



USAID
FROM THE AMERICAN PEOPLE

INITIAL ENVIRONMENTAL EXAMINATION

PROJECT/ACTIVITY DATA

Project/Activity Name:	Innovation for Sustainable Value Chains
Geographic Location(s) (Country/Region):	San Martin, Huanuco, Ucayali, Pasco, Junin ¹
Amendment (Yes/No), if Yes indicate # (1, 2...):	No
Implementation Start/End Date (FY or M/D/Y):	March 2023 - March 2028 (tentative)
If Amended, specify New End Date:	N/A
Solicitation/Contract/Award Number(s):	527- to be confirmed
Implementing Partner(s):	TBD (new activity)
Bureau Tracking ID:	LAC-23-42
Tracking ID of Related RCE/IEE (if any):	
Tracking ID of Other, Related Analyses:	LAC-IEE-22-119

ORGANIZATIONAL/ADMINISTRATIVE DATA

Implementing Operating Unit(s): (e.g. Mission or Bureau or Office)	Office of Alternative Development (USAID/Peru)
Other Affected Operating Unit(s):	
Lead BEO Bureau:	LAC
Funding Account(s) (if available):	
Original Funding Amount:	\$12,000,000 (TBD)
If Amended, specify funding amount:	
If Amended, specify new funding total:	
Prepared by:	Maria Paz Montoya
Date Prepared:	November 22, 2022

ENVIRONMENTAL COMPLIANCE REVIEW DATA

Analysis Type:	☒ Environmental Examination	☒ Deferral
Environmental Determination(s):	☒ Categorical Exclusion(s) ☐ Negative ☐ Positive ☐ Deferred (per 22 CFR 216.3(a)(7)(iv))	
IEE Expiration Date (if applicable):	March 2028	
Expiration Date of Deferral:	June 30, 2023	
Additional Analyses/Reporting Required:		
Climate Risks Identified (#):	Low #	Moderate 11 High #
Climate Risks Addressed (#):	Low #	Moderate 11 High #

¹ To be confirmed upon award

THRESHOLD DETERMINATION AND SUMMARY OF FINDINGS

PROJECT/ACTIVITY SUMMARY

This is a new activity currently in design, as of December 2022. The purpose of this activity will be to develop an economic development business model that follows a systemic and landscape market-oriented approach that contributes to the economic and environmental sustainability of the main alternative development value chains in prioritized regions. Furthermore, this activity will advance an innovative market of services for environmentally-sustainable production at the same time as the value of forests is secured. The ultimate goal is to improve farm productivity and product quality and to realize economic incentives to ensure: 1) Livelihood improvement, 2) A reduction in pressure on the forest, and 3) Intervention areas remaining coca-free.

This activity will directly support two of the three Intermediate results (IRs) of USAID Peru's Development Objective 1: Peru expands sustainable economic and social development in prioritized coca-producing areas: Intermediate Result (IR) 1.2: Sustainable licit economies strengthened in targeted areas and IR 1.3: Climate-smart responses to climate change strengthened in targeted areas. This activity will be procured between January-March 2023. Upon selection of the implementing partner, the technical activities will be identified and USAID will finalize this IEE.

ENVIRONMENTAL DETERMINATIONS

Upon approval of this document, the determinations become affirmed, per Agency regulations (22 CFR 216).

TABLE 1: ENVIRONMENTAL DETERMINATIONS

This is a new activity that will be procured approximately in May 2023. Below please find an illustrative list of technical activities to be validated upon selection of the implementing partner through an IEE amendment.

Projects/Activities	Categorical Exclusion Citation (if applicable)	Negative Determination	Positive Determination	Deferral
Activity 1: Information for service provision managed				
Sub activity 1.1. Applied research for incentives implemented	☐	X	☐	☐

Sub activity 1.2. Business opportunities developed	☐	X	☐	☐
Sub activity 1.3. Traceability systems implemented	216.2(c)(2)(v): Document and information transfers	☐	☐	☐
Activity 2: Technological Innovations for resilient economies of scale implemented				
Sub activity 2.1. Climate-smart responses for GHG reduction implemented	☐	☐	☐	X
Sub activity 2.2. Resilience and capacity of local businesses to adapt to climate change strengthened	☐	☐	☐	X
Sub activity 2.3. Incentives for environment preservation/conservation implemented	☐	☐	☐	X
Activity 3: Financial Sustainability of market of services				
Sub activity 3.1. Financial models for sustainability implemented	216.2(c)(2)(iii): Analyses, studies, academic or research workshops and meetings	☐	☐	☐

Sub activity 3.2. Producers business capacities strengthened	216.2(c)(2)(v): Document and information transfers 216.2(c)(2)(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)	☐	☐	☐
Activity 4: Institutional capacities strengthened				
Sub activity 4.1. Associativity (supply aggregation) models strengthened	216.2(c)(2)(v): Document and information transfers	☐	☐	☐

Sub activity 4.2. Landscape approach strengthened	216.2(c)(2)(iii): Analyses, studies, academic or research workshops and meetings 216.2(c)(2)(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)	☐	☐	☐
---	---	--------------------------	--------------------------	--------------------------

CLIMATE RISK MANAGEMENT

Climate risk. The risks from climate change for the interventions proposed in this activity are moderate and are related to potential decreases in yields caused by increases in pests and diseases, rising temperatures, changing weather patterns (including timing and variability of rainfall), and decreasing water availability from melting glaciers. For each activity, specific risks will be identified and addressed through the development of the Environmental Mitigation and Monitoring Plans (EMMP) under Reg. 216.

Opportunities to strengthen climate resilience include:

- Analyze climate data and gather new data to identify specific site-based risks and mitigation strategies (liaise with ESG)
- Build GHG mitigation considerations into this activity IEE and EMMP. For example, incorporate climate-smart agriculture and incorporate changing weather patterns into the activity implementation
- Explore collaboration of this activity with ESG activities to generate and use climate data
- Support the generation, use and access to science based information to build public awareness and influence decision making for emergency preparedness.

The Climate Risk Management assessment is presented in Annex 1.

BEO SPECIFIED CONDITIONS OF APPROVAL

None

IMPLEMENTATION

In accordance with 22 CFR 216 and Agency policy, the conditions and requirements of this document become mandatory upon approval. This includes the relevant limitations, conditions and requirements in this document as stated in Sections 3, 4, and 5 of the IEE and any BEO Specified Conditions of Approval.

USAID APPROVAL OF INITIAL ENVIRONMENTAL EXAMINATION

PROJECT/ACTIVITY NAME: Innovation for Sustainable Value Chains

Bureau Tracking ID: LAC-23-42

Approval:	<u>Cleared via APECS</u> Jene Thomas, USAID/Peru Mission Director	<u>12/22/2022</u> Date
Clearance:	<u>Maria Paz Montoya</u> Maria Paz Montoya, Activity Manager	<u>12-14-2022</u> Date
Clearance:	<u>Florencia Trama</u> Florencia Trama, Mission Environmental Officer	<u>12-20-2022</u> Date
Clearance:	<u>Diana Shannon, clear electronically with comments</u> Diana Shannon, Regional Environmental Advisor	<u>12/20/2022</u> Date
Clearance:	<u>Mark Gizzi</u> Mark Gizzi, Alternative Development Office Director	<u>12-14-2022</u> Date
Concurrence:	<u>Bethzaida Colon</u> Bethzaida Colon, LAC Bureau Environmental Officer	<u>12/23/2022</u> Date

DISTRIBUTION: Project/Activity Team

INITIAL ENVIRONMENTAL EXAMINATION

CONTENTS

1.0 PROJECT/ACTIVITY DESCRIPTION	5
1.1 PURPOSE OF the IEE	5
1.2 PROJECT/ACTIVITY OVERVIEW	5
1.3 PROJECT/ACTIVITY DESCRIPTION	5
2.0 BASELINE ENVIRONMENTAL INFORMATION	6
2.1 LOCATIONS AFFECTED AND ENVIRONMENTAL CONTEXT (ENVIRONMENT, PHYSICAL, CLIMATE, SOCIAL, Threatened and ENDANGERED species)	6
2.2 APPLICABLE AND APPROPRIATE PARTNER COUNTRY AND OTHER INTERNATIONAL STANDARDS (E.G. WHO), ENVIRONMENTAL AND SOCIAL LAWS, POLICIES, AND REGULATIONS	6
2.3 COUNTRY/MINISTRY/MUNICIPALITY ENVIRONMENTAL CAPACITY ANALYSIS (AS APPROPRIATE)	6
3.0 ANALYSIS OF POTENTIAL ENVIRONMENTAL RISK	7
4.0 ENVIRONMENTAL DETERMINATIONS	7
4.1 RECOMMENDED ENVIRONMENTAL DETERMINATIONS	7
4.2 CLIMATE RISK MANAGEMENT	7
5.0 CONDITIONS AND MITIGATION MEASURES	8
5.1 CONDITIONS	8
5.2 AGENCY CONDITIONS	9
5.3 MITIGATION MEASURES	10
6.0 LIMITATIONS OF THIS INITIAL ENVIRONMENTAL EXAMINATION	11
7.0 REVISIONS	12
ATTACHMENTS:	12

1.0 PROJECT/ACTIVITY DESCRIPTION

1.1 PURPOSE OF THE IEE

The purpose of this document, in accordance with Title 22, Code of Federal Regulations, Part 216 ([22 CFR 216](#)), is to provide a preliminary review of the reasonably foreseeable effects on the environment of the USAID intervention described herein and recommend determinations and, as appropriate, conditions, for these activities. Upon approval, these determinations become affirmed, and specified conditions become mandatory obligations of implementation. This IEE also documents the results of the Climate Risk Management process in accordance with USAID policy (specifically, [ADS 201ma1](#)).

This IEE is a critical element of USAID's mandatory environmental review and compliance process meant to achieve environmentally sound design and implementation. Potential environmental impacts should be addressed through formal environmental mitigation and monitoring plans (EMMPs) and/or Environmental Assessments (EAs), if needed.

Several of the sub-activities, as described below, will not be fully defined until after award. For this reason, a deferral is requested for these sub-activities, pursuant to 220 CFR 216.3(a)(1).

This IEE corresponds to an activity that will be procured in the short term through a Request for Applications (RFA). The Office of Alternative Development will assign a Technical Evaluation Committee (TEC) to review proposals and select the best implementing partner. Thus, AD suggests a deferral of the environmental review of this new activity because:

1. USAID does not have sufficient information for meaningful environmental analysis, and therefore a Threshold Decision cannot be reached at the time the Activity Approval Memorandum (AAM) and other pre solicitation documents are prepared, and;
2. The activities and sub activities proposed below are illustrative and will only be confirmed after the implementing partner has been selected by the TEC and before award when this IEE will be amended.

Once the award is made and the sub-activities are more fully defined, this IEE will be amended and the deferral cleared.

1.2 PROJECT/ACTIVITY OVERVIEW

This activity will strengthen a market of services for resilient and sustainable value chains, contributing to the economic and environmental sustainability of the alternative development model in prioritized regions. It will directly support two of the three Intermediate results (IRs) of USAID Peru's Development Objective 1: Peru expands sustainable economic and social development in prioritized coca-producing areas: Intermediate Result (IR) 1.2: Sustainable licit economies strengthened in targeted areas and IR 1.3: Climate-smart responses to climate change strengthened in targeted areas

1.3 PROJECT/ACTIVITY DESCRIPTION

This is a new activity currently in design, as of December 2022. The purpose of this activity will be to develop an economic development business model that follows a systemic and landscape market-oriented approach that contributes to the economic and environmental sustainability of the main alternative development value chains in prioritized regions. Furthermore, this activity

will advance an innovative market of services for environmentally-sustainable production at the same time as the value of forests is secured. The ultimate goal is to improve farm productivity and product and to realize economic incentives to ensure: 1) Livelihood improvement, 2) A reduction in pressure on the forest, and 3) Intervention areas remaining coca-free.

TABLE 2: DEFINED OR ILLUSTRATIVE PROJECTS/ACTIVITIES AND SUB-ACTIVITIES

Project/Activity 1 — Information for service provision managed
Sub activity 1.1. Applied research for incentives implemented
Sub activity 1.2. Business opportunities developed
Sub activity 1.3. Traceability systems implemented
Project/Activity 2 —Technological Innovations for resilient economies of scale implemented
Sub activity 2.1. Climate-smart responses for GHG reduction implemented
Sub activity 2.2. Resilience and capacity of local businesses to adapt to climate change strengthened
Sub activity 2.3. Incentives for environment preservation/conservation implemented
Project/Activity 3 — Financial Sustainability of market of services
Sub activity 3.1. Financial models for sustainability implemented
Sub activity 3.2. Producers business capacities strengthened
Project/Activity 4 — Institutional capacities strengthened
Sub activity 4.1. Associativity (supply aggregation) models strengthened
Sub activity 4.2. Landscape approach strengthened

Will this project/activity involve construction² as defined by ADS 201 and 303? Yes ☐ No ☒

² **Construction, as defined by ADS 201 and 303**, includes: construction, alteration, or repair (including dredging and excavation) of buildings, structures, or other real property and includes, without limitation, improvements, renovation, alteration and refurbishment. The term includes, without limitation, roads, power plants, buildings, bridges, water treatment facilities, and vertical structures. In the box below, describe any construction planned for this project/activity. Refer to [ADS 201maw](#) for required Construction Risk Management procedures.

2.0 BASELINE ENVIRONMENTAL INFORMATION

2.1 LOCATIONS AFFECTED AND ENVIRONMENTAL CONTEXT (ENVIRONMENT, PHYSICAL, CLIMATE, SOCIAL, THREATENED AND ENDANGERED SPECIES)

The list below includes an illustrative list of geographical locations. Definitive locations will be finalized upon award and included in the corresponding IEE amendment:

- Lima
- San Martín
- Huanuco
- Ucayali

The Lima location refers to administrative offices only; no technical implementation will occur. The Peruvian Highlands and Amazon regions have several types of weather and soil. Below is the detail of environmental conditions in the target regions for the Activity:

- **San Martín** is a rugged mountainous region with an abundance of narrow and deep canyons, located in the northern central Amazon region of Peru. The region has a homogeneous jungle topography. Northern San Martín has a more temperate climate (i.e. cooler nights) than the more humid and hot southern area. Rainfall is heavy during the rainy season (November-March), yet southern San Martín tends to have comparatively longer, drier, and hotter dry seasons (April-October). The capital city is Moyobamba, yet Tarapoto (two hours away) concentrates the largest share of the region's population. The region hosts a large swath of the western portion of the Cordillera Azul National Park (PNCZ; 13,500 km², the size of Ireland). PNCZ hosts more than 1,000 vertebrates and more than 6,000 plant species. Also, San Martín hosts the following protected areas: Bosque de Protección Alto Mayo, Area de conservación privada Juningue, Area de conservación privada Pucunucho, Area de conservación privada Tambo Ilusión, Area de conservación regional Bosques de Shunté y Mishollo, and Area de conservación regional Cordillera Escalera. As customary in the Peruvian Amazon, several rivers cross San Martín, including the Huallaga (tributary of the Amazon river), Mayo, Chipurana, and Paranapura rivers. This region has experienced the highest deforestation rate nationwide, mainly caused by illegal coca planting and small scale agriculture. Main crops include cacao, coffee, and plantain. San Martín hosts the largest cacao area in Peru. Together with Huanuco and Ucayali, about 155,000 hectares (67% of the total in Peru) are grown in the *Alto Huallaga* region.
- **Huanuco** is one of the regions in Peru containing highlands on the western front of the Andes Highlands and jungles in its eastern front. The capital, Huanuco city, is located in the highlands about 8 hours to the east of Lima. The jungle area of Huanuco is very rugged and mountainous. The Huallaga river flows down from the Highlands on its way to Ucayali. Rainfall follows the same pattern in Peru (November-March), with frequent flooding events during January-March. Huanuco has dry periods in May, June, July, August and September. February is the wettest month in Huanuco, whereas July is the driest month. The warmest month in Huanuco is October with an average maximum temperature of 27°C. The coldest month is July with an average maximum daytime temperature of 25°C. A portion of the Cordillera Azul National Park is also contained in Huanuco. Main crops in the jungle section of Huanuco include cacao and coffee. Together with San Martín and Ucayali, about 155,000 hectares (67% of the total in Peru) are grown in the *Alto Huallaga* region.

- **Ucayali** is a flat, lowland Amazon region in the eastern jungle of Peru, sharing a border with Brazil. Ucayali is linked to the coastal area of Peru through a well paved highway, about 11 hours away from Lima. Due to the flat nature of its lands, Ucayali experiences flooding events in the rainy season, some of them severely affecting populations located on river banks. Rainfall follows the same pattern in Peru (November-March), with frequent flooding events during January-March. Ucayali is one of the warmest regions in Peru with an average daily high temperature of 32 degrees Celsius. High humidity and hot temperatures make the weather at times pleasant but also tropical humid. Most precipitation falls from February to December. This region exhibits comparatively higher temperatures than Northern San Martin and Huanuco, as usual in lowlands in the Peruvian Amazon. A portion of the Cordillera Azul National Park is also contained in Ucayali. The main economic activity is logging. Main crops include oil palm and cacao. Together with Huanuco and San Martin, about 155,000 hectares (67% of the total in Peru) are grown in the *Alto Huallaga* region.

2.2 APPLICABLE AND APPROPRIATE PARTNER COUNTRY AND OTHER INTERNATIONAL STANDARDS (E.G. WHO), ENVIRONMENTAL AND SOCIAL LAWS, POLICIES, AND REGULATIONS

In order to meet Peruvian statutory provisions, Central will also consider the following legal provisions:

- a) **SD 016-2012-AG**, which governs management and handling of solid waste generated by the Agricultural Sector in appropriate sanitary and environmental ways, subject to the principles of prevention and minimization of environmental risks, and the protection of human health.
- b) **SD 017-2012-AG**, Regulations on Environmental Offenses and Sanctions of the Agricultural Sector.
- c) **SD 018-2012-AG**, Regulations on Civil Society Participation on Assessment, Approval and Monitoring Environmental Management Instruments of the Agricultural Sector.
- d) **SD 001-2015-MINAGRI**, the National Pesticide System for Agricultural Use.
- e) **SD 001-2010-AG**, or the regulations to Act No. 29338 “Water Resource Act”.
- f) **The Chief’s Resolution R.J. No. 300-2011-ANA**, Adopting Regulations for Delimitation and Maintenance of Marginal Strips in River Courses and Natural and Artificial Water Bodies.

2.3 COUNTRY/MINISTRY/MUNICIPALITY ENVIRONMENTAL CAPACITY ANALYSIS (AS APPROPRIATE)

This Activity will not work directly with ministries or subnational governments to improve their environmental capacity. Nonetheless, the activity will align with National and Subnational government strategies and policies aimed at improving climate smart agriculture and environmentally sustainable value chains (e.g. *Estrategia Regional de Desarrollo Rural Bajo en Emisiones*).

3.0 ANALYSIS OF POTENTIAL ENVIRONMENTAL RISK

PROJECT/ACTIVITY 1:

An amendment to this IEE upon selection of implementing partner and during work planning will finalize this and other tables in this IEE.

TABLE 3A. POTENTIAL IMPACTS – Information for service provision managed

Project/Activity	Potential environmental and social impacts
Project/Activity 1: Information for service provision managed	
Sub activity 1.1. Applied research for incentives implemented	This activity can generate organic and inorganic fertilizer leaching and contaminate soil and water. Farms installed in steep hills can favor soil erosion. Training sessions can generate organic (e.g. food scrapings and containers) and inorganic waste (e.g. plastic, paper, metal, etc. Pesticide misuse can pollute soil and water.
Sub activity 1.2. Business opportunities developed	Incubation of promising agricultural entrepreneurship opportunities may result in soil erosion and water and soil pollution Improper establishment of seedling nurseries may lead to pollution by solid waste (organic and inorganic) such as reeds, strips, ropes, wires and boards of sheds. Nurseries will be built by the farm owners using organic material readily available at the farm (e.g. bamboo posts, think branches and twigs, palm leaves, etc.) and inorganic material including wire and nails.
Sub activity 1.3. Traceability systems implemented	None. This sub activity will involve design of a digital traceability information management system

TABLE 3B. POTENTIAL IMPACTS – Technological Innovations for resilient economies of scale implemented

Project/Activity	Potential environmental and social impacts
------------------	--

Project/Activity 2: Technological Innovations for resilient economies of scale implemented	
Sub activity 2.1. Climate-smart responses for GHG reduction implemented	This activity can generate organic and inorganic fertilizer leaching and contaminate soil and water. Farms installed in steep hills can favor soil erosion. Training sessions can generate organic (e.g. food scrapings and containers) and inorganic waste (e.g. plastic, paper, metal, etc. Pesticide misuse can pollute soil and water. Improper establishment of seedling nurseries may lead to pollution by solid waste (organic and inorganic) such as reeds, strips, ropes, wires and boards of sheds. Nurseries will be built by the farm owners using organic material readily available at the farm (e.g. bamboo posts, think branches and twigs, palm leaves, etc.) and inorganic material including wire and nails. Training sessions can generate organic (e.g. food scrapings and containers) and inorganic waste (e.g. plastic, paper, metal, etc.
Sub activity 2.2. Resilience and capacity of local businesses to adapt to climate change strengthened	This activity can generate organic and inorganic fertilizer leaching and contaminate soil and water. Farms installed in steep hills can favor soil erosion. Training sessions can generate organic (e.g. food scrapings and containers) and inorganic waste (e.g. plastic, paper, metal, etc. Pesticide misuse can pollute soil and water. Improper establishment of seedling nurseries may lead to pollution by solid waste (organic and inorganic) such as reeds, strips, ropes, wires and boards of sheds. Nurseries will be built by the farm owners using organic material readily available at the farm (e.g. bamboo posts, think branches and twigs, palm leaves, etc.) and inorganic material including wire and nails. Training sessions can generate organic (e.g. food scrapings and containers) and inorganic waste (e.g. plastic, paper, metal, etc.
Sub activity 2.3. Incentives for environment preservation/conservation implemented	This activity can generate organic and inorganic fertilizer leaching and contaminate soil and water. Farms installed in steep hills can favor soil erosion. Training sessions can generate organic (e.g. food scrapings and containers) and inorganic waste (e.g. plastic, paper, metal, etc. Pesticide misuse can pollute soil and water.

TABLE 3C. POTENTIAL IMPACTS – Financial Sustainability of market of services

Project/Activity	Potential environmental and social impacts
Project/Activity 3: Financial Sustainability of market of services	
Sub activity 3.1. Financial models for sustainability implemented	None. Most tasks will include the design of business models, private sector engagement methodologies, cost-benefit analysis, meetings with relevant stakeholders
Sub activity 3.2. Producers business capacities strengthened	None. This sub activity will involve training, workshops, targeted assistance, etc

TABLE 3d. POTENTIAL IMPACTS – Institutional capacities strengthened

Project/Activity	Potential environmental and social impacts
Project/Activity 4: Institutional capacities strengthened	
Sub activity 4.1. Associativity (supply aggregation) models strengthened	None, Activities may include strengthening associativity models and alignment with landscape approaches including the <i>Estrategias de Desarrollo Rural Bajo en Emisiones</i> of subnational governments. Thus, environmental impact will most likely be negligible. No negative social impact is anticipated.
Sub activity 4.2. Landscape approach strengthened	None. This sub activity will include targeted technical assistance to working groups, roundtables, etc

4.0 ENVIRONMENTAL DETERMINATIONS

4.1 RECOMMENDED ENVIRONMENTAL DETERMINATIONS

The following table summarizes the recommended determinations based on the environmental analysis conducted. Upon approval, these determinations become affirmed, per 22 CFR 216. Specified conditions, detailed in Section 5, become mandatory obligations of implementation, per ADS 204.

TABLE 4: ENVIRONMENTAL DETERMINATIONS

This is a new activity that will be procured approximately between May 2023. Below please find an illustrative list of technical activities to be validated upon selection of the implementing partner through an IEE amendment.

Projects/Activities	Categorical Exclusion Citation (if applicable)	Negative Determination	Positive Determination	Deferral
Activity 1: Information for service provision managed				
Sub activity 1.1. Applied research for incentives implemented	☐	X	☐	☐
Sub activity 1.2. Business opportunities developed	☐	X	☐	☐
Sub activity 1.3. Traceability systems implemented	216.2(c)(2)(v): Document and information transfers	☐	☐	☐
Activity 2: Technological Innovations for resilient economies of scale implemented				
Sub activity 2.1. Climate-smart responses for GHG reduction implemented	☐	☐	☐	X

Sub activity 2.2. Resilience and capacity of local businesses to adapt to climate change strengthened	☐	☐	☐	X
Sub activity 2.3. Incentives for environment preservation/conservation implemented	☐	☐	☐	X
Activity 3: Financial Sustainability of market of services				
Sub activity 3.1. Financial models for sustainability implemented	216.2(c)(2)(iii): Analyses, studies, academic or research workshops and meetings;	☐	☐	☐
Sub activity 3.2. Producers business capacities strengthened	216.2(c)(2)(v): Document and information transfers 216.2(c)(2)(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)	☐	☐	☐

Activity 4: Institutional capacities strengthened				
Sub activity 4.1. Associativity (supply aggregation) models strengthened	216.2(c)(2)(v): Document and information transfers	☐	☐	☐
Sub activity 4.2. Landscape approach strengthened	216.2(c)(2)(iii): Analyses, studies, academic or research workshops and meetings; 216.2(c)(2)(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)	☐	☐	☐

4.2 CLIMATE RISK MANAGEMENT

This section summarizes the methodology used and findings of the CRM Screening, in accordance with [ADS 201mal](#). The project design team, in consultation with the CIL, considered the potential effect of climate risks/stressors on the sustainability of the project (changing precipitation patterns, rising temperature, floods, droughts, fires, landslides, etc.) in addition to the impact of project activities on the climate (increased greenhouse gas emissions, land use changes, etc.). See Annex 1 for the complete CRM table.

At this time there is insufficient information to adequately undertake the Climate Risk Management (CRM) screening. The CRM will be completed and incorporated into the IEE, EA, or other relevant document.

5.0 CONDITIONS AND MITIGATION MEASURES

5.1 CONDITIONS

The environmental determinations in this IEE are contingent upon full implementation of the following general implementation and monitoring requirements, as well as ADS 204 and other relevant requirements.

5.1.1 During Pre-Award:

- 5.1.1.1 Pre-Award Briefings: As feasible, the design team and/or the cognizant environmental officer(s) (e.g., MEO, REA, BEO) will provide a pre-award briefing for potential offerors on environmental compliance expectations/responsibilities at bidders' conferences.
- 5.1.1.2 Solicitations: The design team, in coordination with the A/CO, will ensure solicitations include environmental compliance requirements and evaluation criteria. A/CO will ensure technical and cost proposal requirements include approach, staffing, and budget sufficient for complying with the terms of this IEE.
- 5.1.1.3 Awards: The A/COR, in coordination with the A/CO, will ensure all awards and sub-awards, include environmental compliance requirements.

5.1.2 During Post-Award:

- 5.1.2.1 Post-Award Briefings: The A/COR and/or the cognizant environmental officer(s) (e.g., MEO, REA, BEO) will provide post-award briefings for the IP on environmental compliance responsibilities.
- 5.1.2.3 Workplans and Budgeting: The A/COR will ensure the IP integrates environmental compliance requirements in work plans and budgets to comply with requirements, including EMMP implementation and monitoring.
- 5.1.2.4 Staffing: The A/COR, in coordination with the IP, will ensure all awards have staffing capacity to implement environmental compliance requirements.
- 5.1.2.5 Records Management: The A/COR will maintain environmental compliance documents in the official project/activity file and upload records to the designated USAID environmental compliance database system.
- 5.1.2.6 Host Country Environmental Compliance: The A/COR will ensure the IP complies with applicable and appropriate host country environmental requirements unless otherwise directed in writing by USAID. However, in the case of a conflict between the host country and USAID requirements, the more stringent shall govern.

- 5.1.2.7 Work Plan Review: The A/COR will ensure the IP verifies, at least annually or when activities are added or modified, that activities remain within the scope of the IEE. Activities outside of the scope of the IEE cannot be implemented until the IEE is amended.
- 5.1.2.8 IEE Amendment: If new activities are introduced or other changes to the scope of this IEE occur, an IEE Amendment will be required.
- 5.1.2.14 USAID Monitoring Oversight: The A/COR or designee, with the support of the cognizant environmental officer(s) (e.g., MEO, REA, BEO), will ensure monitoring of compliance with established requirements (e.g., by desktop reviews, site visits, etc.).
- 5.1.2.16 Environmental Compliance Mitigation and Monitoring Plan: The A/COR will ensure the IP develops, obtains approval for, and implements Environmental Mitigation and Monitoring Plans (EMMPs) that are responsive to the stipulated environmental compliance requirements.
- 5.1.2.17 Environmental Compliance Reporting: The A/COR will ensure the IP includes environmental compliance in regular project/activity reports, using indicators as appropriate; develops and submits the Environmental Mitigation and Monitoring Reports (EMMRs); and completes and submits a Record of Compliance (RoC) describing their implementation of EMMP requirements in conjunction with the final EMMR or at the close of sub activities (as applicable). And where required by Bureaus or Missions, ensure the IP prepares a closeout plan consistent with contract documentation for A/COR review and approval that outlines responsibilities for end-of-project operation, the transition of other operational responsibilities, and final EMMR with lessons learned.
- 5.1.2.18 Corrective Action: When noncompliance or unforeseen impacts are identified, IPs notify the A/COR, place a hold on activities, take corrective action, and report on the effectiveness of corrective actions. The A/COR initiates the corrective action process and ensures the IP completes and documents their activities. Where required by Bureaus or Missions, ensure Record of Compliance is completed.

5.2 AGENCY CONDITIONS

- 5.2.1 Sub-award Screening: The A/COR will ensure the IP uses an adequate environmental screening tool to screen any sub-award applications and to aid in the development of EMMPs.
- 5.2.2 Programmatic IEEs (PIEE): PIEEs stipulate requirements for additional environmental examination of new or country specific projects/activities. The A/COR of any project/activity being implemented under a PIEE will ensure appropriate reviews are conducted, typically through a Supplemental IEE, and approved by the cognizant BEO.
- 5.2.3 Supplemental IEEs (SIEEs): An SIEE will be prepared for any new project/activity being planned which fall under a PIEE. The SIEE will provide more thorough analysis of the planned activities, additional geographic context and baseline conditions as well as specific mitigation and monitoring requirements.

- 5.2.4 Other Supplemental Analyses: The A/COR will ensure supplemental environmental analyses that are called for in the IEE are completed and documented.
- 5.2.5 Resolution of Deferrals: If a deferral of the environmental threshold determination was issued, the A/COR will ensure that the appropriate 22CFR216 environmental analysis and documentation is completed and approved by the BEO before the subject activities are implemented.
- 5.2.6 Positive Determination: If a Positive Determination threshold determination was made, the A/COR will ensure a Scoping Statement, and if required an Environmental Assessment (EA), is completed and approved by the BEO before the subject activities are implemented.
- 5.2.7 Compliance with human subject research requirements: The AM, A/COR shall assure that the IP and sub-awardees, -grantees, and -contractors demonstrate completion of all requirements for ethics review and adequate medical monitoring of human subjects who participate in research trials carried out through this IEE and ensure appropriate records are maintained. All documentation demonstrating completion of required review and approval of human subject trials must be in place prior to initiating any trials and cover the period of performance of the trial as described in the research protocol.

5.3 MITIGATION MEASURES

The mitigation measures presented in this section constitute the minimum required based on available information at the time of this IEE and the environmental analysis in Section 4. These measures shall provide general direction for completing the project/activity Environmental Mitigation and Monitoring Plan (EMMP) and/or the EA and PERSUAP, if required.

PROJECT/ACTIVITY 1: Information for service provision managed

TABLE 5A. SUMMARY OF MITIGATION MEASURES FOR Information for service provision managed

Project/Activity	Mitigation Measure(s)
Project/Activity 2: Information for service provision managed	
Sub activity 1.1. Applied research for incentives implemented	USAID will monitor compliance with mitigation measures contained in the Activity EMMP. Soil conservation measures including terraces and planting of trees on hills must be enforced. Training sessions must include a clear waste reduction and management protocol.
Sub activity 1.2. Business opportunities developed	During work planning, the implementing partner will design a protocol to incorporate soil and water conservation measures (e.g. terraces, rain collection tools, etc) when analyzing agricultural entrepreneurship opportunities.
Sub activity 1.3. Traceability systems implemented	No mitigation measures anticipated or expected

PROJECT/ACTIVITY 2: Technological Innovations for resilient economies of scale implemented

TABLE 5B. SUMMARY OF MITIGATION MEASURES FOR Technological Innovations for resilient economies of scale implemented

Project/Activity	Mitigation Measure(s)
Project/Activity 2: Technological Innovations for resilient economies of scale implemented	
Sub activity 2.1. Climate-smart responses for GHG reduction implemented	USAID will monitor compliance with mitigation measures contained in the Activity EMMP. Soil conservation measures including triangle planting, filtration pits, terraces and planting of trees on hills must be enforced. Training sessions must include a clear waste reduction and management protocol. Installation will occur on available agricultural land only. No installation will be allowed on primary or secondary forest. After nurseries are no longer needed, organic materials (bamboo posts, branches, palm trees) will be composted and inorganic waste will be disposed of according to local protocols including public recycling or private mini landfills, which are customary at coffee farms.
Sub activity 2.2. Resilience and capacity of local businesses to adapt to climate change strengthened	The implementing partner will follow a strict protocol to dispose of organic and inorganic waste to avoid pollution (e.g. recycling, micro landfills, composting, etc). Furthermore, agricultural businesses located near water bodies shall implement an isolation barrier between the farm and the river. For hilly terrain, soil conservation measures will be applied. Training venues will follow a reduce, reuse, recycle protocol. Pesticide use will strictly follow USAID's PERSUAP. Nursery installation will also follow an organic and inorganic disposal protocol to avoid soil or water pollution
Sub activity 2.3. Incentives for environment preservation/conservation implemented	USAID will monitor compliance with mitigation measures contained in the Activity EMMP. Soil conservation measures including terraces and planting of trees on hills must be enforced. Training sessions must include a clear waste reduction and management protocol.

PROJECT/ACTIVITY 3: Financial Sustainability of market of services

TABLE 5C. SUMMARY OF MITIGATION MEASURES FOR Financial Sustainability of market of services

Project/Activity	Mitigation Measure(s)
Project/Activity 3: Financial Sustainability of market of services	No mitigation measures anticipated or expected
Sub activity 3.1. Financial models	No mitigation measures anticipated or expected

for sustainability implemented	
Sub activity 3.2. Producers business capacities strengthened	No mitigation measures anticipated or expected

PROJECT/ACTIVITY 4: Institutional capacities strengthened

TABLE 5D. SUMMARY OF MITIGATION MEASURES FOR Institutional capacities strengthened

Project/Activity	Mitigation Measure(s)
Project/Activity 4: Institutional capacities strengthened	No mitigation measures anticipated or expected
Sub activity 4.1. Associativity (supply aggregation) models strengthened	No mitigation measures anticipated or expected
Sub activity 4.2.Landscape approach strengthened	No mitigation measures anticipated or expected

6.0 LIMITATIONS OF THIS INITIAL ENVIRONMENTAL EXAMINATION

The determinations recommended in this document apply only to projects/activities and sub-activities described herein. Other projects/activities that may arise must be documented in either a separate IEE, an IEE amendment if the activities are within the same project/activity, or other type of environmental compliance document and shall be subject to an environmental analysis within the appropriate documents listed above.

Other than projects/activities determined to have a Positive Threshold Determination, it is confirmed that the projects/activities described herein do not involve actions normally having a significant effect on the environment, including those described in 22 CFR 216.2(d).

In addition, other than projects/activities determined to have a Positive Threshold Determination and/or a pesticide management plan (PERSUAP), it is confirmed that the projects/activities described herein do not involve any actions listed below. Any of the following actions would require additional environmental analyses and environmental determinations:

- Support project preparation, project feasibility studies, or engineering design for activities listed in §216.2(d)(1);
- Affect endangered and threatened species or their critical habitats per §216.5, FAA 118, FAA 119;
- Provide support to extractive industries (e.g. mining and quarrying) per FAA 117;
- Promote timber harvesting per FAA 117 and 118;
- Lead to new construction, reconstruction, rehabilitation, or renovation work per §216.2(b)(1);
- Support agro-processing or industrial enterprises per §216.1(b)(4);
- Provide support for regulatory permitting per §216.1(b)(2);
- Lead to privatization of industrial facilities or infrastructure with heavily polluted property per §216.1(b)(4);
- Research, testing, or use of genetically engineered organisms per §216.1(b)(1), ADS 211
- Assist the procurement (including payment in kind, donations, guarantees of credit) or use (including handling, transport, fuel for transport, storage, mixing, loading, application, clean-up of spray equipment, and disposal) of pesticides or activities

involving procurement, transport, use, storage, or disposal of toxic materials. Pesticides cover all insecticides, fungicides, rodenticides, etc. covered under the Federal Insecticide, Fungicide, and Rodenticide Act per §216.2(e) and §216.3(b).

7.0 REVISIONS

Per 22 CFR 216.3(a)(9), when ongoing programs are revised to incorporate a change in scope or nature, a determination will be made as to whether such change may have an environmental impact not previously assessed. If so, this IEE will be amended to cover the changes. Per ADS 204, it is the responsibility of the USAID A/COR to keep the MEO/REA and BEO informed of any new information or changes in the activity that might require revision of this environmental analysis and environmental determination.

ATTACHMENTS:

Annex 1: Climate Risk Management Summary Table for Sustainable Value Chains Activity

Annex 1: Climate Risk Management Summary Table for Sustainable Value Chains Activity

Tasks/Defined or Illustrative Interventions	Climate Risks	Risk Rating	How Risks are Addressed	Opportunities to Strengthen Climate Resilience
Project/Activity 1: Information for service provision managed				
Sub activity 1.1. Applied research for incentives implemented	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	
	Delays to market access due to flooding/road washout or drought, which increase overall transaction costs. Climate may negatively impact the overall product quality and agricultural productivity. These events may discourage investment from the private sector and financial entities.	Moderate during the rainy season (~November-April).	Private sector actors can be encouraged to develop resilient business practices and make investments throughout their value chains, helping to mitigate some of these risks. For agricultural developments, the activity will advance agricultural practices like rain collection systems (to mitigate drought), drainage (to mitigate flooding), etc Use of new technologies that advise the best timing	

			for harvesting can also mitigate potential damage. The activity will follow an EMMP that will contain measures aimed at mitigating soil erosion, drought, and pollution, etc.	
	Flooding and drought can impact results of field tests	Moderate during the rainy season (~November-April).	Field trials and corresponding data collection will prioritize the dry season to the best extent possible. Experiment sites installed in different geographical locations and number of repetitions can also be explored.	
Sub activity 1.2. Business opportunities developed	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	

Sub activity 1.3. Traceability systems implemented	Risks include transportation delays to/from data collection venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Digital data collection (i.e. satellite imagery) and analysis will be prioritized during the dry season to the best extent possible.	
---	--	---	--	--

Project/Activity 2: Technological Innovations for resilient economies of scale implemented

Sub activity 2.1. Climate-smart responses for GHG reduction implemented	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	
Sub activity 2.2. Resilience and capacity of local businesses to adapt to climate change strengthened	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	

Sub activity 2.3. Incentives for environment preservation/conservation implemented	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	
--	---	---	--	--

Project/Activity 3: Financial Sustainability of market of services

Sub activity 3.1. Financial models for sustainability implemented	None identified as this sub activity is an indoor/desk related task	Not applicable	Not applicable	
Sub activity 3.2. Producers business capacities strengthened	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	

Project/Activity 4: Institutional capacities strengthened

Sub activity 4.1. Associativity (supply aggregation) models strengthened	Risks include transportation delays to/from training venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	
Sub activity 4.2. Landscape approach strengthened	Risks include transportation delays to/from training/meeting venues due to flooding/road washout during the rainy season.	Moderate during the rainy season (~November-April).	Data collection and/or field training will prioritize the dry season to the best extent possible. Tasks occurring during the rainy season will consider mitigation measures such as indoor data collection/classroom training.	
