**US Agency for International Development (USAID)**  
**USAID/Caucasus**  
**Amendment #2 to Initial Environmental Examination (IEE)**

### Program/Project/Activity Data

| Activity/Project Name: | The Zrda Activity in Georgia  
| | Activity under IR 2.2 PAD - Improving Competitiveness and Employment Generation in Georgia Project) |
| Assistance Objective: | DO 2. Inclusive and Sustainable Economic Growth  
| | DO 3. Increasingly Stable, Integrated and Healthy Society |
| Program Area: | IR 2.2. Increase Competitiveness and Employment Generation in Targeted Sectors  
| | IR 3.2 Increased Inclusion of Target Populations |
| Country(ies) and/or Operating Unit: | Georgia |

### Origination Office:
- **EG**
- **Date:** 06/17/2019
- **PAD Level IEE:** Yes
- **Supplemental IEE:** No
- **RCE/IEE Amendment:** Yes
- **DCN of Original RCE/IEE:** 2015-GEO-034
- **DCN of Amendment(s):** 2017-GEO-017

### Implementation Start/End:
- **AMD:** 4/14/2021 – 12/14/2021
- **LOP:** FY2016 – 12/14/2021

### Funding Amount:
- **AMD Amount:** $4,950,000
- **LOP Amount:** $24,650,000

### Contract/Award Number (if known):
- **AID-114-A-16-00004**

### Recommended Environmental Determination:
- **Categorical Exclusion:**
- **Positive Determination:**
- **Negative Determination:**
- **Deferral:**

### Additional Elements:
- **Conditions:**
- **Local Procurement:**
- **Government to Government:**
- **Donor Co-Funded:**

### Purpose of Amendment

1. The purpose of this amendment is to extend time of the award through December 14, 2021 and increase the ceiling by $4,950,000 to $24,650,000.

2. All conditions of the original IEE remain in effect. With this Amendment, all existing reporting requirements shall remain in place.

3. Zrda began in March 2016 and since then has created 730 new jobs, leveraged $2.2 million from project partners, and supported 578 MSMEs. Zrda continues to implement a number of activities
in the tourism and agriculture value chains. However, despite thorough and sufficient planning, Zrda faces a number of unanticipated challenges and opportunities. One challenge that Zrda encountered in developing partnerships occurred in collaboration with the Anaklia Development Consortium (ADC), an organization new to the development field. Despite the implementer and AOR’s past experience in developing public-private partnerships, ADC’s inexperience resulted in a several months delay in the establishment of partnership terms and, consequently, the late start of the ADC-Zrda partnership activities. Joint activities with ADC were initiated in the spring of 2019 with the establishment of the Anaklia Education hub and the launch of an MSME grants program. However, this time extension will enable Zrda to put in place interventions that will significantly increase the impact and sustainability of this important partnership with ADC. In addition, Zrda’s consistent outreach and diligent pursuit of partnerships have resulted in new opportunities for partnerships.

A recent request from the GOG to support the State Ministry for Reconciliation and Civic Equality (SMR) to improve economic ties between residents on both sides of the administrative boundary line (ABL) presents an opportunity for Zrda to increase its long-run impact and contribute directly to Georgia’s efforts to restore its territorial integrity. The SMR has requested that USAID increase its support to MSMEs in Zrda’s target communities that are willing to conduct trade and commerce with MSMEs on the other side of the ABL or include Abkhaz and South Ossetian SMEs willing to take part in capacity building and technical assistance programming within Zrda target communities. This support will closely coordinate with and complement SMR initiatives designed to stimulate cross-ABL economic ties, including “Steps to a Better Future” and other initiatives, as appropriate. An increase in life of activity funding will enable Zrda to support the SMR’s request and fits within Zrda’s current target beneficiary group.

Furthermore, due to the complexity and diversity of Zrda’s activities, the USAID contracting office has recommended that the current Zrda Chief of Party continue to lead Zrda to its conclusion as a risk-mitigating measure. This requires an extension of the period of presence of Zrda’s expatriate Chief of Party by additional 19 months, which requires additional resources.

1.4. The nature of the activities under the project remains the same as approved in the original scope of work.

1.5. This project is currently in compliance.
2. Recommended Environmental Threshold Decision Clearances for ZRDA project:

Approval:

[Signature]
Peter A Wiebler, Mission Director
Date: 6/18/19

Clearance:

[Signature]
Gocha Lobzhanidze, Mission Environmental Officer
Date: 6/17/19

Clearance:

[Signature]
David Tsiklauri, Alternative AOR
Date: 6/17/19

Concurrence:

[Signature]
Mark Kamiya, E&E Bureau Environmental Officer
Date: 6/19/2019

Distribution:
IEE File
MEO (to also provide a copy to AOR/COR)