

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA17225

Date ISDS Prepared/Updated: 16-Mar-2016

I. BASIC INFORMATION

1. Basic Project Data

Country:	Caribbean	Project ID:	P157484
Project Name:	Caribbean Investment Facilitation Project (P157484)		
Task Team Leader(s):	Aun Ali Rahman		
Estimated Appraisal Date:		Estimated Board Date:	20-Nov-2015
Managing Unit:	GTCID	Lending Instrument:	Investment Project Financing
Sector(s):	SME Finance (100%)		
Theme(s):	Micro, Small and Medium Enterprise support (100%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	1.60	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
InfoDev			1.60
Total			1.60
Environmental Category:	B - Partial Assessment		

2. Project Development Objective(s)

14. The project development objective is to pilot and test an investment facilitation model to enable promising early-stage enterprises to raise capital from private investors, particularly business angel investors.

3. Project Description

The Caribbean Investment Facilitation Project (CIFP) is a \$1.6M small recipient-executed trust fund grant project whose objective is to pilot an investment facilitation model to enable early-stage Caribbean entrepreneurs to raise capital from private investors, particularly business angel investors. CIFP is part of the Access to Finance agenda of the Entrepreneurship Program for Innovation in the Caribbean (EPIC) and aims to build a demonstration effect around angel investing and other relevant forms of early-stage finance for high-potential Caribbean enterprises. The project will be

implemented by the Caribbean Export Development Agency.

A. Project Components

CIFP will involve the provision of investment facilitation grants to entrepreneurs, as well as non-funding activities to stimulate angel investing, and to support the development of deal-flow for early-stage investment.

Because many features of the CIFP are novel for the Caribbean, the Project will take an iterative approach to test/pilot what works, and to make appropriate pivots as it is further developed.

Component 1 - Investment Facilitation Grants - \$1.0 Million

CIFP will pilot investment facilitation grants to startups and early-stage enterprises in the Caribbean to stimulate private investment into these companies, from angel investors or other relevant financing mechanisms. The core success indicator of the grants will be whether they mobilized private investment, while also providing funding that enables the enterprise to develop and grow its business. The beneficiary entrepreneurs will include enterprises throughout CARICOM countries, except Haiti. The CIFP will develop and test two types of facilitation grants:

(a) **Co-investment Grants:** Co-investment grants will provide supplementary funding to enterprises that are able to raise investment from business angels and other approved investors. The purpose of these grants is to provide additional funding - beyond what investors are willing to make. Qualifying enterprises will need to get at-least 2/3 (67%) of the funding raised from investors, with the CIFP contributing up-to 1/3 (33%) of the balance funding (up-to a maximum grant of USD 100,000 per enterprise). Before the funding is approved, the CIFP will assess the use of funds and conduct fiduciary diligence on the entrepreneur and investor to ensure that the grant is in compliance with World Bank policies, including environmental and social safeguard policies.

The CIFP co-investment grant disbursement will be made after the enterprise has received the capital investment from the investor. For the amount of co-investment grant funding that the enterprise receives, the entrepreneur will be issued shares at the same share price as the shares purchased by the investor.

(b) **Investment Readiness Grants:** Investment readiness grants will involve small grant funding (up-to USD 30,000) to start-up and early-stage enterprises that show strong business and investment promise but are still not considered “investment ready” by investors. The purpose of these grants will be to prepare companies for angel or other investments within a short time frame (e.g. 3-6 months) by providing “investment readiness” funding for specified purposes - such as prototyping, additional product development, market testing/validation, business development and early sales, securing intellectual property protection, etc. - that improve the prospects for investment. The investment readiness grant funding will be coupled with investment readiness mentoring and capital raising training that the CIFP will provide or arrange. The firms selected will be through a competitive selection process, with a central decision criteria being whether the firm is actually raising funding from investors (e.g. pitching to angel investors). Investors in CIFP’s network will be invited to give input on the Investment Readiness grant proposals. As with the co-investment grants, the CIFP will assess the use of funds and conduct fiduciary diligence on the entrepreneur to ensure that the grant is in compliance with World Bank policies.

Component 2 - Support Activities to Facilitate Investments - \$0.6 Million

In addition to the provision of investment facilitation grants, the CIFP will engage in non-financial facilitation activities on both the demand and supply sides to increase the prospects of investments. These activities would principally consist of the following:

(a) **Angel Community Development:** On the supply-side, CIFP will support the development of

new angel groups/networks in the Caribbean as well as identify individual angels. This will include: i) conducting angel investing educational events for business leaders and other key stakeholders, ii) identifying and cultivating potential angel investing champions who can serve as anchors for developing new angel groups, iii) providing administrative support (where needed) to new angel groups. Additionally, CIFP will pilot a regional pan-Caribbean angel umbrella network to bring together existing and new angel groups, individual angels and other early-stage investors under one umbrella both from a standpoint knowledge/experience sharing, networking and potential investment syndication for start-up/early-stage deals. As part of this effort, CIFP will organize regional angel forums and master-classes to strengthen the new Caribbean angel community.

(b) Investor Engagement Assistance for Entrepreneurs - On the demand side, the CIFP will support deal flow for investment by a) conducting capital raising trainings for entrepreneurs seeking to raise capital and b) sharing the most promising deals as potential investment opportunities with investors participating in the CIFP. For the former activity, the CIFP will organize and coordinate angel investing sensitization seminars, an online investor engagement training program, and investment engagement mentoring. To identify relevant enterprises, CIFP will tap into Caribbean incubators, accelerators, business/entrepreneurship support organizations (including EPIC enablers Caribbean Climate Innovation Center and Caribbean Mobile Innovation Program, and other World Bank programs such as Start Up Jamaica) as well as Caribbean Export's extensive network of business support organizations and professional network. CIFP will also publicize its investment facilitation efforts to tap promising entrepreneurs not associated with business enablers.

(c) Online Deal-Sharing: To facilitate deal-flow the CIFP will pilot the use of an online angel investing platform to connect promising entrepreneurs (including those receiving investment readiness grants) with business angels and other early-stage investors in the CIFP network. The CIFP will utilize an existing online angel investment management platform customized for the Caribbean that will serve as an access point for entrepreneurs across the Caribbean – not just those located on islands with existing angel groups – to apply for investor funding and for qualifying angel investors to get introduced to regional deal flow. The CIFP will maintain the site, setting up an application and review process for entrepreneurs while also recruiting and managing requests from investors to be granted access, as the site will have privacy controls.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project is classified as Category B (per OP/BP4.01) given potential impacts associated with financing of small scale activities by SMEs or individual entrepreneurs (no Category A sub-projects will be financed by the Project). The types of SMEs receiving support may be in the areas of IT, logistics/distribution, professional services, tourism, clean technology, consumer products, light manufacturing, or agro-processing. The specific location of all Project related activities is not known at this time but they could be located in any CARICOM country (except Haiti) where the program is being implemented. Activities of SMEs receiving sub-grant support from Project may result in negative environmental impacts if environmental and social aspects are ignored or improperly managed. Some site-specific activities may present environmental risks and/or impacts, particularly as regards the improper disposal of wastes, the unsafe handling or storage of toxic or hazardous materials, or the inappropriate use of residential dwellings for industrial purposes. The scale of the activities is expected to be small at this early stage of development of the recipients' enterprises; however, by this early incorporation of the elements of sound environmental planning and management, it is expected that once the businesses are successful and grow, they will continue with the practice of good environmental management.

Notwithstanding the positive effects, localized environmental negative impacts may occur from the

types of private enterprises and technology ventures being considered. These impacts may include air pollution due to dusts and fumes, soil and water pollution and waste from electrical, electronic, and metallic equipment, or other byproducts produced as a result of creation, installation, manufacture and testing by SMEs. Some wastes may pose a potential threat to human health and the environment when improperly handled, managed or disposed of. In addition generation of particulate matter (dust) and emission of exhaust combustion of gas products into work space or the environment must be adequately controlled. There are also possibilities of impacts from unsafe health and environment for workers, unsafe working place conditions, which among others may cause adverse impacts on people and society. With regards to unsafe health and environmental working conditions, health problems may result due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area. There should be proper arrangement for a healthy, safe and secure environment for workers. The SME should provide a clean and tidy workplace, and safeguards against fire or noxious vapors.

In order to address these potential adverse impacts, the environmental and social screening process were developed and integrated within an Environmental and Social Management Framework (ESMF). Screening and exclusion criteria, consistent with OP/BP 4.01, has been developed to ensure that any other World Bank Safeguard Policies would not be triggered in lending to the SMEs or individual entrepreneurs, and standard checklists for screening, inspection, Environmental Management Plans (EMPs), and reporting were included in the ESMF.

The implementing agency, CEDA will actively manage the execution of the ESMF, Among the many functions of the CEDA, including (i) reviewing SMEs' applications, (ii) appraising the SMEs, and (iii) providing training and awareness. It will also screen and vet SMEs for compliance with the requirements of the ESMF before approving funding. CEDA will also monitor environmental compliance of the SMEs and maintain records of screening and inspection documents for all SMEs.

CEDA will evaluate Grant applications at various sites and which involve various possible activities. Awardees will be chosen based on impacts on the economic viability, avoidance of potential impacts to the natural environment (air, water and land), human health and safety, and physical resources. Before providing support, CEDA will first screen and vet proposals with the aim, among others, to identify positive impacts and also to avoid any adverse environmental impacts of the proposed business ventures. The procedures in the ESMF applicable to SMEs will identify any adverse impacts and put proper mitigation measures in place.

It is the responsibility of the Applicant (SME) to provide correct and accurate information regarding any adverse impacts, and to include this information in the application submitted to CIFP for funding. This information will be evaluated by CEDA as part of the application process. CEDA will include environmental protection measures in the Grant language. After they receive funding, the SMEs will implement the proposed activities in line with agreed mitigation measures, and will be expected to report to the CEDA any mitigation measures taken, or any non-compliances. The local and national agencies under the host country's administrations or any other concerned agency may also monitor and enforce environmental mitigation measures as applicable.

5. Environmental and Social Safeguards Specialists

M. Yaa Pokua Afriyie Oppong (GSU04)

Michael J. Darr (GEN04)

Ramon E. Anria (GSU04)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project is classified as Category B (per OP/BP4.01). Projects and activities will be screened using the Environmental and Social Management Framework (ESMF) developed for the project, which includes exclusions to ensure that any other World Bank Safeguard Policies would not be triggered, and standard checklists for screening, inspection, Environmental and Social Management Plans (ESMPs), and reporting.
Natural Habitats OP/BP 4.04	No	Screening in the ESMF will exclude any project activity which could potentially affect natural habitat.
Forests OP/BP 4.36	No	Screening in the ESMF will exclude any project activity which could potentially affect forests.
Pest Management OP 4.09	No	Projects which seek to procure or utilize pesticides will be excluded during the screening process.
Physical Cultural Resources OP/BP 4.11	No	Screening in the ESMF will exclude any project activity which could potentially affect physical cultural resources.
Indigenous Peoples OP/ BP 4.10	No	<p>CIFP is a Pan-Caribbean project that could be implemented in any of the CARICOM-member countries. Of these there are four where Indigenous Peoples are present, namely: Belize, Guyana, Suriname and Dominica.</p> <p>Due to the nature of the proposed grant activities (raising capital from non-traditional financing sources), and given that the funds/allowable costs under the grant are to be used for business-development in areas such as staff/labor costs, sales and equipment purchases etc. it seems unlikely that Indigenous Peoples will be collectively impacted by the project in the countries with an IP presence.</p> <p>It has therefore been determined that OP 4.10 will not be triggered. Furthermore, the project does not envisage funding the expansion of the physical footprint of existing businesses (for example it will not be permissible for funds to be used for land acquisition (as per the negative list) which could conceivably have affected IP's</p>
Involuntary Resettlement OP/BP 4.12	No	Projects involving involuntary resettlement shall be excluded.
Safety of Dams OP/BP 4.37	No	Projects involving dams will be excluded during screening.
Projects on International Waterways OP/BP 7.50	No	The exclusion list in the ESMF disallows projects on international waterways.

Projects in Disputed Areas OP/BP 7.60	No	The exclusion list in the ESMF disallows projects in disputed areas.
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II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>The project's assistance to SMEs could result in negative environmental impacts if environmental and social aspects are ignored or improperly managed, for example the improper disposal of wastes, the unsafe handling or storage of toxic or hazardous materials, air pollution due to dusts and fumes, or soil and water pollution from improperly controlled wastewater discharge. There are also possibilities of impacts from unsafe health and environment for workers or unsafe workplace conditions.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> <p>N/A</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p> <p>N/A</p>
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p> <p>To address potential adverse impacts, an Environmental and Social Management Framework (ESMF) was developed which includes screening and exclusion criteria, consistent with OP/BP 4.01. The implementing agency, CEDA will actively manage the execution of the ESMF, including (i) reviewing SMEs' applications, (ii) appraising the SMEs, and (iii) providing training and awareness. The ESMF provides that CEDA will include environmental protection measures in the Grant language. CEDA will also monitor environmental compliance of the SMEs and maintain records of screening and inspection documents for all SMEs.</p> <p>The borrower has extensive experience managing funds and projects sponsored by EU, which also require environmental and social compliance. The borrower did not have previous World Bank Safeguards Policy experience, therefore a pre-appraisal mission was made by the Environmental Specialist to meet CEDA staff, review and finalize the ESMF, evaluate a hypothetical SME as a training exercise, and lay the groundwork for future reporting and supervision.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p> <p>Key stakeholders include regional development agencies, and other entrepreneurship and business/SME development/support organizations. The borrower disclosed the draft ESMF on its website and solicited input, and personally notified Jamaica Business Development Corporation, Trinidad and Tobago Manufacturers Association, Saint Lucia TEPA, OECS Business Competitiveness Unit, Beltraide, and Barbados Industrial Development Corporation, as documented in the final version of the ESMF.</p>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other
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Date of receipt by the Bank	10-Dec-2015
Date of submission to InfoShop	10-Dec-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Aun Ali Rahman
<i>Approved By</i>	

Safeguards Advisor:	Name:	Date:
Practice Manager/ Manager:	Name: Ganesh Rasagam (PMGR)	Date: 29-Mar-2016