

**INITIAL ENVIRONMENTAL EXAMINATION AND
REQUEST FOR CATEGORICAL EXCLUSION**

PROGRAM/ACTIVITY DATA:

Country: Tunisia

Program/Activity Title: Private Sector Employment Project (DO 1 PAD)

Project/Activity Implementation: Through September 2022

Funding Year Begins: FY 2016

Funding Year Ends: FY 2021

LOP Amount: \$107.1 million

Prepared By: Alexandra Hadzi-Vidanovic, MERP Environmental Officer

Current Date: November 9, 2016

Expiration Date: September 30, 2022

Amendment (Y/N): N

If "yes", Filename & date of original IEE/RCE

ENVIRONMENTAL ACTION RECOMMENDED: (Check all that apply)

Categorical Exclusion: Negative Determination w Conditions:

Positive Determination: _____ Deferral: _____

1 SUMMARY OF FINDINGS AND RECOMMENDED THRESHOLD DECISION

A Categorical Exclusion pursuant to 22 CFR 216.2(c) (2), is recommended per:

- a) 22 CFR 216.2(c)(2)(i) for activities involving training and technical assistance;
- b) 22 CFR 216.2(c)(2)(iii) for activities involving analyses, studies, assessments, workshops, consultations and meetings;
- c) 22 CFR 216.2(c)(2)(v) for activities involving document and information transfers; and
- d) 22 CFR 216.2(c)(2)(xiv) for activities that include studies, projects or programs intended to develop the capacity of recipient country and organizations to engage in development planning.

Any technical assistance under the DO 1 PAD to improve business operations that may have an environmental impact will be covered by a **negative determination with conditions**. This may include, but is not limited to support provided to firms working in agriculture, aquaculture, fisheries, tanneries, hospitals/clinics/medical facilities, and construction.

An environmental mitigation and monitoring plan (EMMP) may be requested to be prepared and submitted to the COR or AOR for any repair and/or rehabilitation activities prior to commencing works.

This IEE does not authorize the use or procurement of pesticides, genetically-modified organisms, or asbestos material. An amendment is required for any of these actions.

As required by ADS 204.5.4, the Tunisia EG Team will “actively monitor ongoing activities for compliance with approved IEE recommendations, and modify or end activities that are not in compliance”. They shall ensure that adequate time and resources are available to bring all activities into compliance pursuant to the requirements of this IEE. If additional project activities not described in this document are identified during project implementation, an Environmental Screening Form must be prepared with a view to assess, monitor and report on the environmental impacts of the new activities. The cognizant USAID team will also ensure that provisions of the IEE concerning the mitigation measures and the conditions specified herein along with the monitoring requirements are incorporated in all implementation instruments and sub-agreements issued under this Program.

2 BACKGROUND:

Tunisia’s private sector does not create enough jobs to employ the youth entering the workforce, nor to absorb the millions of working-age Tunisians who are already jobless. As a result, only 40% of working-age Tunisians -- and only 20% of working-age Tunisian women - - are actually employed today.

Economic growth drives private sector job creation. Yet Tunisia’s sub-par economic growth has been lower than most other middle income countries and far lower than achieved by the high-growth countries that have had the most success in private sector job creation. As a result of poor economic conditions and structural issues that have favored only a few, politically-connected firms, businesses expand very slowly, if at all. Private sector job opportunities have not materialized in greater numbers because not enough firms have innovated and expanded. Finally, a growing fiscal deficit brought about by unsustainably high government expenditures, subdued tax collections, large losses in many state enterprises and banks, and unfunded pension and social safety net mandates put Tunisia's fragile recovery at risk.

USAID’s contributions to inclusive private sector employment will therefore be private sector demand-driven, on the assumption that surplus labor will only be absorbed when private sector business strengthens. Main efforts will focus on working with private sector firms to identify and overcome specific business challenges that they face. This firm-based assistance will be complemented by demand-driven training and job placement to facilitate the entry of more appropriately skilled Tunisians into the workforce. Finally, USAID will support key efforts to strengthen Tunisia's fiscal outlook in order to strengthen the framework for private sector investment.

USAID will help Tunisians strengthen private sector job creation by:

- 1) Providing targeted, firm-based assistance to small and medium enterprises (SMEs) with strong potential for expansion in order to increase their incentives to hire more workers;
- 2) Supporting improvements in Tunisia’s business enabling environment by drawing on our direct access to private enterprises who can best articulate their needs and priorities;
- 3) Working with training institutions, career development centers (CDCs), and other workforce development events and institutions to support entrepreneurship and employability.
- 4) Supporting GoT efforts to improve revenue administration and public financial management while improving transparency and accountability for public resources.

3 REVISIONS:

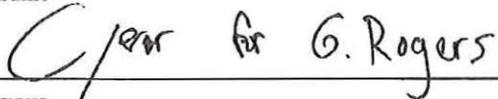
As with all USAID-funded projects, and pursuant to 22 CFR 216.3(a)(9), if new information becomes available which indicates that any of the proposed actions to be funded by this activity might be “major” and their effects “significant,” the threshold decision for the actions listed above will be reviewed and revised by the originator(s) of the program and projects and submitted through the Regional Environmental Officer (REO) to the Bureau Environmental Officers (BEO) for the Middle East for approval and, if warranted, an environmental assessment will be prepared by USAID/Tunisia as appropriate. It is the responsibility of the COR 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.

EMMP Template

Environmental Issue	Potential Impact	Proposed Mitigation Measure	Monitoring Indicators	Monitoring and Reporting Frequency	Responsible Entity	

APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED for Tunisia Private Sector Employment Project (PSEP)

APPROVAL:



Glenn Rogers
Senior Development Advisor

Date: 11/17/2016

CONCURRENCE:



John Wilson
Bureau Environmental Officer

Date: 11/21/16

CLEARANCES:



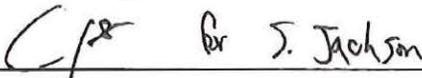
Chris Saenger
Program Officer

Date: 11/17/2016

email

Shavonna Maxwell
Resident Legal Officer

Date: 11/18/2016



Scott Jackson
EG Officer

Date: 11/17/2016

email

Alexandra Hadzi-Vidanovic
Environment Officer

Date: 11/18/2016



Christopher Saenger <csaenger@usaid.gov>

Clearance on Tunisia EG PAD

Alexandra Hadzi-Vidanovic <ahadzi-vidanovic@usaid.gov>
To: Christopher Saenger <csaenger@usaid.gov>

Fri, Nov 18, 2016 at 9:43 AM

Hi Chris,

I clear the EG PAD.

Thanks,
Alex

Alexandra M. Hadzi-Vidanovic
Regional Environmental Advisor
USAID Middle East Regional Platform
U.S. Consulate, Frankfurt am Main, Germany
Office: +49 69.7535.2581
Mobile: +49 175.551.2762
Note: Frankfurt is +6 hours from Washington, DC

On Thu, Nov 17, 2016 at 7:56 PM, Christopher Saenger <csaenger@usaid.gov> wrote:

Shavonna,

Thanks again for getting through this while on the road. I've made all the edits in the Google Doc and re-exported to a clean Word file, attached. I also did my best to work up a redline reflecting changes from the versions you sent earlier today, attached separately. I hope the PAD is ready for RLO and ENV clearance now, but please let me know if there are other questions that need to be addressed.

A couple notes, (and adding FM, OAA, and ENV back so they see too):

PAD Time Period

Given that the procurement for the PFM activity has slipped, the EG PAD covers a six-calendar-year period, ending in 2022. I added that date to the IEE as well as the cover memo. That's also the reason why I kept the "period of performance" column in the activity funding table on p. 32. The PAD's activity financial plan is un-changed, covering FY 2016-2020 funds.

IEE

Based on the RLO edits, Glenn reviewed and provided his go-ahead on the IEE with minor edits to the technical background text only, reflected in the Google Doc and attached files. Once RLO clears the IEE, I will send to John Wilson for his concurrence. Alex: please let me know if you are able to clear the PAD.

Solicitation Package

I'm still working on edits to the IAP and we need the final IEE to add to the package, but with lots of help from Seikhhan we're in pretty good shape as far as the rest of the RFP package. I think we're on track to get a GLAAS requisition in place on Monday as planned.

Thanks to everyone for their help and hard work.

--

Chris Saenger
USAID Middle East Regional Platform
csaenger@usaid.gov
SaengerCD@state.gov
+49 69 7535-2596

On Thu, Nov 17, 2016 at 1:10 PM, Christopher Saenger <csaenger@usaid.gov> wrote:

Thanks Shavonna. I'll work on addressing the comments now. Really appreciate.



Christopher Saenger <csaenger@usaid.gov>

Clearance on Tunisia EG PAD

Shavonna Maxwell <smaxwell@usaid.gov>

Fri, Nov 18, 2016 at 11:35 AM

To: Christopher Saenger <csaenger@usaid.gov>

Cc: Michael Jackson <mjackson@usaid.gov>, Tyler Holt <tholt@usaid.gov>, Kristijan Jurjevic <kjurjevic@usaid.gov>, Oleksandra Price <oprice@usaid.gov>, Allen Vargas <avargas@usaid.gov>, Alexandra Hadzi-Vidanovic <ahadzi-vidanovic@usaid.gov>, Doanh Van <dvan@usaid.gov>, Seilkhan Yeleussizov <syeleussizov@usaid.gov>

Chris/All,

I clear on the PAD with the few additional edits in the attached.

I clear on the IEE and cleared on the IAP in a separate email.

Thanks everyone.

Shavonna

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