



## USAID/EL SALVADOR

LAC-IEE-05-28

### Memorandum

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

FROM: Mark Silverman, DIR

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

DATE: July 12, 2005

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**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: [signed Jerry Bisson, Acting BEO]

DISAPPROVED: \_\_\_\_\_

DATE: [signed July 18, 2005]

**Annex:**

A. Preliminary Illustrative Activities

Drafted: RMMayorga, SDO *RMMayorga* Date July 6, 2005  
Cleared: SBudzina, A/SDO *SBudzina* Date July 7, 2005  
BBayle, A/REA *B.Bayle* Date July 7, 2005  
NHoffman, A/DDIR *NHoffman* Date July 11, 2005


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APPROVED: Jerry Bissin

DISAPPROVED: \_\_\_\_\_

DATE: July 18, 2005

**Annex:**

A. Preliminary Illustrative Activities

Drafted:	RMMayorga, SDO	<u><i>RMM</i></u>	Date <u>July 6, 2005</u>
Cleared:	SBudzina, A/SDO	<u><i>MB</i></u>	Date <u>July 7, 2005</u>
	BBayle, A/REA	<u><i>B. Bayle</i></u>	Date <u>July 7, 2005</u>
	NHofman, A/DDIR	<u><i>nh</i></u>	Date <u>7/1/05</u>

## 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 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.