

# **USAID ROLE IN IMPACT ASSESSMENT AT THE MDBs**

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# Why Must USAID LAC Care?

Three MDBs (IDB, IBRD, NADBank) fund large scale projects in LAC. US taxpayer money funds the Banks.

MDBs all have good EIA procedures but implementation is uneven

Due to many factors, some MDB projects are environmentally unsound

Congress has tasked USAID to ensure MDB projects are environmentally sound

USAID ends up paying to fix the problems

# “IFI” Title XIII



- **The International Financial Institutions Act (IFI) of 1977 is the operational standards for U.S. government involvement in MDBs.**
- **In 1988 Congress added Title XIII to address growing environmental concerns**
- **Title XIII assigns specific roles to USAID, Treasury and State for implementation.**

# Roles and responsibilities (cont)

- If USAID believes an MDB loan will have an adverse environmental impact, USAID, in consultation with Treasury and State, undertakes an investigation and shares the information with the public.
- Treasury instructs the U.S. Executive Directors (USEDs) at the MDBs to urge the banks to circulate their environmental assessments in adequate time to permit this kind of evaluation.

# Who Leads, Who Supports

- Each section of Title XIII states which organizations lead and which support. The roles flip around.
- USAID leads in 3 sections
- Treasury leads in 12 sections
- Treasury and State share the lead in 1 Section.
- State does not lead by itself in any.

# Roles and responsibilities (cont)

- USAID (in consultation with Treasury and State Departments) identifies MDB projects likely to have adverse impacts on the environment, natural resources, public health or indigenous people. USAID then reports to Congress twice a year.
- Treasury forwards reports to the USEDs to try and eliminate or mitigate potential adverse environmental impacts.

# Roles and responsibilities (cont)

- Treasury, in consultation with State and USAID, creates a system for cooperative exchange of information.
- Treasury instructs the USEDs to support impact assessment education and capacity building in the MDBs and borrowing countries.

# Roles and responsibilities (cont)

- Treasury shall instruct the USEDs to promote:
  - Use of environment in economic analyses
  - Development of environmental projects
  - Incorporation of environment in policy projects
  - Increased numbers of MDB environment staff
  - Increases in local NGO/community involvement in decision making
  - Sharing of information with NGOs/communities early in project design processes



# The Pelosi Amendment (added in 1989)

- Treasury instructs USEDs "*not to vote in favor*" of any project which would have a significant effect on the environment, unless for at least 120 days prior to the vote, an EA has been completed and made available to the EDs, affected groups and NGOs.



- Treasury ensures an EA accompanies the proposal throughout the review process, and considers recommendations from all other Federal agencies and interested members of the public.

# The Pelosi Amendment (cont)

## The Treasury Department:

- consults other Federal agencies and instructs USEDs to seek systematic implementation of EAs
- develops procedures for considering EAs, and requires interagency and public reviews of the EAs
- in consultation with other agencies, makes staff available for the above activities without cost to the MDBs

# Title XIII within USAID

- Lead responsibility resides in EGAT/ESP
- Supporting roles
  - PPC
  - LAC
  - Missions



# Examples of Recent MDB Projects Reviewed Under Title XIII

- Peru – Camisea
- Azerbaijan/Georgia/Turkey – Baku/Tblisi/Ceyhan Oil Pipeline
- Russia – Sakhalin Island Pipeline