**United States Agency for International Development (USAID)**

**Request for Categorical Exclusion (RCE)**

**Program/Project/Activity Data:**

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<tr>
<th>Activity/Project Name:</th>
<th>Sri Lanka@100 Entrepreneurship Platform</th>
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<td>Development Objective:</td>
<td>Objective 2: Sustained and inclusive economic growth</td>
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<tr>
<td>Program Area:</td>
<td>EG.2 Trade and Investment</td>
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<td>Country(ies) and/or Operating Unit:</td>
<td>Sri Lanka</td>
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<td>Originating Office: Brian Wittnebel, Deputy Director, EGO</td>
<td>Economic Growth Office</td>
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<td>Date: November 22, 2018</td>
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**Originating Office:** Brian Wittnebel, Deputy Director, EGO

**Date:** November 22, 2018

**PAD Level RCE:** Yes

**RCE/IEE Amendment:** Yes

**Supplemental RCE:** Yes

**DCN of Original RCE/IEE:** No

**DCN of Amendment(s):** No

If Yes, Purpose of Amendment:

DCN(s) of Related EA/IEE/RCE/ER(s): N/A

**Implementation Start/End:**

| FY-FY 2018-2023 | LOP: FY-FY 2020-2025 |

**Funding Amount:** $5,000,000

**LOP Amount:** $5,000,000

**Contract/Award Number (if known):**

**IEE Expiration Date (if any):** December 31, 2023

**Reporting due dates (if any):** Quarterly

**Recommended Determination:** Categorical Exclusion

**Environmental Media and/or Human Health Potentially Impacted** (check all that apply):

- [ ] None
- [ ] Air
- [ ] Water
- [ ] Land
- [ ] Biodiversity
- [ ] Human Health
- [ ] Other

**Climate Change:**

- [ ] GCC/Adaption
- [ ] GCC/Mitigation

Adaptation/Mitigation Measures: Project technical assistance activities are of no or low risk, no further environmental screening is required. ¹ See Section 3.0

**Additional Elements:**

- Government to Government: [ ]
- Local Procurement: [ ]
- Donor Co-Funded: [ ]

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1. Project and Activity Description

Since gaining independence in 1948, the Sri Lankan economy has grown in fits and starts, to reach middle income status in 2019. However, despite the end of the 30-year conflict, the country has witnessed uneven growth, which has moderated even further during the last 5 years. Economic growth has not been broad-based and inclusive, with development being more concentrated in Colombo district and larger 2-3 secondary cities, leaving pockets of economically-lagging regions.

To avoid the dreaded middle-income trap that has plagued many countries around the world and become a high-income nation, Sri Lanka needs to drive accelerated economic growth that is inclusive across all regions, ethnic groups and genders. In order for this to materialize, the country needs to address several underlying challenges that include overdependence on the domestic economy and local politics, corruption, non-inclusive growth, poor-productivity and lack of fact-based decision making and lack of foreign exchange earnings.

While significant policy reforms need to be introduced along with the contribution of multiple stakeholders such as the government, civil society and the private sector, USAID/Sri Lanka believe that the mid-market private sector represents a key growth lever in boosting development.

To this end, USAID/Sri Lanka will seek to establish Sri Lanka@100 Entrepreneurship Platform, to unlock the potential of the mid-market private sector companies in Sri Lanka. The platform will function as a ‘one-stop solution’ to cater to the unique needs of mid-market companies such as access to capital, access to markets and business development services. Sri Lanka@100 will focus on promoting more inclusive and sustainable growth by onboarding and nurturing mid-market companies that include firms that provide a service or product that is sustainable or firms that are based outside Colombo district, owned by women or representing a predominantly female workforce and companies that are owned or managed by minority ethnic groups.

By positioning the mid-market sector as a key engine of growth will help Sri Lanka achieve self-reliance by building a set of large-scale businesses that will contribute meaningfully to Sri Lanka’s development, which is closely aligned with the USAID’s own objectives for Sri Lanka in terms of empowering countries to achieve self-reliance through its J2SR initiative.

2. Justification and Recommended Determination for Categorical Exclusion Determination

Technical assistance to establish and operate the proposed Sri Lanka@100 Entrepreneurship Platform is not expected 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 determination is recommended for the four components 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.);
- §216.2(c)(2)(iii) Analyses, studies, academic or research workshops and meetings
• §216.2(c)(2)(v) Document and information transfer
• §216.2(c)(2)(xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting environment (such as construction of facilities, etc.)

3. **Recommended Environmental Compliance Actions**

The abridged 2016 Sri Lanka CDCS\(^2\) screened the entire DO 2 as being low risk with no adaptation or mitigation actions required. Although climate risk and vulnerability is high for Sri Lanka, the nature and scope of proposed technical assistance activities does not warrant climate risk screening at activity level. Mission accepted the overall climate risk and to provide cushion of comfort to USAID the project will seek to support overall Sri Lanka commitment to sustainable development and addressing climate risk, the environmental compliance actions outlined below are stipulated.

3.1 To ensure compliance with GOSL legislation and policies for environmental, biodiversity and forest protection, and climate change as well as with GOSL and GOM obligations under ratified international environmental agreements and conventions, including those under the WTO, ILO, and to help GOSL and the private sector to mitigate and adapt to potential effects of climate change, scope of work for individual activities shall be reviewed by COR and MEO/CIL, with advice from REA/SCA & OAPA and BEO/Asia as warranted, to ensure that environmental, social and climate change aspects are duly addressed as warranted

3.2 Implementing partner(s) shall regularly report to USAID on compliance with stipulations established in 3.1 above

3.3 At the “post-award conference” COR together with MEO/CIL shall explain this RCE as approved.

4. **Revisions**

Under §216.3(a) (9), if new information becomes available that indicates that activities covered by the categorical exclusion might be considered major and their effect significant, or if additional activities are proposed that might be considered major and their effect significant, this categorical exclusion determination will be reviewed and, if necessary, revised by the COR and MEO/CIL with concurrence by the BEO/Asia. It is the responsibility of the USAID COR to keep the MEO/CIL and BEO/Asia timely informed of any new information or changes in the activity that might require revision of this determination.

\(^2\) USAID/Sri Lanka just started preparation of a new CDCS.