

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 2005 Obligation:	\$989,000 AEEB
Prior Year Unobligated:	\$1,842,000 AEEB; \$565,000 DCA
Proposed FY 2006 Obligation:	\$400,000 AEEB
Year of Initial Obligation:	1990
Estimated Year of Final Obligation:	2006

Summary: Abuse of the environment and the failure to price water and public services under socialist governments both took their toll on the infrastructure and environmental quality of Central and Eastern Europe. The transition to free markets provides unique opportunities to end subsidies which waste power, water, and raw materials and create inefficient public utilities, and to introduce innovative approaches to incorporating efficiencies of cleaner production into the industrial cycle. 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 both domestic capital markets and private sector investment in public infrastructure across the region.

Inputs, Outputs, Activities:

FY 2005 Program: Expand and Improve Access to Economic and Social Infrastructure (\$655,000 AEEB, \$1,731,000 AEEB carryover, \$565,000 DCA carryover)).

Regional Infrastructure Program: 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.

Through an innovative concept termed the Balkans Infrastructure Development Facility (BIDFacility) RIP's first component supplements the sovereign borrowing capacity of Southeast Europe's nations to improve infrastructure. This new institution uses 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) joined with USAID, and eventually secured further pledges from Austria, Italy, Greece, Netherlands, Norway and Switzerland. Located in Sofia, BIDFacility opens for business in early 2005. The grantee is International Finance Corporation.

The Balkans Infrastructure Investment Guarantee (BIIG) Facility will 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 the Balkans Infrastructure Development Facility (BIDFacility) being set up this spring by IFC with USAID and other donor support.

RIP also includes a component designed to offer credit enhancement through partial guarantees to facilitate a domestic capital role in projects developed by the BIDFacility. This Balkans Infrastructure Investment Guarantee (BIIG) Fund will utilize USAID's Development Credit Authority. Contractor: Booz Allen Hamilton (prime).

The final component of the RIP is a component supporting the newly created Sava River Commission (SRC). Largely due to US support for an initiative of Bosnia, Croatia, Serbia and Slovenia, the Sava River treaty created the SRC to coordinate issues related to navigation, port reconstruction, flood control, water quality, and integrated basin management. The SRC was

formally established at the end of 2004 and will begin operations in 2005. Continued support by the USG will include secretariat support in advance of the hiring of permanent staff by the countries, assistance in completing legal protocols and analytical support for new infrastructure loans. Contractor: Booz Allen Hamilton (prime).

Infrastructure Reform and Finance (IRF) Project: mobilizing capital for public infrastructure across the region is a major challenge. 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 for these increasingly needs to come from domestic sources. During its second year the IRF Project will update sector and country analyses and focus on designing strategic interventions for USAID Missions which leverage the Agency's unique capabilities and the larger capital capacities of international investors, multi-lateral development banks and the citizens of the affected countries. This component will also finance technical expertise to support and complement mission programs and capabilities and to help manage regional activities. Contractor: Segura/IP3 Partners (prime).

Reduce, Prevent and Mitigate Pollution (\$210,000 AEEB, \$111,000 AEEB carryover).

Each USAID activity goes through environmental impact review prior to obligation. The E&E 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. Also an analysis of the impacts of privatization and land tenure changes will be finished this year. This component will also finance technical expertise to support and complement mission programs and capabilities and to help manage regional activities. Contractor to be determined.

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$124,000 AEEB). This element of the program provides critical technical expertise in land tenure and biodiversity conservation to support and complement USAID programs and capabilities. Contractor: USDA

FY 2006 Program: Expand and Improve Access to Economic and Social Infrastructure (\$250,000 AEEB).

Infrastructure Reform and Finance Project: This final year of this three-year strategic support contract will focus on transferring the capability to conduct updates to sector and country analyses to host countries and Missions, designing new strategic interventions for USAID Missions, and evaluating ongoing infrastructure programs. Contractor: Segura/IP3 Partners (prime).

Reduce, Prevent and Mitigate Pollution (\$150,000 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. Contractor to be determined.

Performance and Results: Under the RIP, results during 2004 included final preparations for the launch of BIDFacility in early 2005, and the establishment of the permanent Sava River Commission by Bosnia, Croatia, Serbia, and Slovenia.

The E&E Bureau processes over 150 impact reviews 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. Multi-lateral development bank activities in the region were reviewed to ensure compliance with the Title XIII Pelosi Amendment.

US Financing in Thousands of Dollars

Eurasia Regional

110-0160 Better Environmental Management	ESF	FSA
Through September 30, 2003		
Obligations	3	17,858
Expenditures	3	16,517
Unliquidated	0	1,341
Fiscal Year 2004		
Obligations	0	1,092
Expenditures	0	847
Through September 30, 2004		
Obligations	3	18,950
Expenditures	3	17,364
Unliquidated	0	1,586
Prior Year Unobligated Funds		
Obligations	0	501
Planned Fiscal Year 2005 NOA		
Obligations	0	720
Total Planned Fiscal Year 2005		
Obligations	0	1,221
Proposed Fiscal Year 2006 NOA		
Obligations	0	650
Future Obligations	0	0
Est. Total Cost	3	20,821

