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LAC-IEE-05-02

ENVIRONMENTAL THRESHOLD DECISION

Country: Bolivia

Activity Title: Integrated Development Strategic Objective

Activity Number: 511-0643

Related IEE Reference Numbers: LAC-EA-04-12
LAC-EA-04-04
LAC-EA-03-N.A.
LAC-EA-99-02
LAC-EA-01-SN
LAC-IEE-03-86
LAC-IEE-03-35
LAC-IEE-02-32
LAC-IEE-01-25
LAC-IEE-00-58
LAC-IEE-00-48

Duration: FY 2005 – FY 2009

Amount: \$238 million

IEE Prepared by: Ernest Rojas

Date Prepared: December 23, 2004

Recommended Threshold Decision: Categorical Exclusion/Negative Determination with Conditions/Positive Determination

Bureau Threshold Decision: Concur with Recommendations

Comments:

This threshold decision covers the Integrated Development SO's activities over the next five years. The references below refer to the IEE's section IV. Recommendations annexed to this document.

A **Categorical Exclusion** is issued for the cited components the following activities (as per the Recommendations section of the IEE): (A.2.) Rural Competitiveness; (B.2.) Forestry and Agroforestry; (C.2.) Bolivian Land Titling Project; (D.2.) Integrated Community Development Fund; (G.2.) Health Services; (H.2.) Democratic Development and Citizen Participation, (I.) Integrated Justice Centers; (J.1.) Program Coordination, Results Monitoring; and (K.) Communications.

A **Negative Determination with Conditions** is issued for the cited components of the following activities (as per the Recommendations section of the IEE): (C.1) Bolivian Land Titling Project; (E.2.) Energy (proposed electrification activities); (G.1.) Health Services; (H.1.) Democratic Development and Citizen Participation; and (J.2.) and Program Coordination, Results Monitoring. Environmental conditionality will be followed for these activities as detailed in the IEE.

A **Positive Determination** is issued for the cited components of the following activities (as per the Recommendations section of the IEE): (A.1.) Rural Competitiveness; (B.1.) Forestry and Agroforestry; (D.2.) Integrated Community Development Fund; (E.2.) Energy (only in the event of any new transmission lines to be constructed through undisturbed areas); and (F.) Road Infrastructure.

A **Deferral** is issued for any additional Forestry and Agroforestry (B.3.) activities that C23 may take on (such as food security and work in and around protected areas); and for Energy (E.1.) including the natural gas activities in the Chapare. The mission will submit a supplemental IEE for these activities when they become better defined.

The Bureau Environmental Officers concurs with the Mission recommendation that a single environmental assessment be conducted for the various sub-activities that have a positive determination. The Scoping Exercise and EA will also include an assessment of the use of pesticides associated with the SO (as per 216.3(b)), reviewing and updating the 2003 CONCADE Pesticide EA as necessary. The mission will submit the Scoping Exercise for the Environmental Assessment (as per 216.3 (a) (4), as soon as is practicable, to the BEO for approval. Unless otherwise indicated in the final EA document, the Integrated Development SO will submit an annual environmental evaluation (12 months following the signing of the main ID contract) of the recommendations made in this Threshold Decision. Note that the Threshold Decisions and approvals of EAs for the Yungas and CONCADE Alternative Development activities will continue to apply to those activities until they end (in addition to what is presented in this IEE.). The BEO appreciates the thoroughness of the IEE, which will go a long way to focusing the Scoping Exercise and making the EA a useful process.

CTOs are responsible for making sure environmental requirements are met. It is the responsibility of the SO Team to ensure that activity related SOAGs, MAARDs and contracting documents contain specific instructions reflecting this Threshold Decision, including the provision of (and any necessary training in the use of) the indicated LAC Environmental Guidelines for activities that have a Negative Determination with Conditions..

Date
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INITIAL ENVIRONMENTAL EXAMINATION (IEE)

Activity Location: Bolivia

Activity Title: Integrated Development Strategic Objective

Activity Number: 511-0643

Funding Level: \$238,000,000 (ACI Funds)

Life of Strategic Objective (LOSO): FY 2005 – FY2009

IEE Drafted by: Ernest R. Rojas
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DATE: December 23, 2004

SUMMARY OF RECOMMENDED THRESHOLD DECISION

This IEE includes eleven activities (5 of which are new activities and 6 are continuation of existing activities covered under previously approved IEEs) under the Integrated Development (ID) program with a Life of SO (FY2005 – FY 2009) funding level of \$238 million (this includes \$5.92 million for ID program support and \$20 million previously approved for CHF).

In accordance with the Agency's Environmental Procedures (22 CFR 216), the following threshold determinations are recommended:

Categorical Exclusion for the following activities as per 216.2(c)(2)(i), (ii), (xiii) and (xiv):
(1) Program Coordination, Results Monitoring; (2) Communications; (3) Democratic Development and Citizen Participation; and (4) Integrated Justice Centers.

Negative Determination for major components of the following activities:

(1) Bolivian Land Titling Project; (2) Forestry and Agro-forestry; (3) Health Services; and (4) Road Infrastructure.

Positive Determination for major components of the following activities:

(1) Rural Competitiveness; (2) Integrated Community Development Fund (which includes the existing CHF grants fund); and (3) Energy (Gas and Electrification).

Since a Positive Determination is recommended for several activities which will require preparation of an environmental assessment (EA), the Mission recommends that a single EA be prepared to cover all activities. This will reduce duplication of effort, ensure better

coordination among program components, and ensure consistency in mitigation measures. This umbrella EA also will assess the efficacy and effectiveness of mitigation measures from previous EAs, as noted below.

The mitigation measures and environmental guidelines currently in use by the ID Program stem from the following assessments, and to the extent applicable, will apply to activities issued positive and negative determinations.

1. Environmental Assessment (LAC-EA-03-N.A.) of Proposed Pesticide Use in the Cochabamba Tropics Region of Bolivia approved on September 12, 2003;
2. Programmatic Environmental (LAC-EA-04-12) Assessment for CONCADE Tourism and Eco – Tourism in the Tropic of Cochabamba approved on June 9, 2004;
3. Environmental Assessment (LAC-EA-04-04) for USAID/Bolivia Livestock, Pasture and Silvopastoral Management in the Chapare approved on February 24, 2004.

Additional documents have recently been prepared which could be used as reference documents in the preparation of environmental assessments for some of the activities. These documents are:

1. External Evaluation – *Project Management, Conservation, and Utilization of the Forestry Resources of the Cochabamba Tropics and the Transition Zones of the Yungas of La Paz – Phase II*, AD/BOL/97/C23 by Bruce Kernan, July 31, 2004. This document provides positive comments concerning C-23's performance with USAID financing from 1999 – 2004. It also provides findings, issues and specific recommendations concerning (i) forest management and transformation of forest products; (ii) agroforestry and food security; (iii) strengthening of market institutions; (iv) environmental mitigation and monitoring; (v) forestry technical center; (vi) environmental education; (vii) Carrasco National Park; (viii) monitoring of project results; and (ix) project administration and operation;
2. *Evaluation of the 2001 Environmental Assessment for the Yungas Development Initiative (DRAFT)* prepared by Bruce Kernan in November 2004. This document is currently being reviewed by USAID/Bolivia and is not expected to be approved until late January 2005; and
3. *Informe Situacional del Grado de Cumplimiento de las Medidas de Mitigacion Recomendadas en la Evaluacion Ambiental Suplementaria al Proyecto CONCADE* prepared by Project AD/BOL/97/C 23 in November 2004. This document is in draft, in Spanish and is not expected to be completed until late April 2005.

ACTIVITY DESCRIPTION

This IEE covers eleven (11) activities (5 of which are new activities and 6 are continuation of existing activities covered under previously approved IEEs as noted in the following table) to be implemented in the Cochabamba Tropics and Yungas of La Paz regions.

Activity	Funding (millions)	Existing IEE
a. Rural Competitiveness	60.0	-
b. Forestry and Agro-Forestry	9.0	-
c. Bolivian Land Titling Project	5.0	LAC-IEE-03-35
d. Integrated Community Development	76.6	LAC-IEE-00-58
e. Energy (Gas and Electrification)	10.5	LAC-IEE-02-32
f. Road Infrastructure	46.1	LAC-IEE-00-48 and LAC-IEE-00-58
g. Health Services	6.5	LAC-IEE-04-47
h. Democratic Development and Citizen Participation	3.875	LAC-IEE-00-58
i. Integrated Justice Centers	2.5	LAC-IEE-01-25
j. Program Coordination, Results Monitoring	7.0	-
k. Communications	5.0	-
* Program Support (Not included in activity description)	5.92	N/A
Total Funding	238.00	

A. Rural Competitiveness (new activity, \$60 million)

During the FY2005-2009 period, USAID will consolidate into one major rural competitiveness (RC) activity at least some elements of the following economic development interventions currently implemented in Chapare and Yungas: a) CONCADE/DAI; b) C-23 Forestry and Agro-forestry; c) E-07 Vocational Training; d) MAPA/Yungas coffee, tea and tourism support; (e) Yungas Community Alternative Development Fund (YCADF), and f) CONCADE/CHF grants. This new RC activity will focus on helping identify and remove constraints to more efficient on and off-farm rural enterprises through a private sector-focused and market-led approach.

The Rural Competitiveness (RC) contractor will facilitate competitiveness by inserting Chapare and Yungas value chains into emerging regional trade regimes and local markets to increase licit value, employment and incomes for approximately 25,000 new families. The contractor efforts will include support to improve production, post-harvest, processing, and market linkages of licit products; strengthen producers associations and private agribusiness; identify and remove policy and trade capacity bottlenecks; and facilitate access to business finance for rural enterprises. The RC contractor will work with economic actors along promising value chains to assess constraints to competitiveness and then bring a mix of long and short-term technical assistance, training, targeted performance grants, financing, and equipment to assist local actors in removing these constraints.

The contractor's efforts to increasing competitiveness will be complemented by those of other ID implementers, including those working on infrastructure (including all-weather roads, bridges, and low cost energy sources), municipal strengthening, land titling, and more. In addition, and on a case-by-case basis, the contractor will be required to coordinate closely with other USAID-funded contractors and grantees involved in activities that are directly or indirectly supporting policy formulation, agricultural development, natural resource management, rural competitiveness, trade, and export promotion in Bolivia.

RC efforts will also contribute to increasing income and employment in promising off-farm activities, such as tourism and light manufacturing. The Chapare and Yungas regions are endowed with spectacular scenery, abundant wildlife, and attractive microclimates. Likewise, the extensive forest and wood products in the area offer real possibilities for the establishment of first stage lumber and woodworking enterprises, including drying and sawing of certified wood, fabrication of commercial wooden crates and boxes, millwork and assembly of simple furniture, and similar basic operations. Similarly, contractor efforts will help strengthen linkages between farm and off-farm activities with supportive horizontal services and trades in sector clusters.

The RC activity includes four major categories of interventions: 1) Increasing Market Access, Productivity and Business Competitiveness of Firms; 2) Expanding Investment and Trade Opportunities; 3) Establishing Sustainable Institutional and Human Capacity; and 4) Improving the Legal and Regulatory Framework. Proposed activities to be carried out by the RC contractor under each category are as follows.

Increasing Market Access, Productivity and Competitiveness of Firms

- Improve agronomic and natural resource management practices to increase yield and net product value through capture, generation, validation and transfer of sustainable agricultural, livestock, agro-forestry, forestry, natural resource, and tourism technological packages.
- Establish “farmer field schools” to illustratively include extension and farmer experimentation and demonstration plots; support plant propagation, certification, sanitary control, integrated pest management, organic and green production and distribution of genetic material.
- Establish alliances, contract farming agreements, joint-ventures in farm-to-market productive chains for fresh, processed and manufactured products to be sold in domestic and international markets.
- Construct and/or improve productive infrastructure (e.g., cableways for banana, packing sheds, multi-purpose community centers, wells, pesticide storage areas, milking sheds, watering areas for livestock, silos, forestry product processing centers, etc).
- Provide technical assistance and training in technological sustainable packages, crop, agro-forestry, forestry, non-timber forest products, tourism services, silvo-pastoral and livestock management, harvesting, quality control, post-harvest handling, and cleaner production technologies.
- Support the development/improvement of agricultural service companies.
- Support selectively targeted market-driven incentives and performance-based grants along value chains.

- Support sustainable production systems within the fragile ecological tropical system with appropriate environmental monitoring and mitigation and implementation of gender strategies. This will require the contractor to budget for and undertake environmental and gender assessments.
- Assess which business and producer organizations are unlikely to become competitive and therefore will be phased-out of subsidized support.

Expanding Investment and Trade Opportunities

- Conduct marketing, trade, benchmarking studies concerning Bolivia's competitive position in selected clusters for non-traditional exports to be produced and/or processed in the coca-growing and associated areas.
- Analyze specific trade preference agreements and World Trade Organization regulations to identify opportunities in specific niches to expand number and types of products in higher value markets.
- Participate in trade shows and fairs and provide assistance to supermarket chains, national distributors, and exporters in marketing and positioning of promoted products.
- Complete feasibility studies for existing agribusinesses, leading to the reformulation of their management, financial and operating structure (e.g., processors, fruit drying and juice bottling sectors).
- Provide assistance with business plans for business and producer organizations describing investment requirements, market potential and projected profitability of new ventures eligible for financial support loan guarantees, and credit.
- Structure systems for loan guarantees (e.g., Development Credit Authority), credit and other financial mechanisms to stimulate strategic alliances between private entrepreneurs, businesses and producer organizations.
- Promote results-oriented private sector productive interventions and business profiles of worthwhile investment opportunities.
- Explore the feasibility of establishing privately funded or mixed public and private funded Bolivian investment funds or venture capital arrangements to support critical and strategic activities (e.g., agricultural technology research, extension and innovation).

Establishing Sustainable Institutional and Human Capacity

- Strengthen business management practices of firms and producer organizations in agriculture, agro-forestry, silvopastoral, livestock, forestry, natural resource, handicrafts, tourism services and other economic activities.

- Assists business and farm organizations in improving the management of revolving funds, accounting systems and other mechanisms for cost recovery and financial sustainability.
- Develop farm budget systems that will allow for the comparison of budgets for alternative development -supported producers with competitors in other locations to ensure that the best guidance and strategies are being provided.
- Provide market-driven technical assistance in development of business accounting, formation of business plans and administrative systems, warehouse or inventory management, legal assistance and support with marketing activities for firms and producer organizations;
- Provide organizational assistance to businesses and producer groups to obtain legal status, form decision-making and governing bodies and establish rotating funds and basic accounting systems

Improving the Legal and Regulatory Framework

- Prioritize key policies that affect alternative development, trade and competitiveness of sectors and products with market potential.
- Analyze and formulate policies and regulations as well as economic studies and surveys to increase rural competitiveness in specific sectors and for selected USAID-promoted products.
- Conduct strategic, economic and statistical analyses concerning the implementation of regional development plans or integrated approaches for tourism, watershed management, regional planning, special economic development zones, transportation, taxation, customs procedures, exports, credit and financial services, agricultural productivity, migration, etc.
- Analyze and study selective use of alternative development conditionality, communication, education and dissemination of results, and other studies to facilitate strategic thinking, identification of policy reforms or formulation, implementation of policies and studies leading to strategic decision-making.
- Develop policies, norms and procedures to be adopted by the Bolivian government concerning international standards and phytosanitary inspections and certifications to assure appropriate quality and conditions of export products.
- Study how to effectively benefit from opportunities generated by trade agreements, e.g., FTAA, MERCOSUR, ATPDEA, CAN, SGP (European Union), etc;
- Provide capacity building for Bolivian trade officials, including those involved in negotiations, border inspection, and application of phytosanitary measures.

In addition to an optimal mix of the activities listed above, the contractor will carry out several required technical assistance, planning, procurement, reporting and oversight activities. Following is a list of such activities which are subject to categorical exclusion:

- Provide technical, financial and procurement assistance and/or oversight to Bolivian implementing entities that support rural competitiveness activities;
- Provide procurement services for the Bolivian implementing entities including easy access to GSA mechanisms;
- A wide array of performance-oriented performance-based grants to strengthen competitiveness to support proposed interventions listed above;
- Establish an organization and/or alternative mechanisms to enhance local capacity to provide agricultural technology research and extension services in a sustainable fashion in the Chapare;
- Ensure contractor compliance with USG Code of Federal Regulations No. 216 including environmental assessments and implementation of appropriate mitigation measures/activities;
- Enhance decision-making, reporting and sustainability uses and capabilities of and integrating existing information systems and/or data bases used by Chapare and Yungas implementing entities;
- Identify mechanisms to sustain and enhance the GOB's capacity to monitor, measure and disseminate results to serve the information needs of the GOB;
- Develop and implement transition plans for all other competitive-related activities within the current AD portfolio;

B. Forestry and Agro-forestry (New Activity, \$9 million)

USAID will award a new grant to provide technical assistance and training to approximately 3,500 new families in vulnerable areas of Tropics of Cochabamba and Yungas of La Paz including isolated and buffer zones, indigenous territories and neighbouring protected national parks. Efforts will be aimed at diversifying, sustaining and increasing family income through environmentally sustainable forestry and agro-forestry practices on land that is unsuitable for many other forms of licit production. The activity will also include limited funding for reforestation activities and support to the GOB's National Service for Protected Areas, as well as environmental monitoring of activities undertaken by the Projects and Programmes financed with USAID funding. The grantee will be the United Nations' Office on Drugs and Crime and United Nations' Food and Agriculture Organization (FAO) will be responsible for the execution.

The anticipated intervention areas in the Yungas of La Paz are: municipalities of La Asunta, Caranavi, Guanay and Palos Blancos; Mosevenes and Lecos Indigenous Territories, and the

Pilon Lajas National Park. And in the Tropics of Cochabamba: Carrasco, TIPNIS and Amboro National Parks, Yuquis and Yuracaré Indigenous territories, Chapare Permanent Production Forest and Colonisation areas of TIPNIS and Multiple Use Forest (Chapare).

Main activities of the project under the five components are:

- Sustainable forest management
 - Harvest native forest under approved management plans with farmers and indigenous communities
 - Wood and non wood forest products
 - Protect natural regeneration
 - Secondary forest management
 - Reforestation
 - Provide harvest, post-harvest machinery (processing, transportation, export)
 - Training and technical assistance
- Agroforestry practices
 - Training and technical assistance in coffee, cacao, rubber, achiote, camu camu, honey and tropical flowers production, technification and rehabilitation
 - Promote integral, organic and environmental friendly production and its certification
 - Commodities to improve food security
 - Provide planting material, post-harvest and processing equipment
 - Direct, farmer-to-farmer assistance
 - Participation of farmers in national and international fairs
- Protected Areas
 - Promote and implement sustainable and integral resource management in buffer zones and natural zones of protected areas
 - Promote watershed management
 - Training of technical and field staff of national parks
- Environmental monitoring and evaluation
 - Monitoring and evaluation of implementation of environmental mitigation measurements and projects
 - Community education, educational programs, and training to improve knowledge, attitudes and practices of citizens
 - Strengthen the institutional capacity of local governmental organizations and other institutions
- Institutionalisation
 - Strengthened gender participation and inclusion activities
 - Training and technical assistance to farmers and indigenous organizations
 - Institutional coordination to improve the social, technical and environmental impact of the project
 - Products and/or services to strengthen the institutional capacity of local organizations, private firms and other institutions to guarantee future technical assistance, transformation and commercialisation of products,

- Production planning and development of marketing networks to create independent and self-supporting production-marketing systems supported by producer's organizations and private industry.

The resource allocation will be approximately 60% for activities in the Tropics of Cochabamba and 40% for activities the Yungas of La Paz. Allocation among the five principal components is about 55% for forest management, 20% for agroforestry and approximately 25% for the other three components: protected areas, environmental monitoring and education, and institutionalisation.

C. Bolivian Land Titling Project (Existing Activity, no additional funding; PACD extended from 05/05/06 to 03/31/07, \$5 million)

USAID will continue providing assistance to the National Institute for Land Reform (INRA), the Property Register Office (DDRR) and Chapare municipalities to execute the land regularization, titling processes and registration for approximately 20,000 families in the Chapare , and coordinating through the latter part of 2005 with the European Union-funded PRAEDAC project. The contractor is Chemonics International. This activity was covered as part of LAC-IEE-03-35 issued by the LAC BEO on June 11, 2003. This IEE issued a Negative Determination.

D. Integrated Community Development Fund (New Activity, \$56.6 million plus \$20 million for existing CHF Grants.)

USAID will replicate, through a consolidated approach, strategies and approaches for community development currently undertaken separately by ACDI/VOCA in the Yungas under the Community Alternative Development Fund and CHF in the Chapare under the CONCADE Grants Program. Although CHF will continue working in selected Chapare communities through March 2007, the new activity will begin consolidating community development interventions across regions in early CY 2005. Communities, producer organizations, nonprofit organizations and local governments will receive assistance to increase and/or improve social and economic conditions. Assistance will include infrastructure and economic support directed to strengthen communities and support non-competitive sectors. This activity will be implemented by a grantee to be selected through a competitive process.

The ICDF will work primarily on five general sectors:

- Communities/Municipalities: Community Development
- Business Sector/ Private Entrepreneurs: Fostering Private Investments
- Second-Tier Producers Organizations: Seed Investments to Competitiveness
- Food Security: Meeting Family Dietary Needs and Rapid Increases in Food Production
- Immediate Impact Grants: Small On-the-Spot and/or Emergency Activities

It is envisioned that the resource allocation will be approximately 60 percent for the first sector and approximately 40 percent for the other sectors. Illustrative activities that the ICDF may undertake are:

- Provision of Social Infrastructure: Education, Health, and Community Development
 - Scholarships
 - Rural health service facilities equipment and infrastructure
 - Civic or community centers
 - Community amateur youth sport facilities
 - Stone-paving of township streets, plazas and entry roads
 - Alternative energy sources (e.g., solar panels) accompanied by technical assistance
 - Potable water and sanitation systems
 - School refurbishing and construction and teachers housing facilities
 - Community education and training to improve knowledge, attitudes and practices of citizens, including strengthened gender participation and inclusion activities
 - Self-help initiatives complemented with direct grants for community identified priorities
 - Civic training and communication programs
 - Training events or services, educational programs, or research, including transportation and travel for education, training or observation
 - Products and/or services to strengthen the institutional capacity of local organizations and institutions

- Productive Infrastructure for Agriculture, Agroforestry and Forestry
 - Construction or replacement of worn and outdated processing machinery for targeted (existing) crops
 - Crop assembly sheds/warehouses
 - Gasoline-Powered Brush Cutters
 - Harvest and post-harvest infrastructure (packing, processing, transportation, export)
 - Drying floors
 - Reusable packing materials
 - Culvert and small bridge (foot bridge) construction
 - Collection centers, planting material, post-harvest and processing equipment
 - Small grants to increase sustainable natural resource management complemented by training and technical assistance
 - Commodities and small infrastructure to improve food security in non-competitive areas/sectors complemented by short-term technical assistance
 - Direct farmer-to-farmer assistance
 - Production supplies and equipment
 - Participation of farmers in national and international fairs
 - On-farm demonstration plots
 - Cableways systems, storage facilities, wells, or other on-farm facilities

- Employment Generation: Microenterprise and Ecotourism
 - Handicrafts
 - Cottage industries
 - Vocational training

- Studies/planning boards for local development
- Inspection visits to other communities in Bolivia
- Operations management support
- Information, training and other market-related services
- Production planning and development of marketing networks to create independent and self-supporting production-marketing systems

E. Energy (NRECA existing and new gas Activity \$10.5 million)

USAID will continue to support GOB coca reduction strategies through strategic electrification and gas initiatives for rural communities in Chapare and Yungas as this continues to be a very high priority for residents. Electrification complements a wide range of activities by supplying the most demanding basic infrastructure needs. Through a revised cooperative agreement with the National Rural Electric Cooperative Association (NRECA), electric services will benefit families, businesses, and small industries increasing licit net household income and reducing productive enterprise costs by increasing stakeholders' access to a reliable electrification service. Activity includes the construction of transmission lines. Given that commercial use of gas is a top priority of growers and agro-processing businesses, USAID will provide resources to design a new activity to support increased energy coverage, demand and sales as a key input to increased agro-industrial development. USAID funds for energy services will be co-financed by municipal and community resources as well as resources provided by Bolivian private sector companies. It is anticipated that these efforts will foster coca reduction acceptability; create hundreds of temporary jobs and income; enhance the high visibility of the ID program; reduce costs; promote tourism; and, increase revenues from licit products.

F. Road Infrastructure (Existing, but consolidated for Chapare and Yungas, \$46.1 million)

USAID will continue financing strategic road infrastructure, such as road improvements, repair, maintenance, stone paving, and bridge construction, which are a top priority for rural communities and farmers in Chapare, Yungas and associated areas. This activity will also help create and strengthen local farmer-owned non-governmental organizations carrying out road maintenance and construction of small bridges. Improved road infrastructure will help reduce transaction costs for farmer groups and agribusinesses, foster social acceptability for the ID program, and prevent social conflicts in the region. Infrastructure investments will be undertaken in close collaboration with municipalities to help strengthen their capacity to carry out their central role in repairing and maintaining local roads. The main implementing partner will be the GOB's Rural Roads Unit (CCVV) and the Rural Road Maintenance Associations (AMVIs). It is estimated that each AMVI will maintain approximately 250 km of tertiary roads each year and will construct 6 small bridges. AMVI has already developed detailed manuals for maintenance interventions. This manual also includes sections on environmental practices and mitigation measures. USAID might purchase road equipment for the AMVIs through CC.VV. or a USAID-funded contractor/grantee. The title of AMVI equipment will be made under USAID's or GOB's name depending on the acquisition mechanism used for the purchase. AMVI efforts will include technical assistance and training to be provided under the Rural Competitiveness Activity, CC.VV. and/or the Integrated Development Fund. To ensure appropriate AMVI interventions and avoid any road improvement in areas

neighboring protected areas or primary forests, CTOs for the aforementioned activities will provide regular follow up in coordination with a new Environmental Unit to be established under PDAR.

G. Health Services (New Activity, \$6.5 million)

USAID will continue supporting efforts to reduce common causes of disease in underserved communities of Chapare and Yungas. Activities will include reliable diagnostic procedures and treatment for approximately 2,000 patients on diarrhea and acute respiratory diseases, tuberculosis, leishmaniasis, malaria, gynecological and obstetrical complications, and accidents; public education and environmentally sound procedures to prevent the spread of disease; and prevention, detection, diagnosis, cure and follow-up services for patients. Resources will strengthen support mechanisms for the local health directorates in improving quality and access to health services. Additionally, and as part of a broader health intervention, limited resources will be used to improve child survival and reproductive health (including prevention of sexually transmitted diseases and HIV/AIDS), improving dental health, and improving the management and technical capabilities of local health networks. The principal contractors and grantees will be selected through a competitive process under the leadership of USAID's Health Team in close coordination with the GOB's Integrated Health Project (PROSIN).

H. Democratic Development and Citizen Participation (Existing, \$1.675 million and increase in funding \$2.2 million; PACD extended from 09/30/08 to 09/30/10)

USAID will continue financing efforts to strengthen citizen participation in municipal government and develop the ability of municipal governments and commonwealths ("mancomunidades") to respond effectively to the demands resulting from increased and directed citizen participation. Interventions will include technical assistance to help municipalities implement relevant municipal legislation, integrated accounting, improved personnel management, transparent purchasing, participatory planning and strengthened internal controls. USAID will also assist municipalities in clarifying the role of different integrated development actors with the identification, prioritization and execution of development projects. It is expected that all ID projects will integrate their activities in municipal annual operating plans (POAs) and budgets to ensure greater sustainability, transparency, and social-control of development activities. This will increase public awareness about the benefits of alternative development activities in the region. Principal contractors and grantees are: International City/County Management Association (ICMA), and a new contractor for Municipal Strengthening to be selected through a competitive process under the leadership of the Democracy SO Team.

I. Integrated Justice Centers (New Activity, \$2.5 million)

USAID will improve access to justice and the rule of law in coca growing regions through the establishment and operation of Integrated Justice Centers (IJC), one of the components of the DEMO SOT's Administration of Justice Activity. Activities will include technical assistance and support to justice sector operators to increase effectiveness, improve efficiency, and promote transparency, and may include construction of small buildings to house justice centers. IJC will increase the presence of the State by protecting human rights, offering the

services of trained conflict mediators, and prosecuting crime in areas where impunity now reigns. The prime implementer until December 2004 is Management Sciences for Development (MSD) and a new contractor/grantee for Administration of Justice will be selected through competitive process under the leadership of the Democracy SO Team.

J. Program Coordination, Results Monitoring (New Activity, \$7 million)

USAID will finance consolidated operations of the Alternative Development Regional Program (PDAR) that will serve as the operational unit of the Vice Ministry of Alternative Development and will be responsible for planning, coordination, monitoring, validation, security coordination, program evaluation and results dissemination of all Integrated Development efforts. PDAR's capabilities will contribute to USAID's development and implementation of a Performance Monitoring Plan (PMP) to assess and report on progress towards USAID program objectives for all USAID-funded activities. During the 2005-2009 strategic period, interventions to be carried out by PDAR will include limited construction of office infrastructure and housing in the Yungas and Chapare for program coordination and results monitoring field operations. Although a negative determination is proposed for PDAR interventions, appropriate and careful consideration of environmental impacts and mitigation measures will be incorporated into the design and construction of PDAR infrastructure

K. Communications (New Activity, \$5 million)

USAID will finance the operations of a communications strategy to be implemented by an outside contractor in order to provide a rapid (crisis) communications capacity and development of a long-term communications plan that supports both USAID and GOB alternative development and counter narcotics goals. Subsequently, the strategic communication interventions identified will be implemented by a prime contractor to be selected through competitive process. Communications campaigns will include printed information brochures; radio program spots; newspaper advertisements, op-ed pieces and inserts; thematic workshops; and public assemblies/presentations to targeted audiences in coca growing regions and major cities of Bolivia.

JUSTIFICATION FOR ENVIRONMENTAL DETERMINATION

This section presents a summary of potential environmental impacts of the activities described above.

A. Rural Competitiveness

The majority of activities included in Category 1 (Increasing market access, productivity and competitiveness of firms) (see Section II.A) will have direct and/or indirect environmental impacts and are subject to positive determination. The majority of activities in categories 2, 3 and 4 are subject to negative determinations and categorical exclusions. RC's technical assistance activities will have little if any impact on the environment. As such, a categorical exclusion pursuant to section 216.2(c)(2)(i) is recommended for technical assistance, training and institutional support associated with the Rural Competitiveness contract. A summary of potential positive and negative environmental impacts follows:

A) Social infrastructure and community development activities

Positive Direct Impacts: Social infrastructure and community development activities improve the quality of life of the population. They provide adequate facilities and services like water and sanitation producing large, long-term, and irreversible positive direct environmental benefits for human health and the immediate environment.

Positive Indirect Impacts: Social activities, training and education will cause no indirect positive environmental impacts. Clean and abundant water is vital for the improvement of human health therefore causing a positive indirect impact.

Negative Direct Impacts: The community development infrastructure projects will cause the negative direct impacts that are typical of construction projects: movement of soils, elimination of vegetation, accumulation of waste materials, and safety hazards. Standard measures will serve to avoid or mitigate such negative impacts that are short-term and reversible.

Negative Indirect Impacts: The principal negative indirect environmental impact from community development infrastructures are the increased health risk associated with the concentration of the people in close quarters in community centers for example. On potable water systems, if their design does not provide for adequate drainage, they may indirectly create sites of standing water. Such indirect impacts will generally be moderate, small-scale, and reversible through proper standard avoidance and mitigation measures.

B) Productive infrastructure and employment generation activities

Positive Direct Effects: The productive infrastructure and employment generation activities will provide residents with more powerful technologies and tools to control and manipulate vegetation, reduce the processing costs and increase the quality of production, thus increasing the net returns to farmers and producing positive direct environmental effects by enabling farmers to better produce selected crops.

Positive Indirect Effects: Productive infrastructure complemented by technical assistance and training should increase farm profitability, other factors being equal, and permit better production on the farm's most productive sites. Consequently, the farmer may let less productive sites, such as stream banks, steep slopes, and wetlands, out of production. These sites can then return to natural vegetation. Even relatively small patches or strips of natural vegetation will contribute to the conservation of genetic, species, and ecosystem biodiversity and to the restoration of ecosystem functions, such as the water and nutrient cycles. The magnitude and scale of these positive environmental impacts can be large on a single farm. By contributing to a greater profit margin for legal production, the productive infrastructure activities will have contributed to reducing the negative direct and indirect environmental impacts from coca cultivation, such as deforestation, and water contamination. Furthermore, new technologies will provide for more efficient use of water.

Negative Direct Effects: Increased production may reduce on-farm floral diversity. New facilities could represent exposure to hazardous situations (lifting weight, using machinery) and therefore should be operated after training is provided and only with adequate safety

equipment as applicable. Although construction and operation of small productive infrastructure may destroy vegetation, expose soil to erosion, and concentrate organic material, the envisioned infrastructures occupy a small area and therefore their direct negative impacts will be small in magnitude and scale. Standard environmental measures, especially proper disposal of organic waste from processing facilities will avoid or mitigate these negative impacts.

Negative Indirect Effects: Productive infrastructure complemented by technical assistance and training will lower the cost of establishing and maintaining plantations. Given the low financial value of standing forests, these lower costs can stimulate farmers to eliminate forest and establish new crops. The scale of such impacts, however, will be small, given that there will not be intensive promotion of new plantations and the number of facilities refurbished or constructed will be small compared to the area currently planted with legal commercial crops. Standard mitigation measures will avoid, and compensate for these indirect negative environmental effects.

As noted above, many of RC activities are likely to have significant environmental impacts, including the possibility of deforestation of tropical forests due expansion of agricultural activities; impacts on national parks and protected areas adjacent to the Chapare and Yungas regions (Carrasco NP, Isiboro-Secure TIPN), Cotapata National Park, and others.) due to expansion of agricultural and coca growing activities; impacts on water quality from erosion and use of pesticides; induced settlement due to improved agricultural and economic activities in the area including improvements in road network; possibilities of air, water and soil contamination from post-production facilities, and so forth. The GOB has legally classified portions of the Chapare as “Forest Reserve for Integrated Management” (“Reserva Forestal de Manejo Integrado”), so it is particularly important for the RC activities to be sensitive to integrated forest reserve issues in the Chapare. Conversely, though the Yungas region contains tropical forests of various kinds, it does not have this national classification.

Additionally, sections 118 and 119 of the Foreign Assistance Act require that any program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species) (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity, as provided for in the Agency’s environmental procedures. Moreover, FAA Sections 118 and 119 require an environmental assessment for the procurement or use of logging equipment; actions which (have the potential to) significantly degrade national parks or similar protected areas which contain tropical forests or introduce exotic plants or animals into such areas; activities which would result in the conversion of forest lands to the rearing of livestock; the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; and the colonization of forest lands.

Therefore, a positive determination is recommended for RC activities associated with production, productive infrastructure, AMVIs and associated road maintenance, marketing,

organizational strengthening and investment promotion as these activities will have a direct and indirect environmental impacts in the Chapare and Yungas.

B. Forestry and Agro-Forestry

This activity will focus primarily on technical assistance and training, however there may be implementation of small-scale infrastructure and forestry activities. There could be significant environmental impacts from forest production activities, especially in regard to biological diversity, and endangered and threatened species, as noted above. FAA Section 118 requires an environmental assessment of forest production activities. An EA for this activity would take into full account the recent evaluation of C23 forestry and agroforestry activities and also the recent EA completed for the BOLFOR II activity. In this case, activity-specific environmental guidelines based on this EA and Environmental Issues and Best Practices “Small – Scale Infrastructure” and “Forestry (sections 2 and 7) of Environmental Guidelines for Development Activities in Latin America and the Caribbean; and the current guidelines for 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.)

It is possible that C23 may implement other activities in addition to the forestry and agroforestry components already described; food security and activities involving protected areas have been discussed. A deferral is recommended for these additional activities since they have not yet been defined.

C. Bolivian Land Titling Project

This activity consists primarily in providing technical assistance and administrative support to the National Institute for Land Reform (INRA) and the Property Registry Office (Derechos Reales) to expedite and enhance their capacity to supervise regularization and provide land titles to approximately 30,000 properties owned by small farmers in the Chapare. These activities will complement regularization and cadastre activities underway and planned for 565,000 hectares within the Chapare under the European Union-funded PRAEDAC project (the EU recently reduced their original goal from 565,000 to 130,000 hectares) and INRA. None of these 565,000 hectares fall within National Parks. In addition, regularization and land titling of approximately 30,000 properties will not encourage new settlements in the area because this activity will only include those land holdings that already have owners and who have expressed their interest in resolving the legal status of their properties.

Two main positive impacts are expected from this activity. First, reduced deforestation and water contamination; it is expected that land owners who will benefit from this activity by having their land properties regularized and titled will become more environmentally conscious for preserving the natural resources available on their land holdings (mainly forest and streams). Secondly, all land properties regularized and titled will have to pay taxes contributing to the generation of additional funds to Chapare’s weak local municipalities (rural properties will pay taxes on property sales and transfers, urban properties will pay annual ownership taxes). The first impact will be enhanced by FAO’s environmental education and diffusion programs (Activity B), while the second will be enhanced by DDCP3’s municipal strengthening program (activity H).

On the other hand, a negative impact may result from intensification of land productivity with added investments by increasing the use of agricultural inputs (e.g., fertilizers, herbicides, pesticides), which if not properly managed, could cause soil erosion and water contamination. Environmental conditions may need to be developed in the land titling process (as well as within other complementary activities and projects (i.e., FAO and DDCP3)), to ensure that the above mentioned indirect impacts are avoided. The scoping exercise of the PEA should define any possible significant environmental issues (none are expected at this time), and define at any necessary environmental conditions in the land titling process. A negative determination with conditions is recommended for this component.

D. Integrated Community Development Fund

The kind of activities that the ICDF will support includes social and productive infrastructure projects. The social infrastructure self-help initiatives include civil construction such as potable water systems, schools, boarding houses, multi-cultural community centers and community lodges. The productive infrastructure category includes projects such as honey production, small-scale coffee processing, achiote processing, citrus processing, chicken production, cacao processing, fruit drying, agricultural machinery and demonstrative agro forestry plots. These activities could have both a significant direct and indirect environmental impacts and will need to be evaluated on a case-by-case basis. The proposed technical assistance and institutional support of the ICDF program has little if any environmental impacts.

E. Energy (Gas and Electrification)

One component of the activity will provide natural gas to approximately 21,000 inhabitants located in the communities of Entre Rio, Ivirgarzama, Chimore, Shinaota and Villa Tunari which are located in the Tropics of Cochabamba. Negative direct impacts may include contamination and pollution of watersheds, formation of potential landslides, and leakage. The degree of secondary impacts may depend upon the existence of communities near the proposed gas pipelines. In the case that there is no colonization, some farmers with or without right to the land may attempt to move there, inducing people to migrate and exerting potential deforestation in the area. Nevertheless, the availability of a clean and cheaper source of energy in the region can induce less deforestation by the inhabitants and less contamination/pollution of rivers by business. However, the gas activity/project is not yet designed and there is not enough information on which to base a determination. As such a deferral is recommended.

A negative determination with conditions is recommended for rural electrification as long as the expansion of services follows existing road systems and NRECA environmental guidelines (attached) are adhered to. LAC-IEE-02-32 previously issued a Negative Determination with conditions for electrification activities. This activity will follow the recommendations from the recent evaluation of the EA for the Yungas Development Initiative. A positive determination is recommended should new transmission lines be constructed through undisturbed areas.

F. Road Infrastructure

Rehabilitation, maintenance and stone-paving of roads could result in both positive and negative environmental impacts. Positive direct impacts, for example, could include the prevention of soil erosion due to better road maintenance. Positive indirect impacts could result from a rise in land values adjacent to the improved roads and in the value of forest products because of less expensive and less time-consuming access and transport, thus affording a better competitive position relative to alternative land uses that would require forest elimination.

Potential direct negative environmental impacts from road maintenance, rehabilitation and stone-paving include: initial earth movement, sedimentation of water bodies, and disturbance of drainage patterns. In addition, poor maintenance may lead to the need for frequent rebuilding, resulting in constant movement of earth and materials, as well as the potential indirect negative environmental impacts of having concentrations of people and equipment in forested areas. Other considerations are concentrations of waste and other pollutants and disturbance of surrounding eco-systems. It is expected that, with proper maintenance, rehabilitation and stone-paving of roads will have a positive economic impact on the region. In addition, proper maintenance of stone-paved roads will result not only in reduced costs over time, but may reduce the potential for both direct and indirect negative environmental impacts.

There is, however, a high probability of indirect environmental impacts. Potential indirect negative environmental impacts include deforestation by colonists and loggers who have been provided easier and less-expensive access to forested areas, and alteration of ecological functions. Deforestation is one of the most serious of the potential environmental impacts for at least three reasons: (1) the forest of the eastern slopes of the Andes are among the world's most biologically diverse; (2) particularly on steep slopes, deforestation can lead to rapid erosion and loss of agricultural productivity, loss of soil moisture and organic material, and the reduction of water supplies during the dry season; and (3) Bolivia's deforestation rates of Andean forests have been relatively high in the Cochabamba, Yungas and adjacent lowlands, and this deforestation has been strongly associated with road access. Indirect mitigation measures should consider conservation in new or existing protected areas. The FAO/UNDCP agro-forestry program, which has been fully-funded by USAID since 2001, is actively working in the implementation of forest management plans that contribute to rational and sustainable forest management in areas adjacent to and distant from rural roads in the Chapare. To ensure appropriate CC.VV. interventions and avoid any road improvement in areas neighboring protected areas or primary forests, the Activity Manager will provide regular follow up in coordination with a new Environmental Unit to be established under PDAR.

G. Health Services

USAID may finance small scale water supply and sanitation systems as part of an effort to improve household hygiene practices. In addition, housing improvements for disease prevention may also be supported. If such activities are funded, the following actions are proposed to minimize any potential adverse environmental impact:

- All USAID-funded partners which implement activities related to water or sanitation systems or to housing improvement will receive reference copies of Chapter 2(B), “Small Scale-Infrastructure – Water and Sanitation,” and Chapter 2(C), “Small-Scale Infrastructure – Housing Reconstruction” respectively, from the LAC Environmental Guidelines.
- Environmental regulations and compliance requirements will be specifically included in the terms and conditions of any USAID-funded contract, agreement, grant, or purchase order for water, sanitation, or housing improvement activities.
- The Mission Environment Officer will be consulted to ensure that any potentially negative environmental impacts are addressed and mitigated.
- The USAID/Bolivia Health Team will institutionalize technical assistance for environmental training, mitigation planning, and compliance monitoring for management of water and sanitation system development and housing improvement through the USAID-funded *Socios en Salud* project and, as needed, through an Institutional Contractor with access to international expertise.
- Bed-net use in malaria-prone areas. As this activity is only just beginning, and Bolivia’s Global Fund has not purchased or ordered any insecticide-treated bednets yet, it is premature to conduct an IEE following USAID pesticide procedures. However, since USAID will be funding the promotion of the use of insecticide-treated bednets, a supplemental IEE following USAID pesticide procedures [216.3 (b)] will be completed before any promotional programs begin. Implementers will use the 2002 *Programmatic Environmental Assessment for Insecticide-Treated Materials in USAID Activities in Sub-Saharan Africa* as a guide to develop its own appropriate IEE for the use of insecticide-treated bednets in Bolivia.
- *Socios en Salud* will prepare and submit an annual report reviewing environmental compliance for Mission Environment Officer approval, and if necessary recommend appropriate changes to the environmental conditions outlined in this IEE.

Health activities may also include USAID financing of medical equipment and supplies that will be used for the provision of health services in both clinical and community-based settings. The improper disposal of medical waste from these activities could pose a potential threat to public health and the environment. To minimize potential adverse environmental impact, the following actions are proposed:

- The Strategic Objective Agreement (SOAG) with the Government of Bolivia and all contract, agreements and grants with local and international implementing partners will include standard provisions requiring that all medical facilities that receive USAID financing will strictly adhere to the Bolivian standards for disposal of medical waste (“Norma Boliviana – Residuos Solidos Generados en Establecimientos de Salud,” La Paz, 2002).
- All USAID-funded partners whose activities generate medical waste will receive reference copies of Chapter 5(B), “Solid Waste Management – Medical Waste” from the LAC Environmental Guidelines.
- The USAID/Bolivia Health Team will institutionalize technical assistance for environmental training, mitigation planning, and compliance monitoring for management of medical wastes through the USAID-funded *Socios en Salud* project and, as needed,

through an Institutional Contractor with access to international expertise. A review of medical waste management will be included in the above annual report for MEO approval.

Activities may also include construction and remodeling of health facilities which may have adverse environmental impacts. To minimize this risk, the following actions will be taken:

- All USAID-funded partners which implement activities related to water or sanitation systems or to housing improvement will receive reference copies of Chapter 2(A), “Small Scale Infrastructure – Construction Activities” from the LAC Environmental Guidelines.
- Environmental regulations and compliance requirements will be specifically included in the terms and conditions of any USAID-funded contract, agreement, grant, or purchase order for health facility construction and remodeling activities.
- The Mission Environment Officer will be consulted to ensure that any potentially negative environmental impacts are addressed and mitigated.
- The USAID/Bolivia Health Team will institutionalize technical assistance for environmental training, mitigation planning, and compliance monitoring for management of health facility construction or remodeling activities through the USAID-funded *Socios en Salud* project and, as needed, through an Institutional Contractor with access to international expertise. A review of environmental aspects of health facility construction and remodeling activities will be included in the above annual report for MEO approval.

As such, the aforementioned activities qualify for a Negative Threshold Determination with Conditions, except for those technical assistance and training activities which. USAID also will finance technical assistance and training activities which will not include purchase of pesticides, construction, remodeling, water supply, sanitation, or the purchase of medical supplies or equipment. As per Section 216.2(c)(2)(i), “Education, technical assistance, or training programs, except to the extent that such programs include activities directly affecting the environment (such as construction of facilities, etc.)” are not subject to the procedures set forth in 216.3 and qualify for a Categorical Exclusion.

H. Democratic Development and Citizen Participation

ICMA and any new contractor for municipal strengthening will focus on institutional strengthening, planning and technical assistance activities. Institutional strengthening and planning activities will have little if any environmental impacts. However, the provision of technical assistance to municipalities will include environmental issues and guidelines for the provision of municipal services, such solid waste removal, sanitary landfills, small scale infrastructure, road construction and improvement, and water and sanitation, which are expected to have minor environmental impacts in most cases. LAC Environmental Guidelines will be followed in the event that ID funds the provision of municipal services.

I. Integrated Justice Centers

The new contractor will focus on technical assistance and support to justice sector operations to increase efficiency and promote transparency, which have little if any environmental

impact. If there is construction of buildings that will house new justice centers, then environmental guidelines from USAID/Bolivia and LAC will have to be followed.

J. Program Coordination, Results Monitoring

PDAR will be responsible for planning, coordination, monitoring, validation, security coordination, program evaluation and results dissemination of all integrated development efforts, which will have no environmental impact

K. Communications

This activity will focus on establishing a communication strategy that will be implemented by a contractor in order to provide a rapid communication capacity and development of a long-term communications plan to support USAID and GOB integrated development and counter narcotics goals. Implementation of the activity will have no environmental impacts.

RECOMMENDATIONS

A. Rural Competitiveness (RC)

1. A **Positive Determination** is recommended for components this new activity that will have both significant direct and indirect environmental impacts in the Chapare and Yungas, including, but not limited to, productive agriculture, the introduction of new crops, post-processing facilities, use of agro-chemicals, infrastructure development and others. All applicable recommendations and environmental mitigation measures from the 1999 Environmental Assessment (LAC EA-99-02) approved by LAC BEO on September 17, 1999 and the 2001 Supplemental Environmental Assessment (LAC EA-01-NA) approved by LAC BEO on November 27, 2001 should apply to this new activity. Also recommendations and environmental mitigation measures from the Environmental Assessment of Proposed Pesticide Uses in the Cochabamba Tropics Region of Bolivia (LAC-EA-03-N.A.) approved by LAC BEO on September 12, 2003; Program Environmental Assessment for USAID/Bolivia CONCADE Tourism and Eco-Tourism in the Tropics of Cochabamba (LAC-EA-04-12) approved by LAC BEO on June 9, 2004; and Environmental Assessment for USAID/Bolivia Livestock, Pasture and Silvopastoral Management in the Chapare (LAC-EA-04-04) approved by LAC BEO on February 24, 2004 will also apply to this activity.

Although an environmental assessment will be required for the activity (and activities with positive determination indicated below), the objective of the new EA will be the development of an environmental operational manual to be used by all USAID ID-funded implementing entities. This manual will encompass practical recommendations and mitigation measures for a wide variety of interventions based on experience and lessons learned gained in the environmental monitoring of activities undertaken in the 1998-2004 strategic period.

2. A **categorical exclusion** pursuant to 22 CFR 216.2(c)(2) (i) and (xiii) is recommended for the provision of education, technical assistance associated with the Rural Competitiveness activity.

3. Activities implemented through the grants program (grants under contract) are subject to the same environmental determinations as activities implemented directly by the RC contractor. Individual activities implemented through the grants program will require environmental review.

B. Forestry and Agro-Forestry

1. A **positive determination** is recommended for the activity, and the EA will be done as part of the EA for the RC activity to ensure proper coordination and integration between the two activities.
2. A **categorical exclusion** as per 22 CFR 216.2(c) (2) (i) is recommended for the provision of technical assistance under this component.
3. A **deferral** is recommended for any additional activities that C23 may take on, such as food security and work in and around protected areas. C23 is currently preparing their grant proposal and plans to have a final version no later than March 2005.

C. Bolivian Land Titling Project

1. A **negative determination with conditions** is recommended for the rural land titling in the Chapare which will only involve cadastre and land measurement activities coupled with legal paperwork implemented by a institutional contractor and the GOB's INRA and Derechos Reales. The condition is that the scoping exercise for the above EA will examine any potential issues with land titling that may cause significant environmental impacts, and propose and appropriate environmental review conditions for the activity.
2. A **categorical exclusion** as per 22 CFR 216.2 (c) (2) (i), (iii) and (xiii) is recommended for the provision of technical assistance, training, studies, and institutional support in and implementation of land titling.

D. Integrated Community Development

1. A **categorical exclusion** pursuant to 22 CFR 216.2 (c) (2) (i), (iii) and (xiii) is recommended for technical assistance, training, institutional support for extension activities and other activities that will not have an impact on the environmental.
2. A **Positive Determination** is recommended for ICD activities that could have a significant impact on the environmental, including, but not limited to, community infrastructure, construction of water supply and sanitation systems, tourism and agro forestry development as these activities will continue to have direct and indirect environmental impacts in the Yungas and Chapare. The EA will be conducted as part of the above EAs to ensure proper coordination and integration between these activities. Moreover, the ICD should use the environmental guidelines provided in Supplemental Environmental Assessment (LAC EA-01-N.A.) approved by LAC BEO on November 27, 2001 and refer to the findings/recommendations from the Bruce Kernan Evaluation Report of Yungas Development Initiative to be completed in December 2004.

3. Should ICDF activities support the promotion and/or use of pesticides, the pesticide procedures 22 CFR 216.3 (b) shall apply.

E. Energy (Gas and Electrification)

1. A **deferral** is recommended for natural gas activities in the Chapare as the activity has not yet been sufficiently defined. It is expected that a positive determination will be issued as there could be significant impact on the environment. An environmental assessment may be prepared by the firm responsible for implementing the project. Based on a request made by the GOB, NRECA will be conducting complementary studies to determine the legal, technical and institutional feasibility of natural gas distribution in the Chapare. The study will also determine clearly the involved parties as well as the source and path that the gas pipeline will follow. It is estimated that studies will be completed not later than March 2005.
2. For electrification in the Yungas, a **negative determination with conditions** for the proposed electrification activities, with the condition that all appropriate USAID/Bolivia, LAC and NRECA environmental guidelines be observed. A positive determination is recommended should new transmission lines be constructed through undisturbed areas.

F. Road Infrastructure

A **positive determination** is recommended for this activity. The EA will be conducted as part of the above EAs to ensure proper coordination and integration between these activities. The EA should take fully into account the applicable recommendations and environmental mitigation measures stated in LAC EA-99-02 and LAC EA-01-NA. They will also follow environmental guidelines included in *Manual Ambiental para la Construcción de Carreteras* published in 2000.

G. Health Services

1. A **Negative Determination** is recommended with Conditions for the Health services component based on the understanding that all health networks which receive USAID financing for their operation or for the purchase of medical supplies and equipment will adhere to the attached World Health Organization guidelines for the disposal of medical waste and that USAID/Bolivia will prepare and implement an adequate plan to provide technical assistance and monitor compliance. In addition, if water, sanitation, housing improvements, health facility construction/ remodeling activities are funded, the Mission Environment Officer will be consulted and will give prior approval to ensure that any potentially negative environmental impacts are addressed and mitigated.
2. A **categorical exclusion** pursuant to 22 CFR 216.2 (c) (2) (i), (iii) and (xiii) is recommended for technical assistance, training, institutional support for extension activities and other activities that will not have an impact on the environmental.

H. Democratic Development and Citizen Participation

- 1. A negative determination with conditions is recommended for the technical assistance portion of this activity.
- 2. A categorical exclusion is recommended for the institutional strengthening and planning components pursuant to 22 CFR 216.2 (c) (2) (i), (xiii) and (xiv), is recommended for this activity.

I. Integrated Justice Centers

A categorical exclusion, pursuant to 22 CFR 216.2 (c) (2) (i), (xiii) and (xiv), is recommended for this activity, however if there are construction of buildings to house justice centers, environmental guidelines from USAID/Bolivia and LAC shall be followed.

J. Program Coordination, Results Monitoring

- 1. A **categorical** exclusion, pursuant to 22 CFR 216.2 (c) (2) (i), (xiii) and (xiv), is recommended for this activity.
- 2. A **Negative** Determination is recommended in the event PDAR includes the construction of small-scale infrastructure.

K. Communications

A **categorical exclusion**, pursuant to 22 CFR 216.2 (c) (2) (i), (xiii) and (xiv), is recommended for this activity.

The ID Team recommends that a single EA be prepared to cover all activities issued a positive determination. This will reduce duplication of effort, ensure better coordination among program components, and ensure consistency in the design and implementation of mitigation measures. This umbrella EA also will assess the efficacy and effectiveness of mitigation measures recommended in previous EAs.

The ID Team will ensure that all environmental monitoring and compliance requirements are clearly included in contracts and/or grants with implementing partners and will ensure that all required materials are prepared in or translated into Spanish for ease in implementation.

Approval:

Peter R. Natiello

Date: _____

Acting Mission Director USAID/Bolivia

Concurrence:

Michael Kaiser
Acting Deputy Director USAID/Bolivia

Date: _____

Clearances:

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