



Strategic Environmental Assessment

Evaluating the Association Agreement between the EU and Central America



Environmental Impact Assessment Project in Central America

A tool for sustainable development

Strategic Environmental Assessment

Evaluating the Association Agreement between
the EU and Central America

An Environmental Impact Assessment Project in Central America publication. A Tool for Sustainable Development (CCAD – UICN – SIDA). This material was produced with the financial support of the Swedish International Development Cooperation Agency (SIDA).

Copyright: © 2007 Central American Commission for the Environment and Development (CCAD). International Union for Conservation of Nature and Natural Resources.

The reproduction of this material is authorized for educational and other non-commercial purposes without prior written authorization from the holder of the copyright insofar as the source is mentioned

Reproduction for sale or other commercial purposes of this publication is prohibited without prior authorization from the holder of the copyright.

Produced by: Policy and Environmental Management Unit, Communication Unit IUCN, Regional Office for Mesoamerica (ORMA)

Translation: Marcela Garzona

Cover design: Conlith S.A.

Design and Print: Conlith S.A.

Index

1. Presentation	1
2. Introduction	2
3. Region to region negotiation and Central American context	5
4. Methodology of the Strategic Environmental Assessment of the Association Agreement between the European Union and Central America	7
5. Management and administration of the Strategic Environmental Assessment of the Association Agreement between the European Union and Central America	11
6. Bibliography	12

List of figures

Fig. 1. Scope of the proposed SEA	7
Fig. 2. Overview of the components of the SEA	10
Fig. 3. Organizational chart	11

Presentation

The intensity of worldwide commercial relations and the environmental and social conditions of the nations are seldom analyzed from an integrated point of view, with the ability to transcend the punctual cases and show the complex network that they compose.

The environmental impact studies and assessments are insufficient to comprise space-time contexts that go beyond the specificity of the projects themselves. Within that framework, the Strategic Environmental Assessment (SEA) is an instrument that breaks the boundaries of a reduced scale and seeks to prevent or mitigate the adverse effects to the environment derived from the macro decisions addressed in policies, plans, programs, and projects.

The Association Agreement between the European Union and Central America (AACUE) is an opportunity of enormous value to enforce the Strategic Environmental Assessment (SEA) instrument in a regional scale initiative.

The SEA facilitates the strategic planning from an integrated and inclusive perspective. Its enforcement would enhance the negotiation process between these commercial blocks (Central America-European Union) by exposing opportunities and environmental, social and institutional aspects that must be taken into consideration throughout the whole agreement forming process.

This is a unique initiative for the region. It constitutes an unprecedented challenge and an enormous and valuable opportunity as well, that must be assumed with the responsibility that the process deserves, for it implies substantial improvements for the quality of life of residents in the region and the development of a more sustainable framework in regard to environmental and social aspects.

We appreciate the support given by the Swedish International Development Cooperation Agency (SIDA) for facilitating this document's publication, through which we submit a methodology proposal for the SEA to accompany and to report the negotiation process of the AACUE in each one of its phases, in such a way that it develops into a channel where constructive dialogue between all involved sectors is facilitated.

Dr. Marco Antonio González P.
Executive Secretary
CCAD

Dra. Grethel Aguilar Rojas
Regional Director
UICN- Mesoamérica

1. Introduction

The search for sustainable development in the region implies the consideration of sustainability variables for any decision-making process. The region is currently facing a negotiation for an Association Agreement between the European Union (EU) and Central America (AA EU-CA) that involves three different components: free trade, cooperation and political dialogue. This agreement was first mentioned at the II EU-Latin America and Caribbean Summit in Madrid (Madrid Summit, 2002), supported as well at the Guadalajara Summit of 2004 and the Vienna Summit of 2006. To date, several references exist regarding the relationships between the region and the European Union, such as the Political and Cooperation Dialogue Agreement signed in Rome in 2003. This agreement recognises democracy and respect to human rights, and environment as crosscutting aspects. If the region wants to continue towards a sustainable development, it should encourage it in every aspect or process that is taking place either at national or regional level. This is therefore the case of this agreement with Europe which is a challenge, as it incorporates a new negotiation pillar (free trade) apart from the two previously negotiated pillars by the region. Consequently, a transparent, consensus and social, economic and environmentally sustainable negotiation is expected, which would be not only a step forward but an accomplishment for both regions.

There are several social, economic, political, and environmental

considerations associated with this agreement, moreover taking into account the characteristics of the Central America context, which lead to the incorporation of the environmental variable during the whole process of negotiation: formulation and implementation, therefore reinforcing the decision-making process. This fact would empower, not only sustainable development, but also credibility and transparency in decision-making, considering the complexity of international (trade) negotiations. A first step to integrate environmental aspects in the decisions of this agreement is having objective information. Accurate and timely information and knowledge about environmental implications and opportunities would make the environment one of the decision-making criteria together with the traditional parameters (social –employment-, economic). The decision making process would provide a wider overview of the environmental opportunities that the region could offer as well as the risks that could be facing. Therefore, it is necessary to give impartial and precise information, not only to responsible authorities but also to other stakeholders, about the environmental variables to be considered in each step of the process, from formulation to implementation. These circumstances lead to a guidance of the negotiation and decision-making process that allow completing and filling possible gaps derived when/if the

overall map of environmental implication and opportunities is not considered. To foresee and assess this map, the use of tools and instruments developed by the Strategic Environmental Assessment (SEA) is proposed.

Partidario M.J, believes that the SEA is a systematic and progressive process to assess, in the very early stage of public decision-making process, the environmental quality and the consequences of the proposed alternatives, along with development actions from policy, plans and programs initiatives, guaranteeing the integration of relevant biophysical, economic, social and political considerations.

The European Union has now in place a mechanism to conduct Trade Sustainability Impact Assessment (SIA). This is a process undertaken during a trade negotiation that seeks to identify the potential impacts of a trade agreement. However, there is not a similar initiative neither at the Central American level nor in any of the other countries that have already negotiated bilateral agreements in the region. Therefore, this initiative becomes more relevant and essential for the region. The SEA is a wide-scale assessment, and not just an assessment of the decision-making stage, nor an assessment of impact of an already taken decision. Indeed, the objective of the SEA for a trade agreement concerns both the negotiation process and the results, which enhance the SEA requirement of a permanent process follow up. With that purpose, the

creation of a multidisciplinary, inter-institutional team is essential to conduct a constructive dialogue between environmental and trade sectors.

This team is supported by balanced opinions and consulted proposals approved between the stakeholders of the negotiation process. Therefore, the SEA is not an external assessment to the AA EU-CA process, but something constructed within the process itself. It contributes to the transparency and development of advocacy and negotiation skills of stakeholders. Regarding the negotiation results, the SEA enhances the process, since it shows the environmental, social, institutional and economic integration variables and consequences, which are often forgotten and, when not considered, could result in a source of conflict and opposition. According to this analysis, the SEA evaluates also the required institutional capacity to face the AA EU-CA implications.

Beyond the public participation mechanisms of the negotiation process itself, additionally, the SEA suggests the need of strengthening civil society participation. Through the SEA process, participation is empowered and therefore, the results and suggestions from SEA are introduced in each negotiation round during the process. (This will be explained in more detail in section 3). To guarantee the right to participate, a strategy considering dissemination, communication and training should be elaborated to channel public debate and so empower

democracy in the region. Public participation should be supported in open information access schemes and public consultation consensus mechanisms.

This information is summarised and passed on to the negotiation rounds after building scenarios that illustrate an overview of the situation in a simple and integrated way; this tool aims to help the decision-making process.

2. Region to region negotiation and Central American context

For the first time, a region to region association agreement is launched, that by itself puts in the table complex and unidentified variables. However, it is convenient to first visualize the differences among both regions. First, the European block shows advanced integration and unification, with a well developed institutionalism and extensive European regulations, which facilitates the construction of internal consensus positions; in the other hand, the Central American block presents an ongoing integration process lacking regional institutional and regulation frameworks. But, even when there is capacity to generate national legally binding decisions, Central America faces great difficulties in the implementation of national regulations and other commitments derived from regional and international agreements. This happens not only due to institutional weaknesses, as the case on environment, but also due to the supposition of compliance and enforcement of national regulations, which are a starting point of certain international agreements. Nevertheless, the efforts made by the Central American Environment and Development Commission (CCAD) for the environmental integration of the region have to be highlighted. These efforts are reflected in regulations, tools and harmonized management models, many of them already in operation and others under construction. This

agreement appears to be a great opportunity for environmental integration as well as to evidence the need of institutional empowerment at national level.

Moreover, beyond the strong difference, the fact that there is a great gap regarding the global influence of each of the blocks in political and trade aspects should also be taken into consideration. Regarding this issue, the European Union, apart from its internal trade, is the main exporter in the world with 14.7% of the world exports, and the second importer with 14.4%; conversely, Central America accounts for 0.2% and 0.3% respectively according to the World Trade Organisation (WTO) and the Central American Secretariat for Economic Integration (SIECA); such asymmetry in trade weight would influence during trade negotiations. Furthermore, the EU is the second trade partner of the region, since it is the destiny of 15% of its exportations; meanwhile it is just 0.4% of the European exportations. Again, there is a great unevenness in the trade exchange for each block.

The EU is the main donor of the region and the EU has been one of the main partners of the Central American integration process. For that reason the EU has insisted on unified negotiation schemes from the Central American side and in the establishment of a Framework Agreement on Customs Union as a

requirement for starting the negotiations of the AA EU-CA.

Given that the integration and the asymmetry among the regions would be present in this process of negotiation, it is necessary to have diverse studies with objective information. These studies aim at becoming the information base allowing the development of environmental criteria to be used in decision making. They seek to show the environment not just as an obstacle and a variety of negative impacts, but also as a range of opportunities for the public and the private sector. These compendium of studies (on environmental legislation and institutional capacity, among others) intent to establish the positive and negative institutional repercussions of the different alternatives of the commercial opening, differentiated by country and by productive sector.

It should bear in mind, though, that the structure of the negotiation agreement, in three pillars could encumber the possibilities to establish the social and environmental implications in a global way for the agreement, quantitatively and qualitatively; the three pillars are not necessarily complementary, and from prior experiences, there is a great probability that these are negotiated separately or independently.

3. Methodology of the Strategic Environmental Assessment of the Association Agreement between the European Union and Central America

The proposed SEA is oriented to accompany the negotiation process of the AA EU-CA in each one of its phases. It is constituted as a channel of communication that eases the flow of accurate information and a constructive dialogue among the negotiators, the environmental institutions and the civil society and other stakeholders. The SEA will report on potential positive and negative impacts of several environmental variables affected by the different decisions; besides it will create spaces for public participation and information that allow the construction of social consensus. Therefore, the proposed SEA becomes an information and consensus tool that facilitates the decision-making and enlarges the transparency of the process of negotiation. The development of this methodology takes as a reference the work done by the Netherlands Commission for Environmental Assessment, 2007.

Given the particularities of this Association Agreement that is developed during several negotiation rounds and in three pillars (see figure 1), the elaboration of the SEA should be adapted to this dynamics to contribute

in a precise and proactive way to the results of each round. For this reason, it is suggested that the SEA could cover the three pillars and that a series of SEA's would be developed for the most significant rounds (see figure 2).

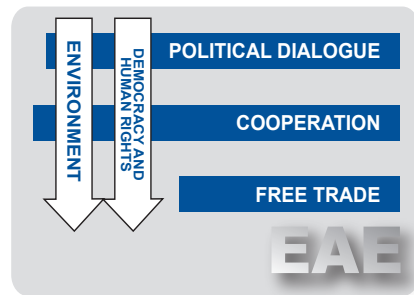


Fig. 1. Scope of the proposed SEA.

The described provisions make essential to conduct the analysis of the drivers of decision-making in the first steps of this SEA, determining criteria of procedures (Caratti, Pietro, Dalkmann, Holger et al., 2004). Thus, both the instruments and the right timing during the negotiation could be clearly established to introduce the social and environmental variables and values.

The next disjunctive is to select the values and social and environmental key variables, in terms of the potentially most affected by the negotiations. Determining the most significant variables for this negotiation process is something very complex by itself and difficult to achieve at 100%. Accurate procedures for this assignment should be argued and established according to human and financial resources for the development of this SEA.

Based on these considerations, the elements of the preparatory phase are established; this will permit to initiate and develop the SEA with efficiency and under the best political conditions.

To begin with, certain background information is required including analysis of studies on environmental legislation of the European Union and Central America, historic studies on trade exchange between the two regions and their political and normative frameworks. With all this, the economic sectors of potentially greater impact in future negotiations of the AA EU-CA could be assessed. The suggested analysis intends not only to reveal institutional

needs but also to elucidate the required adaptation of the private sector to the new context, such as to European regulations, and greening trade opportunities for the region, among others.

It is also convenient to study in detail the European cooperation with the Central American region, establishing its thematic composition, political orientation and specific weight in the total cooperation with the region; in addition to establishing its distribution by countries and regionally. With this, it is pursued to devise a supported, accurate cooperation agreement for the future, that emphasizes in environmental cooperation.

It is important to notice the fact of possible similarities between the future negotiations of the AA EU-CA and the existing agreements between the EU-Chile and EU-Mexico, since their characteristics and results could be considered the base of the future agreement.

This information would be integrated into thematic documents that would synthesise the technical background information for the SEA. These documents target to also generate argued discussion on the environmental consequences and the institutional capacity derived from a possible approval of the AA EU-CA and in particular the trade negotiations such as commodities (eg. coffee, bananas), goods, and environmental services (eg. biodiversity). Development of

about 5-10 thematic documents is suggested, which would build on quantitative and qualitative information and would include problem description, hypothesis, objectives, sustainability indicators description and an analysis supported in the structure of the SEA' s for each round (scoping, assessment, recommendations and sensitivity analysis).

These thematic documents, together with the results obtained from parallel process of public participation, suppose the technical information to be transferred, through the information channels of the SEA (Regional Group of Work), as recommendations to the key stakeholders.

The assessment methodology proposed by this SEA is based on conducting an analysis of tendencies and developing possible scenarios, as mentioned above, of the region, based on hypothetical decisions about the results of each of the negotiation rounds. This information takes also into account the results of public participation. A scheme of the proposed methodology is shown in figure 2.

This would also address the type of scenarios that are commonly used for trade agreements: (i) scenario without trade agreement, that in this particular case would be based on the results of the AA EU-Chile and EU-Mexico, considered as the minimum negotiation that would be proposed by the European block; (ii) scenario under the agreement, with multiple alternatives; (iii) scenario with agreement and associated measures. The construction of scenarios should consider, among others, the link with other existing, or in process, trade agreements, the national and/or regional sustainability strategies, the exploitation of new economic opportunities, and the social and environmental risks and opportunities.

Once the scenarios are visualized, different associated measures could be proposed considering each of the most significant environmental variables. The recommendations to be given to negotiators will be direct and in a format of the do's and don't from the sustainability perspective.

Besides, considering the results of the constructed scenarios according to the similarities with the EU-Chile and EU-Mexico agreements, several questions arise: would the two blocks be satisfied with a similar negotiation than the one signed with Chile and Mexico? Would the two blocks focus on a negotiation that surpasses it? And, in this case, in what themes or commodities would surpass it?

It is important to emphasize that due to the level of uncertainty involved in the development of scenarios, such as the case of the development of recommendations, the SEA contemplates also a sensitivity analysis to explore and evaluate its robustness as well as define the options available to deal with situations when the actual consequences are different from the predicted ones.

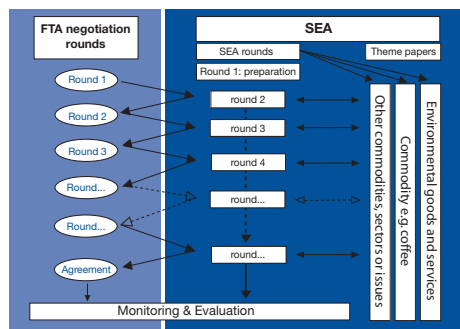


Fig. 2. Components of the SEA and link to the negotiation process. Public participation is not explicitly mentioned because it is integrated in the SEA rounds.

4. Management and administration of the Strategic Environmental Assessment of the Association Agreement between the European Union and Central America

Both, the development of the SEA and the regional character of the prospect Association Agreement, require a high degree of commitment and institutional support at a regional and national level. It is therefore proposed that the SEA is driven by an Executive Committee comprising SICA, SIECA and CCAD and with technical support from IUCN (fig. 3). The Executive Committee is in charge of approving the work plan, budget and resources administration. The technical base of this structure would be conformed by a Regional Work Group (Fig. 3). To this purpose, it is intended to create national work groups in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. Each national group will have the participation of the departments of trade, environment and foreign affairs. The delegates of these six countries together with the representatives of the negotiating team, the civil society forum, private sector and academic experts will comprise the Regional Work Group. This group is responsible for the analytic and technical documents that feed the process of SEA.

Given the complexity of this SEA, together with the complexity that a negotiation of two blocks of countries

supposes, the creation of an Advisory Group is suggested; this group will be formed by a Regional Advisory Committee, integrated by The World Conservation Union (IUCN), and an International Advisory Committee, led by the Netherlands Commission for Environmental Assessment (NCEA). This group will collaborate and provide technical guidelines to the Regional Work Group during the whole SEA construction process.

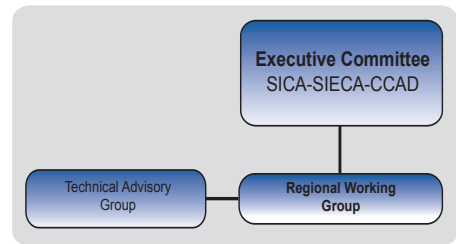


Fig. 3. Organizational chart.

5. Bibliography

EU-Latin America and Caribbean II Summit (2002). Declaration of Madrid. Madrid

EU-Latin America and Caribbean III Summit (2004). Declaration of Guadalajara. Guadalajara.

EU-Latin America and Caribbean IV Summit (2006). Declaration of Vienna. Vienna

Political Dialogue and Co-operation Agreement between the European Union and Central America (2003). Rome.

Caratti, P., H. Dalkmann, et al. (2004). Analysing strategic environmental assessment: towards better decision-making. Cheltenham, UK; Northampton, MA, Edward Elgar.

Netherlands Commission for Environmental Assessment (2007). Strategic Environmental Assessment for Free Trade Agreements, A generic approach (draft). Utrecht, The Netherlands.

Partidario, M. R. (1999). Strategic Environmental Assessment - principles and potential. Handbook of Environmental Impact Assessment. In Petts J. London, Blackwell Science Ltd. 1: pp.60-73.



Comisión Centroamericana de
Ambiente y Desarrollo (CCAD)
Sistema de Integración
Centroamericana (SICA)
Blvd. Orden de Malta No. 470, Santa
Elena, Antiguo Cuscatlán, La Libertad,
San Salvador
Phone: +503 2248-8800
Fax: +503 2248-8894
www.sica.int/ccad

The World Conservation Union
(IUCN)
Regional Office for Mesoamerica
P.O. Box: 146-2150
Moravia, Costa Rica
Phone: +506 241-0101
Fax: +506 240-9934
info@eia-centroamerica.org
www.eia-centroamerica.org
www.iucn.org/mesoamerica