



**US Agency for International Development (USAID) / E3/ Office of Trade and Regulatory Reform
Initial Environmental Examination (IEE)/ Request for Categorical Exclusion Facesheet**

Activity/Project Title: DCA Guarantee <i>with AGC</i>		Solicitation #:
Contract/Award Number (if known): Pending		
Geographic Location : Global		
Originating Bureau/Office: Office of Trade and Regulatory Reform		
Supplemental IEE: <input type="checkbox"/> Yes <input type="checkbox"/> No	DCN and date of Original Document: E3-15-27	
Amendment: <input type="checkbox"/> Yes <input type="checkbox"/> No	DCN and ECD link(s) of Amendment(s):	
Programmatic IEE: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Amendment No.:	
Funding Amount: \$ 2,500,000	Life of Project Amount: \$ 2,500,000	
Implementation Start/End: FY-FY 2015-2019		
Prepared By: Ilona Tservil, Program Specialist	Date Prepared: June 24, 2015	
Expiration Date (if any): 5 yrs or any changes in scope, scale or funding.	Reporting due dates (if any): None	
Environmental Media and/or Human Health Potentially Impacted (check all that apply): None <input checked="" type="checkbox"/> Air <input type="checkbox"/> Water <input type="checkbox"/> Land <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Health <input type="checkbox"/> Other <input type="checkbox"/>		
Recommended Threshold Determination: <input type="checkbox"/> Negative Determination <input type="checkbox"/> with conditions <input checked="" type="checkbox"/> Categorical Exclusion <input type="checkbox"/> Positive Determination	<input type="checkbox"/> Deferral <input type="checkbox"/> Exemption <input type="checkbox"/> USG Domestic NEPA action	
Climate Change: <input type="checkbox"/> GCC/Adaption <input type="checkbox"/> GCC/Mitigation <input type="checkbox"/> Climate Change Vulnerability Analysis (included) Adaptation/Mitigation Measures:		

US Agency for International Development (USAID) / E3/Office of Trade and Regulatory Reform
Initial Environmental Examination (IEE) / Request for Categorical Exclusion for the DCA Guarantee

SUMMARY OF FINDINGS:

The purpose of this document is to review the overall activities and the potential environmental impact that will be undertaken by the program or project. The program or project Initial Environmental Examination (IEE) evaluated the potential impacts of the program, project or activities and has determined that a Categorical Exclusion is appropriate for the actions described in the document. Other actions not described in the paper, including those activities described in 22 CFR 216.2(d), 22 CFR 216.5, construction, rehabilitation or the procurement or use of pesticides (including larviciding, indoor residual spraying, fogging, and pesticide impregnated materials, etc.) will require supplemental environmental analysis.

1. Background and Project/Activity Description

i. The Office of Trade and Regulatory Reform (TRR) is executing a Development Credit Authority (DCA) transaction with Advanced Global Capital (AGC). AGC will use its own private funding to make loans to local financial service companies worldwide. USAID will guarantee that those loans are repaid to AGC through a 50% DCA guarantee on principal losses. The financial service companies' main business operation is to purchase accounts receivables (i.e., everyday invoices) from companies and then be responsible for collecting payment of those invoices. This type of business, known as factoring, provides much needed working capital to economies that are underserved.

ii. AGC is not anticipated to incur any environmental risks in that no funding will be directed to infrastructure or any other activities that would result in direct environmental impact. USAID is not funding any activities. USAID funding will be transferred to the U.S. Treasury Department to establish a subsidy (loan loss reserve) in case of any of AGC's future loans default, and the institution submits a claim to USAID.

iii. The DCA guarantee will be eligible in up to 47 USAID eligible countries worldwide.

2. Threshold Determinations:

Activity with Unlikely Direct, Indirect, or Cumulative Impact	Potential Direct, Indirect, and Cumulative Impact	Recommended Determination
DCA guarantee	No likely Significant Impact	Categorical Exclusion, per 22 CFR Section 216.2(c)(2)(xiv)

SUMMARY OF CONDITIONS, MONITORING AND REPORTING MEASURES

- 1. Additional, New or Changed Scope of Activities:** Any activity that is outside the described scope of this IEE and any additional funding put forth to the activities that change or present new scope, or geographic locations, outside those documented here, will require additional environmental analysis prior to the activity.
 - a. This additional analysis may include a screening of activities, an initial environmental examination (IEE), an environmental assessment (EA), an environmental mitigation and monitoring plan, or another assessment as approved by the Bureau Environmental Officer.
 - b. These analysis must comply with 22 CFR 216 and cannot be awarded, or in pre-approved circumstances, before use of funds toward the activity or the pre-activity planning.
 - c. The AOR/activity manager and BEO/MEO/REA will work to determine the most appropriate environmental analyses required for those activities not categorically excluded.
 - d. Should there be a positive threshold decision, the AOR will ensure that an environmental analysis is completed and the proposed activity does not expend funds or begin prior to the conclusion of the procedures set forth in 22 CFR 216.3

- 2. Agreement/Contracting Officer's Representative Responsibilities:** Should activities under this DCA be outside the scope of this IEE the AOR and/or on-site activity manager or a representative of the Program/Project will:

- a. Ensure that implementing partners have sufficient environmental impact assessment process and procedures, capacity to complete to implement mitigation and monitoring measures and that the ability are sufficient to comply with their environmental impact assessment processes and procedures.
 - b. Ensure that any activity, policy, strategy, or project associated with this program complies with the conditions in this IEE to include new, expanded, changed activities.
 - c. As required by ADS 204.3.4.b.(1), the AOR will actively monitor and evaluate whether the conditions of this IEE are being implemented effectively and whether there are new or unforeseen consequences arising during implementation that were not identified and reviewed in this IEE. This may include undertaking field visits and consultations with implementing partners to assess the environmental impacts of ongoing activities, and the effectiveness of associated mitigation and monitoring conditions
 - d. The A/COR, in consultation with the mission activity managers and implementing partners, Mission Environmental Officers (MEO), Regional Environmental Officers (REO), and/or Bureau Environmental Officers as appropriate, will monitor and evaluate whether environmental consequences unforeseen under activities covered by this IEE arise during implementation, and immediately modify or end activities as appropriate. In the event that any mitigation measure is not effective at avoiding or mitigating the intended impact, this document, or supplemental analysis will be amended, with the concurrence of the BEO, and the implementing partner will be notified and will amend the mitigation measure to achieve its intended results.
3. **Sub-Agreements or Funds Transfers:** There will not be any budgetary sub-agreements or fund transfers from the implementing partners to other organizations. If this changes, any such sub-agreements or fund transfers must incorporate provisions stipulating:
- a. Any sub agreement or funds transfer must include provisions that stipulate the implementation of conditions outlined in the SIEE for country level programs or an IEE for non-country level programs.
 - b. That the sub-award/grant partner must complete and submit an environmental mitigation and monitoring plan (EMMP) and report (EMMR to the implementing partner which will forward to USAID.
 - c. Any activity to be undertaken will be within the scope of the environmental determinations and recommendations of this PIEE. This includes assurance that any mitigating measures required for those activities be followed.
4. **Host Country Laws:** Nothing in this IEE substitutes for or supersedes IP, sub-grantee and subcontractor responsibility for compliance with all applicable host country laws and regulations. Implementation will in all cases adhere to applicable host country environmental laws and policies.
5. **Limitations of IEE:**
- a. Activities related to infrastructure, pesticides, resettlement, or any other activities that would result in direct or indirect environmental impact such as those included in 22 CFR 216.2 (d)(1), 22 CFR 216.5, or FAA 118/119. Any such activities would not be covered under this assessment and would require completion and approval of a separate environmental review before they could proceed.

APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED (amend as needed):

CLEARANCE:
Office Director: 
Virginia Brown

Date: 7-7-15

CONCURRENCE:
Bureau Environmental Officer: 
Teresa Bernhard

Date: 7/26/15

Filename: _____

PROGRAM/ACTIVITY DATA:

Program/Activity Number: **TBD**
 Program/Activity Title: **DCA Guarantee**
 Country/Region: **Worldwide**
 Functional Objective: **Encourage a global impact investor to lend to local financial service companies.**
 Number & Name: **TBD**
 Program Areas: **4.3 Financial Sector**
 Program Elements: **4.3.2: Financial Sector Capacity**
 IEE Period covered: **September 1, 2015 – September 30, 2023**
 Life of Project Amount: **\$2,500,000**

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Section 1 of this document covers the categories of activities undertaken by the program; Section 2 is background information on the geographical coverage; Section 3 provides an evaluation of the potential environmental impacts of the Program activities; Section 4 provides the threshold environmental determination for the Program activities; and Section 5 describes mitigation measures required for implementation.

1.0 BACKGROUND AND ACTIVITY/PROGRAM DESCRIPTION

1.1 Purpose and Scope of IEE

The purpose of this document, in accordance with Title 22, Code of Federal Regulations, Part 216 (22CFR216), is to provide a preliminary review of the reasonably foreseeable effects on the environment of the following activities anticipated as part of a Development Credit Authority (DCA) guarantee with Advanced Global Capital (AGC) and accompanying USAID monitoring and evaluation. Upon final approval of this IEE, these recommended determinations are affirmed as 22 CFR 216 Threshold Decisions and Categorical Exclusions, and conditions become mandatory elements of the Alliance for Trade Facilitation implementation.

USAID through TRR, is establishing a DCA with AGC. The DCA will be a 50% guarantee of a portfolio of loans that AGC will make using its own private funding. USAID funding will be used as subsidy to secure a U.S. Treasury-backed guarantee. The guarantee is a contingent liability that is only paid in case of loan default.

AGC loans are made to local financial service companies in USAID eligible countries. The local financial service companies' main business is to purchase accounts receivables (i.e., everyday invoices) from companies and then assume responsibility for collecting payment of those invoices. This type of business, known as factoring, provides much needed working capital to economies that are underserved.

This environmental impact assessment is a critical element of a mandatory environmental review and compliance process meant to achieve environmentally sound activity design and implementation.

1.2 Background (Context and Justification)

AGC loans support accounts receivable financing, which is an advanced finance service for developing world. The ultimate beneficiary will be companies willing to exchange their business invoices for immediate working capital, making everyday business operations more efficient (allow them to pay their administrative costs and salaries on time). This gives companies more financial confidence to higher staff, and job creation will be a key metric for the activity. It is anticipated that over 38,000 jobs will be created through the life of this activity through 8,000 businesses accessing this new source of working capital.

1.3 Summary of Activities (and Implementation Mechanisms)

The purpose of the DCA guarantee is to mitigate risk of AGC, which is a social impact fund, to work in USAID eligible countries, work with new borrowers, and help raise additional capital into the fund. The DCA will help the fund's overall size grow from \$20 million to \$100 million over the next several years.

2.0 BASELINE INFORMATION AND APPLICABLE HOST COUNTRY REQUIREMENTS

2.1 Locations Affected

The DCA may work in up to 47 USAID eligible countries worldwide, including:

Albania	India	Myanmar
Bangladesh	Indonesia	Namibia
Benin	Ivory Coast	Nepal
Bosnia & Herzegovina	Jamaica	Nigeria
Botswana	Kazakhstan	Peru
Brazil	Kenya	Rwanda

Cambodia	Kosovo	Senegal
Colombia	Laos	Serbia
D.R. Congo	Liberia	Sierra Leone
Egypt	Macedonia	South Africa
El Salvador	Mexico	Tanzania
Ethiopia	Moldova	Thailand
Ghana	Mongolia	Togo
Guatemala	Morocco	Uganda
Haiti	Mozambique	Vietnam
Honduras		Zambia

2.2 Applicable Host Country Environmental and Social Laws, Regulations and Policies

Location of specific country assistance is still being identified. All local host country environmental, health, and safety laws as well as land tenure, regulations, and policies will be followed accordingly, along with respective host country EIA processes.

3.0 POTENTIAL ENVIRONMENTAL IMPACTS & RECOMMENDED DETERMINATIONS, INCLUDING CONDITIONS

As set out in section 1.4, for the purpose of environmental review, activities of the DCA guarantee with AGC addressed by this IEE are grouped into the following intervention categories.

Recommended Determinations. Per the above analysis, the following determinations are recommended for activities in this intervention category:

Activity with Unlikely Direct, Indirect, or Cumulative Impact	Potential Direct, Indirect, and Cumulative Impact	Recommended Determination
DCA guarantee	No likely Significant Impact	Categorical Exclusion, per 22 CFR Section 216.2(c)(2)(xiv)

4.0 GENERAL IMPLEMENTATION AND MONITORING REQUIREMENTS

In addition to the specific conditions enumerated in Section 3, the negative determinations recommended in this IEE are contingent on full implementation of the following general monitoring and implementation requirements:

1. **Additional, New or Changed Scope of Activities:** Any activity that is outside the described scope of this IEE and any additional funding put forth to the activities that change or present new scope, or geographic locations, outside those documented here, will require additional environmental analysis prior to the activity.
 - a. This additional analysis may include a screening of activities, an initial environmental examination (IEE), an environmental assessment (EA), an environmental mitigation and monitoring plan, or another assessment as approved by the Bureau Environmental Officer.
 - b. These analysis must comply with 22 CFR 216 and cannot be awarded, or in pre-approved circumstances, before use of funds toward the activity or the pre-activity planning.
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 - d. Should there be a positive threshold decision, the AOR will ensure that an environmental analysis is completed and the proposed activity does not expend funds or begin prior to the conclusion of the procedures set forth in 22 CFR 216.3
2. **Agreement/Contracting Officer's Representative Responsibilities:** Should activities under this DCA be outside the scope of this IEE the AOR and/or on-site activity manager or a representative of the Program/Project will:

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 - d. The A/COR, in consultation with the mission activity managers and implementing partners, Mission Environmental Officers (MEO), Regional Environmental Officers (REO), and/or Bureau Environmental Officers as appropriate, will monitor and evaluate whether environmental consequences unforeseen under activities covered by this IEE arise during implementation, and immediately modify or end activities as appropriate. In the event that any mitigation measure is not effective at avoiding or mitigating the intended impact, this document, or supplemental analysis will be amended, with the concurrence of the BEO, and the implementing partner will be notified and will amend the mitigation measure to achieve its intended results.
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- a. Any sub agreement or funds transfer must include provisions that stipulate the implementation of conditions outlined in the SIEE for country level programs or an IEE for non-country level programs.
 - b. That the sub-award/grant partner must complete and submit an environmental mitigation and monitoring plan (EMMP) and report (EMMR to the implementing partner which will forward to USAID.
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