

**ENVIRONMENTAL AND SOCIAL  
MANAGEMENT FRAMEWORK (ESMF)**

FOR

**EASTERN CARIBBEAN  
PARTIAL CREDIT GUARANTEE CORPORATION  
OECS MSME GUARANTEE FACILITY (P157715)**

**FINAL VERSION**

**FEBRUARY 9, 2018**

## ABBREVIATIONS AND ACRONYMS

BOT	British Overseas Territory
BVI	British Virgin Islands
CBI	Citizenship-by-Investment
CDB	Caribbean Development Bank
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPF	Country Partnership Framework
DB	Doing Business
ES	Enterprise Survey
E&S	Environmental and Social
ECAMC	Eastern Caribbean Asset Management Company
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECPCGC	Eastern Caribbean Partial Credit Guarantee Corporation
ESMF	Environmental and Social Management Framework
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GRS	Grievance Redress Service
ICP	Informed Consultation and Participation
IPP	Indigenous Peoples Plan
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFI	International Financial Institution
KC	Kalinago Community
KT	Kalinago Territory
IMF	International Monetary Fund
MC	Monetary Council
MSME	Micro, Small, and Medium Sized Enterprise
NBFI	Non-bank Financial Institution
NPL	Non-Performing Loan
OECS	Organisation of Eastern Caribbean States
OM	Operations Manual
PCU	Project Coordination Unit
PCG	Partial Credit Guarantee
PL	Participating Lender
RPS	Regional Partnership Strategy
WBG	World Bank Group

**OECS MSME GUARANTEE FACILITY**  
**ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)**

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# **OECS MSME GUARANTEE FACILITY**

## **ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)**

### **A. Executive Summary**

The key environmental and social risks of this project stem from the potential poor MSME compliance with national laws and regulations. For the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC), the key steps to address these risks include screening of MSMEs for Environmental and Social (E&S) compliance, provision of regulatory liaison and technical guidance, inclusion of E&S requirements in guarantee and participation agreements, and periodic supervision, auditing, and reporting.

### **B. Statement of Policy and Purpose**

ECPCGC will take steps to mitigate any issues related to environmental or social issues prior to approving a loan guarantee. The World Bank takes its responsibility to finance environmentally responsive projects very seriously. Projects receiving ECPCGC assistance must abide by all local environmental laws as well as meet the World Bank's requirements for proper environmental stewardship. This includes avoiding the use of any banned chemicals and ensuring that all environmental safeguards required for a particular type of business are in place and functioning. The environmental questionnaire that is part of the application process must be completed. The questionnaire is designed to automatically ask follow up questions as necessary. A full discussion of environmental requirements and the questions for the questionnaire are included in Annex 1 of this ESMF.

The ECPCGC aims to ensure that program proceeds will not be used for any activity that could harm the environment or harm people. To that end, ECPCGC is committed to:

- Environmental support in all areas of its operations;
- Continuously improve our environmental performance through an Environmental and Social Management System (ESMS);
- Ensure environmentally and socially responsible financial investment and development;
- Foster environmental and social due diligence within Participating Lenders (PLs);
- Mainstream the ESMS into risk management protocols;
- Ensure Compliance with relevant laws, regulations and standards within host countries;
- Promote the ESMS among all PLs through training and awareness programs;
- Protecting indigenous populations and their cultural heritage;
- Preventing the sale of land other than in willing buyer-willing seller transactions at the market price;
- Adverse impact on the land in the Kalinago Territory is not permitted.
- Supporting transactions that do not adversely affect vulnerable people and underserved groups (e.g., elderly poor pensioners, physically challenged, women, particularly head of households or widows, etc.) living in the area;

ECPCGC, as well as the PLs, must follow the MSME application processing procedures, credit documentation, and the administration, evaluation and reporting procedures below. As part of their risk management activities, the PLs will actively engage with MSMEs through the due-diligence and liaison process. ECPCGC shall take reasonable efforts to provide technical support, as needed, to the PL in the implementation of its environmental risk procedure.

## **C. Introduction and Background**

The World Bank Group (WBG) Strategy sets out the corporate goals of ending extreme poverty and promoting shared prosperity in all its partner countries. Securing the long-term future of the planet, its people and its resources, ensuring social inclusion, and limiting the economic burdens on future generations will underpin these efforts. The two goals emphasize the importance of economic growth, inclusion and sustainability – including strong concerns for equity.

The WB is globally committed to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation, recognizing this as essential in a world of finite natural resources. Equally, social development and inclusion are critical for all of the World Bank's development interventions and for achieving sustainable development. For the Bank, inclusion means empowering all people to participate in, and benefit from, the development process. Inclusion encompasses policies to promote equality and non-discrimination by improving the access of all people, including the poor and disadvantaged, to services and benefits such as education, health, social protection, infrastructure, affordable energy, employment, financial services and productive assets.

The Environmental and Social Management Framework (ESMF) is an instrument that helps PLs and MSMEs in OECS to identify appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project.

The ECPCGC, as implementing entity, will be responsible to ensure that PLs and MSMEs carry out the Project with due diligence and efficiency in compliance with all requirements pertaining to environmental and social protection applicable under national laws and regulations, and the ESMF.

## **Project Description**

The proposed development objective is to facilitate additional financial intermediation for MSMEs by establishing a regional partial guarantee corporation. The main Project beneficiaries will be: (i) MSME and (ii) lenders in the ECCU. The definition of MSMEs for this Project was developed in consultation with the ECCU Member States and is in the ECPCGC Agreement. There is no other regionally accepted definition of MSMEs. Lenders will also receive training through the Project on MSME lending and therefore are also beneficiaries. The lenders include any regulated lender in the ECCU. This includes credit unions, development banks and commercial banks. The PDO-level indicators are: (i) number of guaranteed loans; and (ii) total amount of outstanding guaranteed loans through the Project.

The project proposes two main components: (i) capitalize the partial credit guarantee fund and (ii) project management, operating costs and lender training.

**Component 1: capitalize the partial credit guarantee fund (US\$ 8.2 million).** Under this component, the Project will be able to expand financial access to MSMEs through the issue of partial credit guarantees to eligible lenders. A substantial amount of work has been put into the design of the Corporation – there is the overarching legal ECPCGC Agreement, the operational manual has been prepared and a financial model has also been developed. As such, a large portion of the cost of the design has already been borne. As the Monetary Council of the ECCB has approved the ECPCGC Agreement, the main outstanding task is the

capitalization of the fund.

**Component 2: project management, operating costs, and lender training (US\$ 1.8 million).** This component will support the ECPCGC, who is responsible for the coordination, implementation, and supervision of the Project. The Project will finance: (i) the recruitment and training of ECPCGC staff members; (ii) training of loan officers at ECCU supervised lenders; (iii) provisions for guarantee losses; (iv) equipment, software and furniture for the ECPCGC; (v) monitoring and evaluation activities; and (vi) the Project's financial audits. A conservative approach has been taken to provision at inception for guarantee losses. For the first five-years of the Project, total expected guarantee losses are estimated to be 45 percent of the total allocated for this component.

### **Project Location**

The specific locations of the individual MSMEs for which the ECPCGC will provide guarantees under the Project are not known at this time, but they could be located anywhere in the Eastern Caribbean. The type and scale of activities may vary widely across the geographic and environmental landscapes of the region. The ECPCGC is sector-neutral but MSMEs to be supported will likely include agriculture and agro-processing, small scale light manufacturing, construction and real estate development, tourism, and business services, based on experience in the region.

## **D. Environmental and Social Risks and Impacts**

### **Potential Environmental and Social Risks and Impacts, and Mitigation Measures**

There are several potential positive and negative impacts that can occur as a result of a loan guarantee for a small business loan. The following table provides a short list of impacts from a hypothetical loan to a restaurant:

Positive Impacts	Negative Impacts
Creation of jobs for local citizens	Creates a new source of waste for the neighborhood, including organic and inorganic waste.
Creation of a new buyer for produce and other food served at the restaurant	May create new traffic around meal times.
Creation of a new buyer for restaurant supplies: menus, silverware, tables, chairs, etc.	Increase in particulate emissions from delivery vehicles.
If the location is previously underserved, it may make the lunch hour more efficient for local workers if they do not have to travel as far, also reducing particulate emissions from vehicles.	Increased energy consumption due to the opening of a new business.
Can bring new cuisines to a community.	The use of chlorofluorocarbons for refrigeration.

The degree or magnitude of potential **Environmental and Social (E&S) Risk** is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence. Specific E&S **risks** may be present from a variety of factors such as the issues associated with a client or investee's operations, the industry sector, the regulatory climate, and the geographic context. **E&S Impacts**

refer to any change, potential or actual, to: (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the project activity to be supported, all of which can negatively affect the performance of the client or investee as well as the reputation of the lender. E&S impacts typically include environmental pollution, hazards to human health, safety, and security, impacts to communities, and threats to a region's biodiversity and cultural heritage. **E&S Mitigation Measures** refer to the suite of actions that can be undertaken to minimize exposure to risk and manage negative impacts before they become significant or result in an adverse outcome.<sup>1</sup>

The degree of potential risk, specific E&S risks and impacts, and mitigation measures are summarized in the table below in the context of the ECPCGC.

<b><u>Potential E&amp;S Risks, Impacts, and Mitigation Measures of the ECPCGC</u></b>	
<b>Risks</b>	Failure to comply with the permitting system in OECS countries, which exposes MSMEs and their lenders to regulatory sanctions; poor MSME practice in the control of emissions and waste; poor MSME planning for effects on historical or cultural assets, traffic patterns, community safety, labor health and welfare; gender exclusion and differentiated access to funds for differently empowered groups; failure to provide full access to information about the ECPCGC to all persons; credit risks for lenders, associated liability, and reputation of lenders.
<b>Impacts</b>	Closure of MSMEs, fines or delays, escalation of costs for production, increased insurance cost; environmental pollution, loss of biodiversity or cultural resources; damage to cultural resources; reduced community safety, accidents and injuries to workers; liability of MSME and lender; damaged reputation of MSME and lender from media coverage, citizen campaigns, government investigations.
<b>Mitigation Measures</b>	PLs to screen MSMEs for E&S compliance and performance to verify eligibility; ECPCGC to provide liaison and guidance for regulatory and technical issues; ensure guarantee agreements include E&S requirements; periodically supervise and report. MSMEs to certify accurate information in applications; commit to compliance and good performance; report periodically on E&S matters.

### **Requirements for PLs and MSMEs**

In general terms MSMEs will be required to conform to requirements for E&S performance, and PLs will need to effectively screen the MSMEs, verify their eligibility for the ECPCGC, and ensure that the ESMS requirements are clearly included in the guarantee agreements. The ESMS requirements should be incorporated into the guarantee agreements with PLs, who will need to periodically report to ECPCGC on the status of their E&S management efforts. ECPCGC in turn will ensure that the PLs conform to relevant ESMS requirements.

For PLs requesting to participate in the Guarantee, ECPCGC shall ensure that the PL will follow an adequate environmental and social risk management procedure for MSME financing. The ECPCGC shall require that: (i) the PL implements the agreed upon environmental and social risk management procedure, (ii) the PL includes in the financing agreement with each MSME the environmental and social requirements as established from the implementation of the environmental and social risk procedure, (iii) the PL undertakes appropriate administrative actions commensurate with the level of risk for the MSME investments, (iv) the PL promptly informs ECPCGC when any significant environmental or social issues

<sup>1</sup> <https://firstforsustainability.org/risk-management/understanding-environmental-and-social-risk/>

or regulatory non-compliance occur with a MSME financed, and (v) the PL provides ECPCGC with an annual report on its implementation of the environmental and social risk procedure. Upon execution of the agreement, the PL shall inform ECPCGC of the person designated as responsible for the environmental and social related aspects. If ECPCGC identifies issues related to the PL implementation of the environmental requirements, then ECPCGC shall work with the PL to define appropriate corrective actions. ECPCGC shall take reasonable efforts to provide technical support, as needed, to the PL in its implementation of its environmental risk procedure.

MSMEs also have responsibilities for E&S compliance. They need to provide evidence that they have acquired and keep in force the relevant license or permit, if required as well as take all appropriate steps to protect worker health and safety. ECPCGC and the PLs may also provide technical guidance to MSMEs, such as WBG EHS Guidelines or good practice documents. The objective is to help MSMEs move beyond compliance and on to cleaner production and improved environmental sustainability that would help reduce costs (e.g., due to use of less water and energy, generation of less wastes, higher efficiencies) and also help prevent any future potential environmental problems. These will be made available to MSMEs and may also create MSME financing opportunities should an MSME desire financing to move to cleaner, environmentally friendly, and more sustainable production, for example to attract international investors or enter new markets.

### **Supervision by ECPCGC**

ECPCGC, as a six-person operation, will employ an Environmental and Social Safeguards Specialist to begin the training process for PLs immediately and to be available to provide assistance to PLs and MSMEs in reviewing specific situations.

The ECPCGC CEO will decide any grievances that are submitted to the firm. A Grievance Redress Mechanism to register, track, address and resolve any complaints or related issues has been developed and is included in the Operations Manual. All complaints or related issues can be sent to the Environmental and Social Specialist by email or communicated by telephone. Reported issues should include a name, date and contact information with a detailed description of the case. All reported cases will be logged by the ECPCGC and directed to the appropriate personnel. There will be a normal response time of 7 days for each case, however high-level cases may require up to 14 or more days for a response. The CEO will direct the matter to the attention of the World Bank representatives where necessary. The ECPCGC will maintain a Data Base to log all complaints and to track each from date received to date resolved and highlight how each case was resolved.

### **Screening & Environmental Management Procedures**

The ECPCGC and PLs will use screening and management protocols to reduce E&S risk. The procedures are applicable to MSMEs from a variety of sectors, and have been applied to Caribbean businesses in agriculture, agro-processing, health services, tourism, retail, and light manufacturing. The ECPCGC protocols include technical assistance with OECS permitting systems, and technical assistance and guidance with the control of emissions and waste. The MSME screening and processing procedure involves the following six general steps:

- Compare to Exclusion List
- Check Local Permits
- Assign E&S Risk Category
- Additional Investigation (optional)
- Prepare Guarantee Documentation



- Administration, Evaluation, & Reporting

The Application procedures will follow a set of steps which are designed to ensure that environmental considerations are taken into account, for which the applicable steps must be completed and approved as part of the application process. The forms and procedures can be made available on-line to facilitate the application process.

Annex 1 contains details and guidelines on the screening and management procedures.

## **Training**

Component 2 includes capacity building and technical assistance for lenders. With World Bank assistance, ECPCGC will identify and implement appropriate training on environmental risk management for PLs and periodically for MSMEs.

ECPCGC and PLs may also provide technical guidance to MSMEs, such as WBG EHS Guidelines or good practice documents. The objective is to help MSMEs move beyond the minimum bar of compliance to realizing cleaner production and improved environmental sustainability that would help reduce costs (e.g., due to use of less water and energy, generation of less wastes, etc.) and potential environmental problems. These are made available to MSMEs and may also create MSME financing opportunities should an MSME desire financing to move to cleaner and environmentally more sustainable production.

## **E. Environmental and Social Requirements**

The environmental and social requirements applicable to the Project include:

- Environmental, health and safety laws and regulations in each OECS country
- World Bank Safeguards Policies
- World Bank Group Environment Health and Safety Guidelines (WBG EHS Guidelines) for general and sector specific activities.

### **OECS Country-Specific Environmental Regulatory Requirements**

Loans Guaranteed by ECPCGC will be subject to national environmental, health and safety regulatory requirements in each host country. Most OECS countries utilize environmental laws stemming from their Physical Planning Departments, in concert with a permit and license system. This mechanism is intended to ensure that all facilities and development projects meet the relevant standards and procedures to minimize adverse environmental impacts during construction and operation of a facility. Permits are typically required by persons undertaking new development which falls within a prescribed category. Part of the screening and verification process is to ensure that any national and local permits, if required, are in place by the applicant MSME.

### **World Bank Safeguards**

There are ten World Bank Safeguards Policies<sup>2</sup> as follows:

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<sup>2</sup><http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTSAFEPOL/0,,menuPK:584441~pagePK:64168427~piPK:64168435~theSitePK:584435,00.html>

1. Environmental Assessment OP/BP 4.01
2. Natural Habitats OP/BP 4.04
3. Forests OP/BP 4.36
4. Pest Management OP 4.09
5. Physical Cultural Resources OP/BP 4.11
6. Indigenous Peoples OP/BP 4.10
7. Involuntary Resettlement OP/BP 4.12
8. Safety of Dams OP/BP 4.37
9. Projects on International Waterways OP/BP 7.50
10. Projects in Disputed Areas OP/BP 7.60

The OECS MSME PCG project triggers<sup>6</sup> of the 10 safeguard policies, as detailed below.

### **Environmental Assessment (OP/BP 4.01)**

The project triggers Safeguards Policy **OP/BP 4.01 (Environmental Assessment)** given the potential for negative environmental and social impacts. The Project is classified as **Category FI** per OP/BP 4.01.

The specific individual MSME projects to be financed under the Project will not be known until after Project approval; however, regional experience suggests that agriculture and agro-processing, small scale light manufacturing, construction and real estate development, tourism, and business services will be priorities. High-risk (Category A) MSMEs as well as those on the IFC Exclusion List will be screened out, so that the potential environmental impacts associated with the likely (presently anticipated) type of MSMEs to be engaged should be relatively minor to moderate, and should not involve significant environmental impacts, and with appropriate standard mitigation measures the potential negative impacts should be managed appropriately. An ESMF has been developed to manage the potential associated environmental and social impacts and risks, to establish requirements both at the ECPCGC Facility level and at the PL and MSME levels. Additional screening/exclusion criteria are included in the ESMF to identify any project that would trigger an additional Safeguards Policy or a defined high-risk sectors. The ESMF does not exclude these project types but does require that the ECPCGC facility or individual PLs would have to perform the additional necessary due-diligence to confirm compliance with requirements, or alternatively lists some of these as financeable but requiring an adequate environmental and social impact evaluation and management by the specific MSME and an adequate level of due-diligence and supervision by the individual banks (PLs) and the ECPCGC commensurate with the level of project-specific MSME risk.

The ESMF outlines measures to protect workers and promote safe and healthy working conditions in line with this Policy related to MSMEs financed, the ECPCGC Facility and the PLs. In addition, the types of MSME activities that presently are anticipated to receive a guarantee are not expected to have significant community safety issues; however, the ESMF will include appropriate mechanisms for screening and impact management (e.g., related to transport/road safety, emergency response). As needed, the ESMF excludes certain project types (e.g., those involving use of security personnel, transport of significant quantities of hazardous materials) given the likelihood that the ECPCGC facility or individual banks would likely not be in a position to perform the necessary due-diligence to confirm requirements with these in line with this requirement. Finally, pollution prevention and response to accidents involving pollutant releases are addressed as part of ESMF. The expected projects associated with MSMEs are not anticipated to generate significant impacts on air quality, water quality, solid waste, and noise level, etc., but if such situations are identified then the MSME must adequately address them using World Bank EHS Guidelines, or in-country laws, whichever is more stringent.

### **Pest Management (OP4.09)**

The Safeguards Policy on **Pest Management (OP4.09)** is also triggered, given the importance of agriculture to MSMEs in the OECS and the associated need for the use and purchase of pesticides. To ensure that harmful pesticides are not used, the policy requires that any pesticide it finances be manufactured, packaged, labeled, handled, stored, disposed of, and applied according to standards acceptable to the World Bank, and excludes certain formulated products, as well as requiring training, equipment, and facilities to handle, store, and apply these products properly.

Any MSME activity with significant pest management issues must prepare a separate Pest Management Plan (PMP) using the guidelines in Annex 2 of this ESMF.

#### **Natural Habitats (OP/BP 4.04)**

This policy strictly limits the circumstances under which any Bank-supported project can affect or alter natural habitats (land and water areas where most of the native plant and animal species are still present) as well as parks, natural areas, or other declared protected areas. Projects must avoid, minimize, restore, or offset any activities that cause degradation of natural habitat. Projects that would cause significant conversion or degradation of critical natural habitat (legally protected areas, or those with high conservation value) are not eligible for funding.

This policy has been triggered because of the prevalence of ecotourism-related MSMEs in the OECS, which can negatively affect natural habitat. Screening criteria exclude any projects that could potentially significantly affect natural habitat, protected or sensitive areas, or forest resources or their management. If identified as a concern, the MSME must provide evidence that the appropriate mechanisms for impact management are in place, through expanded due diligence by PLs and the completion of any additional safeguards studies indicated by the policy guidance.

#### **Forests (OP/BP 4.36).**

Projects that involve forest management or harvesting would trigger this policy. Some MSMEs expressed strong interest in projects involving the planting and harvesting of bamboo products and teak trees on private lands. If activities of MSMEs would involve changes in the management or use of forest resources, then World Bank requirements for additional assessment and/or preparation of a Forest Management Plan are referenced.

#### **Physical Cultural Resources (OP/BP 4.11)**

This policy seeks to avoid, or mitigate, adverse impacts on cultural resources (movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance) from development projects that the World Bank finances. For all projects, a chance-find procedure is required for all projects with earth-moving activities (excavation, trenching, grading, or plowing) to stop work and notify authorities to prevent damage or destruction of these resources if encountered. In addition, if a project may affect physical cultural resources, measures to minimize or mitigate effects must be included in an EIA or other assessment process.

#### **OP4.10 Indigenous Peoples**

The Bank's role in designing the ECPCGC triggered World Bank Operational Manual 4.10 requirement to undertake the preparation of an Indigenous Peoples Plan (IPP)<sup>3</sup> where Bank financed projects are being implemented in countries with indigenous populations. This IPP ensures non-differentiated participation of Kalinago Territory (KT) MSMEs in the OECS PCGS, or put another way, to ensure the land tenure system in the territory which prevents MSMEs from using land as collateral to secure MSME financing does not deny KT MSMEs equal access and opportunity under the scheme when compared to non-indigenous applicants anywhere in the OECS. The IPP represents the bank's consultancy to prepare the IPP with the indigenous peoples of the Kalinago Territory (KT) in the Commonwealth of Dominica.

Preparation of the IPP included engagement of the indigenous people and their MSMEs in bilateral and community consultations inside the KT where details about the OECS PCGS were provided to the community. In addition, bilateral consultations were had with Financial Lending Institutions and Government Support Program Stakeholders in Dominica's MSME Environment. Following these consultations, a draft IPP was prepared and reviewed by the community and the bank. Following these revisions, the IPP was finalized.

Access to finance is necessary for MSME development in the KT. The inability to use land as collateral to increase access to finance for business development places limitations upon MSMEs especially where alternative options for collateral are limited. This is a critical finding and the proposed PCG project will be designed so that all applicants from the Community are evaluated fairly given this overarching Community constraint that cannot be overcome by any single individual. In addition to the use of land as collateral constraint, the community and all other stakeholders consulted concluded that lack of business acumen and related business development capacity constraints in the KT is an equal if not larger deficit the community will have to overcome. The bank is so mindful and recognizes that the Technical Assistance footprint of the OECS MSME PCGS will have to be deeper and longer in the KT.

The loan application process from a participating financial institution will contain fields to capture the community land constraint of members of the Kalinago Community that reside in and outside the Territory. Such applicants will receive an evaluation that takes this institutional limitation (lack of individual land titles) into account by overweighing other factors – such as the strength of the business plan, the projected and current cash flows, management experience and years in business. A debt service coverage ratio of 150% or higher would be a significant positive factor. Additionally, focused and concentrated capacity development of MSMEs in business and entrepreneurship will be required by the contracted TA provider and state support programs.

The CEO has been tasked with the responsibility of resolving any issues that arise with relation to serving businesses located in the KT. The Environmental and Social Safeguards Specialist will be the first point of contact and will be available to receive complaints.

#### **OP4.12 Involuntary Resettlement**

The World Bank (WB) Policy on Involuntary Resettlement, OP 4.12 will not apply to this project. Thus, the project will not finance investments that result in direct economic and social impacts through the: (i) involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, or loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (ii) involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

Any MSMEs to be financed as part of this project or at a later stage will be on MSME privately owned

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<sup>3</sup> This was disclosed publicly in November 2017 and the link was shared

land or land purchased through willing-seller and willing-buyer. For land purchases through willing-seller and willing-buyer approach, land acquisition must occur by mutual agreement in exchange for a notarized purchase contract based on the market price at the date of acquisition.

In order to ensure OP 4.12 is not triggered, OP 4.12 will be part of the exclusion list and excluded through a rigorous screening process for potential future investments. In addition, the Environment and Social Risk Management Specialist to be hired as part of the ECPCGC will provide the PLs with training on OP 4.12 and the screening process.

### **Other Safeguard Policies**

Screening and exclusion criteria are provided to ensure that any MSMEs or activities that would trigger any other World Bank Safeguard Policies (other than the six described above) would not be eligible for funding under the project.

These additional screening and exclusion criteria (listed in Annex 1, part II.A) would exclude any projects related to the construction or rehabilitation of dams (which could trigger the policy for Safety of Dams OP/BP 4.37). Projects affecting International Waterways (OP/BP 7.50) are also excluded as well as those in disputed areas (OP/BP 7.60).

### **World Bank Group EHS Guidelines**

WBG has developed guidelines for Environment, Health and Safety (EHS) that serve as useful references for general issues as well as sector-specific activities.<sup>4</sup> MSMEs can utilize these guidelines as referenced compliance standards for emissions, waste management, and good industry practice. Some OECS countries may have developed standards for many specific industrial activities, which would also apply. In the case of duplication of compliance standards, the more stringent shall apply. In general, the WBG EHS Guidelines are applied to more complex projects with potentially significant emissions, discharges, or other environmental issues.

## **F. Project Environmental and Social Management**

Lenders must have the capacity to use the questionnaire provided by the ECPCGC to determine if an MSME client meets World Bank requirements regarding environmental and social responsibilities. The intent is to leverage the lender's existing environmental review process to develop the information necessary for the questionnaire.

It is important that the operations of businesses assisted by the ECPCGC do not harm the environment or affect social aspects negatively. The restrictions on the types of businesses that are eligible address most environmental issues. ECPCGC should be contacted prior to submission of an application if the lender has any questions regarding whether a particular loan meets the environmental criteria.

ECPCGC is willing to provide a decision prior to undertaking the expense of an environmental review. In such cases, ECPCGC will either determine an application will be declined or will provide a conditional approval, based on the results of the environment review.

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<sup>4</sup><http://www.ifc.org/ehsguidelines>

All social requirements of businesses must be current at the time of application. Loans may not be disbursed if a business is not current on its obligations to the government. The final step for the Credit Officer is to write up a Loan Officer's Report containing basic facts about the case and the recommendation by the Credit Officer. The report should also contain a justification for reaching the proposed recommendation and any special loan conditions that the Credit Officer thinks are appropriate for the application including compliance with environmental or social safeguards.

Social safeguards also include ensuring the protection of the cultural heritage of all residents of the OECS as well as making sure that projects financed do not treat people unfairly. An example of unfair treatment would be the forced sale of land at other than a market price. There is additional information regarding social safeguards in Annex V.

### **Implementing Agency**

ECPCGC, as a six-person operation, will employ an Environmental and Social Safeguards specialist to begin the training process for PLs immediately and to be available to provide assistance to PLs and MSMEs in reviewing specific situations. Outreach to PLs and MSMEs will also be handled by this specialist.

The ECPCGC will grow to a total of six people and will rely on an Environmental and Social Safeguards Specialist to handle these key areas. During the first year of operation, E&S training will be a priority of this staff member to make sure that PLs have adequate screening, (including a tool to determine if MSMEs can manage the E&S risks associated with their business), documentation and reporting protocols in place consistent with the ESMF requirements.

## **Annex 1: Environmental Procedures**

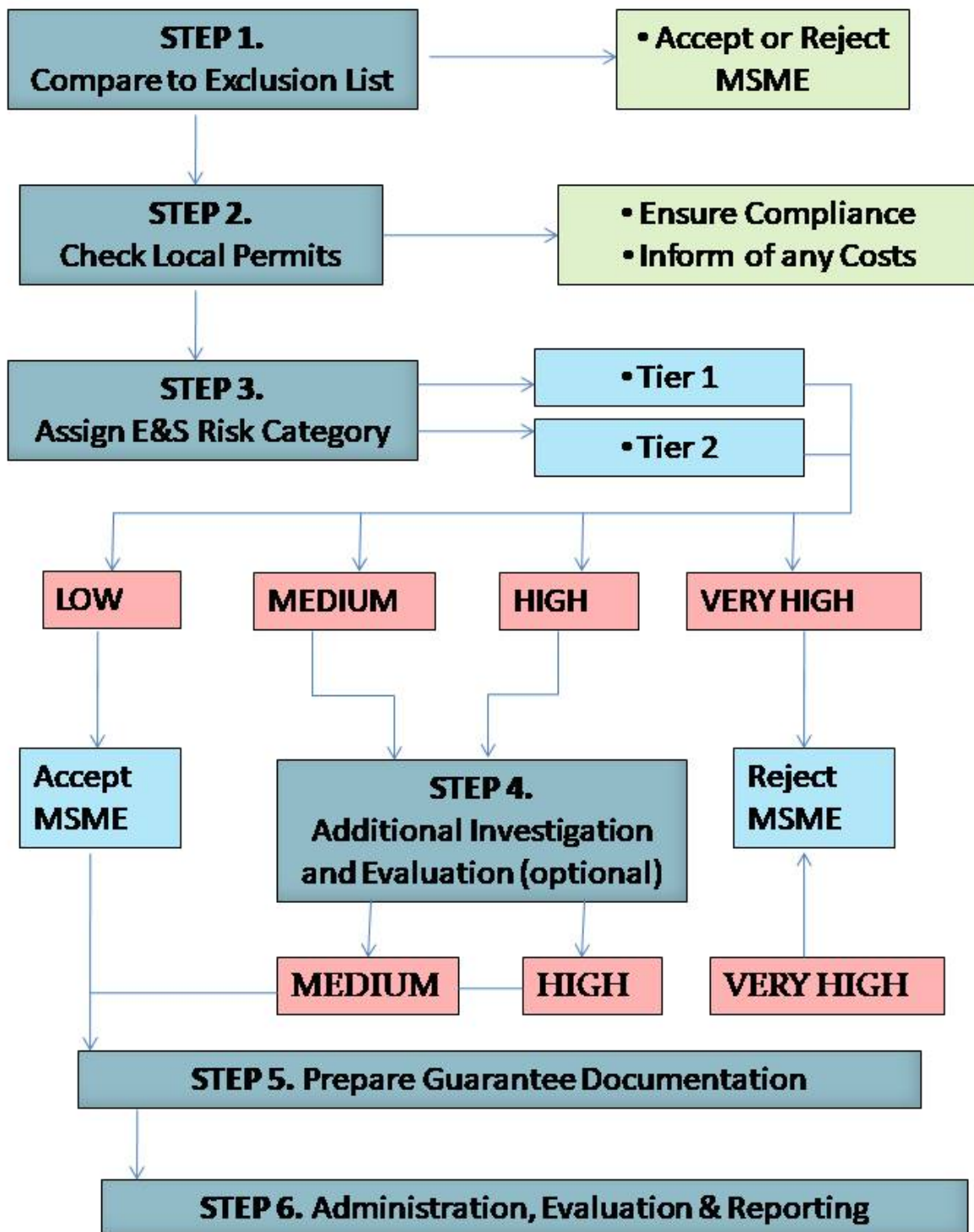
The ECPCGC and PLs will use screening and management protocols to reduce E&S risk. The procedures are applicable to MSMEs from a variety of sectors, and have been applied to Caribbean businesses in agriculture, agro-processing, health services, tourism, retail, and light manufacturing. The ECPCGC protocols include technical assistance with OECS permitting systems, and technical assistance and guidance with the control of emissions and waste. The MSME screening and processing procedure involves the following five general steps:

- Compare to Exclusion List
- Check Permit status
- Assign E&S Risk Category
- Additional Investigation (optional)
- Prepare Guarantee Documentation
- Administration, Evaluation, & Reporting

The Application procedures will follow a set of steps which are designed to ensure that environmental considerations are taken into account. The steps are summarized in Figure 1, below, for which the applicable steps must be completed and approved as part of the application process. The forms and procedures can be made available on-line to facilitate the application process.

### **Steps in the MSME Application Process**

<b>Step</b>	<b>Activity</b>	<b>Performed by:</b>	<b>Timeline</b>	<b>Verified by:</b>
1	Compare to Exclusion List	PL	1 day	ECPCGC
2	Check permit status	PL	7 days	ECPCGC
3	Assign E&S Risk Category	PL	7 days	ECPCGC
4	Additional Investigation (optional)	PL/Consultant	Varies by risk category	ECPCGC
5	Prepare Guarantee Documentation	PL	14 days	ECPCGC
6	Administration, Evaluation & Reporting	PL	Quarterly/Annually	ECPCGC & WBG





## Step 1 – Compare to Exclusion List

The following project activities are not eligible for financing because they would either trigger additional Safeguards Policies or contravene the safeguards parameters of the program with World Bank by triggering additional policies; or, because they are listed on the World Bank Group Exclusion List.

Activities excluded due to additional policy triggers:

- Projects that would be classified as Category A (Very High Risk) under the World Bank OP/BP 4.01
- Projects that would involve conversion or degradation of critical natural habitats
- Projects that would directly or indirectly involve the construction of a dam greater than 10 meters in height or the use of water from a dam greater than 10 meters in height
- Projects on international waterways
- Land acquisition that would involve involuntary resettlement or land acquisition <sup>5</sup>

Activities excluded due to WBG Exclusion List:

- Those that are illegal under country laws, regulations or ratified international conventions and agreements
- Weapons and munitions
- Alcoholic beverages (excluding wine and beer)<sup>6</sup>
- Tobacco<sup>7</sup>
- Gambling, casinos and equivalent enterprises<sup>8</sup>
- Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)<sup>9</sup>
- Radioactive materials<sup>10</sup> or unbounded asbestos fibers<sup>11</sup>
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest<sup>12</sup>
- Polychlorinated biphenyl compounds (PCBs, a class of synthetic organic chemicals)

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<sup>5</sup>Investments will not be financed that trigger OP 4.12, which have a direct economic and social impacts through the: (1) involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, or loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (2) involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

<sup>6</sup>This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies total annual revenue

<sup>7</sup> This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies total annual revenue

<sup>8</sup> This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies total annual revenue

<sup>9</sup>[www.cites.org](http://www.cites.org)

<sup>10</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source is to be trivial and/or adequately shielded

<sup>11</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

<sup>12</sup> Primary forest is defined as relatively intact forest that has been essentially unmodified by human activity for the previous 60 to 80 years; and Tropical moist forest is generally defined as forest in areas that receive not less than 100 mm of rain in any month for two out of three years and have an annual mean temperature of 24°C or higher.

- Pharmaceuticals subject to international phase outs or bans<sup>13</sup>
- Pesticides/herbicides subject to international phase outs or bans<sup>14</sup>
- Ozone depleting substances subject to international phase out<sup>15</sup>
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
- Transboundary trade in waste or waste products<sup>16</sup>, except for non-hazardous waste destined for recycling
- Persistent Organic Pollutants (POPs)<sup>17</sup>
- Non-compliance with workers fundamental principles and rights at work<sup>18</sup>
- Significant degradation of a National Park or similar protected area<sup>19</sup>
- Real estate speculation

If any of the MSME activities fall under the above list, then they are not eligible to participate in the ECPCGC because they are either illegal or represent unacceptably high E&S risk.

## Step 2 – Check Local Permit Status

Most OECS countries utilize environmental laws stemming from their Physical Planning Departments, in concert with a permit and license system. This mechanism is intended to ensure that all facilities and development projects meet the relevant standards and procedures to minimize adverse environmental impacts during construction and operation of a facility. Permits are typically required by persons undertaking new development which falls within a prescribed category. Part of the screening and verification process is to ensure that any national and local permits, if required, are in place by the applicant MSME.

A list of activities requiring Environmental Licenses or Permits can be obtained from the Physical Planning Departments in each host country. In cases of questions an enquiry can be made to provide a determination

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<sup>13</sup> Pharmaceutical products subject to phase outs or bans in United Nations, *Banned Products: Consolidated List of Products Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or not Approved by Governments*. (Last version 2001, [www.who.int/medicines/library/qsm/edm-qsm-2001-3/edm-qsm-2001\\_3.pdf](http://www.who.int/medicines/library/qsm/edm-qsm-2001-3/edm-qsm-2001_3.pdf))

<sup>14</sup> Pesticides and herbicides subject to phase outs or bans included in both the Rotterdam Convention ([www.pic.int](http://www.pic.int)) and the Stockholm Convention ([www.pops.int](http://www.pops.int)).

<sup>15</sup> Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized ‘ozone holes’. The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. ([www.unep.org/ozone/montreal.shtml](http://www.unep.org/ozone/montreal.shtml)).

<sup>16</sup> Define by the Basel Convention ([www.basel.int](http://www.basel.int)).

<sup>17</sup> Defined by the International Convention on the reduction and elimination of persistent organic pollutants (POPs)(September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene ([www.pops.int](http://www.pops.int))

<sup>18</sup> Fundamental Principles and Rights at Work means (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examinations; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin. (International Labor Organization: [www.ilo.org](http://www.ilo.org))

<sup>19</sup> In addition to in-country designated areas, other areas include: natural World Heritage Sites (defined by World Heritage Convention, <http://whc.unesco.org/nwhc/pages/doc/main.htm>), United Nations List of National Parks and Protected Areas, designated wetlands of international importance (defined by Ramsar Convention, [www.ramsar.org](http://www.ramsar.org)), or selected areas (e.g., strict nature reserves/wilderness areas, natural parks, natural monuments or habitat/species management areas) defined by IUCN (International Conservation Union, [www.iucn.org](http://www.iucn.org)).

of whether or not a License or Permit is needed. The list below is intended to assist PLs in their screening of whether or not a Permit would be required by a particular MSME applicant and is adapted from Physical Planning Department's listing in certain OECS countries. An example from Grenada's (2002) Physical Planning and Development Control Act, Part 4 section 25(2) follows:

1. Hotels of more than 50 rooms
2. Sub-divisions of more than 10 lots
3. Residential development of more than 25 units
4. Any industrial plant which in the opinion of the Authority is likely to cause significant adverse environmental impact
5. Quarrying and other mining activities
6. Marinas
7. Land reclamation, dredging and filling of ponds
8. Airports, ports and harbors
9. Dams and reservoirs
10. Hydro-electric projects and power plants
11. Desalination plants
12. Water purification plants
13. Sanitary landfill operations, solid waste disposal sites, toxic waste disposal sites and other similar sites
14. Gas pipeline installations
15. Any development generating or potentially generating emissions, aqueous effluent, solid waste, noise, vibration or radioactive discharges
16. Any development involving the storage and use of hazardous materials
17. Any coastal zone development
18. Any development in wetlands, marine parks conservation areas, environmental protection areas or other sensitive environmental areas.

Note that prescriptive lists will vary from OECS country to country, so the PL must check with the Physical Planning Department or relevant authority.

Local authorities will also require building and/or zoning permits for projects which change land use, emissions, or require construction. The Applicant must provide any relevant business license or other required permit to demonstrate that they are in compliance with the applicable local regulations.

The Applicant should attach evidence of any existing Environmental Permit or License, business license, or other relevant documentation that the Applicant is in compliance with country law. In most cases it is expected that the applicant's current Permit status is current and no updating, renewal, or new permitting is required. However, in some cases a Permit may be required but has not been obtained or is not current; and in such case the PL shall require evidence that such applicants have begun that process in good faith. Such evidence may include the filing of a project brief or conceptual plan, the filing of a Permit Application, or a Compliance Plan filed with the relevant authority.

### **Step 3 – Assign E&S Risk Category**

Up to two forms are required to be completed in order to determine the E&S Risk Category of the MSME. The "Tier 1" form identifies Low-Risk MSMEs, and the "Tier 2" form discriminates between Medium- and High-Risk MSMEs.

With assistance and information from the MSME, the PL will prepare the following “Tier 1” E&S Information Form. The “Tier 1” Form must be completed for every ECPCGC application. The MSME must review, accept, and certify the information in the “Tier 1” E&S Information Form as True, Complete and Correct. **Failure to provide accurate information may result in denial of claims by the ECPCGC.**

### **Tier 1 E&S Information Form**

<b><u>Query</u></b>	<b><u>Yes</u></b>	<b><u>No</u></b>	<b><u>Not Known</u></b>
1. Does the MSME need a License or Permit under national law? and if so, is the License or Permit expired, out-of-date, in bad standing, or revoked?			
2. Does the MSME have outstanding fines, fees, penalties, claims, or actions?			
3. Is the MSME property contaminated with drums, pits, stockpiled chemicals? or does the property have spills, stained soils, dead vegetation, polluted waterways, or other evidence of contamination or pollution?			
4. Are there media reports or complaints from the public, the local community, or NGOs about the MSME’s activities (current or proposed)?			
5. Does the MSME have emissions to the atmosphere (dust, odors, fumes) or significant emissions of noise?			
6. Does the MSME have discharges to waterways (streams, ponds, wetlands)?			
7. Is the MSME located in a natural area (forest, park, Government Reserve) near a protected area, or in an area with well-preserved vegetation?			
8. Will the MSME affect coastal or marine areas (seagrass, reefs) or involve aquaculture, fishing, or harvesting of sea resources?			
9. Does the MSME store, produce, or use hazardous materials (explosive or flammable gas, pesticides or herbicides, or toxic or reactive substances)?			
10. Will the MSME affect areas of known local, national or regional cultural or heritage resources (historic structures, antiquities, or landmarks)?			
11. Could the MSME activities (current or proposed) significantly affect traffic, noise, or public safety, particularly near schools, hospitals, or sensitive zones?			
12. Does the MSME violate national law or good practice for occupational health and safety, industrial hygiene, and employee well-being?			
13. Has the MSME been involved with any significant accidents, incidents, fatalities, or worker health and safety problems in the last three years?			
14. Will the MSME activities (current or proposed) require land acquisition (other than willing buyer-seller at market price), reduce other people’s access to economic resources (land, water, pasture, crops) upon which they rely, require taking of crops or temporary occupation of lands, or evict squatters?			
15. Might the MSME adversely affect vulnerable people and underserved groups (e.g., elderly poor pensioners, physically challenged, women, particularly head of households or widows, etc.) living in the area?			
16. Will the activity rely on local labor or require significant labor influx and how much?			
17. Does the MSME require construction or reliance upon a dam or reservoir higher than 10 meters, or affect rivers or water bodies between countries?			
18. Is the project being financed located in the Kalinago Territory or is the principal loan applicant of the Kalinago Community?			

If the response to each of the queries in the “Tier 1 E&S Information Form” is negative, then the MSME is automatically considered as **Low Risk** and no further assessment is needed though it should be noted that World Bank EH&S guidelines are the standard of reference. In these cases, the Application moves directly to the ESHS Specialist for a review of the case to ensure that there are no ESHS issues.

If any of the responses to queries 1 through 12 are in the affirmative, then the MSME is either **Medium-Risk** or **High-Risk**, and the Application moves forward to the “Tier 2” questionnaire, below. If any of the responses are “Not Known” then the PL must further investigate with the MSME, either through an informal query process or by advancing the Application to Step 3.

If the response to items 14, 15, 16 or 17 is in the affirmative, then the MSME is considered ineligible due to excessive E&S risk and participation with ECPCGC is automatically rejected.

If the answer to question 18 is yes, seek additional guidance from the ECPCGC regarding funding loans in the Kalinago Territory as more attention will be placed on cash flows and an assessment will be made as to impact of the loan application from the lack of individual property ownership in the Kalinago Territory.

### **Tier 2 E&S Information Form**

<b><u>Query</u></b>	<b><u>Yes</u></b>	<b><u>No</u></b>	<b><u>Not Applicable</u></b>
1. Does the MSME engage in work in the following sectors: Large-scale agriculture Mining or Quarrying Chemical processing Waste management (solid or liquid) Oil and gas processing, storage, transportation, or sale Civil works and infrastructure (water supply, roads, electricity) Development or conversion of previously undeveloped land Fishing, aquaculture, or silviculture Manufacturing of textiles, leather, metals, or plastics Other “high risk” sectors (see guidance notes) <sup>20</sup>			
2. If the MSME has emissions to the air or atmosphere (dust, odors, fumes), are the concentrations and volumes monitored and measured, and do they meet national standards and WBG EHS Guidelines?			
3. If the MSME has noise emissions, are the levels measured and do they meet national standards and WBG EHS Guidelines?			
4. If the MSME has discharges to waterways (streams, ponds, wetlands), are the discharges monitored and measured, and do they meet national standards and WBG EHS Guidelines?			
5. If the MSME will use pesticides or herbicides, is there a Pest Management Plan in conformance with WBG guidelines (see section IV.C)?			
6. If the MSME located in a natural area (forest, park, Government Reserve) near a protected area, or in an area with well-preserved vegetation, is there an assessment of any potential impacts, or other convincing evidence (reports, studies, or EIA for Permit) that negative impacts will not occur?			
7. If the MSME may affect coastal or marine areas (seagrass, reefs) or involve aquaculture, fishing, or harvesting of sea resources, is there an assessment of			

<sup>20</sup>Relative to Query 1, certain industry sectors carry low, medium, and relatively high E&S risks and/or impacts. “Default” values (Low, Medium or High) can be found using the guidance notes for risk categorization by sector: <https://firstforsustainability.org/risk-management/risk-by-industry-sector/> for WBG guidance of most sectors, especially medium-sized enterprises; [www.ebrd.com/downloads/about/sustainability/ebd-risk-english.pdf](http://www.ebrd.com/downloads/about/sustainability/ebd-risk-english.pdf) for European Bank for Reconstruction and Development guidance of small and medium enterprises; and/or <https://www.fmo.nl/estoolkit> (download “English Field Guide”) for Dutch Development Bank guidance for most micro- and small enterprises.

any potential impacts, or other convincing evidence (reports, studies, or EIA for Permit) that negative impacts will not occur?			
8. If the MSME may affect areas of known local, national or regional cultural or heritage resources (historic structures, antiquities, or landmarks), is there an assessment of any potential impacts, or other convincing evidence (reports, studies, or EIA for Permit) that negative impacts will not occur?			

If the response to any item in Query 1 is affirmative, or if the response to any of Queries 2-8 is negative then the MSME is automatically considered **High-Risk**. If responses to Query 1 are negative, and responses to Queries 2-8 are positive or not applicable, then the MSME is considered **Medium-Risk**.

MSMEs deemed Medium-Risk may be subject to additional assessment or investigation as appropriate, in the judgment of the ECPCGC Officer. All MSMEs deemed High-Risk must be subject to an additional assessment, as described in Step 3 below.

Note that the assignment of E&S Risk Categories using Tier 1 and 2 forms is subjective and will require the use of professional judgment by the ECPCGC Officer, who may elect to seek supporting or expert opinion as is deemed necessary or appropriate on a case by case basis. ECPCGC may adjust the questions and logic for risk assignment from time to time based on experience and judgment, taking into account such factors as scale of the enterprise, location in or near protected areas or other sensitive areas, complaints or violations noted, or other information in the screening forms.

### Step 3 – Additional Investigation (Optional)

If a guarantee application should involve any factors that may represent potential significant or material environmental or social risks, as determined from Step 2 above, then additional investigation is warranted by ECPCGC and/or participating PLs. This may apply to a Medium-Risk MSME and will always apply to a High-Risk MSME. Additional investigation may be limited to the review of additional information, plans, studies, permits or assessments, but must be done in a manner that keeps in mind the cultural heritage of the different islands and especially that of the Kalinago Community. The investigation may also include a site visit, audit, facility inspection, or other physical review. Regardless of the mechanism chosen, the investigation must determine if there is any negative impact on the environment or local population. Given the geography of the OECS it is expected that local PLs may contract independent third-party specialists to conduct such reviews in many cases.

Additional assessment studies (EIA, Audits, Permit requirements, Pest Management Plans, or other documents) may also be provided by the MSME as evidence of good practice, compliance, or satisfactory resolution of any E&S issues identified in Tier 2 screening.

A site visit, audit, or inspection will help assess the state of the company operations, in particular social issues such as housekeeping, worker health and safety, environmental health and safety, and human resources management issues. Any such site visit, audit or inspection must take into context the cultural heritage of the local population, especially in the Kalinago Territory. Site visits must be made to all companies where the E&S Risk Status has been deemed as High-Risk. A site visit checklist should be used in conjunction with the relevant and applicable WBG EHS Guidelines (general and sectors) with equivalent or supporting information from other sources (e.g. ESAT, EBRD or FMO checklists or fact sheets, available from the previously referenced websites) to ensure that any negative impact is either eliminated or reduced to the maximum extent possible.

The results of the additional investigation can then be used to inform and revise the final determination of E&S Risk Status. Special attention must be paid to the cultural heritage of the Kalinago Community and

the step necessary to preserve that heritage. The ECPCGC Officer will assign a final category of Medium-Risk or High-Risk based on experience and judgment, as well as expert advice where needed.

As a result of the additional investigations, there may be recommendations for E&S actions, special conditions such as updating a monitoring plan, or other requirements to improve MSME performance, update compliance status, or otherwise reduce E&S risk. In these cases, the PLs and/or ECPCGC will include recommendations in the guarantee documentation that address any social issues or other negative impacts that were identified, and require periodic reporting on these recommendations or special conditions. This will normally be the case for High-Risk MSMEs which have complex or sensitive E&S situations.

#### **Step 4 - Documentation**

Following the evaluation and documentation of E&S risk, PLs are in a position to accept the MSME's participation in the ECPCGC, subject to conditions that will describe measures being taken to control the risk, or to reject the MSME's participation due to unacceptably high E&S risk.

The outcome of the environmental and social risk evaluation is summarized and included in the documentation submitted in the approval package, as follows:

- MSMEs deemed Low-Risk will only require the use of standard, general conditions.
- MSMEs deemed Medium-Risk will require the standard, general conditions, and any special requirements if deemed necessary by the ECPCGC and/or PL.
- MSMEs deemed High-Risk will require the standard, general conditions, as well as all of the actions, monitoring plans, permit updates, periodic audits, and other necessary information from the additional investigation conducted after the Tier 2 appraisal.

The standard language relative to environmental and social matters appears below and will be included in all guarantee documentation, as general conditions for participation in the ECPCGC. The ECPCGC and/or PL may adjust the language of the conditions as deemed necessary or appropriate, using subjective judgment and professional experience, calling upon the advice of peers or third parties as deemed prudent. Additional conditions will be written by the ECPCGC and/or PL Officer on a case by case basis, taking into account the regulatory requirements, findings of the site visit, or other information. Reporting by the MSMEs shall also include updates and status reports on any of the relevant or special conditions described herein.

#### ***Representations and Warranties***

(i) the Participant's operations and activities are in compliance with all applicable environmental, health and safety regulatory requirements; (ii) the Participant's operations and activities do not involve any activity included in the List of Excluded Activities; and (iii) with respect to the Participant's operations and activities, to the best of its knowledge and belief after due-inquiry, there are no substantial or material liabilities, claims or unmitigated risks to the Participant's employees, buildings or offices, or assets due to environmental, occupational health and safety or labour related issues.

#### ***Covenants***

The MSME shall:

- (i) Maintain all operations and activities in compliance with all applicable environmental, health and safety regulatory requirements, including laws, regulations and applicable permits/authorizations;
- (ii) Ensure that all required permits are obtained and in force through the life of the agreement

- (iii) Not undertake any operation or activity included in the List of Excluded Activities;
- (iv) Ensure that potentially adverse project-related environmental effects, from wastewater effluent, surface drainage and air emissions, and any other potential damage to the natural environmental, are adequately and mitigated.
- (v) With respect to the MSME's employees, buildings and offices, and assets, take all reasonable and prudent actions to avoid substantial or material liabilities, claims or unmitigated risks due to environmental, occupational health and safety or labour related issues, and if such event does occur, take the appropriate and reasonable actions to adequately resolve and mitigate such liability, claim or risk.
- (vi) Ensure that appropriate health and safety and environmental protection measures, are being used in connection with the implementation and operation of the facilities
- (vii) Promptly notify the Lender of any incident or accident relating to its operations which could have a significant or material adverse effect on the environment or worker health and safety, such as worker health and safety accident resulting in death, hospitalization or more than 5 days of loss worker time, material environmental health and safety regulatory non-compliance. The notification should include actions to resolve the issue/incident.
- (viii) Submit within 45 days after the end of the calendar year, a statement on environmental and worker health and safety performance, including current status of compliance with all applicable environmental and worker health and safety regulatory requirements, summary of actions any incidents of non-compliance in the last calendar year, list of any material public complaints or any material legal claims related to environment, health or safety.

#### ***Environmental, Health and Safety Permits, Laws and Regulations***

- (i) The MSME shall ensure that all required permits are obtained and in force through the life of the agreement. Where applicable the MSME shall ensure that potentially adverse environmental effects, from wastewater effluent, surface drainage and air emissions, and any other potential damage to the natural environmental, are adequately permitted and mitigated in the operation, and maintenance of project facilities.
- (ii) The MSME shall ensure that appropriate health and safety and environmental protection measures, are being used in connection with the implementation and operation of the facilities.
- (iii) Additional recommendations from the site visit or by the environmental expert audit may include as applicable the following optional conditions or restrictions;
  - (a) as applicable, any project specific environment clause which should be added to the MSME finance agreement; and
  - (b) as applicable, any project specific administrative measures (i.e., if supervision by PL or reporting by MSME is required)

#### ***Reporting***

The MSME shall furnish to the Bank immediate notice (within 3 days) of any incident or accident relating to its operations which had an adverse effect on the environment or worker health and safety. In particular, such adverse effect is deemed to have occurred;

- (a) Where the applicable law requires notification of the accident/incident to the authorities;
- (b) Where the accident/incident involves fatality of worker(s) or multiple serious injury requiring hospitalization.

The MSME shall submit to the PLs and/or ECPCGC, as soon as available, but in any event within (...) days after the end of the (financial) year, an annual report on environmental and worker health and safety matters relating to the project and its operations, in a form satisfactory to the Bank, which shall include copies of any information on environment matters that the Company may have to make available to the authorities and, in any event:



- (a) The current status of environmental and worker health and safety permits, licenses or other approvals required for (...) operations [including copies of renewals or modifications of any such approvals].
- (b) A summary of incidents of non-compliance with the application environmental law, [including legal or administrative action or proceedings involving the MSME or fines, penalties or increased charges imposed on the MSME].
- (c) Progress made on the implementation of any improvements recommended for environmental management or performance.
- (d) Worker health protection and safety initiatives [including training programs] taken by the MSME.
- (e) Public complaints/representation, if any.

The report shall state the steps taken or proposed by (...) to address any problems in the above areas, and shall identify the person at the company with overall responsibility for environmental health and safety matters.

#### *Special Conditions*

In addition to the standard conditions above, the following requirements are included to take into account the regulatory requirements, findings of the site visit, or other information, with the general goals of : 1) updating permit status (including the process of acquiring new permits or licenses); 2) fulfilling the requirements of a Compliance Plan, if applicable; 3) performing periodic Audits of the facility to verify progress and document advances towards improving compliance status; 4) other conditions as appropriate and prudent to ensure that the Participant is fulfilling the intent to achieve full compliance status with laws, regulations, permit conditions, or compliance plans, as applicable. Reporting by the MSMEs shall also include updates and status reports on any of the relevant or special conditions described herein.

These conditions ... (are not applicable / include the following:) ...

- (a) Updating permit status
- (b) Performing periodic compliance audits
- (c) Adhering to recommendations of reports, studies, or assessments
- (d) Other

### **Step 5 - Administration, Evaluation and Reporting**

As part of administration, ECPCGC will maintain information on MSME performance in its portfolio, and will require PLs to do the same. The ECPCGC will require the following information of PLs annually, and will provide a summary report annually with the following information for the MSME portfolio funded by the project:

1. Breakdown of portfolio by type of transaction, industry sector and environmental risk classification (low, medium and high environmental risk MSMEs).
2. Describe how environmental procedures have been integrated into the transaction approval process.
3. Give details of any transaction rejected on environmental grounds, in particular, for actual or perceived non-compliance.
4. Give details of any other transaction rejected on environmental or health and safety grounds
5. Give details of any material environmental issues associated with Participants during the reporting period, in particular:
  - (a) Any accidents / litigation / complaints.
  - (b) Any incidents of non-compliance with applicable environmental and health and safety regulations and standards, such as fines, penalties or excess fees for non-compliance.

- (c) Any incidents of non-compliance by Participants with environmental covenants/conditionality imposed by the Bank.
6. Give details of any loans/investments/guarantees etc. used to finance environmental improvements, such as; energy efficiency, waste minimization, switch to cleaner technology, reduction of permit fees or fines due to environmental improvements.
  7. Give details of any MSME failures due to environmental problems.
  8. Describe how the Participants' environmental performance is monitored (e.g. site visit by Bank staff; inspection by environmental/health authorities; copies of updated permits, reports from the Participant). Include information on monitoring of special conditions from Permits or other compliance-related items that were included in the Guarantee Agreements.
  9. Specify name and position of the individual(s) formally responsible for the implementation of the environmental procedures.
  10. State any difficulties and/or constraints related to the implementation of the environmental procedures.

ECPCGC will perform a yearly review of the portfolio and review a sample of the activity of the participating lenders to see what additional plans may be undertaken. The review will determine if the current ESMF and IPP are still valid or if they need to be updated. Based on the results of the annual reporting, ECPCGC will utilize and evaluate this information to determine if any new E&S plans are required. The annual portfolio review will allow the process to be guided by how the market is changing. Follow-ups on individual MSMEs will be performed if deemed necessary.

## Annex 2: Pest Management Plan (PMP) Guidelines

If an MSME purchases or uses chemicals to manage pests (including herbicides, fungicides, insecticides, mildewcides, or other pesticides), then at minimum the MSME must not purchase or use chemicals which are prohibited by law or international agreement. A list of these pesticides appears in section 8 of this annex. As well, the MSME must adhere to good practice and follow the laws and guidelines that are available in the host country.

When there are significant pest management issues identified, a Pest Management Plan (PMP) will need to be prepared. Significant pest management issues are described as: (a) new land-use development or changed cultivation practices in an area; (b) significant expansion into new areas, (c) diversification into new crops in agriculture, (d) intensification of existing low-technology systems, (e) proposed procurement of relatively hazardous pest control products or methods, or (f) specific environmental or health concerns (e.g. proximity of protected areas or important aquatic resources, or worker safety issues). A PMP is also prepared when pest control products represent a large component of the project. The WBG Pest Management Policy refers to “pesticides” to include all chemicals used for the control of target pests (i.e. herbicides, fungicides, insecticides, etc.).

The PMP is a comprehensive framework through which pest management is defined and accomplished. The Plan should identify elements of the program to include health and environmental safety, pest identification, and pest management, as well as pesticide storage, transportation, use and disposal. Management Plan is to be used as a tool to reduce reliance on pesticides, to enhance environmental protection, and to maximize the use of integrated pest management techniques. The PMP should apply to all the activities and individuals working on the project or activity. The PMP should be consistent with IPM and emphasize that non-chemical control efforts will be used to the maximum extent possible before pesticides are used.

The PMP must contain pest management requirements, outlines the resources necessary for surveillance and control, and describes the administrative, safety and environmental requirements. The Plan should provide guidance for operating and maintaining an effective pest management program/activities. Pests considered in the Plan may be weeds and other unwanted vegetation, crawling insects and other vertebrate pests. Without control, these pests provoke plants’ deceases. Adherence to the Plan will ensure effective, economical and environmentally acceptable pest management and will maintain compliance with pertinent laws and regulations.

The recommended structure of a *Pest Management Plan* is presented below.

1. **Background** which would outline i) the *purpose* of the Plan, ii) indicate *pest management authorities*, and iii) pest management program *objective*;
2. **Responsibilities of individuals** (e.g., Program Director, Health Chair, Pest Management Coordinator, Pest Management Personnel, etc.)
3. **General Information** which should provide data on land use and soil, in the area where the pesticides are applied; climate, geo-morphology, settlements in the area of concern, population, surface water, etc. as well as inventory of land use and layout of facilities
4. **Priority of Pest Management** (e.g., undesirable vegetation, vertebrate pests, etc.)
5. **Integrated Pest Management**

**5.1 Principles of the Integrated Pest Management** are: a) *Mechanical and Physical Control*. This type of control alters the environment in which a pest lives, traps and removes pests where they are not wanted, or excludes pests. Examples of this type control include: harborage elimination through caulking or filling voids, screening, etc. b) *Cultural Control*. Strategies in this method involve manipulating environmental conditions to suppress or eliminate pests. For example, spreading manure from stables onto fields to dry prevents fly breeding. Elimination of food and water for pests through good sanitary practices may prevent pest populations from becoming established or from increasing beyond a certain size. c) *Biological Control*. In this control strategy, predators, parasites or disease organisms are used to control pest populations. Sterile flies may be released to lower reproductivity. Viruses and bacteria may be used which control growth or otherwise kill insects. Parasitic wasps may be introduced to kill eggs, larvae or other life stages. Biological control may be effective in and of itself but is often used in conjunction with other types of control. d) *Chemical Control*. Pesticides kill living organisms, whether they will be plants or animals. At one time, chemicals were considered to be the most effective control available, but pest resistance rendered many pesticides ineffective. The trend is to use pesticides which have limited residual action. While this has reduced human exposure and lessened environmental impact, the cost of chemical control has risen due to requirements for more frequent application. Since personal protection and special handling and storage requirements are necessary with the use of chemicals, the overall cost of using chemicals as a sole means of control can be quite costly when compared with nonchemical control methods.

**5.2 Integrated Pest Management Outlines.** This sub-chapter addresses each major pest or category of similar pests is addressed, by site, in separate outlines.

**5.3 Annual Workload for Surveillance, Prevention, and Control.** In this sub-chapter has to be indicated the number of man-hours expended for surveillance, prevention, and control of pests.

**6. Health and Safety.** This chapter should contain health and safety requirements as follows:

**6.1 Medical Surveillance of Pest Management Personnel.** All personnel who apply pesticides have to be included in a medical surveillance program.

**6.2 Hazard Communication.** Pest management personnel are given hazard communication training, to include hazardous materials in his workplace. Additional training is to be given to new employees or when new hazardous materials are introduced into the workplace.

**6.3 Personal Protective Equipment.** In this chapter has to be described approved masks, respirators, chemical resistant gloves and boots, and protective clothing (as specified by applicable laws, regulations and/or the pesticide label) are provided to pesticide applicators. These items are used as required during the mixing and application of pesticides. Pesticide-contaminated protective clothing is not to be laundered at home but commercially. Severely contaminated clothing is not laundered, but is considered a pesticide-related waste and disposed, as applicable for hazardous waste.

**6.4 Fire Protection.** The fire safety protection requirements have to be established; the pest management coordinator has to control implementation of measures to prevent fire.

**7. Environmental Considerations.**

**7.1 Protection of the Public.** Precautions are taken during pesticide application to protect the public, on and off the installation. Pesticides should not be applied outdoors when the wind speed

exceeds 155 m/min. Whenever pesticides are applied outdoors, care is taken to make sure that any spray drift is kept away from individuals, including the applicator. Pesticide application indoors is accomplished by individuals wearing the proper personal protective clothing and equipment. At no time are personnel permitted in a treatment area during pesticide application unless they have met the medical monitoring standards and are appropriately protected.

7.2 *Sensitive Areas.* No pesticides are applied directly to wetlands or water areas (lakes, rivers, etc.) unless use in such sites is specifically approved.

7.2. *Endangered/Protected Species and Critical Habitats.* Protected migratory birds which periodically occur on the installation cannot be controlled without a permit. The Pest Management Coordinator periodically evaluates ongoing pest control operations and evaluates all new pest control operations to ensure compliance with the list of endangered species. No pest management operations are conducted that are likely to have a negative impact on endangered or protected species or their habitats without prior approval from environmental authorities.

7.3. *Environmental Documentation.* An environmental assessment which specifically addresses the pesticide use program on the installation has been prepared. This plan is referenced in the assessment as documentation of pesticide use.

## 8. *List of Prohibited Pesticides.*

Prohibited pesticides are listed below and include the WHO “dirty dozen” which are prohibited as well:

2,4,5,-T	mirex
aldicarb	paraquat
Aldrin	pentachlorophenol
binapacryl	toxaphene
captafol	monocrotophos
chlordane	methamidophos
chlordecone	phosphamidon
Chlordimeform	Methyl parathion
chlorobenzilate	parathion
DDT	alphahexachlorocyclohexane
dieldrin	Beta-HCH
Dinoseb and dinoseb salts	Pentachlorobenzene
1,2-dibromoethane (EDB)	
Endrin	
fluoracetamide	
HCH (mixed isomers)	
heptachlor	
hexachlorobenzene	
lindane	
Mercury compounds	

### **Annex 3: Consultations on Draft ESMF**

A workshop was held in November 2016 to share the drafts of the ECPCGC Agreement and receive feedback from key stakeholders. As part of the consultation strategy for the draft ECPCGC legislation, a two day validation workshop was held in Saint Kitts and Nevis on 14-15 November, 2016. A wide range of stakeholders from the ECCU attended: representatives from credit unions, cooperatives, commercial banks, MSMEs, members of professional services associations, civil society, governments, attorney general chambers, regional political institutions, and regional and national financial regulators.

The draft ESMF was published on the ECCB website in November 2017 and opened for public comment. The ESMF was accompanied by an announcement and invitation to attend a workshop series, as well as an email address to provide feedback directly. No comments were received in response to the publication on the ECCB website.

In November 2017, the ECCB and World Bank hosted five consultation events across the OECS to discuss the Project as well as the ESMF. The turnout at each of the events comprised of a cross section of financial sector stakeholders, representatives from chambers of commerce, MSMEs and policy makers. The discussions at the events reflected a high level of awareness of the project and the intended beneficiaries. The events demonstrated that project design and scope have strong buy-in from the lenders (commercial banks, credit unions and development banks) and at the same time interest from MSMEs. On the ESMF one of the main reactions from the stakeholders was an appreciation of the level of detail that the project afforded to an E&S framework. Specific comments were not received.

The Environmental and Social Framework was discussed extensively during the presentations in November of 2017. Presenters (World Bank Staff) emphasized that the World Bank considers environmental and social stewardship to be a paramount responsibility as it implements various economic development interventions such as the ECPCGC. Questions from attendees were handled on site and provided an opportunity for World Bank staff to provide further details related to the environmental and social requirements that would accompany the creation of the ECPCGC.

The ESMF was updated in December 2017 to include the record of these consultations, as documented in the following images. The revised and final ESMF was subsequently disclosed and published on the World Bank and ECCB websites. Other changes or revisions may be expected periodically as ECCB and ECPCGC improves MSME support and project performance. Any safeguards instruments prepared in the future would follow World Bank standard consultation and disclosure procedures for clearance, including in-country requirements for assessment or permitting actions.

## Caribbean Partial Credit Guarantee Corporation and World Bank Project OECS MSME Guarantee Facility (P157715)

The Environmental and Social Management Framework (ESMF) is an instrument that helps the Facility and Participating Lenders (PLs) to identify appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project. The ECPCGC and PLs, as well as participating MSMEs, will be responsible to adhere to the ESMF with due diligence and efficiency in compliance with all requirements pertaining to environmental and social protection.

<https://www.eccb-centralbank.org/news/view/call-for-comments-consultation>

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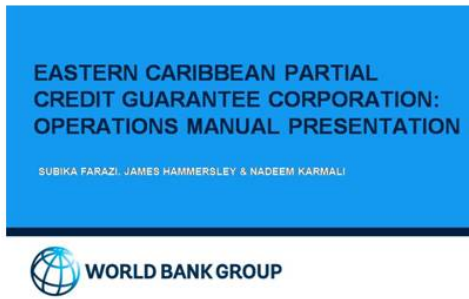
Call for Comments & Consultation | Eastern Caribbean Central Bank:

The draft ESMF was prepared and disclosed in November 2017 and is now being presented to key stakeholders as part of the awareness campaign facilitated by the Eastern Caribbean Central Bank (ECCB). Key findings of the consultations will be summarized and included in the final revisions of the ESMF. Dates of the consultations will be the following:

- Saint Lucia, Nov. 14, 2017
- Antigua and Barbuda, Nov. 17, 2017
- Grenada, Nov. 20, 2017
- Saint Vincent and the Grenadines, Nov. 22, 2017
- Saint Kitts and Nevis, Nov. 28, 2017 (to be confirmed)

The draft ESMF was published on ECCB website and opened for public comment, and will be updated to include verbal and written comments received during the consultations. The revised and final ESMF will subsequently be disclosed and published on the World Bank and ECCB websites. Other changes or revisions are expected to occur periodically as ECCB and ECPCGC improves MSME support and project performance.

**[Click here](#) for more information. You may submit your written comments to [info@eccb-centralbank.org](mailto:info@eccb-centralbank.org) no later than November 30<sup>th</sup>, 2017**



## Chapter 7: Safeguards

- Includes a discussion of social and environmental safeguards that are consistent with World Bank lending requirements
- Includes a specific list of prohibited types of businesses and business activities
- Includes a discussion regarding special considerations for making the program available to the Kalinago Community in Dominica

2



## ESMF Posted Online for Comments

<https://www.eccb-centralbank.org/news/view/call-for-comments-consultation>



4



- Presentation of Environmental and Social Management Framework (ESMF)
- Provision of key documents and information
- Consultation to improve key documents



## E&S Risks to MSMEs and their Lenders/Guarantors

TYPE OF RISK	IMPACTS
<b>Credit Risk</b>	<ul style="list-style-type: none"> <li>Escalation of project costs (delays, changes)</li> <li>Fines/penalties (due to non-compliance)</li> <li>Loss of production (e.g. closure of business)</li> <li>Poor efficiency (low competitiveness, low sales)</li> <li>Increased insurance costs</li> </ul>
<b>Liability risk</b>	<ul style="list-style-type: none"> <li>Obtaining ownership of contaminated collateral</li> <li>Direct liability in the case of strict lender liability</li> <li>Class action suits if made responsible for negative impacts</li> </ul>
<b>Reputational Risk</b>	<ul style="list-style-type: none"> <li>Media coverage</li> <li>Local resistance / consumer campaigns</li> <li>Governmental investigations</li> </ul>



## E&S Risks vs. Opportunities

STAKEHOLDER OF PORTFOLIO COMPANY	DOWNSIDE	UPSIDE
Employees	Strike, sabotage	Retention, productivity
Government	Shut downs, delays	License renewal, expansion
Community	Protest, reputation	Support, community development
Shareholders	Divesting	Long-term investors
Financiers	Increased cost	Reduced cost
Media	Negative publicity	Reputational benefits
Clients	Contract boycotts	Stable market
NGOs	Campaigns	Cooperation
Insurers	Loss of coverage	Reduced premiums
Export Market	Market loss	Open markets

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## ECPCGC Risks/Impacts/Controls

Degree of Potential Risk	Moderate
<b>Risks</b>	Failure to comply with the local permitting systems, which exposes MSMEs and their lenders to regulatory sanctions; poor MSME practice in the control of emissions and waste; poor MSME planning for effects on historical or cultural assets, traffic patterns, community safety, labor health and welfare; credit risks for lenders, associated liability, and reputation of lenders and guarantors.
<b>Impacts</b>	Closure of MSMEs, fines or delays, escalation of costs for production, increased insurance cost, environmental pollution, loss of biodiversity or cultural resources; damage to cultural resources; reduced community safety; accidents and injuries to workers; liability of MSME and lender; damaged reputation of MSME and lender from media coverage, citizen campaigns, government investigations.
<b>Mitigation Measures</b>	PLs to screen MSMEs for E&S compliance and performance to verify eligibility; ECPCGC to provide liaison and guidance for regulatory and technical issues; ensure loan/guarantee agreements include E&S requirements; periodically supervise and report.



## General Approach to E&S Management Systems





PLs screen applicants

- exclusion list
- permit check
- questionnaires

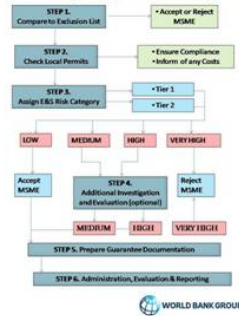
(Tier 1, Tier 2)

PLs assign risk category

- reject "Very High"
- accept "Low"
- additional investigation (if warranted) for

"Medium" & "High"

Documentation, Reporting is done by MSMEs, PLs, and EPCPGC

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- Production or trade in any product or activity subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in radioactive materials, or trade in unbound asbestos fibers.
- Production or trade in weapons and munitions, alcoholic beverages (excluding beer and wine), or tobacco.
- Gambling, casinos and equivalent enterprises.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced or child labor.
- Commercial logging operation or use in primary tropical moist forests, or protection or trade in any other forestry products other than from sustainably managed forests.
- Projects that would directly or indirectly involve the construction of a dam greater than 10 meters in height or the use of water from a dam greater than 10 meters in height
- Real estate speculation, or land acquisition in which there is not a willing seller
- Projects that would be classified as Category A under the World Bank OPPIB 4.01
- Projects that would involve the removal or degradation of critical natural habitats (e.g. park, natural area, or other protected area), that would involve significant impacts on physical cultural resources, or that would involve the purchase, use or management of significant quantities of pesticides

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The screenshot displays the 'EHS Fact Sheet' and 'Guidelines' document. The top section, titled 'Environment and Social Risk by Industry Sector', lists various industry sectors and their associated risks. The bottom section, titled 'Guidelines', provides detailed information on the document's structure, including sections on 'Environment and Social Risk', 'Guidelines', and 'Annexes'. The document is published by the World Bank Group, as indicated by the logo in the bottom right corner.

**ESAT Fact Sheets**  
(Environmental & Social Assessment Tools)

**EHS Guidelines**  
(Environmental, Health & Safety Guidelines)

**Environment and Social Risk by Industry Sector**

The document is structured as follows:

- Environment and Social Risk by Industry Sector**
  - 1. Introduction
  - 2. Environmental and Social Risk Assessment
  - 3. Environmental and Social Risk Management
  - 4. Environmental and Social Risk Mitigation
  - 5. Environmental and Social Risk Monitoring and Reporting
  - 6. Environmental and Social Risk Closure
- Guidelines**
  - 1. Introduction
  - 2. Environmental and Social Risk Assessment
  - 3. Environmental and Social Risk Management
  - 4. Environmental and Social Risk Mitigation
  - 5. Environmental and Social Risk Monitoring and Reporting
  - 6. Environmental and Social Risk Closure
- Annexes**
  - 1. Environmental and Social Risk Assessment
  - 2. Environmental and Social Risk Management
  - 3. Environmental and Social Risk Mitigation
  - 4. Environmental and Social Risk Monitoring and Reporting
  - 5. Environmental and Social Risk Closure

World Bank Group

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## Credit Documentation

The outcome of the environmental and social risk evaluation should be summarized and included in the documentation submitted in the Guarantee Application. Following the evaluation and documentation of environmental and social risk, the PL is in a position to accept the loan, subject to measures being taken to control the risk, or to reject the loan due to unacceptably high risk.

- General Representation & Warranty of Compliance
- General Covenants to Maintain Compliance & Permits, obey standards and limits on emissions or discharges, report periodically, reduce health and safety risk, notify Lender of any accidents/incidents
- Specific Conditions from E&S Assessment (areas for improvement, Compliance Plan, other recommendations)
- Specific Reporting Clauses (accidents/incidents, fines/fees, Permit correspondence or notices, media coverage)



## Monitoring & Reporting

As part of loan administration, PLs will maintain information on MSME performance in its portfolio, and ECPGOC will provide a summary report annually with the following information:

- Portfolio Breakdown by E&S Risk
- Loan Process Description & History
- E&S Staffing & Administration
- Issues, incidents, non-compliances, defaults
- Improvements, successes
- Monitoring activities & Results



Department of Finance  
Consultation on Credit Reporting

November 14, 2017

Name	Organisation	Telephone Number	Email Address
Agnita Thomas	Dennery Credit Union	453-4119	decos-93@hotmail.com
Sanyoka Renee	N. G. Chambers	468 3000	sanyoka.renee@gmail.com
Yvonne Cadeite	Capita Financial	451 5626	yvonne.cadeite@capitafinancial.com
Yvonne Cadeite	Removal & Co.	455-8000	michaelcypke.andrew@removal.com
Yvonne M. Hunt	Capita Financial 2	451-5126	yvonne.hunt@capitafinancial.com
Elsa George	Co-operative League	4535467	elsa.george@slu.co.uk
Mark Bourcier	FLDUB	4853009	Mark.Bourcier@fldub.com
Theresa Cox	SLSCCU	4524807	theresa.cox@gmail.com
Celestin Laurent	Albion Vol Service Credit Union	4524807	celestin.laurent@albtu.com
Darnell Bobb	Fond St Jacques Credit Union	7208216	darnellbobb@fdstj.com

## November 14, 2017

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Department of Finance  
Consultation on Credit Reporting

November 14, 2017

Name	Organisation	Telephone Number	Email Address
Melina D'Auvergne	Minister's Office	459-6278	Melina.D'Auvergne@treasury.govt.lc
MICHELLE BENJAMIN	LEGISLATIVE DEPARTMENT	4603204	legislative@treasury.govt.lc
Nancy Francis	Commerce	4684391	nancy.francis@govt.lc
Gillian Vidal-Tyler	Attorney General's Chambers Legislative Drafting Unit	4683204	gillian.vidal-tyler@govt.lc
CELINDA HERRERA	WORKERS' MOVEMENT	451-6683	celinda.herrera@workers.mv
Yvonne Agard	SLCSI	4523864	yvonne.agard@slcsi.org.lc
Tina Springer	St. Richard Bank	4557306	springer@strichardbank.govt.lc
Guillaume Simon	Min. of Commerce	4684204	guillaume.simon@govt.lc
ANSMUTH PETER	ST. RICHARD BANK Finance Company Ltd	4683464	ansmuth@stbfc.lc
Sylvia Avril-Wells	Marine Valley & Partners	4538004	Sylvia.Avril-Wells@marinevalley.com
Gale Cumberbatch	St. Lucia Development Bank	456-7532	gale.cumberbatch@stltdb.lc
Aisha Jindaghtie	Dept of Commerce	468-4207	aisha.jindaghtie@govt.lc
Cyprielle Louisy	Unioner (Saint Lucia) Ltd	4548100	cyprielle.louis@unioner.com
ANDREA ST. ROSE	INSTITUTE OF CHARTERED ACCOUNTANTS	714-6993	strose@yahoo.com
Nalisa Marieotte	Research & Policy Department of Finance	4685563	nalisa.marieotte@govt.lc

## November 14, 2017

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Department of Finance  
Consultation on Credit Reporting

November 14, 2017

Name	Organisation	Telephone Number	Email Address
Kimani Pompeles	National Workers Union	452-3464	
PAULETIA SAMUEL	SECURE FINANCE INC.	452 4872	pauletia-samuel@sigicor.com
MARCELLUS HILLORY	MARY STOKES (GUY)	457 2135	marcellus.hillory@guyana.gov.gy
Hensh Leonard	Financial Services Regulatory Authority	468 2990	Hensh.L Leonard@govt.lc
Eva Norman	Financial Services Regulatory Authority	468-2968	eva.norman@govt.lc
Jacqueline St Pierre	Bank of St Lucia	457 7138	jacqueline.stpierre@bankofsl.com
Heather Solter	Financial Institutions Supervisory	458-8140	heather@fistl.com
Chermains Angelle	Caribbean Metal Fund	450 2249	caugue@caribbeanweb.com
Lyndia A. Thomas	Spectra Inc.	453 2929	esther@spectraplus.net
Douline Eugene	Choiseul Credit Union	459 3119	douline@choiseul.com
Ladon J. Williams	CBCT First Caribbean	456-2469	ladon.james@cbct.com
CHAROY CLARE	CARIBBEAN CREDIT AGENCY	456-622-1411	GMC@CCBL.NFO
JOYLYN HENRY-JAMES	CARIBBEAN METALS LTD	450-2244	jdanielle@caribbeanmetals.com
Alicia St. Marie	KICS Ltd	458-8700	astmarie@kics.com
Aloysia Charles	FICS Ltd	"	ACharles@ficsltd.com



# EASTERN CARIBBEAN CENTRAL BANK IN COLLABORATION WITH THE WORLD BANK

Public Education and Awareness Meetings with stakeholders on the ECCU Harmonised Credit Reporting Bill and ECPGIC  
Antigua and Barbuda ~ 17 November 2017

\*\*Registration Form\*\*

Please print clearly.

Name	Institution Represented	Email
1. <sup>(14)</sup> Candida Etienne P	SDA Credit Union	info@ecu@gmail.com
2. <sup>(15)</sup> Heidi Wootte	Antigua Commercial Bank	hwootte@ecb.com
3. <sup>(16)</sup> Heather Brown	HEM Services	heather.brown@apn.net.eg
4. <sup>(17)</sup> Timothy Raymond	Coastal Courts	timothy.raymond@abn.net.eg
5. <sup>(18)</sup> Melinda George	Courts	melinda.george@abn.net.eg
6. <sup>(19)</sup> V. Alicia Boudry	teab	vaboudry@probank.com
7. <sup>(20)</sup> Ade Mitchell	Trico and Monty Ltd	ade@tricoandmonty.com
8. <sup>(21)</sup> PAUL & HENRY	SCOTIA BANK	paul.henry@scotiabank.com
9. <sup>(22)</sup> Paul Ashe	FSAC	paul.ashe@fsac.gov.eg
10. <sup>(23)</sup> Sherrie Ann Brazier	ABEF	sbrazier@abef.com
11. <sup>(24)</sup> Gail Imhoff-Gordon	Min of Finance	Gail.Imhoff-Gordon@ab.gov.eg
12. <sup>(25)</sup> Sharon Puckett	ABEF	sharon.puckett@abef.com
13. <sup>(26)</sup> McClyde SIMON	APAA Credit Union	mcclay@apaa.eg
14. <sup>(27)</sup> Angela Lange	APAA Credit Union	angelalange@apaa.eg
15. <sup>(28)</sup> Alicia Williams	APAA Credit Union	aliciawilliams@apaa.eg
16. <sup>(29)</sup> Kerley Simons	APAA Credit Union	kerleysimons@apaa.eg
17. <sup>(30)</sup> Sharon Simon	BSB	sharon.simon@bsb.com
18. <sup>(31)</sup> Blackjackett Ken	Riverside Comm	blackjackett@riverside.com



Name	Institution Represented	Email
19. GURTE GURTE	St. John's Cooperative Institution	gorgu's @sjciw.com
20. KERRY PETERS	Augustine Benedictine Priory	Kerrydp @ yahoo
21. KERRY PETERS	Credit Union	Peters.credit-union @ yahoo
22. KALINDA P. MICHAEL	Credit Union	Michaela.ccreditunion @ gmail.com
23.		
24.		
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# EASTERN CARIBBEAN CENTRAL BANK IN COLLABORATION WITH THE WORLD BANK

Public Education and Awareness Meetings with stakeholders on the ECCU Harmonised Credit Reporting Bill and ECRPGC  
Grenada ~ 20 November 2017

\*\*Registration Form\*\*

Please print clearly.

Name	Institution Represented	Email
1. RICHARD W. PUNGAN	GRENADA CO-OPERATIVE BANK	rpungan@grenada-co-opbank.com
2. PETER DEWIS-SMITH	GRENADA CO-OPERATIVE BANK	adegrenadaclubber.org
3. EBERNE WYTHE-BEST	GRENADA CO-OPERATIVE BANK	ebest@grenada-co-opbank.com
4. TREVOR THORNHILL	Republic Bank	thornhill@republicbank.com
5. WILLIAM GARNIER	GRANADA CO-OPERATIVE BANK	william@grenada-co-opbank.com
6. CLIFFORD LOEDE	THE 2 THAT GRENADA	cloede@thetwothat.com
7. JUDY STUART-CLAYSON	UNIONBANK (Gd)	judy.stuart@unionbank.com
8. ANDREA MCEWEN	UNIONBANK (Gd)	andrea.mcewen@unionbank.com
9. LOREN ARDILL	GLIC	loren.ardill@glic.gd
10. GREGORY GABRIEL	CLB TRADING BANK	gregory.gabriel@clbtradingbank.com
11. KATHY-ANN HENRY	NAWASA	khumphrey@nawasa.gd
12. MICHELLE BAIN	PKF	mbain@pkfgrenada.com
13. MICHELLE MILLET	PKF	millet@pkfgrenada.com
14. ADAS PEBLING	SEASONS TRAVEL	adas.pebling@seasonstravel.com
15. DENNIS FELIX	CARFIV	dennis.felix@carfiv.org
16. LEROY CHAET	HAEMPHILL CREDIT UNION	chaet@haemphillcu.com
17. JOHN MARRYSHEAD	Commercial & Industrial Bank	johnmarryshead@theindustrialbank.com
18. STEVE THOMAS	MNIB	steve.thomas@mnib.gd

Name	Institution Represented	Email
19. GAYLRA HARRIS-FIELDS	Communal Coop Credit Union	Shirley@thecommunaleu.com
20. Christopher E. De Albe	Area Credit Union	cedalbe@arizaca.com
21. Jade Henry	Arizona Credit Union	jhenry@arizaca.com
22. Andrew Alexander	River Side Credit Union	accounts@riverallsidescreditunion.com
23. Joseph Mathew	Riversalle Credit Union	bmamrue@riversallecreditunion.com
24. Marcela Francis	Digital Credit Union	marcela.francis@digitalcreditunion.com
25. Dennis W. Hobbs	First Source Bank	den.hobbs@firstsourcebank.com
26. Katesha Boyd	First Credit Union	kboyd@firstcu.com
27. Anna Frank	Qda Development Bank	annafrank@qda.com
28.		
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# EASTERN CARIBBEAN CENTRAL BANK IN COLLABORATION WITH THE WORLD BANK

Public Education and Awareness Meetings with stakeholders on the ECCU Harmonised Credit Reporting Bill and ECPCGC  
St Vincent and the Grenadines ~ 22 November 2017

\*\*Registration Form\*\*

Please print clearly.

Name	Institution Represented	Email
1. Beverley Thompson	NFISVQ	ndfsvg@vincysurf.com
2. Nekeisha Adams	SLV TREE	ecce@vincysurf.com
3. Alisha Glasgow	CEO JMC	nglasg@vincysurf.com / fflawie@vincysurf.com
4. FITZGERALD GLADSTONE	SUGHTA	sughtat@vincysurf.com
5. Ronel Carney	Foreign Affairs	ronelcarney@gov.vc / office.trade@gov.vc
6. Laurence Prieure	UPS Enterprise	lprieure@vincysurf.com
7. Chiraka Cato	FSNB Ltd	lons.vincysurf@gmail.com
8. Kathleen Brookes	FSNB Ltd	kathlenebr@homeail.com
9. Lucette Ryan	Courts BVG Ltd	lucette.ryan@vincysurf.com
10. Wendy Edwards	Courts BVG Ltd	wendy.edwards@vincysurf.com
11. Nona Cordice	Financial Services Authority	nonacordice@gmail.com
12. Maxima Thorne	Financial Services Authority	43030309
13. Terrell Thorne	Financial Services Authority	52653534
14. Marcus O'Brien Morgan	Thelvest Sound System	
15. Renee M. BAPTISTE	Baptiste & Co. Law Firm	reneem.baptiste@gmail.com; baptiste@vincysurf.com
16. GARTH SAMPSON	CENTRAL WATER & SEWERAGE AUTHORITY	gsampson@vincysurf.com
17. LASHIA ROBINSON	CIBC	lashia.robinson@vincysurf.com
18. ALFORD COLLIS	CIBC	alford.collis@vincysurf.com

Name	Institution Represented	Email
19. Denece Pompey	Ministry of Finance	denecepompey@gov.vc
20. Tony REGISTER	Minister of Finance	tregister@gmail.com
21. Andrew Henderson	Centre for Enterprise	patrick.henderson@vcf.com
22. La fleur Durant	BOSSUG	ldurant@bossug.com
23. Monifa Latham	BOSSUG	mlatham@bossug.com
24. D-leng Williams	Ministry of Finance	d.leng@gov.vc@gmail.com
25. Michael Gollins	Ministry of Finance and Credit	mgollins@jahoo.com
26.		
27.		
28.		
29.		
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# EASTERN CARIBBEAN CENTRAL BANK IN COLLABORATION WITH THE WORLD BANK

Public Education and Awareness Meetings with stakeholders on the ECCU Harmonised Credit Reporting Bill and ECRPGC  
St Kitts ~ 28 November 2017

\*\*Registration Form\*\*

Please print clearly.

Name	Institution Represented	Email
1. <u>Janise Charles</u>	<u>Unicomer STKTS</u>	<u>janise.charles@unicomer.com</u>
2. <u>Denise Gifford</u>	<u>Caribbean Confederation of Credit Unions</u>	<u>denise@caribccu.coop</u>
3. <u>Deedee A Waller</u>	<u>Bank of the Americas</u>	<u>deedee.wall@bna.com</u>
4. <u>Chad Allen</u>	<u>Royal Bank</u>	<u>chad.allen@rb.com</u>
5. <u>Dyan Ross</u>	<u>FNB Credit Union</u>	<u>lynn.boss@fncuonline.com</u>
6. <u>Paula Morton</u>	<u>SKNN National Bank</u>	<u>PaulaM@SKNab.com</u>
7. <u>Phyllis Horro</u>	<u>Scotiabank</u>	<u>CHARRIS.HORRO@scotiabank.com</u>
8. <u>Terence Coker</u>	<u>ESCC - St. Kitts Beach</u>	<u>terence.coker@escckn</u>
9. <u>David Booder</u>	<u>Financial Services Commission</u>	<u>booder.david@yahoo.com</u>
10. <u>Keithley Ruttig</u>	<u>Charles Phillips &amp; Lawrence</u>	<u>bestresearchconsulting@gmail.com</u>
11. <u>Kerstin Petty</u>	<u>FSRC - St. Kitts Branch</u>	<u>kerstin.petty@fsrc.kn</u>
12. <u>David Walters</u>	<u>SKN NATIONAL BANK</u>	<u>clawdnd@sknab.com</u>
13. <u>Steve Farmer</u>	<u>TDC Financial Services</u>	<u>steve.farmer@tdcgroup.kn</u>
14. <u>Maura White</u>	<u>Unicomer (Group)</u>	<u>Maura.White@unicomer.com</u>
15. <u>Shanna L. Herbert</u>		<u>Shanna.herb@yaho.com</u>
16. <u>Judith Myaile</u>	<u>St. Kitts National Bank</u>	<u>judithmyaile@stknab.com</u>
17. <u>Mario Wiggins</u>	<u>Police Constable</u>	<u>mario.wiggins@gmail.com</u>
18.		



## Annex 4: Existing Environmental Legislation

Antigua and Barbuda: the Environmental Protection and Management Act (EPMA) of 2015. Here is a link <http://laws.gov.ag/acts/2015/a2015-11.pdf>

Dominica: The Environmental Coordinating Unit (ECU) of the Ministry of Environment, Natural Resources, Physical Planning and Fisheries, was established by Cabinet Decision in 1999, to coordinate environmental activities in Dominica and to serve as the focal point for the implementation of all Multilateral Environmental Agreements to which Dominica is a signatory.<sup>21</sup>

Grenada: There are about 40 Acts that together govern protection and management of Grenada's forests, soil and water conservation, planning, development and use of lands; provide for control of beach protection, management of fisheries, protection of marine reserves; protection of wildlife and habitats; control of pesticides, pollution and waste management. A summary of relevant environmental legislation can be found in Sector Report on Land Use and Environmental Planning. Key legislations include the following:

- Beach Protection Act;
- Birds and Other Wildlife Act;
- Fisheries Act;
- Forest Soil and Water Conservation Act;
- Grand Etang Forest Reserve act;
- Land Development Control Authority Act;
- National Parks and Protected Areas Act;
- Pesticide Control Act;
- Public Health Act;
- Territorial Waters and Marine Boundaries Act;
- Town and Country Planning Act;
- Wild Animals and Birds Sanctuary Act.<sup>22</sup>

### St. Kitts and Nevis

The Government of St. Kitts and Nevis (GOSKN) has adopted the St. George's Declaration of Principles for Environmental Sustainability in the OECS in 2001 which mandates OECS Member States to ensure the sound management of the biophysical environment. As such, SKN has developed and adopted in April 2005, a National Environmental Management Strategy (NEMS) which defines the specific directions and mechanisms for more effective policy implementation, as well as identifies key strategies and priority actions for environmental management in the context of sustainable development.<sup>23</sup>

### Saint Lucia<sup>24</sup>

Environmental Protection Levy Act, 1999

Fisheries Act, 1984

Water and Sewerage Authority, 1984

Wildlife Protection, 1980

St. Vincent and the Grenadines:<sup>25</sup> The Environmental Services Act of 1991.

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<sup>21</sup><http://ecu.gov.dm/>

<sup>22</sup><https://sites.google.com/site/grenadabioconserv/law-protecting-biodiversity>

<sup>23</sup><http://www.pnuma.org/publicaciones/Final%20NES%20St%20Kitts%20Nevis%20Nov%202010-%20edited.pdf>

<sup>24</sup><https://www.caribbeanenvirolaw.org/taxonomy/term/22?order=type&sort=desc>

<sup>25</sup>[http://energyunit.gov.vc/energyunit/images/pdf\\_documents/Environmental-Health-Services-Act-1991.pdf](http://energyunit.gov.vc/energyunit/images/pdf_documents/Environmental-Health-Services-Act-1991.pdf)

## Annex 5: Grievance Redress Procedure

### Grievance Redress Mechanism

A grievance redress mechanism for the project is necessary for addressing legitimate concerns of affected individuals and groups who may feel that the ECPCGC is not following appropriate environmental and social safeguards. The mechanism includes:

- a. a recording and reporting system, including grievances filed both verbally and in writing,
- b. designated staffs with responsibility and;
- c. a timeframe to address the filed grievances.

Proposed structure of the mechanism is detailed in the Table below. The functioning of the grievance redress mechanism will be regularly monitored and evaluated by the Project proponent during implementation.

<b>Grievance Redress Procedure</b>	
Access Point	The access point for any grievance is the Chief Executive Officer. The grievances submission can be made in any of the local languages and /or English.
Grievance Procedure	Once a grievance is received by the CEO, he/she will assign it to the Environmental Social, Health and Safety (ESHS) Specialist for investigation. The Credit Officer will also be assigned to assist in the grievance review if necessary. The ESHS Specialist will record the grievance in an electronic log. This log should constitute a data base containing the origin of the grievances and associated issues, number of complaints received, resolved, and gone to mediation. This log will be captured in quarterly project progress reports prepared by the Project proponent
Investigation Procedure	Within 10 days of receipt of the grievance, the ESHS Specialist will complete a preliminary review of the grievance and provide an estimate of the period necessary to address the grievance to the aggrieved person. The ESHS Specialist with the assistance of the Credit Officer will investigate the claim. This includes interviewing all involved parties and reviewing any documents associated with the grievance. After all information has been collected and analyzed, the ESHS Specialist will make a decision. If the aggrieved person does not receive a response within the agreed time or is not satisfied with the outcome, he/she can refer the matter to the second level of the Grievance Redress Mechanism Appeal for redress. The GRM Appeal should acknowledge within 10 working days, receipt of the letter of appeal and should include notification of the period necessary to address the appeal. If the aggrieved person is not satisfied with the outcome he/she can refer the matter to the Court of Law for redress.