

# GUYANA

## Project Profile

### I. BASIC DATA

<b>Project name:</b>	Micro and small enterprise (MSE) development and building alternative livelihoods for vulnerable groups – Stage I.
<b>Project number:</b>	GY-G1003
<b>Project team:</b>	Navita Anganu (CMF/CJA), Team Leader, Claudia Stevenson (IFD/CIT), Alternate Team Leader, Derise Williams (CCB/CGY), Susan Olsen (OMJ/OMJ), Tetsuro Narita (MIF/MIF), Wayne Beecher (MIF/CJA), Graham G. Watkins (VPS/ESG), Marco Nicola (CCB/CSU), Bernardita Saez (LEG/SGO), Roy Parahoo (PDP/CSU), David A. Ochoa (PDP/CGY), Naveen Umrao (PDP/CGY), and Richard Raghoo (CCB/CGY).
<b>Beneficiary:</b>	Co-operative Republic of Guyana
<b>Executing agency:</b>	Ministry of Tourism, Industry and Commerce (MINTIC), through the Small Business Bureau (SBB).
<b>Financing plan:</b>	Guyana REDD+ Investment Fund (GRIF) Non –reimbursable resources: US\$5 million
<b>Safeguards:</b>	<b>Policies triggered:</b> OP-765, OP-704, OP-102, OP-270, B.02, B.04, B.07, B.09, B.13, B.17. <b>Classification:</b> Not required (B.13).

### II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 With more than 90% of its population and the majority of its infrastructure and industry located along the low-lying<sup>1</sup> coastal strip, Guyana is particularly vulnerable to the impacts of sea level rise due to climate change. Guyana's 18 million hectares of rainforest have the potential to serve as a mitigation tool for climate change and can provide a cost effective carbon abatement solution<sup>2</sup>. Guyana has a relatively low deforestation rate, estimated at 0.06% per annum and can contribute to reduction of 18% of Carbon Emissions by limiting deforestation and forest degradation, which entails a restructuring of the traditional forestry and mining sectors and the promotion of diversification of economic activities, in particular for vulnerable groups<sup>3</sup>.

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<sup>1</sup> An area of land that is below sea level and is protected by dikes.

<sup>2</sup> A Low-Carbon Development Strategy, Transforming Guyana's Economy While Combating Climate Change, Office of the President, Republic of Guyana, May 2010

<sup>3</sup> There is no formal definition for vulnerable groups. However for this project, vulnerable groups include: individuals and groups without access to credit and or appropriate business and technical training who have been affected by the restructuring of the sectors, such as mining, forestry, sugar and bauxite and/or those wishing to participate in one of the low carbon sectors (see Footnote 10). These individuals and/or groups must have a business or a business proposal in a low carbon sector (incorporation into a legal entity is not necessary).

- 2.2 In June 2009 the Government of Guyana (GOG) launched its Low Carbon Development Strategy (LCDS) which aims to transform Guyana's economy on to a low carbon, sustainable development trajectory, while simultaneously combating climate change. The LCDS aims to protect and maintain the forests in an effort to reduce global carbon emissions. The key focus areas of the LCDS are investments in low carbon economic infrastructure, high potential low carbon sectors, climate change adaptation, and creating economic opportunities for all Guyanese. The LCDS seeks to expand access to services and new economic opportunities for indigenous and forest communities and vulnerable groups, and to improve social services and create economic opportunities for the wider Guyanese population.
- 2.3 The Guyana REDD Investment Fund (GRIF) has been established as a multi-contributor trust fund in the World Bank and with initial financing from Norway. Norway will make performance-based contributions to the GRIF up to US\$250 million by 2015. The contributions from the GRIF will provide financial support for the implementation of the LCDS; investments will be focused on the following thematic areas: (i) low-carbon economic infrastructure; (ii) investments and employment creation in low-carbon economic sectors; (iii) sustainable management of forest-based economic sectors; and (iv) enhancing human capital and creating opportunities for forest-dependent and indigenous communities. Under the MOU, contributions from Norway are channeled through the multi-contributor Guyana REDD+ Investment Fund (GRIF), for which the World Bank is Trustee, towards priority projects identified in the LCDS. The IDB acts as a partner entity in the delivery of the GRIF with the indication that partner entities should apply environmental and social safeguards to GRIF projects.
- 2.4 The GOG has identified the development of micro and small enterprises (MSEs) and providing alternative livelihoods to vulnerable groups as a key component of LCDS aim to transform Guyana into a Low Carbon Economy. In particular, it addresses two of the major bottlenecks for the development of MSEs and vulnerable groups, which are: (i) limited access to finance; and (ii) limited technical and business skills.
- 2.5 SMEs' contribution to GDP is estimated to be 28% and around 22,000 small and micro firms were in business in 2009.<sup>4</sup> Micro and small enterprises (MSEs) and vulnerable groups have a high degree of lending risk. Due to the high cost of obtaining information and lack of track record, lending institutions do not provide loans to MSEs and vulnerable groups. Even under a liquid market, small businesses find it difficult to access loans due to their high interest rates and collateral and other requirements.<sup>5</sup> Even though the GOG gave priority to fostering economic activities regarding Low Carbon Development, currently MSMEs and vulnerable groups do not have instruments, technical capabilities, and knowledge in the Low Carbon sector or required business skills.

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<sup>4</sup> Guyana: An enterprise development diagnostic 2009. Information on MSEs contribution to GDP is not available nor is more current information on the number of MSEs or SMEs available.

<sup>5</sup> MC Garell.2009. Needs Assessment Report.

- 2.6 Guyana's National Development Strategy and National Competitiveness Strategy allude to micro-finance as one of the core elements of the Nation's competitiveness policy. There is strong evidence in Guyana that access to savings, services, and micro-loans has raised and stabilized the incomes of the poor. However, access to credit by small businesses remains a key constraint to job creation.<sup>6</sup> In 2004 the Guyana Small Business Act was enacted "to provide for an incentive regime and support programme for small business; the establishment of the Small Business Council (SBC), the Small Business Bureau (SBB), the Small Business Development Fund (SBDF) and for matters connected therewith and incidental to."<sup>7</sup> The Ministry of Tourism, Industry and Commerce (MINTIC) is responsible for the small business sector and the implementation of this Act.
- 2.7 The Government's strategy for the MSE and vulnerable groups covers a 4 year period (2012-2015). This project will aim to address the first stage for the period (2012-2013). Stage I will address the dual constraints to MSE and vulnerable groups for access to finance and skills development and the lack of technical pursuit for Low Carbon businesses. The second stage will ramp up these activities based on the results of Stage I, to ensure that Guyana is on a low carbon sustainable path and focus more on the activities along the demand and supply chains. The project will improve access to finance through a mutual guarantee instrument to guarantee part of the collateral of loans and so reducing loan rates and a small grant scheme to assist vulnerable groups in advancing viable business propositions. The project will improve skills through a training voucher scheme to support MSMEs in capacity building through existing training institutions.
- 2.8 These instruments will be implemented through the operationalization of the Small Business Development Fund (SBDF)<sup>8</sup> which is legally mandated under the Small Business Act (SBA) of 2004 to improve access to finance for small businesses, and provide non-financial services and assistance to help small businesses improve productivity and competitiveness.
- 2.9 The objective of the program is to increase employment in low carbon sectors via MSEs and vulnerable groups by facilitating access to credit and technical skills. The four project components are:
- 2.10 **Component I – Mutual Guarantee Instrument (MGI) (US\$2.25 million).** The Program will establish a MGI<sup>9</sup> to guarantee the collateral requirements of the lending institutions in order to allow an MSE or vulnerable group's business to access credit. The MGI will have two facilities: (i) a Collateral Guarantee Facility will guarantee a percentage of the debt for loans across all sectors of the economy, as long as they are low carbon sectors<sup>10</sup>; and (ii) an Interest Payments

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<sup>6</sup> 2001. Guyana Poverty Reduction Strategy Paper.

<sup>7</sup> Guyana Small Business Act, 2004. Pg 3, Paragraph 1.

<sup>8</sup> The SBDF is not yet operational due to lack of funds.

<sup>9</sup> This would be established as part of the project preparation.

<sup>10</sup> Low-carbon sectors are: fruits and vegetables, aquaculture, business process outsourcing, bio ethanol, eco-tourism, sustainable forestry, energy efficient transportation and logistics, low carbon manufacturing activities, apiculture, sustainable mining, professional and business services, internet and computer based services, entertainment, music and performing arts, arts and craft, publishing and printing.

Support Facility will help the MSE pay-off a percentage of its interest obligations on the loan.

- 2.11 **Component II – Low Carbon Grant Scheme (US\$0.5 million).** The Program will create a Low Carbon Grant Scheme to assist vulnerable persons and MSEs to access financing for their existing or potential business venture.
- 2.12 **Component III – Skills Voucher Scheme (US\$1.42 million).** The Program will develop a Skills Voucher Scheme in which MSEs and vulnerable groups with propositions in low carbon sectors will be provided with training vouchers which can be only exchanged for the training enrolment at training institutions. Training will cover business management and marketing, financial management, and technical skills in key low carbon sectors or key transition sectors such as sustainable mining and sustainable forestry.
- 2.13 **Component IV – Project Management and Institutional Strengthening (US\$0.63 million).** This component will finance the project administration costs and institutional strengthening of the SBB. The program will also support the monitoring, evaluation and corporate governance mechanisms to be in place for the various instruments. The design and governance of the instruments will be undertaken in the preparatory phase of the project.

### III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 Implementation of the project components will be the responsibility of the Ministry of Tourism, Industry and Commerce (MinTIC) Small Business Council (SBC), established under the SBA, will govern the SBDF and be supported by the Small Business Bureau (SBB) which acts as the secretariat of the SBC and which will administer and operate the SBDF. The Program will provide support for small businesses in Guyana through the commercial banking system.
- 3.2 The main issues to be addressed as part of project preparation include: (i) Institutional Analysis of the Executing Agency, including its financial, fiduciary, and social and environmental control systems; (ii) design of the Operational Guidelines and analysis of potential beneficiaries and their needs; (iii) design of a Monitoring and Evaluation System. The Operational guidelines will include the methodology for selecting and prioritizing projects to be financed by any of the components of the program. In order to address the fiduciary risks, it will be necessary to strengthen the institutional capacity of the SBB, which will administer the mutual guarantee fund, grant scheme, and training voucher system.
- 3.3 The Bank has been involved with the implementation of similar instruments in LAC region, more recently in México and Haiti.
- 3.4 **Program Results.** Program results will be measured in terms of its products, outcomes and impacts. The product will be the number of financial guarantees, low carbon grants and skill vouchers accessed. Outcomes will be the percentage increase of MSE with access to credit (i) for the first time or having obtained an investment credit are able to obtain a second one or larger one; and (ii) percentage of employment generated in the Low Carbon Sectors. The impact will be an

increase in the productivity of MSE and vulnerable populations' beneficiaries and the development of low carbon businesses.

- 3.5 **Consistency with Country Strategy.** The proposed program is consistent with the Guyana REDD+ Investment Fund. It is also consistent with the Bank's country strategy with Guyana 2008-2012 under the pillar for enhancing competitiveness that calls to strengthen the business environment and the financial sector reform pillar that identifies access to finance as a key constraint for SMEs. Furthermore, the Program streamlines into the GCI-9 Environment and Climate Change Pillar through the promotion of Low Carbon financing for SMEs and the sector priority of strengthening SME lending.

#### **IV. SAFEGUARD AND FIDUCIARY SCREENING**

- 4.1 Given the nature of the project as providing guarantees and support for MSE operations in commercial banks, for which ex-ante classification is not possible, this project is classified as a category B.13. The project will facilitate investment and training for low carbon MSEs. Due consideration will be given to projects that may have an impact on the environment, such as mining and forestry.
- 4.2 The GRIF requires the application of partner entity environmental and social safeguards. The IDB Environmental and Safeguards Compliance Policy incorporates the need for assessment and management of the environmental and social risks in B.13 projects with significant risk through the establishment of an Environmental and Social Management System that will be established within the SBB. This system will serve to assess and manage any risks or potential impacts associated with the MSE operations that are supported by this project.
- 4.3 The Bank, during the due diligence process, will analyze the environmental and social risks associated with the proposed MSE investments placing a special emphasis on assessing the SBB's capacity for adequately reviewing and managing these risks. The results of the due diligence including any actions required to comply with Bank policies will be presented in an Environmental and Social Management Report (ESMR) and summarized in the final grant proposal.

#### **V. RESOURCES AND TIMETABLE**

- 5.1 The estimated cost of project preparation will be US\$47,467 and the preparation schedule includes the distribution of the Proposal for Operation Development (POD) to QRR on May 17, 2012 and the approval of the Grant Proposal by the Board in August, 2012.

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## SAFEGUARD POLICY FILTER REPORT

<b>PROJECT DETAILS</b>	<b>IDB Sector</b>	PRIVATE SECTOR DEVELOPMENT-SMALL AND MEDIUM ENTERPRISE
	<b>Type of Operation</b>	Other Lending or Financing Instrument
	<b>Additional Operation Details</b>	
	<b>Investment Checklist</b>	Generic Checklist
	<b>Team Leader</b>	Anganu, Jaiwattie (NAVITAA@iadb.org)
	<b>Project Title</b>	MSME Development and Building Alternative Livelihoods for Vulnerable Groups
	<b>Project Number</b>	GY-G1003
	<b>Safeguard Screening Assessor(s)</b>	Anganu, Jaiwattie (NAVITAA@iadb.org); gwatkins@iadb.org
	<b>Assessment Date</b>	2011-10-27
	<b>Additional Comments</b>	

<b>SAFEGUARD POLICY FILTER RESULTS</b>	<b>Type of Operation</b>	Investment Grants	
	<b>Safeguard Policy Items Identified (Yes)</b>	Does this project offer opportunities for indigenous peoples through its project components?	(B.01) Indigenous People Policy– OP-765
		Activities to be financed in the project area are located within a geographical area or sector exposed to natural hazards (Type 1 Disaster Risk Scenario).	(B.01) Disaster Risk Management Policy– OP-704
		The Bank will make available to the public the relevant Project documents.	(B.01) Access to Information Policy– OP-102
		Does this project offer opportunities to promote <u>gender equality</u> or <u>women's empowerment</u> through its project components?	(B.01) Gender Equality Policy– OP-270
The operation is in compliance with environmental, specific women's rights, gender, and indigenous laws and regulations of the country where the operation is being implemented (including national obligations		(B.02)	

		established under ratified Multilateral Environmental Agreements).	
		The Borrower/Executing Agency exhibits weak institutional capacity for managing environmental and social issues.	(B.04)
		Other environmental and social sustainability issues that the Project Team considers to be a risk for this operation. (e.g. wood sourced from Amazon rainforest).	(B.04)
		The Bank will monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.	(B.07)
		Conversion of Natural Habitats in project area of influence (please refer to the <a href="#">Integrated Biodiversity Assessment Tool</a> for more information).	(B.09)
		Operation for which ex-ante impact classification may not be feasible. These loans are: Policy-based loans, Financial Intermediaries (FIs) or loans that are based on performance criteria, sector-based approaches, or conditional credit lines for investment projects.	(B.13)
		Suitable safeguard provisions for procurement of goods and services in Bank financed projects may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.	(B.17)



	<b>Potential Safeguard Policy Items(?)</b>	No potential issues identified	
	<b>Recommended Action:</b>	<p>Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s), including B13, for guidance. No project classification required. Submit Report and PP (or equivalent) to ESR.</p> <p>The project triggered the Disaster Risk Management policy (OP-704).</p> <p>A more limited and specific Disaster Risk Assessment (DRA) may be required (see Directive A-2 of the DRM Policy OP-704). Please contact a Natural Disaster Specialist in VPS/ESG or INE/RND for guidance.</p>	
	<b>Additional Comments:</b>		

<b>ASSESSOR DETAILS</b>	<b>Name of person who completed screening:</b>	Anganu, Jaiwattie (NAVITAA@iadb.org); gwatkins@iadb.org
	<b>Title:</b>	Team Leader
	<b>Date:</b>	2011-10-27

# **ENVIRONMENTAL AND SOCIAL STRATEGY FOR MICRO AND SMALL TO MEDIUM ENTERPRISE (MSME) DEVELOPMENT AND BUILDING ALTERNATIVE LIVELIHOODS FOR VULNERABLE GROUPS (GY-G1003)**

## **I. PROJECT DESCRIPTION**

- 1.1. The Guyana REDD Investment Fund (GRIF) has been established as a multi-contributor trust fund in the World Bank and with initial financing from Norway. Norway will make performance-based contributions to the GRIF up to US\$250 million by 2015. The contributions from the GRIF will provide financial support for the implementation of the Low Carbon Development Strategy (LCDS); investments will be focused on the following thematic areas: (i) low-carbon economic infrastructure; (ii) investments and employment creation in low-carbon economic sectors; (iii) sustainable management of forest-based economic sectors; and (iv) enhancing human capital and creating opportunities for forest-dependent and indigenous communities.
- 1.2. The IDB acts as a partner entity in the delivery of the GRIF with the indication that partner entities should apply environmental and social safeguards to GRIF projects.
- 1.3. Phase I (2012-2013) of this project aims to address the dual constraints to MSME development of access to finance and skills development. The project will improve access to finance through a mutual guarantee fund to guarantee part of the collateral of loans and so reducing loan rates and a small grant scheme to assist vulnerable groups in advancing viable business propositions. The project will improve skills through a training voucher scheme to support MSMEs in capacity building through existing training institutions.
- 1.4. This project will be implemented through the establishment of the Small Business Development Fund (SBDF) legally mandated under the Small Business Act (SBA) of 2004 to improve access to finance for small businesses, and provide non-financial services and assistance to help small businesses improve productivity and competitiveness. Implementation of the project components will be the responsibility of the Ministry of Tourism, Industry and Commerce (MinTIC) Small Business Council (SBC), established under the SBA, will govern the SBDF and be supported by the Small Business Bureau (SBB) which acts as the secretariat of the SBC and which will administer and operate the SBDF. The four project components are:
  - 1.4.1. Component I: Mutual Guarantee Fund to support guarantees for MSMEs for a low carbon economy and an Interest Payments Support Facility to help support interest payments for low carbon economy MSMEs;

- 1.4.2. Component II: Low Carbon Grant Scheme to support MSMEs for a low carbon economy;
- 1.4.3. Component III: Skills Voucher Scheme to support capacity building in national institutions to improve skills in MSMEs; and,
- 1.4.4. Component IV: Project Management to cover the operating, logistical and M&E costs of the Small Business Bureau (SBB) for implementation of the project.

## **II. INSTITUTIONAL AND REGULATORY CONTEXT**

- 2.1. The LCDS is a national strategy developed as a framework for establishing a low carbon economy in Guyana. The LCDS has undergone consultation within Guyana and has been approved by Parliament as a guiding strategy.
- 2.2. The project automatically directly triggers policy directives OP-102 (Access to Information Policy) and Directives B.01, B.02, B.03, B.04, B.05, B.06, B.07, B.13, and B.17 of OP-703 (Environment and Safeguards Compliance Policy OP-703). Depending on the portfolio of MSMEs to be guaranteed and supported, the project may also trigger B.09, B.10, and B.11. Given the breadth of this project throughout the country and involving disadvantaged communities, it also triggers OP-765 Operational Policy on Indigenous Peoples.

## **III. ENVIRONMENTAL AND SOCIAL SETTING AND CONTEXT**

- 3.1. The project, *per se*, is situated in Georgetown, Guyana; however, the project will facilitate the development of MSMEs under the SBB that may have environmental and social impacts in other areas in Guyana.

## **IV. IMPACTS, RISKS, AND CONTROL MEASURES**

- 4.1. This project differs from traditional financing because *ex-ante* impact classification of projects is not feasible and will require environmental assessment and management tools to assess the levels of risks and requirements for projects to be consistent with IDB policy guidelines. The application of environmental assessment and management measures will be the responsibility of the executing agency and the IDB will ascertain that the agency has the capacity to implement these measures.
- 4.2. The implementing agency in this case will be the SBB, which administers the SBDF, and will work with national commercial banks to ensure that guaranteed loans and grants are provided to operations that are consistent with IDB policies. The Mutual Guarantee Fund includes a Collateral Guarantee facility covering low carbon sectors and an Interest Payments Support Facility to support low carbon sectors, inter alia, aquaculture, fruit and vegetable farming and agro-processing, sustainable forestry, sustainable mining, eco-tourism and business process outsourcing. Similarly, the Low Carbon Grant Scheme will provide support to low carbon economy MSMEs.

- 4.3. Some of the sectors identified for MSME support are low or medium risk (for example, aquaculture, fruit and vegetable farming, agro-processing, eco-tourism and business process outsourcing). However, two of the sectors – sustainable mining and sustainable forestry – have potentially significant social and environmental impacts and risks.
- 4.4. Subsequently, this project is considered as a “significant risk” operation for the Bank. For these kinds of operations, risk in underlying projects will be identified, analyzed and managed by the SBB using its own internal management system. Therefore, the Bank will require that the SBB develop and implement an ESMS, in partnership with partner national commercial banks, which is commensurate with the risks and impacts of the projects in its portfolio.
- 4.5. The potential key environmental, social, health and safety (ESHS), and labor issues and risks associated with this Program are those related to the MSME projects of national commercial banks which will be guaranteed or supported through interest payments from the SBB and the MSME projects that will be supported by grants from the SBDF and administered by the SBB. The proposed MSME projects include enterprises in aquaculture, fruit and vegetable farming, agro-processing, eco-tourism and business process outsourcing. The impacts of these projects can be diverse and the significance of the risks and impacts will depend on the project characteristics (for example sector, type, beneficiaries, and location).
- 4.6. However, the potential impacts may include the conversion and degradation of natural habitats and loss of biodiversity (e.g., infrastructure for tourism, agriculture, aquaculture, mining and forestry). In particular, forestry and mining operations can lead to the loss of natural habitats and biodiversity through direct land use change and through contamination or sedimentation of water ways. Aquaculture, agriculture and forestry projects may lead to the intentional or accidental introduction of non-native and potentially invasive species. It will also be important to ensure effective hazardous materials management and adherence to occupational health and safety standards
- 4.7. Additionally, there are risks from natural disasters including flooding and drought related to changing frequencies of El Niño Southern Oscillation (ENSO) events and some reputational risks associated with support for MSMEs that might be unacceptable to the IDB or that may face significant public opposition or concerns, for example agricultural expansion or mining projects in areas adjacent to indigenous lands.
- 4.8. The project team will make publically available all relevant project documents.

## **V. OTHER ISSUES**

- 5.1. The long term success of the LCDS and the GRIF depends on the willingness within the private and public sectors to pay for REDD+. The LCDS also indicates that this willingness to pay depends on a) clear demonstration of carbon

emissions reductions; b) the existence of international public funding and credits from carbon markets; c) that the use of funds meets appropriate international norms for fiduciary, social, and environmental safeguards; and d) that REDD+ funds should be invested in activities compatible with low carbon development.

- 5.2. The success of the LCDS and GRIF in attracting funding, over the long term, will depend on the appropriate application of social and environmental safeguards in the implementation of projects under the strategic umbrella of the LCDS.

## **VI. ENVIRONMENTAL STRATEGY FOR PROJECT PREPARATION/DUE DILIGENCE**

- 6.1. The Bank, as part of the due diligence process, will analyze the environmental and social aspects of the proposed range of MSME projects with a special emphasis on assessing SBB's track record and capacity for adequately managing environmental and social aspects. The environmental and social due-diligence will specifically include the components listed below:

- 6.1.1. Documentation of the proposed range of MSME projects through discussion with the proposed national commercial partners and the SBB.

- 6.1.2. Assessment of SBB's compliance status with the applicable country (national, state, municipal) environmental, social, health and safety, and labor regulatory requirements. This analysis should include a brief review of the existing national institutional, legislative and regulatory requirements with which projects would have to comply.

- 6.1.3. Assessment of the proposed SBB structure, including a review of the potential pipeline portfolio for guarantees, support, and grants to establish: (i) the potential range of environmental, social or health and safety (ESHS) and labor impacts and risks and (ii) potential reputational risks associated with SBB's involvement in projects, companies or activities considered unacceptable to the IDB; and specific ESHS and labor impacts and risks related to investment in certain sectors. Based on the latter, a preliminary identification of any particularly sensitive impacts or risks that may be posed by projects expected to be guaranteed, supported, or financed should be undertaken.

- 6.1.4. Detailed review of the SBB's proposed environmental and social safeguard policies to assess compatibility with IDB safeguard policies. The review will include an assessment of the sufficiency of the SBB appraisal and review process for the approval of individual loans against the credit line, to ensure the assessment of potential environmental and social risks and impacts, the type of environmental and social assessment required, proposed mechanisms for the mitigation and management (supervision) of environmental and social liabilities, risks and impacts of its loan operations. It should also include a

review of the specific requirements for Category A (high risk) operations, specific requirements for public consultation and information disclosure, and disaster risk management considerations and overall whether appropriate and feasible ESHS and labor requirements are included in the legal agreements.

- 6.1.5. Review of SBBs proposed environmental and social management capacity to implement the environmental and social safeguard policies.
- 6.1.6. The results of the due diligence including any actions required to comply with the Bank's policies, will be presented in an Environmental and Social Management Report (ESMR), and summarized in the Program's loan proposal.

## **VII. SAFEGUARD TOOLKIT OUTPUTS**

- 7.1. The Safeguard Policy Filter Report (SPF) has been saved. [Download SPF](#)

**INDEX OF COMPLETED AND PROPOSED SECTOR WORK**

<b>Issues</b>	<b>Description</b>
Technical options and design	Options and design of Guarantee Fund and Grants Schemes are standard. Key technical issue in the project will be the eligibility criteria to determine the beneficiaries. These would be detailed in the operating regulations of the project which is being developed in the project preparation phase.
Analysis of project cost and economic viability	A detailed economic/cost analysis would be conducted on the project during the project preparation phase.
Financial management/fiduciary issues and control environment	A review of these issues will be conducted during project preparation.
Data collection and analysis for reporting on results	The results framework that would be included in the POD would define the parameters for the reporting of results.
Institutional analysis/personnel, procedures, other aspects of implementation capacity	To be conducted during project preparation.
Stakeholders and political environment	These issues will be addressed by executing agency on a project by project basis.
Social and environmental safeguards	Safeguard policy reviews.
Other key issues, such as donors, gender, sustainability, country/sector issues	Macroeconomic analysis will be conducted by country economist. In addition, the project definition considers women as being a part of the vulnerable groups.

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