1. BACKGROUND AND PROGRAM DESCRIPTION

1.1 Background
The U.S. Government supports Ukraine as it quickly implements the reforms necessary to bring the country together and to develop participatory, transparent and accountable governance that is responsive to the concerns and aspirations of all Ukrainians. The United States will continue assisting Ukraine in these efforts. The U.S. fully supports the Government of Ukraine’s stated three priorities for Ukraine: advancing the Association Agreement with the European Union, security in the East, and fighting corruption.

This Agreement is one important tool for USAID to assist Ukraine in achieving its stated priorities, with a focus on a more participatory, transparent and accountable governance processes that will strengthen democratic institutions and practices, promote greater citizen engagement, and fight corruption. In order to achieve the desired results and Development Objective under this Agreement, problems in corruption, rule of law, civic engagement, and governance must be addressed, as well as constitutional reform and decentralization.

DCN: 2013-UKR-011, DCN: 2012-WNIS-002, and DCN: 2013-WNIS-001. In the case when new activities are developed, the relevant RCEs or Amendments will be prepared. The activities under the Democracy and Governance Development Objective Agreement (DOAG) are mainly training, and technical assistance, and as a determination they likely do not have the potential to adversely affect the environment. However, if and when new information becomes available that indicates that activities covered by the DOAG or amendment might be considered major and their effect significant, or if additional activities are proposed that might be considered major and their adverse effect significant, this programmatic categorical exclusion will be reviewed by the Mission in a Supplemental Initial Environmental Examination (SIEE) for concurrence by the BEO, and may have a different recommended determination.

1.2 Program Objective
The Development Objective of the Agreement, More Participatory, Transparent and Accountable Governance Processes, utilizes interventions to solidify Ukraine’s democratic advances, fight corruption, and promote rule of law, good governance and accountability, including at the local level.

1.3 Program Overview
In cooperation with the GOU, other U.S. Government agencies and bilateral and multilateral donors, USAID will focus on three interrelated results: (1) improved legislative and policy environment in line with European standards; (2): improved citizen oversight and engagement in governance processes; (3) increased accountability of the GOU to its citizens and improved adherence to the rule of law.

Activities to be funded under this Agreement will aim to promote:

1. **Good Governance/Legislative Strengthening:** USAID has been a close partner of the Ukrainian Parliament for years and could continue to support the institution to promote a representative, accountable and independent Parliament through: (1) support to Members of Parliament (MPs) to build constituent relations and improve their representation function; 2) expand citizen education and monitoring of Parliament and MPs in order to increase their accountability; and, 3) promote parliamentary independence to counterbalance the government by reinforcing the rules and procedures that govern the body.

**Illustrative activities – Objective 1. Good Governance/Legislative Strengthening**

| 1.1 Support to MPs to build constituent relations and improve their representation functions |
| 1.2 Monitoring of Parliament and MPs in order to increase their accountability |
| 1.3 Organize Parliament hearings |

2. **Constitutional Reform:** USAID could provide technical assistance to promote reform choices that are in line with international best practices and Venice Commission recommendations in the three key constitutional reform areas identified by the GOU: balance of powers; judicial reform; and decentralization. USAID could also support outreach efforts to ensure public participation, input, and buy-in to the process. Once the reforms are enacted, USAID could also support the Government of Ukraine in its implementation of constitutional changes, including the areas of judicial reform and decentralization.

**Illustrative activities – Objective 2. Constitutional Reform**

| 2.1 Provide technical assistance in three key constitutional reform areas identified by the GOU: balance of powers; judicial reform; and decentralization. |
2.2 Conduct public information campaigns to ensure public participation, input, and buy-in.

2.3 Support the GOU in its implementation of constitutional changes, including the areas of judicial reform and decentralization.

3. **Anti-Corruption:** USAID could support anti-corruption efforts through national public information campaigns and monitoring of public procurement and spending. USAID could support the GOU’s implementation of anti-corruption legislation and practices and related public oversight. USAID could assist GOU open government champions that wish to make their Ministries and agencies more transparent and accountable to the public. USAID could engage the private sector to create innovative solutions that will reduce the opportunities for corruption, such as e-governance, and create a better business environment where transactions between the private sector and the government are predictable and transparent. USAID could also work with the GOU to tackle corruption in specific sectors, including health and energy.

**Illustrative activities – Objective 3. Anti-Corruption**

3.1 Conduct national public information campaigns and monitoring of public procurement and spending.

3.2 Assist GOU open government champions that wish to make their Ministries and agencies more transparent and accountable to the public.

3.3 Engage the private sector to create innovative solutions that will reduce the opportunities for corruption, such as e-governance, and create a better business environment where transactions between the private sector and the government are predictable and transparent.

4. **Decentralization and local governance:** USAID could support decentralization efforts in line with constitutional reform, provide technical support to the central government as it devolves responsibilities to local governments, and encourage improved communication between local governments and their citizens. USAID could also support outreach to representatives of local government and communities to ensure broad common understanding regarding the decentralization process. USAID may help the management of local governments in the preparation of transparent and participatory budgeting, training of officials on compliance with legislation, and building the capacity of officials to plan energy efficient infrastructure projects. USAID may also assist local governments to improve service delivery at the local level, such as utilities, health services, and creating an enabling business environment.

**Illustrative activities – Objective 4. Decentralization and local governance**

4.1 Conduct national public information campaigns to ensure broad common understanding regarding the decentralization process.

4.2 Train local government representatives in the preparation of transparent and participatory budgets in compliance with new legislation.

4.3 Train local government officials to conduct modern financial analysis and planning to support efficient infrastructure projects.

5. **Rule of Law:** USAID may leverage the current political will to engage in judicial reform and work closely with judicial institutions. Programs may: 1) support a constitutional, legislative and regulatory framework for judicial reform that complies with European and international norms and supports judicial accountability and independence; 2) strengthen accountability and transparency of key judicial
institutions and operations; and 3) strengthen professionalism and effectiveness of the Ukrainian judiciary.

Illustrative activities – Objective 5. Rule of Law

5.1 Share information on constitutional, legislative and regulatory framework for judicial reform that complies with European and international norms.
5.2 Train staff of the key judicial institutions in accountability and transparency.
5.3 Build the capacity of the Ukrainian judiciary.

6. **Elections and Political Processes:** USAID has provided non-partisan support to help ensure free, fair, inclusive, transparent and peaceful elections in Ukraine and could continue to support activities that ensure the integrity of the electoral process. This could include support for international and domestic election observation and electoral law reform. Technical assistance to the Central Election Commission (CEC) will help to ensure that commissioners are well-informed of their duties and responsibilities. USAID may also support CEC and civic efforts to familiarize voters with the candidates, campaign platforms, and electoral law and procedural amendments.

Illustrative activities – Objective 6. Elections and Political Processes

6.1 Support for international and domestic election observation and electoral law reform.
6.2 Technical assistance to CEC.
6.3 Conduct information campaigns to familiarize voters with the candidates, campaign platforms, and electoral law and procedural amendments.

7. **Program Evaluations and Studies:** As required by USAID policy, and in order to share information with the Grantee regarding the impact of U.S. foreign assistance in the area of Democracy and Governance, funding under the Agreement will be used to support one or more program evaluations, studies and/or designs related to ongoing, completed or new activities.

Illustrative activities – Objective 6. Elections and Political Processes

7.1 Conduct one or more program evaluations, studies and/or designs related to ongoing, completed or new activities.

**2. Justification for Categorical Exclusion Determination**

The activities under the *Democracy and Governance Development Objective Agreement (DOAG)* will not have an effect on the natural or physical environment and are among the classes of activities listed in 22 CFR 216.2(c)(2). Therefore, under §216.2(c)(1), neither an IEE nor an EA will be required for these activities. Instead, a categorical exclusion threshold determination is recommended for:

- Activity 1.3, 2.1, 2.2, 4.2, 5.1, 5.2, 6.2, 6.3 under §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 1.1, 1.2, 2.3, 4.1, 4.3, 5.3, 6.1, 7.1, under §216.2(c)(2)(v) Document and information transfers.
3. Limitations of the Categorical Exclusion Determination:

This categorical exclusion does not cover classes of actions normally having a significant effect on the environment under §216.2(d):

i. Programs of river basin development;
ii. Irrigation and water management;
iii. Agricultural land leveling;
iv. Drainage projects;
v. Large scale agricultural mechanization;
vi. Resettlement projects;
vii. New land development;
viii. Penetration road building and road improvement;
ix. Powerplants;
x. Industrial plants; and
xi. Potable water and sewerage projects

In addition, this categorical exclusion does not cover activities that:

- Support project preparation, project feasibility studies, engineering design for activities listed in §216.2(d)(1);
- Affect endangered species;
- Provide support to extractive industries (e.g. mining and quarrying);
- Promote timber harvesting;
- Lead to construction, reconstruction, rehabilitation, or renovation work;
- Support agro-processing or industrial enterprises;
- Provide support for regulatory permitting;
- Lead to privatization of industrial facilities or infrastructure with heavily polluted property;
- 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; and/or
- Procure or use genetically modified organisms.

Any of these actions would require a Europe and Eurasia Bureau Environmental Officer (BEO) approved amendment to the categorical exclusion.

4. Mandatory Inclusion of Environmental Compliance Requirements in Solicitations, Awards, Budgets, and Work Plans

- Appropriate environmental compliance language, including limitations defined in Section 3, shall be incorporated into solicitations and awards for categorical exclusions.
- The implementing partner(s) shall ensure annual work plans do not prescribe activities that are
defined as limitations in Section 3.

5. Revisions

Under §216.3(a)(9), if new information becomes available that indicates that activities covered by the IEE might be considered major and their effect significant, or if additional activities are proposed that might be considered major and their adverse effect significant, this environmental threshold decision will be reviewed and, if necessary, revised by the Mission with concurrence by the BEO. It is the responsibility of the USAID CORs/AORs to keep the MEO and BEO informed of any new information or changes in the activity that might require revision of this IEE.
6. Recommended Environmental Threshold Decision Clearances:

Approval: __________________________________________
E. Jed Barton, Mission Director

Clearance: __________________________________________
Ann Marie Yastishock, Deputy Mission Director

Clearance: __________________________________________
Joel Sandefur, Regional Legal Advisor

Clearance: __________________________________________
Brian Fink, PCS Director

Clearance: __________________________________________
Larissa Piskunova, A/Mission Environmental Officer

Concurrence: _________________________________________
Mark Kamiya, E&E Bureau Environmental Officer

Distribution:
IEE File
E&E Bureau Environmental Officer
MEO (to also provide copy to the AOR)