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MEMORANDUM

To: Energy and Commerce Committee Members

Fr: Subcommittee on Oversight and Investigations Majority Staff

Re: EPA's Foreign Grant Program

According to the U.S. Environmental Protection Agency (EPA) website, "[a] large part of EPA's mission to protect the environment and public health is accomplished by awarding grants and cooperative agreements." EPA has clearly adopted a fairly expansive understanding of this mission: over the past decade, 320 grants to foreign recipients totaling almost $100 million in award money have been approved. An additional, as-of-yet undetermined amount has been awarded to overseas projects indirectly through universities and non-governmental organizations based in the United States.

The EPA maintains an online Grant Awards Database detailing all non-construction EPA grants awarded in the last ten years. A review by Committee staff of the EPA Grant Awards Database reveals that millions of taxpayer dollars are being arbitrarily doled out to obscure projects conducted by overseas interests with questionable benefit for the American people. In some alarming cases, the grants promote energy exploration abroad, while the Obama Administration has locked away valuable domestic resources that would reduce our dependence on Mideast oil and reduce costs for American families. This revelation is particularly troubling coming at a time when national unemployment stands at over 9 percent, the nation is over $14 trillion in debt, and massive spending related to the American Recovery and Reinvestment Act of 2009 (the "stimulus") has failed to boost the U.S. economy or create jobs.

This memorandum summarizes information the Subcommittee on Oversight and Investigations Majority staff has gathered about the EPA foreign grant program.[1]

Overview of the EPA's Foreign Grant Program

The Federal Grant and Cooperative Agreement Act of 1977 (FGCAA) established government-wide criteria for determining the appropriate legal instrument for funding an extramural activity. If the purpose of the funded activity is to support or stimulate activities that are not for the direct benefit or use of the Federal government but rather to accomplish a public purpose of assistance authorized by Federal statute, an assistance agreement (grant or cooperative agreement) may be used. The legal authorities by which the EPA funds an assistance agreement are environmental statutes such as the Clean Air Act and the Clean Water Act.

EPA grants are awarded by EPA Regions 1-10 or the Washington, D.C. headquarters and are supervised by its Program Offices. EPA grants have been awarded to foreign recipients, including foreign governments, universities, and non-governmental organizations (NGOs). In addition, EPA grants have been awarded to domestic recipients for the purpose of carrying out projects in locations outside the United States.

Majority Committee Staff Findings

What follows are selected EPA grants that Committee staff has identified as having been awarded to foreign recipients or that benefit overseas projects since February 17, 2009 – the day that the stimulus was signed into law. For a comprehensive listing of EPA grants awarded directly to foreign recipients since that date (excluding Canada and Mexico), see *Attachment A*. Committee staff continues to review the EPA Grant Awards Database for foreign projects that have indirectly benefitted from EPA grant awards through U.S. grantees.

- Foreign national and regional governments have been the recipients of EPA's grant award largesse.

    - $718,000 was awarded to the China State Environmental Protection Administration to "assist China to meet the requirements of both the Stockholm and Long Range Transport of Air Pollutants Convention."

    - $700,000 was awarded to a ministry of the government of Thailand to install "a series of anaerobic digesters at 12 confined swine farms where methane gas will be recovered and combusted in a reciprocating engine and generator set to produce renewable energy for the farm and local power grid."

[1] The information contained in this report was obtained through information gathered at http://yosemite.epa.gov/oarm/igms_egf.nsf/HomePage?ReadForm and through additional information gathered from the EPA website.

- $397,000 was awarded to the Ministry of Environment of the Hashemite Kingdom of Jordan to support participation in "good governance capacity-building cooperation, including training on inspections, criminal enforcement and judicial awareness raising."

- $15,000 was awarded to the Jakarta, Indonesia regional government for the "Breathe Easy, Jakarta" public campaign.

- International organizations and foreign NGOs, particularly the United Nations, have been the recipients of EPA-funding.

  - $1,226,841 was awarded to the United Nations Environment Programme to support a "[g]lobal initiative promoting cleaner fuels and vehicles in developing and transitioning countries."

  - $150,000 was awarded to Interpol, "an international criminal police organization," in "support of a climate change project which will ensure that markets operate properly, and that fraud is detected promptly with regard to carbon trading."

  - $190,000 was given to the Organization for Economic Cooperation and Development "to develop and spread good materials management and waste management practices."

  - $469,300 was given to the World Health Organization to link "together existing institutions and personnel to work on shared goals including sound environmental management."

- Projects carried out overseas by U.S. grant recipients have been the indirect recipients of EPA grant awards.

  - $74,899 was awarded to the Humboldt State University Foundation "to design, build, and test prototypes of a Smart Outlet for a village in Bhutan that would not allow additional electricity to be drawn when a brownout is occurring."

  - $153,695 was awarded to Southern Illinois University at Carbondale "to establish the quantity and quality of coal mine methane in sealed off areas of Moonidih mine, one of the gassiest underground coal mines in India."

  - $150,029 was awarded to the National Association of Regulatory Utility Commissioners to create a "regulatory dialogue to explore methods and approaches in optimizing the use of landfill gas (LFG) in Brazil in landfill gas energy (LFGE) projects and direct use applications."

Conclusion

Over the past decade, nearly $100 million has been handed out by the EPA to foreign governments and organizations. At a time of record debt and soaring unemployment here in the United States, the Committee has discovered that EPA has intensified its foreign grants program,

doling out over $27 million overseas (excluding Canada and Mexico) since the stimulus was signed into law in February 2009. As Committee staff's review continues to show, additional sums have been directed to projects carried out by U.S. grantees overseas. Despite repeated pledges by the Obama Administration for greater transparency, many of the indirect foreign grant awards are not apparent and little information is available, stoking concerns that millions of additional taxpayer dollars are being spent overseas.