

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Better Environmental Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0160
Status:	Program Support Objective
Planned FY 2006 Obligation:	\$400,000 AEEB
Prior Year Unobligated:	\$609,000 AEEB
Proposed FY 2007 Obligation:	\$336,000 AEEB
Year of Initial Obligation:	1990
Estimated Year of Final Obligation:	2012

Summary: The failure to price water and public services under socialist governments damaged both the infrastructure and the environment in former communist nations in Eastern Europe. The transition to free markets provides unique opportunities to end subsidies which waste power, water, and raw materials. This program provides strategic leadership to USAID Missions to improve the quality of service and the financial health of public utilities.

Inputs, Outputs, Activities:

FY 2006 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$270,000 AEEB, \$102,679 AEEB carryover, \$436,321 AEEB no year recoveries). Infrastructure Reform and Finance (IRF) Project: Clean water, reliable power, and transportation that enables goods to flow freely are essential to growing economies. Mobilizing capital for public infrastructure across the former socialist nations of Europe is one of the greatest challenges facing the region—a challenge which requires fundamental reform to achieve financial health. During its third year the IRF Project will hold workshops for Southeast Europe countries and provide direct assistance to USAID Missions in Southeast Europe and their local counterparts meant to spread emerging techniques for improving public water utilities management, corporate structure, operational efficiency, private sector partnerships and access to capital. This component will also focus on designing strategic interventions for USAID Missions which leverage the Agency's unique capabilities and the larger capital capacities of international investors, multilateral development banks, and the citizens of the affected countries. Contractor: Segura/IP3 Partners (prime).

Regional Infrastructure Program: Through an innovative initiative termed the Private Enterprise Partnership - Southeast Europe Infrastructure (PEPSEI), USAID designed an institution, largely funded by other donors, which supplements the sovereign borrowing capacity of nations in the region to improve infrastructure. Managed and partially funded by the International Finance Corporation PEPSEI uses a revolving fund to develop public infrastructure projects for private sector investment, recouping the costs of preparation from successfully-financed projects. Building on this earlier success (PEPSEI opened in 2005) a new effort will be launched to use DCA funds to allow local capital sources (banks, insurance funds, mortgage companies) the opportunity to participate in the financing of public infrastructure projects being prepared under PEPSEI. Contractor: Booz Allen Hamilton (prime).

Reduce, Prevent and Mitigate Pollution (\$130,000 AEEB, \$70,000 AEEB carryover, \$130,000 AEEB no year recoveries) Environmental impact compliance: Each USAID activity must go through a legislatively mandated environmental impact review prior to obligation. The Europe and Eurasia Bureau processes over 150 impact reviews annually. This funding provides technical support to ensure that potentially significant adverse environmental impacts are identified prior to project start-up and mitigated to acceptable levels. Contractor to be determined.

FY 2007 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$146,000 AEEB). Infrastructure Reform and Finance Project: This strategic support contract will focus on transferring new approaches to infrastructure management and finance to USAID Missions and their counterparts, conducting country

reviews to support the design of new Mission strategies, and providing advice and evaluation of ongoing Mission infrastructure programs. Contractor: Segura/IP3 Partners (prime).

Reduce, Prevent and Mitigate Pollution (\$130,000 AEEB, \$70,000 AEEB carryover). This funding will continue to provide technical support, helping to ensure that potentially significant adverse environmental impacts are identified prior to project start-up and mitigated to acceptable levels. Contractor to be determined.

Performance and Results: FY 2005 saw the opening of the PEPSEI facility. In the six months since the facility opened in Sofia, Bulgaria contracts) have been signed for three infrastructure assistance programs and negotiations are underway in preparation for launching four others; each is intended to lead to private sector equity or debt investment in public infrastructure. These programs in Croatia, Bulgaria, Romania and Serbia include sectors as varied as municipal solid waste management, water and wastewater utility improvement, airline restructuring and privatization, a city general market for small business purchasing, and multi-use development.

During FY 2005 the Infrastructure Reform and Finance (IRF) Project conducted a workshop to promote the private sector-oriented approach to finance water and sanitation facilities. Representatives of three of the U.S. State Revolving Funds (Maine, Texas, and New York) along with other experts worked with country teams from Bulgaria, Montenegro, and Romania (and four former Soviet republics) to design either revolving funds or pooled financing institutions, similar to those used in the United States, tailored to the needs of each of their countries. The country teams, which included representatives of central governments and local public utilities as well as pension funds and insurance companies, have each worked to establish these sources of finance after returning to their countries. The most successful of those who attended from Eastern Europe has been Montenegro, having already secured an offer of both grant and soft loan capital to initiate their fund and grant support for needed reforms of the sector.

While no programs were significantly delayed or cancelled due to environmental compliance requirements, many were brought into compliance by careful design of mitigation measures to ensure minimal environmental damage while still meeting USAID development objectives.

US Financing in Thousands of Dollars

Europe Regional

180-0160 Better Environmental Management	AEEB
Through September 30, 2004	
Obligations	30,045
Expenditures	28,188
Unliquidated	1,857
Fiscal Year 2005	
Obligations	2,654
Expenditures	1,748
Through September 30, 2005	
Obligations	32,699
Expenditures	29,936
Unliquidated	2,763
Prior Year Unobligated Funds	
Obligations	609
Planned Fiscal Year 2006 NOA	
Obligations	400
Total Planned Fiscal Year 2006	
Obligations	1,009
Proposed Fiscal Year 2007 NOA	
Obligations	336
Future Obligations	0
Est. Total Cost	34,044