Early Warning System

IDBI-12479-01

Caribbean LED

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Quick Facts

Countries	Barbados
Specific Location	Saint Michael
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-05-01
Borrower	Caribbean LED Lighting Inc.
Sectors	Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 1.00 million
Project Cost (USD)	$ 1.00 million

Project Description

Caribbean LED Lighting (CLL) has requested working capital financing from IDB Invest. IDB Invest's proposed working capital solution is expected to include: (i) a renewable US$1 million revolving credit facility and, (ii) an invoice purchasing program in an amount yet to be defined. CLL specializes in providing power and lighting companies in the Caribbean with LED lights for public lighting. The funds provided by IDB Invest will be used by CLL to purchase components to assemble LED lights. CLL assembles its products in Saint Michael, Barbados and commercializes its products across the Caribbean region.

People Affected By This Project

1. Scope of Environmental Review

IDB Invest's review included meetings with LED's management teams in their offices in Saint Michael, Barbados at their main manufacturing center with the heads of Operation, Human Resources (HR), and accounting. The evaluation included an assessment of Caribbean LED's general environmental and social management across its facility, and approach to supply chain management. A site visit took place February 12 to 13, 2019. The due diligence included a review of supporting information such as its employee handbook, manuals, and procedures, HR policies, occupational health and safety (OHS) programs, and general waste management practices.

Given the nature of this facility to provide supply chain finance exclusively to Caribbean LED's network of suppliers, the emphasis of this review was focused on environmental and social (E&S) management and labor and working conditions at the producer level (Caribbean LED), and management programs focused on LED's suppliers and their compliance with basic environmental and social requirements.

2. Environmental and Social Categorization and Rationale

According to the IDB Invest Environmental and Social Sustainability Policy, the operation has been classified as a low risk Category B, since its potential environmental and social risks and impacts are limited, are largely reversible, and can be mitigated via measures that are readily available in the context of the operation.

The IFC Performance Standards triggered in this operation are the following:

3. Environmental and Social Context

Caribbean LED Lighting Inc is dedicated to the assembly of LED lighting products from commercial, industrial, and residential use. It is considered one of the fastest growing companies in the Caribbean region, having expanded its facility in 2013, doubling its floor space. It has distributors in nearly ten Caribbean countries and exports to a total of 16 countries.

Its corporate assembly plant and headquarters are located in Barbados within a designated industrial area. Caribbean LED relies on a network of roughly 5-6 suppliers, which operate principally in the provision of raw inputs and services including plastics, wiring, lights and transport.

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

4.1 Assessment and Management of Environmental and Social Risks and Impact

a. E&S Assessment and Management System- As a small nascent start-up, Caribbean LED has a basic set of procedures in place to address the types of environmental and social risks present in its assembly facility. These pertain primarily to occupational, health and safety. The Operations Manager is largely responsible for all details pertaining to production issues including health and safety. As a component of its partnership with LED Roadway Lighting in Canada, Caribbean LED undergoes periodic audits to asses operational, environmental and health and safety issues.

b. Policy- Caribbean LED currently lacks an environmental policy (See ESAP #1). Under this loan, the company will be expected to develop and implement a policy that sets out the its commitment to environmental management and define the means in which addresses these impacts. A formal policy declaration has been identified as a 2019 priority.

c. Identification of Risks and Impacts and Management Programs- Caribbean LED possesses a basic work place Health and Safety policy, which meets IDB Invest requirements given the level of risk identified. The OHS policy sets out specific procedures for machine operation, as well as incident reporting. During external audits, issues related to health and safety are reviewed and recommendations provided. Basic waste management programs for waste disposal are not present (See ESAP

Investment Description

- IDB Invest (IDBI)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Caribbean LED Lighting	Client	-

Contact Information

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ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).