

Data Sheet

USAID Mission:	Europe Regional
Program Title:	Better Environmental Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	180-0160
Proposed FY 2004 Obligation:	\$1,409,000 AEEB
Prior Year Unobligated:	\$2,246,000 AEEB
Proposed FY 2005 Obligation:	\$856,000 AEEB
Year of Initial Obligation:	FY 1990
Year of Final Obligation:	FY 2006

Summary: Abuse of the environment and the failure to price water and public services under socialist governments took their toll on environments and citizens of the Central and Eastern Europe. The transition to free markets provides unique opportunities to introduce innovative approaches to incorporating efficiencies of cleaner production into the industrial cycle and to end subsidies which waste power, water, and raw materials and create inefficient public utilities. This program develops partnerships between U.S. firms and businesses and municipalities to solve environmental problems, supports Stability Pact infrastructure efforts in Southeastern Europe, and promotes private sector investment in public infrastructure across the region.

Inputs, Outputs, Activities:

FY 2004 Program:

Regional Infrastructure Program (\$500,000 AEEB, \$1,900,000 AEEB carryover). The principal objective of the Balkans Regional Infrastructure Program (RIP) is to facilitate infrastructure projects throughout Southeast Europe while improving regional capability for sustainable public utilities and transport agencies.

Recognizing the limitations of grants as well as the sovereign borrowing capacity of Southeastern European nations to meet the region's need for improved infrastructure, RIP has developed an innovative concept termed the Balkans Infrastructure Development Facility (BIDFacility). This new institution will use a revolving fund of \$10 million to develop public infrastructure projects in water, energy, and transport for private sector investment, recouping the costs of preparation from successfully-financed projects. The International Finance Corporation (IFC) has joined with USAID to raise the needed capital from various European donors. USAID pledged resources of \$1.5 million were initially joined by IFC's pledge of \$1.5 million. The balance of \$7 million was raised from Austria, Italy, Greece, the Netherlands, Norway and Switzerland. BIDFacility will open its doors in Sofia in 2004. The grantee is the International Finance Corporation.

The final component of the RIP is a proposed Balkans Infrastructure Investment Guarantee (BIIG) Fund utilizing USAID's Development Credit Authority to create partial guarantees to attract private sector investment to the water, energy and transportation public infrastructure sectors of Southeast Europe. Technical assistance is provided through Booz Allen Hamilton.

Strategic Support for Infrastructure Finance (\$500,000 AEEB). Mobilizing capital for public infrastructure across the former socialist nations of Europe and Eurasia is one of the greatest challenges facing the region. Nothing is more fundamental to securing a healthy population and a growing economy than clean water, reliable power, and transportation that enables goods to flow freely. The capital that makes these things happen is not coming easily. This three-year strategic support initiative will ensure that USAID applies the sharpest and best tools to this difficult task. Contractor to be selected.

Environmental impact compliance (\$75,000 AEEB, \$75,000 AEEB carryover). Each USAID activity must go through environmental impact assessment prior to obligation, pursuant to the Agency's federal impact assessment regulations (22 CFR 216). The E&E Bureau processes over 150 impact assessments 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. Also during this year an analysis of the impacts of privatization and land tenure changes will be completed. SETA subcontract to DevTech Systems.

Provide policy and technical support (\$334,000 AEEB, \$271,000 AEEB carryover). This element of the program provides critical technical expertise in land tenure, biodiversity conservation and impact analysis used to support mission programs and evaluate environmental impacts.

FY 2005 Program:

Strategic Support for Infrastructure Finance (\$125,000 AEEB). During this second year strategic support to infrastructure finance activities supported both through regional funding and USAID Mission buy-ins and will enable better sharing of program design approaches among Missions, better focusing of USAID resources to mobilize domestic capital for infrastructure need in assistance countries and the building of alliances with private sector investors. Contractor to be selected.

Environmental impact compliance (\$100,000 AEEB). 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. SETA subcontract to DevTech Systems.

Provide policy and technical support (\$631,000 AEEB). This element of the program provides critical technical expertise in land tenure, biodiversity conservation and impact analysis used to support mission programs and evaluate environmental impacts.

Performance and Results: Under the RIP, results during 2003 were impressive. Most encouraging was the identification of donors to finance the BIDFacility revolving fund, leveraging \$8.5 million with only \$1.5 in USG resources. The BIDFacility is estimated to generate over \$1 billion in private sector investments in the public infrastructure over the next ten years. In other results under the RIP, nearly a billion euro of water and transportation infrastructure project investments were facilitated by technical assistance delivered through the RIP in 2003. These projects include water facilities in Serbia and Romania; a major highway project in Romania (Nadlac-Deva) and marine port projects in Bulgaria (Lom) and Albania (Durrës). A major new program to bring a 240 million euro package of European Union grants together with international loans for small and medium towns and cities in Romania titled SAMTID was launched; further technical assistance to the Government of Romania on this new program will be provided by the European Union in 2004 and beyond.

The E&E Bureau processes over 150 impact assessments annually. 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.