



2006 CAFTA-DR Environmental Cooperation Agreement Work Plan

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A. INSTITUTIONAL STRENGTHENING FOR EFFECTIVE IMPLEMENTATION AND ENFORCEMENT OF ENVIRONMENTAL LAWS

I. Environmental Law and Enforcement Capacity

1. Improve and Harmonize Environmental Regulations, Policies and Procedures

1.1 Technical assistance to governments to develop harmonized environmental regulations and implementing procedures, and enforcement policies that provide clear guidance to business and level the playing field for trade

Funding level: \$250,000
(\$70,000 attributed to Biodiversity earmark)

Purpose:

This project addresses the core obligations set out in Articles 17.1, 17.2 and 17.3 of DR-CAFTA priority in the ECA work plan: “Strengthening each Party’s environmental management system, including strengthening institutional and legal framework.”

The activity will also promote the development of new laws and regulations together with the organizations and firms that participate through a consultative process.

Guatemala is challenged by a poorly funded Ministry of Environment, which is responsible for assessing, monitoring, and mitigating negative environmental impacts from growth in sectors such as mining, agriculture, timber production, and other industries. This activity will support the strengthening of the Ministry to improve their ability to provide accurate and effective environmental auditing.

Additionally, this activity will support the review and revision of Guatemala’s legal framework that supports environmentally sound economic growth as expected under DR-CAFTA. While the challenge of meeting the obligations of CAFTA-DR and other agreements falls primarily on the national governments of each country, a regional approach is also essential to harmonize implementation across borders. This project, focusing on the written framework of laws, regulations and procedures, is intricately related and integrated with the proposal on “improved environmental law enforcement” which focuses more on the capacity and skills needed to enforce the laws and regulations.

- Clearer, more harmonized environmental laws, regulations and procedures.
- Permitting procedures improved.
- Improved public participation in environmental decision making.

Statement of Work:

Specific Activities:

1. Formulate the Regulations for Environmental Auditing
2. Formulate standardized protocols and databases for inspections of environmental contamination.

Expected Results:

Through public consultations with stakeholders and civil society, the legal framework for Guatemala's environmental management systems will be refined to minimize bureaucracy and reflect the national regulations in place to protect the environment while encouraging economic growth.

Indicators:

Unknown – will be defined by ABT Associates

Budget: see statement of work above

Milestones:

To be determined by ABT Associates

Implementing Partner:

Currently ABT Associates is implementing a four year cooperative agreement with USAID/Guatemala, to support a demand driven policy assistance program for the Government of Guatemala. This program focuses on those policies required to effectively implement CAFTA and the obligations under each chapter.

Related USAID and other donor activities:

SO2/IR1 is currently implementing the demand-driven policy and law component to improve the legal frameworks as requested by various Ministries and GOG officials.

To be implemented under Cooperative Agreement between USAID/E-CAM and CCAD:

Activity 2.1 Technical assistance to environment ministries and enforcement agencies to improve implementation of environmental laws
\$275,000

1. Create a Registry of Environmental Laboratories with in the Ministry of Environment and Natural Resources

2. Development of a roster of accredited environmental services providers (consultants, auditors, environmental analysts)
3. Develop procedures to establish best practices to eliminate ecological damages that include evaluation and valuation of damages
4. Identification of poor environmental practices that may create non-tariff trade barriers as a result of violating environmental laws, and addressing them with improved regulations

Activity 3.1 Compliance promotion, auditing and environmental management systems
\$110,000

1. Development of guidelines and operational manuals for improving EMS, to conform to international and national industry standards, with the ultimate goal of achieving certification as specified in Article 17. 4 of DR-CAFTA. This includes training for implementing EMS in business, governmental analysis labs, and other interested sectors
2. Support for national labs responsible for analysis of EMS to achieve certification under ISO/IEC 17025, for standards for international transfers and commerce.
3. Promotion of voluntary mechanisms that incorporate the use of established and proven EMS

Activity 4.1 Strengthening environmental impact assessment review (permitting better decision making)
\$200,000

1. Develop scopes of work and minimum qualifications for personnel who conduct EIAs, develop mitigation and monitoring plans, and implement regulatory policy
2. Analyze personnel resource requirements to respond to requests for analysis in a timely manner, to include resources for long term contracting of personnel, and decentralized environmental units in departments and municipalities. This would serve as a baseline for budgeting purposes in the Ministry of Environment and would be diffused throughout all Ministries and sectors to identify the resource needed to comply with Chapter 17 of CAFTA-DR.
3. Develop a database of local experts in environmental analysis, including in specific sectors such as hydrocarbon development, mining exploration, and energy works.

4. Build capacity for consistent application of EIA guidelines, procedures, best practices, and mitigation measures across all Ministries involved in economic development projects.
5. In addition to country-specific EIA capacity building efforts, three regional Principles of EIA Review training courses would be offered to CAFTA-DR countries by EPA and regional EIA experts to provide governments with the practical tools and techniques for effectively reviewing EIA and managing the EIA process. The courses would draw on relevant case studies from both US and Central America, would help foster regional and sub-regional networking and an ongoing dialogue among the countries on ways to improve EIA decision-making and follow-through, and would also serve as a vehicle for training-the-trainers. By involving local experts in the delivery of all three courses, by the third course EPA will hand the course off to trained facilitators from the region for ongoing delivery.
6. Develop norms, and technical guidelines in the environmental sector to address Guatemala's priority sectors (construction, electrification, textiles and food processing). This would help to further encourage the development of sectoral environmental regulations with the specific goal of mitigating negative environmental impacts.

To be implemented under Component 2 of CCAD CA

Activity 9.1 USAID/Mission Technical Assistance to comply with CAFTA-DR environmental requirements
\$200,000

1. Equip the Office of Trade and Environment at the Ministry of Environment and Natural Resources, including furniture, computer and telecommunications, website support, and other required office equipment.
2. Develop and implement the public participation procedures is indicated in Article 17.6 y 17.7 of DR-CAFTA, which includes diffusion of information at the national level (to include printed media, radio, television and includes the principal five indigenous languages to reach all of civil society)
3. Design a program for follow-up of official complaints related to environmental violations, presented to the Ministry of Environment and Natural Resources, to conform to Chapter 17 of DR-CAFTA and design the operational mechanism for assigning damages and sanctions.

14.1 Technical Assistance to improve biological conservation through sustainable tourism and other environmental services

Funding: \$175,000
((\$120,000 biodiversity earmark attribution))

Purpose:

This project will improve natural resource management within and outside Protected Areas and key watersheds through the promotion of more sustainable tourism.

Statement of Work:

1. Provide technical assistance to Protected Area and Private Nature Reserve managers to access tourism markets, increase the number of visitors to these areas, and invest in visitor infrastructure and services such as trails, observation towers, and information centers, and interpretive guides.
2. Help governments remove barriers that keep funds from reaching protected areas.
3. Provide training to local communities in all six countries on natural and cultural resource tourism, marketing to international tourists, and sustainable utilization of resources for income generation and to hotel staff and transportation providers in best environmental practices
4. Promote water conservation within the tourism industry and improved coastal resource management.
5. Work with the Institutes of Tourism in CAFTA-DR countries to provide technical assistance and monitor small and medium tourism businesses applying eco-tourism best practices
6. Support the development and implementation of National Tourism and Ecotourism Strategies and conduct market studies for ecotourism potential within select bioreserves
7. Develop appropriate economic values and fee structures placed upon the conservation and management of aquatic, marine, terrestrial and cultural resources in strategic ecosystems and promote "Payment for Environmental Services" as a concept for improved management with select local and national governments.

Budget:

Schedule/Milestones:

- Increase in hectares under improved environmental management.
- Increased sales of environmentally friendly services, in particular those related to sustainable tourism, from firms receiving project assistance.

- Improved distribution of benefits among the communities within and near protected areas through ecotourism.
- Improved ecotourism and research opportunities through the conservation and restoration of archaeological areas within reserves.
- Improved capacity in the region to provide technical assistance and monitor the application of ecotourism best practices
- Appropriate economic values and fee structures placed upon the conservation and management of aquatic, marine, terrestrial and cultural resources in strategic ecosystems.
- Appropriate payment for essential environmental services such as clean water and access to other natural resources.

Implementing Partner:
Counterpart International, Inc.

Related USAID and other donor activities:

Counterpart International currently has a four year cooperative agreement with USAID/Guatemala, to implement a community tourism alliance program under *SO2: Economic Freedom: Open Diversified and Expanding Economies*. The ECA funds (\$175,000) will be incorporated into this cooperative agreement, to complement the proposed activities and indicators through increased funding for each program component.

15. Market and income incentives to promote sustainable management and conservation of critical protected areas

FUNDING LEVELS: \$200,000 (\$160,000 biodiversity earmark funds)

Purpose:

This activity is specifically aimed at helping to improve natural resource management and habitat conservation by providing local residents in biologically sensitive areas with alternative income options that greatly expand the use of sustainable agriculture, forestry, and other natural products.

Statement of work:

This activity will focus on four main areas in Guatemala:

- **Market Access for Natural Products.** This activity will focus on enhancing market incentives for improved natural resource management. The activity will help build the basis for sustainable financing by providing specialized technical assistance and training for communities near protected areas with a focus on establishing access to national and international markets for natural products such as coffee, fruit, cacao, and wood.
- **Sustainable Coffee and Other Agriculture.** In collaboration with academic institutions and local organizations, USAID will fund technical assistance to expand the adoption of sustainable coffee and agricultural production practices and techniques and promote uniform standards and regulations for organic agricultural products. This activity will build on existing coffee partnerships and help develop new public-private "Green Investment" initiatives to increase production of other sustainable and organic agricultural products. This will also include training in certification and the use of cleaner production techniques and technologies.
- **Cacao Partnerships.** Through partnerships with local organizations, U.S. NGOs, the private sector, and government experts, special emphasis will be placed on supporting the growth of organic cacao, a tree crop that often grows in mixed stands at lower altitudes than coffee and can therefore contribute to environmental conservation through the creation of habitat for wildlife, especially birds. The project will also strengthen private sector alliances for improved competitiveness of cacao and increased habitat and species conservation.
- **Sustainable Forestry & Wood Products.** This activity will strive to build capacity and develop and disseminate best practices on technologies for wood tracking, use of lesser known and secondary species, reduced impact logging, and wood processing in Guatemala. The activity will actively promote public private partnerships and business opportunities for trade in forest products and will seek to enter into a Global Development Alliance with the private sector to help build market knowledge and acceptance for sustainably and legally produced wood products from Guatemala. The activity will seek at least a 1:1 match through its partnerships.

Budget: to be incorporated into existing mechanism

Schedule/milestones:

- Increase in hectares under improved environmental management.
- Increased sales of environmentally friendly goods from firms receiving USAID assistance.
- Increased number of firms receiving USAID assistance producing under environmental certification programs.
- Increase in annual income of \$2 million for local residents through increased market access, alternative employment, crop diversification, and non-traditional income opportunities.

Implementing Partner: Rainforest Alliance, Fundacion Agil, ANACAFE

Related USAID and other donor activities:

Rainforest Alliance currently has a four year cooperative agreement with USAID/Guatemala. This DR-CAFTA activity will be incorporated into the existing cooperative agreement.

The Rainforest Alliance's central tool for building SME competitiveness and conserving biodiversity is forestry certification, whereby an operation's adherence to rigorous social and environmental standards is continually verified and awarded with a seal of approval. The Rainforest Alliance certifies operations under the Forest Stewardship Council (FSC) system, through its SmartWood program. The Rainforest Alliance has made significant progress in leveraging the private sector to mobilize its work. The organization is working with some of the world's largest corporations to transform their business practices to integrate sustainability and support SMEs throughout the world.

The **Forestry Enterprises in Guatemala program** will provide \$656,000 in cost-sharing, \$9.6 million in leverage financing, and \$7.7 million in sales of timber and non-timber products to high value markets. During the program period, 522,747 hectares of forest will remain under certification and 240,000 hectares of new forested land will be certified as sustainably managed.

The program will positively impact 4,500 workers, and create 1,000 new jobs. Finally, this innovative alliance will strengthen business skills capacity and competitiveness in 23 SME groups and will develop 22 business alliances along specific clusters and value-chains.

ADD INFO ON FUNDACION AGIL AND ANACAFE

To be implemented under Component 4 of CCAD CA

Activity 16.1 Promote Industrial Competitiveness and Compliance through Cleaner Production
\$300,000 (\$270,000 Clean Energy earmark)

1. Formulate and implement public outreach on the National Policy for Clean Energy and Energy Conservation.
2. Support the development and implementation of institutional mechanisms within the Ministry of Environment and Natural Resources to validate and officiate over the voluntary agreements established in industry sectors and those already functioning in the private sector.
3. Promote Industrial Competitiveness and Compliance through Cleaner Production and Energy Conservation measures. These will be identified through energy audits and the Clean Production Center of Guatemala
4. Work jointly with the Center for Clean and the Chamber of Industry to identify 1 – 2 pilot industries that have will and ability to implement concepts of “ecoefficiency” based on experiences inside and outside of Guatemala. A consultant would be contracted to recommend those concrete changes to reduce costs of operation and improve the economic and environmental efficiencies of those industries. The focus will be on small hydro and biodiesel project currently underway or soon to be underway.