

Environmental and Social Review Summary (ESRS) Muneshwers (14177-01) – GUYANA

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1. General Information of the Project and Overview of Scope of IDB Invest’s Review

Muneshwers Ltd (the “Client” or the “Company”) operates a Container Terminal (the “Facility”), in Georgetown, Guyana that receives and dispatches cargo from ships. However, current operations are restricted to ships equipped with cranes to unload containers. The present operation will finance the acquisition of two new mobile cranes to increase the Facility’s cargo handling capacity (the “Project”).

The Project’s Environmental and Social Due Diligence (“ESDD”) was conducted through a series of virtual meetings and a site visit, where information on the Company’s environmental management system, health and safety standards and indicators, human resources policies, emergency preparedness and response plans, and security plan was requested and assessed.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with BID Invest’s Environmental and Social Sustainability Policy since it will likely generate, among other, the following potential impacts: i) hazardous waste; ii) traffic disturbance; iii) accidents involving workers; iv) water contamination; v) noise emissions; and vi) atmospheric emissions, among others. These impacts are deemed to be of medium-high intensity, are generally limited to the project site, largely reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the operation.

The Performance Standards (“PS”) triggered by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention, and iv) PS4: Community Health, Safety, and Security.

3. Environmental and Social Context

3.1 General characteristics of the Project’s site

The Project is situated at the East Bank of the Demerara River, Georgetown, within an urbanized area. The Facility is surrounded by commercial buildings. Access is gained through a busy commercial street.

The Demerara River is an important natural resource for potable water, recreation, water transportation, and fisheries. The riverine ecosystem comprises tidal wetlands that occur along riverbanks subject to periodic or continuous inundation. The river is prone to considerable tidal influence. Its narrow estuary and rapid flow carve a direct channel of five to six meters depth to the Atlantic Ocean.

The hydrology of the Project area is largely controlled by its location on the low coastal plain and its proximity to the Demerara River. The soils in the area are clay-rich, with poor internal drainage. Much of the area can be described as highly developed with industrial and urban activities and, as such, there is a network of drainage facilities.

Species such as the endangered tucuxi (*Sotalia fluviatilis*) and giant river otter (*Pteronura brasiliensis*), as well as the vulnerable west Indian manatee (*Trichechus manatus*), have been spotted along the Demerara River.

3.2 Contextual risks

Like many cities of the developing world, Georgetown faces several socio-economic problems, including widespread poverty, high unemployment, poor infrastructure, and a host of environmental predicaments relating to sanitation, garbage disposal, and flooding, with the latter being far more threatening because of the city's physical environmental attributes (i.e., its proximity to the Demerara River and the ocean, coupled with its below-sea-level elevation).

Crime levels in the Project area are relatively high and police capacity is low. There are regular armed and violent robberies against businesses and individuals. The police tend to respond with firearms if shot at or threatened.

Many of the crimes in Guyana are common to countries with wide gaps in wealth and where the perception is that all foreigners are wealthy. Muggings have taken place in broad daylight, often at gun or knife point. Burglary and theft from cars are commonplace.

Although there is no recent history of terrorism in Guyana, attacks cannot be ruled out.

Demonstrations in Georgetown occur with relatively frequency and often turn violent, forcing the local police to use tear gas or even rubber bullets to disperse them. Protests usually begin by setting up roadblocks and causing major disruption to traffic.

The Facility is also subject to flooding and sea level elevation, particularly during the conjunction of high meteorological tides and intense rain events.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks

The Client has valid environmental permits issued by the Guyanese Environmental Protection Agency (“EPA”) covering temporary storage and transportation of containerized chemicals and operation of a wash bay and a heavy-duty mechanic workshop with fuel storage. The permits establish compliance conditions. The Client will ensure that all the requirements established in the environmental permits are regularly monitored and complied with and will present yearly progress reports on permit compliance as required by the EPA.

The Facility has a dedicated Health, Safety, Security and Environment (“HSSE”) team that works to monitor operational conditions, mostly focusing on health and safety and security issues.

4.1.a E&S Assessment and Management System

Presently, the Client does not have procedures for the systematic identification of environmental and social risks and impacts, and no Environmental and Social Management System (“ESMS”) is available. Therefore, the Client will prepare an ESMS to address environmental and social risks and impacts of their operations.

4.1.b Policy

As no environmental and social management policy has been adopted by the Project, the Client will develop and adopt an Environmental and Social Risk and Impact Management Policy as part of its ESMS.

4.1.c Identification of Risks and Impacts

Presently, the Client has no systematic procedure to identify environmental and social risks or impacts. Therefore, it will develop such procedure and prepare an environmental and social risk and impact identification matrix, as part of the ESMS.

4.1.c.i Direct and indirect impacts and risks

The Project may generate some environmental and social risks and impacts. Potential direct risks and impacts may include: i) accidents involving workers during operations; ii) noise and vibration disturbance during quay refurbishment; iii) marine water and sediment contamination linked to spillages of hazardous substances; iv) fuel spillage from the diesel oil tanks; v) fires at the cargo storage and parts storage areas, among others. A potential indirect impact includes traffic disturbance linked to the transportation of cargo from and to the Facility.

4.1.c.ii Analysis of alternatives

Given that the Project is brownfield and that its main objective is to enhance operations within its own available property through acquisition of two mobile cranes, no alternative analysis from the environmental and social perspective was needed.

4.1.c.iii Cumulative impact analysis

As the Project entails the acquisition of equipment to enhance its productivity, its aggregated impact is deemed not material when analyzing the overall cumulative impacts.

4.1.c.iv Gender risks

The socio-economic profile of Guyana highlights the vulnerabilities of both men and women. However, women are more at risk because of their lower social and economic status, lower rates of participation in the labor force, higher rates of unemployment, lower wages, and increased responsibilities for domestic work and care of children, the sick, the elderly, and the disabled.

The rate of poverty is higher among women and, since approximately 28% of households are headed by females, these families are at even greater risk. It should be noted that Amerindian women in rural areas are even more vulnerable than Afro or Indo-Guyanese women.

Guyana's Household Income and Expenditure Survey indicates that public sector salaries are very low, and it classifies public sector workers as living in absolute poverty¹. Significantly, almost two thirds of public sector employees are women who work predominately in the service sector, particularly in education and health. Thus, despite generally high levels of education and professional status, they have relatively low incomes. In addition, while the public sector reform process has resulted in limited salary increases for employees, many public sector jobs have been at risk since the reform was accompanied by cuts in the public sector workforce – a high proportion of which were women.

Although the impact of disasters cuts across national, racial, ethnic, socio-economic, and sex and gender boundaries, their impact on women is generally greater than on men. Cultural norms generally exclude women from formal planning and decision making in their communities. Women generally do not have the flexible resources that could facilitate their recovery from disasters. In addition, women's position in the family puts a greater burden of work (e.g., household work, caring for the young and elderly) on them, which often reduces their ability to find safe shelter during disasters.

Despite their political, economic, and social subordinate positions, women are often more active in voluntary and informal community activities for disaster risk reduction. It is therefore important that women be recognized as important agents of change who can make a vital contribution to planning and managing disaster risks.

¹ Source: World Bank.

Currently, the Client has 48.82% of women in its workforce and is currently working to implement an Antidiscrimination Policy. Under the latter, the Company aims to create a working environment which is free from sexual harassment and where all members of staff are treated with dignity, courtesy, and respect. Sexual harassment is expressly condemned and subject to disciplinary action, including employment termination.

As the Facility receives crews from abroad that stay in the country for a few days before returning to the vessels, there are risks of sexual exploitation of women and adolescents as well as the spread of sexually transmitted diseases (“STD”) among the Guyanese population. To reduce this risk, the Client will prepare communication materials to raise awareness about these issues.

4.1.c.v Climate change exposure

The maritime transport and logistics sector is sensitive to sea level rise and extreme temperatures, which may represent a material risk for the Project. Other risks factors are related to flooding (moderate exposure) that may put at risk port facilities, infrastructure, equipment, and cargo. Indirect impacts related to heat waves and increased temperatures include higher energy consumption for cooling, occupational health, and safety issues during extreme temperatures.

Given its exposure profile to natural hazards and the sensitivity of the sector, the Project is classified as moderately exposed to physical climate-related hazards.

4.1.d Management Programs

Other than the Emergency Response Plan, currently there are no structured environmental and social management programs in the Facility. Hence, as part of its ESMS, the Client will develop and implement management plans and programs to avoid, mitigate or compensate negative environmental or social impacts, and to stimulate the positive impacts.

4.1.e Organizational Capacity and Competency

The Company has a Health, Safety, Security and Environment (“HSSE”) sector staffed with a HSSE Manager and two HSSE Officers. The routine of the HSSE personnel is currently centered around health and safety inspections and maintaining good housekeeping within the Facility. All these individuals have been trained as Fire Marshalls.

4.1.f Emergency Preparedness and Response

The Facility has an Emergency Response Plan, which contains: i) evacuation guidelines; ii) information on escape routes and muster point; iii) location of fire alarms; iv) description and location of firefighting equipment; v) communication protocols; vi) requisites for emergency drills; and vii) response procedures in case of fires, explosions, bomb threats, security incidents and earthquakes.

The Client will update its Emergency Response Plan to include an oil spill scenario, a schedule for emergency drills and training events for its HSSE Personnel on the new procedure.

4.1.g Monitoring and Review

Presently, the Client does not perform any environmental monitoring or audits. Therefore, as part of its ESMS, it will develop and adopt: i) protocols for monitoring and auditing of environmental and social risks; and ii) guidelines to evaluate its impact management performance.

4.1.h Stakeholder Engagement

The main Project stakeholders include: i) the Guyanese EPA; ii) the Guyanese Maritime Administration Department - MARAD; iii) the Sea and River Defence Board – SEA; iv) Georgetown Municipality, and v) neighboring companies. Even though it does exchange information with the latter, the Client has no structured Stakeholder Engagement Plan (“SEP”). Therefore, it will develop and adopt a SEP.

4.1.i External Communication and Grievance Mechanisms

External communications are centered around the Company’s webpage (muneshwers.com), which presents some news on the ports sector and general information. Although the Facility has no external grievance mechanism in place, there are no indications of complaints or any relevant issues involving the Facility and its surrounding community (neighbors and owners of commercial companies). However, as part of its ESMS, the Client will develop and implement a Stakeholder Engagement Plan and establish a formal channel for the reception and processing of external grievances and to inform stakeholders of its environmental and social management procedures.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

The Company has 347 employees, of which 159 (45.82%) are women. It is organized around several departments (IT, HSSE, Human Resources, Accounts, and Operations) which are complemented by a Port Facility Security Office and a Procurement Sector.

4.2.a.i Human Resources Policies and Procedures

Employment conditions are mediated by an Employee Handbook which covers: i) overall conditions; ii) benefits; iii) termination, dismissal, and retirement; iv) customer service, v) office equipment; vi) general office rules; vii) expectations of employees, viii) description of company departments; ix) occupational health and safety, and x) grievance procedure and disciplinary measures.

An Antidiscrimination Policy is currently being drafted.

4.2.a.ii Working Conditions and Terms of Employment

Employment conditions follow Guyanese regulations. Working hours vary according to specific department needs, as it follows: i) General Administration, from Monday to Friday from 8 am to

4:30 pm; ii) Wharf and Workshop, from Monday to Friday from 7:30 am to 4 am; and iii) Security operations, permanently in 2-12-hour rotational shifts from 7 am to 7 pm.

Employment benefits include: i) leave; ii) medical plan; iii) savings scheme; iv) bonus and v) training. The Client provides changing rooms, lockers, and personal protection equipment (“PPE”) to all workers.

4.2.a.iii Workers’ Organizations

The Company has no restrictions to free association among workers. However, no declaration concerning freedom of association is contained in the Employee Handbook. Therefore, the Client will update its Employment Handbook to include a freedom of association clause.

4.2.a.iv Non-discrimination and Equal Opportunity

The Client is also working to implement an Antidiscrimination Policy that prohibits sexual harassment and discrimination on the grounds of race, ancestry, national origin, religion, age, mental disability, sex, or sexual orientation, declares zero tolerance against these practices, and includes disciplinary measures when not observed.

4.2.a.v Retrenchment

The Employee Manual contains a section on termination, dismissals, and retirement. However, given the nature of the Project (limited to the acquisition of equipment), no worker retrenchment is expected.

4.2.a.vi Grievance Mechanism

The grievance procedure described in the Employees Manual provides a brief description of grievance procedures and disciplinary measures. However, it does not contain a description of grievance assessment procedures, timing of responses, anti-reprisals policy nor dissemination mechanisms. Given the latter, the Client will update its internal grievance mechanism to include these aspects.

4.2.b Protecting the Workforce

4.2.b.i Child Labor

According to Guyanese legislation, the minimum age for employment is fifteen years. This threshold has been increased to eighteen years when the work to be performed is likely to jeopardize the health, safety, and morals of the youngsters. The legislation also prohibits workers under eighteen years to perform any work during the night. The Client complies with Guyanese Legislation, although there are no provisions against child labor in its Employees Manual.

The Client will update this manual and include in its Antidiscrimination Policy provisions against the use of child labor.

4.2.b.ii Forced Labor

Guyana has ratified the International Labor Organization's ("ILO") Convention No. 29 on Forced Labor and Convention No. 105 on Abolition of Forced Labor. The Client complies with Guyanese Legislation, although there are no provisions against forced labor in the Employees Manual.

The Client will update this manual and include in its Antidiscrimination Policy provisions against the use of forced labor.

4.2.c Occupational Health and Safety

The Client has a Health and Safety Manual ("H&S Manual") which ratifies its commitment to preserve the health & safety of its workers and covers the following aspects; i) hazard management; ii) hazard identification; iii) dealing with changes; iv) health monitoring; v) environmental monitoring; vi) information, training and supervision; vii) access to information; viii) internal training; ix) induction; x) training records; xi) employees safety training plan; xii) accidents and incidents systems; xiii) procedures for reporting industrial accidents; xiv) accident investigation procedure; xv) employees participation; xvi) health and safety meetings; xvii) emergency readiness; xviii) contractors and visitors; and xix) a hot works procedure.

However, capacity building is required within the HSSE Team to ensure full implementation of the H&S Manual. In addition, some additional procedures are still required to ensure a comprehensive coverage of H&S risks including: i) hazards identification and risk classification; ii) special permissions for high-risk work; iii) special procedures for high-risk work² and iv) regular monitoring of health and safety indicators.

The Client will update the H&S Manual and enhance hazard identification, accident investigation and preventive procedures for high-risk activities. It will also provide adequate training on these issues to HSSE personnel.

4.2.d Provisions for people with disabilities

The Client has currently adopted no provisions to include people with disabilities.

4.2.e Workers Engaged by Third Parties

Currently there are no contractual conditions covering inclusion, diversity, health and safety and environmental and social requirements for contractors. The Client will, therefore, prepare contractual clauses to ensure that contractors are bound to its health and safety, environmental,

² For instance, procedures dealing with work at heights, working in confined spaces, working with electricity, handling of chemicals and hazardous substances etc.

antidiscrimination and health and safety procedures and policies. It will also make sure that these provisions are informed to the contractors during the procurement of new services.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

The Project has not yet performed a Greenhouse Gas (“GHG”) inventory. However, due to its nature, it is expected that its GHG emissions will not be material.

4.3.a.ii Water Consumption

At present, water for the Project is being supplied by the Guyana Water Inc. Total water consumption in 2021 was of 344 m³, with an average monthly consumption of 28.67 m³/month. No increase in such consumption is foreseen.

4.3.b Pollution Prevention

4.3.b.i Wastes

Presently, Project solid waste is stored in covered containers before being taken by a local company to a local landfill³. There is no waste classification, separation, monitoring, or recycling. Sewage is directed to the Georgetown Municipality Sewer system. The quay is washed daily to receive new vessels. The Facility’s drainage water is directed to the Demerara River, through existing drainage channels.

4.3.b.ii Hazardous Materials Management

The Facility generates various types of hazardous waste: i) used lubricant containers; ii) spent batteries; iii) tires; iv) metallic oily parts from vehicle maintenance; and v) rags and oily wastes. These wastes are currently being stored at various points at the Facility’s Maintenance Shop and near the quay area, as there are no designated areas for their temporary storage.

One of the environmental permits of the Facility covers temporary storage and transportation of containerized chemicals. However, there is no segregated area for the reception of chemical cargo.

The Client will prepare and adopt a Hazardous Waste Management Plan to ensure adequate management of hazardous waste in the Facility. It will also prepare and implement a Plan for Segregation of Containerized Chemicals respecting chemical compatibility issues.

³ Haags Bosch Sanitary Landfill facility at Eccles, East Bank Demerara.

4.3.b.iii Pesticide Use and Management

The Project receives and dispatches pesticides as part of its operations. These substances will be managed according to the Plan for Segregation of Containerized Chemicals that will be developed. The client will not purchase, store, use, or trade in products that fall in WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous).

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

Community health and safety may be affected by: i) the increment of traffic to access the Facility once the mobile cranes are installed; and ii) an onset of a fire, which can eventually spread to neighboring facilities. The generation of noise from the operations and atmospheric emissions from the generator stacks and diesel-powered vehicles are considered non-material.

4.4.a.i Infrastructure and Equipment Design and Safety

At present, the Facility has a fire safety system that includes: i) smoke detectors; ii) fire alarm pull stations; iii) fire extinguishers; iv) fire extinguishers balls; v) fire hoses; vi) a water pump to feed a water line and v) water reservoirs. Since the main cargo warehouse will be dismantled and transported to another location to free up space to increase the area for container storage, the Client will ensure appropriate coverage of the fire safety system at the new warehouse.

It is likely that, once the Project is executed, heavy vehicle traffic will intensify inside the Facility, potentially contributing to a surge in traffic accidents and incidents involving workers and visitors. To control these risks the Client will develop and implement a Traffic Management Plan.

4.4.a.ii Hazardous Materials Management and Safety

To minimize community's exposure to hazardous materials, the Client will prepare a Hazardous Waste Management Plan that will include: i) waste classification and segregation procedures; ii) provisions for the designation and preparation of appropriate temporary waste storage areas and ancillary infrastructure; iii) procedures for the preparation of waste storage and destination records; iv) provisions for the identification of licensed companies to provide adequate hazardous materials transport and disposal; and v) regular monitoring of waste streams and final destination requirements.

4.4.a.iii Ecosystem Services

The Project will not cause any material impacts on existing ecosystem services.

4.4.a.iv Community Exposure to Disease

The Facility is certified under the ISPS Code⁴ and has a Security Plan to comply with the associated requirements, including medical emergencies.

The Project has measures in place to control the spread of COVID-19. Also, as the Facility is visited by cargo vessels crews from all over the world, the Client will prepare leaflets to raise awareness and stimulate prevention against the spread of STD among workers and vessel crewmembers.

4.4.a.v Emergency Preparedness and Response

The Facility's Emergency Response Plan lists contact details of relevant stakeholders to be involved in case of emergencies, including the fire service, police, coast guard, ambulance, and neighboring businesses, among others. This ensures that adequate communication channels are in place to communicate emergencies.

4.4.b Security Personnel

The Facility has a Port Security Plan compliant with the ISPS Code. Security arrangements are managed by a Port Facility Security Officer ("PFSO") and are conducted by a team of Security Officers with the support of a Closed-Circuit Television System ("CCTV") covering all the Facility. The CCTV System is monitored constantly from a Command Center.

Most of the security staff is unarmed. However, there is armory in the Facility and some personnel have been authorized to carry and use arms. These guards have been duly trained and have delegation of power from Guyana Police to arrest people in case they deem it necessary.

The Port Security Plan procedure for the use of firearms clearly states that arms are to be used as a last resort and when all other means to avert the threat have been exhausted. According to the plan, security officers can use firearms in the following cases: i) to defend the property they are securing; ii) to protect themselves from attack and serious injury; and iii) to protect the life of any person who they may believe to be in serious danger or injury from an attack.

4.5 Land Acquisition and Involuntary Resettlement

The Project will not require the acquisition of land and will not cause any physical or economic displacement.

⁴ The International Ship and Port Facility Security (ISPS) Code is an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on Maritime security including minimum security arrangements for ships, ports, and government agencies. Having come into force in 2004, it prescribes responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to "detect security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade.

4.6 Biodiversity Conservation and Natural Habitats

The Project will materially not affect the biodiversity nor will result in the depletion of natural habitats.

4.7 Indigenous Peoples

The Project will not affect any indigenous community, nor will it intersect any indigenous territory.

4.8 Cultural Heritage

The Project will not affect any cultural heritage.

5. Local Access of Project Documentation

The documentation relating to the project can be accessed at the following link:
www.muneshwers.com.