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**AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C.**

PROJECT MEMORANDUM

**NEW INDEPENDENT STATES: ENVIRONMENTAL POLICY AND TECHNOLOGY
(110-0003)**

Approved: February 4, 1993



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

FEB 2 1993

ACTION MEMORANDUM FOR THE DIRECTOR, NIS TASK FORCE

THROUGH : Barbara Turner, Deputy Director, NIS Task Force
FROM : Carlos Pascual, NIS/TF/PACD
SUBJECT : Authorization Request for the Environmental Policy
and Technology Project (No. 110-0003)

PROBLEM:

Your approval is required to authorize the Environmental Policy and Technology Project for the New Independent States (NIS) at a life-of-project funding level of \$35.0 million. The Project Assistance Completion Date (PACD) will be September 30, 1997.

BACKGROUND:

Based on our analysis and NIS demand, it is clear that environmental problems comprise a politically and economically important area for cooperation under the NIS technical assistance program. The significance of these problems and justification for U.S. assistance in addressing them are derived from three factors: the economic constraints they impose and their relationship to market-based economic reform; their significant place in the process of democratic reform; and the implications they hold for the global environment.

New states struggling to accomplish a transition to open markets and democratic institutions are faced with costly health and financial burdens imposed by pervasive environmental contamination and gross mismanagement of valuable natural resources. Such problems have served as a rallying point for the anti-communist movement throughout the region, and their gradual solution continues to hold a special place in public expectations for reform. In addition, many past and present environmental policies and practices (e.g., relating to toxic and nuclear waste disposal, indiscriminate logging in the world's largest forest estate, the flaring of huge quantities of natural gas, and pollution of international water bodies) present problems of global concern.

Most if not all of these countries look to the United States as a model for environmental management and for advice and assistance as they restructure their economies and begin to address the

tragic legacy of environmental problems. This is especially true in the areas of policy and institutional reform, public awareness and participation, methods for establishing environmental investment priorities, and both access to and demonstration of advanced U.S. environmental technologies and equipment. The U.S. has much to contribute from its environmental management experience--including policy approaches utilizing economic incentives, a host of commercially competitive pollution control technologies, and the strong private voluntary community. We can also build on close and growing American ties with both the scientific and nascent business communities in the NIS. This will help form new commercial and technological linkages in environmental fields appropriate to relations between market economies.

PROJECT DESCRIPTION:

The project will assist new states of the former Soviet Union in developing appropriate policy, legal and management frameworks which can adequately incorporate environmental considerations into economic and democratic reforms. The Project Memorandum for the Environmental Policy and Technology Project is attached and provides fuller background and justification together with further information on project plans and implementation mechanisms.

Project activities will include work with government agencies, the private sector and non-governmental organizations. Assistance will be provided to help strengthen environmental management institutions, foster appropriate environmental policy and legislative reforms, promote the growth of indigenous environmental technology markets and U.S. private sector involvement, and to encourage democratic participation in the identification and solution of environmental problems.

In implementing project activities, A.I.D. will draw on the expertise of the U.S. private sector and U.S. Government agencies as appropriate. In particular, a partnership with the Environmental Protection Agency (EPA) is anticipated. Project-funded assistance will be closely coordinated with environmental activities of other U.S. Government agencies. This project is a five-year effort (FY93-97) with a life-of-project funding level of \$35 million. Its planned inputs include technical assistance, training, and commodities. The structure of project management calls for a balanced division of responsibilities between USAID/Washington (NIS/TF/EET) and USAID field offices. USAID field staff will be responsible for identifying and proposing country specific activities, developing country specific strategies, and monitoring all field activities conducted under this project within their respective jurisdictions. They will also have direct daily management responsibility over both the resident staff and field teams provided under the core contract mechanism, and will be responsible for requesting assistance from the various project mechanisms to carry out their country specific strategies. The

Clearances (Project No. 110-0003):

A.I.D.:

| | | | |
|-------------|-----------------------|----------------------|-----------------------|
| NIS/TF/EET: | ADLong | <u>AD</u> | Date: <u>11/21/92</u> |
| NIS/TF/EET: | JBever | <u>[Signature]</u> | Date: <u>11/25/92</u> |
| NIS/TF/FA : | BKline | <u>BK</u> | Date: <u>11/24/92</u> |
| NIS/TF/PAC: | F. Artheson | <u>[Signature]</u> | Date: <u>11/24/92</u> |
| NIS/TF/PAC: | HJohnson | <u>[Signature]</u> | Date: <u>11/21/92</u> |
| NIS/TF/OD : | JWinn | <u>[Signature]</u> | Date: <u>11/23/92</u> |
| OP/CC/N : | JKryschtal | <u>DRAFT - phone</u> | Date: <u>11/24/92</u> |
| GC (NIS) : | TGeiger <u>PARAMS</u> | <u>[Signature]</u> | Date: <u>11/24/92</u> |
| NIS/TF/OD : | LCrandall | <u>[Signature]</u> | Date: <u>11/24/92</u> |
| NIS/TF/OD : | BTurner | <u>[Signature]</u> | Date: <u>11/24/92</u> |

STATE:

| | | | |
|------------|------------|--------------|-----------------------|
| D/CISA : | CRufenacht | <u>DRAFT</u> | Date: <u>11/24/92</u> |
| EUR/ISCA : | NCook | <u>DRAFT</u> | Date: <u>11/24/92</u> |



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

PROJECT AUTHORIZATION

Name of Country: New Independent States (NIS)
Name of Project: Environmental Policy and
Technology Project
Number of Project: 110-0003

1. Pursuant to Section 201 of the Freedom Support Act of 1992 and Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the **Environmental Policy and Technology Project** for the Newly Independent States, involving planned obligations of not to exceed \$35 million in grant funds over a five year period from the date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs of the project. The planned life of project is through September 30, 1997.

2. The project consists of technical assistance, training and commodities in support of improved environmental quality within the NIS.

3. The Project Agreements which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

4. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in the United States or in the New Independent States of the former Soviet Union, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States or the New Independent States of the former Soviet Union as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project,

except as A.I.D. may otherwise agree in writing, shall be
financed only on flag vessels of the United States.



Malcolm Butler
Director, NIS Task Force

FEB 4 1993

Date

Clearances (Project No. 110-0003):

A.I.D.:

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|-------------|------------|--------------------|-----------------------|
| NIS/TF/EET: | ADLong | <u>AD</u> | Date: <u>11/24/92</u> |
| NIS/TF/EET: | JBever | <u>[Signature]</u> | Date: <u>11/23/92</u> |
| NIS/TF/FA : | BKline | <u>[Signature]</u> | Date: <u>11/24/92</u> |
| NIS/TF/PAC: | PMatheson | <u>[Signature]</u> | Date: <u>11/23/92</u> |
| NIS/TF/OD : | JWinn | <u>[Signature]</u> | Date: <u>11/24/92</u> |
| NIS/TF/OD : | LCrandall | <u>[Signature]</u> | Date: <u>11/24/92</u> |
| OP/CC/N : | JKryschtal | <u>DRAFT-phone</u> | Date: <u>11/24/92</u> |
| GC (NIS) : | TGeiger | <u>[Signature]</u> | Date: <u>11/23/92</u> |

STATE:

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| D/CISA : | CRufenacht | <u>DRAFT</u> | Date: <u>11/24/92</u> |
| EUR/ISCA : | NCook | <u>DRAFT</u> | Date: <u>11/24/92</u> |

Drafted: NIS/TF/EET, ADLong 11/12/92

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY
New Independent States Regional

3. PROJECT NUMBER
110-0003

4. BUREAU/OFFICE

5. PROJECT TITLE (maximum 40 characters)

NIS/TF/EET

Environmental Policy & Technology Project (EPT)

6. PROJECT ASSISTANCE COMPLETION DATE (FACD)

7. ESTIMATED DATE OF OBLIGATION
(Under "B." below, enter 1, 2, 3, or 4)

MM DD YY
01 9 3 09 17

A. Initial FY 93 B. Quarter 3 C. Final FY 96

8. COSTS (\$000 OR EQUIVALENT \$1 =)

| A. FUNDING SOURCE | FISCAL FY 93 | | | LIFE OF PROJECT | | |
|------------------------|--------------|--------|------------|-----------------|--------|------------|
| | B. FX | C. L/C | D. Total | E. FX | F. L/C | G. Total |
| AID Appropriated Total | | | | | | |
| (Grant) | (12,000) | () | (12,000) | (35,000) | () | (35,000) |
| (Loan) | () | () | () | () | () | () |
| Other | | | | | | |
| U.S. | | | | | | |
| Host Country | | | | | | |
| Other Donor(s) | | | | | | |
| TOTALS | 12,000 | -0- | 12,000 | 35,000 | | 35,000 |

9. SCHEDULE OF AID FUNDING (\$000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | C. PRIMARY TECH CODE | | D. OBLIGATIONS TO DATE | | E. AMOUNT APPROVED THIS ACTION | | F. LIFE OF PROJECT | |
|------------------|-------------------------|----------------------|---------|------------------------|---------|--------------------------------|---------|--------------------|---------|
| | | 1. Grant | 2. Loan | 1. Grant | 2. Loan | 1. Grant | 2. Loan | 1. Grant | 2. Loan |
| (1) NW | 877 | | | | | 12,000 | 0 | 35,000 | --- |
| (2) | | | | | | | | | |
| (3) | | | | | | | | | |
| (4) | | | | | | | | | |
| TOTALS | | | | 0 | 0 | 12,000 | 0 | 35,000 | --- |

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To assist USAID missions and host country institution to 1) address environmental policy issues 2) support technology cooperation, and 3) support public participation in environmental management in the NIS.

14. SCHEDULED EVALUATIONS

Interim MM YY 01 9 4 Final MM YY 01 5 9 6

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

17. APPROVED BY

Signature *Michael Bush*

Title Director, NIS Task Force

Date Signed MM DD YY 01 2 04 9 3

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

Project Memorandum

**Environmental Policy and Technology Project
for the New Independent States
Project Number 110-0003**

February 2, 1993

**Office of Energy, Environment and Technology
New Independent States Task Force
U.S. Agency for International Development**

**Project Memorandum
Environmental Policy and Technology Project
for the New Independent States
Project Number 110-0003**

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| 1.0 OBJECTIVES AND PROJECT RATIONALE | 1 |
| 1.1 Goal | 1 |
| 1.2 Purpose | 1 |
| Policy, Institutional, and Legislative Reforms Expanded Markets and U.S. Participation Improved Awareness and Accountability | |
| 1.3 Background | 2 |
| Widespread Environmental Challenges The Need for Policy and Legislative Reforms Urban and Industrial Pollution Natural Resources Mismanagement Public Participation and Awareness | |
| 1.4 Rationale | 4 |
| Importance of Quick Action U.S. Comparative Advantage Setting Priorities for Project Assistance | |
| 2.0 PROJECT DESCRIPTION | 7 |
| 2.1 Project Strategy | 7 |
| Linking Economic and Environmental Reforms Investment Capital Leveraging and Demonstration Areas Close Relationship to Democratic Reforms Key Problems to be Addressed by Sub-Region | |
| 2.2 Project Components | 10 |
| Quick-Starting Activities Project Structure Environmental Policy and Institution Building - Environmental policy and legislation development - Environmental institution building Technology Cooperation for Environmental Improvement - Environmental management in regional economic restructuring - Pollution risks assessment - Water resources investment planning | |

| | | |
|------------|--|-----------|
| - | Improved environmental management capability and technology demonstrations | |
| | Public Awareness and Environmental Accountability | |
| - | Environmental NGOs institutional/organizational capability and network enhancement | |
| - | Environmental NGOs small grants program | |
| - | Environmental awareness and education program | |
| 2.3 | Anticipated Accomplishments | 14 |
| | Implementable Policy, Institutional, and Legislative Reforms | |
| | Regional Environmental Management Demonstrations Areas | |
| | Improved Environmental Awareness, Accountability and Public Participation | |
| 3.0 | FINANCIAL PLAN AND IMPLEMENTATION SCHEDULE | 17 |
| 3.1 | Illustrative Life-of-Project Budget | 17 |
| 3.2 | Planned Obligations | 17 |
| 3.3 | Proposed Timetable | 19 |
| 4.0 | IMPLEMENTATION ARRANGEMENTS | 21 |
| 4.1 | Project Management | 21 |
| 4.2 | Proposed Implementation Mechanisms | 22 |
| | Core Contractor | |
| | Environmental Protection Agency (IAA and PASA) | |
| | Other Implementation Mechanisms | |
| | Other Procurement Issues | |
| 4.3 | Oversight and Other Implementation Issues | 24 |
| | Monitoring | |
| | Evaluation | |
| | Audit | |
| | Host Country Duties and Taxes and Other Critical Requirements | |
| | Waivers | |
| | Congressional Notification | |
| | Source and Origin | |
| 5.0 | RISK ANALYSIS | 27 |
| | Governmental/Institutional Stability | |
| | Implementation Coordination and Oversight | |
| | Inter-Republic Relations | |
| | Donor Coordination | |
| | Indigenous NGO Activities | |

6.0 ENVIRONMENTAL CONSIDERATIONS 29

LIST OF ATTACHMENTS: 30

Tab A **USG NIS Environmental Strategy**
Tab B **Mission Environmental Reporting Cables**
Tab C **Regional Environmental Management Demonstration Areas**
Tab D **Logical Framework for the Project Description**
Tab E **Congressional Notification dated 10/9/92**
Tab F **Initial Environmental Examination**
Tab G **Minutes of Interagency Meeting dated 11/16/92**
Tab H **Cable Announcing Project to the Field dated 2/4/93**

LIST OF ACRONYMS

A.I.D. Agency for International Development
CN Congressional Notification
EBRD European Bank for Reconstruction and Development
EET NIS/TF Office of Energy, Environment and Technology
EOPS End of Project Status
EPA Environmental Protection Agency
FY93 Fiscal Year, 1993
IAA Inter-Agency Agreement
IBRD International Bank for Reconstruction and Development
IEE Initial Environmental Examination
IG Inspector General
IQC Indefinite Quantities Contract
LOP Life of Project
NGO Non-Governmental Organization
NIS/TF USAID New Independent States Task Force
OMB Office of Management and Budget
PASA Participating Agency Service Agreement
PIO/T Project Implementation Order/Technical Services
PRE Bureau for Private Enterprise (A.I.D.)
R&D Bureau for Research and Development (A.I.D.)
REMDA Regional Environmental Management Demonstration Areas
USAID United States Agency for International Development
USAID/W All USAID offices in Washington, D.C.
USFS United States Forest Service
USG United States Government

Project Memorandum

Environmental Policy and Technology Project for the New Independent States

The independent states of the former Soviet Union face unprecedented environmental problems that jeopardize the quality of life and the very existence of not only their own peoples but also the peoples of other countries, and it is incumbent on the international community to assist the independent states in addressing these problems and in promoting sustainable use of resources and development.

FREEDOM Support Act, 1992

1.0 OBJECTIVES AND PROJECT RATIONALE

1.1 Goal

The goal of the Environmental Policy and Technology Project is to ensure that economic and social restructuring in the New Independent States (NIS) is achieved in an environmentally sound manner. In pursuit of this goal, at the country level the project will contribute to both immediate and long-term environmental quality improvements while encouraging U.S. private sector participation in the region's environmental management. These objectives are fully consistent with the thrust of the U.S. Government's strategy for assistance to the NIS region, specifically including a program of environmental cooperation as outlined in the "Draft Environmental Strategy for the New Independent States" prepared by the Department of State, Director, Commonwealth of Independent States Assistance (STATE/D/CISA) (See Tab A). The project also supports the goals of the U.S. Agency for International Development's (USAID) Environmental Strategy.

1.2 Purpose

The more specific purposes of this project can be divided into three categories, each roughly corresponding to anticipated sub-programs of cooperation with the key groups who must share responsibility for sound environmental management in the region: governments, the private sector, and non-governmental organizations (NGOs):

- 1) Policy, Institutional, and Legislative Reforms.** To foster sound environmental policy, strengthen important government environmental institutions, and reform and develop environmental laws and regulations in support of shifts from command to free market economies and the establishment of

democratic societies.

- 2) **Expanded Markets and U.S. Participation.** To promote the growth of an indigenous private sector in environmental management and develop a market for U.S. environmental know-how and technology while generating tangible improvements in environmental quality.
- 3) **Improved Awareness and Accountability.** To enhance public awareness of environmental issues and encourage democratic participation in environmental management.

This project will be implemented at the country level, with support from Washington.

1.3 Background

Widespread Environmental Challenges. As the new states of the region struggle to accomplish a transition to open markets and democratic institutions, they are faced with costly health and financial burdens imposed by pervasive environmental contamination and gross mismanagement of valuable natural resource assets. These problems are the products of weak environmental policies and management institutions as well as antiquated industrial processes inherited from the former Soviet system. (As one indicator of weak institutions, the Ministry of Environmental Protection and Natural Resources of the Russian Federation, has been reorganized three times between August 1992 and November 1992.) Such problems have served as a rallying point for the anti-communist movement throughout the region, and their gradual solution continues to hold a special place in public expectations for reform. In addition, many past and present environmental policies and practices (e.g., relating to toxic and nuclear waste disposal, indiscriminate logging in the world's largest forest estate, the flaring of enormous volumes of natural gas, and pollution of international water bodies) present problems of global concern.

Governments and citizens across the region have only just begun to comprehend the breadth and magnitude of the economic, health and ecological costs associated with widespread environmental problems in the NIS. Though the Chernobyl disaster epitomizes this environmental crisis in the former Soviet Union, the range of problems goes well beyond nuclear safety to include some of the world's worst air, water and land pollution as well as pervasive mismanagement of natural resources. Moreover, current economic hardships have created tremendous pressures to speed the exploitation of natural resource assets and to maintain longstanding patterns of neglect for environmental quality. Steps must be taken quickly to guard against repetition of past mistakes as reforms take shape.

The Need for Policy and Legislative Reforms. As market-based economic restructuring proceeds in the NIS, reforming states are struggling with the establishment of economic growth policies that will also contribute to improved environmental quality. There is widespread interest in concrete illustrations of how such policies can be implemented--including their effects on local and foreign investment patterns. For example, the Russian Committee on State Property is seeking to clarify the rules governing the calculation and assignment of environmental liabilities associated with the privatization of existing factories, and ministries of environmental protection throughout the region need to think through and explain the behavioral and revenue generation effects of pollution fees taxes, or other key environmental policies. In so doing, governments can reduce uncertainties inhibiting private investment in restructured industries and help establish the basis for environmentally sound economic growth.

Urban and Industrial Pollution. The new states must find ways to reduce the social and economic costs of environmental degradation resulting from heavy urban and industrial pollution. The NIS region is the only part of the world with declining life expectancies--in large part attributable to severe environmentally-related health problems. These lead to enormous corresponding reductions in labor productivity and increased health care costs. Government bodies, such as Russia's Ministry of Environmental Protection and Natural Resources, must grapple with high and direct economic costs associated with diminished industrial production from poor air or water quality, or from pollution's stresses on natural ecosystems supporting forestry, fisheries, recreation and other industries. In the aftermath of the Soviet Union's collapse most of the new states passed generic environmental laws placing firm responsibility for environmental quality management on the shoulders of the new governments. Although strict standards set under the former Soviet government remain in force, few steps have been taken to introduce new means for improved management of urban and industrial pollution. Some of the highest costs are derived from environmental disasters, the reactor explosion at Chernobyl being the most extreme example, and it will be prudent to explore opportunities to supplement U.S. nuclear safety initiatives with other steps to establish better management, safety, and preparedness programs to guard against future environmental disasters.

Natural Resources Mismanagement. In addition to the high economic and societal costs imposed by unchecked pollution, widespread mismanagement of natural resource systems--agricultural lands, freshwater, coasts and marine resources--also has placed a heavy burden on the productivity of NIS economies, for example the Aral Sea and associated impacts of agricultural mismanagement of water resources. Thus far there have only been scattered attempts to introduce market-based policies and proven

management practices for key natural resource assets. Failure to move quickly down this path will result in further constraints on economic growth, and a high political-economic price when such reforms are inevitably pursued. The vast forest resources of Russia are of significant vulnerability to mismanagement and, with the near collapse of the central authority, they warrant special attention, because of their domestic and global value. (Discussions are underway regarding the possible establishment of a separate USG project to focus on Russian forest management through the "Forests for the Future Initiative" announced at the United Nations Conference on Environment and Development.)

Public Participation and Awareness. A strong environmental movement immediately took hold throughout the USSR during the early push for democracy and freedom. These groups used non-violent means to demand fuller disclosure of environmental pollution threats, to stop construction of several Chernobyl style nuclear reactors, and to help convince the Moscow government to halt its nuclear testing program in Kazakhstan. As economic and political reforms have swept through the new independent states, some changes have occurred in the leadership and objectives of this movement. But environmental NGOs, such as the Socio-Ecological Union active throughout the region, Ukraine's National Eco-Center, or the Kazakhstan EcoFund, remain vital forces for democratic participation in public policy. Environmental issues are beginning to recapture their prominent place in the media and deserve greater attention in public education programs designed to widen understanding of democratic and free market systems and reforms.

1.4 Rationale

Importance of Quick Action. All U.S. technical assistance to the NIS region is extremely time sensitive. But, there is a particularly limited window of opportunity available to help establish new patterns of environmental management as a direct part of the region's systemic economic and societal change. Building on existing US-NIS ties in environmental fields and an initial set of quick-starting activities, the Environment Project will move rapidly to establish cooperative programs at both the national policy level and in carefully selected demonstration regions. The project's design is based, in part, on extensive discussions with U.S. and NIS environmental experts, consultations with the World Bank, and the results of energy and environment reconnaissance missions carried out in the NIS region during July-September 1992 (See Tab B). Though it will not be used to directly finance major clean-up activities, the project will cooperate closely with the World Bank and other sources of "first-wave" capital in identifying the highest priority environmental investments and seeing them implemented.

U.S. Comparative Advantage. Most if not all of these countries look to the United States as a model for environmental management and for advice and assistance as they restructure their economies and begin to address the tragic legacy of environmental problems. This is especially true in the areas of policy and institutional reform, public awareness and participation, methods for establishing environmental investment priorities, and both access to and demonstration of advanced U.S. environmental technologies and equipment. The U.S. has much to contribute from its environmental management experience--including policy approaches utilizing economic incentives and a host of commercially competitive pollution control technologies.

In implementing the project, USAID and cooperating organizations also will build on close and growing American ties with both the scientific and nascent business communities in the NIS. The Environmental Protection Agency and several other U.S. Government organizations have conducted scientific exchange programs and limited research projects for many years under the auspices of the U.S.-U.S.S.R. Environment Agreement. Some of this previous scientific cooperation can be used as the basis for quick-start initiatives under this new program of technical assistance in environmental fields. Similarly, existing ties between US agricultural scientists, agribusiness interests and Russian agricultural research institutes will allow for the rapid initiation of pilots to demonstrate environmentally sound and economically efficient use of agri-chemicals in privatizing farms. Activities such as these will support market-based economic restructuring and help form new commercial and technological linkages in environmental and natural resource management fields appropriate to relations between market economies.

Setting Priorities for Project Assistance. The combination of tremendous environmental need and the vastness of the NIS region mean that there is almost no end to useful activities which could be undertaken to pursue the project's objectives. But hard choices must be made at the mission level to ensure focus and impact. Therefore, several criteria have been identified to place bounds on the project's scope and to select an initial set of activities with full mission participation. These considerations will continue to guide decisions on the project's direction. Highest priority for project-based assistance will be given to those options which favorably respond to the following. Through meeting certain of these criteria may be a necessary condition for a decision to undertake a particular activity, the following ten factors listed below are not listed in any order of priority:

- 1) **Contribution to Economic and Democratic Restructuring.** Supports the transition to free market economies and democratic societies;

- 2) **Helps Solve Severe Environmental Problems.** Addresses demonstrated needs for environmental quality improvement based on associated health and economic costs;
- 3) **Quick and Visible Response.** Presents an opportunity for obvious and noteworthy near-term benefits easily associated with project inputs;
- 4) **Benefits the U.S. Private Sector.** Provides strong prospects for related commercially viable U.S. export development where the U.S. has a comparative advantage;
- 5) **Replicability and Expansion of Impact.** Offers a high likelihood that know-how and technology demonstrated will be transferred beyond the activity's geographic and substantive bounds;
- 6) **Sound Management Accountability.** Does not impose unreasonable management burdens on USAID and/or other cooperating U.S. Government agencies;
- 7) **Cost-Effective.** Anticipated benefits will result in high net benefits relative to other assistance options, and the scale will not unduly preclude response to other opportunities;
- 8) **Investment Target and Donor Coordination Opportunity.** Provides strong potential for non-project follow-on financing from the World Bank and other sources as well as support for coordinated donor assistance to the NIS;
- 9) **Geographic Considerations.** Helps maintain geographic concentration of effort as well as both in-country and NIS-wide regional balance; and
- 10) **USG Coordination and Collaboration.** Complements and is well coordinated with other U.S. Government assistance activities in the NIS.

2.0 PROJECT DESCRIPTION

2.1 Project Strategy

Linking Economic and Environmental Reforms. The project is designed to assist the restructuring of NIS economies such that environmentally sound policies, practices and procedures are fully incorporated into new market and democratic institutions. The project is meant to address cross-cutting, institutional, and policy issues that are not easily addressed through sectoral projects, and to serve as the primary means to work with NIS authorities in solving key environmental problems associated with economic and democratic restructuring. Policy-based assistance will be directly supported by sector and site specific interventions--tackling known problems in ways that demonstrate that wise environmental management and good business practices can go hand-in-hand. Such visible indications of a brighter future will support public confidence in broader economic and social reforms.

Principal counterparts for resident advisors and short-term technical assistance will be environmental ministries, through close relations with legislative committees, natural resource agencies, economic and privatization ministries and other government bodies also will be developed, as appropriate. Though the policy focus will be at the national level, efforts to cooperatively develop appropriate links between economic and environmental management reforms will be extended to select sub-national regions--in conjunction with other demonstration activities.

Investment Capital Leveraging and Demonstration Areas. Direct U.S. financing of large capital investments in environmental clean-up is not anticipated, though some limited risk analyses and demonstration activities to serve as the basis for environmental investment planning will be carried out. Field-based assistance will likely center on the identification of approaches for cost-effective pollution prevention and effective natural resource management--in full consideration of the effects that economic restructuring will probably exert on the viability of many industries. Industrial production facilities likely to survive exposure to market forces will be targets for assistance with a range of cost-effective pollution prevention options.

Demonstration and technology cooperation efforts will be specifically geared to influencing the decisions of multilateral development banks, which are expected to play an important early role in the modernization of both public and private infrastructure. (See Tab C for the rationale behind and program development approach for work in "Regional Environmental Management Demonstration Areas"). The program will draw upon

generally strong in-country technical capabilities--helping create new market-driven environmental technology and service sectors in former Soviet republics which will benefit both NIS and U.S. entrepreneurs. To maximize impact and visibility, interventions meant to achieve immediate environmental quality improvements also will be closely coordinated with policy-based environmental assistance--offering testing grounds for new standards, incentive systems and enforcement mechanisms. Project-sponsored activities will be geographically concentrated in regions which are both accessible and in clear need of environmental quality improvement. In coordination with the World Bank, opportunities will be sought for U.S. parallel contributions to the Global Environment Facility project portfolio.

Close Relationship to Democratic Reforms. Policy-based assistance and demonstration activities will be supplemented by support to responsible environmental advocacy, action, and policy research groups. This will help ensure the continued development of organizations which have figured so prominently in the region's democratic reforms through their demands for public and private environmental accountability. Partnerships between responsible U.S. and NIS environmental NGOs will be encouraged, particularly to develop fair and effective mechanisms for the democratic review of government and private sector decisions affecting the environment. Support also will be provided for public awareness activities to help instill a sense of hope for environmental quality improvements under new economic and democratic structures.

Key Problems to be Addressed by Sub-Region. Representing half of Europe and more than a third of Asia, the NIS region possesses tremendous cultural, economic and natural diversity. This is mirrored in the range of environmental problems faced within the region. The project approach outlined is flexible enough to accommodate both this variance as well as unanticipated opportunities, but some differences in geographic focus already have been identified (see Field Environmental Cables at Tab B). In Russia the following issues/opportunities were raised: 1) working with the Ministry of Ecology and Natural Resources on environmental policy, legislation and environmental liability; 2) working with the Russian Academy of Sciences Central Economics and Mathematics Institute (CEMI) to field test environmental management approaches at the oblast level; 3) collaboration with NGO's; and 4) possible collaboration on forest policy. In the Ukraine the Ministry of Environmental Protection raised the following issues/opportunities: 1) steps to address environmental problems associated with Chernobyl; 2) improved management of the Dniro river basin; 3) activities to improve environmental quality in the Donetsk-Pridniprovsky region; 4) support to address energy related environmental and economic problems; 5) assistance with the development of a national system for the

treatment, storage and disposal of hazardous and toxic waste, and participation in the international efforts to address the pollution in the Black Sea, including the Danube Delta and the Azov Sea. In Kazakhstan the following issues/opportunities were raised: 1) working with the Ministries of Ecology and Health on environmental policy and legislation; 2) addressing environmental problems of the Aral Sea, Caspian Sea, and Lake Balkhash; 3) nuclear radiation and contamination issues; 4) industrial pollution in the heavily industrialized Eastern region; and 4) the potential for national parks creation. In implementing this project, close collaboration with the appropriate national ministries, the World Bank, and others in setting state-level priorities and carrying out assistance activities is anticipated. This project is designed to be implemented at the field level with technical support provided from Washington to assist in carrying out country specific environmental strategies.

In the high priority states of Russia and Ukraine, project interventions will be concentrated on environmental quality problems associated with urban and industrial pollution. The primary exception to this relates to planned assistance tied to improved management of Russia's immense forest estate (including protected areas).

While there also are very real urban and industrial pollution concerns in Kazakhstan and other Central Asian states, both the problems and solutions are more often intertwined with issues of natural resources mismanagement. The project design thus anticipates a greater emphasis on assistance to address pollution versus natural resources management problems in Central Asia. This region also offers the possibility of cooperation with the U.S.-Asia Environmental Partnership (led by USAID) as well as the Asian Development Bank (should Central Asian nations succeed in their efforts to join both the EBRD and ADB). Planning for assistance to Kazakhstan is underway based on discussions begun in August with government and non-governmental organizations, while demands and options for the remaining states of the region are less well refined at this stage. Reconnaissance missions will be fielded during the first year of the project to develop appropriate project responses.

It also is worth noting topics which the project has specifically identified as lying outside of its specific attention. These choices have been made on the basis of the perceived relative importance of environmental problems as well as the range of other U.S. Government assistance mechanisms available for work on environmental issues. For example, the project will not be used as a primary vehicle for U.S. Government assistance on matters relating to Arctic and Pacific marine pollution. With regard to nuclear issues, project activities will be limited primarily to the reduction of health risks in regions already suffering from nuclear contamination. The NIS Energy Efficiency and Market

Reform project will continue to provide assistance to improve the operational safety of existing nuclear power reactors. It is anticipated that the World Bank--under the Global Environment Facility--will coordinate international efforts to clean up the Baltic, Black and Caspian Seas and to deal with the range of problems associated with management of the Aral Sea and Lake Baikal. (Along with the energy project referenced above, this project will consider identifying and documenting certain appropriate activities as U.S. parallel contributions to the Global Environment Facility.) Limited direct project contributions to these efforts are possible where they offer opportunities for high leveraging of other resources and cost-effectiveness, and some of the river basin management and policy development efforts will also provide important indirect support.

2.2 Project Components

Quick-Starting Activities. As mentioned, the project will build on well-established ties between U.S. and NIS institutions, based in large measure on past academic and scientific cooperation. A close working relationship with the World Bank in project planning and implementation is also anticipated. Several start-up activities recently or soon to be initiated will be used to generate quick returns and information essential to the further planning of longer-term efforts in the region. Three examples will illustrate how these initial steps will be used to support rapid development of the project's activities. An expert team recently visited Moscow to advise the Committee on State Property and others on how best to reduce uncertainties over the treatment of environmental liabilities in privatization, which serve as a principal constraint to foreign investment in Russia. The EPA has initiated water and air pollution studies in Ukraine which will be used as the basis for further work under the technical assistance program. A special supplement on U.S. environmental policy and management was published in the October 1992 issue of the largest selling business magazine in the region, *Delovye Lyudi*, to help develop interest in the application of U.S. technology and know-how to the region's environmental problems.

Project Structure. The project's three components are organized around cooperation with each of the key NIS groups who must become fully engaged in rethinking and reforming environmental and natural resources management policies and practices: government; business; and responsible non-governmental organizations.

Environmental Policy and Institution Building. Working with key decision-makers in economic, environmental and natural resources ministries--as well as their legislative counterparts--resident and visiting advisors will assist the development of new

environmental policies, laws and regulations and will organize and conduct training programs to strengthen environmental management institutions. Cooperation will be carried out primarily at the national level, but it also will be pursued at various lower levels and with a wide range of government agencies, as required.

- o **Environmental Policy and Legislation Program.** Working with economic, environmental, and natural resources ministries as well as legislative bodies, resident and short-term advisors will assist with the development of new policies and legislation. Steps will be taken to address gross distinctions in NIS economies which adversely affect the environment and to develop practical and enforceable management approaches. Examples of likely urban and industrial environmental policy subjects to receive project attention include rules governing environmental liabilities in privatization, the organization and management structure for a Russian "Environmental Fund" to finance high priority environmental investments, pollution fees and permitting systems, and other legal and policy measures needed to support improved environmental management as part of industrial restructuring. Corresponding examples relating to better natural resources management include demonstration of economic and environmental benefits from further subsidy reductions and other market-based pricing reforms in the forestry and water sectors, more open trade and investment policies governing natural resources, new systems of private ownership and tenure, and other means to achieve economically efficient and environmentally sound management of valuable natural resource assets. Approaches to better incorporate environmental considerations into national income accounting will also be examined.

- o **Environmental Institution Building.** Well-targeted training programs and other support for the establishment of sound environmental management institutions will be provided to help relevant NIS organizations better deal with a range of regulatory and technical subjects. The primary audience will be government officials involved in the reform of environmental policies, practices and institutions, though the private sector and NGO community is also expected to participate. Objectives will include both the filling of short-term gaps in key personnel as well as longer-term strengthening of vital environmental management institutions.

Technology Cooperation for Environmental Improvement. The primary objective of this project component is to influence environmental investment decisions in select regions by helping set clean-up priorities for the NIS firms, governments and their financiers--particularly the World Bank and European Bank--and,

in the process, to demonstrate the application of U.S. environmental know-how and technology. This work will give attention to both urban and industrial environmental quality concerns (e.g., air pollution management, water quality and quantity management in a river basin context, and solid waste management) as well as natural resources management (e.g., sustainable agricultural lands management and forestry). Demonstration activities will also be used to test the efficacy of policy initiatives supported by the project. The four sub-components relating to regional environmental management and demonstrations are:

- o **Environmental Management in Regional Economic Restructuring.** In close collaboration with the World Bank, EBRD and other sources of financing for environmental investments, regions with significant environmental challenges will be chosen for urgent concentrated attention. U.S. expertise will be applied to the identification of the economic costs of pollution and/or natural resources mismanagement in the region and to the effects of market-based restructuring on the region's economic and environmental profile. Regional demonstration areas will be used as field testing sites to aid the development of new policies and practices needed to improve environmental quality. Analyses will complement technology demonstrations in guiding the decisions of World Bank and other investors and will be used to develop models for other regions.
- o **Pollution Risk Assessments.** In select regional demonstration areas, U.S. environmental risk assessment expertise will be applied to the identification of the ecological, epidemiological and economic risks from pollution in the region. This analysis will be used to better define investment priorities and help to guide the development of new management systems to address those risks which most threaten society--including the use of U.S. management know-how and technologies.
- o **Water Resources Investment Planning.** Water quality and quantity problems are acute in many parts of the NIS region. Cooperation with the World Bank, EBRD and other investors will also specifically include assistance to municipal, regional and national authorities relating to improved water management which will help identify environmental investment priorities. The initial focus will be on pollution in the Dnieper and Volga Rivers of Ukraine and Russia, respectively.
- o **Improved Environmental Management Capability and Technology Demonstrations.** To build regional-level environmental management capabilities--including the establishment of more effective environmental monitoring systems--training in

environmental management skills and access to U.S. environmental monitoring technologies will be provided through the project. Examples of management practices include environmental audits to identify pollution prevention opportunities, accident contingency planning, and workers' right-to-know programs. Examples of environmental monitoring capability include geographic information systems (GIS), portable pollution detection probes, real time monitoring equipment and software, and air and water pollution models. Demonstrations will serve as examples for further investments and as catalysts for the formation of US-NIS business partnerships in a growing environmental technology and services market.

Public Awareness and Environmental Accountability. The objective of activities under this project component is to enhance public awareness of environmental issues and encourage democratic participation in addressing them at both the local and national levels. Partnerships will be encouraged between responsible U.S. environmental non-governmental organizations (NGOs) and their NIS counterparts. Through these partnerships, environmental NGOs in the NIS will strengthen their management structures so they may effectively develop and implement small-scale projects, assist with environmental conflict resolution and cooperate closely with government and business (private sector) organizations seeking to better understand and resolve environmental problems. Support will also be provided to free media organizations to broaden public appreciation of environmental problems, heighten public awareness of approaches for improving environmental quality, and advance the concepts of sustainable natural resource management.

- o **Environmental NGOs Institutional/Organisational Capability and Network Enhancement.** Participation of U.S. NGOs in transferring organizational and administrative skills to indigenous environmental NGOs will be achieved through support for technical assistance and training. Establishment of linkages between U.S. and NIS environmental NGOs will be used to enhance communication and networking capability among NIS NGOs.
- o **Environmental NGOs Small Grants Program.** In partnership with responsible U.S. NGOs, financial support and technical assistance will be provided to selected NIS environmental NGOs for small grants programs aimed at generating solutions to local environmental problems in constructive partnership with private sector interests.
- o **Environmental Awareness and Education Program.** Technical and financial support will be provided to select media and educational organizations to widen public understanding of environmental issues and of successful steps being taken to address major problems.

2.3 Anticipated Accomplishments

This section briefly describes outcomes expected as a result of project interventions. These "end of project status" (EOPS) statements are also summarized in the project Logical Framework shown as Tab D.

Implementable Policy, Institutional and Legislative Reforms. Since it is not yet possible to specify the particular policy and legislative reforms by country to be addressed by the project, any accounting of anticipated accomplishments in this project area must be illustrative only. Possible topics for project attention include policies governing pollution control, pesticides use, forest management, and protected areas management. Through preliminary discussions in Russia, Ukraine and Kazakhstan, the following topics--and corresponding indicators of project success--have arisen and are presented as indicative of the types of policy and legislative reforms the project will pursue in collaboration with NIS counterparts:

- o **Environmental Liabilities in Privatization.** U.S. and other foreign investors considering joint ventures with existing NIS industries are put off by the risk of large unanticipated environmental clean-up bills associated with previous toxic waste storage and disposal problems and other threats to public health and safety. The project is expected to seek clearer delineation of corporate and government liabilities and responsibilities as part of new laws and regulations governing privatization and foreign investment.
- o **Pollution Permits and Taxes.** Emission fee systems have been instituted in both Russia and Ukraine based on existing standards are being phased in over several years. They also are being considered elsewhere in the region. While proposed pollution taxes will likely serve as important revenue sources for environmental agencies, the fees are not high enough to influence the behavior of polluting firms. Furthermore, they suffer from inattention to the establishment of realistic environmental quality standards and to the elimination of loopholes hampering enforcement. The project is expected to assist cooperating NIS agencies in devising workable approaches to improve pollution control--including permits, fees, taxes and other market-based incentives, and its success will be measured by the ability to associate U.S. technical assistance with the introduction of policies which are accepted by industry and enforced by environmental agencies.
- o **Forestry Policies and Management Practices.** There is tremendous confusion in Russia at present concerning

authority over production and protection of forests and policies governing sustained management of the world's largest forest estate. The project is expected to provide technical assistance to relevant government agencies and to work with responsible U.S. forest industries in helping establish clearer policies governing the issuance of forest concessions, rules governing harvest and replanting, and the related management of protected forests. Performance in this area will be based on the association of this assistance with the issuance of new guidelines and laws verified by both the environmental and commercial communities as clear, fair and implementable.

- o **Institutional Strengthening.** The project will assist cooperating environmental management organizations with the implementation of institutional reforms aimed at enhancing their ability to design and enforce new environmental management policies and standards. Performance will be measured by the proportion of key organizational units trained through project-sponsored programs and other means.

Regional Environmental Management Demonstration Areas (REMDAs). Through a variety of project inputs within select regional environmental management demonstration areas (see Tab C), the following accomplishments are anticipated:

- o **Demonstrations of U.S. know-how and technologies that make sense from both environmental and business perspectives.** Examples are expected to include environmental audits of privatizing firms to identify waste minimization opportunities or potential environmental liabilities, plus demonstrations of appropriate U.S. pollution control or other hardware.
- o **Environmental investment programs in water, air and/or land resources management with follow-on funding by multilateral development banks and others.** An improved water quality and quantity management program for a sub-catchment of the Volga River would serve as a potential example.
- o **Measurable environmental quality improvements in select REMDAs based on pilot demonstrations.** Efforts will be made to document positive changes in environmental quality attributable to the introduction of new control technologies or management practices.
- o **Commercially viable and expanding US-NIS environmental business partnerships.** In addition to the introduction of U.S. environmental management practices and/or monitoring capabilities, new and/or expanded joint ventures are expected to be strengthened.

- o **Opportunities to test the viability and efficacy of national and regional environmental policy initiatives from the standpoint of private sector behavior changes and participation in government programs.** Through close coordination between the REMDA activities and national environmental policy assistance, opportunities will be developed for the "field testing" of new permit systems, pollution taxes, liability assessment procedures and other experimental policy tools.

Improved Environmental Awareness, Accountability and Public Participation. Three principal types of outputs are anticipated from interventions under the third component of the project:

- o **Improved Environmental NGO Function and Coordination.** Project interventions are expected to result in: increased organizational and administrative capability among indigenous environmental NGOs; increased communication and information exchange among NIS environmental NGOs and between U.S. and NIS NGOs; community-level environmental management success stories from NGO initiatives; and public-private environmental conflicts resolved through intervention of responsible environmental NGOs.
- o **Establishment of a Small Grants Program for NIS NGOs.** Grant awards will be made to indigenous NGOs through U.S. NGO partners, and the structure for such a small grants program is expected to be well established in several states.
- o **Improved Environmental Awareness, Accountability, and Public Participation.** Project interventions are expected to result in: increased public access to resources, education and decision-making tools relating to environmental issues and natural resource management; and increased public awareness of environmental/natural resource management issues and participation in local decision-making.

3.0 FINANCIAL PLAN AND IMPLEMENTATION SCHEDULE

3.1 Illustrative Life-of-Project Budget

A five year life of project (LOP) funding level of \$35 million is proposed (covering Fiscal Years 93-97, with funding from FY92-96), with an initial FY92 obligation of \$5 million using ESF funds, and the remaining \$30 million starting in FY93 using NIS funds. At this funding level, the project will be able to serve as the principal mechanism to deal with cross-cutting ESF-funded environmental issues not easily addressed through other USG efforts in the region. An illustrative budget, with breakdowns, appears on the following page.

3.2 Planned Obligations

Planned obligations are as follows:

| <u>Implementation Mechanism</u> | <u>Amount (\$1000's)</u> |
|---|--------------------------|
| 1. InterAgency Agreement (IAA) with EPA | \$ 8,000 |
| 2. Participating Agency Service Agreement (PASA) with EPA | \$ 2,000 |
| 3. Core Contractor | \$ 9,500 |
| 4. IQCs | \$ 5,000 |
| 5. NGOs Cooperative Agreement | \$ 2,000 |
| 6. Policy Cooperative Agreement | \$ 3,500 |
| 7. Buy-Ins to Other A.I.D. Bureau projects | \$ 5,000 |
| | ----- |
| Total: | \$35,000 |

Project inputs are broken down roughly as follows:

| | |
|----------------------------|----------|
| 1. Training: | \$4,000 |
| Short-term through EPA IAA | \$2,000 |
| Short-term through AID | \$2,000 |
| 2. Technical Assistance: | \$23,000 |
| Long-term (through USAID) | \$5,000 |
| Short-term (through EPA) | \$6,000 |
| Short-term (through USAID) | \$12,000 |
| 3. Commodities: | \$8,000 |
| Through USAID | \$6,000 |
| Through EPA | \$2,000 |

NIS ENVIRONMENT PROJECT FOUR YEAR ILLUSTRATIVE BUDGET (\$1000s)

| Project Component | FY93* | FY94 | FY95 | FY96 | LOP |
|---|--------------|--------------|-------------|-------------|--------------|
| 1. Policy and Institution Building | | | | | |
| a. Policy/Legislation Program | 3000 | 2250 | 2000 | 800 | 8050 |
| b. Institution Building | 1000 | 1000 | 1000 | 500 | 3500 |
| SUBTOTAL: | | | | | 11550 |
| 2. Technology Cooperation | | | | | |
| a. Regional Environmental Mgt. | 1000 | 1000 | 1000 | 1000 | 4000 |
| b. Risk Assessments | 1500 | 1000 | 1000 | 250 | 3750 |
| c. River Basin Management | 1000 | 1000 | 1000 | 400 | 3400 |
| d. Technology Demonstration | 2500 | 2000 | 1000 | 400 | 5900 |
| SUBTOTAL: | | | | | 17050 |
| 3. Public Participation | | | | | |
| a. US-NIS NGO Partnerships | 1500 | 1200 | 500 | 400 | 3600 |
| b. Environmental Education | 500 | 500 | 500 | 300 | 1800 |
| SUBTOTAL: | | | | | 5400 |
| 4. Project Support | | | | | |
| a. Evaluation | 0 | 300 | 0 | 300 | 600 |
| b. Audit | 0 | 200 | 0 | 200 | 400 |
| SUBTOTAL: | | | | | 1000 |
| TOTALS | 12000 | 10450 | 8000 | 4550 | 35000 |

* Includes \$5 million in FY 92 ESF Funds.

By the end of FY93 we intend to have the following four implementation units in place: 1) core contractor, 2) EPA IAA & PASA, 3) policy cooperative agreement, 4) IQCs and 5) a grant to a U.S. based NGO. In addition, during the life of the project, we will call upon R&D contractors for specific activities, and may fund specific limited unsolicited proposals. The primary management burden will be the management of units 1-5. These units will be in place for the life of the project.

3.3 Proposed Timetable

The following is a proposed implementation schedule for project activities:

1. October 9, 1992 CN submitted to Congress.
2. October 29, 1992 CN approved.
3. November 1992 Project Authorized.
4. Nov.-Dec. 1992 Programming of FY92 funds and completion of PIO/Ts. Begin implementation of buy-in funded activities and policy cooperative agreement.
5. Dec. 1992-Jan. 93 Complete IAA and PASA with EPA and begin implementation of EPA activities.
6. Dec. 1992-Jan. 93 Develop and compete core contract.
7. Jan.-June 1993 Programming of FY93 funds and completion of PIO/Ts.
8. Jan.-June 1993 Development of country specific environmental strategies.
9. March-July 1993 Compete and award IQCs. Award core contract and begin implementation.
10. Oct.-Dec. 1993 Project planning workshop and development of second year's annual plan.
11. Oct.-Dec. 1993 Project mid-term evaluation and audit.
12. Jan.-June 1994 Programming of FY94 funds and completion of PIO/Ts.

13. Oct.-Dec. 1994 Project planning workshop and development of third year's annual plan.
14. Jan.-June 1995 Programming of FY95 funds and completion of PIO/Ts.
15. Oct.-Dec. 1995 Project planning workshop and development of fourth year's annual plan.
16. Jan.-June 1996 Programming of FY96 funds and completion of PIO/Ts.
17. September 1997 Project completion.

4.0 IMPLEMENTATION ARRANGEMENTS .

4.1 Project Management

The Office of Energy, Environment and Technology of the USAID NIS Task Force (NIS/TF/EET) will be responsible for overall project supervision, implementation, and monitoring. The NIS Environmental Officer will serve as the Project Officer. USAID field staff will manage the country specific project teams and activities. The Project Manager will be assisted by an Environmental Advisor or Program Officer, and an environmental AAAS Science Engineering and Diplomacy Fellow. In addition to NIS-specific contracts and grants managed directly by NIS/TF/EET, the project will make use of AID/R&D (and possibly PRE) contracts, and EPA will be a significant contributor to project implementation via an Inter-Agency Agreement.

USAID field staff will be responsible for assisting in identification of country specific activities, providing input to country specific strategies, and monitoring of all field activities conducted under this project within their respective countries. They will also have day-to-day management responsibility over both the resident staff and field teams provided under the core contract mechanism, and will be responsible for requesting assistance from the various project mechanisms to carry out country specific strategies.

To assure strong coordination in project planning and implementation, the State Department's Office of the Coordinator will take the lead in coordinating NIS assistance activities of all USG agencies and providing policy guidance for on-going and proposed assistance activities in the NIS. In addition, a Project Steering Committee chaired by the Project Officer and comprising of NIS/TF/EET staff, NIS/TF/PA, NIS/TF/PAC, representatives of USAID NIS missions, an R&D representative, EPA staff, and the State Department's Office of the Coordinator will meet quarterly, or more frequently as necessary. Other offices such as STATE/EUR and OMB may also be invited to participate the Steering Committee meetings as appropriate. It is anticipated that the project will sponsor an annual project planning workshop involving all implementing organizations, including the State Department's Office of the Coordinator and STATE/EUR/ISCA, to review progress, discuss future needs and planned activities, transfer information, and exchange lessons learned.

Based on Steering Committee recommendations and the results of these workshops, project staff will prepare and submit an annual report summarizing work accomplished and proposed activities for the next year. This project memorandum will serve as the first such planning report. Specific activities, proposed in the annual plan, will then be authorized via project implementation documents covering contracts, cooperative agreements, grants, and

work orders (activity implementation plans) under the core contract, and the EPA IAA and PASA.

4.2 Proposed Implementation Mechanisms

In implementing project activities, A.I.D. will draw on the expertise of the U.S. private sector and various U.S. Government agencies as appropriate. In particular, a partnership with the Environmental Protection Agency (EPA) is anticipated. Project-funded assistance will be closely coordinated with NIS-region environmental activities of other U.S. Government agencies, including those of the U.S. Forest Service, the Department of the Interior, and the Peace Corps, among others.

Two implementation mechanisms either will cut across all components, or are not confined to a particular component:

Core Contractor. NIS/TF/EET intends to competitively award a core contract to provide technical assistance under all three project components and to provide field-based support. This contractor will provide long-term advisors and short-term specialists with both area and technical expertise. Subject to appropriate country clearance (see Tab H), three field offices will be maintained--in Moscow, Alma-Ata, and Kiev--each staffed with 1 U.S. environmental advisor, 3 host country environmental advisors, and 2 host country support persons. The contractor also will be expected to open and maintain an office in the Washington, DC area with 3-4 technical and 2-3 support staff, who will assist the field offices, USAID Missions and the NIS Task Force in the implementation and monitoring of project activities. Contractor expertise will include: environmental policy, economics and legal issues; environmental technologies and engineering; as well as environmental communications, education, institutional and human resources development. The contractor will be responsible for the conduct of environmental assessments of demonstration activities required under the project IEE. The Project Officer will be the chief technical officer for the contract, but USAID missions will manage the field teams on a day-to-day basis.

EPA IAA and PASA. An Inter-Agency Agreement (IAA) will be established between A.I.D. and the Environmental Protection Agency for environmental management training (Component 1), risk assessments (Component 2) and technology demonstrations (Component 2). EPA will use funds transferred under this IAA to cover technical assistance, training and commodity expenses associated with USAID Mission agreed upon activities. Contracting will be included, as appropriate. EPA will be asked to contribute to the project annual plan, to submit quarterly reports, and to develop and obtain approvals for Activity Implementation Plans for all major activities funded under this

IAA. Details of EPA's contribution to the project by component and type of assistance will be specified in the IAA.

A Participating Agency Services Agreement (PASA) will also be established between A.I.D and EPA for technical assistance, primarily in support of institution-building at EPA-like agencies and their regional counterparts (Component 1). This PASA will cover EPA direct-hire staff travel in support of project activities. Approximately 60% of these funds will be used in support of direct field requests, while 40% may be used for proactive activities. All travel will be authorized using an Activity Implementation Plan approved by the EPA and AID Project Officers, and USAID Missions.

Other Implementation Mechanisms. In addition, the following anticipated mechanisms are primarily component specific, and are shown in relation to each of the three project components:

1) Policy, Institutional and Legislative Reforms:

- Cooperative Agreement with U.S. Non-profit
- Central A.I.D. Bureau Project Buy-Ins

2) Regional Environmental Management Demonstrations:

- Central A.I.D. Bureau Project Buy-Ins
- Indefinite Quantities Contracts (IQCs)

3) Improved Environmental Awareness, Accountability and Public Participation:

- Cooperative Agreement with U.S.-NIS NGO Partnership
- Central A.I.D. Bureau Project Buy-Ins

The following activities and mechanisms have been identified to date as likely vehicles for initial project implementation (with the primary correlative project components in parentheses):

- 1) Cooperative Agreement with a U.S. non-profit education institution for policy-based technical assistance to economic, environmental and natural resources ministries (Component 1).
- 2) Contract (Buy-In) through the A.I.D. R&D Office of Environment and Natural Resources' Environmental Policy and Training Project to carry out analyses and demonstrations of sound environmental natural resources management in regional economic restructuring, including related training (Component 2).

- 3) **Contract (Buy-In) through the A.I.D. R&D Office of Health's Water and Sanitation for Health Project for water resources management and river pollution investment analyses and water management strategies (Component 2).**
- 4) **Cooperative Agreement with a US Private Voluntary Organization to Administer an NIS Environmental NGO Small Grants Program (Component 3).**
- 5) **Grants through the R&D/R Science and Technology Small Grants Program for environmentally-related S&T activities supporting project objectives (Component 2).**
- 6) **Indefinite Quantity Contracts Supporting Demonstration Activities and U.S.-NIS Business Partnerships (Component 2). To help promote the development of an environmental private sector in NIS countries and to help promote U.S. private sector opportunities in the NIS, NIS/TF/EET will competitively award a series of IQC contracts to joint US-NIS environmental organizations, in the areas of (1) environmental policy/law/regulatory management, (2) environmental management and engineering services, and (3) NGO/information/etc. The selected firms would then be used on discrete activities in the NIS, for example a risk assessment. Through this process and working together, it is hoped that these new joint firms would also bid on other World Bank and host country work and become viable stand alone entities to provide environmental services in the NIS. Both AID and EPA will make use to these IQCs to carry out their project components.**

4.3 Oversight and Other Implementation Issues

Monitoring. Overall supervision and monitoring of this project will be the responsibility of the A.I.D. Project Officer assigned to the AID/W NIS Task Force. USAID field offices have direct responsibility for identification and monitoring of project activities within their jurisdictions as well as the management of core contractor country teams. USAID field and AID/W staff will conduct field visits and jointly review reports provided by grantees, contractors and participating agencies. A.I.D. and contractor/participating agency travel to the field will be cleared in advance with appropriate State Department and USAID staff.

Quarterly reports will be required of all project implementors (grantees, contractors and participating agencies). Project Implementation Reviews will be undertaken with frequency necessary to ensure effective project management.

As determined by the AID/W Project Officer, a Project Steering Committee will be convened periodically to review overall project policy, strategy and management. The Committee will be chaired by the AID/W Project Officer and will comprise NIS/TF/EET staff, NIS/TF/FA, NIS/TF/PAC, EPA staff, an R&D representative, and a representative from STATE/D/CISA, and other U.S. agencies, as necessary.

Evaluation. Each contractor and implementing agency will prepare an evaluation plan to be approved by A.I.D. Project funds will be made available to finance external evaluations as necessary. An in-house evaluation at the end of the first year may be undertaken to review program efforts, determine overall project progress and recommend modifications, if necessary and feasible.

Audit. Contracts executed under the project will provide that the audit and inspection requirements set forth in the Inspector General Act of 1978, as amended, shall apply. A.I.D.'s Inspector General shall ensure full compliance with all applicable provisions of the Act.

Host Country Duties and Taxes and Other Critical Requirements. A circular 175 Authorization was obtained from the Deputy Secretary of State on February 4, 1992 permitting negotiation of U.S.-NIS states agreements covering these matters. Bilateral agreements have been signed with Russia, Ukraine, Kazakhstan, and Georgia and negotiations with certain of the other states have commenced. These agreements will include appropriate language concerning aid recipients' responsibilities and contributions, duties and taxes, as well as audit rights. Each agreement will seek to ensure, inter alia, that A.I.D. funds are not used to pay host country duties or taxes, that site inspections by the IG may be made, and that A.I.D.-financed commodities will be used only for project purposes.

Waivers. In accord with HB 13, Chapter 2, Sec. 3, the Office of Energy Environment and Technology plans to prepare justifications for non-competitive awards of grants and cooperative agreements in response to unsolicited proposals received from various organizations. All other FAR rules and regulations concerning waivers will also be closely adhered to.

Congressional Notification. The project's initial Congressional Notification expired on October 29, 1992 (see Tab E).

Source and Origin. Goods and services produced under the Project will have their source and origin in the United States (Code 000) for foreign exchange costs or in the cooperating country for local currency costs. Local procurement within individual states (of the former Soviet Union) will be conducted in accordance with Chapter 18 of A.I.D. Handbook 1B. A formal determination under Section 604 (a) of the Foreign Assistance Act of 1961 was signed

by the Deputy Secretary on March 30, 1992 removing the NIS from the category of non-Free World countries. Procurement from Code 941 and Code 935 countries, if required, will be done on the basis of appropriate waivers.

5.0 RISK ANALYSIS

Several key assumptions underlie the strategy adopted by the project and deserve evaluation regarding the risk of their not being fulfilled. The project's ability to deliver anticipated outputs is particularly sensitive to the following factors:

- 1) **Government/Institutional Stability.** Current disorder in government institutions and agencies may inhibit project effectiveness, particularly the prospects for meaningful environmental policy reform and institutional strengthening.

Assessment: Flexibility in the project design and project-funded resident staff allow for timely understanding of, and response to, the changing institutional and political arrangements. Periodic reviews will assess adjustments needed in project emphasis, financing and/or implementation arrangements and appropriate modifications will be made.

- 2) **Implementation Coordination and Oversight.** The project will provide contracts, cooperative agreements and grants to several U.S. organizations for long- and short-term technical assistance and training. In addition, other U.S. government agencies, particularly the Environmental Protection Agency, will be used to implement components of the project. The program of scientific exchanges established under the former U.S.-U.S.S.R. Environment Agreement was conceived during a time when U.S. cooperation with the region was highly circumscribed. Without clear distinctions between activities under the technical assistance program and those associated with scientific cooperation, strategic focus, coordination and consistency of USG positions will be difficult to achieve.

Assessment: The project management structure will make use of a Steering Committee which will meet regularly to ensure good coordination among various implementors. AID/NIS/TF will work with STATE/OES and STATE/D/CISA to encourage the review of the U.S.-U.S.S.R. Environment Agreement, and the parallel Ukrainian agreement, to help establish a clear basis for close coordination with project activities and other environmentally-related U.S. assistance to the NIS region.

- 3) **Inter-Republic Relations.** Inter-republic relations remain unstable, particularly between Russia and the other new independent states. Allocating roughly one-half of project activities to work in the Russian Federation because of strategic interests runs the risk of further straining and destabilizing inter-republic tensions and instability in relations.

Assessment: Though high priority is given to Russia, specific provision is made for assistance to other states of the former Soviet Union including Ukraine, Byelarus, Kazakhstan and other states. Though some use of regional advisors is anticipated, most expertise will be provided to meet specific country needs. For those project activities (i.e. workshops, training and NGO support) designed to encompass a regional (inter-republic) perspective, clear recognition of national sovereignty will be made and opportunities for participation fairly distributed among states. Finally, allocation of project resources will be reviewed annually, with distribution based on economic, democratic and environmental performance.

- 4) **Donor Coordination.** Overlap with other international donor/development organizations will result in an inefficient allocation of project resources, duplication of efforts, and conflicts.

Assessment: Coordination of project activities with other donor organizations, such as World Bank, will be ensured through direct communications between the Office of the Coordinator (STATE/D/CISA), the project management team, A.I.D. field staff, and relevant donor agencies.

- 5) **Indigenous NGO Activities.** Indigenous NGOs that are supported through this project may not always act in the best interests of parallel USG support programs or may be at odds with NIS government positions. Activities of these democratic institutions could undermine efforts to bridge between economic and political restructuring through environmental assistance.

Assessment: Reasonable effort will be made to ensure that NGOs identified for support through this project will primarily promote conservation education and information, democratic participation in environmental policy processes, and consumer/public advocacy for environmental issues. Active involvement of responsible NGOs from the U.S. and the international community will be sought to provide an exemplary role supporting responsible NIS NGO behavior.

An inter-agency review meeting was held on November 16, 1992, at which issues of these risks and other project designs issues were discussed (see Tab G), and every effort was made to fully incorporate the recommendations made during this meeting into this Project Memorandum.

6.0 ENVIRONMENTAL CONSIDERATIONS

The Environmental Policy and Technology Project will provide technical assistance, training, and limited commodities to promote sound environmental management through policy reform, technology transfer and demonstration, and public awareness. For technical assistance and training activities, a categorical exclusion is granted under 22 CFR 216, Section 216.2 (c)(2)(i). Through demonstration activities, modest physical/mechanical modification of industrial/public facilities may be required. A positive determination under 22 CFR 216 Environmental Procedures is being recommended, and for those types of interventions the project must provide for initial environmental examinations of such sub-activities (See Tab F). A portion of the funds from this project will be transferred to the Environmental Protection Agency using established transfer procedures, however, USAID Environmental Procedures and regulations will apply.

LIST OF ATTACHMENTS:

Tab A USG NIS Environmental Strategy
Tab B Mission Environmental Reporting Cables
Tab C Regional Environmental Management Demonstration Areas
Tab D Logical Framework for the Project Description
Tab E Congressional Notification dated 10/9/92
Tab F Initial Environmental Examination
Tab G Minutes of Interagency Meeting dated 11/16/92
Tab H Cable Announcing Project to the Field dated 2/4/93

Tab A USG NIS Environmental Strategy

ENVIRONMENTAL STRATEGY FOR THE NEW INDEPENDENT STATES

INTRODUCTION

Environmental problems are widespread and severe in the New Independent States. Governments and citizens across the region have only just begun to comprehend the breadth and magnitude of the associated economic, health, and ecological costs. Though the Chernobyl disaster epitomizes this environmental crisis in the former Soviet Union, the range of problems goes well beyond nuclear safety to include some of the world's worst air, water, and land pollution as well as pervasive mismanagement of natural resources. Immediate initiation of remediation efforts is needed to mitigate the damage being caused in areas where problems are particularly severe. Current economic hardships have created tremendous pressures to speed the exploitation of natural resources assets and to maintain longstanding patterns of neglect of environmental quality. Though some unsustainable practices may be unavoidable during the transition to market economies and democratic governments, steps must be taken quickly to guard against repetition of past mistakes as reform takes shape.

Given the extent of the problems and the limited USG resources available for environmental assistance, most environmental financing in the NIS will have to be generated internally, and most foreign financing will come from the private sector and the multilateral banks. The strategy for USG environmental assistance, therefore, is premised on the concept of collective engagement in leveraging the private sector and banks in a focused and concerted way, for purposes consistent with the broad goals of U.S. policy. At the same time, however, it also should be recognized that a major effort will have to be made to build NIS institutions capable of using these resources in the most effective way. Institution-building and private sector initiative, in other words, necessarily complement each other in the environmental field. In this way, the USG can help the new states of the region to chart a course to environmentally sound economic growth during their difficult transition.

The U.S. Government environment strategy in the NIS seeks to strike a balance among various modes of assistance to ensure that both near-term and long-term goals are met. These activities will involve representatives from government, the private sector, and a wide range of nongovernmental organizations in order to achieve maximum benefit through improved intersectoral communication and coordination. U.S. assistance also will address a mixture of technical and policy issues through both bilateral and multilateral arrangements drawing on U.S. experience and expertise in environmental protection. Finally, U.S. efforts will reflect the complex interrelationships among environmental protection, energy and resource issues, public health, agricultural development, economic growth, and political reform in the region.

PROGRAM GOALS

The goal of U.S. environment assistance in the NIS is to contribute to the improvement of environmental quality and environmental protection. The program consists of an integrated, dual track approach to assist with the near-term mitigation of critical environmental problems and to strengthen the NIS' indigenous capacity to address these and other environment management problems over the long-term. Implementation of this approach will rely on, inter alia, the provision of technical assistance and training, through the use of U.S. expertise and the demonstration of U.S. environmental technologies.

Because environmental contamination is pervasive in the NIS, it is crucial to initiate efforts that will provide immediate environmental and health benefits. It is equally crucial to begin longer-term efforts necessary to establish the mechanisms and institutions that will ensure environmentally sound, sustainable economic growth in the future. In this way, past mistakes may be avoided. The near-term and longer-term activities must be coordinated to insure the implementation of an integrated strategy - neither element can stand on its own.

Specifically, U.S. assistance should focus on

- building an effective environmental regulatory and management structure;
- promoting environmental and other technology cooperation;
- reducing the health and economic costs of controlling pollution, i.e. using market-based solutions.
- managing natural resource assets efficiently; and
- supporting NGO development and increasing public participation in environmental decision making.

PROGRAM CRITERIA

U.S. Government environmental programs in the NIS are guided by several criteria to set priorities for and ensure maximum benefits from U.S. assistance. These criteria which are intended to be used flexibly and in selected combinations, include the following.

U.S. environmental assistance should:

- Be consistent with the objectives and priorities of the overall U.S. economic assistance strategy to the NIS.

- Be consistent with U.S. policy in other related areas (i.e. energy, with the National Energy Strategy).
- Be identified as a priority by the host government as well as by the U.S. Government.
- Contribute to strengthened capabilities of indigenous institutions in local, regional, and national governments as well as in the private sector.
- Complement and not duplicate other U.S. or international assistance efforts; U.S. activities should be coordinated through both bilateral and multilateral mechanisms (e.g., the World Bank, the European Bank for Reconstruction and Development, the regional Environmental Center in Budapest, the International Energy Agency, etc.).
- Focus on issues of significant implication for sustainability in agriculture, energy production and use, and economic growth.
- Promote appropriate environmental solutions with proven technical, economic, commercial, and legal application, as well as investments that promote the transfer of U.S. technologies, commercial development in the region, and public-private partnerships for reform.
- Draw on the expertise available among U.S. Government agencies, especially those which can provide assistance in a most timely and cost effective manner. As a first step, USG agencies should reallocate funds within their own budgets to implement the environmental strategy. However, agencies now carrying out programs and those best suited to meet new priority needs may be called upon to submit proposals for funding. Final decisions about USG assistance such funding will be made under the policy direction of the Coordinator's Office (D/CISA).

PROGRAM DESCRIPTION

The goals of the environmental strategy will be achieved through support of mutually reinforcing activities targeting three key groups: government, the private sector, and nongovernmental organizations.

A. Building an Effective Environmental Protection Structure

Institution Capacity Building. Governments throughout the NIS are organizing environmental ministries, preparing enabling legislation and regulatory policy, and working out appropriate regulatory mechanisms. These governments have requested

- 4 -

varying degrees of assistance to help increase the technical, managerial, and legal capacity of their environmental management structures. This will require technical assistance and training for environmental staff.

Legal and Policy Reform. Technical assistance and training will be necessary to facilitate environmentally based legal and economic policy reform in the NIS. Emphasis will be placed on the development of effective and enforceable environmental laws and policies to reduce or prevent environmental degradation. In particular, priority should be given to the development of laws, policies, and practices that increase indigenous capacity to improve and maintain environmental quality, perform environmental impact assessments, promote pollution prevention measures in industry and agriculture, and address transboundary environmental problems.

Regulatory Reform. Various environmental regulatory activities, including assessment of local environmental problems, plant level limit setting, monitoring, and enforcement, will need to be addressed at regional or even municipal levels. U.S. assistance will target development of pragmatic, credible regulatory practices in the NIS, including the establishment of market-based approaches to pollution abatement, such as a system of fees and fines.

Environmental Liabilities. U.S. assistance in this area also must address the environmental aspects of economic restructuring activities, including environmental liabilities. Environmental liability is a key issue in efforts to privatize firms and attract foreign investment as governments wrestle with questions of responsibility for cleanup of past pollution.

B. Promoting Environmental Technology Cooperation

U.S. funding will be provided for information exchange and other activities that will encourage commercial partnerships between U.S. and NIS businesses and research and development laboratories based on U.S. competitive advantage in the provision of environmental technologies and services.

C. Reducing the Health and Economic Costs of Pollution

Pollution, especially from antiquated and uncontrolled industrial technologies, has dramatic human health effects (infant mortality, cancer, neurological defects in children) and unacceptable economic costs (ranging from poor productivity, diminished industrial productivity, to competitive inefficiencies).

Hot Spots. Although direct U.S. financing of large capital investments in environmental clean-up is not anticipated, U.S. assistance in selected risk analysis and demonstration

activities is important. This assistance will be geographically concentrated in "hot spot" regions that currently suffer the greatest costs of environmental degradation. An additional consideration should be the degree to which governments containing hot spots are building democracy and pursuing free market reform. Hot spot projects should have high visibility, long-term viability, and the potential for replication in other regions.

Emergency Preparedness and Response. Some of the highest costs are derived from environmental disasters, the reactor explosion at Chernobyl being a prominent example, and it will be necessary to establish better prevention and preparedness programs to guard against future contingencies.

Pollution Prevention. Assistance for select pollution prevention-related activities would be useful. These activities could include pollution audits and other forward-looking interventions to reduce both economic inefficiency and pollution at plant and industry levels. Such efforts will help guide the multilateral development banks, which are expected to play an important role in the modernization of both public and private infrastructure.

D. Managing Natural Resource Assets Efficiently

In addition to the high economic costs imposed by unchecked pollution, widespread mismanagement of natural resource systems--forests, agricultural lands, water, hydrocarbons and mineral resources, coasts and marine resources--also has placed a heavy burden on the productivity of NIS economies. Failure to act quickly to introduce management tools of key natural resource assets will result in further constraints on economic growth, lost business opportunities, and, ultimately, higher costs (political and economic) when such reforms are inevitably pursued. Assistance will be provided to demonstrate the economic and environmental benefits of introducing market-based pricing structures, more open trade and investment policies governing natural resource sections, new systems of private ownership and tenure, and other means to achieve more efficient management of valuable natural resources.

Energy. Our top priority should be environmental assistance targeted on the energy sector to support and promote energy efficiency and conservation activities on a national as well as a local basis. Environmental considerations in this sector are especially important given the hard currency earning capacity to support economic recovery and environmental funding, the U.S. comparative advantage in energy technologies and methods, and the fact that the energy sector accounts for a large proportion of water, air, and soil pollution in the NIS.

Agriculture. The environmental impacts of inefficient and hazardous agricultural practices, especially from pesticides

and fertilizers, in the NIS pose severe threats. Assistance efforts in this area should focus attention on the pricing of agricultural chemicals and other economic measures to create the proper incentives for efficient and environmentally sound agricultural practices. In addition, the introduction of demonstration technologies and proper management techniques could help to improve water quality while contributing to higher agricultural yields and improving the quality of life for rural populations.

Water. U.S. assistance should attempt to help NIS understand water regimes in order to identify the most serious problems and most cost effective approaches for mitigating them. Investments in water treatment and control facilities are often very expensive. Therefore, in cooperation with the multilateral development banks, the U.S. could assist in identifying those measures and investment priorities that will help achieve ambient water standards most effectively at the least cost.

Forestry. The U.S. should assist government officials in assessment of existing forest resources, strategic planning and development of new policies governing foreign investment, concession rights, taxes and fees, and forest management regulations to help conserve remaining forest resources.

E. Supporting NGO Development and Increasing Public Participation in Environmental Decision-Making

A clear objective of the U.S. assistance to the NIS is to encourage the democratic political transformation currently underway. This objective can be addressed in the area of environmental assistance through support for environmental and other interest groups that have developed throughout the NIS in recent years. Also important is educating populations about (1) principles of environmental management, protection, and conservation and (2) the variety of ways the public can participate in the process, such as public notifications, comments, and hearings, citizen suits, etc. These programs would be designed to bring the influence of public opinion and NGO's to bear on environmental decision-making.

Development of indigenous NGOs. Assistance should be targeted toward helping to establish institutions and mechanisms through which the public can exert a constructive influence on environmental policy and enforcement. This could be achieved through promoting NGO partnerships between U.S.-based and NIS environmental and other interest groups.

Public participation in environmental decision-making. U.S. support will be provided to a variety of educational activities designed to increase public awareness of current environmental problems and the types of actions that can be taken to correct those problems. A variety of media could be

used for these purposes, including books, magazines, and television, to enhance easy access to environmental information. The ultimate goal of these activities should be to encourage increased public participation in the environmental decision-making process.

PROGRAM COORDINATION

A variety of U.S. Government agencies will be involved in the implementation of this strategy including: Agency for International Development; Environmental Protection Agency; Department of Agriculture; Department of Commerce; Department of Defense; Department of Energy; Department of Justice; Export-Import Bank; Overseas Private Investment Corporation; and the Trade and Development Program. Ambassador Armitage's office (D/CISA) will take the lead role in coordinating assistance activities of all U.S. Government agencies and providing policy guidance for ongoing and proposed assistance activities in the environment area, including funding levels. D/CISA is also charged with providing general oversight and monitoring compliance of the decisions of the Coordinator and Deputy Coordinators.

Tab B . Mission Environmental Reporting Cables

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INCOMING TELEGRAM

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KIEV #1569 141521Z 6607 072109 A107888

ECOLOGICAL IMPACTS OF UNSAFE NUCLEAR POWER DEVELOPMENT. THE TEAM ALSO MET WITH THE HEAD OF THE UKRAINIAN ECOLOGICAL FUND WHICH IS CLOSELY AFFILIATED WITH THE MINISTRY OF ENVIRONMENTAL PROTECTION.

ACTION OFFICE NEET-02 INFO ROPO-01 NIS-03 POSP-01 POAR-02 FVA-01 ROAA-01 PVC-02 PRPC-02 HEAL-04 ENGY-02 STFM-02 NDIH-03 AMAD-01 NER-02 NEHA-03 EPA-01 IGEU-01 JOE-01 EUDR-03 NPAC-03 MFA-03 NPSI-03 POCE-01 /040 AB 15/0140Z

5. MISSION REQUESTS A COPY OF THE ENVIRONMENTAL TEAMS TDY TRIP REPORT AS SOON AS POSSIBLE. MISSION WOULD ALSO LIKE TO REVIEW ENVIRONMENTAL PROJECT DESIGN DOCUMENTS WHEN AVAILABLE. POPADIUK

INFO LOG-00 ACDA-16 AGRE-00 DOEE-00 EUR-00 DES-09 /#27W -----SSDA02 141853Z /38

R 141424Z AUG 92 FM AMEMBASSY KIEV TO HQEPA WASHDC SECSTATE WASHDC 1750 INFO AMEMBASSY MOSCOW

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AID/W FOR NIS/TF/EET; RD/ENR; RD/H/CD; EUR/DR; STATE/D/CISA EPA FOR OIA

E.O. 12356: N/A TAGS: EAID, SENV SUBJECT: REPORTING CABLE ON ENVIRONMENT TDY TO UKRAINE

1. MISSION WISHES TO EXPRESS APPRECIATION FOR ENVIRONMENTAL TDY SUPPORTED BY AID/NIS/TF/EET AND EPA/OIA. ENVIRONMENTAL ISSUES AND PROGRAMS WILL BE CRUCIAL TO USAID/KIEV'S DEVELOPMENT ASSISTANCE PROGRAM. MISSION COMPLIMENTS TEAM'S COORDINATION EFFORTS AND APPRECIATES HIGH LEVEL OF COMMUNICATION WITH MISSION PRIOR TO DEPARTURE FOR UKRAINE AND DURING STAY HERE.

2. SUMMARY: THE ENVIRONMENTAL TEAM MET WITH THE MINISTRY OF ENVIRONMENTAL PROTECTION AND WITH VARIOUS NGO'S.

3. MINISTRY OF ENVIRONMENTAL PROTECTION IDENTIFIED SIX KEY AREAS FOR FURTHER COLLABORATION:

- A) STEPS TO ADDRESS ENVIRONMENTAL PROBLEMS ASSOCIATED WITH THE CHERNOBYL DISASTER;
- B) IMPROVED MANAGEMENT OF THE DNI PRO RIVER BASIN;
- C) ACTIVITIES TO IMPROVE ENVIRONMENTAL QUALITY IN THE DONETSK-PRIDNIPROVSKY REGION;
- D) SUPPORT FOR ACTIVITIES TO ADDRESS ENERGY RELATED ENVIRONMENTAL AND ECONOMIC PROBLEMS;
- E) ASSISTANCE WITH THE DEVELOPMENT OF A NATIONAL SYSTEM FOR THE TREATMENT, STORAGE AND DISPOSAL OF HAZARDOUS AND TOXIC WASTE; AND
- F) PARTICIPATION IN THE INTERNATIONAL EFFORTS TO ADDRESS THE POLLUTION IN THE BLACK SEA, INCLUDING THE DANUBE DELTA AND THE AZOV SEA.

USAID/KIEV REQUESTS THAT AID/NIS/TF/EET DENNIS LONG COORDINATE A RESPONSE BY EPA/OIA AND AID/RD/H/CD ON ACTIVITY (2) ASAP. THE MINISTRY WOULD ALSO APPRECIATE EXPANSION OF THE AID/EUR/DR DANUBE RIVER BASIN PROJECT BY AID/NIS/TF/EET, TO INCLUDE THE UKRAINE IN FOLLOWUP STUDIES AND MEETINGS.

4. NGO'S: THE ENVIRONMENTAL TEAM HELD VERY PRODUCTIVE DISCUSSIONS WITH THE NATIONAL ECOLOGICAL CENTER, AN UMBRELLA NGO INVOLVED IN A WIDE RANGE OF PUBLIC INFORMATION AND DISSEMINATION ACTIVITIES. THE

ENVIRONMENTAL TEAM MET WITH REPRESENTATIVES OF ZELENY SUIT, A NONGOVERNMENTAL ORGANIZATION NOW ACTIVELY INVOLVED IN THE DISSEMINATION OF INFORMATION RELATED TO

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TELECOMMUNICATIONS CENTER

TELEGRAM

PAGE 01 OF 02
ACTION AID-02

ACTION OFFICE NEW-03
INFO NIS-02 PCAR-02 POID-03 RDLA-03 OFDA-02 HEA-24 ENCL-2
NDIM-03
NER-02 NENA-03 EPA-01 MEET-02 NPAC-03 NPC-02
/035 AA PL 11 1222

INFO LOG-00 CICA-02 EUR-00 DES-09 /0134
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FOR NIS/TF/EA THOMAS EIGHMY AND BRIAN KLINE, INFO
NIS/TF/CD, NIS/TF/EEF MOSELEY, DINHR RIEGELMAN FOR
ABA,
AID/RD/ENR, RD/M
MOSCOW FOR AID ZOBRIST
KIEV FOR AID DIMZ
EPA FOR DAN BEARDSLEY
STATE FOR D/CISA
AID/RD/ENR, RD/M

E.O. 12356: N/A
TAGS: EAID, NC
SUBJECT: ENVIRONMENTAL TEAM VISIT TO ALMA-ATA

1. SUMMARY: THE ENVIRONMENTAL TEAM HELD USEFUL
MEETINGS WITH GOVERNMENT AND NON-GOVERNMENT

ORGANISATIONS INCLUDING THE MINISTRIES OF ECOLOGY
AND HEALTH AND SEVERAL ENVIRONMENTAL NGOS. THEY
WERE FEATURED ON NATIONAL TELEVISION AND RADIO
TWICE. KEY ENVIRONMENTAL ISSUES DISCUSSED
INCLUDED: ARAL SEA, NUCLEAR RADIATION,
CONTAMINATION FROM MINING OPERATIONS, WEAPONS
TESTING AND NUCLEAR POWER GENERATION, INDUSTRIAL
POLLUTION IN THE HEAVILY INDUSTRIAL EASTERN
REGION, THE CASPIAN SEA, LAKE BALHASH REGION, AND
THE POTENTIAL FOR NATIONAL PARK CREATION. THIS IS
A CRITICAL TIME FOR THE DEVELOPMENT OF
ENVIRONMENTAL ACTIVITIES, AS THE GOK IS CURRENTLY
DEVELOPING ENVIRONMENTAL LEGISLATION. IT IS
IMPORTANT THAT AID/M FOLLOW-UP ON ITEMS IDENTIFIED
IN THIS INITIAL MISSION TO ENSURE CONTINUED
MOMENTUM ON ENVIRONMENTAL ISSUES.
END SUMMARY.

2. SPECIFIC FINDINGS AND REQUESTS:

ARAL SEA: THE ARAL SEA IS ONE OF TWO REGIONS
IDENTIFIED BY THE GOK AS ENVIRONMENTAL DISASTERS
AND THE GOK HAS LEGISLATION TO ASSIST THE PEOPLE
OF THIS REGION. IT SHOULD BE NOTED THAT NOT ONLY
IS THIS AN AREA OF ENVIRONMENTAL IMPORTANCE, BUT
ALSO IS THE REGION OF LOWEST LIFE EXPECTANCY, THUS
INDICATING THE DIRECT LINK BETWEEN ENVIRONMENTAL
AND HEALTH ISSUES. THE WORLD BANK IS MANAGING THE
DESIGN OF A GLOBAL ENVIRONMENTAL ACTIVITY ON THE
ARAL SEA, THEREFORE ANY AID ASSISTANCE SHOULD BE
ORGANIZED THROUGH THIS MECHANISM, OR LEFT TO THE

WORLD BANK GIVEN OTHER PRESSING ISSUES NOTED
BELOW.

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DINHR - PLS. PASS TO ABA, GRAY AND EPA.
- SEMIPALATINSK AND OTHER NUCLEAR CONTAMINATED
ZONES - NUCLEAR CONTAMINATION FROM WEAPON?
TESTING, MINING, AND NUCLEAR POWER PRODUCTION IS A
CRITICAL ENVIRONMENTAL ISSUE - BIRTH DEFECTS, HIGH
CANCER INCIDENCE AND SUICIDE RATES IN THE REGION
ARE FREQUENTLY CITED EVIDENCE OF SEVERE
ENVIRONMENTAL PROBLEMS. THE "NEVADA-SEMPALATINSK"
GROUP HAS BEEN ACTIVE IN SEEKING POLITICAL AND
HEALTH REDRESS TO THE PROBLEM. THE MINISTRY OF
ECOLOGY IS CURRENTLY TASKED WITH DEVELOPMENT OF A
LEGAL FRAMEWORK TO RESPOND TO THIS CRISIS AND HAS
ASKED THE TEAM TO PROVIDE COPIES OF RELEVANT U.S.
LAWS AND REGULATIONS. WE WOULD APPRECIATE A
RESPONSE TO THIS REQUEST ASAP. THE INITIAL TA
NEED IS TO ASSESS THE PROBLEM. ASSISTANCE IN THIS
AREA WORKING WITH BOTH THE GOVERNMENT AND NGOS
WOULD BE APPRECIATED.

- EASTERN-KAZAKHSTAN REGION (VOSTOCHNO-
KAZAKHSTANSKIY OBLAST) HAS EXPERIENCED SEVERE AIR
AND WATER POLLUTION FROM INDUSTRIAL SOURCES. IT
HAS BEEN IDENTIFIED DURING THE TEAM'S DISCUSSIONS
WITH THE GOK DEPUTY MINISTER OF HEALTH AS THE AREA
WITH THE MOST SEVERE ENVIRONMENTAL HEALTH
PROBLEMS. THIS IS AN APPROPRIATE "HOT SPOT" FOR
FURTHER ASSISTANCE.

- CASPIAN SEA AND POTENTIAL OIL DEVELOPMENT. THIS
IS A FRAGILE ECOLOGY WHICH COULD BE NEGATIVELY
IMPACTED BY PROPOSED OIL DEVELOPMENT. ASSISTANCE
IN THE DEVELOPMENT OF ENVIRONMENTALLY SOUND
APPROACHES TO THE EXPLORATION, EXTRACTION AND
PROCESSING OF OIL AND GAS RESOURCES, INCLUDING THE
CONDUCT OF ENVIRONMENTAL IMPACT STATEMENTS WOULD
BE APPRECIATED.

- LAKE BALHASH REGION. BOTH AIR AND WATER
POLLUTION FROM LEAD SMELTERS AND OTHER INDUSTRIAL
SOURCES THREATEN THIS REGION. THE LOCAL
GOVERNMENT HAS COLLECTED FUNDS BUT NEEDS
ASSISTANCE IN THE DEVELOPMENT OF A PLAN TO
REPAIR FOR A TEN DAY PERIOD TO ASSIST THE OBLAST IN
DEVELOPING AN ENVIRONMENTAL INVESTMENT AND
RECOVERY PLAN. MISSION REQUESTS THAT RD/M FUND
THIS ACTIVITY.

- ESTABLISHMENT OF A NATIONAL SYSTEM OF PARKS AND
PROTECTED AREAS. BASED ON DISCUSSIONS HELD WITH
TDY MEMBERS, A REQUEST TO USAID/ALMA ATA IS
EXPECTED FROM THE CHAIRMAN OF THE COMMITTEE ON
ECOLOGY OF THE KAZAKHSTAN SUPREME SOVIET
(PARLIAMENT). THIS REQUEST WILL CONCERN SUPPORT
FOR THE PLANNING OF KAZAKHSTAN'S FIRST INTEGRATED
PROTECTED AREAS SYSTEM. IF POSSIBLE, A SMALL
EXPERT TEAM FROM THE RD /ENR BIODIVERSITY SUPPORT
PROGRAM SHOULD VISIT KAZAKHSTAN AS SOON AS
POSSIBLE TO FURTHER DEVELOP IDEAS FOR ASSISTANCE.

OTHER CRITICAL ISSUES THAT NEED TO BE ADDRESSED
INCLUDE AIR POLLUTION, OCCUPATIONAL HEALTH, WATER
POLLUTION, SOIL CONTAMINATION, AND WASTE (SOLID
AND HAZARDOUS) MANAGEMENT.

THERE ARE SEVERAL NGOS ACTIVE IN ENVIRONMENTAL
ISSUES, AND THEIR WORK SUPPORTS THE DEVELOPMENT OF
DEMOCRATIC INSTITUTIONS IN KAZAKHSTAN. MISSION
SUGGESTS, AS PART OF THE PLANNED NIS/TF

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TELECOMMUNICATIONS CENTER

PAGE 02 OF 02 ALMA N 0116 00 OF 02 131145Z 1070 071000 4100010
ENVIRONMENTALLY SOUND RESTRUCTURING (ESR) PROJECT.
THAT SOME FUNDS BE DIRECTED TO LOCAL NGOS, BASED ON
DISCUSSIONS HELD WITH TDY TEAM MEMBERS.

1 PLEASE SEND A COPY OF THE TRIP REPORT AS SOON AS
IT IS AVAILABLE TO HIS/TF/FA EIGHTHY AND TO USAID
ALMA ATA, WYGANT

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MEMORANDUM

DATE : August 15, 1992

TO : Director, NIS/TF/EET

FROM : Dennis Long and David McCauley, NIS/TF/EET

SUBJECT : Summary Report of NIS/TF Environmental Team's Discussions Regarding Program Directions in Russia

Introduction

The joint A.I.D.-Environmental Protection Agency program development team visited Moscow during late July and early August, 1992 to gather information which will be used to develop an environmental initiative for the region. The team comprised the following members:

Dennis Long and David McCauley (co-leaders), NIS/TF/EET
Lee Pasarew and Jay Benfarado, EPA
Raisa Scriabine, Environmental Institutions Consultant
Glen Anderson, Environmental Policy Consultant

Russian Contacts Made

The team met with the Ministry of Ecology and Natural Resources of the Russian Federation, the Central Economics and Mathematics Institute (CEMI) Institute of the Russian Academy of Sciences, and several nongovernmental organizations (NGOs) (including the Socio-Ecological Union, an umbrella group for NIS environmental NGOs), and outlined with all parties anticipated next steps in terms of A.I.D. environmental program development. Additional meetings were held with Russian representatives of the International Union for Conservation of Nature (IUCN) and the Russian Man and the Biosphere Program, the Committees on Ecology of both Moscow Oblast and the City of Mtishchi, and staff of the Losini Ostrov National Park. The following notes summarize the most important results of discussions held with each of these key groups, including potential areas for USG assistance.

Ministry of Ecology and Natural Resources:

- a. development of natural resource policy and environmental legislation;
- b. parks, preserves and other protected area management;
- c. environmental pollution monitoring and control; and
- d. other areas as mutually agreed upon to promote efficient use of natural resources.

A joint U.S.-Russian Working Group along with a list of potential areas for technical cooperation were proposed in a Memorandum of Discussion. If possible, the Working Group should meet in Russia in a September-November, 1992 timeframe.

Central Economics and Mathematics Institute (CEMI):

CEMI is an economics institute of the Russian Academy of Sciences long associated with economic and democratic reform. Headed by academician Makarov, the Institute is actively involved in programs related to privatization, defense conversion, and economic policy development. Some nine ministers and two vice-premiers of the Yeltsin government have had a close association with CEMI. Discussions were held with on possible cooperation regarding oblast-level environmental management approaches tied to economic restructuring, and CEMI informed the team of their intention to submit an unsolicited proposal for such work.

Non-Governmental Organizations (NGOs):

The Socio-Ecological Union 9 (SEU) was established in 1989 to serve as an umbrella group for over 100 NIS environmental NGOs. The SEU is actively involved in various environmental action programs in Russia, including information dissemination and public education activities. Discussions were held with the SEU on possible cooperation regarding improved information exchange between U.S. and Russian environmental NGOs as well as a small grants program to support greater public and private environmental accountability.

Forestry Committee:

The team met with representatives of the Forestry Committee of the Ministry of Ecology and Natural Resources to discuss a proposed forest policy workshop. Support was indicated for this activity, and planning will proceed to hold the workshop in October 1992, immediately following a conference sponsored by the Forestry Department of the Russian Ministry of Industry.

Magazine Supplement in Delovie Lyudi on U.S. Environmental Management and Technology:

The team met with the editor-in-chief of the NIS-wide business magazine, Delovie Lyudi, to discuss the feasibility of publishing a special supplement dealing with U.S. environmental policy and technology.

Committee on State Property:

The team met with representatives of the Committee on State Property and their consultants to discuss a proposed Moscow visit of a team of specialists on environmental liability concerns in the Russian privatization program. Support was indicated for this activity by both this Committee and the Ministry of Ecology and Natural Resources, and planning will proceed to hold a meeting in Washington, DC shortly and to bring the team to Moscow in early September 1992.

Tab C Regional Environmental Management Demonstration Areas

**REGIONAL ENVIRONMENTAL MANAGEMENT DEMONSTRATION AREAS (REMDAs)
AS PART OF THE STRATEGY FOR
U.S. ENVIRONMENTAL ASSISTANCE TO THE
NEW INDEPENDENT STATES OF THE FORMER SOVIET UNION**

Introduction

The U.S. is extending assistance to the New Independent States (NIS) to help establish sound environmental policies and practices as a part of broader economic and democratic restructuring. There are potentially staggering costs associated with adequately addressing both the legacy of environmental contamination and establishing sound pollution control and natural resource management institutions and infrastructure. At the same time, the level of U.S. financial resources which can be devoted to this set of challenges is very small relative to these costs. This reality underscores a U.S. assistance strategy which seeks opportunities to leverage the programs and investments of others, and it means that special attention will be given to ensuring all assistance is organized to be as cost-effective as possible.

The strategy which has emerged directs a significant portion of assistance to policy and institutional development where country-wide impacts can be anticipated. But the national-level work will only be successful if it is well grounded by limited demonstration activities designed to solve immediate environmental problems through the application of U.S. know-how and technology, and a second thrust of the assistance effort centers on this region-specific work. Finally, both the national and regional activities will be directly supported by work with non-governmental organizations who are seeking community-based solutions to environmental problems and developing mechanisms to ensure adequate public participation in environmental decision-making.

Like the national-level assistance, location-specific cooperative demonstrations must be well focused--both in the types of activities undertaken and their location. And the careful choice of regions for geographic concentration--Regional Environmental Management Demonstration Areas (REMDAs)--can help to ensure that U.S. assistance offers good prospects for rapid, demonstrable, and lasting impact.

Criteria for Choice of REMDAs

As is the case for all decisions regarding environmental project activities, hard choices must be made in selecting REMDAs. Several criteria have been established to place bounds on the project's scope and to select an initial set of activities (see Environmental Policy and Technology Project Document), and these

also can be usefully applied to the choice of demonstration sites. The ten criteria are fully consistent with those outlined in the Draft USG NIS Environmental Strategy. Highest priority for regional-level investment planning and demonstration activities will be given to those locations which favorably respond to the following criteria:

- 1) **Contribution to Economic and Democratic Restructuring.** Supports the transition to free market economies and democratic societies--strong links to market-based economic restructuring supported by local government and community leadership committed to democratic principles;
- 2) **Helps Solve Severe Environmental Problems.** Addresses demonstrated needs for environmental quality improvement based on associated health and economic cost: --deals directly with unambiguous and compelling health and/or economic costs associated with current urban and industrial pollution or natural resources mismanagement;
- 3) **Quick, Visible, and Cost-Effective Response.** Presents an opportunity for visible and near-term benefits at modest cost--certain aspects of the problems addressed can be solved in less than a year, the site is easily accessible and potentially of broad public interest, and interventions offer attractive returns relative to costs;
- 4) **Benefits the U.S. Private Sector.** Provides strong prospects for related U.S. export development--clear opportunities for the demonstration of U.S. know-how and technologies and for establishing business partnerships;
- 5) **Replicability and Expansion of Impact.** Offers a high likelihood that know-how and technology will be transferred beyond the activity's geographic and substantive bounds--area is representative enough to ensure that lessons learned and will be extended to other regions;
- 6) **Sound Management Accountability.** Does not impose unreasonable management burdens on USAID and/or other U.S. Government agencies--the choice of implementing organizations as well as performance measures ensures that activities can be adequately monitored and directed within planned levels of oversight personnel;
- 7) **Low Opportunity Costs.** Gives high returns relative to other assistance options--the scale of activities does not unduly preclude other options and alternative sights do not offer greater strategic or economic advantages;
- 8) **Investment Target.** Provides high potential for non-project follow-on financing from the World Bank and other sources--

site has been specifically chosen by IBRD, EBRD or other investment sources to serve as a demonstration area for large environmentally-related loans and grants;

- 9) **Geographic Considerations.** Helps maintain geographic concentration of effort as well as both in-country and NIS-wide regional balance--choice of the site would not unduly skew the distribution of U.S. assistance within the country or across the region; and
- 10) **USG Coordination and Collaboration.** Complements and is well coordinated with other U.S. Government assistance activities in the NIS--the region chosen is the target of other complementary U.S. assistance, such as pilot privatization efforts, health-related interventions, or defense conversion.

Geographic Boundaries of REMDAs

The spatial confines of REMDAs may be defined by natural and/or political boundaries. In most cases, natural boundaries are preferable as the basis for the planning of natural resources and environmental management, since they simplify the analysis (e.g., the use of river basins to ease planning for water management). However, the implementation of sound environmental policies and practices almost always is tied to political entities and boundaries. Thus, well coordinated planning and implementation is easiest when these boundaries are roughly co-terminus (and most difficult when they are not--particularly when international boundaries are crossed). For these and other reasons, a variety of factors must be considered in defining the spatial dimension of REMDAs, and they may be demarcated according to any of the following criteria:

- 1) **Province** (e.g., Oblast) or district within a province;
- 2) **River basin** or sub-basin (including lakes or inland seas);
- 3) **Airshed** (especially in conjunction with other land units);
- 4) **Delta** or other well defined coastal region; and
- 5) **Self-contained industrial complex.**

Action Program

The REMDA strategy may be defined as a stylized process, allowing for adjustment to particular institutional and problem settings:

- 1) **Site Selection.** Choose locations in coordination with World Bank and other potential cooperators and according to the ten criteria given above;
- 2) **Further Define Dimensions of Environmental Problems.** Characterize the nature of health risks and economic costs associated with current environmental mismanagement;
- 3) **Identify Causes and Sources of Environmental Problems.** Evaluate the policy and market failure reasons behind current environmental problems, and supplement this with a physical inventory of the major point and non-point pollution sources as well as significant inefficiencies in natural resource use;
- 4) **Evaluate the Environmental Quality Implications of Economic Restructuring in the Region.** Conduct regional economic analyses to determine the likely effects of market-based restructuring on the region's industrial and natural resources use profiles and related positive and negative environmental impacts and opportunities;
- 5) **Develop Environmental Management Goals for the Region.** Establish environmental quality and natural resources management targets for the region and a realistic time frame for achieving these goals;
- 6) **Determine Appropriate Policy Steps and the Types of Environmental Investments Needed.** Develop policy options and related investment priorities for achieving established targets given likely capital availability (public and private) and including a review of both regulatory and economic incentives;
- 7) **Choose and Implement Demonstration Activities to Support Environmental Quality Improvements and to Guide Investments.** Identify and carry out specific demonstrations of improved pollution control (at the industry and plant levels) and/or natural resources management tied both to improved economic efficiency and the application of U.S. know-how and technology (with strong expectation of generating visible success stories); and
- 8) **Implementation Follow-Up.** Provide limited further assistance during the full-scale implementation phase to ensure follow-through in use of demonstrated environmental management approaches and technologies.

Expected Outputs

Through project-supported activities in REMDAs, accomplishments

are expected to include:

- 1) Demonstrations of U.S. know-how and technologies that make sense from both environmental and business perspectives;
- 2) Environmental investment programs in water, air and/or land resources management with follow-on funding by multilateral development banks and others;
- 3) Measurable environmental quality improvements in select REMDAs based on pilot demonstrations;
- 4) Commercially viable and expanding US-NIS environmental business partnerships;
- 5) Opportunities to test the viability and efficacy of national and regional environmental policy initiatives from the standpoint of private sector behavior changes and participation in government programs.

Tab D Logical Framework for the Project Description

NIS/TF/EET Project Number 110-0003
Environmental Policy and Technology Project

| NARRATIVE SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS |
|---|---|---|--|
| <p>Goal: Economic and social restructuring achieved in an environmentally sound manner</p> <p>Subgoals:</p> <ol style="list-style-type: none"> 1. Contribute to environmentally sound market-based economic restructuring. 2. Support environmental quality improvement through application of U.S. expertise and technology 3. Further the development of democratic institutions by encouraging public and private environmental accountability. | <ol style="list-style-type: none"> 1. That economic development is occurring in an environmentally sustainable manner. 2. That there are demonstrated improvements in environmental quality linked to U.S. private sector contributions. 3. That democratic organizations supporting environmental quality improvements have been strengthened. | <p>Project midterm and final evaluations.</p> | <p>That democratic governments exist, show stability, and are supportive of environmentally sustainable development.</p> |
| <p>Purpose: Achieve improvements in environmental quality through:</p> <ol style="list-style-type: none"> 1. Environmental policy, institutional and legislative reforms. 2. Expanded markets for environmental technologies and services with increased U.S. private sector participation. 3. Improved environmental public awareness, participation and accountability. | <p>EOPS:</p> <ol style="list-style-type: none"> 1. That policy and legislative reforms supported by U.S. technical assistance are established and environmental management organizations strengthened to help implement them. 2. That regional environmental demonstration areas have been established where U.S. technical assistance is influencing World Bank and other investments through application of U.S. environmental technology and know-how. 3. That the public is better informed on environmental issues in economic restructuring and involved in critical environmental decisions. | <p>Project midterm and final evaluations.</p> | <p>That there is a commitment to environmentally sustainable development in the NIS.</p> |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|------------------------------------|-------|-------------|-------|------------|-------|----------------------------|-------|---------------------------|-------|------------------------------|-------|--|--|
| <p>Outputs:</p> <p>1. Economic policy and institution building:</p> <p>1.1 Policy and legislation program.</p> <p>1.2 Environmental management training.</p> <p>2. Technology cooperation and demonstration projects:</p> <p>2.1 Analysis of environmental management in regional restructuring.</p> <p>2.2 Pollution risks assessments;</p> <p>2.3 Water resources investment planning.</p> <p>2.4 Technology and know-how demonstrations.</p> <p>3. Public awareness, participation and environmental accountability:</p> <p>3.1 Environmental NGO strengthening.</p> <p>3.2 Environmental NGOs small grants program.</p> <p>3.3 Public awareness and education program.</p> | <p>1.1 That specific new environmental laws or regulations supported by U.S. technical assistance are in place in at least four republics by the end of the project.</p> <p>1.2 That 20% of key NIS environmental staff have received environmental management training.</p> <p>2.1 That replicable demonstrations of U.S. environmental know-how and technology have been conducted in at least three demonstration areas.</p> <p>2.2 That pollution risk assessments have been completed in at least three demonstration areas.</p> <p>2.3 That water resource development plans have been completed for at least two major river basins.</p> <p>2.4 That four environmental control technology programs be instituted and analyzed, using U.S. technology.</p> <p>3.1 That U.S. environmental NGOs are better communicating among themselves concerning the NIS region and with NIS counterpart organizations.</p> <p>3.2 That a small grants program for NIS environmental NGOs be established in at least three republics.</p> <p>3.3 That effective public awareness and education programs be established with U.S. support in at least three republics.</p> | <p>1.1 NIS laws in place.</p> <p>1.2 EPA to provide data under IAA.</p> <p>2.1, 2.2, 2.4 EPA/Contractor/grantee reports submitted.</p> <p>2.3. Contractor reports and World Bank investments.</p> <p>3.1, 3.2 U.S. NGO reports on NIS grants program.</p> <p>3.3 U.S. NGO/EPA/Contractor reports.</p> | <p>1.1 That laws are effectively implemented.</p> <p>1.2 Trained staff continue to work on environmental problems.</p> <p>2.1, 2.2, 2.4 That "lessons learned" are acted upon.</p> <p>2.3 That World Bank completes investment plans.</p> <p>3.1 That NIS NGO demand exists.</p> <p>3.2 Ready access to public media and communication.</p> | | | | | | | | | | | | | | |
| <p>Inputs:</p> <p>This project will require the following inputs over the next five years:</p> <p>1. Technical assistance from the U.S. private, NGO, and public sectors.</p> <p>2. Short and long-term training of host country counterparts in environmental management.</p> <p>3. Commodities, e.g., computer equipment to support institution-building; and pollution control and other environmental equipment for demonstration projects.</p> | <p>Total project funding: \$35 million</p> <p>Technical Assistance: \$23 million</p> <p>Training: \$4 million</p> <p>Commodities \$8 million</p> <p>Planned Obligations: (millions)</p> <table border="0"> <tr> <td>Core Contractor</td> <td>\$9.5</td> </tr> <tr> <td>Buy-Ins to Central Bureau Projects</td> <td>\$5.0</td> </tr> <tr> <td>PASA TO EPA</td> <td>\$2.0</td> </tr> <tr> <td>IAA TO EPA</td> <td>\$8.0</td> </tr> <tr> <td>IQCs/Unsolicited Proposals</td> <td>\$5.0</td> </tr> <tr> <td>NGO Cooperative Agreement</td> <td>\$2.0</td> </tr> <tr> <td>Policy Cooperative Agreement</td> <td>\$3.5</td> </tr> </table> | Core Contractor | \$9.5 | Buy-Ins to Central Bureau Projects | \$5.0 | PASA TO EPA | \$2.0 | IAA TO EPA | \$8.0 | IQCs/Unsolicited Proposals | \$5.0 | NGO Cooperative Agreement | \$2.0 | Policy Cooperative Agreement | \$3.5 | <p>Interagency, grantee and contractor vouchers.</p> | <p>1. That NGOs are willing and able to carry out work.</p> <p>2. That EPA and other federal and state agency are able to provide the necessary technical support through IAAs and PASAs.</p> <p>3. That contractors are available to provide the TA, training and commodities.</p> <p>4. That R&D projects are able to provide the required TA.</p> |
| Core Contractor | \$9.5 | | | | | | | | | | | | | | | | |
| Buy-Ins to Central Bureau Projects | \$5.0 | | | | | | | | | | | | | | | | |
| PASA TO EPA | \$2.0 | | | | | | | | | | | | | | | | |
| IAA TO EPA | \$8.0 | | | | | | | | | | | | | | | | |
| IQCs/Unsolicited Proposals | \$5.0 | | | | | | | | | | | | | | | | |
| NGO Cooperative Agreement | \$2.0 | | | | | | | | | | | | | | | | |
| Policy Cooperative Agreement | \$3.5 | | | | | | | | | | | | | | | | |

Tab E Congressional Notification dated 10/9/92

OCT. 0.9 1992

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE**

COUNTRY: New Independent States Regional

PROJECT TITLE: Environmental Policy and Technology

PROJECT NUMBER: 110-0003

FY 1993 CP REFERENCE: None

APPROPRIATION CATEGORIES: Economic Support Funds (ESF)
Assistance for the New Independent States (NIS)

LIFE-OF-PROJECT FUNDING: \$35,000,000 (Grant)
\$ 5,000,000 ESF
\$30,000,000 NIS

INTENDED FY 1993 OBLIGATION: \$ 5,000,000 ESF (Grant)

This is to advise that A.I.D. intends to obligate \$5,000,000 for the Environment Policy and Technology Project. This is a new project which was not included in the FY 1993 Congressional Presentation. Funding will be \$35,000,000 over a four-year project life.

The purpose of the project is to assist republics of the former Soviet Union in developing appropriate policy, legal and management frameworks which can adequately incorporate environmental considerations into economic and democratic reforms in the New Independent States (NIS). The project will work with government agencies, the private sector, and nongovernmental organizations. It will provide assistance to help strengthen environmental management institutions, foster appropriate environmental policy and legislative reforms, promote the growth of indigenous markets for environmental technology and U.S. participation in this business, and encourage democratic participation in environmental issues.

Attachment: Activity Data Sheet

TABC

AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET

CP 81-05 (4-8)

PROGRAM: New Independent States Regional

| | | | | | | |
|---|-------------------------------------|--|--|---|--|---------------------------|
| TITLE Environmental Policy and Technology | | FUNDING SOURCES Assistance for the New Independent States (NIS) Economic Support Funds (ESF) | | PROPOSED OBLIGATION (In thousands of dollars) | | |
| | | | | FY 93 \$ 5,000 (ESF) | LIFE OF PROJECT (Plan.) \$35,000 (\$ 5,000 (ESF); \$30,000 (NIS)) | |
| NUMBER 110-0003 | NEW <input type="checkbox"/> | PRIOR REFERENCE | | INITIAL OBLIGATION | ESTIMATED FINAL OBLIGATION | ESTIMATED COMPLETION DATE |
| GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> | CONTINUING <input type="checkbox"/> | None | | FY 1993 | FY 1995 | OF PROJECT FY 1995 |

Purpose: The project will assist republics of the former Soviet Union in developing appropriate policy, legal and management frameworks which can adequately incorporate environmental considerations into economic and democratic reforms in the New Independent States (NIS). The project will work with government agencies, the private sector and nongovernmental organizations. Assistance will be provided to help strengthen environmental management institutions, foster appropriate environmental policy and legislative reforms, promote the growth of indigenous environmental technology markets and U.S. private sector involvement, and encourage democratic participation in environmental issues.

Background: The magnitude and severity of environmental degradation associated with the former Soviet regime is just beginning to be understood. Current economic hardships in the NIS have created tremendous pressures to exploit the resource base wastefully and continue longstanding patterns of neglect for environmental quality. Environmental mismanagement and health and safety concerns derived from unchecked pollution have imposed a costly and destabilizing burden on the economies of all NIS republics, and many of these problems are of global dimensions and concern.

Project Description: The overall approach of A.I.D.'s environmental program for the NIS will be to assist in the restructuring of the republics' economies such that environmentally sound policies, practices and procedures are fully incorporated into the new market institutions. The project will address cross-cutting, institutional, and policy issues that are not easily addressed through sectoral projects. It will serve as a primary means to work with NIS authorities in solving key environmental problems associated with economic and democratic restructuring. In implementing project activities, A.I.D. will draw on the expertise of the U.S. private sector and U.S. Government agencies as appropriate. In particular, a partnership with the Environmental Protection Agency (EPA) is anticipated. Project-funded assistance will be closely coordinated with environmental activities of other U.S. Government agencies, such as those of the U.S. Forest Service and the Department of the Interior.

Relationship of the Project to A.I.D. Strategy: This project supports USAID's NIS Regional Strategy with special attention to market-based economic restructuring, technical cooperation, and democratic institutions development. It also contributes to the Agency's Environmental Strategy, with particular emphasis on industrial pollution, water management, agricultural sustainability, and the conservation of biodiversity. Initial geographic concentration of the project will be in Russia and Ukraine, though specific attention will also be given to Central Asian republics with later possible expansion to Belarus as well as Armenia and neighboring republics. (Energy-related environmental issues are addressed by the Energy Efficiency and Restructuring Project #110-0002, and other sectoral projects with environmental dimensions are also expected to contribute to the overall U.S. Government strategy for environmental assistance to the NIS.)

Beneficiaries: The project will directly benefit NIS residents suffering from the effects of poor environmental quality, NIS private sector and public organizations engaged in environmental protection or in need of assistance to reduce environmental damage, U.S. business involved in this expanding market for environmental services and technologies, and the U.S. public affected by those environmental problems of global concern. The project will also contribute to reducing the global and cross-border environmental impact of NIS economic activities, (e.g. global warming due to unneeded natural gas flaring, ocean pollution due to inadequately controlled open cast mining, etc.).

Host Country and Other Donors: Facilities, staff, in-country technical expertise, and other cost-sharing is anticipated by recipient governments, participating private sector entities, and by cooperating non-profit organizations. In addition, the project will work closely with the World Bank, EBRD, and possibly others including OECD and major bilateral donors such as Japan, Canada, and Germany.

A.I.D.-financed/Activities

Technical Assistance
Training
Commodities

Life of Project (\$000)

18,000
8,000
2,000
Total: 35,000

| U.S. FINANCING (In thousands of dollars) | | | | PRINCIPLE CONTRACTORS OR AGENCIES |
|--|-------------|------------------|--------------|--|
| | Obligations | Expenditures | Unliquidated | |
| Through September 30, 1991 | | | | Private contractors, non-profit organizations, the E- and possibly other federal agencies, as appropriate. |
| Estimated Fiscal Year 1992 | | | | |
| Estimated Through September 30, 1992 | | | | |
| | | Future Year Obli | Cost | |
| Proposed Fiscal Year 1993 | 5,000 | 30,000 | | |

Tab F Initial Environmental Examination

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROGRAM COUNTRY: New Independent States
Regional
- (B) ACTIVITY: Environmental Policy and
Technology Project (No.
110-0003)
- (C) FUNDING: \$35 million
- (D) PERIOD OF FUNDING: FY 1993 - FY 1996
- (E) STATEMENT PREPARED BY:
- (F) RECOMMENDED ENVIRONMENTAL ACTION: Positive Determination
under AID Environmental
Procedures (22 CFR 216)
Environmental Procedures
with the exception of a
categorical exclusion for
technical assistance and
training activities under
Section 216.2 (c) (2) (i).
- (G) DECISION OF DIRECTOR
NIS/TF: *Maureen Bonta*
Approved
~~Disapproved~~
11/24/92
Date
- (H) DECISION OF NIS/TF
ENVIRONMENTAL OFFICER: *A. O'By*
Approved
~~Disapproved~~
11/24/92
Date

EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE OF THE ENVIRONMENTAL IMPACT OF THE ENVIRONMENTAL POLICY AND TECHNOLOGY PROJFCT (100-0003)

- A. DESCRIPTION OF THE PROGRAM:** The Environmental Policy and Technology Project (100-0003) is predominantly a technical assistance and training initiative leading towards the development and demonstration of appropriate policy, legal and management frameworks which will adequately incorporate environmental considerations into economic and democratic reforms. The project will, in essence, foster both environmentally sound reform and help establish a framework in which environmental quality can be improved and pollution reduced. Geographically concentrated demonstration activities will support the technical assistance and training components.
- B. RECOMMENDED ENVIRONMENTAL ACTION:** Because the project provides technical assistance and training that will have positive implications for the environment in the New Independent States (NIS), an overall favorable environmental impact is anticipated. A categorical exclusion is applicable to planned technical assistance and training activities under Section 216.2 (c)(2)(i) of the AID Environmental Procedures (22 CFR 216) because these will not directly affect the environment. Interventions stemming from the demonstration activities (such as modification and/or rehabilitation of industrial/public facilities) are not eligible for a categorical exclusion and therefore may require environmental assessments. Initial Environmental Examinations will be prepared for subactivities during their design phase. Therefore, an overall positive determination is recommended.

Action Recommended: Positive Determination under AID Environmental Procedures (22 CFR 216) recommended, with the exception of a categorical exclusion for technical assistance and training activities under Section 216.2 (c)(2)(i).

Tab G Minutes of Interagency Meeting dated 11/16/92

MINUTES**November 16, 1992****Minutes for the Inter-Agency Review Meeting on the
NIS Environmental Policy and Technology Project
(No. 110-0003)****In Attendance:**

Larry Crandall, Deputy Director, NIS/TF
James Bever, Office Director (acting), NIS/TF/EET
Dennis Long, Environmental Officer, NIS/TF/EET
James Holderbaum, NIS/TF/EET
David McCauley, NIS/TF/EET
Pat Matheson, NIS/TF/PAC
Christina Rufenacht, STATE/D/CISA
Chuck Lawson, STATE/D/CISA
Lee Pasarew, EPA/OIA
Dale Madiera, EPA/OIA

Discussion Points and Comment/Recommendation:

- 1) **USG NIS Environmental Strategy:** Project support for and consistency with the broader draft strategy (the broader strategy will be the subject of a separate inter-agency review to be held shortly under STATE/D/CISA auspices).

Comment/Recommendation: STATE/D/CISA was satisfied that the project was both consistent with and supportive of the draft USG NIS Environmental Strategy.

- 2) **Government/Institutional Stability:** Dealing with the disorder and fluidity which characterize NIS institutions in transition.

Comment/Recommendation: No issues were raised.

- 3) **Implementation Coordination and Oversight:** Especially STATE-USAID-EPA, and funds accountability.

Comment/Recommendation: Concerns were raised regarding the ability to effectively manage the numerous implementation and funding mechanisms in the project. The rationale for providing a variety of mechanisms was stated by both NIS/TF and EPA/OIA.

- 4) **Inter-Republic Relations:** Distribution of activities and benefits within the NIS.

Comment/Recommendation: Stating intended levels of effort for individual states was questioned. It was agreed that an

annual review of level of effort by states will be conducted to determine if modifications in the original distribution are needed.

- 5) **Donor Coordination:** How best to work with the World Bank and other financial institutions and avoid duplication.

Comment/Recommendation: Continuation of dialogue between NIS/TF and other donor organizations (i.e. World Bank) was encouraged.

- 6) **Indigenous NGO Activities:** These may not always support other USG programs and/or NIS government positions.

Comment/Recommendation: No issues raised.

Additional Issues raised:

- 7) It was suggested that the specifics of planned USAID activities be included in the text of the project memorandum where possible and appropriate.
- 8) Reference to specific activities of other USG agencies in the region was also recommended for inclusion in the project memorandum.
- 9) Greater description of specific environmental issues facing the NIS region was also suggested for the project memorandum.
- 10) The possibility of converging EPA participation in the project under one implementation mechanism was discussed.

[Note: On the following day (11/17/92), a meeting was held with NIS/TF legal staff (Byron Bunyan, AID/GC) to address this specific issue. It was decided that, the most appropriate way to consolidate mechanisms (if desired) would be to develop the PASA as the single implementation mechanism.]

Tab H Announcement of Project to the Field dated 2/4/93

AGENCY FOR INT'L DEV. TELECOMMUNICATIONS CENTER

PAGE 01 OF 02 STATE 035415 051143Z 7123 0700Z 4104066
ORIGIN AID-00

STATE 035415 051143Z 7123 0700Z 4104066

IMPROVEMENT GOES HAND-IN-HAND WITH ECONOMIC AND DEMOCRATIC REFORMS IN THE CIS REGION, THE U.S. IS BEGINNING A FOUR-YEAR, \$35 MILLION ENVIRONMENTAL INITIATIVE

ORIGIN OFFICE REET-02
INFO HQAA-01 STFM-02 MOIN-03 MER-03 MENA-03 NPAC-01 NSA-02
WPC1-01 /010 AS MC 00/1240Z

INFO LOG-00 ACOA-17 AMAD-01 CEA-01 CEO-01 CIAE-00 COME-00
CTME-00 C-01 OASY-00 DINT-05 DOOE-00 DOZE-00 ITCE-00
CISA-02 EB-00 EXME-00 EUR-00 E-01 FRB-01 H-01
IARE-00 IMR-01 IO-10 ITC-01 JUSE-00 LAB-04 L-00
ADS-00 NSAE-00 NSCE-00 NSF-02 OES-00 OIC-02 OMO-01
OPIC-00 PM-00 PRS-01 SRP-00 SP-00 STR-17 TRSE-00
T-01 USIE-00 EPAE-00 /1050

3) THE NEW PROJECT WILL PROVIDE ASSISTANCE IN THE FOLLOWING THREE AREAS:

-- ENVIRONMENTAL POLICY AND INSTITUTION BUILDING (GOVERNMENT). RESIDENT AND SHORT-TERM ADVISORS WILL WORK WITH KEY DECISIONMAKERS IN ENVIRONMENTAL AND NATURAL RESOURCES MINISTRIES AS WELL AS THEIR LEGISLATIVE COUNTERPARTS TO ASSIST IN THE DEVELOPMENT OF NEW ENVIRONMENTAL POLICIES, LAWS, AND REGULATIONS AND TO ORGANIZE TRAINING PROGRAMS TO STRENGTHEN ENVIRONMENTAL MANAGEMENT INSTITUTIONS.

-- TECHNOLOGY COOPERATION FOR ENVIRONMENTAL IMPROVEMENT PRIVATE SECTOR. IN CLOSE COLLABORATION WITH THE WORLD BANK, EBRD, AND OTHER INTERNATIONAL INSTITUTIONS, THE U.S. WILL CHOOSE REGIONS WITH SIGNIFICANT ENVIRONMENTAL CHALLENGES FOR URGENT CONCENTRATED ATTENTION. U.S. RESIDENT AND SHORT-TERM ADVISORS WILL HELP IDENTIFY THE HEALTH AND ECONOMIC COSTS OF POLLUTION IN SELECTED REGIONS AND TO DEVELOP NEW POLICIES AND PRACTICES THROUGH TECHNICAL ASSISTANCE AND THE DEMONSTRATION OF TECHNOLOGIES

TO IMPROVE ENVIRONMENTAL QUALITY.

-- PUBLIC AWARENESS AND ENVIRONMENTAL ACCOUNTABILITY (NON-GOVERNMENTAL ORGANIZATIONS AND THE MEDIA). RESIDENT AND SHORT-TERM ADVISORS WILL SUPPORT COOPERATION BETWEEN U.S. ENVIRONMENTAL NGOS AND THEIR COUNTERPARTS IN THE CIS TO STRENGTHEN HIS ENVIRONMENTAL NGO MANAGEMENT CAPABILITIES AND ENHANCE PUBLIC AWARENESS OF ENVIRONMENTAL ISSUES.

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SUBJECT: CIS ENVIRONMENTAL POLICY AND TECHNOLOGY PROJECT
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1. INTRODUCTION/SUMMARY. THIS CABL ANNOUNCES THE START OF A REGIONAL ENVIRONMENTAL INITIATIVE FOR THE NEW INDEPENDENT STATES INISV ENTITLED, THE ENVIRONMENTAL POLICY AND TECHNOLOGY PROJECT. THIS NEW PROJECT, MANAGED BY THE OFFICE OF ENERGY, ENVIRONMENT AND TECHNOLOGY OF THE A.I.D. HIS TASK FORCE AID/NIS/TF/EETV, WILL SERVE AS THE PRINCIPAL USG MECHANISM TO ENSURE THAT ECONOMIC AND SOCIAL RESTRUCTURING IN THE CIS IS ACHIEVED IN AN ENVIRONMENTALLY SOUND MANNER. THE FOUR-YEAR LIFE-OF-PROJECT FUNDING LEVEL IS \$35 MILLION. THE ENVIRONMENTAL PROTECTION AGENCY SERVES AS A PARTNER IN IMPLEMENTING SEVERAL IMPORTANT ASPECTS OF THIS PROJECT. ALSO, THERE ARE NOW WEEKLY STEERING COMMITTEE MEETINGS WITH A.I.D., EPA AND STATE @/CISA AND EUR/ISCAJ. FIELD ACTIVITIES WILL BE DEVELOPED WITH INPUTS FROM HIS POSTS, AND RELATED TRAVEL AND RESIDENT STAFF PLACEMENTS WILL BE SUBJECT TO APPROPRIATE COUNTRY CLEARANCE (SEE PARA 7). ENO SUMMARY.

2. BACKGROUND AND PURPOSE. THE FREEDOM SUPPORT ACT OF 1993 MAKES SPECIFIC PROVISION FOR ENVIRONMENTALLY-RELATED USG ASSISTANCE TO THE CIS REGION, STATING: QUOTE: THE INDEPENDENT STATES OF THE FORMER SOVIET UNION FACE UNPRECEDENTED ENVIRONMENTAL PROBLEMS THAT JEOPARDIZE THE QUALITY OF LIFE AND THE VERY EXISTENCE OF NOT ONLY THEIR OWN PEOPLES BUT ALSO THE PEOPLES OF OTHER COUNTRIES, AND IT IS INCUMBENT ON THE INTERNATIONAL COMMUNITY TO ASSIST

THE INDEPENDENT STATES IN ADDRESSING THESE PROBLEMS AND IN PROMOTING SUSTAINABLE USE OF RESOURCES AND DEVELOPMENT. ENDOQUOTE. TO ENSURE THAT ENVIRONMENTAL QUALITY

4. INITIAL ACTIVITIES. THE FOLLOWING ACTIVITIES ARE PLANNED FOR THE PROJECT'S START-UP PHASE:

-- SUPPORT TO ENVIRONMENTAL INSTITUTION-BUILDING AND POLICY DEVELOPMENT AS WELL AS TECHNOLOGY DEMONSTRATIONS (BY THE ENVIRONMENTAL PROTECTION AGENCY). INITIAL ACTIVITIES PLANNED INCLUDE: (1) SUPPORT TO THE PRESIDENTIAL COMMISSION ON THE DNIPEP RIVER FOR IMPROVED WATER QUALITY AND RIVER BASIN MANAGEMENT (UKRAINE); (2) DEMONSTRATION OF LOW-COST POLLUTION CONTROL TECHNOLOGIES FOR ELECTRIC POWER GENERATION (UKRAINE); (3) REGIONAL PROJECT ON AIR QUALITY MANAGEMENT TO SUPPORT WORLD BANK INVESTMENT PLANNING (RUSSIA, POSSIBLY VOLGOGRAD); AND (4) SHORT COURSES ON ENVIRONMENTAL MANAGEMENT TOPICS TO BE CONDUCTED IN VARIOUS LOCATIONS THROUGHOUT THE CIS REGION.

-- TECHNICAL ASSISTANCE TO ENVIRONMENTAL AND ECONOMIC MINISTRIES ON ENVIRONMENTAL POLICIES AND LEGISLATION

THROUGH THE HARVARD INSTITUTE FOR INTERNATIONAL DEVELOPMENT. SUBJECT TO APPROPRIATE COUNTRY CLEARANCE (SEE PARA 7), THIS WILL INCLUDE THE ESTABLISHMENT THIS SUMMER OF RESIDENT ADVISOR OFFICES IN MOSCOW AND ALMA-ATA TO CONTINUE WORK ON ENVIRONMENTAL LIABILITY QUESTIONS AFFECTING RUSSIAN PRIVATIZATION AND TO BEGIN IN-DEPTH ANALYSES OF OTHER KEY ENVIRONMENTAL POLICY ISSUES. THE AGREEMENT WILL ALSO PROVIDE HIS-HIDE ACCESS TO SHORT-TERM TECHNICAL ASSISTANCE ON THESE TOPICS BY BOTH HARVARD AND

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TELECOMMUNICATIONS CENTER

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NON-HARVARD ENVIRONMENTAL POLICY EXPERTS.

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-- SUPPORT TO HIS ENVIRONMENTAL NGOS THROUGH ISAR--
FORMERLY THE INSTITUTE FOR SOVIET-AMERICAN RELATIONS.
SUBJECT TO APPROPRIATE COUNTRY CLEARANCES (SEE PARA 7),
ISAR WILL ESTABLISH OFFICES AND PLACE RESIDENT ADVISORS IN
KIEV, MOSCOW, AND ALMA-ATA THIS SPRING TO BEGIN
ADMINISTERING AN HIS-WIDE ENVIRONMENTAL NGO SMALL GRANTS
PROGRAM AND TO IMPROVE THE MANAGEMENT CAPACITY OF HIS
ENVIRONMENTAL NGOS.

5. FURTHER DEVELOPMENT OF PROJECT PLANS. SUBSEQUENT
MEDIUM-TERM ACTIVITIES OF THE PROJECT ARE EXPECTED TO
EMPHASIZE TECHNOLOGY COOPERATION AND DEMONSTRATION. INPUTS
FROM FIELD STAFF WILL BE SOLICITED FOR CONSIDERATION IN
THE DESIGN OF THESE EFFORTS.

6. PROJECT MANAGEMENT AND FIELD ACCESS. THE OFFICE OF
ENERGY, ENVIRONMENT AND TECHNOLOGY OF THE USAID HIS TASK

FORCE JAID/HIS/TF/EET/ IS RESPONSIBLE FOR OVERALL PROJECT
MANAGEMENT, WITH THE HIS/TF ENVIRONMENTAL OFFICER SERVING
AS THE PROJECT OFFICER. CONTRACTS, GRANTS, AND USG AGENCY
AGREEMENTS ARRANGED BY AID/HIS/TF/EET WILL PROVIDE ACCESS
TO NEEDED U.S. EXPERTISE AND TECHNOLOGIES FOR PROJECT
IMPLEMENTATION. USAID FIELD STAFF WILL BE RESPONSIBLE FOR
HELPING TO IDENTIFY COUNTRY-SPECIFIC ACTIVITIES, AND FOR

THE MONITORING AND DAY-TO-DAY MANAGEMENT OF ALL ACTIVITIES
CONDUCTED UNDER THIS PROJECT WITHIN THEIR RESPECTIVE
COUNTRIES/REGIONS. POSTS ARE REQUESTED TO SHARE
APPROPRIATE ENVIRONMENTAL ASSISTANCE IDEAS WITH
AID/HIS/TF/EET AND D/CISA. A SENIOR FOREIGN SERVICE
OFFICER ALREADY HAS BEEN POSTED TO USAID MOSCOW WHO ALSO
CAN ASSIST HIS POSTS WITH ENERGY, ENVIRONMENT, AND
TECHNOLOGY ACTIVITIES, AS NEEDED.

7. AS MENTIONED IN PARAS 1 AND 4, A. I. D. ALSO IS EXPLORING
THE ESTABLISHMENT OF RESIDENT ADVISOR OFFICES AND THE
PLACEMENT OF ENVIRONMENTAL TECHNICAL SPECIALISTS IN THE
FIELD IN COUNTRIES WHICH WILL HAVE MAJOR ACTIVITIES UNDER
THE PROJECT, SUCH AS MOSCOW, KIEV AND ALMA-ATA. SUCH
OFFICES AND ASSIGNMENTS WILL BE PROPOSED FOR CONCURRENCE
BY USAID MISSIONS AND MUST RECEIVE ADVANCE COUNTRY
CLEARANCE BY THE APPROPRIATE U.S. EMBASSY.
CHRISTOPHER

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