



U.S. Agency for International Development  
INITIAL ENVIRONMENTAL EXAMINATION  
AMENDMENT NO. 1

Micro and Small Enterprise Project  
(project name at the time of the approval of original IEE: Microenterprise Funding and Learning  
for Growth Project)  
USAID Macedonia

A. PROGRAM AND ACTIVITY DATA

**PROJECT NAME:** Micro and Small Enterprise Project

**ASSISTANCE OBJECTIVE:** Economic Growth

**PROGRAM AREA:** Economic Opportunity

**COUNTRY:** Macedonia

**ORIGINATING OFFICE:** Economic Growth Office

**DATE:** August 21, 2011

**IEE AMENDMENT:** Yes  No

**DCN OF ORIGINAL IEE:** 2011-MAC-002

**PURPOSE OF AMENDMENT:** Revise the conditions for category III subawards

**IMPLEMENTATION START:** July 1, 2011

**IMPLEMENTATION END:** June 30, 2016

**LOP AMOUNT:** \$1,979,400

**AMENDMENT FUNDING AMOUNT:** No additional funding

**CONTRACT/AWARD # IF KNOWN:** 165-A-11-00002

**Environmental Media and/or Human Health Potentially Impacted** (check all that apply):  
None  Air  Water  Land  Biodiversity  Human health  Other

**Environmental Action Recommended:**

Categorical Exclusion:	<input checked="" type="checkbox"/>	Positive Determination:	<input type="checkbox"/>
Negative Determination:	<input type="checkbox"/>	Deferral:	<input type="checkbox"/>
Neg. Deter. with Conditions:	<input checked="" type="checkbox"/>	Exemption:	<input type="checkbox"/>

**B. REVISIONS TO THE ORIGINAL IEE**

The purpose of these revisions is to change the conditions for sub-awards falling in Category III – activities expected to have potentially significant impact on the environment. Specifically, the following statements are changed:

1. In Section D, Evaluation of activity with respect to environmental impact potential and identification of mitigation measures, , Phase 3: Small Equity, Quasi Equity and Angel Capital for microenterprises, the line 3.2 of the table:

<p>3.2 Implement Investment - provide capital (cash), in the most suitable form (equity, quasi equity or angel capital) to investees.</p>	<p>Currently it is not known from which industries the potential investees will come and for what purpose the investment or loan funds will go. The investments could potentially be in the areas of agricultural, tourism, industrial and manufacturing, transportation and construction sectors which could have an effect on the environment pursuant to 216.2(d)(1), 216.(b) pesticides; and 216.5, endangered species.</p>	<p>Negative determination with conditions pursuant to 22 CFR 216.3(a)(2)(iii)</p>	<p>The implementing partner shall prepare a project description questionnaire (Annex I) for each investment project, and screen each loan to determine whether the specific loan is a categorical exclusion (Category I) or a negative determination with conditions (Category II). If the investment falls under Category I the loan may proceed without additional environmental review. If the loan falls under Category II, the implementing partner shall prepare a subaward project environmental report. (Annex III). Subawards falling under Category III are not allowed. In developing mitigation measures, the implementing partner shall incorporate relevant guidance for small scale activities found at <a href="http://www.encapafrika.org">http://www.encapafrika.org</a>. The implementing partner shall also ensure that the subaward meets requirements of all local and national laws and regulations.</p>
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is replaced with:

<p>3.2 Implement Investment - provide capital (cash), in the most suitable form (equity, quasi equity or angel capital) to investees.</p>	<p>Currently it is not known from which industries the potential investees will come and for what purpose the investment</p>	<p>Negative determination with conditions pursuant to 22 CFR 216.3(a)(2)(iii)</p>	<p>The implementing partner shall prepare a project description questionnaire (Annex I) for each investment project, and screen each loan to determine whether the specific loan falls in <b>Category I – activities with no significant environmental effect, Category II – Small</b></p>
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	<p>or loan funds will go. The investments could potentially be in the areas of agricultural, tourism, industrial and manufacturing, transportation and construction sectors which could have an effect on the environment pursuant to 216.2(d)(1), 216.(b) pesticides; and 216.5, endangered species.</p>		<p>scale activities with controllable environmental effect, or Category III – activities with potentially significant categorical impact. If the investment falls under Category I the loan may proceed without additional environmental review. If the loan falls under Category II or Category III, the implementing partner shall prepare a subaward project environmental report (Annex III) and submit it to USAID for approval. In developing mitigation measures, the implementing partner shall incorporate relevant guidance for small scale activities found at <a href="http://www.encapafrika.org">http://www.encapafrika.org</a>. The implementing partner shall also ensure that the subaward meets requirements of all local and national laws and regulations. When developing the financial plan for the investment, the implementer must incorporate costs required to ensure implementation of the mitigation measures identified in the environmental report.</p>
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2. In Section E.2. Conditions and Mitigation Measures, the sentence:

- a. For all subawards, the implementing partner must complete the project description questionnaire (Annex I). Based on the project description, the subaward will be screened using the screening tool of Annex II to determine the significance of environmental effects. If a subaward falls within Category I, no further environmental review is needed. For subawards falling under Category II, an environmental report must be prepared (Annex III). The Mission Environmental Officer must approve all environmental reports and provide a copy to the Bureau Environmental Officer. If Annex III, Section F, Box 3 is checked, the project cannot be awarded.

is replaced with:

- a. For all subawards, the implementing partner must complete the project description questionnaire (Annex I). Based on the project description, the subaward will be screened using the screening tool of Annex II to determine the significance of environmental effects. If a subaward falls within Category I, no further environmental review is needed. For subawards falling under Category II or Category III, an environmental report must be prepared (Annex III). The Mission Environmental Officer must approve all environmental reports and provide a copy to the Bureau Environmental Officer. If Annex III, Section F, Box 3 is checked, the project cannot be awarded.

3. In Section G. Limitations of the IEE, take out the bullet on construction, reconstruction, rehabilitation or renovation work.

4. Annex III, Environmental Report Format is replaced with the newer template for **Environmental Review Checklist for Identifying Potential Environmental Impacts of Project Activities and Processes** (attached).

**B. JUSTIFICATION:**

The implementer raised a concern that there is some ambiguity in the original IEE regarding eligibility of sub-awards falling in Category III according to the screening tool in Annex II. According to Section D, these kinds of subawards were not allowed, thus limiting the project to invest in any kind of manufacturing microenterprise and significantly jeopardizing the implementer's ability to achieve the project goals.

To facilitate better understanding of the component III of the project (*Small Equity, Quasi Equity and Angel Capital for microenterprises*), the implementer developed a pipeline of potential investments. After reviewing the list of potential investments with the Bureau Environmental Officer, it was determined that category III sub-awards should also be considered by preparing an environmental report and mitigation and monitoring plan (Annex III). Only if in this report it is identified that the proposed sub-award poses significant effects on the environment (Box 3, Positive Determination), then the sub-award shall not be made.

This amendment covers only the changes noted above. The terms and conditions of the original IEE shall remain in effect.

Approval : Robert Wuertz 8/24/12  
Robert Wuertz, Mission Director (required) Date

Approval: Ivica Vasev 08/24/2012  
Ivica Vasev, Mission Environmental Officer (required) Date

Approval : Tatjana Markovska 8/24/12  
Tatjana Markovska, Activity Manager/AOR (required) Date

Concurrence: Will Gibson Aug 24, 2012  
Will Gibson Date  
E&E Bureau Environmental Officer

**Attachments:**

Template for Environmental Review Checklist for Identifying Potential Environmental Impacts of Project Activities and Processes

Original IEE

**Distribution:**

IEE File

Mission Environmental Officer



**USAID**  
FROM THE AMERICAN PEOPLE

SOP-1, Template 3: Environmental Review Checklist for  
Identifying Potential Environmental Impacts of Project Activities  
and Processes

# ENVIRONMENTAL REVIEW CHECKLIST FOR IDENTIFYING POTENTIAL ENVIRONMENTAL IMPACTS OF PROJECT ACTIVITIES AND PROCESSES

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for [Activity Name]

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Implemented under: [*Project Name*]

DCN: [*of Parent IEE*]

Prepared by: [*Implementer*]

**ENVIRONMENTAL REVIEW CHECKLIST FOR IDENTIFYING POTENTIAL ENVIRONMENTAL IMPACTS OF PROJECT ACTIVITIES AND PROCESSES**

The Environmental Review Checklist for Identifying Potential Environmental Impacts of Project Activities and Processes (ERC) is intended for use mainly by implementing partners to: assess activity-specific baseline conditions, including applicable environmental requirements; identify potential adverse environmental effects associated with planned activity(s) and processes; and develop environmental mitigation and monitoring plans (EMMPs) that can effectively avoid or adequately minimize the identified effects. This ERC can also be substituted for other ERC versions that may have been attached to project initial environmental examinations (IEE). If implementing partners are in doubt about whether a planned activity requires preparation of an ERC, they should contact their Contracting Officer’s Representative (COR)/Agreement Officer’s Representative (AOR) for clarification. *(When preparing the checklist, please indicate “not applicable” for items that have no bearing on the activity.)*

**A. Activity and Site Information**

<b>Project Name:</b> <i>(as stated in the triggering IEE)</i>	
<b>Mission/Country:</b>	
<b>DCN of Triggering IEE:</b>	
<b>Activity/Site Name:</b>	
<b>Type of Activity:</b>	
<b>Name of Reviewer and Summary of Professional Qualifications:</b>	
<b>Date of Review:</b>	

**B. Activity Description**

1. Activity purpose and need
2. Location of activity
3. Beneficiaries, e.g., size of community, number of school children, etc.
4. Number of employees and annual revenue, if this is a business
5. Implementation timeframe and schedule
6. Detailed description of activity and site, e.g., size of the facility or hectares of land; steps that will be taken to accomplish the activity
7. Existing or planned certifications, e.g., ISO 14001 EMS, ISO 9000, HCCP, SA 8000, Global Gap, Environmental Product Declarations, Eco Flower, EcoLogo, Cradle to Cradle, UL Environment, GREENGUARD, Fair Trade, Green Seal, LEED, or various Forest Certifications
8. Site map, e.g., provide an image from Google Earth of the location
9. Photos of site *(when available)*

**C. Activity-Specific Baseline Environmental Conditions**

1. Population characteristics
2. Geography
3. Natural resources, e.g., nearby forest/protected areas, ground and surface water resources
4. Current land use
5. Proximity to public facilities, e.g. schools, hospitals, etc.
6. Other relevant description of current environmental conditions in proximity to the activity

**D. Legal, Regulatory, and Permitting Requirements**

1. National environmental impact assessment requirements for this activity
2. Applicable National or local permits for this activity, responsible party, and schedule for obtaining them:

Permit Type	Responsible party	Schedule
Zoning		
Building/Construction		
Source Material Extraction		
Waste Disposal		
Wastewater		
Storm Water Management		
Air Quality		
Water Use		
Historical or Cultural Preservation		
Wetlands or Water bodies		
Threatened or Endangered Species		
Other		

3. Additional National, European Union, or other international environmental laws, conventions, standards with which the activity might be required to comply
  - a. Air emission standards
  - b. Water discharge standards
  - c. Solid waste disposal or storage regulations
  - d. Hazardous waste storage and disposal
  - e. Historical or cultural preservation
  - f. Other

**E. Engineering Safety and Integrity** (for Sections E. and F., provide a discussion for any of the listed issues that are likely to have bearing on this activity)

1. Will the activity be required to adhere to formal engineering designs/plans? Have these been or will they be developed by a qualified engineer?
2. Do designs/plans effectively and comprehensively address:
  - a. Management of storm water runoff and its effects?
  - b. Reuse, recycling, and disposal of construction debris and by-products?
  - c. Energy efficiency and/or preference for renewable energy sources?
  - d. Pollution prevention and cleaner production measures?
  - e. Maximum reliance on green building or green land-use approaches?
  - f. Emergency response planning?
  - g. Mitigation or avoidance of occupational safety and health hazards?
  - h. Environmental management of mobilization and de-mobilization?
  - i. Capacity of the host country recipient organization to sustain the environmental management aspects of the activity after closure and handover?
3. Are there known geological hazards, e.g., faults, landslides, or unstable soil structure, which could affect the activity? If so, how will the project ensure structural integrity?
4. Will the site require grading, trenching, or excavation? Will the activity generate borrow pits? If so, how will these be managed during implementation and closure?
5. Will the activity cause interference with the current drainage systems or conditions? Will it increase the risk of flooding?
6. Will the activity interfere with above- or below-ground utility transmission lines, e.g., communications, water, sewer, or natural gas?
7. Will the activity potentially interfere with vehicle or pedestrian traffic?
8. Does the activity increase the risk of fire, explosion, or hazardous chemical releases?
9. Does the activity require disposal or retrofitting of polychlorinated biphenyl-containing equipment, e.g., transformers or florescent light ballasts?

**F. Environment, Health, and Safety Consequences**

**1. Potential impacts to public health and well-being**

- a. Will activities require temporary or permanent human resettlement?
- b. Will area residents and/or workers be exposed to pesticides, fertilizer, or other toxic substances, e.g., as a result of farming or manufacturing? If so, how will the project:
  - i. Ensure that these chemicals do not contaminate ground or surface water?
  - ii. Ensure that workers use protective clothing and equipment to prevent exposure?
  - iii. Control releases of these substances to air, water, and land?
  - iv. Restrict access to the site to reduce the potential for human exposure?
- c. Will the activity generate pesticide, chemical, or industrial wastes? Could these wastes potentially contaminate soil, groundwater or surface water?
- d. Will chemical containers be stored at the site?
- e. Does the activity remove asbestos-containing materials or use of building materials that may contain asbestos, formaldehyde, or other toxic materials? Can the project certify that building materials are non-toxic? If so, how will these wastes be disposed of?
- f. Will the activity generate other solid or hazardous wastes such as construction debris, dry or wet cell batteries, florescent tubes, aerosol cans, paint, solvents, etc.? If so, how will this waste be disposed of?
- g. Will the activity generate nontoxic, nonhazardous solid wastes (subsequently requiring land resources for disposal)?
- h. Will the activity pose the need to handle and dispose of medical wastes? If so, describe measures of ensuring occupational and public health and safety, both onsite and offsite.
- i. Does the activity provide a new source of drinking water for a community? If so, how will the project monitor water quality in accordance with health standards?
- j. Will the activity potentially disturb soil contaminated with toxic or hazardous materials?
- k. Will activities, e.g., construction, refurbishment, demolition, or blasting, result in increased noise or light pollution, which could adversely affect the natural or human environment?

**2. Atmospheric and air quality impacts**

- a. Will the activity result in increased emission of air pollutants from a vent or as fugitive releases, e.g., soot, sulfur dioxide, oxides of nitrogen, volatile organic compounds, methane.
- b. Will the activity involve burning of wood or biomass?
- c. Will the activity install, operate, maintain, or decommission systems containing ozone depleting substances, e.g., freon or other refrigerants?
- d. Will the activity generate an increase in carbon emissions?
- e. Will the activity increase odor and/or noise?

**3. Water quality changes and impacts**

- a. How far is the site located from the nearest river, stream, or lake?
- b. Will the activity disturb wetland, lacustrine, or riparian areas?
  - c. What is the depth to groundwater at the site?
- d. Will the activity result in increased ground or surface water extraction? If so, what are the volumes? Permit requirements?
- e. Will the activity discharge domestic or industrial sewage to surface, ground water, or publicly-owned treatment facility?
- f. Does the activity result in increased volumes of storm water run-off and/or is there potential for discharges of potentially contaminated (including suspended solids) storm water?
- g. Will the activity result in the runoff of pesticides, fertilizers, or toxic chemicals into surface water or groundwater?
- h. Will the activity result in discharge of livestock wastes such as manure or blood into surface water?

- i. Does the site require excavation, placing of fill, or substrate removal (e.g., gravel) from a river, stream or lake?

**4. Land use changes and impacts**

- a. Will the activity convert fallow land to agricultural land?
- b. Will the activity convert forest land to agricultural land?
- c. Will the activity convert agricultural land to commercial, industrial, or residential uses?
- d. Will the activity require onsite storage of liquid fuels or hazardous materials in bulk quantities?
- e. Will the activity result in natural resource extraction, e.g., granite, limestone, coal, lignite, oil, or gas?
- f. Will the activity alter the viewshed of area residents or others?

**5. Impacts to forestry, biodiversity, protected areas and endangered species**

- a. Is the site located adjacent to a protected area, national park, nature preserve, or wildlife refuge?
- b. Is the site located in or near threatened or endangered (T&E) species habitat? Is there a plan for identifying T&E species during activity implementation? If T&E species are identified during implementation, is there a formal process for halting work, avoiding impacts, and notifying authorities?
- c. Is the site located in a migratory bird flight or other animal migratory pathway?
- d. Will the activity involve harvesting of non-timber forest products, e.g., mushrooms, medicinal and aromatic plants (MAPs), herbs, or woody debris?
- e. Will the activity involve tree removal or logging? If so, please describe.

**6. Historic or cultural resources**

- a. Are there cultural or historic sites located at or near the site? If so, what is the distance from these? What is the plan for avoiding disturbance or notifying authorities?
- b. Are there unique ethnic or traditional cultures or values present in the site? If so, what is the applicable preservation plan?

**G. Further Analysis of Recommended Actions** *(if the applicable IEE requires the use of ERCs to perform further analysis of recommended actions, then check the appropriate box below. If this analysis is not required, then skip this and proceed with Section H. If required by the IEE, the ERC shall be copied to the Bureau Environmental Officer (BEO)).*

- 1. Categorical Exclusion:** The activity is not likely to have an effect on the natural or physical environment. No further environmental review is required.\*
- 2. Negative Determination with Conditions:** The activity does not have potentially significant adverse environmental, health, or safety effects, but may contribute to minor impacts that can be eliminated or adequately minimized by appropriate mitigation measures. EMMPs shall be developed, approved by the Mission Environmental Officer (MEO) (and the BEO if required by the IEE) prior to beginning the activity, incorporated into workplans, and then implemented. See Sections H and I below.\*
- 3. Positive Determination:** The activity has potentially significant adverse environmental effects and requires further analysis of alternatives, solicitation of stakeholder input, and incorporation of environmental considerations into activity design. A Scoping Statement must be prepared and be submitted to the BEO for approval. Following BEO approval an Environmental Assessment (EA) will be conducted. The activity may not be implemented until the BEO clears the final EA. For activities related to the procurement, use, or training related to pesticides, a PERUSAP will be prepared for BEO approval.
- 4. Activity Cancellation:** The activity poses significant and unmitigable adverse environmental effects. Adequate EMMPs cannot be developed to eliminate these effects and alternatives are not feasible. The project is not recommended for funding.

**\*Note regarding applicability related to Pesticides** (216.2(e): The exemptions of §216.2(b)(1) and the categorical exclusions of §216.2(c)(2) *such as technical assistance, education, and training* are not applicable to assistance for the procurement or use of pesticides.

**H. EMMPs** (Using the format provided below, or its equivalent, list the processes that comprise the activity, then for each, identify impacts requiring further consideration, and for each impact describe the mitigation and monitoring measures that will be implemented to avoid or adequately minimize the impacts. All environment, health, and safety impacts requiring further consideration, which were identified in Section F., should be addressed)

**1. Activity-specific environmental mitigation plan (Upon request, the MEO may be able to provide your project with example EMMPs that are specific to your activity.)**

Processes	Identified Environmental Impacts	Do the Impacts Require Further Consideration?	Mitigation Measures	Monitoring Indicators
List all the processes that comprise the activity(s)(e.g. asbestos roof removal, installation of toilets, remove and replace flooring) A line should be included for each process.	A single process may have several potential impacts—provide a separate line for each.	For each impact, indicate <b>Yes</b> or <b>No</b> ; if <b>No</b> , provide justification, e.g.: (1) There are no applicable legal requirements including permits or reporting and (2) There is no relevant community concern and (3) Pollution prevention is not feasible or practical and (4) Does not pose a risk because of low severity, frequency, or duration	For each impact requiring further consideration, describe the mitigation measures that will avoid or adequately minimize the impact. (If mitigation measures are well-specified in the IEE, quote directly from IEE.)	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.)

**2. Activity-specific monitoring plan**

Monitoring Indicators	Monitoring and Reporting Frequency	Responsible Parties	Records Generated
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 COR/AOR.”	Separate parties responsible for mitigation from those responsible for reporting, whenever appropriate,	If appropriate, describe types of records generated by the mitigation, monitoring, and reporting process.

**I. Certification of No Adverse or Significant Effects on the Environment**

I, the undersigned, certify that activity-specific baseline conditions and applicable environmental requirements have been properly assessed; environment, health, and safety impacts requiring further consideration have been comprehensively identified; and that adverse impacts will be effectively avoided or sufficiently minimized by proper implementation of the EMMP(s) in Section G. If new impacts requiring further consideration are identified or new mitigation measures are needed, I will be responsible for notifying the USAID COR/AOR, as soon as practicable. Upon completion of activities, I will submit a **Record of Compliance with Activity-Specific EMMPs** using the format provided in ERC Annex 1 or its equivalent.

\_\_\_\_\_  
Implementer Project Director/COP *Name*

\_\_\_\_\_  
Date

**J. Approvals:**

\_\_\_\_\_  
USAID COR/AOR *Name*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mission Environmental Officer *Name*

\_\_\_\_\_  
Date

**Distribution:**

- Project Files
- Bureau Environmental Officer

**ERC ANNEX 1  
RECORD OF COMPLIANCE WITH ACTIVITY-SPECIFIC  
ENVIRONMENTAL MITIGATION AND MONITORING PLANS (EMMPs)**

<b>Subject:</b>	<i>Site or Activity Name/Primary Project Name/IEE DCN Number</i>
<b>To:</b>	<i>COR/AOR Name</i>
<b>Copy:</b>	<i>Mission Environmental Officer Name</i>
<b>Date:</b>	

The *[name of the implementing organization]* has finalized its activities at the *[site name]* to *[describe activities and processes that were undertaken]*. This memorandum is to certify that our organization has met all conditions of the EMMPs for this activity. A summary of the how mitigation and monitoring requirements were met is provided below.

1. Mobilization and Site Preparation
2. Activity Implementation Phase
3. Site Closure Phase
4. Activity Handover

Sincerely,

\_\_\_\_\_  
Implementer Project Director/COP *Name*

\_\_\_\_\_  
Date

**Approved:**

\_\_\_\_\_  
USAID/Project COR/AOR *Name*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mission Environmental Officer *Name*

\_\_\_\_\_  
Date

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