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FOR ASIA
AT THE ANNUAL MEETING OF THE EAP TASK
FORCE FOR THE IMPLEMENTATION OF THE
ENVIRONMENTAL ACTION PROGRAMME
FOR CENTRAL AND EASTERN EUROPE,
CAUCASUS AND CENTRAL ASIA**

**15-16 OCTOBER 2009
ORGANIZATION FOR ECONOMIC CO-
OPERATION AND DEVELOPMENT
PARIS, FRANCE**

**Dear Director (Brendan) Gillespie,
Participants, Ladies and Gentlemen:**

Let me thank you and OECD for inviting USAID and giving me an opportunity to share with you some information about USAID work on and assistance to countries in Central Asia towards addressing environment-related problems.

I also would like to mention briefly new U.S. Government initiatives under President Barak Obama that mandate the United States play an even greater role in addressing the pressing global environmental challenges of the 21st Century.

As professionals in the fields of environment and development we have long recognized that human well-being and economic development are directly related to the health of the environment of our planet and availability of natural resources, particular water, in sufficient quantity and appropriate quality. We all appreciate that there are a multitude of factors that determine the environmental quality at local, regional and global levels.

It is unfortunate, but true that Central Asia, individual countries in the Region and their immediate neighbors are faced with major environmental problems, like soil contamination and land degradation, water pollution and scarcity, habitats destruction, deforestation, etc. that result in severe health and other socio-economic problems. Since independence, countries in Central Asia have been trying to integrate environmental dimension into a broader socio-economic development context. Countries in the Region have also attempted to take actions, both individually and collectively, to address past and on-going water-related problems. However, the solutions to these and emerging problems require long-term commitment and concerted efforts, and resolution of challenging institutional and governance issues at national and regional levels. Coordinated donors' assistance in the years to come will be critical to helping Central Asian countries secure sustainable development, mitigate existing problems, avoid conflicts and preserve diverse and clean environment for future generations.

In the past 15 years, the U.S. Government has pursued, through US AID and its other agencies, a policy of economic, political, environmental, water and energy assistance programs in

support of the independent Central Asian nations. Some of our activities have sought to address the difficult issues associated with past environmental mismanagement, Aral Sea disaster, trans-boundary water and related hydropower resources the CAR nations possess and manage.

USAID assistance on water resources started with primarily humanitarian aid for the Aral Sea Disaster Ecological Zone (1993-96) aimed at improving drinking water supply and sanitation. As a result of US Government help, hundreds of thousands of people in Kazakhstan, Karakalpakstan and Turkmenistan benefited.

This involvement was followed by assistance focused on policy development for improved regional and national water management, including the development of river basin development models and creation of regional agreements on water and energy sharing (example is the 1998 multiyear agreement on Syrdarya River Basin energy resources use - 1998-2000.)

In 2000-2005 USAID programs shifted from a national/regional policy dialogue to a greater focus on development of replicable technical models for integrated resource management and training of natural resource managers.

Since 1999, USAID started collaborating with all CARs on projects to establish Water User Associations (WUAs) as essential elements of improving agricultural productivity and improved water management in Central Asia. After almost 10 years of USAID involvement, more than a hundred of WUAs with more than half a million beneficiaries have been established and are fully operational. WUAs have reduced conflicts over water that previously existed between farmers located in the beginning and tailings of canals. Organized farmers are working together rather than each individual farmer

doing his own business with no regard for others. Water shortages, in most cases, have been reduced due to improvement in infrastructure as well as management capabilities of the WUAs. The WUAs agree on irrigation schedules for fair and equitable distribution of water and fully implement them. Fee collections have improved, both for government fees as well as for fees for WUAs use. The current WUA program will continue through 2010.

The United State believes strongly that one way to foster sustainable development and encourage regional peace and stability is through cooperation to address common challenges, particularly those related to wise use of environmental resources, that all Central Asian countries and their neighbors face together, and individually. Through USAID, the United States will pursue its energy, water, climate-change-related and other assistance to individual countries and the Region by developing and funding various programs and projects as well as in conjunction with other multilateral and bi-lateral donors.

Let me now briefly turn to what we plan in environment, water and related sectors in the future.

First of all USAID will seek to ensure compliance with the US Government and Agency environmental regulations, with those of recipient countries and with those stipulated under applicable international environmental agreements, ratified by host countries, throughout every USAID-funded program and project activity development and implementation. This includes professional environmental advice, capacity development effort and training of USAID staff, its implementers and partners in the Agency environmental requirements and best practice. Diligent environmental analysis of every program and project and implementation of adequate environmental mitigation and monitoring actions will help

avoiding, preventing and mitigating potential adverse impacts on the environment and will foster equitable and efficient water use. Environmental analysis under the Agency regulations will help mainstreaming mitigation of and adaptation to climate change, integrating water, biodiversity, etc. dimensions into various sectoral program and projects USAID will be supporting in health, economic growth, democracy, etc.

Secondly, USAID will continue its support in local efforts to improve water resource utilization efficiencies by continued work with WUAs in the Tajikistan, Kyrgyzstan and Uzbekistan. These efforts will not only increase the autonomy of the WUAs, but will seek to enhance basic agricultural productivity. The increases in productivity should decrease water utilization while increasing basic food production to address the overall food security problems faced by Tajikistan and Kyrgyzstan.

In the water sector, USAID will offer support to a comprehensive analysis of the economic ramifications of optimized water-energy resource utilization in the Syr Darya and Amu Darya River Basins. This assistance will provide a comprehensive inventory of the economic interests affected, directly and indirectly (and extending to macro-economic implications), by the region's water-resource management practices in different sectors in order to account for the impact on these interests in a modeling of a range of scenarios. The model will be designed to be consistent with practical constraints as well as applicable (or proposed) norms and conventions of transboundary waterway exploitation. The resulting analysis will demonstrate the economic benefits that the region stands to gain if the lingering impasse over water and energy cooperation can be resolved. The objective is to add substance to the inter-state dialogue among the Central Asian countries on the crafting of a benefits-sharing, welfare-maximizing agreement on water/energy resource exploitation in Central Asia.

USAID will also support analysis of the impact on Central Asia's hydrology of the Global Climate Change. It will seek to provide an analysis of the risks to the region's hydrology as a consequence of global climate change. The increase in global mean temperatures of the next several decades can greatly impact the availability of water in the region's rivers, both in terms of quantity and seasonal variations. Changes resulting from climate change in the rates of snowpack- and glacier-melt, annual precipitation, and aquifer depletion and/or replenishment can greatly affect the valuation of the river's water resources. This analysis will consider the likely range of climate-change impacts on these and similar important determinants of the region's water-resource availability. The objective is to contribute to, in conjunction with the economic analysis detailed above, the elaboration of a more robust and adaptable regional agreement on water/energy resource exploitation in Central Asia. This analysis will also be of direct value to other climate-change-adaptation strategy development.

USAID will provide additional support to the United Nations Regional Center for Preventive Diplomacy for Central Asia (UNRCCA) and Executive Committee of the International Fund for Saving the Aral Sea (EC-IFAS,) which donors community sees as a unique platform to ensure local ownership of and foster transparent and effective regional coordinated actions in environment and water-energy-agriculture nexus.

Thirdly, pulling together USAID resources in Washington and the field, we will seek to build a Global Melt Alliance to work within countries, across borders and with institutions ranging from the local to international level to mitigate and adapt to glacial melt while sustaining economic growth, promoting effective governance, reducing poverty, improving infrastructure and protecting the local and global environments.

Efforts will result in productive and climate-resilient economies that use resources effectively, sustainably and equitably.

Fourthly, in Central Asia, as in the rest of Asia, USAID will work to develop partnerships for a sustainable low carbon future. Through these partnerships we will seek to help addressing vulnerability to climate change through locally appropriate strategies including:

- Rational use of energy resources, including assistance in developing appropriate regulatory and legal frameworks to stimulate economically sound investment and capital mobilization, including support for energy efficiency and renewable energy policy frameworks;
- Innovative forest and land use practices that increase greenhouse gas sequestration and storage through conservation and reforestation; and
- Health, food, water and income security interventions to assist with adaptation.

The overall efficiency of electric power production and use can be improved through cross-border system planning and electricity trade. USAID will continue assistance with electricity market development as part of its clean energy program.

Adaptation funds will be used to examine and help the countries in the region begin to address the climate change impacts on water flow, energy production from hydroelectric facilities, and agricultural production. The USAID Mission will aim to plan activities and fund pilot projects closely coordinated across various sectors.

In Kazakhstan, USAID will continue support for power sector market reforms and help the country to participate in regional

electricity trade and to serve as a model for other countries in the CAR.

In Kyrgyzstan and Tajikistan, power sector market reforms will continue to be encouraged and supported in cooperation with the IFIs, and USAID will help facilitate country's participating in regional electricity trade, including potentially sending power south to Afghanistan and Pakistan.

In Turkmenistan, USAID will help examining the impacts of climate change on national development options with emphasis on agriculture and water services.

Fifthly, USAID will support Ustyurt Plateau Landscape Program under the Sustainable Conservation Approaches in Priority Ecosystems (SCAPES.) The Ustyurt Plateau is a temperate desert lying between the Caspian and Aral Sea and is shared between Uzbekistan and Kazakhstan. It is one of the most ancient and unique landscapes of Eurasia and is threatened by unsustainable development of extractive industries and by relentless poaching of saiga antelope by local communities, for its meat and horn, driven by the Chinese medicine market.

The Ustyurt Program will engage with developers and land-use planners to integrate ecosystem impact mitigation methods into land use planning, informed by adaptive management. By building the scientific knowledge base, future biodiversity action plans and transboundary strategies will be informed and strengthened. Via the development of new livelihood opportunities, the Program will contribute directly to local economic sustainability. Local people will be engaged as employees of protected area and other conservation initiatives, and resilience will be built within communities by embedding relevant skills and knowledge directly in local civil society.

Let me also indicate that the U.S. Forest Service is considering to being re-engaged in the Region by associating its potential technical assistance with on-going and planned USAID programs and project, and coordinating its efforts with various donors.

Coordination among and cooperation with multilateral and bilateral donors active in Central Asia on a regional and individual nation basis will continue to be the focus of our work in the Region (which will have to include Afghanistan and Pakistan,) and I'll elaborate on this topic a little bit later.

I would like to turn briefly to new U.S. Government initiatives under President Barak Obama to address global environmental challenges.

President Obama strongly believes that American leadership is essential to meeting the global environmental challenges of the 21st century. And the top priority among those is the complex, global threat of climate change, and related impacts on and inter-relationship with water, which requires urgent actions.

The United States take the issue of environment and water very seriously. We strongly believe that addressing local, regional and global water problems will require: 1) sustained effort involving all nations over many generations, and 2) an approach that will harness the power of markets and the creativity of entrepreneurs and that draws upon the best scientific research, development, deployment and sharing of innovative and transformation technologies.

The 2005 Paul Simon Water for the Poor Act marks the beginning of a long-term process to develop and implement a strategy to strengthen U.S. efforts on international water issues. The Act makes access to safe water and sanitation for

developing countries a specific policy objective for U.S. foreign assistance programs.

The U.S. has been fully engaged in extensive international efforts on water, both through multilateral and bilateral activities. More than 10 U.S. agencies, including USAID, participated recently (March 16-22, 2009, Istanbul, Turkey) in the Fifth World Water Forum. This representative participation of the USA demonstrates our commitment to engaging on water and sanitation issues, advancing U.S. partnerships and activities, and building global capacity, in order to better address water and sanitation challenges. U.S. will seek to increase own and global focus on issues related to a greater access to drinking water and sanitation, managing the impacts of climate change, and reducing the impacts of water-related disasters.

President Obama has left no doubt that a new day is dawning in the U.S. approach to climate change, clean energy and water. He understands that containing climate change and addressing water-related challenges will require nothing less than transforming the global and national economies from a high-carbon to a low-carbon energy base, and to higher water efficiency.

We fully acknowledge that we will need to engage and work with vulnerable regions and countries to help them adapt to the climate change.

Secretary Clinton mentioned on January 29, 2009 “that USAID already has been a leader in advancing climate, clean energy, and conservation activities in the developing world, drawing the clear and important link between solving the climate problem and promoting sustainable development globally.” And here, we would like to explore what other donors are doing or planning in this area in Central Asia.

As we think about the future of the Central Asia through the environmental and water lenses, we need to identify and seek out the big picture and ideas how the donor community is helping and may expand their assistance in the future.

The financial crisis and the global economic downturn are having far reaching effects, especially on developing countries and countries with economies in transition. We also believe that the current crisis presents an unexpected opportunity for bold innovations and for new push for much-needed reforms, better governance and international and regional cooperation. This opportunity should not be wasted.

As I have mentioned earlier, we appreciate the purpose of this annual EAP Task Force meeting, which will help us to:

- 1) Learn what OECD and USAID are doing in relation to environment and water in Central Asia and in neighboring countries
- 2) See how this ongoing and planned donors assistance correspond to national priorities and international obligations
- 3) Identify areas, ways and means where and how donors can collaborate and coordinate more effectively in environmental and water area.

Thank you.