



LAC-IEE-04-27

## ENVIRONMENTAL THRESHOLD DECISION

<b>Activity Location:</b>	Bolivia
<b>Activity:</b>	Coffee processing centers and community forestry activities in the Yungas as part of the Alternative Development Strategic Objective in the Chapare and Yungas.
<b>Activity Number:</b>	511-0643
<b>Funding:</b>	\$1,000,000 of International Narcotics Control (INC) resources above the approved Life of Strategic Objective (LOSO) amount of \$123,557,000
<b>Life of Project:</b>	FY 1998 – FY 2005
<b>SIEE Drafted by:</b>	Ernest R. Rojas, AD SOT Deputy Team Leader, USAID/Bolivia
<b>Recommended Threshold Decision:</b>	Negative Determination with Conditions
<b>Referenced ETDs:</b>	LAC-IEE-03-49, LAC-IEE-02-65, and LAC-IEE-00-058
<b>Bureau Threshold Decision:</b>	Concur with Recommendation

**Comments:** This Supplemental Initial Environmental Examination (SIEE) amends LAC-IEE-03-49 to add \$1 million and six months to the Grant Agreement between USAID and United Nations Office on Drugs and Crime (UNODC) Grant Agreement for Project AD/BOL/97/C23 to implement forestry and agroforestry activities in the Yungas. Although most of these activities were covered under LAC-IEE-03-49, there are two activities – cacao and annatto that were not included in this IEE. For this reason, a this SIEE has been prepared. Based on the analysis within, a **negative determination with conditions** is issued. Conditions are that activity-specific environmental guidelines based on Environmental Issues and Best Practices “Small-scale Infrastructure” and

“Forestry” (Sections 2 and 7) of Environmental Guidelines for Development Activities in Latin America and Caribbean and the current guidelines and mitigation and monitoring procedures of Project C23 forest management activities in the Chapare will be applied. (REF EA USAID/Bolivia Special Objective Elimination of Coca from the Chapare of June 15, 1998 and approved by LAC – EA-99-02). In addition:

- The project budget needs to incorporate the cost of implementing, monitoring, and evaluating mitigation measures as identified in the EA-99-02 and the environmental guidelines applied.
- Responsibility for compliance with mitigation measures must be stipulated in contracts and/or agreements.

\_\_\_\_\_ Date \_\_\_\_\_  
 George R. Thompson, P.E.  
 Bureau Environmental Officer  
 Bureau for Latin America & the Caribbean

Copy to : Liliana Ayalde, Director, USAID/Bolivia

Copy to : Barbara Belding, MEO, USAID/Bolivia

Copy to : PNatiello, USAID/Bolivia

Copy to : VBullen, REA, South America

Copy to : Aler Grubbs, LAC/SAM

Copy to : IEE File

Attachment: IEE

## SUPPLEMENTAL INITIAL ENVIRONMENTAL EXAMINATION

<b>Activity Location:</b>	Bolivia
<b>Activity Title:</b>	Coffee processing centers and community forestry activities in the Yungas as part of the Alternative Development Strategic Objective in the Chapare and Yungas.
<b>Activity Number:</b>	511-0643
<b>Funding:</b>	\$1,000,000 of International Narcotics Control (INC) resources above the approved Life of Strategic Objective (LOSO) amount of \$123,557,000
<b>Life of Project:</b>	FY 1998 – FY 2005
<b>SIEE Drafted by:</b>	Ernest R. Rojas, AD SOT Deputy Team Leader, USAID/Bolivia
<b>Recommended Threshold Decision:</b>	Negative Determination with Conditions
<b>Referenced Environmental Threshold Decisions:</b>	LAC-IEE-03-49, LAC-IEE-02-65, and LAC-IEE-00-058

### I. SUMMARY OF RECOMMENDED THRESHOLD DECISION

This Supplemental Initial Environmental Examination (SIEE) amends LAC-IEE-03-49 to add \$1 million and six months to the Grant Agreement between USAID and United Nations Office on Drugs and Crime (UNODC) Grant Agreement for Project AD/BOL/97/C23 to implement forestry and agroforestry activities in the Yungas. Although most of these activities were covered under LAC-IEE-03-49, there are two activities – cacao and annatto that were not included in this IEE. For this reason, a **negative determination with conditions** is recommended. Activity-specific environmental guidelines based on Environmental Issues and Best Practices “Small-scale Infrastructure” and “Forestry” (Sections 2 and 7) of Environmental Guidelines for Development Activities in Latin America and Caribbean and the current guidelines and mitigation and monitoring procedures of Project C23 forest management activities in the Chapare will be applied. (REF EA USAID/Bolivia Special Objective Elimination of Coca from the Chapare of June 15, 1998 and approved by LAC – EA-99-02).

## II. ACTIVITY DESCRIPTION

### A. Background

The grant with UNODCF/FAO for the C-23 project is being amended to include \$1.0 million for work in the areas of forest management and agroforestry (coffee, annato and cacao) in the Yungas, and will provide an important complement to other Yungas Development Initiative activities focused on agricultural crop production and marketing. The current grant is scheduled to end November 30, 2004. With this additional \$1 million, it will be extended to May 31, 2005. All activities proposed under this grant agreement are consistent with those described in previous IEEs. Current environmental mitigation and monitoring activities as identified in the approved environmental assessments (EAs), and existing environmental guidelines, will be extended accordingly to cover activities under the present grant agreement. Additional guidelines are described below, and the Mission will ensure that the grant agreement includes adequate funding to properly implement and monitor mitigation measures.

### B. New Activities

#### 1. Cacao

In December 2003, the C-23 project decided to expand to the Yungas its three years of experience of working with cacao in the Chapare by entering into a strategic partnership with the Tropical Agronomic Center of Investigation and Training (CATIE) to provide technical assistance to cacao farmers in the Alto Beni Region. The C-23 project will strengthen cacao production in the Alto Beni. The production of cacao will be carried out following established environmental guidelines. The area occupied by the cacao nurseries will not be greater than 2,000 m<sup>2</sup> and construction will be done entirely by hand using locally available materials. There will be 200 new hectares of cacao planted benefiting 200 families.

#### 2. Annato

The project will also increase annato production with new plantations, mainly areas with soil fertility problems. Annato is a crop that does very well in low fertility soils, especially those areas that were subject to coca crop reduction. Annato can be harvested within 18 months after being planted.

The development of this annatto will be carried out through producer associations. Due to simple planting techniques, annato nurseries can be established at the family level and constructed by hand using local materials. The C23 project will help plant 150 hectares of annatto benefiting 150 families.

### III. JUSTIFICATION FOR ENVIRONMENTAL DETERMINATION

A negative determination with conditions pursuant to Section 216.3(a)(2)(iii) is recommended to add \$1 million to the USAID – UNODC Grant Agreement to Project AD/BOL/97/C23 for forestry and agroforestry activities in the Yungas. There will be two new activities (cacao and annatto) not included in LAC-IEE-03-49. Recommendations from the 1999 EA and referenced environmental threshold decisions will continue to apply to all activities under this cost increase and time extension.

The following guidelines will be implemented in the design, installation and operation of the cacao and annatto plantations in keeping with Sections 2: Environmental Issues and Best Management Practices for “Small-scale Infrastructure” of *Environmental Guidelines for Development Activities in Latin America and the Caribbean*.

#### A. Cacao

##### 1. Production of plants in nurseries.

- The installation of new nurseries will be done in areas with a minimum of interference to existing vegetation.
- The provision of water for irrigation will not require infrastructure construction and will not interfere with existing vegetation, nor will it effect communal water resources.
- The nursery will be located near a main road to facilitate access, and will be located 25 meters away from existing water supplies.
- No pesticides will be used.

##### 2. Establishment of cacao plantations.

- No new lands will be cleared to establish new cacao plantations.
- All plastic material used in establishment of cacao plantations will be collected for recycling.
- No pesticides will be used.

#### B. Annatto

##### 1. Production of seedlings in nurseries.

- The installation of new nurseries will be carried out in an area of 8 m<sup>2</sup> per family with minimum damage to existing vegetation.
- The provision of water for irrigation will not require infrastructure construction and it will not interfere with existing vegetation, nor will it effect communal water resources.
- A nursery will be located on each beneficiary’s property to facilitate the process of transplanting.

- No pesticides will be used on seedlings.

## 2. Establishment of annato plantations.

- No new lands will be cleared to establish new annato plantations.
- All plastic material used in establishment of cacao plantations will be collected for recycling.
- No pesticides will be used.

## IV. RECOMMENDATION

Pursuant to 22 CFR 216(a)(2)(iii), the Mission recommends a **Negative Determination with conditions** for the cost increase and time extension to the USAID – UNODC Grant Agreement to Project AD/BOL/97/C23. The condition is that mitigation measures and the monitoring program for the new activities covered under this SIEE will be evaluated in a subsequent report prepared by UNODC/FAO under project C-23.

APPROVED:

DISAPPROVED:

\_\_\_\_\_  
Liliana Ayalde  
Mission Director  
USAID/Bolivia

\_\_\_\_\_  
Liliana Ayalde  
Mission Director  
USAID/Bolivia

Date: \_\_\_\_\_

Clearances:

ENV:VBullen in draft Date: 05/12/04

AD:PNatiello in draft Date: 05/13/04

DD:ELandau in draft Date: 05/19/04