

PS-ABA-915

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

**WASHINGTON, D.C.**

**AMENDMENT NO. 4  
to the  
PROJECT MEMORANDUM**

**NEW INDEPENDENT STATES:  
SPECIAL INITIATIVES  
(110-0001)**

**APPROVED: February 4, 1994**



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

FEB 4 1994

**ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTER, ENI**

THROUGH: Barbara Turner, DAA, ENI/NIS

FROM: Carlos Pascual, ENI/NIS/PAC

SUBJECT: Project Authorization Amendment No. 4 for the New  
Independent States Special Initiatives Project,  
110-0001

**ACTION REQUESTED:** Your approval is requested to increase the authorized life-of-project funding for the New Independent States (NIS) Special Initiatives Project from \$149 million to \$274.6 million to allow for additional funding of on-going activities and new initiatives. The Project Activity Completion Date (PACD) remains February 4, 1996.

**BACKGROUND:** The Special Initiatives Project serves as a "quick start" mechanism to fund priority activities, emergency humanitarian assistance, pilot projects, and unique activities which do not have a specific sector focus. The purpose of the project is to support the economic and social transformation of the NIS republics into free-market democracies by providing Western knowledge and experience to foster reform. As "special initiative" activities expand into broader, sectoral programs, they are transferred to the appropriate sectoral project.

The initial project authorization was signed on January 21, 1992. Amendment No. 1 to the authorization was signed on March 27, 1992; Amendment No. 2, on August 31, 1992; and Amendment No. 3 signed on January 6, 1993.

Project activities have included the following:

- **Emergency Humanitarian Assistance:** early warning/preparedness and field management, child vaccination activities, pharmaceutical procurement, food safety net program, Armenia crisis response, U.S. participation in multilateral humanitarian responses, a comprehensive Caucasus PVO program and other emergency initiatives.

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- **Quick Response/Cross-Sectoral Activities:** Department of Commerce Special American Business Intern Training Program (SABIT); USIA Public Policy Program; Department of State (State/H) Rule of Law Program; International Executive Service Corps (IESC) Program; Citizens Democracy Corps (CDC) Activity; USIA America House Program; Organization for Economic Cooperation and Development (OECD); and Private Voluntary Organization (PVO) Support activities.

These programs received initial start-up funding from the Special Initiatives Project. They have since been incorporated into sector-specific projects and any future activities will be funded under the sector-specific projects.

- **Pilot Programs/Innovative Approaches:** Joint U.S.-Turkey and U.S.-Israel Cooperation Programs.
- **Program Development and Support (PD&S):** Design, audit and evaluation, and monitoring activities to strengthen and consolidate the overall NIS Program.

**PROJECT DESCRIPTION:** This Project will continue to serve as the mechanism to respond quickly to new opportunities, emergency humanitarian needs, and program development and support activities. The increase in life of project funding will be utilized for the following types of illustrative activities:

- **EMERGENCY HUMANITARIAN ASSISTANCE**

***Vulnerable Group Feeding:*** Section 564 of the FY 1994 Appropriations Bill, under the heading Agricultural Aid to the New Independent States of the Former Soviet Union, specifies that:

"...up to \$50,000,000 should be made available only for provision of United States agricultural commodities to address the food and nutrition needs of the people of the new independent states of the former Soviet Union."

To this end, this amendment will continue to provide agricultural commodities for vulnerable groups (e.g., children, pregnant or lactating women, families displaced by ethnic strife, elderly pensioners, victims of war and natural disasters, and such

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institutionalized persons as orphans, disabled, and elderly). Food assistance will be provided to such groups in Armenia, Azerbaijan, Georgia, and Tajikistan. The budgeted amount of the commodities and support services to be provided will total \$38 million. In accordance with applicable law, we will not provide assistance to or through the Government of Azerbaijan.

**Armenia Crisis Response, Winterization and Seed Program:** In FY 1993, Congress had earmarked \$5 million for Armenia's refugees. This Project funded that earmark and provided an additional \$1.12 million for Armenia's crisis.

Section 565 of the Appropriations Bill specifies that:

"...(2) under the headings 'Assistance for the New Independent States of the Former Soviet Union' and 'Operations and Maintenance, Defense Agencies', \$18,000,000 should be made available for urgent humanitarian assistance for Armenia."

In response to the above, this Project will provide an additional \$18 million to support Armenia with its winterization needs (heaters, heating fuel, and containers) and the provision of seeds for spring and fall 1994 planting.

**Comprehensive Caucasus PVO Humanitarian Program:** This amendment will continue to fund the PVO Emergency Humanitarian Assistance Program in the Caucasus which is managed by Save the Children Federation (SCF), under a cooperative agreement. Under this program, SCF analyzes and prioritizes overall needs and recommends programming areas for USAID approval. Furthermore, SCF monitors the changing status of vulnerable populations, targets assistance to them, encourages PVO response, and provides subgrants to PVOs to undertake humanitarian programs.

Subgrant activities may include:

- a regional strategic food and blankets/shelter reserve,
- fuel and food logistics support,
- a PVO emergency training and resource center,
- local procurement/distribution of food,
- alternate energy sources pilot program,
- food aid to elderly pensioners,
- emergency feeding, shelter, sanitation, medical, and related programs targeted to displaced persons and refugees, and

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- medical pharmaceutical support.

The SCF cooperative agreement allows for rapid response to deal with unforeseen emergencies, including increased numbers of displaced persons (especially in Georgia and Azerbaijan) victimized by ethnic conflict and initial start-up for 1994/95 winterization programs. FY 1994 funding for this component totals \$20 million.

***Emergency Early Warning, Preparedness, and Field Management:***

Primary areas of support for FY 1994 funding include the continuation of PVO outreach, awareness, and coordination efforts; emergency management training; epidemiological and nutritional surveillance; medical, food, and related emergency assessments/action plans; evaluations; and, field project management and monitoring. FY 1994 funding for this component totals \$2.92 million.

***U.S. Participation in Multilateral Humanitarian Responses:*** In both the Caucasus and Tajikistan, the magnitude of the humanitarian crisis dwarfs our bilateral capacity to respond. International organizations, in some areas, are positioned for immediate response; in other areas, they have greater capacity to provide direct relief or protection services than the U.S. can bilaterally or through PVOs. To involve such organizations more meaningfully in the humanitarian effort and to enhance prospects for burden-sharing amongst other donors, the Bureau (in conjunction with USDA, S/NIS, and State/RP) will continue, as appropriate, to respond to international appeals of such organizations as the International Committee of the Red Cross (ICRC), the United Nations High Commissioner for Refugees (UNHCR), the International Federation of the Red Cross (IFRC), the United Nations Children's Emergency Fund (UNICEF), and the Aga Khan Foundation. This amendment provides \$11 million for this component.

***Pharmaceuticals, Vaccines, and Supplies:*** Ethnic conflict and atrophied economies have increased national requirements for pharmaceuticals and at the same time, have reduced internal capacities to supply/procure those medicines. During FY 1994, \$4 million will be utilized to program medicines for the Caucasus and Tajikistan. An additional \$15 million will be programmed to respond to the pharmaceutical requirements facing Ukraine. An assessment team will arrive in Ukraine to analyze areas for quick response intervention as well as longer-term institutional

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requirements. It is envisioned that the initial procurement of pharmaceuticals and vaccines will be provided under this Project while any longer-term institutional requirements will be carried out under the Health Care Improvement Project.

**Other Emergency Initiatives:** In previous authorization amendments, this line item contained the bulk of humanitarian assistance. To add more specificity and enhance accountability, this amendment has broken this "other" category into major constituent elements, as indicated above; the \$37 million previously authorized was allocated among these components above. During FY 1994, \$200,000 will be utilized for a flood rehabilitation program in Ukraine.

• **QUICK RESPONSE/CROSS-SECTORAL ACTIVITIES**

All program activities funded under this component, i.e., SABIT, USIA Public Policy, State/H Rule of Law, IESC, Citizens Democracy Corps and PVO Support activities have been incorporated into sector-specific projects and will not receive future funding from this Project. Therefore, the authorized level will be reduced to \$31.85 million.

• **PILOT PROGRAMS/INNOVATIVE APPROACHES**

Continued funding for the U.S.-Israel Cooperation Program will be provided through OYB transfers from the NIS Account to the R&D and ANE Bureaus and therefore, will not be funded under this Project. Any additional funds for the U.S.-Turkey Cooperative Program will be provided through the Health Care Improvement Project. This amendment will provide \$6.4 million to fund additional pilot programs/innovative approaches.

• **TECHNICAL SUPPORT AND PROGRAM DEVELOPMENT AND SUPPORT (PD&S)**

Technical support and PD&S activities under the project will be increased by \$4.6 million to fund urgent requirements, longer-term technical support requirements, short-term technical assistance and other project-related design and support activities in order to strengthen and consolidate the overall ENI/NIS Program.

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• **OTHER NIS PROGRAMS**

\$5,480,000 is set aside to fund other NIS emerging priorities, including emergency humanitarian assistance activities. This will provide the Bureau with the flexibility to respond rapidly to changing circumstances. To the extent that funds are transferred from this component to another, the authorization level of that component will be increased commensurately. Criteria will be set, subject to your approval and the conditions stated below, for accessing these additional funds.

The authorization for total life-of-project (LOP) funding is, therefore, being increased by \$125.6 million, bringing the total LOP authorization level to \$274.6 million. The following table illustrates authorized levels, which (in millions of dollars) may be adjusted up to 10% between line items, based on priorities and urgent requirements:

<u>Activity</u>	<u>Current Amount</u>	<u>This Amendment</u>	<u>New Total</u>
Emergency Humanitarian Assistance	\$108.42	\$109.12	\$217.54
Quick Response/ Cross-Sectoral Activities	31.85	0	31.85
Pilot Programs/ Innovative Approaches	4.34	6.40	10.74
Technical Support and Program Development and Support	4.39	4.60	9.99
Other NIS Programs	<u>0</u>	<u>5.48</u>	<u>5.48</u>
TOTAL, Special Initiatives Project	\$149.00	\$125.60	\$274.60

**CONGRESSIONAL NOTIFICATION:** The Congressional Notification expired on November 5, 1993, advising a life-of-project (LOP) amount of \$257 million and a fiscal year 1994 obligation of \$125.6 million. Fiscal year obligations may not exceed \$125.6 million and LOP obligations may not exceed \$257 million, unless a further CN has cleared Congress without objection.

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**LEGISLATION AND AUTHORITY:** The Freedom Support Act (FSA) and the FY 1994 Appropriations Act (P.L. 102-391) contain several provisions that limit assistance or require the Executive Branch to take into consideration certain factors in providing assistance.

- Section 907 of the FSA contains a prohibition on assistance to the Government of Azerbaijan (GOA), unless the President determines and reports to Congress that the GOA is taking demonstrable steps to cease all blockades and other offensive actions against Armenia and Nagorno-Karabakh. In view of this restriction, the GOA will not receive assistance under this project unless the determination has been made. Assistance may still be provided to the people of Azerbaijan, so long as it is not provided to the GOA.
- Section 498A (a) of the Foreign Assistance Act of 1961, as amended, sets forth a number of matters that are to be taken into account in providing assistance to NIS countries such as progress toward democracy and economic reform, human rights, peaceful resolution of ethnic disputes, and restraining arms transfers. State has taken or will take these matters into consideration in approving this memorandum.
- Section 498A (b) prohibits aid to any NIS country that violates any of a number of restrictions relating to matters such as human rights, arms control, nuclear proliferation and, with respect to Russia, troop withdrawal from the Baltics. Again, State will advise if any of these provisions should become applicable to an NIS country.
- Section 547 of the Appropriations Act sets forth restrictions on assistance which could have an adverse impact on U.S. employment or on workers' rights in the recipient countries. The Agency has developed policy guidance and standard clauses which are incorporated in PIO/Ts for all grants and contracts and in interagency agreements to ensure compliance with this section.
- Section 577 of the Appropriations Act bars the obligation or expenditure of NIS funds for Russia unless the President makes a certification of "substantial progress" on Baltic troop withdrawal. On December 7, 1993, the President signed a memorandum certifying that substantial progress has been

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made. The President must recertify such progress every six months.

- Section 560(e) of the Appropriations Act states that no funds shall be transferred to the Government of Russia (GOR), unless it is making progress on market principles, private ownership, negotiating repayment of commercial debt, respect of commercial contracts, and equitable treatment of foreign private investment. That section also bars transfers to the GOR if it "applies or transfers United States assistance to any entity for the purpose of expropriating or seizing ownership or control of assets, investments, or ventures." State will advise if this provision should become applicable to the GOR.
- Section 573 bars assistance to the government of any country that "provides lethal military equipment" to certain terrorist countries as designated by the Secretary of State. State will advise if this provision should become applicable to any NIS country.
- Section 560(g) prohibits funding for any government that "directs any action in violation of the territorial integrity or national sovereignty" of any other NIS country. Section 560(g) also states that if the President determines it to be in the national interest, then the Administration may make available assistance without regard to this restriction. On December 7, 1993, the President signed a formal determination that the provision of assistance in the NIS is in the national interest.

Pursuant to General Notice No. 1 of October 1, 1993, the AA/ENI has been delegated all authorities with respect to Europe and the New Independent States held by the former Associate Administrator for Operations (AA/OPS). Pursuant to Delegation of Authority No. 400, dated August 16, 1991, AA/OPS was delegated project approval authority. Therefore you, as Acting AA/ENI, have the authority to approve, authorize, and amend projects.

**RECOMMENDED ACTION:** That you sign the attached Project Authorization Amendment No. 4 (Tab A) for the Special Initiatives Project (110-0001) with a planned life-of project funding of \$257 million, subject to the availability of funds, and approve and sign the Initial Environmental Examination (Tab B).

SPECIAL INITIATIVES PROJECT (110-0001)  
ILLUSTRATIVE BUDGET  
(in \$ 000)

Activity	Current Amount	New Amount This Amendment	TOTAL AUTHORIZED	FY 1994 Budget
<b>Emergency Humanitarian Assistance</b>	<b>108.42</b>	<b>109.12</b>	<b>217.54</b>	<b>109.12</b>
- Vulnerable Groups Feeding	44.94	42.06	87.00	38.00
- Armenia Crisis Response, Winterization, and Seeds	7.52	18.48	26.00	18.00
- Child Vaccination Campaign	6.43	0.00	6.43	0.00
- Other Emergency Initiatives	21.64	-20.53	1.11	0.20
- Comprehensive Caucasus PVO Humanitarian Program	8.75	28.25	37.00	20.00
- Emergency Early Warning, Preparedness, and Field Management	2.27	3.73	6.00	2.92
- U.S. Participation in Multilateral Humanitarian Responses	7.68	17.32	25.00	11.00
- Pharmaceuticals, Vaccines, and Supplies	9.19	19.81	29.00	19.00
<b>Quick Response / Cross-Sectoral</b>	<b>31.85</b>	<b>0.00</b>	<b>31.85</b>	<b>0.00</b>
- America Houses	3.00	0.00	3.00	0.00
- PVO Support	18.00	0.00	18.00	0.00
- Special American Business Intern Training (SABIT)	2.00	0.00	2.00	0.00
- International Executive Service Corps (IESC)	3.84	0.00	3.84	0.00
- Citizens Democracy Corps (CDC)	2.37	0.00	2.37	0.00
- Rule of Law	1.06	0.00	1.06	0.00
- USIA Public Policy	2.40	0.00	2.40	0.00
- Organization for Economic Cooperation and Development (OECD)	1.18	0.00	1.18	0.00
<b>Pilot Programs / Innovative Approaches</b>	<b>4.34</b>	<b>6.40</b>	<b>10.74</b>	<b>6.40</b>
- U.S.-Turkey Joint Cooperation	4.34	0.00	4.34	0.00
- Title VIII*	0.00	6.40	6.40	6.40
<b>Program Development and Support</b>	<b>4.39</b>	<b>4.60</b>	<b>8.99</b>	<b>4.60</b>
- PD&S / Evaluation / Audit	4.39	4.60	8.99	4.60
<b>Other NIS Programs</b>	<b>0.00</b>	<b>5.48</b>	<b>5.48</b>	<b>5.48</b>
<b>T O T A L, Special Initiatives Project (110-0001)</b>	<b>149.00</b>	<b>125.60</b>	<b>274.60</b>	<b>125.60</b>

\* The Title VIII Program is mandated under the Soviet-Eastern European Research and Training Act of 1983. The Program is managed by the Department of State Bureau of Intelligence and Research under a 632(a) allocation transfer.

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PROJECT AUTHORIZATION AMENDMENT NO. 4

Name of Country: Newly Independent States  
Name of Project: Special Initiatives Project  
Number of Project: 110-0001

Pursuant to Sections 104, 531, 491, and 498 of the Foreign Assistance Act of 1961, as amended, I hereby authorize Amendment No. 4 for the **Special Initiatives Project** for the New Independent States. The life-of-project (LOP) funding is hereby increased from \$149 million to \$257 million in grant funds, subject to availability of funds in accordance with the AID OYB allotment process, to help in financing foreign exchange and local currency costs of the Project. All other conditions remain the same.



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Malcolm Butler  
Acting Assistant Administrator, ENI

FEB ' 4 1994

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Date

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROGRAM COUNTRY: New Independent States  
(Regional)
- (B) ACTIVITY: NIS Special Initiatives,  
No. 110-0001
- (C) FUNDING: \$ 58,975,000 (ESF)  
\$ 5,025,000 (CS)  
\$ 5,000,000 (DA)  
\$ 27,000,000 (IDA)  
\$161,000,000 (NIS)
- (D) PERIOD OF FUNDING: FY 1994 and FY 1995
- (E) STATEMENT PREPARED BY: Annette Tuebner, ENI/NIS/PAC
- (F) RECOMMENDED ENVIRONMENTAL ACTION RECOMMENDED: Positive Determination under AID Environmental Procedures (22 CFR 216) with the exception of the categorical exclusions under Section 216.2(c). As appropriate, exemptions will be invoked per 216.2(b)(1)(i) and (ii).
- (G) DECISION OF ACTING ASSISTANT ADMINISTRATOR, ENI
  - Malcolm Booth  
Approved
  - \_\_\_\_\_
  - Disapproved
  - \_\_\_\_\_
  - Date
- (H) DECISION OF ENVIRONMENTAL OFFICER, ENI/NIS
  - A. O. Ty  
Approved
  - \_\_\_\_\_
  - Disapproved
  - \_\_\_\_\_
  - Date

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EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE OF THE ENVIRONMENTAL IMPACT SPECIAL INITIATIVES PROJECT (110-0001)

A. DESCRIPTION OF THE PROGRAM:

This project provides emergency medical and humanitarian food commodity assistance to individuals at high-risk, as well as training and technical assistance to promote democratic values and systems and strengthen economic reforms to establish open market economies. There is no impact on the environment as far as A.I.D. managed activities are concerned.

B. RECOMMENDED ENVIRONMENTAL ACTION:

This project provides emergency and humanitarian assistance, training and other technical assistance. A continuation is proposed for the categorical exclusion from A.I.D.'s Initial Environmental Examination, Environmental Assessment and Environmental Impact Summary requirements previously approved for the project. A further exemption to these requirements is recommended for the emergency activities being implemented under the project. The action proposed is in accordance with A.I.D. Environmental Procedures 22CFR Part 216, Section 216.2 (c) (1) (i) which generally provides for a categorical exclusion in situations where the purpose of the project does not require A.I.D. to have "knowledge of or control over, the details of the specific activities that have an effect on the environment for which financing is provided by A.I.D." Specifically, these activities are Categorically excluded under Sections 216.2 (c).

The Project Officer will be required to review emergency activities other than the procurement and distribution/ monitoring of food commodities, emergency medical initiatives and immunizations in accordance with Regulation 22CFR216 to ensure that they meet the criteria for categorical exclusions.

The Project Officer will ensure that Grantees review each proposed EHA activity in accordance with Regulation 22CFR216, and will conduct any further environmental analysis on approved grants that do not meet the criteria for categorical exclusions.

Recommendation: Positive Determination under AID Environmental Procedures (22 CFR 216), with the exception of categorical exclusions for under Section 216.2 (c). As appropriate, exemptions will be invoked per 216.2(b)(1)(i) and (ii).

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