consistent with International Commitments and Prevailing Practice

- Revision, harmonization and distribution of commercial codes, laws and regulations
- Support for labor modernization and voluntary compliance with labor codes
- Technical assistance to develop legislation, regulations, policies and capacity for implementation and enforcement of key international environmental agreements and standards

Result 2 - Improved Management and Conservation of Critical Watersheds

- Improved Management and Use of Critical Watersheds
 - Design and implementation of financially self-sustaining strategies for the management of key transnational protected areas and implementation of management plans for key areas of the Mesoamerica Biological Corridor, wetlands and reefs
 - Design and implementation of strategies for environmentally sustainable tourism, and monitoring of certification activities in forestry and tourism
 - Development and institutionalization of national policies to conserve critical watersheds.