



Federal Climate Change Expenditures
Report to Congress

March 2005

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FISCAL YEAR 2006 REPORT TO CONGRESS ON FEDERAL CLIMATE CHANGE EXPENDITURES

INTRODUCTION

“I reaffirm America's commitment to the United Nations Framework Convention and its central goal, to stabilize atmospheric greenhouse gas concentrations at a level that will prevent dangerous human interference with the climate.”

President George W. Bush, February 14, 2002

The following is a detailed accounting of Federal spending for climate change programs and activities, both domestic and international, included in the President's fiscal year 2006 Budget. This report is provided in response to Division D, Title V, Section 576(b) of Public Law 108-447, the Consolidated Appropriations Act, 2005.

BACKGROUND

On February 14, 2002, President Bush announced a new national goal to reduce the greenhouse gas emission intensity of the American economy by 18 percent by the year 2012. As he said on that day; “This will set America on a path to slow the growth of our greenhouse gas emissions and, as science justifies, to stop and then reverse the growth of emissions.” Achieving this goal will require enhanced and sustained near- and long-term efforts on multiple fronts that are in concert with measures to help maintain a strong national economy.

The Administration's portfolio of climate change programs and cross-cutting initiatives focus on reducing the fundamental scientific uncertainties associated with climate change; advancing the development and introduction of energy-efficient, renewable, and other low- or non-emitting technologies; and improving standards for measuring and registering emissions reductions. Many elements of the Administration's climate change portfolio are designed to provide incentives for greenhouse gas emissions reductions throughout the United States and help developing nations to do the same.

In addition, the Administration's climate change policy directly supports the United States' responsibility as a party to the United Nations Framework Convention on Climate Change (UNFCCC). The UNFCCC has as its stated objective the “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.”

The budget information presented in this report reflects the Administration's commitment to meeting the aims of the UNFCCC while preserving a strong American economy. The President's FY 2006 Budget proposes \$5.5 billion for climate change activities. This amount is \$250 million, or 4.8 percent, higher than the FY 2005 enacted level for climate change programs and related tax policies. This request includes continuing support for many successful climate-related programs and initiatives as well as funding for new activities that will help achieve the Administration's climate goals.

REPORT OUTLINE

The President's FY 2006 Budget supports a wide range of climate change-related research and development programs, voluntary partnerships, and international aid efforts. This report presents the expenditures associated with this portfolio of activities in four main categories – science, technology, international assistance, and tax incentives – as described below:

- **Climate Change Science.** This category encompasses the U.S. Climate Change Science Program (CCSP). The CCSP has been established to integrate the work of the U.S. Global Change Research Program (USGCRP) with the activities of the Climate Change Research Initiative (CCRI).
- **Climate Change Technology.** This category comprises the U.S. Climate Change Technology Program (CCTP). The CCTP is a multi-agency effort coordinated by the Department of Energy that incorporates a variety of technology research, development, and deployment activities – including voluntary partnerships and grant programs – that reduce greenhouse gas emissions.
- **International Assistance.** Programs in this category provide assistance to developing countries to support their efforts to address climate change through improved energy efficiency, renewable energy use, land use and forestry practices.
- **Energy Tax Incentive Proposals.** This category includes the Administration's energy tax proposals for investments in renewable energy (solar, wind, and biomass), hybrid and fuel cell vehicles, co-generation, and landfill gas conversion. These incentives promote deployment of energy efficient or renewable energy technologies, all of which can help reduce greenhouse gas emissions.

The following sections provide further detail in each of these four areas. Table 1 presents an overall summary of the federal climate change expenditures. Several appendices are also included that provide additional information.

Table 1

Summary of Federal Climate Change Expenditures

Programs and Tax Proposals Related to Climate Change
FY 2006 President's Budget

(Discretionary budget authority and tax proposals in millions of dollars)

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
Climate Change Science Program (CCSP)				
U.S. Global Change Research Program	1,803	1,700	1,711	11
Climate Change Research Initiative	173	217	181	-36
Subtotal – CCSP¹	1,976	1,918	1,892	-26
Climate Change Technology Program (CCTP)				
Department of Agriculture	45	48	35	-13
Department of Commerce	28	30	7	-22
Department of Defense	51	75	60	-15
Department of Energy	2,390	2,505	2,506	1
Department of the Interior	1	2	2	0
Department of Transportation	5	1	2	1
Environmental Protection Agency	110	109	113	4
National Aeronautics and Space Administration	227	208	128	-80
National Science Foundation	11	11	11	1
Subtotal – CCTP¹	2,868	2,989	2,865	-124
International Assistance				
U.S. Agency for International Development	195	189	162	-27
Department of State	5	6	11	5
Department of the Treasury ²	52	45	25	-20
Subtotal – International Assistance¹	252	240	198	-42
Energy Tax Incentive Proposals That Reduce Greenhouse Gases³	0	83	524	441
Total^{1,4}	5,090	5,223	5,473	250

¹ Subtotals and table total may not add due to rounding. Subtotals and totals supersede numbers released with the President's 2006 Budget. Discrepancies resulted from rounding and improved estimates.

² The FY 2004 and FY 2005 enacted level for the Tropical Forestry Conservation Act (TFCA) is \$20 million each year. In FY 2006, the Administration has requested a total of \$99.8 million for debt restructuring programs to be available for: bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, contributions to the HIPC Trust Fund, and TFCA debt reduction. The Budget provides the Treasury Department flexibility in determining the amount for each program. The FY 2006 funding level for TFCA has not been determined yet.

³ The cost of the four energy tax incentives related to climate change included in the President's FY 2006 Budget is \$3.6 billion over five years (2006-2010).

⁴ The International Assistance subtotal contains funds that are also counted in the Climate Change Science Program subtotal. Table total line excludes this double-count.

CLIMATE CHANGE SCIENCE

The cabinet-level Committee on Climate Change Science and Technology Integration has the responsibility for overseeing the implementation of climate science and technology initiatives and programs within the Administration. The U.S. Climate Change Science Program (CCSP) has been established under this committee to coordinate climate science research and to integrate the work of the U.S. Global Change Research Program (USGCRP) with the Administration's Climate Change Research Initiative (CCRI). The President's Budget reflects the coordinated planning efforts of the 13 departments and agencies that participate in CCSP. Beginning in FY 2006, CCSP will formally track the expected actions, deliverables, and milestones for each of its programs in order to assess overall performance. The FY 2006 budget request for the CCSP, which includes funding for both USGCRP and CCRI across 12 of the 13 agencies, is \$1.9 billion. The Department of Defense participates in CCSP planning but does not include funding in the CCSP total. Table 2 provides an agency by agency breakdown of CCSP funding.

The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) has responsibility for leading the implementation of the CCSP. As highlighted in the FY 2004-05 edition of *Our Changing Planet*, the CCSP has made progress on the objectives outlined in the 2003 CCSP Strategic Plan. The Administration will continue to determine where financial resources in the climate change science portfolio can be redirected from lower priority work to higher priority projects, as identified in its Strategic Plan.

CLIMATE CHANGE RESEARCH INITIATIVE

Within the CCSP total, the FY 2006 Budget requests \$181 million for the CCRI, a decrease of \$36 million from the FY 2005 enacted level. CCRI focuses on reducing significant uncertainties in climate science, improving global climate observing systems, and developing resources to support policymaking and resource management. In support of these priorities, the FY 2006 Budget continues to support the goals outlined in the CCSP Strategic Plan. Table 3 provides a breakdown of the CCRI funding by agency.

U.S. GLOBAL CHANGE RESEARCH PROGRAM

Much of the U.S. investment in research on climate science and other global environmental changes is part of the USGCRP. The USGCRP forms the base of the CCSP and has existed for more than a decade. USGCRP activities involve 13 different agencies that carry out fundamental research on natural and human-induced changes in the global environment. The central goal of the USGCRP is to obtain a more complete understanding of global climate change to better respond to the challenges it presents. The FY 2006 Budget proposes \$1.7 billion for USGCRP activities. Some programs within this base have been either accelerated or refocused to deliver results for CCRI priorities and are now included under the CCRI.

Table 2

Climate Change Science Program

Program Details by Agency/Account

(Discretionary budget authority in millions of dollars)

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
Department of Agriculture				
Agricultural Research Service	37	38	39	1
Cooperative State Research, Education and Extension Services	16	16	30	14
Economic Research Service	0	0	0	0
Forest Service – Forest and Rangeland Research	17	18	19	1
Subtotal – USDA¹	70	73	89	16
Department of Commerce				
National Oceanic and Atmospheric Administration Operations, Research, and Facilities	116	124	181	57
Department of Energy				
Science – Biological & Environmental Research	129	129	132	4
Department of Health and Human Services				
National Institutes of Health	62	65	65	1
Department of the Interior				
U.S. Geological Survey – Surveys, Investigations, and Research	28	30	30	0
Department of State				
International Organizations and Programs	1	1	0	-1
Department of Transportation				
Federal Highway Administration – Federal-Aid Highways	4	2	2	0
Federal Aviation Administration – Research, Engineering, and Development	0	1	1	0
Subtotal – DOT¹	4	3	3	0
Environmental Protection Agency				
Science and Technology	17	20	21	1
National Aeronautics and Space Administration²				
Science, Aeronautics, and Technology	1,321	1,264	1,162	-102
National Science Foundation				
Research and Related Activities	215	198	197	-1

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
Smithsonian Institution				
Salaries and Expenses	6	6	6	0
U.S. Agency for International Development				
Development Assistance	6	6	6	0
Total¹	1,976	1,918	1,892	-26

¹ Subtotals and table total may not add due to rounding. Subtotals and totals supersede numbers released with the President's 2006 Budget. Discrepancies resulted from rounding and improved estimates.

² Funding levels for NASA reflect full cost accounting. The decreases in NASA's CCSP/CCRI numbers are due to changes in its budget for space observing platforms. They also reflect the natural development cycle of its satellites as well as revisions to mission profiles.

Table 3

Climate Change Research Initiative

Program Details by Agency/Account

(Discretionary budget authority in millions of dollars)

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
Department of Agriculture				
Agricultural Research Service	1	2	5	3
Forest Service – Forest and Rangeland Research	5	6	7	1
Subtotal – USDA¹	6	8	12	4
Department of Commerce				
National Oceanic and Atmospheric Administration Operations, Research, and Facilities	34	49	58	9
Department of Energy				
Science – Biological & Environmental Research	27	25	27	2
Department of State				
International Organizations and Programs	1	1	0	-1
Department of Transportation				
Federal Highway Administration – Federal-aid Highways	4	2	2	0
Federal Aviation Administration – Research, Engineering, and Development	0	1	1	0
Subtotal – DOT¹	4	3	3	0
National Aeronautics and Space Administration²				
Science, Aeronautics, and Technology	65	100	50	-50
National Science Foundation				
Research and Related Activities	30	25	25	0
U.S. Agency for International Development				
Development Assistance	6	6	6	0
Total¹	173	217	181	-36

¹ Subtotals and table total may not add due to rounding. Subtotals and totals supersede numbers released with the President's 2006 Budget. Discrepancies resulted from rounding and improved estimates.

² Funding levels for NASA reflect full cost accounting. The decreases in NASA's CCSP/CCRI numbers are due to changes in its budget for space observing platforms. They also reflect the natural development cycle of its satellites as well as revisions to mission profiles.

CLIMATE CHANGE TECHNOLOGY

The cabinet-level Committee on Climate Change Science and Technology Integration has the responsibility for overseeing the implementation of climate science and technology initiatives and programs within the Administration. The U.S. Climate Change Technology Program (CCTP) has been established under this committee to coordinate and focus climate change technology research, development, and deployment programs and initiatives. A variety of voluntary partnership and grant activities are also part of the program's portfolio. All CCTP activities have the effect of stimulating the development and use of renewable and other desirable energy technologies. These include fossil and nuclear technologies as well as energy efficient products and process improvements. Though many CCTP activities generate benefits beyond addressing climate change, all CCTP activities can help to reduce, avoid, or sequester greenhouse gas emissions.

The Department of Energy (DOE) has the responsibility of coordinating the CCTP. The CCTP has released a report highlighting some of the Administration's climate change technology-related activities and initiatives. These include:

- Hydrogen Fuel Initiative. Announced by the President in his 2003 State of the Union address, this initiative involves working closely with the private sector to research and develop hydrogen infrastructure technologies to complement development of fuel cell vehicles. Transitioning to hydrogen on a global scale could lead to a significant reduction of air pollutants and greenhouse gas emissions in the transportation sector worldwide.
- FutureGen -- Coal-Fired, Zero-Emissions Electricity Generation. In February 2003, President Bush announced that the United States would sponsor, with international and private sector cost-sharing partners, a \$1 billion, 10-year project to create the world's first coal-based, zero-emissions electricity and hydrogen power plant. This project is designed to reduce air pollution dramatically and capture and store greenhouse gas emissions.
- International Thermonuclear Experimental Reactor [ITER] (Fusion Energy). In January 2003, President Bush committed the United States to participate in multilateral negotiations to construct and operate ITER with our international partners: the European Union, Japan, Russia, China, and South Korea. ITER is a critical next step on the path toward eventually harnessing the promise of fusion energy. If successful, this cost-shared \$5 billion research project will advance progress toward developing fusion's potential as a commercially viable and clean source of energy in the middle of the century.
- Generation IV Nuclear Energy R&D. In April 2003, the U.S. Department of Energy (DOE) issued a report on its two-year effort to develop a technology roadmap for future nuclear energy systems. The technology roadmap defines and plans the research and development (R&D) to support the next generation of innovative nuclear energy systems known as Generation IV. The Generation IV Nuclear Energy R&D program conducts

long-term, high risk research and development on next generation nuclear technologies and offers the promise of a safe, economic, and proliferation-resistant source of emissions-free nuclear energy.

- Climate Leaders. Announced in February 2002, Climate Leaders is an Environmental Protection Agency (EPA) partnership program encouraging companies to develop long-term, comprehensive climate change strategies. Under this program, corporations set corporate-wide greenhouse gas reduction goals and inventory their emissions to measure progress.
- Climate VISION (Voluntary Innovative Sector Initiatives: Opportunities Now). Announced in February 2003, this partnership program, coordinated by DOE, encourages entire industry sectors to reduce emissions. Twelve major industrial sectors and the membership of the Business Roundtable have committed to reduce their greenhouse gas emissions in the next decade and to work closely with four cabinet agencies (DOE, EPA, DOT, and USDA) in pursuing voluntary emissions reduction goals.
- Methane to Markets (M2M). Launched in November 2004, the M2M Partnership is an international initiative that focuses on advancing cost-effective, near-term methane recovery and use as a clean energy source. M2M will initially target three major methane sources: landfills, underground coal mines, and natural gas and oil systems. Currently, 14 countries are participating in M2M. EPA and DOE M2M funding is part of CCTP. Additional M2M funding contributed by the Department of State and the U.S. Agency for International Development is captured in the International Assistance section of this report.

CCTP has also published a compendium of technology options that may help to reduce, avoid, or sequester greenhouse gas. The reports and related information are available online at www.climateotechnology.gov. In 2005, CCTP will publish a draft Strategic Plan and solicit comments from the scientific community and the public.

The FY 2006 Budget proposes \$2.9 billion in discretionary funding for CCTP. Table 4 shows CCTP funding by agency and appropriation account.

NATIONAL CLIMATE CHANGE TECHNOLOGY INITIATIVE

The CCTP continues to help prioritize the portfolio of Federally-funded climate change technology R&D in support of the President's National Climate Change Technology Initiative (NCCTI). As part of this work, the CCTP will identify within its portfolio a subset of NCCTI priority activities, defined as discrete R&D activities that address technological challenges, which, if solved, could advance technologies with the potential to reduce, avoid, or sequester greenhouse gas emissions.

Table 4

Climate Change Technology Program

Program Details by Agency/Account

(Discretionary budget authority in millions of dollars)

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
Department of Agriculture				
Natural Resources Conservation Service - Biomass R&D, Section 9008 Farm Bill	14	14	12	-2
Natural Resources Conservation Service – Carbon Cycle	1	1	1	0
Forest Service R&D – Inventories of Carbon Biomass	0	1	1	0
Agricultural Research Service – Bioenergy Research	2	2	2	0
Cooperative State Research, Education and Extension Service - Biofuels/Biomass Research, Formula Funds, National Research Initiative ¹	5	5	7	2
Forest Service – Biofuels/Biomass, Forest and Rangeland Research	0	2	3	0
Rural Business Service – Renewable Energy Program	23	23	10	-13
Subtotal – USDA²	45	48	35	-13
Department of Commerce				
National Institute of Standards and Technology (NIST) Scientific and Technological Research and Services	10	10	7	-2
NIST – Industrial Technical Services, Advanced Technology Program ³	18	20	0	-20
Subtotal – Commerce (NIST)²	28	30	7	-22
Department of Defense				
Research, Development, Test and Evaluation, Army	15	51	43	-8
Research, Development, Test and Evaluation, Navy	17	11	7	-4
Research, Development, Test and Evaluation, Air Force	1	1	0	-1
Research, Development, Test and Evaluation, Defense- wide – DARPA	17	13	10	-3
Research, Development, Test and Evaluation, Defense- wide – Office of the Secretary of Defense	2	0	0	0
Subtotal – DOD²	51	75	60	-15
Department of Energy				
Energy Conservation	868	868	847	-21
Energy Supply – Electricity Transmission and Distribution	73	103	84	-19
Energy Supply – Nuclear	309	394	416	22
Energy Supply – Renewables	352	380	354	-27
Fossil Energy R&D – Efficiency and Sequestration	455	388	405	17
Science – Fusion, Sequestration, and Hydrogen	333	371	399	28

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
Departmental Administration – Climate Change Technology Program Direction	0	0	1	1
Subtotal – DOE²	2,390	2,505	2,506	1
Department of the Interior				
US Geological Survey – Surveys, Investigations and Research, Geology Discipline, Energy Program	1	2	2	0
Department of Transportation				
Office of the Secretary of Technology – Transportation, Policy, Research and Development	4	1	0	-1
National Highway Traffic Safety Administration	0	0	1	1
Research and Innovative Technology Administration – Research and Development	1	1	1	1
Subtotal – DOT²	5	1	2	1
Environmental Protection Agency				
Environmental Programs and Management	89	92	96	4
Science and Technology	22	18	18	0
Subtotal – EPA²	110	109	113	4
National Aeronautics and Space Administration⁴				
Exploration, Science & Aeronautics	227	208	128	-80
National Science Foundation				
Research and Related Activities	11	11	11	1
Total²	2,868	2,989	2,865	-124

¹ FY 2004 funding for Cooperative State Research, Education and Extension Service - Biofuels/Biomass Research, Formula Funds, National Research Initiative is an estimate and may change based upon updated information as reported in the USDA Current Research Information System (CRIS).

² Subtotals and table total may not add due to rounding. Subtotals and totals supersede numbers released with the President's 2006 Budget. Discrepancies resulted from rounding and improved estimates.

³ The FY 2006 President's Budget proposes termination of NIST's Advanced Technology Program.

⁴ Funding levels for NASA reflect full cost accounting. The decrease in NASA's CCTP number in FY 2006 is due to realignment within its Aeronautics Research areas.

INTERNATIONAL ASSISTANCE

The United States has multiple foreign assistance programs geared toward the environment. Though these programs are not all in place solely for climate change purposes, they do provide climate change benefits. Table 5 provides a summary of this international assistance funding.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

USAID's climate change program promotes sustainable development while addressing climate change through activities that: minimize the associated growth in greenhouse gas emissions; increase carbon sequestration in forests and agricultural soils; reduce vulnerability to climate change by applying earth observations; and increase developing countries' capacity to participate in the international process. The program operates in more than 40 developing and transition countries through bilateral field missions, regional programs, and central offices to implement projects that meet development objectives while also helping lower greenhouse gas emissions. It supports technology cooperation in renewable energy and energy efficiency; improved urban transportation measures; quantification and monitoring of greenhouse gas emissions; carbon sequestration through improved land management; activities to increase adaptability to climate impacts; and capacity building to help countries meet their responsibilities under the United Nations Framework Convention on Climate Change (UNFCCC).

DEPARTMENT OF STATE

The FY 2006 budget contains \$5 million for the UNFCCC and the Intergovernmental Panel on Climate Change (IPCC). The Secretariat of the UNFCCC carries out the decisions of the Parties to the Framework Convention in areas such as inventories of greenhouse gas emissions, national communications, scientific and technological cooperation, capacity building, and education and training. The IPCC assesses scientific, technological, and socio-economic literature and information relevant to understanding climate change, its potential impacts and options for adaptation, and mitigation. The IPCC assessments inform the development of policies within and between countries.

DEPARTMENT OF THE TREASURY

The Treasury Department contributes to the U.S. climate change activities through two funding mechanisms – the Tropical Forestry Conservation Act (TFCA) and the Global Environment Facility (GEF). TFCA funding reduces qualifying countries' concessional debt in exchange for payment of local currency resources into funds to support programs to conserve tropical forests. Since 1998, Congress has appropriated over \$90 million for TFCA. TFCA agreements have been concluded with eight countries: Bangladesh, Belize, Colombia, El Salvador, Jamaica, Peru, the Philippines, and Panama (two agreements). In total, these agreements will generate over \$95 million to support forest conservation. In FY 2006, the Administration has requested a total of approximately \$100 million for certain debt restructuring programs. These funds are available for bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, contributions to the HIPC Trust Fund, and TFCA debt reduction. The Budget provides the

Treasury Department flexibility in determining the amount for each program. The FY 2006 funding level for TFCA has not been determined yet.

The FY 2006 Budget requests \$108 million for the fourth and final annual payment under the third GEF replenishment (GEF-3). Of this amount, approximately 23% supports climate-related projects. The GEF focuses on innovative and generally small projects that may be copied elsewhere with financing from non-GEF sources, and funds only the incremental costs of the global and environmental benefit. GEF has committed about \$5.4 billion to date, leveraging over \$17 billion from other sources including the private sector, international development banks and organizations, governments, NGOs, and bilateral agencies. GEF has designed and initiated nearly 1,600 investment and capacity building projects that are now being implemented by developing countries with the help of ten agencies – the World Bank, the UN Development Program, the UN Environment Program, the four regional development banks, the International Fund for Agricultural Development, the Food and Agriculture Organization, and the United Nations Industrial Development Organization. It has also provided nearly 5,000 small grants directly to NGOs and community groups in over 70 countries.

Expanding clean energy production and efficient energy use accounts for roughly one third of GEF projects to date. The GEF predates both the 1997 Kyoto Protocol (the “Protocol”) and the 1992 Framework Convention on Climate Change (the “Convention”). The Protocol places no new obligations on the GEF as the Convention’s financial mechanism. Two Kyoto-related funds (The Special Climate Change Fund and The Least Developed Countries Fund) are managed by the GEF. However, these two funds are kept separate from regular GEF operations. For example, they pay for their own administrative expenses.

Table 5

International Climate Change Assistance

Program Details by Agency/Account

(Discretionary budget authority in millions of dollars)

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
U.S. Agency for International Development				
Andean Counterdrug Initiative	3	2	1	-1
Assistance for Eastern Europe and the Baltic States	7	5	3	-2
Assistance for the Independent States of the Former Soviet Union	47	36	32	-4
Development Assistance	125	138	118	-20
Economic Support Fund	9	5	5	0
International Disaster Assistance	2	2	2	0
P.L.-480 Title II Food Aid	1	1	1	0
Subtotal – USAID^{1,2}	195	189	162	-27
Department of State				
Economic Support Fund	0	1	6	5
International Organizations and Programs	5	5	5	0
Subtotal – State¹	5	6	11	5
Department of the Treasury				
Debt Restructuring – Tropical Forestry Conservation ³	20	20	0	-20
Global Environment Facility ⁴	32	25	25	0
Subtotal – Treasury¹	52	45	25	-20
Total¹	252	240	198	-42

¹ Subtotals and table total may not add due to rounding. Subtotals and total supersede numbers released with the President's 2006 Budget. Discrepancies resulted from rounding and late shifts in estimates.

² Additional USAID funding details can be found in Appendix C.

³ The FY 2004 and FY 2005 enacted level for TFCA is \$20 million each year. In FY 2006, the Administration has requested a total of \$99.8 million for debt restructuring programs to be available for: bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, contributions to the HIPC Trust Fund, and TFCA debt reduction. The Budget provides the Treasury Department flexibility in determining the amount for each program. The FY 2006 funding level for TFCA has not been determined yet.

⁴ The total FY 2006 request for the Global Environment Facility (GEF) is \$107.5 million. In FY 2004, FY 2005, and FY 2006 approximately 23% of total GEF funding from all sources supports climate-related projects (e.g. expanding clean energy production and efficient energy use).

ENERGY TAX INCENTIVE PROPOSALS THAT REDUCE GREENHOUSE GASES

The President is proposing \$3.6 billion in new tax credits through 2010 for investments in renewable energy, hybrid and fuel cell vehicles, co-generation, and landfill gas conversion. These incentives are important to meeting the nation's long-term energy supply and security needs, and reducing the projected growth in greenhouse gas emissions. This section summarizes these energy tax incentives as proposed in the FY 2006 President's Budget. For more detailed information about these credits, see the Department of the Treasury's *General Explanations of the Administration's Fiscal Year 2006 Revenue Proposals* document published in February 2005.

HOMES

Tax credit for residential solar energy systems: Current law provides a 10 percent investment tax credit to businesses for qualifying equipment that uses solar energy to generate electricity; to heat, cool or provide hot water for use in a structure; or to provide solar process heat. No credit is available for non-business purchases of solar energy equipment. The Administration proposes to provide individuals that purchase certain photovoltaic or solar water heating equipment a non-refundable personal credit equal to 15 percent of the cost of the equipment and its installation. An individual would be allowed a cumulative per-residence maximum credit of \$2,000 for photovoltaic equipment and \$2,000 for solar water heating systems. The credit for solar water heating equipment would apply only if placed in service after December 31, 2004 and before January 1, 2008, and to photovoltaic systems placed in service after December 31, 2004 and before January 1, 2010.

TRANSPORTATION

Tax credit for hybrid and fuel cell vehicles: Currently there is no generally available income tax credit for hybrid vehicle purchases. A 10 percent tax credit up to \$4,000 is provided for the cost of a qualified electric vehicle. That credit is reduced by 75 percent in 2006 and does not apply to vehicles placed in service after 2006. The Administration is proposing the following new incentives for hybrid and fuel cell vehicles:

- A credit of up to \$4,000 for qualified hybrid vehicles purchased after December 31, 2004 and before January 1, 2009. The amount of the credit would depend on the percentage of maximum available power provided by the rechargeable energy storage system and the amount by which the vehicle's fuel economy exceeds the 2000 model year city fuel economy.
- A credit of up to \$8,000 for new, qualified fuel cell vehicles purchased after December 31, 2004 and before January 1, 2013. The credit would be \$4,000 but would increase

incrementally based on the amount by which the vehicle's fuel economy exceeded the 2000 model year city fuel economy.

INDUSTRY

Tax credits for producing electricity from wind, biomass, and landfill gas: Under current law, taxpayers are allowed a tax credit for electricity produced from wind, landfill gas, selected types of biomass and certain other sources. Biomass includes both closed-loop and open-loop biomass but open-loop excludes biomass that is co-fired with coal. The credit rate is 1.5 cents per kilowatt hour for wind and closed-loop biomass and 0.75 cents per kilowatt hour for open-loop biomass and landfill gas (both adjusted for inflation since 1992). Under current law, to qualify, the electricity must be produced at a facility placed in service before January 1, 2006. The Administration's proposal would:

- Allow the credit for electricity produced from wind, selected types of biomass, and landfill gas for facilities placed in service after January 1, 2006 but before January 1, 2008.
- Allow a new tax credit at 60 percent of the generally applicable rate for electricity produced from certain types of open-loop biomass co-fired in coal plants during the period from January 1, 2006 through December 31, 2008.

Tax credit for combined heat and power property: Combined heat and power (CHP) systems are used to produce electricity and usable thermal energy from a single primary energy source. Currently, no income tax credit is available for investments in CHP property. The Administration is proposing a new 10 percent investment credit for qualified CHP systems placed in service after December 31, 2004 and before January 1, 2010. The eligibility of qualified CHP property would be verified under regulations promulgated by the Secretary of the Treasury.

Table 6

Energy Tax Incentive Proposals That Reduce Greenhouse Gases

FY 2006 Budget

(Revenue effect in millions of dollars)

	2005	2006	2007	2008	2009	2010	2006-10
Homes¹							
Provide tax credit for residential solar energy systems.	-5	-11	-19	-24	-34	-16	-104
Transportation¹							
Provide tax credit for purchase of certain hybrid and fuel cell vehicles.	-13	-260	-447	-614	-680	-23	-2,024
Industry^{1,2}							
Allow a tax credit for electricity produced from wind, biomass, and landfill gas for facilities placed in service between January 1, 2006 and January 1, 2008 and allow a new credit for biomass co-fired with coal.	-48	-144	-321	-260	-160	-163	-1,048
Provide tax credit for combined heat and power property.	-17	-109	-84	-105	-114	-36	-448
Total¹	-83	-524	-871	-1,003	-988	-238	-3,624

¹ All tax proposal data has been taken from the Department of the Treasury's *General Explanations of the Administration's Fiscal Year 2006 Revenue Proposals* document, which was published in February 2005. For more details about these credits and how these estimates were calculated, please refer to that document.

² The current tax credit for electricity produced from wind, biomass, and landfill gas is available only to facilities placed in service before January 1, 2006. The associated expenditures in millions, by year are as follows: 2004, -194; 2005, -307; 2006, -390; 2007, -413; 2008, -420; 2009, -420; 2010, -400.

APPENDIX A

OPPORTUNITIES CREATED BY THE FARM BILL

The 2002 Farm Bill provided the Department of Agriculture (USDA) with significant new conservation tools and funding to expand the Department's efforts to protect and enhance natural resources on agricultural lands. In FY 2006 alone, USDA will invest \$3.8 billion in conservation activities on agricultural lands using programs authorized by the 2002 Farm Bill, and this level of funding represents an increase of about \$1.7 billion from FY 2001. Through these Farm Bill programs, USDA is able to partner with agricultural producers and implement a variety of land retirement, resource restoration, and management activities. When accepting project applications and designing conservation measures, USDA gives consideration to activities that store carbon and reduce greenhouse gases in implementing forest and agriculture conservation programs. Technologies and practices that reduce greenhouse gas emissions and increase carbon sequestration also address other conservation objectives, such as improving water and air quality and enhancing wildlife habitat.

Farm and grazing land conservation actions can play a unique role in reducing the greenhouse gas intensity of the U.S. economy. Most U.S. cropland soils have lost between 33 and 60 percent of their carbon since they were first converted to crop production beginning about 200 years ago. This diminished carbon pool can, however, be replenished by changes in land use and land management. Conversion back into wetlands, grasslands, and forests which occurs on lands enrolled in such USDA programs as the Conservation Reserve Program (CRP), Conservation Reserve Enhancement Program (CREP), and Wetlands Reserve Program (WRP), fosters the re-accumulation of carbon in soils.

However, cropland does not need to be taken out of production to sequester carbon. Land management practices such as conservation tillage (e.g., reduced or no till), residue management, cover cropping, increasing crop frequency, nutrient and water management and erosion control can increase soil carbon content while the land is still used for crop production. These practices also help preserve cropland and improve long-term productivity.

Crop and grazing lands can also be a source of nitrous oxide (N₂O) and methane (CH₄) emissions from nitrogen fertilizers and manure. Actions such as manure management, the use of anaerobic digesters and improving fertilizer and fuel efficiency can significantly reduce greenhouse gas emissions. Overall, the variety of land retirement, resource restoration, and management activities promoted by USDA has multiple benefits.

Major elements of the USDA actions to reduce greenhouse gases are as follows:

Environmental Quality Incentives Program (EQIP): The Natural Resources Conservation Service (NRCS) rewards and recognizes actions that reduce greenhouse gas emissions within the EQIP application ranking systems. By including this ranking criterion, NRCS can provide cost-share

assistance to livestock producers to install greenhouse gas mitigating technologies, including construction of methane digesters. Producers who improve the quality of their nutrient management systems by achieving a higher level of nitrogen use efficiency can also receive cost-share funds.

Conservation Reserve Program (CRP): The Farm Service Agency (FSA) administers CRP, a program that provides carbon sequestration benefits by contracting with producers to take environmentally sensitive acreage out of agricultural production. Once a conservation cover of grass or trees is established on enrolled land, the acres begin to accumulate carbon in the soils and vegetative matter. In addition, CRP may enroll highly valuable and unique acres from an environmental standpoint on a continuous basis. Beginning in FY 2004, FSA announced it will target 500,000 of these unique acres toward hardwood tree planting and wetland restoration – these acres will provide additional carbon sequestration benefits in future years.

APPENDIX B

Table 7

ACCOUNTING OF FEDERAL CLIMATE CHANGE EXPENDITURES BY AGENCY

Program Details by Agency/Account

(Discretionary budget authority and tax proposals in millions of dollars)

The following is a detailed listing of Federal climate change expenditures by agency with account level information as provided in the President's FY 2006 Budget Appendix. In general, the numbers represent budget authority unless otherwise noted. The line items in the Budget Appendix, which show account level data, may not reflect sub-account level climate change information. Therefore the numbers may not be strictly comparable.

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
<u>Department of Agriculture</u>				
Climate Change Science Program				
Agricultural Research Service	37	38	39	1
Cooperative State Research, Education and Extension Services	16	16	30	14
Economic Research Service	0	0	0	0
Forest Service – Forest and Rangeland Research	17	18	19	1
USDA Climate Change Science Program Subtotal	70	73	89	16
<i>Climate Change Research Initiative²</i>				
<i>Agricultural Research Service</i>	<i>1</i>	<i>2</i>	<i>5</i>	<i>3</i>
<i>Forest Service - Forest and Rangeland Research</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>1</i>
<i>USDA Climate Change Research Initiative Subtotal</i>	<i>6</i>	<i>8</i>	<i>12</i>	<i>4</i>
Climate Change Technology Program				
Natural Resources Conservation Service – Biomass R&D, Farm Bill Section 9008	14	14	12	-2
Natural Resources Conservation Service – Carbon Cycle	1	1	1	0
Forest Service R&D – Inventories of Carbon Biomass	0	1	1	0
Agricultural Research Service – Bioenergy Research	2	2	2	0
Cooperative State Research, Education and Extension Service – Biofuels/Biomass Research, Formula Funds, National Research Initiative	5	5	7	2
Forest Service – Biofuels/Biomass, Forest and Rangeland Research	0	2	3	0
Rural Business Service – Renewable Energy Program	23	23	10	-13
USDA Climate Change Technology Program Subtotal	45	48	35	-13
<u>Total – USDA¹</u>	116	121	124	3

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
<u>Department of Commerce</u>				
Climate Change Science Program				
National Oceanic and Atmospheric Administration – Operations, Research, and Facilities	116	124	181	57
<i>Climate Change Research Initiative²</i>				
<i>National Oceanic and Atmospheric Administration – Operations, Research, and Facilities</i>	34	49	58	9
Climate Change Technology Program				
National Institute of Standards and Technology (NIST) – Scientific and Technological Research and Services	10	10	7	-2
NIST – Industrial Technical Services, Advanced Technology Program ³	18	20	0	-20
NIST Climate Change Technology Program Subtotal	28	30	7	-22
<u>Total – Commerce¹</u>	144	153	188	35
<u>Department of Defense</u>				
Climate Change Technology Program				
Research, Development, Test and Evaluation, Army	15	51	43	-8
Research, Development, Test and Evaluation, Navy	17	11	7	-4
Research, Development, Test and Evaluation, Air Force	1	1	0	-1
Research, Development, Test and Evaluation, Defense-wide – DARPA	17	13	10	-3
Research, Development, Test and Evaluation, Defense-wide – Office of the Secretary of Defense	2	0	0	0
<u>Total – DOD¹</u>	51	75	60	-15
<u>Department of Energy</u>				
Climate Change Science Program				
Science – Biological & Environmental Research	129	129	132	4
<i>Climate Change Research Initiative²</i>				
<i>Science – Biological & Environmental Research</i>	27	25	27	2
Climate Change Technology Program				
Energy Conservation	868	868	847	-21
Energy Supply – Electricity Transmission and Distribution	73	103	84	-19
Energy Supply – Nuclear	309	394	416	22
Energy Supply – Renewables	352	380	354	-27
Fossil Energy R&D – Efficiency and Sequestration	455	388	405	17
Science – Fusion, Sequestration, and Hydrogen	333	371	399	28
Departmental Administration – Climate Change Technology Program Direction	0	0	1	1
DOE Climate Change Technology Program Subtotal	2,390	2,505	2,506	1
<u>Total – DOE¹</u>	2,519	2,633	2,638	5

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
<u>Department of Health and Human Services</u>				
Climate Change Science Program				
National Institutes of Health	62	65	65	1
<u>Total – HHS¹</u>	62	65	65	1
<u>Department of the Interior</u>				
Climate Change Science Program				
U.S. Geological Survey – Surveys, Investigations, and Research	28	30	30	0
Climate Change Technology Program				
U.S. Geological Survey – Surveys, Investigations and Research, Geology Discipline, Energy Program	1	2	2	0
<u>Total – DOI¹</u>	29	32	32	0
<u>Department of State</u>				
Climate Change Science Program				
International Organizations and Programs	1	1	0	-1
<i>Climate Change Research Initiative²</i>				
<i>International Organizations and Programs</i>	1	1	0	-1
International Assistance				
Economic Support Fund	0	1	6	5
International Organizations and Programs	5	5	5	0
State International Assistance Subtotal	5	6	11	5
<u>Total – State¹</u>	6	7	11	4
<u>Department of Transportation</u>				
Climate Change Science Program				
Federal Highway Administration – Federal-Aid Highways	4	2	2	0
Federal Aviation Administration – Research, Engineering, and Development	0	1	1	0
DOT Climate Change Science Program Subtotal	4	3	3	0
<i>Climate Change Research Initiative²</i>				
<i>Federal Highway Administration – Federal-aid Highways</i>	4	2	2	0
<i>Federal Aviation Administration – Research, Engineering, and Development</i>	0	1	1	0
DOT Climate Change Research Initiative Subtotal	4	3	3	0
Climate Change Technology Program				
Office of the Secretary of Technology - Transportation, Policy, Research and Development	4	1	0	-1
National Highway Traffic Safety Administration	0	0	1	1
Research and Innovative Technology Administration - Research and Development	1	1	1	1
DOT Climate Change Technology Program Subtotal	5	1	2	1
<u>Total – DOT¹</u>	9	4	5	1

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
<u>Department of the Treasury</u>				
International Assistance				
Debt Restructuring – Tropical Forestry Conservation ⁴	20	20	0	-20
Global Environment Facility ⁵	32	25	25	0
<u>Total – Treasury</u>¹	52	45	25	-20
<u>Environmental Protection Agency</u>				
Climate Change Science Program				
Science and Technology	17	20	21	1
Climate Change Technology Program				
Environmental Programs and Management	89	92	96	4
Science and Technology	22	18	18	0
EPA Climate Change Technology Program Subtotal	110	109	113	4
<u>Total – EPA</u>¹	127	129	134	5
<u>National Aeronautics and Space Administration</u>				
Climate Change Science Program				
Science, Aeronautics, and Technology	1,321	1,264	1,162	-102
<i>Climate Change Research Initiative²</i>				
<i>Science, Aeronautics, and Technology</i>	<i>65</i>	<i>100</i>	<i>50</i>	<i>-50</i>
Climate Change Technology Program				
Exploration, Science, and Aeronautics	227	208	128	-80
<u>Total – NASA</u>^{1,6}	1,548	1,472	1,290	-182
<u>National Science Foundation</u>				
Climate Change Science Program				
Research and Related Activities	215	198	197	-1
<i>Climate Change Research Initiative²</i>				
<i>Research and Related Activities</i>	<i>30</i>	<i>25</i>	<i>25</i>	<i>0</i>
Climate Change Technology Program				
Research and Related Activities	11	11	11	1
<u>Total – NSF</u>¹	226	209	208	0
<u>Smithsonian Institution</u>				
Climate Change Science Program				
Salaries and Expenses	6	6	6	0
<u>Total – Smithsonian</u>¹	6	6	6	0

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Proposed	\$ Change 2006-2005
<u>U.S. Agency for International Development</u>⁷				
Climate Change Science Program				
Development Assistance	6	6	6	0
<i>Climate Change Research Initiative²</i>				
<i>Development Assistance</i>	6	6	6	0
International Assistance				
Andean Counterdrug Initiative	3	2	1	-1
Assistance for Eastern Europe and the Baltic States	7	5	3	-2
Assistance for the Independent States of the Former Soviet Union	47	36	32	-4
Development Assistance	125	138	118	-20
Economic Support Fund	9	5	5	0
International Disaster Assistance	2	2	2	0
P.L.-480 Title II Food Aid	1	1	1	0
USAID International Assistance Subtotal	195	189	162	-27
<u>Total – USAID</u>^{1,8}	195	189	162	-27
Total - ALL AGENCIES¹	5,090	5,140	4,949	-191
Energy Tax Incentive Proposals that Reduce Greenhouse Gases	0	83	524	441
Total - ALL AGENCIES + TAX INCENTIVES¹	5,090	5,223	5,473	250

¹ Subtotals and totals may not add due to rounding. Subtotals and totals supersede numbers released with the President's 2006 Budget. Discrepancies resulted from rounding and improved estimates.

² The Climate Change Research Initiative (CCRI) is a subset of the overall Climate Change Science Program; all CCRI data show in italics are non-add lines.

³ The FY 2006 President's Budget proposes termination of NIST's Advanced Technology Program.

⁴ The FY 2004 and FY 2005 enacted level for Tropical Forestry Conservation Act (TFCA) is \$20 million each year. In FY 2006, the Administration has requested a total of \$99.8 million for debt restructuring programs to be available for: bilateral Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, contributions to the HIPC Trust Fund, and TFCA debt reduction. The Budget provides the Treasury Department flexibility in determining the amount for each program. The FY 2006 funding level for TFCA has not been determined yet.

⁵ The total FY 2006 request for the Global Environment Facility (GEF) is \$107.5 million. In FY 2004, FY 2005, and FY 2006 approximately 23% of total GEF funding from all sources supports climate-related projects (e.g. expanding clean energy production and efficient energy use).

⁶ Funding levels for NASA reflect full cost accounting.

⁷ USAID data for FY 2004 are obligations.

⁸ The \$6 million in USAID Climate Change Science Program funding is also counted in USAID's International Assistance funding totals. The USAID subtotal line excludes this double-count.

APPENDIX C

Table 8

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT GLOBAL CLIMATE CHANGE FUNDING BY BUREAU/COUNTRY

(Dollars in Thousands)

Bureau/ Country	Strategic Objective Name	Category ¹	Account ²	FY 2004 Obligations	FY 2005 Enacted	FY 2006 Proposed
Africa (AFR)						
Africa Regional	Broad-based support for Africa	5	DA	0	7,000	4,395
Central Africa Regional	Reduce the Rate of Forest Degradation and Loss of Biodiversity through Increased Local, National, and Regional Natural Resource Management Capacity	3	DA	15,000	15,000	15,000
Guinea	Increased Use of Sustainable Natural Resource Management Practices	3	DA	1,000	1,000	1,000
Madagascar	Biologically Diverse Forest Ecosystems Conserved	3	DA	2,800	2,800	2,800
Malawi	Sustainable Increases in Rural Incomes	3	DA	1,000	1,000	1,000
Mali	Accelerated Economic Growth	1	DA	450	450	450
	Accelerated Economic Growth	5	DA	50	50	50
	Accelerated Economic Growth	3	DA	1,000	1,000	1,000
Namibia	Improved Rural Livelihoods Through Sustainable Integrated Natural Resource Management	3	DA	500	0	0
REDSO/ESA Regional Ctr for S. Africa	Regional Food Security	5	DA	500	500	500
	Improved Management of Selected River Basins	5	DA	500	0	0
Senegal	Improved Local Delivery of Services and Sustainable Use of Resources in Targeted Areas	3	DA	350	500	500
	Sustainable Increases in Private Sector Income Generating Activities in Selected Sectors	3	DA	150	0	0
South Africa	Increased Access to Shelter and Environmentally Sound Municipal Services	1	DA	727	940	1,400
	Increased Market-Driven Employment Opportunities	3	DA	500	500	500

Bureau/ Country	Strategic Objective Name	Category ¹	Account ²	FY 2004 Obligations	FY 2005 Enacted	FY 2006 Proposed
	Democratic Consolidation Advanced	1	DA	0	100	100
	Democratic Consolidation Advanced	3	DA	100	0	0
	Improved Capacity to Formulate, Evaluate and Implement Economic Policies	1	DA	198	75	0
	Improved Capacity to Formulate, Evaluate and Implement Economic Policies	3	DA	475	385	0
Sudan	Expanded Support to the Sudan Peace Process	1	DA	0	0	0
Uganda	Expanded Sustainable Economic Opportunities for Rural Sector Growth	3	DA	1,500	1,500	1,500
WARP	Increased Food Security	5	DA	300	300	300
TOTAL AFR				27,100	33,100	30,495
Asia and the Near East (ANE)						
ANE Regional	Encourage Economic Growth	1	DA	7,500	4,000	4,000
Afghanistan	Infrastructure, Economic Governance & Democracy	1	ESF	6,500	0	0
	Infrastructure, Economic Governance & Democracy	1	DA	0	7,426	0
Bangladesh	Improved Performance of the Energy Sector	1	DA	3,500	3,000	3,000
	Improved Performance of the Energy Sector	1	ESF	1,000	1,000	1,000
India	Improved Access to Clean Energy and Water in Selected States	1	ESF	0	2,500	2,500
	Improved Access to Clean Energy and Water in Selected States	1	DA	8,000	6,000	6,000
Indonesia	Energy Sector Governance Strengthened	1	ESF	1,000	500	500
	Strengthened and Decentralized Natural Resources Management	3	DA	0	3,000	3,000
Nepal	Increased Private Sector Participation in Environmentally and Socially Sustainable Hydropower Development	1	DA	2,100	2,000	2,000
Philippines	Environmental Management Improved	3	DA	5,600	5,000	5,000
RDM-Asia	Cleaner Cities and Industries in Asia	1	DA	3,200	500	500
TOTAL ANE				38,400	34,926	27,500

Bureau/ Country	Strategic Objective Name	Category ¹	Account ²	FY 2004 Obligations	FY 2005 Enacted	FY 2006 Proposed
Europe and Eurasia (E&E)						
Albania	Special Initiatives	1	AEEB	800	800	800
Bosnia and Herzegovina	Accelerated Development & Growth of Private Sector	1	AEEB	1,000	1,000	1,000
Bulgaria	Economic Growth and Increased Prosperity	1	AEEB	300	300	0
Croatia	Growth of a Dynamic and Competitive Private Sector	1	AEEB	670	535	0
Europe Regional	A More Economically Sustainable and Environmentally Sustainable Energy Sector	1	AEEB	1,595	1,500	1,500
CEE Regional	Transfer to Dept of Energy (DOE)	1	AEEB	2,000	0	0
Macedonia	Legal Regulatory Market Development Energy Efficiency/Heating	1	AEEB	400	200	0
Romania	Accelerated Private Sector Growth by Supporting a Market- Driven Environment	1	AEEB	400	650	0
Sub-total Europe				7,165	4,985	3,300
Armenia	Secure and Sustained Access to Energy and Water Resources	1	FSA	8,840	6,250	3,500
	Transfer to Dept. of Energy (DOE)	1	FSA	4,000	4,000	3,000
	Transfer to Nuclear Regulatory Commission (NRC)	1	FSA	500	500	500
Azerbaijan	Development of Small and Medium Enterprises	1	FSA	1,946	1,600	1,014
Central Asian Republics Regional	Improved Management (Mgt) of Critical Natural Resources, Including Energy	1	FSA	1,000	500	200
Eurasia Regional	A More Economically Sound and Environmentally Sustainable Energy System	1	FSA	1,352	1,060	1,250
Georgia	A Foundation for a More Sustainable Energy System	1	FSA	9,300	8,000	10,000
Kazakhstan	Improved Mgt of Critical Natural Resources, Including Energy	1	FSA	1,754	500	200
Kyrgyzstan	Improved Mgt of Critical Natural Resources, Including Energy	1	FSA	883	1,076	350
Russia	Environmental Resources Managed More Effectively to Support Economic Growth	1	FSA	1,500	0	0
Tajikistan	Improved Mgt of Critical Natural Resources, Including Energy	1	FSA	400	0	100
Turkmenistan	Improved Mgt of Critical Natural Resources, Including Energy	1	FSA	20	0	0
Ukraine	Growth of SMEs and Agriculture	3	FSA	1,143	937	0

Bureau/ Country	Strategic Objective Name	Category ¹	Account ²	FY 2004 Obligations	FY 2005 Enacted	FY 2006 Proposed
	Increased Environmental Protection	3	FSA	100	0	0
	Transfer to Dept of Energy (DOE)	1	FSA	14,000	9,500	9,500
	Transfer to Nuclear Regulatory Commission (NRC)	1	FSA	500	500	500
Uzbekistan	Improved Management of Critical Natural Resources, Including Energy	1	FSA	0	0	0
Sub-total Eurasia				47,238	34,423	30,114
TOTAL E&E				54,403	39,408	33,414

Latin American and the Caribbean (LAC)

	Amazon Basin Initiative	3	DA	2,000	16,000	8,000
Bolivia	Forest, Water and Biodiversity Resources Managed for Sustained Economic Growth	3	DA	2,405	1,400	2,000
Brazil	Natural Ecosystems Sustained	3	DA	5,267	4,870	4,200
	Global Climate Change Mitigated through Market-based Renewable Energy and Energy Conservation	1	DA	1,066	990	800
Central America Reg. Program	Economic Freedom: Open, Diversified, Expanding Economies	1,3,5	DA	3,325	3,000	2,000
Ecuador	Biodiversity Conserved in Selected Protected Areas , Their Buffer Zones and Indigenous Territories	3	DA	2,200	2,200	2,200
	Improved Social and Economic Conditions of Inhabitants along the Peru-Ecuador Border, Thereby Promoting Border Integration	3	ESF	650	548	700
Guatemala	Open, Diversified, Expanding Economy	3	DA	0	200	200
Honduras	Protecting Honduran Forests	3	DA	2,100	1,700	1,700
	Protecting Honduran Forests	3	PL480	1,000	900	900
LAC Regional	Improved Conservation of the Region's Biological Resources	3	DA	2,800	2,800	2,800
Mexico	Economic Freedom: Open, Diversified, Expanding Economies	1	DA	1,390	1,078	1,100
	Economic Freedom: Open, Diversified, Expanding Economies	3	DA	3,784	3,522	3,500
	Economic Freedom: Open, Diversified, Expanding Economies	5	DA	400	400	400

Bureau/ Country	Strategic Objective Name	Category ¹	Account ²	FY 2004 Obligations	FY 2005 Enacted	FY 2006 Proposed
Nicaragua	Economic Freedom: Open, Diversified, Expanding Economies	3	DA	500	500	500
Panama	Economic Freedom: Open, Diversified, Expanding Economies	3	DA	2,000	2,500	2,500
Paraguay	Management of Globally Important Ecoregions Improved	3	DA	150	150	150
Peru	Strengthened Environmental Management to Address Priority Problems	3	DA	2,475	3,525	3,770
	Sustained Reduction of Illicit Coca Production in Targeted Areas of Peru	3	ACI	2,850	1,800	1,000
TOTAL LAC				36,362	48,083	38,420
Democracy, Conflict, and Humanitarian Assistance (DCHA)						
DCHA	Worldwide Climate Monitoring and Observing	5	IDA	2,385	2,300	2,300
DCHA	Famine Early Warning System	5	DA	11,883	2,000	2,000
TOTAL DCHA				14,268	4,300	4,300
Economic Growth, Agriculture & Trade (EGAT)						
EGAT/ESP	Global Environmental and Science Policies Mobilized to Address Development Challenges	1,3,5	DA	3,000	3,200	3,000
EGAT/NRM	Management for Conservation and Sustainable Use of Natural Resources Improved	3	DA	9,130	9,530	9,530
EGAT/AG	Economic Growth, Improved Health and Sound Natural Resources Management Expanded	3	DA	4,900	4,900	4,900
EGAT/EIT	Access to Critical Infrastructure Improved	1	DA	7,500	8,512	7,500
TOTAL EGAT				24,530	26,142	24,930
Methane to Markets (not yet allocated by country)		-- ³	-- ³	0	3,000	3,000
TOTAL USAID				195,063	188,959	162,059

¹ **FY 2006 USAID Legislative Reporting Categories:**

1. Activities that promote the transfer and deployment of United States clean energy technologies. Under USAID's Climate Change Program, technology transfer is promoted to assist developing countries to achieve sustainable economic growth and development but is not tracked as an individual goal within the program. USAID's energy-related climate change programs demonstrate U.S. technologies and/or work to address the policy, legal, and regulatory barriers that limit clean technology deployment.
2. Activities to assist in the measurement, monitoring, reporting, verification, and reduction of greenhouse gas emissions. USAID does not currently separate measuring, monitoring, reporting, and verification of GHG emissions from the energy and land use sector activities in which these occur. All of the activities that assist with technology transfer and carbon capture promote the reduction of greenhouse gas emissions.
3. Activities/programs to promote carbon capture and sequestration measures.
4. Activities/programs to help meet such countries' responsibilities under the Framework Convention on Climate Change. The spending for this category has not been formally tracked under USAID's Climate Change Program. It has been tracked as a performance indicator of program results and information concerning results through FY 2000 can be provided by USAID upon request.
5. Activities to develop assessments of the vulnerability to impacts of climate change and response strategies.

² **USAID Accounts:**

ACI – Andean Counterdrug Initiative
AEEB – Assistance for Eastern Europe and the Baltic States
DA – Development Assistance
ESF – Economic Support Fund
FSA – Assistance for the Independent States of the Former Soviet Union
IDA – International Disaster Assistance
PL480 – P.L.-480 Title II Food Aid

³ Accounts and reporting categories for the USAID Methane-to-Markets funding have not yet been determined.