**Activity/Project Title:** Solutions for African Food Enterprises (SAFE) – GDA Cooperative Agreement with TechnoServe

**Contract/Award Number (if known):** AID-OAA-A-12-000077

**Geographic Location:** Ethiopia, Kenya, Malawi, Tanzania, Zambia

**Is this an Amendment to an existing IEE?** □ Yes, and this will be Amendment #: 

**Date & title of Original document:** 

**ECD link:** 

**Funding:** $3,450,749 raise to current TEA of $6,940,554. New TEA of $10,391,303

**Implementation Start/End:** Current award is valid 10/1/12-9/30/17. Proposed modification covers work in Ethiopia and Tanzania from 6/1-9/30/17 and work in Kenya, Malawi, Zambia, and the Regional Office from 10/1/16-9/30/17.

**Prepared By:** Jay Daniliuk  
**BFS Office:** MPI  
**Date Prepared:** March 18, 2016

**Expiration Date (if any):** March 17, 2021

**EMMP Reporting dates:** 

**Recommended Threshold Determination:**  
□ Negative Determination  
X with conditions  
□ Categorical Exclusion [include rationale per 216.2(c)]

□ Deferral [include rationale per 216.3(a)(1)(iii)]  
□ Exemption [include rationale per 216.2(b)]  
□ Positive Determination [see 216.3(2)(iii)]

**Environmental Mitigation and Monitoring Plan (EMMP):**

As required by this IEE, an EMMP will be developed by the Implementing Partner (IP) per the conditions described in this IEE. The EMMP will be completed before activities start. A periodic EMMP Report shall be prepared by the IP to describe how well the monitoring and mitigation measures are working, and if any modifications are necessary. Guidance on BFS EMMP development is available at the BFS Environmental Compliance Tracking site.

**Gender Equality and Women’s Empowerment**

Per USAID policy, this IEE will consider the proposed activity in the full light of gender equity and women’s empowerment related to environmental impact, not as a separate component, but as a core activity element.

**Global Climate Change**

Per USAID and Presidential directives, this IEE will consider proposed activity impact on global climate change, and in as much as possible, promote climate-smart agriculture, planning, and related activities. As applicable, project implementation will be cognizant of adaptation, integration, mitigation, clean energy and sustainable landscapes.

**This Document:** The purpose of the Initial Environmental Examination, 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 described activity, and to recommend determinations and, as appropriate, conditions, for these activities. 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 implementation. This IEE is a critical element of a mandatory environmental review and compliance process meant to achieve environmentally sound activity design and implementation.
APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED:

CLEARANCE:  
Office Director:  
Kathryn Garcia (Acting w/o March 21, 2016)  
Date: 3/23/16

Activity Manager:  
Jay Daniliuk  
Date: 3/21/16

CONCURRENCE:  
BFS Bureau Environmental Officer:  
William Thomas  
Date: 3/24/2016

Filename/location: "SAFE Mod IEE March 2016"/BFS.MPI – PFS – SAFE – Award Modifications – March 2016

BFS Tracking #: BFS-16-3-006
BFS Initial Environmental Examination (IEE)

1. Project Context

The activity strengthens collaboration between USAID and the TechnoServe through a modification to our existing cooperative agreement/GDA, Solutions for African Food Enterprises (SAFE). SAFE is a 5-year program (AID-OAA-A-12-000077, October 1st, 2012 - September 30th, 2017), funded under the overarching framework of Feed the Future.

Solutions for African Food Enterprises (SAFE) brings expertise and resources to Africa’s food processing sector to sustainably improve food security. SAFE facilitates the transfer of technology and knowledge between skilled volunteer experts from Partners in Food Solutions’ corporate partners (General Mills, Cargill, Royal DSM, Bühler, and The Hershey Company) and African food processors, in order to increase the competitiveness of the African food processing sector and expand availability of affordable and nutritious foods. SAFE is implemented by TechnoServe in Ethiopia, Kenya, Malawi, Tanzania, and Zambia.

Prior to SAFE, USAID (both EGAT (later BFS) and Global Health) partnered with TechnoServe and Partners in Food Solutions via a GDA Leader with Associates Award, the African Alliance for Improved Food Processing (AAIFP), in Kenya, Malawi, Tanzania, and Zambia. The initial focus in East Africa was due to General Mills interest, and a desire on the part of Global Health to increase the supply of locally produced therapeutic foods for Persons Living With HIV/AIDS.

SAFE initially agreement covered work in Kenya, Malawi, and Zambia (plus the regional team based in Nairobi). However, TechnoServe and PFS provided similar work in support of two additional mission-funded programs: an AAIFP Associate Award in Ethiopia and Tuboreshe Chakula in Tanzania. As both AAIFP and Tuboreshe Chakula were coming to an end in 2015, there was a significant opportunity for SAFE to build on USAID’s investments in product fortification and processor development and to have the entire PFS/USAID relationship captured in one mechanism: SAFE. On July 24th, 2015, a modified SAFE budget frontloaded resources to maintain delivery in Kenya, Malawi and Zambia through September 2016, while expanding operations to Ethiopia and Tanzania through May 2016. This modified budget left a funding “gap” in Ethiopia and Tanzania from June 2016 to the end of the agreement in September 2017. A similar funding “gap” resulted in Kenya, Malawi, Zambia, and the regional office for the final year of the agreement (FY 2017). This proposed agreement modification seeks $3,450,749 in additional funds to continue SAFE’s delivery across the five-country platform plus regional support through the original September 2017 end date.

Under this action, TechnoServe will build on the progress made to date and increase the overall impact of the program. TechnoServe, with the support and matching investment of
PFS, will provide one-on-one customized technical assistance to select food processors, deliver additional sector-wide trainings to the broader industry in each country, and support local governments in their fortification initiatives.

2. Activity Description, Location, & Baseline

2.1. Activity Description

SAFE facilitates the transfer of technology and knowledge between skilled volunteer experts from PFS' corporate partners (General Mills, Cargill, Royal DSM, Bühler, and The Hershey Company) and African food processors, in order to increase the competitiveness of the African food processing sector and expand availability of affordable and nutritious foods.

ACTIVITIES
Specific activities, per country, proposed by this modification are:

Kenya
- Expand customized support to reach 39 businesses by September 2017
- Implement 4 sector-wide trainings (2 each on Business Resource Management and Good Manufacturing Practices (GMP) in Dairy)
- Complete study and stakeholder workshop on access to informal markets
- Deepen support in access to finance
- Explore potential for extended and wider collaboration with WFP
- Pilot a cost-sharing model for some technical assistance services

Malawi
- Expand customized support to reach 14 businesses by September 2017
- Explore opportunities for commercialization of Orange Flesh Sweet Potato
- Implement 6 additional sector-wide trainings (2 each on food safety standards, aflatoxin control and management, and GMP/Quality Management Systems for Food Processing)

Zambia
- Expand customized support to 21 businesses by September 2017
- Implement 7 sector-wide trainings (2 each on Food Safety Management, Packaging and Labeling, Business Management Systems, and 1 on commercialization of nutrition)
- Commercialize nutritious food products

Tanzania
- Expand customized support to reach 17 businesses by September 2017
• Support activities that align with USAID’s NAFAKA II program
• Implement 6 sector-wide trainings (topics TBD in consultation with stakeholders in Tanzania)

Ethiopia
• Continue customized support to 15 clients within the wheat, dairy and CSB super cereal value chains
• Increase alignment and complementarity with dairy processors receiving grants under USAID’s AGP-LMD Program
• Support breakthrough marketing of fortified wheat flour, targeting bakeries (B2B) and consumers (B2C)
• Link food processors with finance
• Support government agencies stakeholders in the food processing sector

OUTCOMES
It is anticipated that the proposed modification will enable SAFE to substantially increase its impact, including, among others:

• Increase to 250 (from current achievement of 208 and current target of 175) the number of jobs attributed to FtF implementation
• Increase to 50 (from current achievement of 32 and current target of 42) the number of firms engaged in agricultural and food security-related manufacturing and services now operating more profitably because of USG assistance
• Increase to 50 (from current achievement of 32 and current target of 35) the number of firms that applied new technologies or management practices as a result of USG assistance
• Increase to US$5 million (from current achievement of $3,584,469 and current target of $1,200,000) the value of new private sector investment in the agriculture sector or food chain leveraged by FtF implementation
• Increase to 1,150 (from current achievement of 672 and current target of 750) the number of individuals who have received USG supported short-term agricultural sector productivity or food security training
• Increase to 700 (from current achievement of 521 and current target of 575) the number of firms receiving USG assistance
2.2. Location

In Kenya, most SAFE-supported businesses are located in Nairobi, Rift Valley (Nyeri, Nyandarua & Nakuru Counties), Western (Hma Bay, Kisumu, Kakmeca, Busia & Uasin Gishu Counties) & Eastern (Machakos and Makueni Counties), as per the map below:

SAFE PROJECT: SOURCES, PRIMARY MARKETS AND FTF FOCUS AREAS

[Map showing the locations of SAFE projects in Kenya, with labels for Nairobi, Rift Valley, Western, and Eastern regions.]
In Ethiopia most SAFE-supported businesses are located in Addis Ababa, Bahir Dar and Awassa, as per the map below:
In Malawi most SAFE-supported businesses are located in Blantyre City, Thyolo and Zomba Districts in the South, or in Lilongwe, as per the map below:
In Zambia most SAFE-supported businesses are located in Lusaka, Copperbelt, Northwestern or Eastern Provinces, as per the map below:
In Tanzania most SAFE-supported businesses are located in Dodoma or Morogoro with planned expansion to Mbeya and Iringa. Note the general map of Tanzania below (SAFE-specific map not yet available):

2.3. Host Country Laws

Implementation will in all cases adhere to applicable host country environmental laws and policies. The IP, sub-grantees and subcontractor must comply with host country environmental regulations unless otherwise directed in writing by USAID. However, in case of conflict between host country and USAID regulations, the latter shall govern.
3. Potential Environmental Impacts

The majority of the activities in SAFE are of an educational, technical assistance, or training nature and as such qualify for a Categorical Exclusion under 22 CFR Section 216.2(c)(2)(i). However, SAFE has a substantial focus on direct technical assistance to certain food processors on issues such as Good Manufacturing Practices for food processing which can lead to an environmental impact. Given that each business and its technical assistance needs are unique, and that new businesses have yet to be selected, it is not possible to predict with certainty the potential environmental impacts of this work.

Food processing presents the possibility of both positive and negative environmental impact. By defining quality standards for the raw food grains purchased from producers and traders, processors are in position to promote environmentally sound food staple production practices, such as conformance to guidelines on use of pesticides on food crops. Purchasing contracts that facilitate bulking of supply and scheduled deliveries could increase the efficiency of use of fuel and energy in moving food grains, reducing carbon emissions from grain transport. Processing plants that invest in modern processing and process control equipment and run at or very near capacity utilize energy more efficiently and have reduced carbon emissions per unit of food produced.

At the same time, food processing utilizes potable water and energy and has the potential to generate wastewater and solid waste by-products that require proper handling and disposal to prevent environmental contamination. Large scale processors will generally utilize fossil fuels and grid energy. Small-scale processors may utilize fuelwood for generating heat, with possible adverse impact on forest resources and bio-diversity. While most grain processing by-products are valuable for livestock feeding or could be used for bio-gas generation, there is a possibility that by-products could be inappropriately disposed of, creating adverse impact on soils and water resources. In addition, excessive food packaging places an additional burden on urban solid waste management systems.

4. Mitigation Conditions

1. The SAFE AOR shall ensure that:

   • No pesticides may be procured or used, or recommended for procurement or use without first completing an amendment to this Initial Environmental Examination that addresses the requirements of 22 CFR 216.3(b) including a Pesticide Evaluation Report/Safe Use Action Plan (PERSUAP) which must be approved in writing by the BFS Bureau Environmental Officer
   • No Genetically Modified Organisms (GMOs) are procured, tested, or recommended for procurement or use without first completing the required USAID biosafety review and using the resulting information as part of the basis for undertaking an
amendment to this IEE which must be approved in writing by the BFS Bureau Environmental Officer.

2. The following specific restriction will be incorporated into the modified SAFE GDA Cooperative Agreement:

- Each food processing business assisted will have an environmental safety compliance plan in place to assure that no adverse environmental impact results from food processing activities. All, or nearly all waste by-products generated by food processing businesses are used as ingredients in other foods or are sold as animal feed. All other waste by-products will be appropriately disposed of as per local environmental regulations.

5. Threshold Determinations

Per this analysis, the following determinations are recommended this activity:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Recommended Determination</th>
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<tbody>
<tr>
<td><strong>Kenya, Malawi, Zambia, Tanzania, Ethiopia:</strong> expand customized support to businesses</td>
<td>Negative Determination with Conditions: Potential environmental contamination from food processing.</td>
</tr>
<tr>
<td><strong>Kenya, Malawi, Zambia, Tanzania, Ethiopia:</strong> Implement additional sector-wide trainings</td>
<td>Negative Determination with Conditions: Potential environmental contamination from food processing.</td>
</tr>
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<td><strong>Kenya:</strong> Complete study and stakeholder workshop on access to Informal markets</td>
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</tr>
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<td><strong>Kenya:</strong> Deepen support in access to finance</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
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<td><strong>Kenya:</strong> Explore potential for extended and wider collaboration with WFP</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
</tr>
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<td><strong>Kenya:</strong> Pilot a cost-sharing model for some technical assistance services</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
</tr>
<tr>
<td><strong>Malawi:</strong> Explore opportunities for commercialization of Orange Flesh Sweet Potato</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
</tr>
<tr>
<td><strong>Zambia:</strong> Commercialize nutritious food products</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
</tr>
<tr>
<td><strong>Tanzania:</strong> Support activities that align with USAID’s NAFAKA II program</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
</tr>
<tr>
<td><strong>Ethiopia:</strong> Increase alignment and complementarity with dairy processors</td>
<td>Categorical Exclusion: 22 CFR Section 216.2(c)(2)(i): Education, technical assistance, or training programs</td>
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<td>Program</td>
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receiving grants under USAID's AGP-LMD Program training programs