

DEVELOPMENT BANK OF JAMAICA

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

FOR THE

JAMAICA ACCESS TO FINANCE PROJECT (P152307)

October 25, 2017



ABBREVIATIONS AND ACRONYMS

AFIs	Approved Financial Institutions
CEF	Credit Enhancement Facility
DBJ	Development Bank of Jamaica
EHS	Environment, Health, and Safety
EIA	Environmental Impact Assessment
E&S	Environmental and Social
ESMF	Environmental and Social Management Framework
FCGP	Foundations for Competitiveness and Growth Project
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IPF	Investment Project Financing
LAC	Latin America and Caribbean
MSME	Micro, Small, and Medium Sized Enterprise
NEPA	National Environmental Planning Agency
NRCA	Natural Resources Conservation Authority
PDO	Project Development Objective
PEVC	Private Equity-Venture Capital
PIOJ	Planning Institute of Jamaica
PIU	Project Implementation Unit
PMP	Pest Management Plan
SME	Small and Medium Sized Enterprise
WB	World Bank

JAMAICA ACCESS TO FINANCE (A2F) PROJECT
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JAMAICA ACCESS TO FINANCE (A2F) PROJECT

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

A. Executive Summary

1. The key environmental and social risks of this Access to Finance (A2F) project stem from the potential poor MSME compliance with national laws and regulations. For the Development Bank of Jamaica (DBJ), Approved Financial Institutions (AFIs), and the SME Fund manager, 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. Introduction

A Vision for Sustainable Development and the ESMF

2. The World Bank (WB) Group 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.

3. 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 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.

4. The Environmental and Social Management Framework (ESMF) is an instrument that helps the Government of Jamaica, through the Ministry of Finance, as the borrower, and the Development Bank of Jamaica, as the implementation agency, to identify appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project.

5. This ESMF consists of the following sections:

- Environmental and Social Conditions and Potential Risks and Impacts
- Jamaica and World Bank Environmental and Social Requirements
- Project Environmental and Social Management

6. The draft ESMF was disclosed by the Development Bank of Jamaica (DBJ) for consultations from March 7 to March 31, 2017. The document was made available online on the website of the DBJ. In addition, consultation meetings were held March 14 to March 16, 2017 in a series of four consultation

workshops designed to reach different stakeholders. Following the consultations, this final version of the ESMF, reflecting comments received and additional input throughout project preparation, has been prepared and will be publicly disclosed on both the DBJ and World Bank websites. Annex 4 contains details of the consultation process and the comments received.

7. The DBJ, as implementing agency, will be responsible to carry out the Project with due diligence and efficiency in compliance with all requirements pertaining to environmental and social protection applicable under the laws and regulations, and the ESMF.

Project Description

8. The Access to Finance (A2F) Project is a US\$15 million Project that will be executed during a period of five years from January 2018 to January 2023, with the objective of improving access to finance for micro, small and medium enterprises (MSMEs).

9. The Project consists of four components:

- Component 1: Enhancing the Credit Enhancement Facility (CEF) for guarantees to MSME loans
- Component 2: Supporting an SME Fund for risk capital financing to SMEs
- Component 3: Improving the enabling environment for access to finance and business development services for MSMEs
- Component 4: Project management

Component 1: Enhancing the Credit Enhancement Facility (CEF) for guarantees to MSME loans

10. This component aims at improving the operational features of the CEF. It will finance: (i) capitalization of the CEF; (ii) development of a business plan, financial model, policies and procedures for the operations of the CEF, and training; (iii) strengthening DBJ's capacity to assess and manage risk of AFIs; and (iv) marketing and awareness raising to Approved Financial Institutions (AFIs) and SMEs.

Component 2: Supporting an SME Fund for risk capital financing to SMEs

11. This component will contribute capital to a proposed SME Fund, which would provide risk capital to SMEs with high growth potential and with operations in Jamaica. The Project would support: (i) capitalization the SME Fund; (ii) management fees and potential start-up costs of the fund; (iii) feasibility assessments for the fund; (iv) legal, regulatory and taxation reviews to assess gaps in Jamaica's legal, regulatory, and taxation framework for PEVC funds and proposed reforms to ensure an enabling environment for onshore and offshore funds; and (v) technical assistance for the creation and operation of the program, including assistance to the SME Fund manager and DBJ, and pre- and post- technical assistance to SMEs to alleviate targeted constraints.

Component 3: Improving the enabling environment for access to finance and business development services for MSMEs

12. This component would support improving the enabling environment for access to finance for MSMEs, including the development of financial instruments such as leasing and factoring, and business development services for MSMEs to improve their bankability.

13. **Subcomponent 3A. Enabling environment for access to finance for MSMEs, including financial instruments**

14. **On factoring, the Project would finance:** (i) a market feasibility study for factoring, (ii) advisory inputs for potential drafting of legal and regulatory amendments, or factoring law; (iii) feasibility assessment of the factoring platform; (iv) design, development and implementation of an on-line factoring platform; (v) awareness raising and capacity building of AFIs, SMEs, and other stakeholders on factoring and its benefits.

15. **On leasing, the Project would finance:** (i) market assessment on the leasing sector (ongoing as retroactive financing); (ii) advisory inputs for potential drafting of legal and regulatory amendments, or leasing law; and (iii) awareness raising and capacity building of key stakeholders on leasing and its benefits.

16. **Subcomponent 3B. Business development services for MSMEs to improve bankability**

17. This subcomponent aims at improving the capacity of DBJ to expand and enhance the quality of its MSME support program. This subcomponent would provide support for: (i) an assessment of the existing Voucher Program's performance; (ii) technical assistance to improve the voucher program design; (iii) technical assistance to develop a broader strategy to promote business development services (BDS) for MSMEs; (iv) design, development, testing and implementation of an interactive virtual platform for BDS providers and MSMEs; (v) update the existing database of BDS providers; (vi) an awareness campaign to promote the new and improved programs for MSMEs; and (vii) resources to implement the new BDS for MSMEs strategy.

Component 4: Project Management

18. This component will support a Project Implementation Unit (PIU) responsible for the coordination, management, implementation, and supervision of the project. The Project will finance: (i) the recruitment and training of the PIU team members; (ii) equipment and furniture for the PIU; (iii) monitoring and evaluation activities; and (iv) the project's financial audits.

19. **Summary details on these Project components and additional project information is available on the World Bank website.** For background and context, a related World Bank Project - Jamaica Foundations for Competitiveness and Growth (FCGP) - is also available on the website.¹

C. Environmental and Social Conditions and Potential Risks and Impacts

Project Location

20. The specific location of the individual MSMEs to be supported under the Project are not known at this time, but they could be located anywhere in Jamaica where the Project is being implemented. The type and scale of activities may vary widely across the geographic and environmental landscapes of Jamaica. MSMEs to be supported will likely include agriculture, small scale light manufacturing, construction & real estate development, and tourism sectors.

¹ For more information, please see: <http://www.worldbank.org/projects/P147665?lang=en>.

Relevant Information

21. A general summary of environmental conditions in Jamaica can be found in the National Ecological Gap Assessment report² and the Country Assessment prepared by the Planning Institute of Jamaica (PIOJ).³ Environmental aspects are regulated by the National Environmental Planning Agency (NEPA).⁴

Potential Environmental and Social Risks and Impacts, and Mitigation Measures

22. The degree or magnitude of **potential 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. **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.⁵

23. The degree of potential risk, specific E&S risks and impacts, and mitigation measures are described below in the context of each component of the A2F Project. Mitigation measures are described in additional detail for each component, as necessary.

Component 1. Enhancing the Credit Enhancement Facility (CEF) for guarantees to MSME loans	
Degree of Potential Risk	Moderate
Risks	Failure to comply with the permitting system in Jamaica, 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.
Impacts	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.

² Available at: <http://www.jamaicachm.org.jm/Document/Jamaica%20NEGAR.pdf>

³ http://www.vision2030.gov.jm/Portals/0/Workshops_Reports/JAMAICA%20COUNTRY%20ASSESSMENT%20-%20PRELIMINARY%20DRAFT%20Revised%20%20APRIL2012.pdf

⁴ <http://www.nepa.gov.jm/>

⁵ <https://firstforsustainability.org/risk-management/understanding-environmental-and-social-risk/>

Mitigation Measures	DBJ and AFIs to screen MSMEs for E&S compliance and performance to verify eligibility for CEF; provide liaison and guidance for regulatory and technical issues; ensure guarantee agreements include E&S requirements; periodically supervise and report.
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24. In general terms MSMEs will be required to conform to requirements for E&S performance, and Approved Financial Institutions (AFIs) will need to effectively screen the MSMEs, verify their eligibility for the CEF, and ensure that the ESMF requirements are clearly included in the guarantee agreements. The ESMF requirements should be incorporated into the guarantee agreements with AFIs, who will need to periodically report to DBJ on the status of their E&S management efforts. DBJ in turn will ensure that the AFIs conform to relevant ESMF requirements. The Environmental and Social Specialist at DBJ, and the Risk Management Specialists at AFIs, will directly manage these activities.

25. From their experience with the Foundation for Competitiveness and Growth Project’s (FCGP) SME line of credit, DBJ has developed screening and management protocols to reduce risk from poor MSME E&S practices, which were modified for the CEF (Annex 1). The procedures are applicable to MSMEs from a variety of sectors, with direct experience in agriculture, agro processing, health services, tourism, retail, and light manufacturing. The DBJ protocols include technical assistance with the NEPA permitting system, direct liaison with NEPA under a Memorandum of Understanding (MOU), and technical assistance and guidance with the control of emissions and waste.

26. The MSME screening and processing procedure involves the following six steps. Detailed descriptions of each step are provided in Annex 1. DBJ has also developed additional internal guidance to implement these procedures which may be modified from time to time (see for example DBJ’s January 2017 revisions to the EMF for the FCGP).⁶

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

27. For AFIs requesting to participate in the CEF, DBJ shall ensure that the AFI will follow an adequate environmental risk management procedure for MSME financing, consistent with the procedures in Annex 1. As part of their E&S risk management activities, the AFIs will actively engage with MSMEs through the due-diligence and permitting liaison process. The DBJ shall require that: (i) the AFI implements the agreed upon environmental risk management procedure, (ii) the AFI includes in the financing agreement with each MSME the environmental requirements as established from the implementation of the environmental risk procedure, (iii) the AFI undertakes appropriate administrative actions commensurate with the level of risk for the MSME investments, (iv) the AFI promptly informs DBJ shall any significant environmental issues or regulatory non-compliance occur with a MSME financed, and (v) the AFI provides DBJ with an annual report on its implementation of the environmental risk procedure. Upon execution of the agreement, the AFI shall inform DBJ of the person designated as responsible for the environmental related aspects. If DBJ identifies issues related to the AFI implementation of the environmental requirements, then DBJ shall work with the AFI to define appropriate corrective actions. DBJ shall take

⁶<http://dbankjm.com/jamaica-foundations-for-competitiveness-and-growth-project/>

reasonable efforts to provide technical support, as needed, to the AFI in its development of implementation of its environmental risk procedure.

28. MSMEs also have responsibilities for E&S compliance. They need to provide evidence that their NEPA license, if required, has been updated, regularized, and remains in force throughout their involvement. This is especially important since the 2015 NEPA amendments have strengthened and clarified MSME requirements. To assist with this process, DBJ has been providing support to MSMEs and liaising with NEPA through an MOU to determine permit and license requirements and design Compliance Plans if required, to demonstrate that the MSME is moving towards full compliance with all relevant E&S requirements. DBJ will also extend the services of the Voucher Programme to include environmental & social advisory services. These additional efforts are part of the E&S due-diligence to improve compliance and performance of MSMEs and therefore minimize E&S risk.

29. DBJ and AFIs may also provide technical guidance to MSMEs, such as WBG’s Environment, Health, and Safety (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 waste, 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.

Component 2: Supporting an SME Fund for risk capital financing to SMEs (sector-neutral)	
Degree of Potential Risk	Moderate
Risks	Failure to comply with the permitting system in Jamaica, which exposes SMEs and the SME Fund to regulatory sanctions; poor SME practice in the control of emissions and waste; poor SME planning for effects on historical or cultural assets, traffic patterns, community safety, labor health and welfare; credit risk to lenders, associated liability, and reputation of lenders.
Impacts	Closure of SMEs, 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 SME and SME Fund, damaged reputation of MSME and SME Fund from media coverage, citizen campaigns, government investigations.
Mitigation Measures	Fund Manager to screen SMEs for E&S compliance and performance to verify eligibility; provide liaison and guidance for regulatory and technical issues; ensure investment agreements include E&S requirements; periodically supervise and report.

30. DBJ will provide safeguards oversight to verify Fund Manager Compliance and report to the World Bank; and the Fund Manager will be responsible for investment screening, assessment, monitoring and reporting. The SME Fund would be sector neutral and therefore a broad variety of investments could be included, including agriculture and ecotourism projects. Very high risk projects (Category A), and those

on the WBG Exclusion List, would not be eligible.

31. The Fund Manager of the SME Fund will assume a leading role in the management of E&S risk for SMEs, similar to the role of the AFIs in Component 1. The Fund Manager will be required to effectively screen the SMEs, verify their eligibility in the Fund, ensure that E&S requirements are clearly included in contractual commitments, and periodically report to DBJ on the status of their E&S management efforts, as explained further in Annex 2. DBJ’s environmental policy and management procedure for SME participation (Annex 1) forms the basis for the Fund Manager’s E&S management system. Although it will be modified to address the particularities of the SME Fund, it will maintain an equivalent level of oversight and supervision. DBJ’s role is to ensure that the Fund Manager applies the system in a manner consistent with its own operations, as described in Annex 1 and Annex 2.

Component 3: Improving the enabling environment for access to finance and business development services for MSMEs

Subcomponent 3A. Enabling environment for access to finance for SMEs, including the development of financial instruments	
Degree of Potential Risk	Low
Risks	No environmental or social negative risks are identified under this subcomponent.
Impacts	It is unlikely that potential legal and regulatory reforms foreseen in this subcomponent could have environmental and social impacts.
Mitigation measures	DBJ’s Environmental and Social Specialist would be available to provide any relevant inputs as mitigation measures if required.

<u>Subcomponent 3B. Business development services for MSMEs to improve bankability</u>	
Degree of Potential Risk	Low
Risks	No negative environmental or social risks are identified under this subcomponent.
Impacts	Indirect positive impact with MSME technical assistance: increased capacity to maintain compliance with environmental and social regulations.

Mitigation Measures	Capacity building activities, regulatory liaison, compliance technical support.
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32. Under this subcomponent, MSMEs will get access to an extensive variety of business development service providers. This subcomponent could generate indirect positive impact when MSMEs get access to technical assistance to improve their production processes, products, and business management. By doing so, MSMEs could increase their capacity to maintain compliance with environmental and social regulations.

33. Capacity building activities will focus on assessing performance of DBJ’s Voucher Program, which provides technical assistance to MSMEs. The Environmental and Social Specialist will assist MSMEs to improve compliance with national laws by providing E&S guidance, including dissemination of the EHS Guidelines discussed in section D.3 of this ESMF. Financial assistance to MSMEs through the Voucher Programme will include E&S advisory services.

34. Experience with the FCGP, which seeks to strengthen MSMEs, has shown that technical assistance and support are needed to meet stringent and complex environmental permit requirements with NEPA, as well as to improve management of wastes and emissions, occupational health and safety, and resource efficiency. Benefits include training on cleaner production and good environmental, health and safety management in MSME training. AFIs also require assistance with developing and implementing their environmental and social risk management strategies and protocols for screening, monitoring and reporting.

Component 4: Project management	
Potential Risk	Moderate
Risks	Failure to implement ESMF with associated risks for each subcomponent
Impact	Associated impacts from each subcomponent, as well as positive impacts from increased awareness and capacity of DBJ and AFIs.
Mitigation Measures	Full time environmental and social specialist in the PIU, engagement of DBJ, AFIs, SME fund, MSMEs, training activities.

35. A dedicated Environmental and Social Specialist will be part of the PIU team, responsible for ensuring that the ESMF is adequately implemented, and providing ongoing support to key stakeholders and project beneficiaries when needed. Outreach to AFIs and MSMEs will also be provided under this component.

36. DBJ will assume a lead role for the CEF component (Subcomponent 1A), managing AFIs and

MSMEs similar to its activities in the FCGP, using the procedures it has already developed (Annex 1) as modified in this ESMF in order to allow MSMEs greater access to agriculture and ecotourism projects, and to provide guidance for social safeguards. AFIs and MSMEs will continue with their E&S responsibilities as per Annex 1. As per Annex 2, the Fund Manager (component 2) will work directly with SMEs to ensure compliance with E&S requirements, and will report to DBJ. Regulatory reform activities (subcomponent 1B) and work under the Business Development Services Strategy (subcomponent 3b) will be supported by DBJ's E&S Specialist.

37. Component 4 also includes capacity building and technical assistance. With World Bank assistance, DBJ will identify and implement appropriate training on environmental risk management for AFIs and DBJ staff, and periodically for MSMEs.

D. Jamaica and World Bank Environmental and Social Requirements

38. The environmental and social requirements applicable to the Project include:

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

D.1 Jamaica Environmental Regulatory Requirements

39. Jamaica's national environmental regulatory requirements are prescribed by the Environmental Permit & License System (P&L) of 1997, which is administered by the National Environment and Planning Agency (NEPA). The P&L is a mechanism to ensure that all Jamaican facilities and development projects meet the relevant standards and procedures to minimize adverse environmental impacts during construction and operation of a facility. The P&L was introduced in 1997, as a mechanism to ensure that all developments in Jamaica meet required standards in order to minimize negative environmental impacts.

40. The P&L System is administered by the National Environment and Planning Agency (NEPA), through the Applications Section (formerly the Permit and License Secretariat). Permits are required by persons or MSMEs undertaking new development which fall within a prescribed category. A list of the categories is provided in Annex 1 (section II, Step 2). Under the Natural Resources Conservation Authority (NRCA) Act of 1991, the NRCA is authorized to issue, suspend and revoke permits and licenses if facilities are not in compliance with the environmental standards and conditions of approval stipulated. An applicant for a Permit or License must complete an application form as well as a Project Information Form (PIF) for submission to the NRCA.

41. The NRCA legislative and regulatory amendments of April 9, 2015 included the removal of the Grandfather Clause which classified some entities as outside of the regulations, and the inclusion of other business activities. The intent of the reforms was to provide specificity and clarity about which businesses do require Environmental Licenses and/or Environmental Impact Assessments (EIA). As part of the application process, NEPA reviews the Project Information Form (PIF) and determines whether or not an EIA is required. If a project does not require an EIA, then the License may be issued upon payment of the appropriate fees. Permits are typically issued with a validity period of five years. If an EIA is required, then

NEPA will develop Terms of Reference to address each specific case, and the applicant must then prepare the EIA and submit it to NEPA for review and eventual approval. The amendments also raised License fees and require that they be renewed annually.

42. Jamaica is divided into 14 Parishes, and each may have different permit requirements or processes for construction permits or business licensing. These usually apply when the footprint of a building changes due to construction activity or expansion. Environmental and social requirements are typically informed by NEPA protocol.

D.2 World Bank Safeguards

43. The World Bank Safeguards Policies⁷ are:

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

44. The Access to Finance Project triggers 5 of the 10 safeguard policies: i) Environmental Assessment, ii) Natural Habitats, iii) Forests, iv) Pest Management, and v) Physical Cultural Resources.

Environmental Assessment (OP/BP 4.01)

45. 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/BP4.1. Potential impacts associated with financing of MSMEs in Component 1, are anticipated to be relatively minor to moderate. With appropriate standard mitigation measures, the potential negative impacts would be managed effectively. Specific MSME sub-projects and activities are not yet defined; therefore, this ESMF has been developed to provide guidelines and protocols to manage the potential associated negative environmental and social impacts and risks related to the types of projects to be financed.

Pest Management (OP4.09)

46. Safeguards Policy on **Pest Management (OP4.09)** is also triggered, given the importance of agriculture to MSMEs in Jamaica 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

⁷<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTSAFEPOL/0,,menuPK:584441~pagePK:64168427~piPK:64168435~theSitePK:584435,00.html>

World Bank, and excludes certain formulated products, as well as requiring training, equipment, and facilities to handle, store, and apply these products properly.

47. Any MSME activity with significant pest management issues must prepare a separate Pest Management Plan (PMP) using the guidelines in Annex 3 of this ESMF.

Natural Habitats (OP/BP 4.04) and Physical Cultural Resources (OP/BP 4.11)

48. These two policies have been triggered because of the prevalence of ecotourism-related MSMEs in Jamaica, which can negatively affect natural habitat and national heritage sites.

49. The World Bank policy on **Natural Habitats (OP/BP 4.04)** 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.

50. **Physical Cultural Resources (OP/BP 4.11)** 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. If a project may affect physical cultural resources, measures to minimize or mitigate effects must be included in an EIA or other assessment process. In addition, 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.

Forests (OP/BP 4.36)

51. During the public consultation, some MSMEs expressed strong interest in projects involving the planting and harvesting of bamboo products and teak trees on private lands. For this reason, the policy for Forests (OP/BP 4.36) was triggered. 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.

Other Safeguard Policies

52. 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 four described above) would not be eligible for funding under the project.

53. 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.

54. There are no indigenous peoples or disputed areas in Jamaica, so OP/BP 4.10 and OP/BP 7.60 are not germane. Finally, any projects on the International Finance Corporation (IFC) Exclusion List are not

eligible for funding, nor are any Category A⁸ projects.

55. 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.

56. For component 1, access to finance for MSMEs, any sub-projects to be financed as part of this project or at a later stage will be on MSME private owned land or land purchased through willing-seller and willing-buyer.

57. 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 PIU will receive training on OP 4.12 and the screening process.

58. DBJ will develop a Grievance Redress Mechanism to register, track, address and resolve any complaints or related issues associated with the project. All complaints or related issues can be sent to the designated email account for the project at accesstofinance@dbankjm.com, by telephone at 876-929-4000 or fax at 929-6055 to the attention of the Project Coordinator. Reported issues should include a name, date and contact information with a detail description of the case. All reported cases will be logged by the PIU and directed to the Project Coordinator's attention who will be responsible to assign or escalate the case to the appropriate personnel. There will be a normal response time of 7 days for each case, however ever high level cases may require up to 14 or more days for a response. The Project Coordinator for high level cases will direct the matter to the attention of the General Manager of the Strategic Services Department to which the PIU will report and further to the World Bank representatives where necessary. The PIU 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.

D.3 World Bank Group EHS Guidelines

59. WBG has developed guidelines for Environment, Health and Safety (EHS) that serve as useful references for general issues as well as sector-specific activities.⁹ MSMEs can utilize these guidelines as referenced compliance standards for emissions, waste management, and good industry practice. Jamaica has developed standards for many specific industrial activities, which would also apply per section C.1 of this ESMF. In the case of duplication of compliance standards, the more stringent shall apply.

E. Project Environmental and Social Management

Implementing Agency Experience

⁸ Category A Project means a project which is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, in accordance with the World Bank's OP/BP 4.01.

⁹http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines

60. The Development Bank of Jamaica (DBJ) has experience with World Bank projects and has taken the lead in addressing safeguards aspects for two recent projects (Energy Security and Efficiency, P112780; and, Foundations for Competitiveness and Growth, P147665). DBJ's activities have included updating SME screening procedures, liaising with NEPA, and hosting training programs for AFIs on the EMF. For short term needs, contracting local environmental consultants has also been managed by DBJ with good results; however, for the long term an Environmental and Social (E&S) Risk Management Specialist will be part of the PIU to be established to perform the activities required by this project and other related projects.

Annex 1: Environmental Procedures for CEF

The following information describes the environmental policy, screening procedures, and management system, which will be applied throughout implementation of the Project component 1 (CEF). The Procedure will be used to screen and assess applications, document the appraisal results, identify relevant requirements and perform guarantee administration. The forms and procedures can be made available on-line to facilitate the application process.

I. Statement of Policy and Purpose

The DBJ aims to be the premier development finance institution in Jamaica mobilizing resources to support investment toward national economic growth and sustainable development. To that end, DBJ is committed to:

- Environmental support in all areas of its operations;
- Continuously support the improvement of environmental performance through an environmental management system;
- Ensuring environmentally responsible financial investment and development;
- Fostering environmental due diligence within approved financial institutions (AFI's) with respect to risk and impact assessment and management;
- Compliance with relevant laws, regulations and standards within Jamaica;
- Promotion of the environmental policy and management system among all members of the AFIs/DBJ through training and awareness programmes;
- Supporting the Sustainable Development Policy of the Government of Jamaica.

DBJ, as well as the AFIs who participate with DBJ in the CEF, must follow the MSME application processing procedures, credit documentation, and the administration, evaluation and reporting procedures in this EPMP (see Section II), or develop their own equivalent system to manage E&S aspects. As part of their E&S risk management activities, the AFIs will actively engage with MSMEs through the due-diligence and permitting liaison process. DBJ shall take reasonable efforts to provide technical support, as needed, to the AFI in its development of implementation of its environmental risk procedure.

II. MSME Application Processing Procedures

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 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. The table below lists the steps and shows the responsible parties and timelines for each.

Steps in the MSME Application Process

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

DBJ or the AFI will ensure that each of the steps, as described briefly above and in more detail below, are completed before execution of the legal agreement for the guarantees to MSMEs loans. DBJ or the AFI may develop additional formats, templates and guidance as desired throughout the course of the project implementation to assist in its environmental management activities. The flow diagram below summarizes and illustrates each of the steps, which are then described in detail.

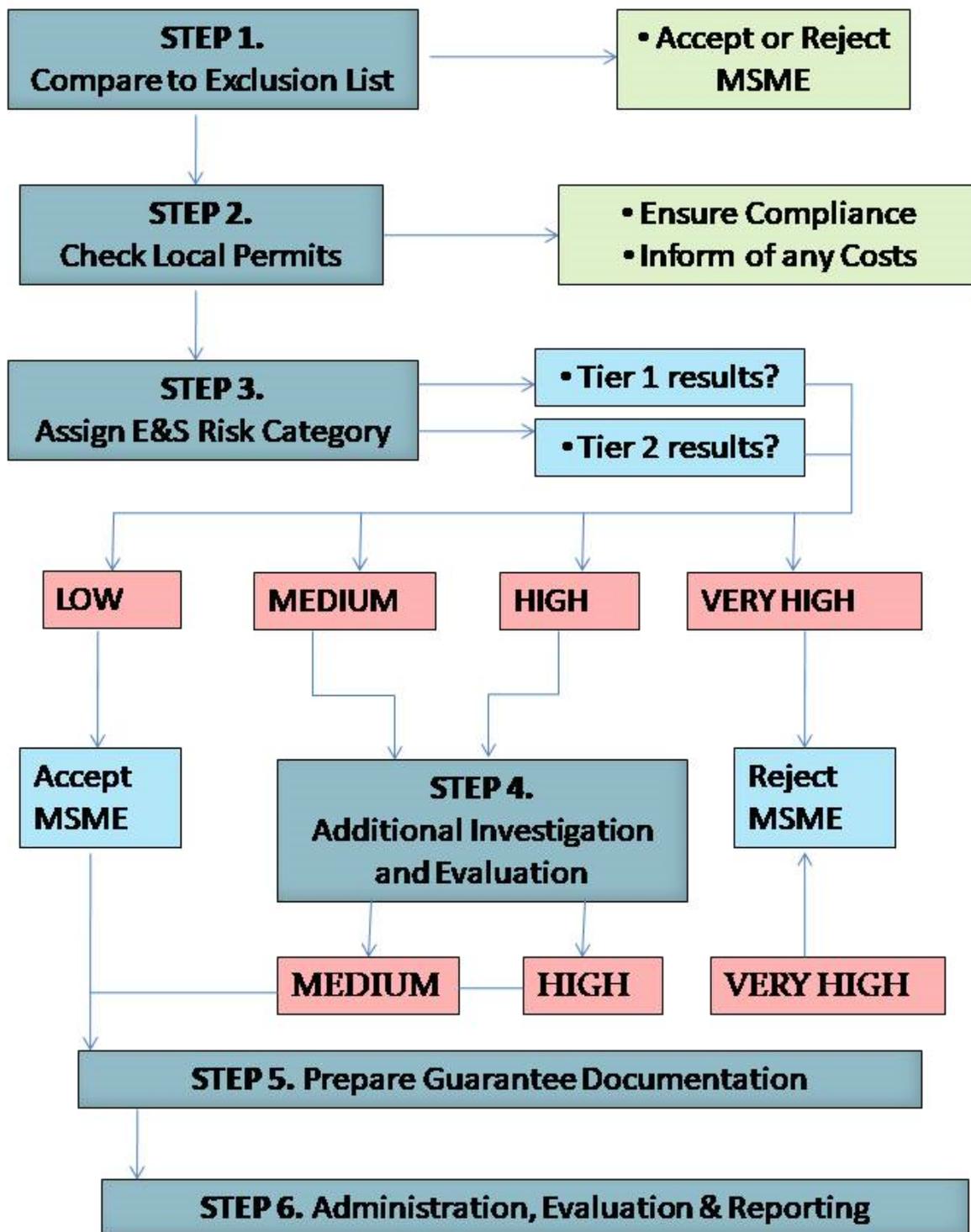
Step 1 – Compare to Exclusion List

The following project activities are not eligible for financing because they would either trigger additional Safeguards Policies or contravene the safeguards parameters of the A2F 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
- Forest resource harvesting projects by commercial interests, small-scale landholders or local communities
- 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 (in Jamaica, any bay, gulf, strait, or channel recognized as a necessary channel of communication between the open sea and other states)
- Land acquisition that would involve involuntary resettlement or land acquisition ¹⁰

¹⁰Investments 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.



Activities excluded due to presence on WBG Exclusion List are the following:

- 1) Those that are illegal under Jamaica country laws, regulations or ratified international conventions and agreements
- 2) Weapons and munitions
- 3) Alcoholic beverages (excluding wine and beer)¹¹
- 4) Tobacco¹²
- 5) Gambling, casinos and equivalent enterprises¹³
- 6) Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)¹⁴
- 7) Radioactive materials¹⁵ or unbounded asbestos fibers¹⁶
- 8) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest¹⁷
- 9) Polychlorinated biphenyl compounds (PCBs, a class of synthetic organic chemicals)
- 10) Pharmaceuticals subject to international phase outs or bans¹⁸
- 11) Pesticides/herbicides subject to international phase outs or bans¹⁹
- 12) Ozone depleting substances subject to international phase out²⁰
- 13) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
- 14) Transboundary trade in waste or waste products²¹, except for non-hazardous waste destined for recycling

¹¹This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies total annual revenue

¹² 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

¹³ 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

¹⁴www.cites.org

¹⁵ 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

¹⁶ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

¹⁷ 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 24⁰ C or higher.

¹⁸ 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)

¹⁹Pesticides and herbicides subject to phase outs or bans included in both the Rotterdam Convention (www.pic.int) and the Stockholm Convention (www.pops.int).

²⁰ 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).

²¹ Define by the Basel Convention (www.basel.int).

- 15) Persistent Organic Pollutants (POPs)²²
- 16) Non-compliance with worker's fundamental principles and rights at work²³
- 17) Significant degradation of a National Park or similar protected area²⁴
- 18) Real estate speculation

If any of the MSME activities fall under the above list, then they are not eligible to participate in the A2F program because they are either illegal or represent unacceptably high E&S risk.

Step 2 – NEPA Permitting

Many project types require environmental permits under the Natural Resources Conservation Authority Act. Prescribed categories are listed below pursuant to Section 9 of the Act and may be amended from time to time (most recently in April, 2015) and require renewal every 5 years. A list of activities requiring Environmental Licenses or Permits can be obtained from NEPA at the referenced website address²⁵ and by making an enquiry to the DAC (Development Assistance Center) of NEPA who will provide a determination of whether or not a License or Permit is needed.

Parish 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 Parish regulations. Though compliance may be encouraged, disbursement is permitted under this component.

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 NEPA. 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 (this is particularly so since the 2015 NEPA amendments to the list of enterprises which require Environmental Licenses and/or Permits). It is recognized that MSMEs will take time to obtain these permits in their continuing efforts to improve compliance levels with prevailing national law. In such cases where an applicant would require new permits to be obtained or existing permits to be amended, DBJ or the AFI 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 to NEPA, an enquiry to the NEPA Development

²² 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)

²³ 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)

²⁴ 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), 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).

²⁵ Insert NEPA website address for Schedule B list of facilities requiring permits [MISSING]

Assistance Center (DAC) and/or Parish “Help Desk” or DAHD for permitting guidance, and/or the filing of a Permit Application with NEPA, registry in the AMANDA automated permitting tracking system, or a Compliance Plan filed with NEPA. In cases where a NEPA Permit or License requires a Compliance Plan, the Applicant shall attach a copy of the Plan and any relevant documentation. DBJ or the AFI shall require sufficient evidence that all applicable environment-related permits are in process and that the Applicant is committed to updating any Permit deficiencies before the MSME is eligible to participate in the CEF program.

The list below is intended to assist DBJ and the AFI in their screening of whether or not a NEPA Permit would be required by a particular SME applicant. The list below is adapted from the 2015 NEPA regulation amendments and compares the prescribed categories to the previous (1996) listing.

Prescribed Categories for NEPA Permits.

Black = 1996 Regulations

Blue = New in 2015 Regulations

1. Power Generation

- Power generation plants using hydrocarbons or nuclear reaction above 1 MW
- Power generation plants using renewable over 200 kW

2. Power Transmission

- Electrical transmission lines and substations greater than 69 kv

3. Pipelines and Conveyors

- Underground cables, pipelines and other such infrastructure with length more than 20 m or diameter or more than 10 cm, for the transport of gas, oil or chemicals
- Water pipelines more than 1 km long
- Construction of conveyors more than 500 m long

4. Marine Development

- Port and Harbour Development
- Shipyards and Boatyards
- Drydocks and Marinas
- In-water Hull Cleaning Operations

5. Air Transport

Construction or expansion of airfields, runways, or aerodromes

6. Roads, Railways, and Telecommunications

Construction of new highways, arterial roads, or bridges
Major road improvement projects (e.g. widening, drainage, slope stabilization)
Construction of railways, tramways, and cable car lines
Construction of telecommunications towers

7. Water Works

Modification of waterways for diversions or river training
Dredging of rivers or beaches (except mining & quarrying)
Reclamation of riverine areas
Canals, dykes, aqueducts, levees, check dams, retaining walls, reservoirs, or dams
Water treatment and storage facilities

8. Site Modification Projects

Modification, clearance, or restoration of wetlands
Construction on sand dunes, or modification, clearance, or removal of sand from dunes
Construction of structures or rooms over sea, rivers or ponds
Clear cutting of forested areas and clearing of trees on slopes greater than 20°
Clearing 6 hectares or more of vegetation (excluding agricultural holdings already under production)

9-12. Subdivisions, Housing Construction, and Hotels

Subdivisions of 10 lots or more
Construction of 10 houses or more
Hotels or resort complexes with 10 rooms or more

13. Recreation and Entertainment

- Establishment and operation of Eco-tourism and nature based projects
- Golf course construction and operation
- Stadia and sports facilities over 3000 seats
- Establishment of theme parks
- Establishment of trails for motorized and non-motorized activities

14. Service Sector

- Office and commercial complexes of 5,000 square metres or greater
- Cemeteries, mausoleum, columbaria, or crematoria
- Hospitals or medical facilities of more than 10 beds or 1000 square metres
- Dry cleaning facilities
- Veterinary clinics that board animals
- Schools and education institutions (excepting early childhood education)
- Transportation centres for more than 10 vehicles

15. Mining and Quarrying

- Bauxite, Peat, Sand, Minerals, including aggregate, construction and industrial materials
- Exploration and prospecting for extraction of non-renewable resources or artifacts

16. Ore and Mineral Processing

- Bauxite, Peat, Sand, Minerals, including aggregate, construction and industrial materials
- Ferrous metals, Non-ferrous metals, Metal plating, Foundry operations
- Construction and Operation of cement and lime production
- Construction and Operation of solar salt

17. Chemical

- Facilities for manufacture or storage of hazardous and toxic chemicals
- Facilities for production, refining and distribution of hydrocarbons and petroleum compounds
- Manufacturing of soap and detergent, edible oils and fats, pesticides, and paint
- [Construction and operation of chemical plants other than those listed above](#)

18. Manufacturing

- [Construction materials including blocks and bricks](#)
- [Batching and crushing plants \(mobiles and fixed\)](#)
- Containers and packaging materials
- Manufacturing of textiles, dyes and pigments
- Pulp, paper and wood processing
- [Construction and Operation of Recycling Plant](#)
- [Manufacturing of rubber, tar and bitumen, polymers, fertilizers](#)

19. Agro-Industry & Food Processing

- Construction and Operation of slaughterhouses and abattoirs
- Processing plants for food, fish and meats
- Agro-Processing facilities (coffee, citrus, cocoa, sugar cane)
- [Aquaculture facilities and ponds for intensive fish farming](#)
- Bottling facilities and boxing plants
- Construction and Operation of tanneries

20. Project Site Office

- [Constructing of site office outside project footprint](#)

21. Waste Processing & Disposal

- Solid Waste Treatment Facility (incinerator, landfill, recycling)
- Hazardous Waste Storage, Treatment, or Disposal Facility
- Agricultural Waste processing facility
- [Scrap Metal storage and processing \(including vehicles\)](#)
- [Waste-to-Energy facilities](#)
- [Non-discharging wastewater treatment plants](#)

22. Biological Resources or Diversity

- [Importation or Introduction of species](#)
- [Introduction of GMOs \(except as food or feed\)](#)
- [Operation of a pet store or zoo](#)

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 AFI or DBJ will prepare the following “Tier 1” E&S Information Form. The “Tier 1” Form must be completed for every EDGC 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 guarantee approval by the CEF.**

Tier 1 E&S Information Form

<u>Query</u>	<u>Yes</u>	<u>No</u>	<u>Not Known</u>
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. Does the MSME require construction or reliance upon a dam or reservoir higher than 10 meters, or affect rivers or water bodies between countries?			

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. In these cases the Application moves directly to Step 5.

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 AFI or DBJ must further investigate with the MSME, either through an informal query process or by advancing the Application to Step 4.

If the response to items 14, 15 or 16 is in the affirmative, then the MSME is considered ineligible due to excessive E&S risk and participation with A2F is automatically rejected.

Tier 2 E&S Information Form

Query	Yes	No	Not Applicable
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) ²⁶			
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)?			

²⁶Relative 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 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.

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 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 AFI or DBJ Officer. All MSMEs deemed High-Risk must be subject to an additional assessment, as described in Step 4 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 AFI or DBJ Officer, who may elect to seek supporting or expert opinion as is deemed necessary or appropriate on a case by case basis. DBJ or the AFI 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 4 – 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 3 above, then additional investigation is warranted by DBJ and/or the AFI. 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; and, it may also include or, a site visit, audit, facility inspection, or other physical review. It is expected that DBJ or AFIs may contract independent third-party specialists to conduct such reviews in many cases, either independently or through DBJ’s Technical Assistance Voucher Programme.

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 housekeeping, worker health and safety, and environmental, health and safety, and human resources management issues. 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). DBJ has also developed site inspection checklists for the FCGP which may be referenced.

The results of the additional investigation can then be used to inform and revise the final determination of E&S Risk Status. The DBJ or AFI 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 AFIs and/or DBJ will include these recommendations in the guarantee documentation, 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 5 –Documentation

Following the evaluation and documentation of E&S risk, DBJ or the AFIs are in a position to accept the MSME's participation in the CEF, 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 DBJ and/or the AFI.
- 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 CEF. DBJ and/or the AFI 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 DBJ and/or AFI 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 Jamaica 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 SME finance agreement; and
- (b) as applicable, any project specific administrative measures (i.e., if supervision by AFI, NEPA, DBJ 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 ECGC, 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 programmes] 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) NEPA Permit Conditions or Compliance Plan progress
- (e) Other

Step 6 – Administration, Evaluation and Reporting

As part of administration, DBJ will maintain information on MSME performance in its portfolio, and will require AFIs to do the same. DBJ will require the following information of AFIs 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.

Based on the results of the annual reporting, DBJ will utilize and evaluate this information to continually improve and adapt its ESMF. Follow-ups on individual MSMEs will be performed if deemed necessary.

Annex 2: SME Fund E&S Procedures

Under Component 1C, the Fund Manager of the SME Fund will be required to: i) effectively screen the MSMEs, ii) verify their eligibility in the Fund, iii) ensure that E&S requirements are clearly included in contractual commitments, and iv) periodically report to DBJ on the status of their E&S management efforts.

The E&S policy and management procedure for SME participation in the CEF program (Component 1A) will form the basis for the Fund Manager's E&S management system. Annex 1 describes the policy and procedures of DBJ for the CEF (Component 1A); the Fund Manager will modify the system to address the particularities and specific situation of the Fund, but maintaining an equivalent level of oversight and supervision including:

- 1) Use of the exclusion checklist,
- 2) Checking of NEPA permit status,
- 3) Assignment of environmental risk category,
- 4) Additional investigation as warranted,
- 5) Documentation of requirements, and
- 6) Reporting.

The system and policy will be developed during implementation and submitted to DBJ and World Bank for no-objection once the SME Fund is established

As part of their E&S risk management activities, the Fund Manager will actively engage with SMEs through the due-diligence and permitting liaison process. DBJ shall require that the Fund Manager:

- 1) implements the agreed upon environmental risk management procedure,
- 2) includes in the investment agreement with each SME the environmental requirements as established from the implementation of the environmental risk procedure,
- 3) undertakes appropriate administrative actions commensurate with the level of risk for the SME investments,
- 4) promptly informs DBJ shall any significant environmental issues or regulatory non-compliance occur with an MSME financed, and
- 5) provides DBJ with an annual report on its implementation of the environmental risk procedure.

Annex 3: 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 considering 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 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 has 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:

1. 1,2-Dibromoethane (EDB)
2. 2,4,5,-T
3. Aldicarb
4. Aldrin
5. Alphahexachlorocyclohexane
6. Beta-HCH
7. Binapacryl
8. Captafol
9. Chlordane
10. Chlordecone
11. Chlordimeform
12. Chlorobenzilate
13. DDT
14. Dieldrin

15. Dinoseb And Dinoseb Salts
16. Endrin
17. Fluoracetamide
18. HCH (Mixed Isomers)
19. Heptachlor
20. Hexachlorobenzene
21. Lindane
22. Mercury Compounds
23. Methamidophos
24. Methyl Parathion
25. Mirex
26. Monocrotophos
27. Paraquat
28. Parathion
29. Pentachlorobenzene
30. Pentachlorophenol
31. Phosphamidon
32. Toxaphene

Annex 4: Consultations on Draft ESMF

The draft ESMF was published on DBJ's website in March 2017 and opened for public comments (see image below). The ESMF was accompanied by an announcement and invitation to attend the workshop series (copied below²⁷), as well as an email address to provide feedback directly. A brief summary of comments received is provided below.

The ESMF was updated in August 2017 to include comments from the consultations. The revised and final ESMF was disclosed and published on the World Bank and DBJ websites. Other changes or revisions are expected to occur periodically.



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Jamaica Access to Finance Project – Environmental and Social Framework

Access to Finance Project

The Access to Finance Project is a partnership of Government of Jamaica and the World Bank. This is a US\$20 million Project that will be executed over a period of 5 years with the objective of improving access to finance for MSMEs and housing finance for the low-income segments of the Jamaican population.

The Project will support the improvement access to finance for MSMEs and housing finance for the low-income segments of the population through three components: (i) Enhancing MSME finance; (ii) Strengthening the Housing Finance Market; and (iii) Project Management.

The implementing agency for this project is the Development Bank of Jamaica in collaboration with the Jamaica Mortgage Bank and The National Housing Trust.

²⁷ The Access to Finance Project, at its concept stage, was originally a US\$ 20 million project, which involved two technical components: Enhancing MSME Finance and Strengthening the Housing Finance Market. During project preparation, the latter was removed from the project.

The draft ESMF will be disclosed by the Development Bank of Jamaica (DBJ) and the World Bank for consultations from March 7 to March 21, 2017. The document will be available online on the website of the DBJ. In addition, consultation meetings will be held with relevant stakeholders during March 15- 16, 2017. Following the consultations, a final version of the ESMF, reflecting comments received, will be prepared and publicly disclosed on both the DBJ and World Bank websites.

The DBJ, as implementing agency, will be responsible to carry out the Project with due diligence and efficiency in compliance with all requirements pertaining to environmental and social protection applicable under the laws and regulations, and the ESMF.

Please see the document below for further information. The public is being asked to review the ESMF document and provide feedbacks and recommendations on same. Individuals attending the consultation meetings can come prepared to ask questions on the document. All other feedbacks can be emailed to accesstofinance@dbankjm.com.

[Jamaica-Access-to-Finance-Project-ESMF-2.pdf](#)

DBJ executed a series of five consultation workshops, each targeting different stakeholders, to disseminate the draft ESMF for the A2F project. Four of the workshops reached out to stakeholders on the SME finance components, and focused on furthering NEPA liaison, ensuring high-level E&S support with AFI CEOs and Ministers, improving MSME E&S performance, and assisting AFIs in developing ESMSs. These outreach efforts had the dual purpose of providing training and familiarization with the screening, due-diligence, contracting, monitoring and reporting requirements for AFIs and MSMEs under the FCGP, which uses a similar E&S transaction screening and management approach.

Discussions with NEPA during Event 1 (the afternoon of March 14th) set the stage to improve coordination between MSMEs and the regulatory agency, through DBJ's engagement in loan screening under the FCG. Points of discussion included the partnership of NEPA and DBJ as acknowledged in the MOU now in review and the need for some degree of confidentiality for MSMEs seeking to update their compliance status under the program. It was noted that local E&S consultants are being listed for services to MSMEs under FCG, with 70% reimbursement under the VTA (Vouchers for Technical Assistance) program, and that associated costs of compliance such as equipment or facility upgrades should be identified during the assessment process so that MSMEs are aware of any exposure. NEPA noted that License requirements should also be included in the ESMF; and, suggested that the "Basic Information Form" should be simplified to allow MSMEs to provide objective, summary data.

In Event 2, the directive to improve MSME E&S performance was strongly underscored by the presence of NEPA CEO Mr. Knight, Minister Shaw and Minister Vaz, DBJ Chairman of the Board Zaca, and DBJ Managing Director Reynolds. Comments included a need to provide loans, grants or guarantees to further compliance with food safety for export as well as upgrade of equipment and facilities for E&S matters. There was also an expressed interest in strong support for microenterprises, and for support to at-risk youth and the disabled.

Event 4 (Thursday March 16th morning) was an intensive dialogue on the mechanics and details of E&S management for AFIs. The flexibility of AFIs to create their own ESMS was noted, however one key comment is that while different AFIs may have unique E&S systems, a single/standardized summary form is needed to facilitate AFI reporting. It was recognized that different AFIs are at different stages of development as regards ESMS and capacity to conduct the screenings; and the need to do such screenings prior to disbursement was underscored. It was suggested that the new DBJ E&S Specialist's duties should include strong support to MSMEs during the application process for various AFIs. One point of discussion was the distinction between critical compliance gaps such as lack of permit or uncontrolled emissions or discharges, vs. areas for improvement such as housekeeping, OHS issues, or other non-permitting performance issues such as fire safety.

Discussions with MSMEs and business associations (Event 5) received many comments on NEPA permitting, and the collaborative relationship of DBJ with NEPA was underscored. The availability of private E&S consultants through the VTA program was explained, and the need was explored to provide separate services for pre-application (screening and assessment), application (NEPA liaison), and post-application (reporting), possibly facilitated by a future workshop before JIP (the Environmental Professionals association). One MSME presented a strategic business plan for forest resource planting and harvesting on private lands, and another for bamboo products on reclaimed bauxite pits, indicating that the Forest Policy triggering should be considered. Another entrepreneur desired more information on hazardous waste transshipments, which would be on the IFC Exclusion List and/or require extensive NEPA permitting. Artificial reef construction for fishing was also brought up and was received positively, as well as ecotourism projects, provided that natural habitat protection measures are in place.