



Organization of
American States

**FIRST EVALUATION REPORT
EXECUTIVE SUMMARY**

**MONITORING PROGRESS OF THE ENVIRONMENTAL COOPERATION
AGENDA IN THE CAFTA-DR COUNTRIES¹**

September 30th, 2009

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¹ Prepared by the Department of Sustainable Development of the General Secretariat of the Organization of American States.

EXECUTIVE SUMMARY

Background and overview

On February 18th, 2005, at the Hall of the Americas of the Organization of American States, the Governments of the Parties to the CAFTA-DR signed the ECA. They agreed to “cooperate to protect, improve and conserve the environment, including natural resources”. Chapter 17 of the CAFTA-DR sets out the Parties’ commitment and undertakings regarding environmental protection.

The ECA establishes specific institutions to implement the environmental commitments in the Agreement and to manage the environmental cooperation arrangements between the CAFTA-DR Parties,² including the EAC, comprised of representatives of the Parties at the ministerial level who meet to discuss the implementation and progress of the ECA; the SEM, in charge of responding to submissions in cases where effective enforcement of environmental laws is in question; and the ECC, comprised of government representatives and responsible for establishing priorities for cooperative activities, developing work programs, examining and evaluating activities, and making recommendations to ensure Parties are meeting the intended national or regional goals.

Currently, the CAFTA-DR Parties are implementing activities with the aim of achieving the following long-term goals:

- Compliance with CAFTA-DR Environment Chapter (Chapter 17) obligations by (1) ensuring that CAFTA-DR ECA Parties’ environmental laws and policies provide for and encourage high levels of environmental protection; (2) effectively enforcing their environmental laws; and (3) ensuring that judicial, quasi-judicial, or administrative proceedings are available to sanction or remedy violations of environmental laws.
- Improved protection and conservation of the environment, including natural resources.
- Transparency and public participation in environmental decision-making.
- Improved culture of environmental protection and compliance with environmental laws through, among other things, the promotion of economic opportunities, voluntary measures to enhance environmental performance, and job creation.
- Regional harmonization and integration of environmental laws and polices to facilitate improved environmental protection and a level playing field across the region.

However, since the ECA has not entered into force (only Guatemala, Nicaragua and the United States have completed their internal requirements), the ECC has not been formed. This situation has complicated certain aspects of the cooperation process, such as the priority setting and the development of a work program.

The environmental cooperation requires an examination and evaluation of the cooperative activities under the Agreement, through benchmarks or performance measures to ensure CAFTA-DR Parties are meeting the intended goals, with input from relevant local, regional or international organizations regarding how best to ensure that is accurately monitoring progress.³

² Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and the United States of America.

³ Article V(3) of the ECA.

Methodology

The OAS-DSD has been supporting CAFTA-DR Parties in evaluating if and how the activities being implemented are effectively contributing to the achievement of the priorities and long-term environmental goals. In this regard, the OAS-DSD is working towards the design of an evaluation process based on performance indicators. However, for a variety of reasons discussed within this report, a full-fledged and complete monitoring process cannot be developed at this time. Given the circumstances, this first evaluation report presents findings of a qualitative evaluation of the ECA, achieved using evaluation principles for development assistance combined with interviews with key CAFTA-DR stakeholders, and surveys on the progress of the cooperation agenda. The assessment has been conducted, to the extent possible, against criteria of relevance, efficiency, effectiveness, and sustainability. This report also provides analysis and insight on the design of a RBM monitoring and evaluation process and system for the CAFTA-DR environmental cooperation program.

Relevance

This criterion relates to the extent to which: (a) the activities being implemented correspond to the priorities and needs of the countries; (b) the scope of the cooperation responds to the guidelines established in the ECA; and (c) the funding allocation process is helping to achieve the goals.

The ECA has established work programs and priority cooperation areas, but in the absence of the ECC, Parties have engaged *ad interim* in different priority-setting exercises including the development of two strategic plans: the Work Plan and the Road Map.

The Work Plan was formulated through inter-agency coordination among the Ministries of Environment and Trade of each Party. It identified activities to be carried out for the period 2006-2008 under five programmatic areas: (A) Institutional Strengthening for Effective Implementation and Enforcement of Environmental Laws; (B) Biodiversity and Conservation; (C) Market-Based Conservation; (D) Improved Private Sector Environmental Performance; and (E) Implementation of Specific Obligations under CAFTA-DR. Based on the need to identify measurable outcomes and outputs, the Parties developed the Road Map to Results document aiming to qualify and quantify the results from ECA efforts in the region through the end of 2010. Although this tool was introduced after the initiation of the implementation process, the Parties are using the Road Map as a guide in the preparation of activities and the design of indicators for their own evaluation processes.

While the ECA is clear in establishing the scope of cooperation, priority has been given to regional efforts in practice, and national priorities (bilateral cooperation) have only been addressed on a complementary basis.

Funding allocation has been a key aspect of environmental cooperation activities implemented under the ECA. To date, approximately US\$65 million have been appropriated for environmental cooperation. Although the process to allocate funds has not been consistent throughout the years, the modifications that this process has suffered were based on lessons learned in order to maximize resources while working towards the achievement of long-term goals established by the Parties.

Efficiency

The report assesses efficiency based on how well inputs, particularly expertise (i.e. key stakeholders) are converted into outputs.

The POCs and implementers are the two main key stakeholders supporting or implementing environmental cooperation activities – in addition to national institutions which help in the management of environmental cooperation at the national level.

The POCs are representatives from both the Ministry of Environment and Trade of each Party, and in the absence of formal terms of reference, they have assumed *de facto* certain responsibilities such as coordinating cooperation activities. However, fulfilling this role and keeping up with their regular tasks within their ministries has proven to be challenging, as POCs can feel burdened with too many responsibilities. Still, the establishment of POCs as links between governments and implementers has facilitated inter-ministerial collaboration and communication, benefiting the implementation process at the national level and regional level.

Implementers are agencies and organizations working on the ground in the execution of activities. DOS/OES and USAID are responsible for managing implementers and a large portion of the cooperation portfolio. These implementers, the majority of which are USG Agencies, have been working to develop a bilateral and regional environmental cooperation agenda, particularly in the area of capacity building activities. However, this environmental cooperation has been challenging due to the fact that it is the first time such a large number of USG Agencies have engaged in the same cooperation program which has challenged the inter-agency coordination process.

Implementers should be selected based on their expertise and unbiased capacity for implementing programs; this will contribute to improving government to government relations, and enhancing on the ground capacity. A greater number of local CSOs need to be engaged in the implementation of cooperation activities, but their efforts should be consistent with their missions.

Furthermore, implementers have been facing the challenge of reduced funding for the implementation of activities, which has prompted the revision of already planned and scheduled activities, and consequently caused an overall delay in programming and implementation. Another aspect needing attention is the promotion of coherence and building on complementarities among implementers, particularly when new implementers are involved in the cooperation program.

An additional challenge lies in the design and implementation of an environmental cooperation program that is cognizant of the wide variety of pre-existing efforts in the region, and standardizes regional goals and criteria for implementers and projects.

To address some of these challenges, DOS/OES established a CAFTA-DR dedicated website as a communication tool for all stakeholders involved in the implementation process, and is currently developing a new public website to facilitate access to information about the CAFTA-DR environmental cooperation program. In addition, DOS/OES has institutionalized quarterly conference calls between managing agencies and implementers to support coordination and avoid duplication of efforts; established a standardized planning and reporting process for their implementers; and organized regional workshops to ensure shared understanding between POCs and implementers.

The evaluation also identified delays and constraints linked to the fact the EAC has yet to approve the working procedures for the SEM.

The suspension of Honduras from the exercise of its right to participate in the OAS, and the decision of the U.S. Government to suspend development aid for Honduras, including support for CAFTA-DR environmental standards has caused significant delays in the execution of programs and has considerably affected regional programs.

Effectiveness

Effectiveness is defined as the extent to which a project or program attains its objectives and delivers planned outputs. It has been challenging to compile all ongoing and completed activities due to the absence of a standardized reporting format, and difficulties in obtaining requested information on the status of activities and programs from implementers. However, the following is a general description of highlighted activities that are consistent with the proposed outputs.

Theme A: Institutional Strengthening for Effective Implementation and Enforcement of Environmental Laws

Activities being implemented aimed at promoting strong environmental institutions, laws and policies, effective enforcement of laws and policies, effective implementation of MEAs, and a civil society that is actively engaged in environmental decision-making and enforcement. The program has been divided into three sub-themes.

Sub-theme A.1 – Environmental Laws, Regulations, Policies and Procedures

Implementers are working in specific areas selected by the countries, including strengthening EIA capabilities, wastewater management, solid waste management, sound management of chemicals, and air quality management.

To strengthen EIA capabilities and procedures, the EPA and program partners have been working on training and capacity building and institutional development activities. It is important that training be provided for specialists in all disciplines involved in EIA, so that they can contribute to a meaningful EIA review process that ensures compliance with the law. Efforts toward implementation of practical EIA processes should be focused on building enforcement capacity, legal and institutional coordination, and environmental monitoring of EIAs.

EPA assisted CAFTA-DR countries in the adoption of the Wastewater Regulatory Model that CAFTA-DR governments endorsed in 2005; and is also conducting activities to establish a wastewater laboratory in each CAFTA-DR country certified under ISO/IEC 17025:2005. However, it is necessary to establish reasonable parameters for wastewater discharges in consultation with all sectors involved and to allow time for adjustment. Other activities implemented include follow up to the development of database of discharges, and development of sound policies. These policies should be aligned towards national objectives for a successful development of sustainable wastewater management.

Implementers are working with government officials to create draft regulations for integrated solid waste management, and to prioritize regulations for selected sectors established in the CAFTA-DR agreement. Working through the CCAD with support from EPA, USAID is using a market mechanism to reduce the amount of industrial solid waste that ends up in municipal landfills by promoting participation in the BORSICCA. The improvement in solid waste

management at the regional level will only be measurable once countries finalize, adopt and begin implementing the Regional Solid Waste Policy Framework.

All CAFTA-DR countries have adopted a PRTR work plan according to UNITAR guidelines to track the release and transport of chemicals, waste, and hazardous materials. However, activities should also complement lessons learned from previous efforts related to PRTR in the region, such as those executed under the Canada-Costa Rica Agreement on Environmental Cooperation. In addition, each country has created national committees in charge of overseeing the implementation of this plan. EPA has been working with officials to review efforts to implement SAICM priorities and developed an approach for a regional strategy. Additional efforts are necessary to finalize the adoption of SAICM. In addition, several training workshops have been implemented throughout the region on safe handling of hazardous materials. These training workshops should ensure the participation of environment and health officials, industries, hospitals, and hazardous materials responders.

USAID supported program partners to refurbish PM10 equipment for air quality monitoring stations in Nicaragua, Dominican Republic, Costa Rica and Honduras. This has effectively allowed for the monitoring of PM10 and ensured that air quality data collected in major urban areas is representative and accurate, which will improve air monitoring across the region.

USAID and CCAD, in partnership with NASA and CATHALAC, have conducted activities to strengthen SERVIR, a web-based information system that utilizes satellite resources to help local scientists, government leaders, and communities address concerns related to natural disasters, disease outbreaks, biodiversity, and climate change. These activities have helped to provide accurate and updated ecological and geographical information. Moving forward, it will be important to reach out to local universities, government ministries, NGOs and other stakeholders; this will help advance cross-agency coordination and exchange of information.

Sub-theme A.2 – Environmental Law Enforcement, Governance and Capacity Development

EPA has been conducting regional courses for environmental and customs officers to improve import-export control of trade that is governed by MEAs. A few other bilateral activities have been implemented including the negotiation of the first ever Inter-Ministerial Customs/Environmental Cooperation Agreement to facilitate improved coordination and compliance with MEAs in El Salvador.

In Guatemala, the cooperation has helped to create a Technical Council for Enforcement of Environmental Law, comprised of 16 government ministries and institutions, to support the Ministry of Environment to conduct a more efficient and effective enforcement of the environmental legislation. In addition, the cooperation has facilitated the development of a system and database to monitor environmental complaints and expedite resolution.

The need to train judges in environmental law is also evident in the region. The Judicial Training Program spearheaded by EPA, and DOJ is trying to fill this gap.

Sub-theme A.3 – Public Participation and Transparency to Support Informed Decision-Making

Since the beginning of the implementation of ECA-related activities, CAFTA-DR Parties have seen public participation as a main concern. Several mechanisms were developed by the countries for the identification of priorities such as nation-wide public consultations, and the establishment

of working groups. A Small Grants Program has been developed to foster ways in which civil society is able to work with governments to ensure effective enforcement of environmental laws.

Many of the projects and activities being implemented include a component for public awareness through radio and TV spots, and dissemination of information through billboards, publications, brochures, flyers, stickers, display windows in airports and other public buildings.

USAID has worked with program partners to develop a regional model for harmonizing administrative procedures for citizens to file environmental concerns regarding a Party's failure to enforce its environmental regulations. In this same context, the Institute of Environmental Investigations and Promotion, supported by DOS/OES, worked with the Salvadoran Ministry of the Environment and Natural Resources to inform the public of the mechanisms for participation in environmental decision-making.

Working with indigenous peoples, the Government of Guatemala developed a "Socio-Environmental Agenda from the Standpoint of the Indigenous Peoples." This is considered an important step to reduce gaps between governments and CSOs.

Still, there is a need for better dissemination of information, dialogues and empowerment of NGOs to promote greater collaboration in the environmental program, as well as strengthening civil society participation in the implementation process of the cooperation, to have an installed capacity in the region.

Theme B: Biodiversity and Conservation

In order to protect wildlife and habitat for the long-term economic and environmental development, agencies are implementing activities to combat and prevent species trade that violates international standards, including CITES. DOI worked with CAFTA-DR governments to identify gaps in existing legislation, regulations and policies, which has led to the adoption of new legislation and the formal establishment of responsible agencies. Also, implementers are working to strengthen scientific and management capacity of CITES authorities, and to train officials responsible for implementation of CITES. For instance, DOS/OES worked with DOI to establish a formal partnership with the CITES Secretariat to develop long-term, sustainable regional training to decrease the trafficking of illegal wildlife and to protect biodiversity. To help with the implementation of CITES guidelines on disposal and confiscation, HSI has issued grants to improve capacity of local wildlife rescue centers and establish a model center that meets regional standards. Additionally, a CITES support team was created with DOI, HSI and TRAFFIC. Given the increasing trend in negotiation of FTAs, complying with obligations under MEAs is an important goal for the CAFTA-DR countries; therefore, there is a need to targeting activities on legal capacities for effective enforcement of environmental laws and implementation of MEAs. Additional work is necessary to promote regulated sustainable trade.

In order to comply with national laws in the region, MEAs, import conditions, and to effectively participate in trade, NOAA has been working with local authorities and CSOs to promote improved use of Turtle Excluder Devices in shrimping and circle hooks in artisanal fishing, while working with coastal communities to increase awareness and participation in decision-making regarding sustainable fisheries management. NOAA is also working with OSPESCA to assist CAFTA-DR countries in developing a range of marine protection services that include professional, self-sustaining marine conservation enforcement bodies capable of effectively enforcing conservation laws within fisheries, and prosecuting fisheries violations. Beyond this,

new approaches are also needed for working through private-public alliances to improve fisheries compliance and management and promote sustainable fishing practices and markets.

Implementers are also promoting sustainable management of wildlife, forests, protected areas and other ecologically important ecosystems, including reduction of illegal logging. For example, DOI worked with partners to complete the Governance and Law Enforcement Strategy and Action Plan. The Government of Dominican Republic approved a strategic plan for managing the Jaragua-Dahoruco-Enriquillo Reserve in efforts to implement national strategies for enforcing laws related to forests and protected areas. In Honduras, USAID and MIRA collaborated with SERNA to create a National Environmental Law Enforcement Strategy.

WCS worked with local stakeholders to complete the Jaguar Conservation Corridor Plan. The corridor plan will strengthen biological corridor management plans in Central America, which will help in the long-term conservation of jaguar populations.

In Nicaragua, USFS supported the establishment of agro-forestry systems; and by utilizing watershed management, integrated pest management, and soil and water conservation practices, more than 400 hectares of protected areas are now under improved environmental management and will yield income-generating agro-forestry species within five years.

Theme C: Market-Based Conservation

The main goal of this program is to implement a market-based conservation system, focusing on sustainable tourism, agriculture and forest products as means to support economic growth, sustainable natural resource management, and environmental protection.

In Guatemala, USAID worked with CPI and local partners to adopt the Sustainable Tourism Best Practices Guide as a tool to identify and take specific actions to operate more sustainably. USAID in partnership with IITF and the CSO Paso Pacifico in Nicaragua have enabled the local population, institutions and development-related associations to build their own capacities and tools for environmental management of marine turtle conservation. More opportunities and benefits can be developed by partnering with the private sector leveraging funding to increase the level of sustainable financing made available for sustainable tourism and natural resource management. Also, countries need to study their comparative advantage and gear their ecotourism practices towards those that will produce the largest economic benefits with the least adverse environmental impact.

USAID is working with partners to assist farmers in adopting agro-forestry practices and begin cultivating higher value alternative crops. With DOS/OES support, Rainforest Alliance developed a farm assessment guide to help farmers understand sustainable agriculture standards and assess needs for improved farming techniques, particularly in the production of coffee, cacao and banana. TechnoServe implemented a Coffee Traceability System, a marketing tool that demonstrates the origin of and processes used in the production of high-quality coffee, and provided training on how to improve coffee milling techniques in order to minimize water use and waste. Also, HSI conducted workshops to improve the quality of cacao pods by using environmentally-friendly agricultural practices. For this program to have a long-term impact there is a need to implement more activities to increase the number of small local NGOs, businesses and cooperatives involved to ensure an increase in employment and the consequent increase in income. Also, organic and certified products usually have a higher price in the market; therefore strategic alliances with the private sector must be implemented for improved competitiveness of these products.

Theme D: Improved Private Sector Environmental Performance

EPA has been working in the incorporation of the regional cleaner production policy/strategy and Environmental Management Systems guidelines into the national policy framework of CAFTA-DR countries. Also, EPA has facilitated the creation of a regional high-profile cleaner production award to honor enterprises that have effectively implemented cleaner production and environmental compliance initiatives.

With DOS/OES support, WEC signed agreements with Wal-Mart and a dairy association to promote private partnerships that encourage the use of cleaner production practices throughout the supply chain. In El Salvador, WEC established the Alliance for Private Sector Competitiveness to promote economic development in the country through strengthening the ability of local businesses to produce goods and services more competitively, using less energy and in a sustainable and environmentally responsible manner. In addition to working with companies at the national level, there is also a need to involve trade associations and their members and to work with companies regionally, across borders, in order to address issues such as greening the supply chain.

El Salvador established a Cleaner Production Fund that provides grants to small and medium enterprises that request technical assistance to introduce cleaner, more efficient processes into factories. Also, USAID and CCAD conducted cleaner production assessments in the pig, poultry, and dairy sectors. In the Dominican Republic, USAID completed projects regarding cleaner production, including clean energy, organic fertilizers, and sound production/processing system. The environmental cooperation should contribute to the development of public-private partnerships at the national and regional level to facilitate the transfer and adoption of cleaner production technologies and promote a climate of environmental stewardship in CAFTA-DR countries to improve environmental protection and promote pollution prevention.

Sustainability

For the purpose of this report, sustainability is being defined as the continuation of benefits after the environmental cooperation assistance has been completed. The introduction of the Road Map has facilitated the efforts to achieve sustainability by assisting in determining if the needs of the Parties are being met, if implementers are focusing on outputs, and how to best manage future funding.

A policy framework that is compatible with and supportive of program objectives is a key factor in promoting sustainability. The development of some new policies and regulations, namely, the regulation for the mining sector and the creation of the Technical Council for Enforcement of Environmental Law to support the Ministry of Environment of Guatemala reflects the consideration of the sustainability issue in the overall design of the program.

Several projects implemented under programmatic areas C and D have been developed and implemented with a strong sense of local ownership and genuine public participation. The cleaner production initiatives and BORSICCA are good examples.

External political factors, such as changes of government – and policies – in the region, and for this particular period of the cooperation, the political situation in Honduras, have affected sustainability.

Design of a Monitoring and Evaluation (M&E) Process

It is extremely challenging to set up a harmonized M&E process and system due to the current fragmented approach to program management, the large number of stakeholders, the wealth of initiatives already in place regionally, and diverse country contexts and natural resource endowments. Further complications arise through the lack of reporting standardization among initiatives, countries, and between them, and the lack of baselines against which to measure impacts. Thus, the application of an RBM approach to monitoring is significantly hindered.

In spite of this evaluation scenario and limitations, the OAS-DSD is moving forward in the development of a M&E process based on the RBM principle. This entails the development of key M&E tools, such as the LFA and PMF. This process must be the object of thorough consultation with CAFTA-DR, and other stakeholders in order to have a legitimate evaluation process.

Challenges and Recommendations

- Parties should complete all necessary internal legal processes for formal entry into force of the ECA.
- There is a strong need for an overarching mechanism, such as the ECC, to define goals, avoid duplications and assist in monitoring.
- There is a need to provide continuity and institutionalize the work of the POCs.
- Stakeholders need more information on the mechanisms established for regional and bilateral cooperation, and need to improve coordination between regional and national activities.
- To avoid any setbacks in the agenda, implementers should identify the most efficient way to communicate, exchange information and share knowledge.
- Exchanges of experiences, results, and lessons learned should be increased, as should dialogue at the national level to help in building programs on the elements and successes of others.
- Project activities should be formulated based on the principle of promoting the linkages between trade and the environment, and increased regional integration of MEAs.
- There is a further need to disseminate information related to ongoing activities.
- The cooperation would benefit from the establishment of a more formal mechanism of coordination, such as a thematic inter-agency committee to review progress of the cooperation program and discuss next steps as implementation moves forward.

Final Comments

Given the challenges posed by trade liberalization to the region's sustainable development agenda and the complex interaction between domestic institutions and laws and regulations linked to the environmental provisions contained in the CAFTA-DR, the complementary regional agenda on environmental cooperation is both timely and relevant.

The importance of free trade to improve environmental and economic conditions of the region is evident. Agriculture is one of the main economic sectors of the region that will benefit from FTAs – and particularly with CAFTA-DR – since the U.S. is the main importer of the region's agricultural products. Also, a strong regulatory framework will attract foreign investment and will help to increase exports of the region's products to foreign markets. These arguments should encourage CAFTA-DR Parties to continue promoting and supporting the implementation of the environmental cooperation under CAFTA-DR's ECA beyond 2010.