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USAID | EGYPT
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INITIAL ENVIRONMENTAL EXAMINATION

PROGRAM/ACTIVITY DATA:

Program/Activity Number: (_____-_____)

Country/Region: Egypt

DO: A more competitive and inclusive Egyptian Economy through growth in selected sectors

Program/Activity Title: Private Sector Leverage

Project/Activity Implementation: Through September 2019

Funding Year Begins: FY2012 **Funding Year Ends:** FY2015

LOP Amount: $12 million

Prepared By: Matt Curtis **Current Date:** December 8, 2014

Expiration Date: September, 30 2019

Amendment (Y/N): N ; _____

ENVIRONMENTAL ACTION RECOMMENDED: (Place X where applicable)

Negative Determination:_____ Negative Determination with conditions: X

Positive Determination: _____ Deferral: _____

Categorical Exclusion: X

SUMMARY OF FINDINGS AND RECOMMENDED THRESHOLD DECISION

The Private Sector Leverage activity will allocate $12 million dollars to form one or more Global Development Alliances (GDAs) with the private sector. The potential GDA(s) will be part of the five year Agribusiness for Rural Development for Increasing Incomes (ARDII) project. This project aims to bring smallholder farmers into high value horticulture value chains in order to increase their on-farm incomes. Private sector engagement is integral to the ARDII program. These alliances are at various levels of development, but range from already formalized relationships with resource partners to identified strategic gaps that must be filled by the private sector. There are two broad categories activities can be classified under; 1) human capacity development and 2) the development of value chain logistic support.

All activities will take place in Upper Egypt, where both human capacity and value chain logistics are limiting constraints to agriculture sector development. Human capacity development efforts will focus on behavior change resulting in smallholder farmers better understanding farming as a business. Support of value chain logistics may include work on input systems, establishing a cold chain, marketing, and post-harvest processing. All support that involves the construction of physical structures will share the common characteristic of being small in scale[1].

Categorical Exclusion is recommended for all human capacity building interventions.

> As per 22 CFR 216.2(c)(2)(i), technical assistance and training programs qualify for a categorical exclusion, unless such activities directly affect the environment (in the case of activities described in 22 CFR 216.2(c)(2)(i)). Smallholder farmers will be trained in business planning, marketing, Global Good Agriculture Practices (GAP) and post-harvest handling with the goal of increased on-farm incomes.

Negative Determination with Conditions is recommended for value chain logistical support that involves small scale construction activities, procurement of equipment for post-harvest training, and trainings involving the use of pesticides.

> As per 22 CFR 216.3 (a)(2)(iii), the conditions being that the implementer will complete a checklist, that categorizes the degree to which sub-activities impact the environment. For sub-activities that are classified as having a very-low to moderate risk, specific mitigation measures must be identified and a mitigation and monitoring plan must be developed. If a sub-activity is classified as posing a high-risk to the environment, this sub-activity must be excluded from implementation as it is not covered under this IEE. Sub-activities will be evaluated for risk by the implementer using the Environmental Documentation Form (EDF, Attachment 1). Mitigation measures (see GDA Suggested Mitigation Measures, Attachment 3) will be detailed in an Environment Mitigation and Monitoring Plan (EMMP, Attachment 2), prepared by the activity implementer and approved by the USAID/Egypt AOR/COR.
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> As per 22 CFR 216.3(b)(1), prior to starting any sub-activity involving the assistance for the procurement or use, or both, of pesticides, the implementer shall produce a Pesticide Evaluation and Safe Use Action Plan (PERSUAP) in compliance with 22 CFR 216.3(b)(1)(i) through (v).

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[1] Small-scale: USAID/Egypt plans to rely on a working definition of small-scale construction as construction or repair of facilities where the total surface area of the disturbed environment is under 10,000 square feet and less than $200,000 total cost. Projects of this size and cost are unlikely to cause significant adverse environmental impacts. See http://www.usaidgems.org/Documents/SectorGuidelines/SectorEnvironmentalGuidelines_Construction_2014.pdf.

1. Background and Activity/Program Description

1.1 Purpose and Scope of IEE

The purpose of the IEE, in accordance with 22 CFR 216, is to provide the first review of the reasonably foreseeable effects on the environment, as well as recommended Threshold Decisions, for the Private Sector Leverage activity, which contemplates the formation of GDAs to develop horticulture value chains in Upper Egypt. Inasmuch as the business objectives of private sector firms are aligned with the development objectives of USAID/Egypt, partnerships will be formed that work to accomplish these mutual objectives through building human capacity and supporting value chain logistics.

This IEE provides a brief statement of the factual basis for a Threshold Decision as to whether an Environmental Assessment or an Environmental Impact Statement are required for the activities managed under this program.

1.2 Background

The Private Sector Leverage activity is part of the Agribusiness for Rural Development and Increasing Incomes (ARDII) project. ARDII's primary objective is to increase agriculture related incomes of rural residents in Upper Egypt. The activities in ARDII will be focused on engaging smallholder farmers in the production of high value horticulture value chains for domestic and export markets. Upper Egypt has been traditionally underdeveloped compared to the Delta region. Farmers in Upper Egypt grow more traditional commodity crops (sugar, maize and wheat) and there are few market channels for higher value crops. ARDII will develop the capacity of the smallholder farmers to produce for these markets, and link them via associations to processors and exporters. This will create a business environment that will attract investors that have been waiting for an opportunity to enter into the Upper Egypt market.

The Private Sector Leverage activity will develop GDAs between USAID and the private sector. GDAs have been successfully used in Egypt to leverage private sector money and engage them in pursuing desired development outcomes. An example of this was the GDA between Heinz and USAID, which ended in 2013. Its aim was to engage smallholder farmers in Upper Egypt in the production of tomatoes that met the quality requirements of Heinz processors. Participating farmers doubled their yields and increased per capita incomes from tomato sales by $921/feddan (1 feddan = 0.42 ha).

A Memorandum of Understanding (MOU) was signed with the Horticulture Export Improvement Association (HEIA) in September, 2014. This MOU outlines the relationship between USAID/Egypt and HEIA, in terms of aligning resources for the purpose of developing the horticulture value chain in Upper Egypt. HEIA has established a large perishable terminal in Luxor, which smallholder farmers from USAID activities will have access to. USAID/Egypt will direct overall alliance operations, fund an implementing partner to train and support smallholder farmers, and integrate alliance activities with complementary agriculture activities. The HEIA facility will have a training facility where smallholders, recent graduates and students will be trained in marketing, post-harvest handling and good agriculture practices.

1.3 Description of Activities

Beyond HEIA, specific resource partners for the proposed GDAs have not been determined; however illustrative activities may include, but are not limited to the following:

- Cost-sharing with the private sector to establish value chain logistic support (post-harvest equipment, sorting, grading and packing facilities, cooling points, cold storage).
- Technical assistance to farmers to meet quality standards in production of high value horticulture crops.
- Technical assistance to farmer associations that will agree to forward contracts with processors.
- Technical assistance to input suppliers to meet provide the timely supply of inputs to farmers.
- Technical assistance to provide logistical support to associations so that they can aggregate their products in a cold chain.
- Support to agriculture technical schools in value chain relevant programs.
- Support to develop Integrated Communication Technologies aimed at providing smallholder farmers with market information.

2. Country and Environmental Information

2.1 Locations Affected (General Climatic and Geographic Information)

Upper Egypt has a hot desert climate, where average summertime temperatures often exceed 40°C, and virtually no annual precipitation (Luxor <1mm/year). The Nile River provides irrigation water for the old lands, while groundwater is pumped for irrigation in the newly reclaimed lands. Soils along the river valley range from clay to clay loam, while new lands are primarily composed of sandy undifferentiated soils. The HEIA perishable terminal and training facility are located in an industrial zone near the Luxor Airport. The specific locations of other potential GDAs are not yet known, but all will be in Upper Egypt. Interventions may take place on agricultural lands, when interventions are targeted at the production level. Alternatively, they could be in more urban/industrial settings, if the interventions are more related to post-harvest and/or transporting products to export markets. The Environmental Documentation Form (Attachment 1) will be used to help the implementer identify risks to the natural environment from the activity.

3. Evaluation of Environmental Impact Potential

Program activities that have the potential to negatively impact the environment include, but are not limited to, the following categories:

- Small-scale construction, renovation and infrastructure
- Small-scale agriculture (not including on-farm irrigation)
- Pesticide use training

Pursuant to 22 CFR 216, USAID's implementing partner for the Private Sector Leverage activity must adopt the following implementation precautions and measures in order to avoid or mitigate the potential negative impacts of this program activity :

- Construction Waste: The implementing partner will ensure the adequate disposal of construction waste (in municipal or specially designated dumps);
- Disruption to Traffic and Circulation: The implementing partner, in coordination with the local authorities, will set alternative traffic plans to minimize impacts on traffic and the surrounding environment during excavation and construction;
- Dust Control: The implementing partner will set a plan to minimize and control dust during construction;
- Water and soil conservation technologies: The implementing partner will use both engineering (contouring, micro-basins) and vegetative measures (strip-cropping, agroforestry) to mitigate negative impacts to water and soil resources caused by agriculture.

In addition, as a matter of policy and best practice, USAID's implementing partner for the Private Sector Leverage activity must also adopt implementation precautions and mitigation measures[2] such as the following as well as those precautions and measures set forth on Attachment 3:

- Dwelling Safety During Excavation: Adequate shoring of excavation and other construction safety measures will guarantee the safety of dwellings located close to excavation sites;
- Pedestrians and Traffic: Adequate safety measures for pedestrians and traffic will be adopted during construction (barriers, lights, etc.);
- Workers' safety: adequate safety for workers will be adopted during construction (hardhats, safety boots, etc.); and
- Minimizing Difficulty of Access: The implementing partner will maintain adequate access to houses and commercial buildings through careful construction planning to maintain adequate buffers between open trenches and buildings.

Pesticides: Prior to the implementation of any sub-activity that procures or uses (or both) pesticides, the implementer will write a PERSUAP for the relevant pesticides. This PERSUAP shall be compliant with 22 CFR 216.3(b)(1)(i-v), including topics such as the use of protective clothing, respirator (as needed) and safe disposal of containers and unused pesticides.

Once activities and sub-activities are identified, they will be categorized by risk as outlined in section 4.1 below. Interventions that are determined to (i) be larger than small-scale, (ii) involve irrigation or pesticides (as described above), and/or (iii) have a

[2] For a list of best practices for agriculture and small-scale construction, please refer to http://www.usaidgems.org/Sectors/agriculture.htm and http://www.usaidgems.org/Sectors/construction.htm.

high level of risk to the environment (based on the completion of the EDF) are not covered under this IEE. In such cases, this IEE must be amended to include such activities, or a new IEE must be prepared before they are undertaken.

4. Recommended threshold decisions and mitigation actions (including monitoring and evaluation)

4.1 Recommended Threshold Decisions and Conditions

Negative Determination with Conditions

In accordance with 22 CFR 216.3(a)(2)(iii); "The cognizant Bureau or Office will record a Negative Determination if the proposed action will not have a significant effect on the environment."

Value chain logistics support:

- Small-scale construction and rehabilitation of buildings.
- Equipment for post-harvest training[3].
- Small-scale agriculture.

For each GDA activity, the implementer will complete an EDF, which will identify the specific activities that need to be mitigated. Mitigation measures (see GDA Suggested Mitigation Measures, Attachment 3) will be detailed in an EMMP, prepared by the activity implementer and approved by the USAID/Egypt AOR/COR. The EMMP defines the mitigation measures to be taken, the indicator(s) used, the frequency of monitoring, the party responsible for collecting the data, and the budget required to carry out these tasks. The AOR/COR will determine the frequency that the implementer will submit data collected as part of the EMMP. Prior to the implementation of any sub-activity that procures or uses (or both) pesticides, the implementer will write a PERSUAP for the relevant pesticides compliant with 22 CFR 216.3(b)(1)(i) through (v). Likewise, if any sub-activity involves irrigation, the implementer will conduct either an Environmental Assessment or Environmental Impact Statement as per 22 CFR 216.2(d)(ii).

Categorical Exclusion

In accordance with 22 CFR 216.2(c)(2)(i), programs consisting of the following activities are recommended for a Categorical Exclusion: "(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.)."

Human capacity development:

- Business training
- Marketing

[3] Equipment may include computers and networks, ICT tools and materials, data collection and dissemination systems, postharvest tools, reefer trucks, and equipment dedicated for training and capacity building purposes

- Good agriculture practices[4]
- Post-harvest handling[5]

4.2 Mitigation, Monitoring and Evaluation

The implementer must complete the attached EDF (Attachment 1) and EMMP (Attachment 2) as part of the work plan. This EMMP must be approved by the AOR/COR prior to the start of implementation.

5. Revisions

As with all USAID-funded projects, and pursuant to 22 CFR 216.3(a)(9), if new information becomes available which indicates that any of the proposed actions to be funded by this activity might be "major" and their effects "significant", the threshold decision for the actions listed above will be reviewed and revised by the originator(s) of the program and projects and submitted through the MEO to the Bureau Environmental Officers, ME, for approval and, if warranted, an environmental assessment will be prepared by the Mission as appropriate. It is the responsibility of the AOR to keep the Mission Environmental Officer and the BEO informed of any new information or changes in the activity that might require revision of the IEE.

Attachments:

Attachment 1: Environmental Documentation Form
Attachment 2: Environmental Mitigation and Monitoring Plan
Attachment 3: GDA suggested mitigation measures

[4] Good agriculture practices are practices that address environmental, economic and social sustainability for on-farm processes, and result in safe and quality food and non-food agricultural products (FAO COAG 2003 GAP paper). Interventions will provide technical assistance to farmers, to help them learn and comply with these internationally standardized practices.

[5] Post-harvest handling is the stage of crop production immediately following harvest, including cooling, cleaning, sorting and packing. Interventions will provide technical assistance to farmers: 1) to help them improve post-harvest efficiency so there will be a reduction in post-harvest losses, and 2) improve the safety, quality and shelf-life of products in order to access higher value markets.

APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED:

CLEARANCE:
D/Mission Director: _____ Date: Jan 29, 2015
Anne Patterson

CONCURRENCE:
Bureau Environmental Officer: _____ Date: Jan 29, 2015
John Wilson

Filename: Private Sector Leverage IEE 1-28-15

ADDITIONAL CLEARANCES:

Mission Environmental Officer: signed 1-28-15 Date: _____
Soad Saada

Technical OD: signed 1-28-15 Date: _____
William Patterson

Resident Legal Officer: signed 1-28-15 Date: _____
Sergiu Troie

Regional Environmental Advisor cleared by email 1-27-15 Date: _____
Alexandra Hadzi-Vidanovic

APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED:

CLEARANCE:
D/Mission Director: _____ Date: _____
Anne Patterson

CONCURRENCE:
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ADDITIONAL CLEARANCES:

Mission Environmental Officer: _____ Date: 1/28/2015
Soad Saada

Technical OD: _____ Date: 1/28/2015
William Patterson

Resident Legal Officer: _____ Date: 1/28/15
Sergiu Troie

Attachment 1

Environmental Documentation Form

INSERT PROJECT NAME

A. Applicant information

Contractor/grantee(organization)	Parent grant or project
individual contact and title	Address, phone and email (if available)
activity (brief description)	Amount
Location of activity	Start and end date of activity

B. Activities, screening results, and recommended determination

TABLE 1	**Screening result** (Step 3 of instructions)			**Recommended Determinations** (Step 6 of instructions. Complete for all moderate and high-risk activities)		
Proposed Sub-activities	Very Low Risk	Moderate Risk	High Risk	No significant adverse impact	Specified mitigation, no significant adverse impact	Significant Adverse impact
1.						
2.						
3.						
4.						
6.						
8.						
9.						

(continue on additional page if necessary)

C. Summary of recommended determinations **(check all that apply)**

	The activity contains. . .	*(equivalent regulation 216 terminology)*
☐	Very low risk sub-activities	*categorical exclusion(s)*
☐	After environmental review, sub-activities determined to have **no significant adverse impacts**	*negative determination(s)*
☐	After environmental review, sub-activities determined to have **no significant adverse impacts, given appropriate mitigation and monitoring**	*negative determination(s) with conditions*
☐	After environmental review, sub-activities determined to have **significant adverse impacts**	*positive determination(s)*

D. Certification:

I, the undersigned, certify that:

1. The information on this form is correct and complete
2.
   - These design elements and best practices will be followed in implementing this activity, except with the approval of USAID.
   - Any specific mitigation or monitoring measures described in the attached information will be implemented in their entirety.
   - Compliance with these conditions will be regularly confirmed and documented by on-site inspections during the activity and at its completion.

(Signature) (Date)

BELOW THIS LINE FOR USAID USE ONLY

Approval

USAID Project Officer ☐ Approved ☐ Rejected	(print name)	(signature)
USAID MEO or DMEO ☐ Approved ☐ Rejected	(print name)	(signature)

USAID comments: (if documentation is rejected, comments must be provided to applicant)

Attachment 2

Environmental Mitigation & Monitoring Plan (EMMP)

- An EMMP should either be included in or developed for (1) **all IEEs** that have at least one "Negative Determination with Conditions" (or for activities for which an environmental review has been completed pursuant to an IEE requirement) and (2) all Environmental Assessments (EAs).
- If the EMMP is not developed as part of the IEE, the implementing partner should usually lead development of the EMMP, subject to review and oversight by the MEO and COTR/AOTR.
- In all cases, the tasks identified in the EMMP are incorporated into the implementing partner's Work Plan, budget, and reporting.
- The following EMMP format is recommended. It can be adapted, as necessary.

Environmental Mitigation and Monitoring Plan

Activity Title:
Implementer:

Activity	Mitigation Measure(s)	Monitoring Indicator(s)	Monitoring and Reporting Frequency	Party(ies) Responsible	Indicative Budget
List all activities in IEE that received a "negative determination with conditions." *Do not list any other activities in separate rows.*	If mitigation measures are well-specified in the IEE, quote directly from IEE If they are not well-specified in the IEE, define more specifically here.	Specify indicators to (1) determine if mitigation is in place and (2) successful. For example, visual inspections for seepage around pit latrine; sedimentation at stream crossings, etc.)	For example: "monitor weekly, and report in quarterly reports. If XXX occurs, immediately inform USAID activity manager."	If appropriate, *separately* specify the parties responsible for mitigation, for monitoring and for reporting.	

Attachment 3

Global Development Alliance: Illustrative Potential Environmental Impacts and Mitigation Measures

Category/Activity	Potential Impacts	Mitigation Measures
Small-scale construction, renovation and infrastructure (Construction/ Renovation)	• Damage to sensitive ecosystems or endangered species • Localized erosion • Construction activity and/or completed facility disturbs neighbors due to: noise, dust, traffic disruptions, etc. • Damage to antiquities • Construction waste generated • Facility waste generated (solid waste and wastewater) • Use of hazardous materials during construction • Possible unsafe work conditions	• Site facility/renovation appropriately to avoid impact on environmentally sensitive areas (ecological zones, water supplies, etc.) • Avoid damaging vegetation during construction • Use silt screens, straw bales or similar erosion control measures • Re-vegetate areas damaged during construction • Concentrate noisiest types of activity in shortest possible period and during the least disruptive time of day • Take measure to minimize dust during construction (wet methods if appropriate) • Ensure construction site does not include antiquities • Dispose of construction waste in permitted/formal dumping facility • Ensure connections to locally available utility services (water, sanitation, electricity) or appropriate site-specific option • Minimize use of hazardous materials • Dispose of hazardous materials according to Egyptian law • Ensure adequate shoring of excavation and other construction safety measures to guarantee of working, neighboring dwellings and passersby • Ensure adequate safety procedures and equipment for workers (e.g. site safety plan, hardhats, protective eyewear, first aid kits, etc.)